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PRESS RELEASE

Tiscali's Board of Directors approves results as of 30 September 2005

- **Solid revenue growth: 3Q05 at EUR 185.7 million, +16% YoY, 9M04 at EUR 539,3 million, +13% YoY**

- **ADSL subscribers' growth: 160,000 new ADSL customers in the quarter, to 1.48 million users**

- **Profitability improvement: 3Q05 Gross Operating Result (EBITDA) at EUR 31.7 million (17% of revenues), +25% YoY**

- **9M05 Gross Operating Result (EBITDA) at EUR 84.1 million (16% on revenues), +85% YoY**

Tiscali Group's financial results and historical figures given for comparison purposes in this press release were prepared in accordance with IAS/IFRS international accounting principles, and are shown on a like-for-like basis for the Group's perimeter, including Italy, UK, Germany, The Netherlands, Czech Republic and TiNet IP.

Cagliari, 10th November 2005. The Board of Directors of Tiscali has approved today the Group's third quarter results to as of 30 September 2005.

- **Results and performance of the Tiscali Group**

Tiscali Group's revenues in 3Q05 were EUR 185.7 million, up 16% compared to 3Q04. In the first nine months Group's revenues amounted to EUR 539.3 million, up 13% compared to the same period of 2004 (EUR 479.4 million). The increase in revenues is mainly driven by internet access and the UK market.

The significant growth of **ADSL** drives the access revenues. ADSL revenues, amounting to EUR 90.6 in 3Q05, showed a 45% increase compared to 3Q04 and a 12% increase compared to 2Q05.

In the first nine months of 2005 ADSL revenues amounted to EUR 237.1 million, around 59% of access revenues, and up 58% compared to 9M05 (EUR 150.3 million, 44% on access revenues).

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In the third quarter, ADSL new adds were around 160.000, taking total ADSL active users, as of 30 September 2005, to over 1.48 million (+8% vs 30 June 2005). The figure is net of the disposal of around 60,000 ADSL users in The Netherlands to KPN at the end of July 2005). 280.000 users were *unbundled*.

Dial-up revenues in 3Q05 stood at EUR 48.7 million, compared to EUR 57.7 million in 3Q04. The decrease was mainly due by the migration of dial-up users towards ADSL technology. In particular, we underline the lower weight of dial-up revenues on total access revenues from 48% as of September 2004 to around 41% at the end of September 2005. Active dial-up customers were around 3.38 million, slightly down compared to the figure registered at end June 2005, also due to the seasonality affecting third quarter.

In the first nine month of the year dial-up revenues stood at EUR 164.9 million, down 16% compared to EUR 195.1 million registered in 9M04.

In 3Q05, **voice revenues** were EUR 21.6 million (12% on revenues), compared to EUR 21.5 million (13% on total revenues) registered in 3Q04. This result does not reflect the refocus of traditional voice offering towards voice over IP products that allow profitability enhancement.

In the first nine months of 2005 voice revenues were EUR 65.6 million (12% on revenues), down 6% compared to EUR 69.6 million (15% on revenues) in 9M04. The decrease was partially offset by the introduction of "*bundled*" services of access and voice (CPS).

Revenues generated by **business services**, in third quarter, stood at EUR 16.8 million (9% on revenues), up 49% compared to EUR 11.3 million (7% on total revenues) in 3Q04, thanks to commercial refocus.

Business revenues in the nine months were EUR 45.3 million (8% on total revenues) up 19% compared to EUR 38.1 million (8% on total revenues) registered in 9M04.

Media and VAS (value added services) revenues in third quarter stood at EUR 6.4 million (3% on total revenues), compared to EUR 7.6 million (5% on total revenues) in 3Q04.

In the first nine month media and VAS revenues were EUR 21 million (4% on total revenues) down (5%) compared to EUR 22 million (5% on total revenues) in 9M04.

Business performance by geographical area - 9 months

Revenues in **Italy** amounted to EUR 143.7 million, up 3% compared to 9M04. As of 30 September 2005 ADSL users were approximately 257 thousands, of which around 60 thousands were unbundled. ADSL access product 1.2 Mb/s bundled with voice at EUR 19,95 per month, launched during 2Q05, was the main driver of ADSL users' growth.

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Unbundling network at the end September covered over 30% ADSL addressable Imarket. Italy, closed the first nine months with a gross operating result, before amortization, depreciation, provision and write downs (EBITDA), positive at around EUR 16 million (11% on total revenues), almost tripled compared to EUR 4.8 million as in 9M04 (3% on total revenues).

Group's revenues main contribution in the first nine months came from the **UK.** With EUR 231.2 million, the UK grew 25% compared to 9M04 (EUR 184.3 million) registering a significant and steady increase of ADSL users, reaching 764 thousands customers at the end of September 2005.
UK's Gross Operating Result before amortisation, depreciation, provision and write downs (EBITDA) came positive at EUR 38.2 million (17% on revenues), up 32% compared to EUR 28.9 million as of 30 September 2004 (16% on revenues).

The **Netherlands** closed the first nine months of 2005 with revenues of EUR 84.1 million, up 26% compared 9M04 (EUR 67.0 million). Revenues include the proceeds from the disposal of ca 60 thousands customers to KPN. Unbundled ADSL customers were 227,000, net of disposed customers.

The Dutch subsidiary registered a gross operating result, before amortisation, depreciation, provision and write downs (EBITDA) at EUR 29.8 million (35% on revenues), up 66% compared to EUR 17.9 million in 9M04 (17% on revenues).

Germany closed the first nine months with revenues at EUR 63.4 million, down 13% compared to EUR 70.7 million registered in 9M04. The decrease was mainly due to the cancellation of low margin products, and the resulting decrease of ADSL users that, as of 30 September 2005, were 216 thousands.

Reasons for the slow down are attributable to the situation in the German market for ADSL, with a predominant wholesale offer, has brought the Company to reduce marketing expenses. The cancellation of products with a low marginality, mainly in business services, together with the reduction of operating costs, has however improved gross operating result. In the first nine months the result before amortisation, depreciation, provision and write downs (EBITDA), is positive for EUR 1.9 milioni (3% on revenues). Such result was EUR 0.5 million in 9M05.

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Gross Operating Result (EBITDA), before amortisation, depreciation, provision and write downs, in third quarter 2005 was EUR 31.7 million (17% on revenues), up 25% compared to EUR 25.4 million in 3Q04 (16% on revenues). Gross Operating Result in the first nine months stood at EUR 84.1 million, up 85% vs 9M04 (EUR 45.5 million). As a percentage of revenues, EBITDA increased from 9% to 16%.

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Such positive operating results have been achieved, thanks to revenue growth and to cost reductions and efficiencies.
The trend shown by variable costs linked to the increase of ADSL ULL customers within access segment determined the improvement also at Gross Margin level (Figure non reported in the P&L statement, as not included in the IAS/IFRS standards, but given as additional information) which increased, as a percentage of revenues, from 49% in 9M04 to 54% in 9M05.

Operating costs in 3Q03 amounted to EUR 63.5 million +16% vs EUR 55 million in 3Q04, with percentage on revenues stable at 34%. In 9M05 operating costs were EUR 203.5 million, up 17% vs 9M04 (EUR 174.6 million) and with a percentage of revenues going from 36% in 9M04 to 38% in 9M05.

In particular:

Marketing costs in 3Q05 stood at EUR 24.1 million (13% of revenues), up 51% vs EUR 16 million (10% of revenues) posted in 3Q04. Marketing costs in the first nine months of 2005 amounted to EUR 89.0 million (17% of revenues), a 56% growth vs EUR 57.2 million (14% of revenues) in 9M04. Marketing costs were mostly dedicated to promoting ADSL.

Personnel costs in 3Q05 amounted to EUR 28.4 million, stable vs 3Q04 in absolute terms, but decreasing as a percentage of revenues (15% in 3Q05 vs 18% in 3Q04). In the first nine months of 2005, personnel costs amounted to EUR 82.6 million, lower than the EUR 83.4 million in 9M04 while still posting a sizeable improvement as a percentage of revenues (15% in 3Q04 vs 17% 3Q05). Employees at the end of September were 1,850.

Other operating costs in 3Q05 were EUR 11 million (6% of revenues), compared to EUR 10.3 million (6% of revenues) in 3Q04. In the first nine months G&A stood at EUR 31,9 million compared to EUR 33.9 million in first nine months of 2004, showing in 2005 a lower incidence on revenues (6%) compared to 2004 (7% of revenues).

Operating Result (EBIT) in 3Q05 was negative for EUR 7.8 million, an improvement compared to the loss of EUR 8.1 million of 3Q04.
In 9M05 EBIT was negative for EUR 54.2 million, a 28% improvement versus the EUR 75 million loss posted in 9M04. The improvement was due to the better operating performance described in the previous paragraph.

In the first nine months 2005, amortisation stood ad EUR 101.3 million vs EUR 89,9 million posted as of 30 September 2004. The increase is due to higher investments for the development of the ULL network and the ADSL products (modem and activation costs).

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Provisions for risks and write-downs in 9M05 (together with certain restructuring costs) amounted to EUR 36.9 million vs EUR 30.7 million in 9M04. Provisions and write-downs in 3Q05, of EUR 6.5 million were mainly attributable to bad debts.

Results from continuing operations as of 30th September 2005 before tax and after interest (EBT) was negative for EUR 77 million, a 26% improvement vs the loss of EUR 104.5 million in the first nine months of 2005. If we add the net profit or EUR 120.6 million deriving from discontinuing operations, which are tax free and largely deriving from the EUR 144 million capital gain on the sale of Liberty Surf, net of the results for the period and of the charges related to the disposal, the total result before tax for the Tiscali as of 30th September 2005 was approximately EUR 43.6 million.

The Tiscali Group posts, for the 9 months ended 2005, a **net result** close to break-even (-EUR 1.5 million), vs a loss of EUR 148.6 million for 9M03.

The net result includes EUR 45.1 of tax charge, which relates to the utilization of tax losses carried forward accounted for at year end 2004 in relation to the holding company Tiscali SpA. It is worth mentioning that such tax charge is not a tax debt, but it is related to a partial utilisation of tax losses carried forward. The posting of tax losses carried forward, if any, will be determined with full year 2005 results.

- **Investments**

The expansion of the ULL networks and the other investments for the installation and activation of new ADSL customers, in 9M05 generated investments for EUR 96.7 million, of which EUR 65.7 million related to investments in intangible assets and around EUR 31 million of investments network equipment. Such investments allowed to reach and activate, 10 co-locations in the UK (mainly concentrated in London area), and over 330 co-locations in Italy and over 220 co-locations in the Netherlands. In Germany, where we are currently testing ULL in Frankfurt area, the first investments should start by the end of 2005.

- **Financial position**

As of 30 September 2005, the Tiscali Group's cash resources totalled EUR 39 million, while net debt stood at EUR 269 million (EUR 259 million as of 30 June 2005). In July the EUR 250 million bonds were reimbursed.
On 8 August Tiscali reached an agreement for a EUR 150 million senior secured credit facility with Silver Point Finance LLC. The facility comprises two tranches, each with a three-year duration. The first tranche of EUR 50 million was drawn in August 2005, while

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the second EUR 100 million tranche will be made available from September 2006 for the reimbursement of the 2006 E-L Bond.
For further details refer to the paragraph “Significant events”.

The Group’s financial position is shown in the table below.

(EUR million)	*Notes*	*30 September 2005*	*30 June 2005*
Cash		**38.8**	**245.9**
Other financial assets	**(a)**	**42.7**	**45.7**
FRNs 2005		-	237.6
Bonds convertible in 2006	**(b)**	208.6	214.9
Total bonds		**208.6**	**452.5**
Long-term loans		91.7	45.5
Other short-term financial liabilities		17.9	16.0
Total payables to banks		**109.6**	**61.5**
Leasing		**32.0**	**36.8**
Gross debt	***(c)***	***350.2***	***550.8***
Net debt		***268.7***	***259.2***

(a) The figure includes exclusively escrows and tax credits (VAT)
(b) The figure as of 30 June 2005 includes interest accrued at end June 2005 and includes valuation of debt according to IAS/IFRS
(c) Excludes shareholders loans (EUR 28.2 million as of 30 September 2005)

Operating cash flow 3Q05, excluding sales of non-strategic assets, and including financial charges, was negative for EUR 23 million. Third quarter result was affected by annual financial charges for EUR 9 million related to “Equity Linked Bond” due in September 2006 and from investments (around EUR 29 million) for the development of ULL infrastructure network. Considering those elements, we highlight a decrease in operating cash burn compared to previous quarters (EUR -46 million in 1Q05 2005, EUR -20 million in 2Q05), in line with Group’s business plan.

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Significant events in Q305

EUR 150 million debt facility from Silver Point

On 8 August Tiscali reached an agreement for a facility worth a total EUR 150 million. The credit line was structured and provided by Silver Point Finance LLC (USA), a company providing tailor made financing to large and medium-sized companies operating in different sectors. The facility comprises two tranches, each with a three-year duration, and offers a rate of EURIBOR +600 bps. The first tranche of EUR 50 million was advanced in August 2005, while the second EUR 100 million tranche will be made available from September 2006, subject to certain standard terms and conditions, including certain financial and business covenants.

Proceeds of the first and second tranches will be used for general corporate purposes and to refinance the 4.25% Equity Linked Bonds due September 2006, respectively.

Financial covenants concern in particular the pledge of UK and Dutch shares held by Tiscali SpA held in Tiscali UK ltd and Tiscali BV (Netherlands). Furthermore some covenants are related to Gross Operating Result (EBITDA) and Investments and ADSL subscribers.

This agreement enables the Group to further implement its business plan, which is based on organically growing its customer base and improving profitability by investing in ULL networks, and providing high-quality services at a fair price to its customers.

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Eventi successivi al 30 settembre 2005

Tommaso Pompei appointed CEO of Tiscali Group

On 31 October 2005, Tiscali's Board of Directors appointed Tommaso Pompei CEO of the Group. Ruud Huisman leaves his executive role in the Parent Company while remaining on the Board of Directors.
The appointment of Tommaso Pompei as CEO happens while the Group is at a turning point, having refocused in the core countries and having successfully implemented the refinancing process. Tiscali is now ready to enter a new development phase that Tommaso Pompei is well equipped to implement and take full advantage of.

Disposal of international fibre optic network to Telecom Italia
On 1 November Tiscali finalized the disposal to Telecom Italia Sparkle of Tiscali's fiber optic network, Tiscali International Network SAS (TINet SAS), for a total consideration of EUR 8 million. The transaction does not include the sale of IP and Voice over IP national and international networks, which are owned by Tiscali International Network BV. The Tiscali Group will maintain ownership and control of these networks so that it may continue to offer high-quality IP and VoIP services to its own customers.

2005 targets

Tiscali announces the following targets for 2005 (IFRS compliant)

- Turnover of approximately EUR 750 million
- Gross Operating Profit (EBITDA) of over EUR 100 million
- Over 1.7 million broadband users
- Investment at 15% of revenues

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Income statement (EUR Thousands)	30 September 2005 Third quarter	30 September 2004 Third quarter	30 September 2005 9M 2005	30 Septembe r 2004 9M 2004
Revenues	185,655	160,551	539,306	479,381
Other operating income	859	1,434	4,845	4,163
Purchase of material and external services	123,047	102,744	367,969	333,363
Personnel Costs	28,376	28,836	82,629	83,406
Other Operating expenses	3,434	5,110	9,485	21,263
Gross Operating Result	31,657	25,295	84,068	45,512
Restructuring costs, other provisions and write downs	6,487	4,583	36,945	30,655
Depreciations and Amortisations	32,956	36,843	101,344	89,872
Operating Result	(7,786)	(8,131)	(54,221)	(75,016)
Share of the profit or losses of associates accounted for using the equity method	(30)	(436)	(726)	(229)
Net financial income (expenses)	(3,069)	(8,310)	(22,087)	(29,235)
Income (loss) before taxes	(10,885)	(16,877)	(77,034)	(104,479)
Taxation	17	612	45,070	133
Income (loss) from continued operations	(10,902)	(17,489)	(122,104)	(104,612)
Income (loss) from discontinued operations	(5,135)	(7,301)	120,606	(43,982)
Net Income (loss)	(16,037)	(24,790)	(1,498)	(148,594)

Consolidated Balance Sheet (EUR Thousands)	**30 September 2005**	**30 June 2005**	**31 December 2004**
Non Current Assets	755,230	773,516	802,437
Current Assets	223,915	440,322	270,226
Assets classified as held for sale	76,801	81,150	395,597
Total Assets	**1,055,946**	**1,294,988**	**1,468,260**
Equity	322,949	339,766	317,795
Non current liabilities	190,450	364,789	340,125
Current liabilities	492,224	538,619	599,157
Liabilities directly associated with Assets classified as held for sale	50,323	51,814	211,183
Total Equity and liabilities	**1,055,946**	**1,294,988**	**1,468,260**

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