

Company Teleunit S.p.A
TIDM TLU
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Teleunit SpA

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2008

Teleunit S.p.A., ("Teleunit" or "the Group"; stock code: TLU), the Italian telecom services provider, has announced its financial results for the six months ended 30 June 2008.

Summary:

- Turnover of €27.0 million in line with expected decline in Premium Access traffic volumes (H1 2007: €45.4 million)
- Gross profit up 22% to €16.8 million and gross margin increased to 62% as a result of the added contribution of Neomobile to the Group's revenue mix (H1 2007: €13.8 million; margin 30%)
- Consolidated net loss of €2.7 million (H1 2006: net loss of €0.8 million)
- Out of court settlement with Telecom Italia for €9.8 million; €7.1 million received to date
- Voice and Data Services division adds to product portfolio launching new ADSL offering "7Mega" and enters WLR ("Wholesale Line Rental") market with "Teleunit 1"
- Neomobile launches in Brazil.
- Post period-end: Neomobile acquires Arena Mobile, the highly respected B2B supplier of Mobile Content;
- Post period-end: on Monday 29 September 2008 Teleunit signs new equity-only agreement with a leading Italian bank's Venture Capital subsidiary (the "VCC") for the sale, for €10.0 million, of a 15.87% stake in Neomobile. The transaction is expected to close on 6 October 2008.

Commenting on the financial results, Gianfranco Cimica, Chief Executive Officer of Teleunit S.p.A, said:

"As reported in the post period-end developments of the 2007 Results and in subsequent RNS releases, 2008 will mark closure of an important chapter in Teleunit's history. In Q1 the Group signed an out-of-court settlement with Telecom Italia for € 9.8 million over long-standing receivables owed. With fewer distractions and working capital so far contributed, we have been able to renew our focus on supporting our core operations and expanding the reach of the Group's most exciting projects. Neomobile continues to extend its global reach and perform beyond expectations, successfully launching in brazil in the first semester. Moreover I am pleased to announce that yesterday the Group signed a binding agreement with a leading VCC for the sale of a 15.87% stake in Neomobile. The deal gives Neomobile an equity

valuation of €63.0 million and will contribute €10.0 million in new cash to the Group's balance sheet. Despite the difficult times we undoubtedly face, the Group's liquidity position is strong and I am confident that the future holds much promise for Teleunit."

About Teleunit SpA

Based in Perugia in Central Italy, Teleunit is a telecom services provider to both business and residential customers throughout Italy. The Group operates in three distinct sectors: voice and data services (providing fixed line voice and data, wholesale, and wireless services to customers across Italy) and premium access services. Through its subsidiary, Neomobile SpA, Teleunit is also an active player in the Mobile Entertainment D2C arena. The Group is looking to expand its operations selectively in Italy and internationally. Teleunit listed on AIM in May 2004, the first Italian company to complete a primary listing in London. For more information, please visit the website: <http://ir.teleunit.it>

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Gianfranco Cimica, Chief Executive Officer, Teleunit SpA

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Chief Executive Officer's Review

On the 29th of May 2008, the Group signed an agreement with the VCC for the sale of a minority stake in Neomobile as part of a leveraged buy-out operation. The original transaction gave Neomobile an Enterprise Value of €62.0 million, net of €13.0 million in new debt and expenses of €1.0 million. The VCC was to pay €10.0 million for a 20% share, valuing Neomobile's equity at €50.0 million. The deal was subject to approval from the Antitrust authority and raising of €13.0 million in new debt.

Raising the debt proved laborious as a result of the credit squeeze in the financial markets leading the parties to sign a new, equity-only agreement. The new agreement now values Neomobile's equity at €63.0 million, in line with the Company's sustained growth and attainment of quarterly objectives. For the same €10.0 million the VCC will receive a 15.87% stake. Neomobile's executives will receive a 12% stake for a contribution of €1.0 million via a non-proportionate increase in share capital. TLU will hold a 72.13% residual stake in Neomobile valued at €45.4 million, representing a significant premium to the Group's current market valuation. Antitrust approval has been received, and the transaction is expected to close on the 6th of October 2008 (for more information please see note 6).

The VCC is a subsidiary of one of Italy's leading banks, and I am confident the endorsement provided by this important partner will provide added impetus to Neomobile's continued growth. The financial commitment by the VCC is testament to the success the Company has attracted over past years, and further confirms Neomobile as an key player in the booming global Mobile Content industry.

Turning to the Group's performance in the first half of the year, Neomobile continues to perform strongly, with period-on-period revenue growth of 65% and gross

margin increasing 5 points sequentially to 89 percent. On the other hand, turnover in the Premium Access Services division fell by 80% to €5.9 million with respect to the comparable period last year (H12007: €29.4 million). This one-off substantial reduction in revenue, anticipated by Management, reflects market sentiment surrounding the proposed new regulation to systematically block access to premium numbers on all fixed line telephones. This revenue shortfall led the Premium Access segment to contribute gross profits of €671,000 in the period under review versus €4.0 million in H12007. No further negative impacts are expected on the balance sheet, as the impairment of the Group's associates have already been booked (please see FY2007 Results). Cushioning the impact of the PA segment's downturn in H12008, Neomobile's first semester gross profit contribution almost doubled with respect to H12007 coming in at €14.1 million (H12007: €7.7 million). As a result, the Group generated gross profits up 22% to €16.8 million on the back of gross margins up 32% to 62 percent.

The increase in administrative expenses from €3.4 million in H12007 to €4.8 million in H12008 is derived from an increase in Neomobile personnel, which at period-end stood at 60 against a headcount of 25 at 30 June 2007.

Sales and marketing expenses in the first six months of 2008 came in at €9.2 million, an increase of €3.7 million with respect to the €5.5 million spent in H12007. The lions' share of sales and marketing expenditure came from Neomobile, which in the first semester spent €8.6 million. For every Euro invested in H12007 it generated €1.98 of gross profit versus the €1.61 generated in H12008. This is a strong result considering the Company sustained buoyant growth in Italy and Turkey whilst undergoing advertising-intensive launches in Spain and Brasil. With regards to Teleunit specifically, less costly customer acquisition methods in the period under review resulted in marketing expenditures reduced by 62% from €1.6 million in H12007 to €0.6 million in H12008.

The €0.7 million decrease in other net operating expenses from €3.1 million in H12007 to €2.4 million in the current period can be attributed to Company-wide cost cutting measures implemented since 2007 which have continued to yield results. This is despite an additional contribution of €817,000 from Neomobile's growth in personnel and increased international exposure. Neomobile's EBITDA margin stood at 19% in H12008 versus 21% in H12007, and we expect the margin to recover as the Company consolidates its overseas operations, further refining gross margin and advertising investments.

The Group's net debt at period-end stood at €11.3 million, reduced by €3.4 million with respect to the €14.7 million net debt position as at year-end 2007. This decrease stems from a €2.6 million addition to cash reserves, which stood at €8.8 million as at 30 June 2008, and from the repayment of €1.2 million in short and long-term debt. We expect the Group's debt to be further reduced going forward, and working capital bolstered in line with the one potential and the one now confirmed second semester developments: the sale of a minority stake in Neomobile and the €2.7 million of new cash to be received from Telecom Italia following the AGCOM's decision, expected on the 26th of November (please see note 5). No assurances can be provided at this stage in regards to the latter, although management remains optimistic of a positive outcome for the Group.

Operational Review:

Voice and Data Services (VDS):

Segment revenues in H12008 came in at €5.3 million representing a €1.0 million decline on H12007 levels. Gross margin however increased 5 points to 38% helping to taper the impact on gross profit which came in at €2.0 million, or €0.1 million lower than in the comparable period last year.

In the first six months of the year, productivity levels increased by 20% with respect to H12007 with 3,230 new contracts generated (H12007: 2,683). Post-churn, the total customer base at period-end, not including CPS customers, stood 9% higher with respect to year-end 2007 at 6,130. In order to retain customers the division introduced a new product in May of this year called "Teleunit 1", a Wholesale Line Rental ("WLR") initiative. WLR is an evolution of the CPS offering, and Teleunit was one of the first operators to launch the service in Italy. WLR customers benefit from receiving one single bill from Teleunit comprising line rental and traffic charges. This administrative change permits the customer to disconnect from Telecom Italia, and imparts a greater degree of brand awareness for Teleunit services. As testament to the popularity of the product, over 50% of new contracts acquired in the period were for Teleunit 1.

In H12008 the division also implemented a number of new and lower cost sales channels. In addition to traditional agencies customers are now being acquired via outbound call-centres, web forms and via direct web acquisition. Today the WLR service is sold exclusively via outsourced outbound call-centres. A collateral benefit of the initiative is the enhanced consumer awareness of the Teleunit brand as a result of the thousands of calls placed to potential customers daily. The division will be looking to selectively outsource new call centres going forward.

Teleunit's flagship ADSL offering "tria" has retained its defining characteristics but has evolved to "7mega", giving customers bandwidth of up to 7 megabytes per second. This new product is currently marketed exclusively online, where we can readily attract existing ADSL customers seeking next generation connectivity. The web form initiative was launched in April and has proved to be the best performing sales channel for acquiring ADSL VoIP customers in the period. As an evolution to the web form, at the end of June the division launched a website to acquire customers directly online.

These new services and sales channels are to date performing beyond Management targets with initial results in H2 demonstrating a significant up-trend: in the month of July alone the division had already acquired more than 40% of the total number of new contracts generated in the whole of H1 2008. So far in the second semester new contracts acquired have surpassed customer loss rates and we expect the new services developed in the period to reduce the elevated levels of churn witnessed in the first six months of the year.

Premium Access Services:

As forecast by Management, the impending change on the regulatory front has continued to impact the productivity of Service Centres leading to H12008 revenues of €5.9 million versus the €29.4 million of H12007. Many Service Centres have

abandoned the market, anticipating the projected AGCOM decision (expected in November) to confirm the systematic blocking of all Premium numberings from fixed line telephones.

Market sentiment has been severely impacted by these regulatory threats and we expect even a ruling favourable to the sector would be unable to restore revenues or gross profit to prior years' levels. As previously reported, the division intends to remain in the market and follow developments closely although a run down in the business is currently being implemented.

NEOMOBILE SpA:

Neomobile continues to perform beyond expectations with H12008 revenues reaching €15.9 million (H12007: €9.6 million). This 64% increase can be attributed principally to strong performance in the Italian and Spanish markets. Italy's mobile network operators have provided confirmation that Neomobile has now become the B2C market leader, and the player which has grown most significantly in the last four consecutive quarters. Growth in Spain since launch has been fully in line with Management expectations with the Company becoming one of the top 7 players in the market and one of the top three players in terms of media advertising spend.

The Company was also able to maintain a strong control on costs in the period under review, with H12008 direct costs of €2.0 million remaining almost unchanged with respect to the €1.9 million of H12007. The 9 point rise in gross margin to 89% with respect to the first half of 2007 and 5 point sequential rise (H12007: 80%; FY2007: 84%) result from two factors: first, the direct interconnection with network operators that Neomobile now benefits from and secondly, due to a stronger integration into the market's provisioning chain, with more content developed in house or acquired from out-sourced content developers in bulk to secure better economies of scale.

Although demand for traditional content services persist, the Company's H1 growth has been in part underpinned by a diversification of its product offering towards Mobile 2.0. In February 2008 "Dindo Chat" was launched in Italy, whereby cross-channel subscription methods allow users to gain access to chat and community services via WAP. This has contributed to customer loyalty and initial results are very encouraging. As new, more evolved multimedia handsets are introduced on the market, Neomobile is keeping pace with the rapid transition towards the provision of rich-media content such as videos, full track music, and interactive applications. In order to mitigate the risks associated with SMS push services, the Company has also developed and launched in Italy an alternative billing platform for use on WAP handsets. If the test proves successful, Neomobile intends to deploy rapidly this new platform across all geographical segments.

In April of this year, in its first transatlantic move, Neomobile launched its services in Brazil. With a total population in excess of 184 million people, more than 50 million of which are between the ages of 18-30, and mobile penetration increasing fast, Brazil holds much promise for Neomobile. Neomobile's global presence now extends to Italy, Spain, Turkey and Brasil, in which the total number of mobile handsets are in excess of 300 million, and in which the Company continues to expand market share aggressively. Post period-end, the Company

acquired Arena Mobile, a global leader in the provision of B2B mobile content services with exposure in over 50 countries (see *RNS release of 22 September*). Neomobile will continue to pursue actively its strategy of internationalisation and with its €6.5 million net cash position at period-end, the Company intends to target up-and-coming players selectively in the mobile content industry to reduce costs associated with international start-ups and to gain a faster time-to-market.

Outlook:

Neomobile's business model has now been confirmed and has proved successful for over more than 3 years. The prospects that lie ahead with the advent of more evolved telecommunication technology inspires much confidence for the future.

Voice and Data Services customer acquisition began reaching record levels at the end of the period and has persisted into the second semester. Management intends on keeping a close eye on levels of churn going forward, although we hope to significantly diminish customer losses in the near future. The lost profitability in the Premium Access Services division is ultimately responsible for the loss we now report. Management views this as a one-time only development and prospects for the Group's profitability remain encouraging in the medium term.

An injection of €10.0 million in new cash from the Neomobile transaction will help strengthen Teleunit's balance sheet and contribute additional working capital to support the Group's most exciting initiatives. The AGCOM decision expected in the near future has also the potential to impact the Group's balance sheet favourably, and we look forward to updating the market when the Neomobile transaction closes and as news regarding the AGCOM's decision becomes available.

Gianfranco Cimica
Chief Executive Officer
Teleunit SpA

30 September 2008

INCOME STATEMENT
For the six months ended 30 June 2008

<i>in thousands of euro</i>	Note	Six months ended 30 June 2008	Six months ended 30 June 2007	Year ended 31 December 2007
Sales revenue	2	27,024	45,358	87,310
Cost of sales		(10,471)	(31,552)	(55,477)
Gross profit		16,553	13,806	31,834
Administrative expenses		(4,803)	(3,381)	(7,526)
Sales and marketing expenses		(9,150)	(5,498)	(14,106)
Other net operating expenses		(2,358)	(2,136)	(9,448)
Total operating expenses		(16,311)	(11,015)	(31,080)
Profit (loss) from operations	2	242	2,791	754
Amortisation and depreciation		(2,660)	(2,421)	(5,067)
Charge from Impairment of associates		-	-	(4,255)
Financing (costs)		(754)	(811)	(1,639)
Financing income		70	53	138
Profit (loss) before tax		(3,102)	(388)	(10,070)
Taxation	3	426	(382)	(20)
Net (loss)/profit for the period		(2,676)	(770)	(10,090)
Basic earnings per share (€)	4	(0,0144)	(0.0041)	(0.0543)

Diluted earnings per share (€)	4	(0,0142)	(0.0041)	(0.0538)
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BALANCE SHEET As at 30 June 2008

in thousands of euro

	As at 30 June 2008	As at 30 June 2007	As at 31 December 2007
Assets			
Property, plant and equipment	12,277	14,072	13,404
Intangible assets	3,099	3,107	3,093
Investments in subsidiaries and associates	1,456	5,720	1,421
Other investments	464	364	355
Deferred tax assets	1,631	1,128	1,014
Total non-current assets	18,927	24,390	19,287
Trade receivables	23,868	28,761	26,439
Non-trade receivables	2,372	3,596	2,494
Cash and cash equivalents	8,789	5,850	6,215
Assets classified as held for sale	-	-	-
Other financial assets	-	-	-
Total current assets	35,029	38,207	35,148

TOTAL ASSETS	53,956	62,597	54,435
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Equity			
Issued capital	2,334	2,334	2,334
Reserves	570	447	12,542
Share premium	731	12,542	467
Own shares	(214)	(214)	(214)
Retained earnings	(19)	6,724	(2,648)
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Total Group equity	9,802	21,833	12,481
Equity attributable to third parties	1	(3)	(3)
Total equity	9,803	21,830	12,478
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Liabilities			
Interest-bearing loans and borrowings	15,434	16,197	15,847
Employee benefits	278	363	258
Provisions	1,655	989	1,623
Deferred tax liabilities	1,045	1,146	1,064
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Total non-current liabilities	18,411	18,695	18,792
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Bank overdrafts	2,084	1,122	1,647
Interest-bearing loans and borrowings	2,571	3,989	3,365
Trade and other payables	20,329	15,437	17,296
Income tax payable	758	1,524	857
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Total current liabilities	25,742	22,072	23,165
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TOTAL EQUITY AND LIABILITIES	53,956	62,597	54,435
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STATEMENT OF CHANGES IN EQUITY
For the six months ended 30 June 2008

<i>in thousands of euro</i>	Share Capital	Legal Reserve	Share Premium	Own shares	Retained Earnings	Total
Balance at 1 January 2007	2,334	467	12,542	(214)	7,473	22,602

Profit 2007 allocated to reserve	-	-	-	-	-	-
Own shares acquired	-	-	-	-	-	-
Net profit/(loss) 2007	-	-	-	-	(10,089)	(10,089)
Other	-	-	-	-	(32)	(32)

Balance at 31 December 2007	2,334	467	12,542	(214)	(2,648)	12,481
Balance at 1 January 2008	2,334	467	12,542	(214)	(2,648)	12,481
Loss 2007 allocated to reserves		138	(5,411)		5,273	-
Net profit/(loss) H1 2008	-	-	-	-	(2,678)	(2,678)
Other	-	-	-	-	-	-
Balance at 30 June 2008	2,334	605	7,131	(214)	(54)	9,802

STATEMENT OF CASH FLOWS

For the six months ended 30 June 2008

in thousands of euro

Six months ended 30 June 2008	Six months ended 30 June 2007	Year to 31 December 2007
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Operating activities

Net profit/(loss) for the period	(2,676)	(770)	(10,090)
<i>Adjustments for:</i>			
Depreciation and amortization	2,656	2,422	5,015
Employee benefits	33	69	(3)
Deferred tax	(635)	(335)	(304)
Share of results of associates after tax	-	-	(18)
Gain from disposal of assets classified as held for sale	195	-	(334)
Loss from impairment of associates	(78)	-	4,255
Other	-	621	1,265
	(506)	2,007	(214)
(Increase)/Decrease in trade receivables	2,572	(2,073)	249
(Increase)/Decrease in non-trade receivables	122	111	1,213
Increase in trade and other payables and income tax	3242	87	1,415
Income tax paid	(309)	(17)	(243)
Retirement benefits payment	(14)	(102)	(50)
Other	17	-	-
Cash flow from operating activities	5,124	13	2,370
Cash flow from investing activities			
Purchase of property, plant and equipment	(903)	(1,315)	(2,559)
Proceeds from sale of fixed assets	21	1,305	(3)
Purchase of intangible assets	(864)	(1,529)	(2,287)
Proceeds from assets classified as held for sale	(1)	-	1,740
(Purchase)/Sale of investments in associates	(35)	309	-
Purchase of other investments	-	-	-
Cash flows from investing activities	(1,781)	(1,230)	(3,109)
Financing activities			
Proceeds from loans and borrowings	(1207)	(2,049)	(2,686)
Proceeds from the issue of share capital	-	-	-
Increase in share premium (net of unsubscribed amount)	-	-	-
Payment of transaction costs	-	-	-
Purchase of own shares	-	-	-
Dividends paid	-	-	-
Cash flow/(outflow) from financing activities	(1207)	(2,049)	(2,686)
Net increase/(decrease) in cash and cash equivalents	2,136	(3,266)	(3,425)
Cash and cash equivalents (net of overdrafts) at 1 January	4,569	7,994	7,994
Cash and cash equivalents (net of overdrafts)	6,705	4,728	4,569

at period end

NOTES TO THE FINANCIAL STATEMENTS

1. Basis of preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and its interpretation adopted by the International Accounting Standards Board (IASB).

The financial statements derive from the books of account of the company, prepared in accordance with Italian GAAP to which appropriate adjustments have been applied.

(b) Basis of preparation

The financial statements are presented in thousands of euro and have been prepared on the historical cost basis except for derivative financial instruments and employee benefit obligations, which are stated at their fair value.

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The accounting policies have been applied consistently to all periods presented in these financial statements. This decision has been taken by management on the premise of better presentation and more accurate classification of elements contained in the income statements.

2. Segmental Information

The following tables provide gross profit information regarding these main business segments:

In thousands of euro

	VDS	PA	NeoMo	H1 2007 Unallocated	TOTAL
Sales	6,343	29,371	9,644	-	45,358
Cost of sales	(4,226)	(25,382)	(1,944)	-	(31,552)
Gross profit	2,118	3,989	7,700	-	13,806
Operating expenses	-	-	-	-	(11,015)
Profit from operations	-	-	-	-	2,791
TOTAL Amort & Dep	-	-	-	-	(2,421)

EBITDA	-	-	-	-	<u>370</u>
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In thousands of euro

	VDS	PA	NeoMo	H1 2008 Unallocated	TOTAL
Sales	5,294	5,867	15,863	-	27,024
Cost of sales	(3,280)	(5,196)	(1,995)	-	(10,471)
Gross profit	2,014	671	13,868	-	16,553
Operating expenses	-	-	-	-	(16,311)
Profit from operations	-	-	-	-	242
TOTAL Amort & Dep	-	-	-	-	(2,660)
EBITDA	-	-	-	-	<u>(2,418)</u>

3. Taxation

Two taxes are applicable to the company:

- Corporate income tax (IRES) at the rate of 27.5%
- Regional tax (IRAP) at the rate of 3.90% for Teleunit and 4,90% for Neomobile

The difference in tax rates arises from the different basis for the two taxes. Although Teleunit reported a loss in the first half of 2008, it registered net tax income from consolidation of its subsidiaries of €945,000 and net deferred tax assets of €577,000 amounting to €1,522,000. Neomobile generated taxable income and therefore had a net tax expense of €1,096,000. The net effect is that the Group registered a current tax credit for the period in the amount of €426,000.

4. Earnings per share

4.1 Basic earnings per share

The calculation of basic earnings per share for the six months ended 30 June 2008 and 2007 have been determined as net profit/(loss) attributable to ordinary shareholders divided by the weighted average number of ordinary shares for each period.

Net profit attributable to ordinary shareholders

<i>in thousands of euro</i>	Six months ended 30 June 2008	Six months ended 30 June 2007
Net profit (loss) attributable to ordinary shareholders	(2,676)	(770)

4.2 Diluted earnings per share

Diluted earnings per share are calculated by dividing the profit for the period attributable to shareholders of the Company by the weighted average number of ordinary shares outstanding during the period adjusted for the effects of all potentially dilutive shares (e.g. employees stock options).

Weighted average number of ordinary shares

	Six months ended 30 June 2008	Six months ended 30 June 2007
in thousand of shares		
Issued ordinary shares at the beginning (0.0125 € per share)	185,944	185,944
Effect of shares purchased to be cancelled	-	-
Weighted average number of ordinary shares in euro	185,944	185,944
Basic (loss)/earnings per share	(0.01439)	(0.00414)

Weighted average number of ordinary shares (diluted)

	Six months ended 30 June 2008	Six months ended 30 June 2007
in thousands of shares		
Issued ordinary shares at 31 December	185,944	185,944
Effect of shares purchased to be cancelled	-	-
Effect of share option agreements	1,690	2,241
Weighted average number of ordinary shares (diluted) at 30 June	187,634	188,185
Diluted earnings per share	(0.01419)	(0.00409)

5. Credit risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Under this policy, investments are made only in liquid securities or financial assets.

At the balance sheet date of 30th June 2008 the only material concentration of credit risk was with Telecom Italia S.p.A. ("Telecom Italia"), the main client of the Group.

The potential credit risk at balance sheet date amounted to €2,704,765,08 (VAT incl.):

As previously reported, the Group signed an extra judicial agreement with Telecom Italia in March 2008 in respect of long-standing uncollected receivables, providing for the payment of €9.8 million to the Group. To date, €7,095,951 has been received with the remaining €2.7 million to be collected following a positive ruling by the AGCOM (Italy's "OFCOM"). On the 26th of September the Group received a letter from the AGCOM requesting a further meeting with the parties on the 5th of November. The decision is then expected on the 26th of November when the "CIR" (Comitato per le Infrastrutture e le Reti) convene. The Group is likely to receive an official communication with the outcome soon after this date. A further update will be provided as soon as there are any developments.

6. Subsequent events

On the 29th of September 2008, Teleunit signed a Purchase and Sale Agreement with a Major Italian bank's Venture Capital subsidiary (the "VCC"). The transaction sees the partial disposal of 15.87% of the share capital of the Group's subsidiary Neomobile S.p.A. for a total cash consideration to the Group of €10 million. Neomobile was established on 31st January 2007 following the spin-off of the Group's Mobile Content Services ("MCS") segment. As at 30 June 2008 the Company had Net Assets of €6.4 million (as

at 31 December 2007: €4.7 million). In the first six months of 2008 Neomobile generated €15.9 million in revenues and €1.6 million in net profits (FY2007: revenues of €22.8 million; net profit of €2.8 million).

The Transaction comprises the following operations:

- The creation of a New Company (the "Newco") of which Teleunit will hold a 72.13% stake;
- The entry of the VCC into the Newco with €10 million for a 15.87% stake. The entry of Neomobile's Managers, who have presided successfully over the dynamic and profitable growth in the business, into the Newco with €1.0 million for a 12% stake via a non-proportional increase in share-capital;

The closing of the Transaction is expected to take place on 6 October 2008.