

Regulatory Announcement

Company Teleunit S.p.A
TIDM TLU
Headline EUR7.1 Million Received
Released 09:00 01-Apr-08



RNS Number:2665R
Teleunit S.p.A
01 April 2008

Teleunit S.p.A.
("Teleunit", "TLU", "the Group" or "the Company")

€7.1 million Received

Teleunit announces today that it has received the previously disclosed settlement payment of €7.1 million from Telecom Italia ("TI"), thus leading to a significant improvement in the Group's cash position (See RNS Announcement of 7 March 2008). This payment is the first to be received of the total €9.8 million settlement amount. The remaining balance of €2.7 million will be paid pending the outcome of an AGCOM (Italian Telecoms Regulator) ruling expected to take place in a few months. For legal and contractual reasons these funds cannot be released by TI unless the AGCOM provides a ruling. On the basis of extensive analysis of the agreement with TI, and on the basis of similar AGCOM rulings, our legal advisors are confident that the remaining funds will be encashed.

The litigation with Telecom Italia has lasted for more than 4 years and has had a severe impact on the Group's strategic and commercial choices, and been detrimental to the Group's cash flow. Recently, further pressure had been added on Teleunit as the new standardised Premium Access contract could not be signed until a settlement with TI was achieved. The consequence was an increasingly onerous liquidity position for TLU and a growing risk that the Management and Board felt unwilling to shoulder. As part of the agreement, and as mentioned in the previous RNS announcement, the new Premium Access contract has now been signed with TI.

Given these risks, the Board felt it best to settle with TI, despite the fact that this would inevitably lead to a write-down of its assets. As previously announced, the total outstanding receivables exceed the settlement amount, and as such the Group will book a write down in FY2007, net of provisions, in the order of €2.5 million. Furthermore there will be an increase in FY2007 direct costs of €350,000. As a consequence, the Group will be unlikely to meet market expectations for FY2007 profitability. From a financial perspective, this is balanced somewhat by the much improved liquidity position of the Group.

This write-down marks the end of this chapter for the Group, its Managers, and Shareholders, and there will be no further negative impacts on future accounting arising from this settlement. The remaining €2.7 million that will be recovered following the AGCOM decision will not lead to a further write down, and will contribute only to further bolstering the Group's cash position.

The Group will announce its preliminary FY2007 consolidated results at the end of May, at which time further information will be provided.

Gianfranco Cimica, Chief Executive Officer of the Teleunit Group, said:

"The funds that we have recently recovered are the fruit of years of litigation with TI which have severely impacted the Group and its Shareholders. Shareholders will understand that the Group's risk profile had become unsustainable, and it thus had little choice but to settle. I am pleased with the fact that we can now put this entire matter behind us, from a legal and from an accounting perspective, and move forward with the new articulated Premium Access Contract that provides further guarantees against this situation arising again. I would like to again thank shareholders for their patience and understanding, and reiterate that Board and Management can now look to the future with renewed optimism and confidence, a great burden having been lifted."

For further information:

Teleunit S.p.A
Gianfranco Cimica, CEO

Tel: + 39 075 528 3939

Daniel Stewart & Company plc
Paul Shackleton

Tel: + 44 (0) 207 776 6550

This information is provided by RNS
The company news service from the London Stock Exchange

END