Transcom Worldwide S.A.
Société Anonyme
R.C.S. Luxembourg B 59.528

Report on review of interim condensed consolidated financial statements for the six months ended 30 June 2010

Ernst & Young

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Report on review of interim condensed consolidated financial statements to the shareholders of Transcom Worldwide S.A.

To the Shareholders of
TRANSCOM WORLDWIDE S.A.
Société Anonyme
45 rue des Scillas
L-2529 Luxembourg

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Transcom Worldwide S.A. and its subsidiaries ('the Group') as at 30 June 2010, comprising the interim consolidated statement of financial position as at 30 June 2010 and the related interim consolidated statements of income, comprehensive income, changes in equity and cash flows for the six-month period then ended and explanatory notes. Management is responsible for the preparation and fair presentation of these interim condensed consolidated financial statements in accordance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting,* as adopted by the European Union ('IAS 34'). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing. Consequently, it does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

ERNST & YOUNG
Société Anonyme
Cabinet de révision agréé

Werner WEYNAND

Luxembourg, 26 August 2010

Interim consolidated income statement

for the six months ended June 30, 2010

(€000, except share and per share amounts)	Note	June 30 2010 unaudited '000	June 30 2009 unaudited '000
Revenue	4	295,763	280,548
Cost of sales		(237,180)	(218,785)
Gross profit		**58,583**	**61,763**
Selling expenses		(3,672)	(3,240)
Administrative expenses		(45,557)	(42,842)
Profit before interest, tax and amortisation		**9,354**	**15,681**
Amortisation of other intangible assets		(1,441)	(1,476)
Profit from operations		**7,913**	**14,205**
Finance income		259	2,754
Finance costs		(1,124)	(2,909)
Profit before tax	4	**7,048**	**14,050**
Income tax expenses	5	(1,410)	(2,529)
Profit for the period attributable to equity holders of the parent		**5,638**	**11,521**
Basic earnings per A class share, for profit for the period attributable to ordinary equity holders of the parent	6	0.08	0.15
Basic earnings per B class share, for profit for the period attributable to ordinary equity holders of the parent	6	0.08	0.17
Diluted earnings per A class share, for profit for the period attributable to ordinary equity holders of the parent	6	0.08	0.15
Diluted earnings per B class share, for profit for the period attributable to ordinary equity holders of the parent	6	0.08	0.17

The accompanying notes form an integral part of the interim financial statements

Interim consolidated statement of comprehensive income

For the six months ended June 30, 2010

	Note	June 30 2010 unaudited '000	June 30 2009 unaudited '000
Profit for the period		**5,638**	11,521
Other comprehensive income			
Exchange differences on translation of foreign operations		17,453	1,186
Cash flow hedges - gains/(losses) recognised directly in equity	7	(649)	350
Income tax relating to cash flow hedges	7	217	(107)
		(432)	243
Net investment hedge - gains/(losses) recognised directly in equity		(3,156)	(785)
Income tax relating to net investment hedges		-	141
		(3,156)	(644)
Other comprehensive income for the period, net of tax		**13,865**	785
Total comprehensive income attributable to equity holders of the parent		**19,503**	12,306

The accompanying notes form an integral part of the interim financial statements

Interim consolidated statement of financial position

as at June 30, 2010

	Note	June 30 2010 unaudited '000	December 31 2009 audited '000
Assets			
Non-current assets			
Property, plant and equipment		25,884	29,300
Intangible assets	8	175,253	168,465
Deferred tax assets		3,006	2,962
Total non-current assets		204,143	200,727
Current assets			
Trade and other receivables		113,748	118,727
Prepaid expenses and accrued income		19,470	18,856
Derivative financial assets	10	-	349
		133,218	137,932
Cash and cash equivalents	9	47,419	36,780
Total current assets		180,637	174,712
Total assets	4	384,780	375,439

The accompanying notes form an integral part of the interim financial statements

Interim consolidated statement of financial position (continued)

as at June 30, 2010

	Note	June 30 2010 unaudited '000	December 31 2009 audited '000
Equity and liabilities			
Capital and reserves attributable to equity holders of the parent			
Share capital		31,547	31,516
Share premium		10,157	10,023
Legal reserve		3,908	3,908
Equity-based payments		-	-
Retained earnings		140,441	120,015
Foreign exchange reserve		(553)	(14,850)
Cash flow hedge reserve		(200)	232
Profit for the period/year		5,638	20,591
Total equity		190,938	171,435
Non-current liabilities			
Bank loan and credit facilities	11	133,043	132,923
Deferred tax liabilities		6,341	6,589
Provisions		1,500	1,500
Employee benefits		3,398	2,901
Government grants		718	1,987
		145,000	145,900
Current liabilities			
Trade and other payables		11,958	12,538
Income tax payable		3,231	6,374
Other liabilities		9,613	15,473
Accrued expenses and prepaid income		23,738	23,719
Derivative financial liabilities	10	302	-
		48,842	58,104
Total liabilities		193,842	204,004
Total shareholders' equity and liabilities		384,780	375,439

The accompanying notes form an integral part of the interim financial statements

Interim consolidated statement of changes in equity

for the six months ended June 30,2010

	Share capital '000	Share premium '000	Legal reserve '000	Equity based payments '000	Retained earnings '000	Foreign exchange reserve '000	Cash flow hedge reserve '000	Net profit '000	Total '000
As at January 1, 2010	31,516	10,023	3,908	-	120,015	(14,850)	232	20,591	171, 435
Allocation of profit	-	-	-	-	20,591	-	-	(20,591)	-
	31,516	10,023	3,908	-	140,606	(14,850)	232	-	171,435
Profit for the period	-	-	-	-	-	-	-	5,638	5,638
Other comprehensive income	-	-	-	-	-	14,297	(432)	-	13,865
Total comprehensive income	-	-	-	-	-	14,297	(432)	5,638	19,503
Equity-based payment	-	-	-	-	-	-	-	-	-
Increase of share capital	31	134	-	-	(165)	-	-	-	-
As at June 30, 2010 (unaudited)	**31,547**	**10,157**	**3,908**	**-**	**140,441**	**(553)**	**(200)**	**5,638**	**190,938**
As at January 1, 2009	31,749	9,877	3,908	2,190	100,878	(20,746)	(243)	16,224	143,837
Allocation of profit	-	-	-	-	16,224	-	-	(16,224)	-
	31,749	9,877	3,908	2,190	117,102	(20,746)	(243)	-	143,837
Profit for the period	-	-	-	-	-	-	-	11,521	11,521
Other comprehensive income	-	-	-	-	-	542	243	-	785
Total comprehensive income	-	-	-	-	-	542	243	11,521	12,306
Equity-based payment	-	-	-	91	-	-	-	-	91
Decrease of share capital	(252)	-	-	-	-	252	-	-	-
As at June 30, 2009 (unaudited)	31,497	9,877	3,908	2,281	117,102	(19,952)	-	11,521	156,234

The accompanying notes form an integral part of the interim financial statements

Interim consolidated statement of cash flows

for the six months ended 30 June, 2010

	Note	June 30 2010 unaudited '000	June 30 2009 unaudited '000
Cash flows from operating activities			
Profit for the period		5,638	11,521
Adjustments for:			
Depreciation and amortisation		9,276	9,783
Share-based payments		-	91
Other non-cash adjustments, including net finance costs		6,495	(4,697)
Income taxes	5	1,410	2,529
Cash flows from operating activities before changes in working capital		22,819	19,227
Changes in working capital			
Trade and other receivables		4,365	14,553
Trade and other payables		(5,332)	(21,883)
Decrease in employee benefit obligations		497	-
Income tax paid		(4,553)	(2,274)
Changes in working capital		(5,023)	(9,604)
Net cash flows from operating activities		17,796	9,623
Investment activities			
Purchases of property, plant and equipment		(2,398)	(5,634)
Proceeds from sale of intangible assets		-	635
Purchase of subsidiaries and non controlling interests, net of cash acquired		(1,100)	(17,608)
Interest received		104	-
Net cash flows used in investing activities		(3,394)	(22,607)
Financing activities			
Proceeds from credit facilities		(3,000)	12,760
Issue of stock		-	-
Government grants received		-	63
Movements in finance leases		-	(79)
Interest paid		(763)	-
Net cash flows used in financing activities		(3,763)	12,744
Net increase/(decrease) in cash and cash equivalents		10,639	(240)
Cash and cash equivalents at beginning of period		36,780	44,444
Cash and cash equivalents at end of period		47,419	44,204

The accompanying notes form an integral part of the interim financial statements

Notes to the interim condensed consolidated financial statements

for the period ended June 30, 2010

The accompanying notes are an integral part of the interim condensed consolidated financial statements. Amounts in thousands of EUR unless otherwise stated:

1 CORPORATE INFORMATION

Transcom Worldwide S.A. ("Transcom", the "Group", the "Company" or the "parent company") is a limited liability company ("Société Anonyme") incorporated and existing under the laws of the Grand Duchy of Luxembourg. The Company was registered on June 11, 1997 with the Luxembourg Registration Office – Company Register ("Tribunal d'arrondissement de et à Luxembourg") number RC B59528. The Registered Office of the Company is at 45 rue des Scillas, L-2529, Luxembourg.

Transcom was formed to provide multi-language customer relationship management products and services ("CRM") and credit management services ("CMS"), including customer help lines and other telephone-based marketing and customer service programs ("teleservices") to clients in customer-intensive industries.

The Company operates in 29 countries and employed 19,260 employees as at June 30, 2010 (June 30, 2009:19,441). The segmental reporting by Transcom is based on geographical areas, i.e. North Region, West & Central Region, South, Iberian Region and North America & Asia Pacific Region.
A significant portion of Transcom's consolidated net revenue is derived from related parties (see note 15).

Transcom Worldwide S.A. Class A and Class B shares are listed on the Nordic Exchange Mid Cap list under the symbols "TWW SDB A" and "TWW SDB B".

The interim condensed consolidated financial statements were approved and authorised for issue at the Board of Directors' meeting on August 26th, 2010.

2 BASIS OF PREPARATION

The interim condensed consolidated financial statements for the six months ended 30 June, 2010 have been prepared in accordance with IAS 34 *Interim Financial Reporting*, as adopted by the European Union.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements as at 31 December, 2009.

The interim condensed consolidated financial statements have been prepared on a historical cost basis and the accounting policies have been consistently applied by the Company for all periods presented. The interim condensed consolidated financial statements are presented in Euros, rounded in thousands of Euros.

3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

Significant accounting policies The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended December 31, 2009, except for the adoption of new Standards and Interpretations as at January 1, 2010, noted below. Adoption of these revised standards and interpretations did not require any restatement of prior year figures in the financial statements of the Group.

IFRS 2 - Group Cash Settled Share Based Payments This Amendment clarifies that, where a parent (or another group entity) has an obligation to make a cash-settled share-based payment to another group entity's employees or suppliers, the entity receiving the goods or services should account for the transaction as equity-settled. The Amendment also moves the IFRIC 11 requirements in respect of equity-settled share-based payment transactions among group entities and the clarification of the scope of IFRS 2 contained within IFRIC 8 into IFRS 2 itself. Management considers that this amendment has not had any impact on the financial statements.

Notes to the interim condensed consolidated financial statements

for the period ended June 30, 2010

3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES CONTINUED

Improvements to IFRSs (issues May 2008)

In May 2008, the International Accounting Standards Board ("the Board") issued its first omnibus of amendments to its standards. All amendments issued are effective for the Group as at 31 December 2009, apart from the following:

IFRS 5 – Non-current Assets held for Sale and Discontinued Operations clarifies when a subsidiary is classified as held for sale, all its assets and liabilities are classified as held for sale, even when the entity remains a non-controlling interest after the sale transaction. The amendment is applied prospectively and had no impact on the financial position nor financial performance of the Group.

Improvements to IFRSs (issues April 2009)

In April 2009, the Board issued its second omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard. The adoption of the following amendments resulted in changes in accounting policies but did not have any impact on the financial position or performance of the Group.

IFRS 8 – Operating Segment Information clarifies that segment assets and liabilities need only be reported when those assets and liabilities are included in measures that are used by the chief operating decision maker. As the Group's chief operating decision maker does review segment assets and liabilities, the Group has continued to disclose this information in Note 4.

IAS 7 – Statement of Cash Flows explicitly states that only expenditure that results in recognising an asset can be classified as a cash flow from investing activities. This amendment has not had any impact on the presentation of the statement of cash flows of the Group for the period ended June 30, 2010.

IAS 36 – Impairment of Assets The amendment clarifies that the largest unit permitted for allocating goodwill, acquired in a business combination, is the operating segment as defined in IFRS 8 before aggregation for reporting purposes. The amendment has no impact on the Group as the annual impairment is performed before aggregation.

IAS 39 – Financial instruments: Recognition and Measurement Gains and losses on cash flow hedges of a forecast transaction that subsequently results in the recognition of a financial instrument or on cash flow hedges or recognised financial instruments should be reclassified in the period that the hedged forecast cash flows affect profit or loss.

Other amendments resulting from Improvements to IFRSs to the following standards did not have any impact on the accounting policies, financial position or performance of the Group:

- IAS 1 Presentation of Financial Statements
- IAS 17 Leases
- IAS 38 Intangible Assets

The Group has not early adopted any other standard, interpretation or amendment that was issued but is not yet effective.

Seasonality of operations

The Group does not consider that there is any significant seasonality within its operational markets and therefore it considers the financial statements for the period to 30 June, 2010 to be a consistent representation of the entire financial year.

Notes to the interim condensed consolidated financial statements

for the period ended June 30, 2010

4 SEGMENTAL INFORMATION

In line with IFRS 8, Operating Segments, the business segmental reporting bases used by the Company are those which are reported to the Chief Operating Decision Maker. The reporting identifies the segments according to geographical location.

The geographical locations are composed as follows:

- **North:** Denmark, Finland, Norway and Sweden
- **West & Central:** Austria, Belgium, Croatia, the Czech Republic, Estonia, Germany, Hungary, Latvia, Lithuania, Luxembourg, the Netherlands, Poland, Romania, Serbia, Slovakia, Switzerland, Turkey and the United Kingdom
- **South:** France, Italy and Tunisia
- **Iberia:** Chile, Portugal and Spain
- **North America & Asia Pacific:** Canada, the Philippines and USA

In addition to the geographical segments, the Group also provides information to the market on a quarterly basis according to two distinct products, being Credit Management Services "CMS" and provider of multi-language customer relationship management products and services "CRM" including customer help lines and other telephone-based marketing and customer service programmes ("teleservices"). The following shows the revenue and results by reportable segment in the period ended June 30, 2010, including supplemental information for CRM and CMS, and assets for each reportable segment:

Period ended June 30, 2010 €000 (unaudited)	North America & Asia Pacific	West & Central	Iberia	North	South	Total	CRM	CMS	Total
Revenue									
Total segment revenue	73,708	64,714	53,816	68,053	46,730	307,021	252,867	43,494	296,361
Inter-segment revenue	(2,744)	(825)	(236)	(4)	(7,449)	(11,258)	(598)	-	(598)
Revenue from external customers	70,964	63,889	53,580	68,049	39,281	295,763	252,269	43,494	295,763
Gross profit	13,297	17,707	10,003	13,319	4,257	58,583	47,216	11,367	58,583
EBITA	676	5,617	2,156	4,967	(4,062)	9,354	5,799	3,555	9,354
Amortisation						(1,441)			(1,441)
Finance income						259			259
Finance costs						(1,124)			(1,124)
Income taxes						(1,410)			(1,410)
Profit after tax						5,638			5,638
Reportable segment assets at June 30, 2010	64,852	211,343	17,665	59,829	31,091	384,780			

Notes to the interim condensed consolidated financial statements

for the period ended June 30, 2010

4 SEGMENTAL INFORMATION CONTINUED

Period ended June 30, 2009 €000 (unaudited)	North America & Asia Pacific	West & Central	Iberia	North	South	Total	CRM	CMS	Total
Revenue									
Total segment revenue	55,293	65,134	50,274	62,690	47,157	280,548	-	-	280,548
Inter-segment revenue	1,468	(1,383)	594	(636)	(43)	-	-	-	-
Revenue from external customers	56,761	63,751	50,868	62,054	47,114	280,548	231,348	49,200	280,548
Gross profit	18,600	18,763	9,500	9,800	5,100	61,763	48,363	13,400	61,763
EBITA	10,100	6,681	1,300	1,200	(3,600)	15,681	10,381	5,300	15,681
Amortisation						(1,476)			(1,476)
Finance income						2,754			2,754
Finance costs						(2,909)			(2,909)
Income taxes						(2,529)			(2,529)
Profit after tax						11,521			11,521
Reportable segment assets at December 31, 2009	92,804	145,144	34,255	73,534	29,702	375,439			

Inter-segment transfers are priced along the same lines as sales to external customers, with an appropriate discount being applied to encourage use of group resources at a rate acceptable to local tax authorities. This policy was applied consistently throughout the current and prior period.

5 TAXES

The Group's tax charge has increased to 20% from 18% due to anticipated changes in the profit mix of the Group. This represents the best estimate of the annual effective tax rate expected for the full year, applied to the pre-tax income of the six month period.

6 BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share were determined based on reported profit for the period divided by the weighted average of shares outstanding in the Company at June 30, 2010, which was 73,298 thousand (June 30, 2009: 73,249 thousand).

During 2010 there were 36,685 thousand weighted average Class A Shares and 36,682 thousand weighted average Class B shares (June 30, 2009: 36,626 thousand Class A shares, 36,623 thousand Class B shares). Diluted earnings per share at June 30, 2010 include nil adjustment for outstanding share options (June 30, 2009: 537 thousand).

There are no post balance sheet events which could have an impact on the basic earnings per share or the diluted earnings per share.

Notes to the interim condensed consolidated financial statements

for the period ended June 30, 2010

7 COMPONENTS OF OTHER COMPREHENSIVE INCOME

	June 30 2010 unaudited '000	June 30 2009 unaudited '000
Cash flow hedges		
Gains/(losses) arising during the period	-	-
Reclassification adjustments for gains included in the income statement	(649)	350
Net investment hedges		
Gains/(losses) arising during the period	(3,156)	(785)
	(3,805)	(435)

8 INTANGIBLE ASSETS

Impairment of goodwill

Goodwill is tested for impairment annually (as at 31 December) and when circumstances indicate that the carrying value may be impaired. Goodwill acquired through business combinations and intangible assets with indefinite lives have been reviewed in accordance with key assumptions in order to identify if any impairment needs to be recognised in the financial year.

Key assumptions Recognised goodwill has been reviewed for impairment from value in use calculations by taking into account the budgeted figures of each subsidiary or group of subsidiaries, and applying appropriate growth margins and discount rates dependent upon market conditions and other external risk factors.

- Growth rate - Growth rate is based on management assumptions of the development of the business over the next five years, based on projections made. Growth rate ranges between 3% and 15%.
- Market conditions - Market conditions take into account the nature of risk within geographical markets and management's estimations of change within these.
- External risk factors – External risk factors are predominantly the effect of other key competitors and the effect on cost of capital.
- Discount rates of between 8% and 12% have been used in order to allow for market conditions and external risk factors.

Sensitivity to changes in assumptions

The Company has reviewed the assumptions made as at 31 December, 2009 and considers that there are no significant changes to the sensitivity information disclosed at year end.

The Company has considered whether there are any circumstances during the period which would indicate that the carrying value of the intangible assets is impaired. They have not identified any such impairment triggers and therefore no impairment review has been performed and no impairment has been recognised in the income statement for the period ended 30 June 2010.

Notes to the interim condensed consolidated financial statements

for the period ended June 30, 2010

9 CASH AND CASH EQUIVALENTS

	June 30 2010 unaudited '000	December 31 2009 audited '000
Cash at bank and in hand	47,419	38,676
Bank overdrafts	-	(1,896)
	47,419	36,780

10 DERIVATIVE FINANCIAL ASSETS AND LIABILITIES

Set out below are details of new hedge activities entered into by the Group and hedges with changes in value, during the six months ended June 30, 2010.

Cash flow hedges

As at June 30, 2010, the Group held 8 (June 30, 2009: 6) forward currency collar contracts (comprising of a purchased put option and a written call option) designated as hedges of expected future sales to customers in US dollars for which the Group has firm commitments or highly probable forecasted transactions.

The critical terms of the foreign currency contracts have been negotiated to match the pattern of the commitments and forecasted sales expected to occur within the next 12 months.

Fair value disclosures

As at June 30, 2010, the Group held financial instruments measured at fair value:

	Assets '000	Liabilities '000
Foreign currency collar contracts		
Fair value at June 30, 2010	-	302
Fair value at December 31, 2009	349	-

The cash flow hedges of the expected future sales in the months from July 1, 2010 to February 28, 2011 were assessed to be effective and the changes in the fair value of these contracts are recognised in the statement of other comprehensive income. As at June 30, 2010 an unrealised loss of €302 thousand with a deferred tax income of €101 thousand was included in other comprehensive income in respect of these contracts.

The cash flow hedges of the expected future sales in the months from July 1, 2009 to December 31, 2009 were assessed to be ineffective and as at June 30, 2009 an unrealised gain of EUR 1,096 thousand relating to the hedging instruments was recognised in the consolidated income statement.

As of June 30 2009 and 2010, the fair value of all derivatives has been calculated using the open market value, being level 1 on the hierarchy of valuation under IAS 39. As of June 30 2009 and 2010, the Group does not hold financial instruments measured at fair value and categorised as level 2 and 3.

Hedge of net investment in foreign operations

Included in Bank loan and credit facilities at June 30, 2010 was a borrowing of CAD 30 million which has been designated as a hedge of the net investment in the Canadian subsidiary, Transcom Worldwide Canada Inc., and is being used to hedge the Group's exposure to foreign exchange risk on this investment. Gains or losses on the retranslation of this borrowing

Notes to the interim condensed consolidated financial statements

for the period ended June 30, 2010

10 DERIVATIVE FINANCIAL ASSETS AND LIABILITIES – CONTINUED

are transferred to equity to offset any gains or losses on the translation of the net investment in the subsidiary. There is no ineffectiveness in the period ended 30 June 2010.

During the six months period to June 30, 2010, an after tax loss of EUR 3,156 thousand (June 30, 2009 loss of EUR 644 thousand) on the retranslation of this borrowing was transferred to equity to offset any gains or losses on translation of the net investment in the subsidiary.

11 BANK LOAN AND CREDIT FACILITIES

The Company has a revolving variable credit rate facility agreement for an amount of €200 million carrying interest of IBOR (EURIBOR: Euros), plus a margin between 0.30% and 0.75%. The facility is due to expire on April 12, 2012. The facility is a multi-currency facility with elements denominated in Euro, US Dollar and Canadian Dollar. The Company is committed under this agreement to maintaining a number of covenants requiring certain financial ratios to be maintained within agreed limits in order to provide sufficient security to the lender. The loan is unsecured.

As at June 30, 2010, an amount of €133 million was drawn (December 31, 2009: €132.9 million). The table below shows the drawn amounts in each of the currencies utilised by the Group.

	June 30 2010 unaudited local currency '000	June 30 2010 unaudited €000
Euro	110,000	110,000
Canadian dollar	30,000	23,043
US dollar	-	-
		133,043

An unused amount of €67 million on the revolving borrowing facility exists at June 30, 2010 (December 31, 2009: €67.1 million) which could be used to settle capital commitments. There are no restrictions on the use of this borrowing facility.

12 COMMITMENTS AND LONG-TERM OBLIGATIONS

There are no commitments or long term obligations which are significant in comparison to those which were identified as at December 31, 2009.

13 PROVISIONS AND CONTINGENT LIABILITIES

The Company is party to litigation incidental to the normal conduct of its businesses. The Company does not believe that the outcome of these proceedings, or the proceedings and related proceedings, individually or in aggregate, after taking into account the amounts reserved with respect to such matters, will have a material adverse effect on the consolidated financial position or results of operations of Transcom WorldWide S.A. and its subsidiaries. Management expect that those proceedings for which a provision has been made will be resolved during the year ended December 31, 2010. Amounts reserved for these proceedings are included in accruals and deferred income and there have been no major changes since those reported at December 31, 2009.

The integrated worldwide nature of Transcom's operations, involves a significant level of intra-group transactions which can give rise to complexity and delay in agreeing the Group's tax position with the various tax authorities in the jurisdictions in which the Group operates. The Group occasionally faces tax audits which, in some cases, can result in

Notes to the interim condensed consolidated financial statements

for the period ended June 30, 2010

13 PROVISIONS AND CONTINGENT LIABILITIES – CONTINUED

disputes with relevant tax authorities. During these tax audits, local tax authorities may question or challenge the transfer pricing agreement that the Group has put in place.

The Group is currently negotiating with two tax authorities with respect to the transfer pricing of services and intellectual property. The total net amount provided to cover exposure to worldwide transfer pricing investigations is €1,500 thousand (December 31, 2009: €1,500 thousand). The Group believes that its positions with respect to all open transfer pricing audits are robust and supportable and that the provision is appropriate in the light of the information currently available. Management are uncertain over the timing of the resolution of the tax authority audits and have therefore included the provision as a non-current liability.

14 SHARE-BASED PAYMENT PLANS

The share-based payment plans are described below.

Share option agreement In 2006 the Company granted additional options to key management employees and executive officers of the Company to purchase shares in the Company. The options were granted for a fixed number of shares and at a fixed exercise price that was equal to the estimated fair market value on the date of grant. Each option vests in three equal parts: the first after one year, the second after two years and the third after three years. As at June 30, 2010 there are 537 thousand share options still to be exercised (June 30, 2009: 537 thousand).

The expense recognised in the interim consolidated income statement for equity-settled transactions was nil as at June 30, 2010 (June 30, 2009: €91 thousand).

Long Term Incentive Plan (LTIP) On May 26, 2010 the shareholders voted for the introduction of a Long Term Incentive Plan (LTIP) for the executive management of the Group. The LTIP consists of a loyalty element and a performance element.

The loyalty element consists of a match in shares based on the executive's personal investment. The number of investment shares that an individual has to purchase in order to participate in the LTIP is based on his/her base salary and "tier" within the organisation. Therefore, for every investment share purchased, one matching share will be awarded three years after purchase. This matching award is conditional upon the participant remaining with Transcom throughout this three year period and the achievement of a performance hurdle.

Under the performance element, participants are awarded a grant of share units (one unit is equivalent to one share) which will be vested over a three year period subject to the achievement of performance conditions. The value awarded at grant is based on an individual's base salary and his/her tier within the organisation

As at June 30, 2010 and at the date of issuance of these financial statements, the legal documentation as well as the terms and conditions of the LTIP were not yet finalized. In accordance with IFRS2, no awards were therefore considered to be granted and no expense has been recognised in the interim consolidated income statement as at June 30, 2010.

15 RELATED PARTY TRANSACTIONS

As a result of its substantial direct and indirect shareholdings in the Tele2 Group, Invik Group, Kinnevik Group, MTG Group, and other companies, the Stenbeck family has the potential to exert considerable influence in terms of financial and operational decisions in these companies. These companies have been regarded as related parties to Transcom Worldwide. Business relations between Transcom Worldwide and all closely related parties are subject to commercial terms and conditions.

Tele2 The Group provided customer service functions for certain Tele2 group companies in exchange for service fees determined on an arms-length basis. The Transcom Worldwide Group's revenue from the Tele2 group companies amounted to €52,474 thousand in the six month period to June 30, 2010 (six month period to June 30, 2009: €46,101 thousand). Revenues mainly relate to customer help lines and other CRM services.

Operating expenses, mainly for telephone services and switch, paid to Tele2 group companies amounted to €647 thousand in the six month period to June 30, 2010 (six month period to June 30, 2009: €1,003 thousand). The Company rents premises from Tele2 group companies under sub-lease agreements on the same commercial terms provided to Tele 2.

The Group's receivables from and liabilities to Tele2 Group companies at June 30, 2010 and December 31, 2009 were as follows:

	June 30 2010 unaudited '000	December 31 2009 audited '000
Trade and other receivables	18,324	18,624
Trade and other payables	(131)	(102)
Net receivable	18,193	18,522

MTG The Group provided customer service functions for certain MTG group companies in exchange for service fees determined on an arms-length basis. The Transcom Worldwide Group's Revenue from the MTG group companies amounted to €8,902 thousand in the six month period to June 30, 2010 (six month period to June 30, 2009: €7,215 thousand). Revenues mainly relate to customer help lines.

The Group's receivables from MTG group companies were €2,362 thousand at June 30, 2010 (December 31, 2009: €1,685 thousand).