



PRESS RELEASE

ACOTEL GROUP S.p.A.: Annual General Meeting approves Annual Report 2005.

- **Consolidated revenue up 32.9% to €27.9 million**
- **Consolidated EBITDA positive at approx. €665,000**
- **Parent Company's net profit allocated entirely to retained earnings**

The ordinary session of the Annual General Meeting of the shareholders of Acotel Group S.p.A. – the parent of the Wireless Application Service Provider (WASP) that provides tailor-made ICT services in Italy and overseas – this morning approved the Annual Report for 2005.

During 2005 the Acotel Group saw considerable growth in consolidated revenue, which reached €27.9 million, an increase of 32.9% on 2004 revenue. This was achieved essentially thanks to better performances from the overseas subsidiaries, Jinny Software, Info2cell and Acotel do Brasil, and the start-up of Flycell Inc. in the USA.

A breakdown of revenue by geographical area confirms the Group's ongoing commitment to international expansion in order to diversify revenue sources: overseas revenue represents 52% of total revenue, compared with 36.5% in 2004, confirming that over half of the Group's turnover derives from overseas. The increase in revenues from the Middle East, which accounted for 23.4% of revenue in 2005, compared with 16% in 2004, and Latin America, which contributed 12.4% in 2005, compared to 7.7% in 2004 are highlighted.

The revenue breakdown by business segment shows that, whilst services (including services to network operators, media companies, other corporate customers and those supplied in the B2C segment) continued to contribute a substantially stable proportion of revenue, the Group reports significant growth in revenue from the design of ICT equipment, in both value and percentage terms. This segment now represents the Group's second most important business, accounting for 20.2% of total revenue in 2005, compared with 16.8% in 2004.

Consolidated EBITDA amounts to approximately €665,000 for 2005. This result reflects a substantial rise in service costs (up 50%), due to both costs directly attributable to increased turnover (the cost of acquiring content from content providers, connection costs, agency fees, technical consultants' fees, etc.) and the cost of advertising as part of the launch of B2C services, above all in the USA. This result also reflects a 17% increase in staff costs, following an increase in employees to 255 at 31 December 2005 from 201 at the end of 2004.

In 2004 EBITDA totalled approximately €2.4 million, but benefited from non-recurring income of around €1.2 million linked to early termination of the contract with Acea SpA. Consolidated EBIT is a negative €258,000, compared with a negative €10,000 in 2004.

The Group's net finance income amounts to approximately €1.1 million (€323,000 in 2004). This is primarily the result of profits earned on the short-term investment of liquidity and net foreign exchange gains generated by the exchange, at closing rates, of receivables denominated in US dollars.

As a result of the above, consolidated profit before tax is significantly improved (by around 180%) to approximately €878,000, compared with around €313,000 in 2004. The Group thus reports a consolidated after-tax loss of €561,000, compared with a loss of €765,000 in 2004.



Net funds at 31 December 2005 amount to approximately €30.9 million, compared with €31.5 million at the end of the previous year.

During 2006 the Group will endeavour to reinforce its competitive position in each of the business areas in which it operates: in the Services market the Group's commitment to the Consumer segment will be intensified, whilst the testing and marketing of IP-based value added services will begin. The product offering will continue to develop with the addition of equipment for next generation networks (NGN – Next Generation Network) and IMS (Internet Multimedia Subsystem) networks. In the Security market, positive results are also expected from the launch of the new products designed by AEM during 2005. These will also be developed in order to fully exploit the potential offered by IP.

After the end of the year, the newly established Flycell Telekomunicasyon Hizmetleri A.S. began marketing its services in Turkey, whilst in February 2006 the subsidiary, Flycell Inc., significantly boosted investment in advertising in order to increase its share of the promising US infotainment market. An agreement was also reached with RAI regarding the supply, via SMS, of news published by RAI News 24. Finally, Jinny Software Ltd opened a new office in Malaysia in January, enabling it to be directly represented in the South East Asia market.

The Parent Company, Acotel Group S.p.A., reports a value of production of €7.1 million for 2005, which was substantially in line with 2004. EBITDA amounts to approximately €1 million (€1.7 million in 2004), whilst net profit is around €653,000 (around €1 million in 2004). The General Meeting approved the Board's proposal to allocate net profit to distributable reserves as retained profit.

With regard to other items on the agenda, the Meeting re-elected the outgoing Board of Directors, consisting of the Chairman, Claudio Carnevale, Margherita Argenziano, Francesco Ago, Luca De Rita, Giovanni Galoppi, Giuseppe Guizzi and Andrea Morante, for a further three years.

The existing members of the Board of Statutory Auditors, Antonio Mastrangelo (Chairman), Umberto Previti Flesca and Maurizio Salimei, were also re-elected for the period from 2006 to 2008.

The Company's and the Group's auditors, Deloitte & Touche S.p.A., were re-appointed to audit the Parent Company's financial statements, the consolidated financial statements and the interim half-year report, and to carry out the other activities required by current regulations for the years 2006 to 2011.

Acotel Group, which is listed on Borsa Italiana's TechStar segment, heads a Group that operates in Italy and overseas, providing tailor-made, real-time ICT services (news, economic and financial information, etc.) over all media. With its headquarters in Rome and offices in Europe, the USA, Latin America and the Middle East, Acotel also plays a leading role in the design and construction of multimedia platforms and mobile and interactive infrastructures.

Rome, Italy
April 28, 2006