PRESS RELEASE

ACOTEL GROUP: Board approves report for H1 2008

- **Consolidated revenue €41.1 million (up 24% on H1 2007)**
- **Consolidated EBITDA €300 thousand (up €1.4 million on H1 2007)**
- **Consolidated EBIT negative at €369 thousand (up €1 million on H1 2007)**
- **Consolidated net income €6.4 million (net loss of €193 thousand for H1 2007)**

Net funds total €42.9 million.

Today's meeting of the Board of Directors of Acotel Group SpA has approved the Group's report for the first half of 2008.

The Acotel Group reports total consolidated revenue of approximately €41.1 million for the first half of 2008, marking an improvement of 24% on the €33.2 million of the same period of the previous year.

The increase primarily reflects the performances of Flycell Inc. and its subsidiaries, Acotel do Brasil and Jinny Software, which reported substantial rises in sales.

In terms of business segment, the supply of services accounted for the lion's share of revenue with 83.6%, whilst the design of ICT equipment generated 14.3% of revenue and the design of security systems 2.1%.

Within the **services** segment (revenues of €34.4 million), B2C services supplied by the US subsidiary, Flycell Inc., and its direct subsidiaries in Brazil and Turkey, accounted for 66% of the segment's revenues, whilst the provision of services to network operators by the subsidiaries, Acotel SpA (Italy), Acotel do Brasil (Brazil) and Info2cell (Middle East) represented 28% of the total. The balance regards services supplied to corporate customers, mainly in Italy (4%), and media companies, almost entirely located in the Middle East (2%).

The second business segment, the **design of ICT equipment**, generated revenues of €5.9 million and relates to the activities of Jinny Software, which serves mobile operators in Africa, the Middle East, Asia, Latin America and Europe. The sharp increase in revenues (up 50%) compared with the first half of 2007 is due to satisfaction with the subsidiary's commercial offering and the strengthening of its sales structure; orders also performed well, approximately doubling with respect to the same period of 2007.

Revenues from the Group's third area of business, the **design of security systems**, amount to €883 thousand and were earned entirely in Italy by the subsidiary, AEM SpA, which serves Italian police headquarters, a number of provincial branches of the Bank of Italy and certain Acea Group companies.

The geographical revenue breakdown reveals a more uniform revenue distribution compared with the first half of 2007, a trend that had already emerged in the first quarter of the year, due to the increased turnover achieved by Flycell in Latin America and Europe.

Revenues generated in the USA thus account for 36% of the total, Latin America 23%, Italy 19%, other European countries 7%, the Middle East 7%, Africa 6% and Asia 2%. The steady growth in Asia and Africa, which is mainly due to the good sales results reported by Jinny Software, is noteworthy.

Consolidated EBITDA amounted to €300 thousand, a decrease compared with the €1.4 million of the first half of 2007. This essentially derives from the decision to accelerate the pace of expansion and access to new countries, which entailed a substantial increase in advertising costs (up 28%) in the B2C services segment of the companies operating in the United States, Turkey and Latin America, and higher staff costs (up 17%) due to continued expansion of the workforce, which now stands at 400 (including 302 employed overseas) compared with 323 in the first half of 2007.

Amortisation and depreciation (€668 thousand in the first half of 2008, compared with €419 thousand in the same period of 2007) largely refers to telecommunications equipment and infrastructures, but also includes intangible assets (software and licences).

As a result of the above items, a slightly negative consolidated operating loss (negative EBIT) of €369 thousand euros was reported; in the same period of 2007 operating profit of approximately €1 million was registered.

Income from shareholdings amounts to almost €8 million, including approximately €5.7 million regarding the capital gains realized from the granting of exploitation rights in Italy for the VOIP services platform developed by Noverca Srl to the newly incorporated company, Noverca Italia Srl, and approximately €2.2 million deriving from the subscription by Intesa San Paolo of a portion of the capital increase approved by Noverca Srl.

Net financial income amounts to €215 thousand compared with the €221 thousand registered in the same period of the previous year.

As a result of the above, as well as estimated taxation for the period and minority interests, net income totals approximately €6.4 million, a substantial increase on the net loss of €193 thousand registered in the first half of 2007.

Net funds amount to €42.9 million, a sharp increase on the figure of €24.4 million reported at 31 December 2007. This is primarily due to the above-mentioned financial transaction carried out by the Group with Intesa San Paolo, and the sale to the same bank of 198,075 of Acotel Group S.p.A.'s treasury shares, equivalent to 4.75% of its share capital.

Subsequent events

In July 2008 Flycell Inc. began marketing its mobile B2C services in Italy and Spain, bringing the number of local markets served to six and further boosting its geographic expansion strategy. The company believes that it can succeed in these highly competitive markets by using its capacity to keep the size of local operating structures down to a minimum, thanks to centralization of its main technological and marketing activities in the USA.

Also in July Jinny Software entered into a contract with a leading US telecom vendor regarding the supply of messaging platforms to an MVNE (Mobile Virtual Network Enabler).

Outlook

During the second half of 2008 the Group will continue to pursue its growth objectives, in terms of overall revenues and penetration of new markets, as well as improvement of profit margins.

A partially new element will derive from the type of activities the Group will carry out within the scope of the *Noverca* initiative. Now that the development phase and the definition of terms of collaboration with Intesa Sanpaolo – culminating in the incorporation of *Noverca Italia S.r.l.* in May 2008 – have been concluded the marketing and commercial phase will be rolled out.

Declaration by the manager responsible for the Group's financial reporting (art. 154-*bis* of Legislative Decree 58/1998)

The manager responsible for the Group's financial reporting, Luca De Rita, hereby declares, pursuant to article 154 *bis*, paragraph 2, of the Consolidated Law on Finance, that the information in this press release is consistent with the underlying accounting records.

Note: the summary income statement, reclassified balance sheet, consolidated cash flow and analysis of net funds included in the interim report for the six months ended 30 June 2008 are attached.

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ACOTEL GROUP

RECLASSIFIED CONSOLIDATED INCOME STATEMENT

(€000)	H1 2008	H1 2007	Increase / (Decrease)	% inc./(dec.)
Revenues	41,136	33,246	7,890	24%
Other income	96	10	86	860%
Total	**41,232**	**33,256**	**7,976**	**24%**
Gross operating profit/(loss)	**300**	**1,438**	**(1,138)**	**(79%)**
	0.73%	*4.32%*		
Operating profit/(loss)	**(369)**	**1,019**	**(1,388)**	**(136%)**
	-0.89%	*3.06%*		
Income from investments	7,940	-	7,940	-
Net finance income/(costs)	215	221	(6)	(3%)
PROFIT/(LOSS) BEFORE TAX	**7,786**	**1,240**	**6,546**	**528%**
	18.88%	*3.73%*		
NET PROFIT/(LOSS) BEFORE MINORITY INTERESTS	**6,511**	**(193)**	**6,704**	**3474%**
	15.79%	*-0.58%*		
NET PROFIT/(LOSS) ATTRIBUTABLE TO PARENT COMPANY	**6,411**	**(193)**	**6,604**	**3422%**
	15.55%	*-0.58%*		
Earnings per share	1.56	(0.05)		
Earnings per diluted share	1.56	(0.05)		

ACOTEL GROUP
RECLASSIFIED CONSOLIDATED BALANCE SHEET

(€000)	30 June 2008	31 December 2007	Increase / (Decrease)	% inc./(dec.)
Non-current assets:				
Property, plant and equipment	2,801	3,221	(420)	(13%)
Intangible assets	12,845	12,464	381	3%
Financial assets	2	2	-	-
Other assets	1,119	273	846	310%
TOTAL NON-CURRENT ASSETS	**16,767**	**15,960**	**807**	**5%**
Net current assets:				
Inventories	481	642	(161)	(25%)
Trade receivables	19,729	18,620	1,109	6%
Other current assets	3,202	3,442	(240)	(7%)
Trade payables	(10,089)	(9,526)	(563)	(6%)
Other current liabilities	(4,641)	(4,020)	(621)	(15%)
TOTAL NET CURRENT ASSETS	**8,682**	**9,158**	**(476)**	**(5%)**
STAFF TERMINATION BENEFITS AND OTHER EMPLOYEE BENEFITS	**(1,013)**	**(947)**	**(66)**	**(7%)**
NON-CURRENT PROVISIONS	**(520)**	**(318)**	**(202)**	**(64%)**
NET INVESTED CAPITAL	**23,916**	**23,853**	**63**	**-**
Shareholders' equity:				
Share capital	1,084	1,084	-	-
Retained profit/(accumulated losses)	59,224	48,469	10,755	22%
Net profit/(loss) for the period	6,411	(1,278)	7,689	602%
Minority interests	130	30	100	333%
TOTAL SHAREHOLDERS' EQUITY	**66,849**	**48,305**	**18,544**	**-**
MEDIUM-/LONG-TERM BORROWINGS	**133**	**133**	**-**	**-**
Net cash and cash equivalents:				
Current financial assets	(18,693)	(12,702)	(5,991)	(47%)
Cash and cash equivalents	(26,442)	(12,178)	(14,264)	(117%)
Current financial liabilities	2,069	295	1,774	601%
	(43,066)	**(24,585)**	**(18,481)**	**(75%)**
NET FUNDS	**(42,933)**	**(24,452)**	**(18,481)**	**(76%)**
TOTAL SHAREHOLDERS ' EQUITY AND NET FUNDS	**23,916**	**23,853**	**63**	**-**

ACOTEL GROUP
CONSOLIDATED CASH FLOW STATEMENT

(€000)	H1 2008	H1 2007
A. NET CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**24,585**	**25,610**
B. CASH FLOWS FROM (FOR) OPERATING ACTIVITIES	**(117)**	**533**
Cash flows from operating activities before changes in working capital	**(583)**	**309**
Net profit/(loss) for the period	6,411	(193)
Amortisation and depreciation	668	419
Income from shareholdings	(7,940)	-
Impairment of assets	10	32
Net change in staff termination benefits	66	(99)
Net change in provisions	202	150
(Increase) / decrease in receivables	(879)	23
(Increase) / decrease in inventories	161	191
Increase / (decrease) in payables	1,184	10
C. CASH FLOWS FROM (FOR) INVESTING ACTIVITES	**6,465**	**(443)**
(Purchases)/disposals of fixed assets:		
- Intangible assets	(512)	(93)
- Property, plant and equipment	(117)	(572)
- Financial assets	(846)	222
Income from shareholdings	7,940	-
D. CASH FLOWS FROM (FOR) FINANCING ACTIVITIES	**12,133**	**252**
Sale of treasury shares	12,151	-
Other changes in shareholders' equity	(118)	252
Change in minority interests	100	-
E. CASH FLOW FOR THE PERIOD (B+C+D)	**18,481**	**342**
F. NET CASH AND CASH EQUIVALENTS AT END OF PERIOD (A+E)	**43,066**	**25,952**

ACOTEL GROUP
ANALYSIS OF CONSOLIDATED NET FUNDS

(€000)

	30 June 2008	31 Dec 2007	Increase / (Decrease)
Cash and cash equivalents	26,442	12,178	14,264
B. Assets held for trading	16,089	10,052	6,037
C. Liquidity (A + B)	**42,531**	**22,230**	**20,301**
D. Other current financial assets	**2,604**	**2,650**	**(46)**
E. Current bank borrowings	(2,039)	(265)	(1,774)
F. Current portion of non-current debt	(30)	(30)	-
G. Current financial liabilities (E + F)	**(2,069)**	**(295)**	**(1,774)**
H. Net current funds (C+D+G)	**43,066**	**24,585**	**18,481**
I. Non-current financial liabilities	(133)	(133)	-
L. Non-current debt (I)	**(133)**	**(133)**	**-**
M. Net funds (H + L)	**42,933**	**24,452**	**18,481**