**PRESS RELEASE**

**ACOTEL GROUP: Board approves report for Q1 2007**

**Significant revenue growth and improvements in all profit margins**

- **Consolidated revenue €14.4 million (up 90%)**
- **Consolidated EBITDA negative at €1.5 million (a negative €2.2 million for Q1 2006)**
- **Consolidated EBIT negative at €1.7 million (a negative €2.2 million for Q1 2006)**
- **Group net loss €2.2 million (net loss of €2.7 million for Q1 2006)**

**Results driven by positive performances of subsidiaries, Flycell (B2C in the USA), Jinny Software (ICT equipment), Acotel SpA and Acotel do Brasil.**

Today's meeting of the Board of Directors of Acotel Group SpA has approved the Group's report for the first quarter of 2007.

The Group reports significant revenue growth for the period (up 90%) and improvements in all consolidated profit margins, thanks to the contribution of the companies that operate in the Group's various business segments.

The Acotel Group reports consolidated revenue of approximately €14.4 million, marking an increase of almost 90% on the €7.6 million of the same period of 2006.

This positive performance is linked to the growth recorded by the US subsidiary, Flycell Inc., which provides B2C services, and an increase in turnover at the subsidiaries, Jinny Software, Acotel SpA and Acotel do Brasil.

In terms of business segment, 91.4% of revenue was earned from the supply of services (B2C and services for telephone companies and commercial businesses), 6.4% was generated by the design of ICT equipment and the remaining 2.2% by the design of security systems.

In terms of service revenues, the B2C segment, with over €8.1 million (€2 million in Q1 2006), accounts for around 62% of total revenue and continues to be, as for full year 2006, the Group's main source of revenue.

This revenue was generated primarily by the US subsidiary, Flycell Inc., thanks to the customers acquired during the previous year and new customers added during the first quarter.

The geographical revenue breakdown confirms the importance of the US market for the Group, with 57.6% of revenue generated in the USA where, in addition to the subsidiary Flycell Inc., Jinny Software was active during the first quarter. Italy, which accounts for approximately 25.1% of total revenue, represents the Acotel Group's second biggest market.

In terms of earnings, whilst the Group continued to report a consolidated gross operating loss (negative EBITDA) of approximately €1.5 million, this was still an improvement of around 25% on the loss of €2 million recorded in Q1 2006. The improvement was due to better performances from the subsidiaries, Acotel do Brasil, Acotel SpA and Flycell Inc., and to the process of rationalisation that took place within the Group during 2006.

Amortisation and depreciation amount to around €170 thousand (around €192 thousand in the same period of 2006), and refer to amortisation of the software and licences used by the various Group companies, and depreciation of the telecommunications equipment and infrastructures used by the Group.

The consolidated operating loss (negative EBIT) of approximately €1.7 million is an improvement on the loss of €2.2 million in Q1 2006.

After net finance income of €136 thousand and taxation for the period, estimated at around €685 thousand, the net loss for Q1 2007 is €2.2 million, marking an improvement of approximately 16% on the €2.7 million of Q1 2006.

Net funds at 31 March 2007 total €24.7 million, remaining substantially stable with regard to the end of the previous full year (approximately €25.4 million) and showing how the Group has been able to finance its expansion during the period from operating cash flow.

There have been no material events after 31 March 2007 In terms of outlook, it should be remembered how the particular nature of the B2C business, conducted primarily by the subsidiary, Flycell Inc., in the US market, conditions the Group's interim results. The performance of this area of business alternates between periods (such as the first quarter of this year) when the focus is on driving expansion of the customer base, involving large-scale spending on promotions, and periods when the emphasis is on maximising returns from this investments, resulting in an improvement in margins.

Note: the summary income statement and analysis of net funds included in the quarterly report for the three months ended 31 March 2007, as approved by the Board of Directors, are attached.

Rome, Italy
15 May 2007

**ACOTEL GROUP**

**Reclassified consolidated income statement**
***(€000)***

| | Q1 2007 | Q1 2006 | Increase/ (Decrease) |
|---|---|---|---|
| Revenues | 14,366 | 7,566 | 6,800 |
| Other income | - | 5 | (5) |
| **Total revenue** | **14,366** | **7,571** | **6,795** |
| **Gross operating profit/(loss)** | **(1,507)** | **(1,996)** | **489** |
| **Operating profit/(loss)** | **(1,677)** | **(2,189)** | **512** |
| Net finance income/(costs) | 136 | (60) | 196 |
| **Profit/(loss) before tax** | **(1,541)** | **(2,249)** | **708** |
| **Net profit/(loss) before minority interests** | **(2,226)** | **(2,657)** | **431** |
| **Net profit/(loss) attributable to Parent Company** | **(2,226)** | **(2,657)** | **431** |
| Earnings per share | (0.57) | (0.68) | 0.12 |
| Diluted earnings per share | (0.57) | (0.68) | 0.12 |

**ACOTEL GROUP**

**ANALYSIS OF CONSOLIDATED NET FUNDS**

***(€000)***

| | 31 Mar 2007 | 31 Dec 2006 |
|---|---|---|
| A. Cash and cash equivalents | 6,162 | 10,620 |
| B. Assets held for trading | 8,483 | 8,236 |
| **C. Liquidity (A + B)** | **14,645** | **18,856** |
| | | |
| **D. Other current financial assets** | **10,347** | **6,814** |
| | | |
| E. Current bank borrowings | (78) | (31) |
| F. Current portion of non-current debt | (29) | (29) |
| **G. Current financial liabilities (E + F)** | **(107)** | **(60)** |
| | | |
| **H. Net current funds (C+D+G)** | **24,885** | **25,610** |
| | | |
| I. Non-current financial liabilities | (163) | (163) |
| **L. Non-current debt (I)** | **(163)** | **(163)** |
| | | |
| **M. Net funds (H + L)** | **24,722** | **25,447** |