PRESS RELEASE

ACOTEL GROUP: Board approves report for Q1 2008

- **Consolidated revenue €18 million (up 25% on Q1 2007)**
- **Consolidated EBITDA negative at €1.41 million (a negative €1.51 million for Q1 2007)**
- **Consolidated EBIT negative at €1.8 million (a negative €1.7 million for Q1 2007)**
- **Consolidated net loss €2.8 million (net loss of €2.2 million for Q1 2007)**

Net funds total € 23.9 million.

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

The Acotel Group reports total consolidated revenue of approximately €18 million for the first quarter of 2008, marking an improvement of 25% on the €14.4 million of the same period of the previous year.

The increase primarily reflects the performances of the subsidiaries, Flycell Inc., Acotel do Brasil, Info2cell and Acotel SpA.

In terms of business segment, the supply of services accounted for the lion's share of revenue with 93.3%, whilst the design and sale of ICT equipment generated 4.2% of revenue and the design of security systems 2.5%.

Within the **services** segment (revenues of €16.8 million), B2C services supplied by the US subsidiary, Flycell Inc., and its direct subsidiaries in Brazil and Turkey, accounted for 62% 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 31% of the total. The balance regards services supplied to corporate customers (5%) and media companies, almost entirely located in the Middle East (2%).

The second business segment, the **design of ICT equipment**, generated revenues of €760 thousand and relates to the activities of Jinny Software, which serves mobile operators in Africa, the Middle East, Asia, Latin America and Europe.

Revenues from the Group's third area of business, the **design of security systems**, amount to €455 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 quarter of 2007, due to the Group's increased presence in Latin America. Revenues generated in the USA thus account for 40.5% of the total, Italy 22.6%, Latin America 22.2%, the Middle East 7.8%, other European countries 4.3%, Africa 2% and Asia 0.6%.

Despite expenditure on advertising the launch of B2C services in Brazil and Turkey, consolidated EBITDA shows a slight improvement at a negative €1.41 million, compared with a negative €1.51 million for the first quarter of 2007.

The period also witnessed a rise of approximately 17% in staff costs, reflecting expansion of the workforce (369 people, with 270 employed overseas), above all at the Group's foreign subsidiaries.

Amortisation and depreciation (€343 thousand in the first quarter of 2008, compared with €170 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, the consolidated operating loss (negative EBIT) of approximately €1.8 million is slightly worse than the loss of €1.7 million recorded in the first quarter of 2007.

After net finance costs of €24 thousand, estimated taxation for the period and minority interests, the net loss has widened to approximately €2.77 million from the loss of €2.23 million reported for the same period of 2007.

Net funds are €23.85 million, with the difference compared with 31 December 2007 (down €602 thousand) primarily reflecting the cost of launching B2C services in Brazil and Turkey and VOIP communications services in Italy under the Noverca brand.

Subsequent events

On 9 May all the corporate transactions envisaged in the agreement between Acotel Group SpA and Intesa SanPaolo SpA, regarding the Noverca project, were executed. Details have already been published in a specific press release available at www.acotel.com, to which reference should be made for further information.

Outlook

Whilst information on the Group's outlook for the year can be found in the Annual Report for the year ended 31 December 2007, it should be remembered how the particular nature of the B2C business, conducted primarily by the subsidiary, Flycell Inc., in the US, Brazilian and Turkish markets, means that it 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 benefits of such spending are seen, resulting in an improvement in earnings.

Declaration by the manager responsible for the Group's financial reporting

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 and analysis of net funds included in the quarterly report for the three months ended 31 March 2008 are attached.

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ACOTEL GROUP

Reclassified consolidated income statement

(€000)

	Q1 2008	Q1 2007	Increase/ (Decrease)	% inc./(dec.)
Revenues	17,990	14,366	3,624	25%
Other income	11	-	11	-
Total	**18,001**	**14,366**	**3,635**	**25%**
Gross operating profit/(loss)	**(1,406)**	**(1,507)**	**101**	**7%**
Operating profit/(loss)	**(1,750)**	**(1,677)**	**(73)**	**(4%)**
Net finance income/(costs)	(24)	136	(160)	(118%)
Profit/(loss) before tax	**(1,774)**	**(1,541)**	**(233)**	**(15%)**
Net profit/(loss) before minority interests	**(2,706)**	**(2,226)**	**(480)**	**(22%)**
Net profit/(loss) attributable to minority interests	60	-	60	-
Net profit/(loss) attributable to Parent Company	**(2,766)**	**(2,226)**	**(540)**	**(24%)**
Earnings per share	(0,71)	(0,57)		
Diluted earnings per share	(0,71)	(0,57)		

ACOTEL GROUP

ANALYSIS OF CONSOLIDATED NET FUNDS

(€000)

	31 Mar 2008	31 Dec 2007
A. Cash and cash equivalents	11,363	12,178
B. Assets held for trading	10,005	10,052
C. Liquidity (A + B)	**21,368**	**22,230**
D. Other current financial assets	**2,647**	**2,650**
E. Current bank borrowings	(2)	(265)
F. Current portion of non-current debt	(30)	(30)
G. Current financial liabilities (E + F)	**(32)**	**(295)**
H. Net current funds (C+D+G)	**23,983**	**24,585**
I. Non-current financial liabilities	(133)	(133)
L. Non-current debt (I)	**(133)**	**(133)**
M. Net funds (H + L)	**23,850**	**24,452**