



## **PRESS RELEASE**

### **ACOTEL GROUP: Board approves quarterly report for Q1 2009**

#### **Consolidated results:**

- **Revenue €22.5 million (up 25%)**
- **Negative EBITDA €1 million (26% improvement on €1.4 million of Q1 2008)**
- **Negative EBIT €1.4 million (20% improvement on €1.75 million of Q1 2008)**
- **Net loss €1.4 million (48% improvement on loss of €2.8 million for Q1 2008)**

**Period sees Italian commercial launch of Nòverca (the Group's mobile virtual network operator) and start-up of Flycell's consumer services in Mexico.**

Today's meeting of the Board of Directors of Acotel Group S.p.A. approved the Group's report for the three months ended 31 March 2009.

Compared with the same period of the previous year, the results for the first quarter show revenue growth and an improvement in EBITDA and Net loss.

The Group reports revenue of approximately €22.5 million for the period, marking an increase of 25% on the €18 million of the first quarter of 2008. This reflects the positive commercial performances of Flycell Inc. (B2C services), Info2cell (wireless services in the Middle East) and Jinny Software (mobile messaging solutions).

In terms of business segment, 92% of revenue was earned from the supply of services, 6% was generated by mobile messaging solutions and the remaining 2% by the design of security systems.

Within the **services segment** (€20.7 million), 77.5% of revenues were generated by B2C services provided by the US subsidiary, Flycell Inc., in North America, Italy, Spain, Turkey, Brazil and, from January 2009, Mexico; 15.2% were generated by the provision of services to network operators, including the services provided to Telecom Italia by Acotel S.p.A. and those supplied by Acotel do Brasil to Brazilian operators and by Info2cell in the Middle East.

The balance was generated by services provided to corporate customers and media companies, which are almost entirely carried out by Info2cell in the Middle East and by Acotel SpA in Italy.

In the **mobile messaging solutions business**, Jinny Software generated revenues of approximately €1.3 million from the sale of new equipment and maintenance carried out for mobile operators in Africa, the Middle East, Latin America, Asia, Europe and North America.

With regard to the third area of business, represented by the **design and production of electronic security systems**, revenues amount to approximately €491 thousand and were generated by the activities of the subsidiary, AEM S.p.A., which is responsible for the installation, servicing and maintenance of remote surveillance equipment installed at Italian police headquarters, at certain provincial branches of the Bank of Italy and for certain companies in the Acea Group.



The geographical revenue breakdown highlights the stability of Flycell Inc.'s revenues in North America (32.4% of the total), growth in the company's revenues in Latin America (25.7% of the total) and in Europe (29.9% of the total), and increased turnover in the Middle East (9% of the total) reported by the subsidiary, Info2cell.

The Group reports a consolidated gross operating loss (negative EBITDA) of approximately €1 million, which, however, marks an improvement of 26% on the result for the first quarter of 2008, reflecting almost entirely the growth achieved by Flycell Inc. The margin was also affected by the slowdown witnessed by Acotel S.p.A. and Acotel do Brasil as a result of the economic downturn in the two companies' markets.

After amortisation and depreciation of approximately €365 thousand and the impairment of non-current assets (not significant), the Group's operating loss (negative EBIT) is approximately €1.4 million, marking an improvement of 20% on the same period of 2008.

After net finance income of €392 thousand, estimated tax expense for the period of around €330 thousand and profit attributable to minority interests of €86 thousand, the net loss for the first quarter of 2009 is €1.4 million, representing an improvement of 48% on the loss of €2.8 million for the first three months of 2008.

Net funds at 31 March 2009 total approximately €39.7 million and are up on the €38.5 million recorded at the end of the previous year.

### **Significant events during the first quarter**

The first quarter of 2009 witnessed the commercial launch of Nòverca, the mobile virtual network operator established in partnership with the Intesa Sanpaolo banking group, which will also act as one of the principal distribution channels for SIM cards.

The commercial launch is taking place gradually to enable the company to monitor and fine tune all the various internal business processes, including technology-related issues and customer care, and external processes such as the distribution of SIM cards, which was initially begun at only a few hundred of the over 6,000 branches operated by the banking group.

The commercial launch of *Nòverca* marks the Acotel Group's entry into the mobile telecommunications business, meaning that, from the second quarter of 2009, the Group will operate in four areas of business and no longer three, as before.

Finally, in the Services business segment, *Flycell Inc.* has started distribution of its consumer services in Mexico, whilst Info2cell launched an SMS service distributing information on the UEFA Champions League, a European sporting event with a large following throughout the Persian Gulf and above all in Saudi Arabia.

### **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.

#### **Availability of company documents**

The interim report for the three months ended 31 March 2009 will be available to the public, within the deadline established by art. 154-ter of Legislative Decree 158/1998 (the Consolidated Finance Act), at the Company's registered office and at Borsa Italiana S.p.A.. Copies of the documents are also available on the Company's website at [www.acotel.com](http://www.acotel.com).

*Note: the condensed income statement, balance sheet and analysis of net funds included in the interim report for the three months ended 31 March 2009 are attached.*

Rome, 14 May 2009

More information

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**ACOTEL GROUP**  
**Consolidated income statement**  
**(€000)**

	<b>Q1 2009</b>	<b>Q1 2008</b>	<b>Inc./Dec.)</b>	<b>% inc./dec.)</b>
Revenues	22,484	17,990	4,494	25%
Other income	64	11	53	482%
<b>Total</b>	<b>22,548</b>	<b>18,001</b>	<b>4,547</b>	<b>25%</b>
Movements in work in progress, semi-finished and finished goods	5	(2)	7	350%
Raw materials	(234)	(204)	(30)	(15%)
External services	(17,995)	(14,539)	(3,456)	(24%)
Rentals and leases	(437)	(380)	(57)	(15%)
Staff costs	(5,031)	(4,098)	(933)	(23%)
Internal capitalised costs	402	186	216	116%
Other costs	(294)	(370)	76	21%
<b>Gross operating profit/(loss)</b>	<b>(1,036)</b>	<b>(1,406)</b>	<b>370</b>	<b>26%</b>
Amortisation and depreciation	(365)	(343)	(22)	(6%)
Impairment charges/reversal of impairment charges on non-current assets	(1)	(1)	-	-
<b>Operating profit/(loss)</b>	<b>(1,402)</b>	<b>(1,750)</b>	<b>348</b>	<b>20%</b>
Net finance income/(costs)	392	(24)	416	1,733%
<b>PROFIT/(LOSS) BEFORE TAX</b>	<b>(1,010)</b>	<b>(1,774)</b>	<b>764</b>	<b>43%</b>
Taxation	(330)	(932)	602	65%
<b>NET PROFIT/(LOSS) BEFORE MINORITY INTERESTS</b>	<b>(1,340)</b>	<b>(2,706)</b>	<b>1,366</b>	<b>50%</b>
Net profit/(loss) attributable to minority interests	86	60	26	43%
<b>NET PROFIT/(LOSS) FOR THE PERIOD ATTRIBUTABLE TO PARENT COMPANY</b>	<b>(1,426)</b>	<b>(2,766)</b>	<b>1,340</b>	<b>48%</b>
Earnings per share	(0.35)	(0.71)		
Diluted earnings per share	(0.35)	(0.71)		



**ACOTEL GROUP**  
**Consolidated balance sheet**  
**(€000)**

	<b>31 Mar 2009</b>	<b>31 Dec 2008</b>	<b>Inc./Dec.)</b>	<b>% inc./dec.)</b>
<b>Non-current assets:</b>				
Property, plant and equipment	4,516	4,084	432	11%
Intangible assets	13,762	12,379	1,383	11%
Other assets	606	481	125	26%
<b>TOTAL NON-CURRENT ASSETS</b>	<b>18,884</b>	<b>16,944</b>	<b>1,940</b>	<b>11%</b>
<b>Net current assets:</b>				
Inventories	393	396	(3)	(1%)
Trade receivables	22,313	22,220	93	-
Other current assets	3,163	2,340	823	35%
Trade payables	(14,623)	(9,404)	(5,219)	(55%)
Other current liabilities	(4,231)	(4,319)	88	2%
<b>TOTAL NET CURRENT ASSETS</b>	<b>7,015</b>	<b>11,233</b>	<b>(4,218)</b>	<b>(38%)</b>
<b>STAFF TERMINATION AND AND OTHER EMPLOYEE BENEFITS</b>	<b>(1,198)</b>	<b>(1,146)</b>	<b>(52)</b>	<b>(5%)</b>
<b>NON-CURRENT PROVISIONS</b>	<b>(333)</b>	<b>(294)</b>	<b>(39)</b>	<b>(13%)</b>
<b>NET INVESTED CAPITAL</b>	<b>24,368</b>	<b>26,737</b>	<b>(2,369)</b>	<b>(9%)</b>
<b>Shareholders' equity:</b>				
Share capital	1,084	1,084	-	-
Reserves and retained earnings/(accumulated losses)	64,305	57,522	6,783	12%
Net profit/(loss) for the period	(1,426)	6,564	(7,990)	(122%)
Minority interests	116	30	86	287%
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>64,079</b>	<b>65,200</b>	<b>(1,121)</b>	<b>(2%)</b>
<b>MEDIUM-/LONG TERM DEBT</b>	<b>101</b>	<b>101</b>	<b>-</b>	<b>-</b>
<b>Net cash and cash equivalents:</b>				
Current financial assets	(21,029)	(18,764)	(2,265)	(12%)
Cash and cash equivalents	(22,568)	(23,439)	871	4%
Current financial liabilities	3,785	3,639	146	4%
	<b>(39,812)</b>	<b>(38,564)</b>	<b>(1,248)</b>	<b>(3%)</b>
<b>NET FUNDS</b>	<b>(39,711)</b>	<b>(38,463)</b>	<b>(1,248)</b>	<b>(3%)</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND NET FUNDS</b>	<b>24,368</b>	<b>26,737</b>	<b>(2,369)</b>	<b>(9%)</b>



**ACOTEL GROUP**

**Analysis of consolidated net funds  
(€000)**

	31 Mar 2009	31 Dec 2008
A. Cash and cash equivalents	22,568	23,439
B. Assets held for trading	16,424	16,147
<b>C. Liquidity (A + B)</b>	<b>38,992</b>	<b>39,586</b>
<b>D. Other current financial assets</b>	<b>4,605</b>	<b>2,617</b>
E. Current bank borrowings	(3,753)	(3,607)
F. Current portion of non-current debt	(32)	(32)
<b>G. Current financial liabilities (E + F)</b>	<b>(3,785)</b>	<b>(3,639)</b>
<b>H. Net current funds (C+D+G)</b>	<b>39,812</b>	<b>38,564</b>
I. Non-current financial liabilities	(101)	(101)
<b>L. Non-current debt (I)</b>	<b>(101)</b>	<b>(101)</b>
<b>M. Net funds (H + L)</b>	<b>39,711</b>	<b>38,463</b>