PRESS RELEASE

ACOTEL GROUP: Board approves quarterly report for Q1 2010

Consolidated results:

- **Revenue €39.3 million (up 75% on €22.5 million of Q1 2009)**
- **Negative EBITDA €406 thousand (61% improvement on € -1 million of Q1 2009)**
- **Negative EBIT €1.2 million (12% improvement on € -1.4 million of Q1 2009)**
- **Net loss €1.6 million (loss of €1.4 million for Q1 2009)**

Today's meeting of the Board of Directors of Acotel Group SpA approved the Group's report for the three months ended 31 March 2010.

Compared with the results for the same period of the previous year, the Acotel Group's results for the first quarter of 2010 show significant revenue growth, an improvement in operating margins and a slight downturn in net profit.

Revenue of €39.3 million for the quarter is up 75% on the €22.5 million of the first quarter of 2009, due to the positive commercial performances of almost all Group companies.

In terms of business segment, approximately 93% of revenue was earned from the supply of services, around 5% was generated by mobile messaging & media solutions and the remaining 2% by security systems and mobile telecommunications.

Within the **services segment** (€36.7 million), 78.3% of revenues were generated by B2C services provided by the US subsidiary, Flycell Inc., and its direct subsidiaries in North America, Europe and Latin America.
11.2% of service revenues were generated by the provision of services to network operators, including the services provided to Telecom Italia by Acotel SpA 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 & media solutions** business, Jinny Software generated revenues of €2.8 million (including €0.8 million from intercompany transactions) 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.

Revenues from **security systems** amount to €387 thousand and are generated by the subsidiary, AEM SpA*.* They regard the installation, supply, servicing and maintenance of remote surveillance equipment installed at Italian police headquarters, at certain provincial branches of the Bank of Italy and at certain companies in the ACEA Group.

Mobile telecommunications revenues, which are entirely attributable to Noverca Italia Srl, amount to €179 thousand and, in accordance with the proportionate method of consolidation, correspond to Acotel Group SpA's 59.4% direct and indirect interest in Noverca Italia Srl.

The geographical revenue breakdown shows an increase in Flycell Inc.'s revenues in North America (30% of the total), Latin America (27.5% of the total) and in Europe (29.8% of the total), and increased turnover in the Middle East (10.8% of the total) reported by Info2cell.

The Group reports a gross operating loss (negative EBITDA) of €406 thousand for the quarter, marking an improvement of 61% on the figure for the same period of 2009, and mainly reflecting the positive performances of overseas subsidiaries. This result primarily reflects the launch of the MVNO services provided by Noverca Italia Srl.

After amortisation and depreciation, amounting to €834 thousand, the operating loss (negative EBIT) is €1.2 million, representing a 12% improvement on the same period of 2009.

After net finance income of €209 thousand, taxation for the period of €440 thousand, and profit attributable to minority interests of €150 thousand, the net loss attributable to the Parent Company for the first quarter of 2010 amounts to €1.6 million, marking an increase of 14% on the €1.4 million of the first quarter of 2009.

Net funds at 31 March 2010 total approximately €39.4 million (€43.3 million at the end of the previous financial year).

Significant events during the first quarter

The main event in early 2010 was the signature, on 1 March 2010, of a contract between Noverca Italia Srl and Telecom Italia SpA, enabling the former to become a Full MVNO (Mobile Virtual Network Operator). This will replace the existing ESP (Enhanced Service Provider) agreement signed by the two companies in April 2008.

The new contract marks the first step in the transformation of Noverca Italia Srl that will enable it to acquire greater technological and commercial independence. The company will independently manage network components, and will establish direct interconnections with all the other mobile operators, taking ownership of the SIM card used by end customers and developing even more competitive price packages.

Also in the Mobile Telecommunications segment, a promotional campaign was run in close collaboration with Intesa Sanpaolo in February, aimed at attracting MNP (Mobile Number Portability) customers. The number of active SIM cards at 31 March 2010 is approximately 145,000, marking an increase of around 45,000 (up 45%) on 31 December 2009.

In the Services business, and with specific regard to the B2C segment in which Flycell operates, this company was heavily engaged via its Argentine subsidiary in supporting the commercial launch of services. In the Network Operator segment of the same area of business the Group continued to serve its customers in Italy, Brazil and the Middle East.

In the Mobile Messaging Solutions segment, February saw Jinny Software Ltd. take part in the Mobile World Congress in Barcelona, not only giving it the opportunity to present its new range of products, but also leading to the signature of a partnership agreement with Seeker Wireless for joint development initiatives in the field of location based mobile advertising.

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 2010 will be available to the public, within the deadline established by art. 154-ter of Legislative Decree 158/1998 (the Consoldiated Finance Act), at the Company's registered ofice and at Borsa Italiana SpA. Copies of the documents are also available on the Company's website at www.acotel.com.

Note: the condensed income statement and statement of financial position and the analysis of net funds included in the interim report for the thee months ended 31 March 2010 are attached.

Rome, Italy
14 May 2010

Further information

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Consolidated income statement
(€000)

	Q1 2010	Q1 2009	Inc./(Dec.)	% inc./dec.)
Revenues	39,252	22,484	16,768	75%
Other income	82	64	18	-
Total	**39,334**	**22,548**	**16,786**	**74%**
Movements in work in progress, semi-finished and finished goods	(5)	5	(10)	(200%)
Raw materials	(313)	(234)	(79)	(34%)
External services	(33,428)	(17,995)	(15,433)	(86%)
Rentals and leases	(419)	(437)	18	4%
Staff costs	(5,385)	(5,031)	(354)	(7%)
Internal capitalised costs	242	402	(160)	(40%)
Other costs	(432)	(294)	(138)	(47%)
Gross operating profit/(loss)	**(406)**	**(1,036)**	**630**	**61%**
Amortisation and depreciation	(834)	(365)	(469)	(128%)
Impairment charges/reversal of impairment charges on non-current assets	-	(1)	1	100%
Operating profit/(loss)	**(1,240)**	**(1,402)**	**162**	**12%**
Net finance income/(costs)	209	392	(183)	(47%)
PROFIT/(LOSS) BEFORE TAX	**(1,031)**	**(1,010)**	**(21)**	**(2%)**
Taxation	(440)	(330)	(110)	(33%)
NET PROFIT/(LOSS) BEFORE MINORITY INTERESTS	**(1,471)**	**(1,340)**	**(131)**	**(10%)**
Net profit/(loss) attributable to minority interests	150	86	64	74%
NET PROFIT/(LOSS) FOR THE PERIOD ATTRIBUTABLE TO PARENT COMPANY	**(1,621)**	**(1,426)**	**(195)**	**(14%)**

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Consolidated statement of financial position (€000)

	31 March 2010	31 December 2009	Increase/ (Decrease)	% inc./(dec.)
Non-current assets:				
Property, plant and equipment	5,161	5,218	(57)	(1%)
Intangible assets	13,325	13,404	(79)	(1%)
Other assets	3,812	3,462	350	10%
TOTAL NON-CURRENT ASSETS	**22,298**	**22,084**	**214**	**1%**
Net current assets:				
Inventories	859	845	14	2%
Trade receivables	31,713	27,015	4,698	17%
Other current assets	4,897	4,482	415	9%
Trade payables	(18,999)	(17,585)	(1,414)	(8%)
Other current liabilites	(10,287)	(9,574)	(713)	(7%)
TOTAL NET CURRENT ASSETS	**8,183**	**5,183**	**3,000**	**58%**
STAFF TERMINATION AND AND OTHER EMPLOYEE BENEFITS	**(1,447)**	**(1,389)**	**(58)**	**(4%)**
NON-CURRENT PROVISIONS	**(311)**	**(392)**	**81**	**21%**
NET INVESTED CAPITAL	**28,723**	**25,486**	**3,237**	**13%**
Shareholders' equity:				
Share capital	1,084	1,084	-	-
Reserves and retained earnings/(accumulated losses)	68,181	66,079	2,102	3%
Net profit/(loss) for the period	(1,621)	1,311	(2,932)	(224%)
Minority interests	457	308	149	48%
TOTAL SHAREHOLDERS' EQUITY	**68,101**	**68,782**	**(681)**	**(1%)**
MEDIUM-/LONG TERM DEBT	**69**	**69**	**-**	**-**
Net cash and cash equivalents:				
Current financial assets	(29,704)	(27,843)	(1,861)	(7%)
Cash and cash equivalents	(13,494)	(19,045)	5,551	29%
Current financial liabilities	3,751	3,523	228	6%
	(39,447)	**(43,365)**	**3,918**	**9%**
NET FUNDS	**(39,378)**	**(43,296)**	**3,918**	**9%**
TOTAL SHAREHOLDERS' EQUITY AND NET FUNDS	**28,723**	**25,486**	**3,237**	**13%**

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Analysis of consolidated net funds
(€000)

	31 March 2010	31 December 2009	Increase/ (Decrease)
A. Cash and cash equivalents	13,494	19,045	(5,551)
B. Assets held for trading	11,467	10,627	840
C. Liquidity (A + B)	**24,961**	**29,672**	**(4,711)**
D. Other current financial assets	**18,237**	**17,216**	**1,021**
E. Current bank borrowings	(3,719)	(3,491)	(228)
F. Current portion of non-current debt	(32)	(32)	-
G. Current financial liabilities (E + F)	**(3,751)**	**(3,523)**	**(228)**
H. Net current funds (C+D+G)	**39,447**	**43,365**	**(3,918)**
I. Non-current financial liabilities	(69)	(69)	-
L. Non-current debt (I)	**(69)**	**(69)**	**-**
M. Net funds (H + L)	**39,378**	**43,296**	**(3,918)**