PRESS RELEASE

Board approves quarterly report for Q1 2011

- **Consolidated revenue €28.8 million (down 27% versus Q1 2010)**
- **Consolidated EBITDA €1.4 million (versus negative €406 thousand in Q1 2010)**
- **Consolidated EBIT €476 thousand (versus negative €1.2 million in Q1 2010)**
- **Consolidated loss for period €177 thousand (loss of €1.6 million in Q1 2010)**

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 2011, showing a reduction in revenue offset by a significant improvement in earnings.

The Acotel Group reports consolidated revenue of approximately €28.8 million for the first quarter of 2011, compared with €39.3 million for the same period of 2010. The difference is primarily due to a reduction in B2C service revenues in the USA, where a number of regulatory changes introduced by the US authorities regarding SMS billing have resulted in a review of the commercial offering.

87% of the Group's revenue was generated by the supply of services, 10% was generated by mobile messaging solutions, approximately 2% by mobile telecommunications and the remaining 1% by the security systems business.

Within the **Services** segment, the B2C services provided by Flycell and its subsidiaries generated revenues of approximately €17.6 million, marking a reduction of 39% compared with the same period of 2010. Revenues from services provided to network operators (16% of total service revenues) were substantially in line with 2010 and include the revenues of Acotel do Brasil Ltda, Acotel S.p.A. and Info2cell.com FZ-LLC..

Corporate service revenues, generated by services provided in the Middle East by Info2cell.com FZ-LLC and in Italy by Acotel S.p.A., are also in line with the first quarter of 2010.

Revenues from the **Mobile Messaging Solutions** business, equal to approximately €2.97 million, are up 52% versus the same period of 2010 and are generated by Jinny Software Ltd from the supply of new equipment and the provision of maintenance to mobile operators in Africa, the Middle East, Latin America, Asia, Europe and North America.

Mobile Telecommunications revenues, which are entirely attributable to Noverca Italia S.r.l., amount to €464 thousand. In accordance with the proportionate method of consolidation, this figure corresponds to Acotel Group S.p.A.'s 59.4% direct and indirect interest in the company.

Finally, in the **Security Systems** segment, revenues of €328 thousand in the first quarter were entirely generated by the subsidiary, AEM S.p.A., from 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.

The geographical revenue breakdown confirms the high degree of diversification of the Group's revenue sources: Latin America (30%), North America (24.5%), Italy (19.3%), the Middle East (12.4%), other European countries (7.1%), Africa (5.6%) and Asia (1.1%).

Negative consolidated EBITDA of €406 thousand in Q1 2010 has been transformed into a positive figure of approximately €1.4 million in Q1 2011, partly thanks to the improved management of advertising expenditure by the US subsidiary, Flycell.

After amortisation and depreciation, amounting to €905 thousand, and impairments of non-current assets, totalling €2 thousand, operating profit (EBIT) amounts to €476 thousand, marking an increase of 138% on the first quarter of 2010.

After net finance income of €187 thousand, estimated taxation for the period of €774 thousand and profit attributable to non-controlling interests of €66 thousand, the Group reports a small loss attributable to owners of the Parent of €177 thousand, marking a significant improvement of 89% on the same period of 2010.

Net funds at 31 March 2011 total €39.4 million, marking an increase on the €35.1 million of 31 December 2010.

Significant events during the first quarter

Flycell Inc. has initiated preparations to launch its services in South America (Venezuela, Colombia, Ecuador, Peru, Chile and Uruguay), Central America, Australia and Portugal. This geographical expansion process is expected to be completed in 2011, enabling the company to offset the decline in business in the USA, a market where new initiatives are under evaluation.

Info2cell.com FZ-LLC has renewed its agreement with Samsung, covering the provision of content management services for the Samsung Regional Multimedia Portal and launched, under its own brand, a free iPhone application for soccer fans, which has proved an immediate success as one of the most downloaded apps in Saudi Arabia. The company has also signed commercial agreements with operators in Iraq, Yemen and Sudan for the provision of value added services.

Acotel do Brasil Ltda has managed mobile voting for the BBB (Big Brother Brasil) TV programme and launched a lottery for the customers of TIM Brasil.

Acotel S.p.A. has launched an iPhone application for online quizzes and tests, which generates revenue from banner advertising and enable users to have free access to games and tests.

Nòverca has completed development of the platform that will permit it to begin operating as a Full MVNO in the coming months. A customer pilot of its new Enhanced Life services was also run. The services allow customers to control and reduce their energy consumption at home and carry out video-surveillance and monitor their state of health and the health of the rest of their family.

Other information

Following the settlement agreed on 30 December 2010, in the current fiscal year the Group recovered more than US$4.6 million as a result of the positive outcome of the dispute with the former CEO of Flycell Inc., Alberto Montesi, as reported in previous financial reports.

Declaration by the manager responsible for 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 2011 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 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 2011 approved by the Board of Directors are attached.

Rome, 13 May 2011

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ACOTEL GROUP

Consolidated income statement

Statement 1 of 3

(€000)	Q1 2011	Q1 2010	Inc./(Dec.)	% inc./(dec.)
Revenues	28,837	39,252	(10,415)	(27%)
Other income	81	82	(1)	(1%)
Total	**28,918**	**39,334**	**(10,416)**	**(26%)**
Movements in work in progress, semi-finished and finished goods	-	(5)	5	(100%)
Raw materials	(536)	(313)	(223)	(71%)
External services	(20,626)	(33,428)	12,802	38%
Rentals and leases	(463)	(419)	(44)	(11%)
Staff costs	(5,527)	(5,385)	(142)	(3%)
Internal capitalised costs	243	242	1	-
Other costs	(626)	(432)	(194)	(45%)
Gross operating profit/(loss)	**1,383**	**(406)**	**1,789**	**441%**
Amortisation and depreciation	(905)	(834)	(71)	(9%)
Impairment charges/reversal of impairment charges on non-current assets	(2)	-	(2)	-
Operating profit/(loss)	**476**	**(1,240)**	**1,716**	**138%**
Net finance income/(costs)	187	209	(22)	(11%)
PROFIT/(LOSS) BEFORE TAX	**663**	**(1,031)**	**1,694**	**164%**
Taxation	(774)	(440)	(334)	(76%)
PROFIT/(LOSS) BEFORE NON-CONTROLLING INTERESTS	**(111)**	**(1,471)**	**1,360**	**92%**
Profit/(Loss) attributable to non-controlling interests	66	150	(84)	(56%)
ATTRIBUTABLE TO OWNERS OF THE PARENT	**(177)**	**(1,621)**	**1,444**	**89%**
Earnings per share	(0.04)	(0.39)		
Diluted earnings per share	(0.04)	(0.39)		

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Consolidated statement of financial position *Statement 2 of 3*

(€000)	31 Mar 2011	31 Dec 2010	Increase/(Decrease)	% inc./(dec.)
Non-current assets:				
Property, plant and equipment	6,864	6,787	77	1%
Intangible assets	13,050	13,112	(62)	-
Other assets	3,389	3,440	(51)	(1%)
TOTAL NON-CURRENT ASSETS	**23,303**	**23,339**	**(36)**	**-**
Net current assets:				
Inventories	410	514	(104)	(20%)
Trade receivables	27,749	31,990	(4,241)	(13%)
Other current assets	6,747	8,633	(1,886)	(22%)
Trade payables	(18,028)	(19,332)	1,304	7%
Other current liabilites	(8,748)	(8,527)	(221)	(3%)
TOTAL NET CURRENT ASSETS	**8,130**	**13,278**	**(5,148)**	**(39%)**
PROVISIONS FOR STAFF TERMINATION AND OTHER EMPLOYEE BENEFITS	**(1,712)**	**(1,649)**	**(63)**	**(4%)**
NON-CURRENT PROVISIONS	**(340)**	**(470)**	**130**	**28%**
NET INVESTED CAPITAL	**29,381**	**34,498**	**(5,117)**	**(15%)**
Equity:				
Share capital	1,084	1,084	-	-
Reserves and retained earnings/(accumulated losses)	65,946	69,243	(3,297)	(5%)
Profit/(Loss) for the period	(177)	(2,239)	2,062	(92%)
Non-controlling interests	623	558	65	12%
TOTAL EQUITY	**67,476**	**68,646**	**(1,170)**	**(2%)**
MEDIUM-/LONG TERM DEBT	**35**	**35**	**-**	**-**
Net cash and cash equivalents:				
Current financial assets	(27,560)	(26,284)	(1,276)	(5%)
Cash and cash equivalents	(11,652)	(11,700)	48	-
Current financial liabilities	1,082	3,801	(2,719)	(72%)
	(38,130)	**(34,183)**	**(3,947)**	**(12%)**
NET FUNDS RECEIVABLE FROM OTHERS	**(38,095)**	**(34,148)**	**(3,947)**	**(12%)**
TOTAL EQUITY AND NET FUNDS	**29,381**	**34,498**	**(5,117)**	**(15%)**

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Analysis of consolidated net funds ***Statement 3 of 3***

(€000)

	31 Mar 2011	31 Dec 2010	Increase/ (Decrease)
A. Cash and cash equivalents	11,652	11,700	(48)
B. Assets held for trading	24,959	23,683	1,276
C. Liquidity (A + B)	**36,611**	**35,383**	**1,228**
D. Loans and receivables due from related parties	1,335	991	344
E. Other current financial assets	2,601	2,601	-
F. Current financial assets (D + E)	**3,936**	**3,592**	**344**
G. Current bank borrowings	(1,049)	(3,768)	2,719
H. Current portion of non-current debt	(33)	(33)	-
I. Current financial liabilities (G + H)	**(1,082)**	**(3,801)**	**2,719**
L. Net current funds (C+F+I)	**39,465**	**35,174**	**4,291**
M. Non-current financial liabilities	(35)	(35)	-
N. Non-current debt (M)	**(35)**	**(35)**	**-**
O. Net funds (L + N)	**39,430**	**35,139**	**4,291**
- receivable from related parties	1,335	991	344
- receivable from others	38,095	34,148	3,947