



## **PRESS RELEASE**

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### **Board approves quarterly report for Q1 2012.**

#### **Consolidated results:**

- **Revenue approximately €25.2 million (versus €28.8 million in Q1 2011)**
- **EBITDA approximately €155 thousand (versus €1.4 million in Q1 2011)**
- **Negative EBIT €955 thousand (versus positive €476 thousand in Q1 2011)**
- **Loss for period €1.3 million (versus loss of €177 thousand in Q1 2011)**

#### **Net funds €35.5 million at 31 March 2012.**

#### **Claudio Carnevale elected CEO.**

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 2012.

During the period the Group implemented a strategic repositioning that, among other things, has restructured the Group around three areas of business:

- **Acotel Interactive**, which is responsible for supplying value added content and services over mobile phones and the web, both to consumers (Digital entertainment), and to telecommunications operators and other businesses (Mobile services and Interactive advertising);
- **Acotel TLC**, which has inherited the activities previously classified as Mobile Telecommunications and Mobile VAS Technology, and the Corporate Messaging services provided by Acotel S.p.A.;
- **Acotel Net** which, in addition to the activities relating to security systems, has acquired responsibility for energy management, remote reading and remote medical systems.

The Group reports consolidated revenue of approximately €25.2 million for the first quarter, down from €28.8 million in the same period of 2011. The reduction primarily reflects a reduction in Digital entertainment revenue in the Acotel Interactive business.

82.2% of revenues was generated by the Acotel Interactive business, 16.4% by the Acotel TLC business and around 1.4% by the Acotel Net business.

In the **Acotel Interactive** business, Digital entertainment services generated revenues of approximately €14.6 million, down 17% on the same period of 2011, when these services were classified as "B2C Services". Mobile service revenues amount to approximately €6.1 million (€6.6 million in the same period of 2011) and include revenues generated by the subsidiaries, Info2cell Llc, Acotel S.p.A. and Acotel do Brasil Ltda, previously called in the Group's reports "Network Operator Services", "Corporate Services" and "Media Services".

Revenues generated by the **Acotel TLC** business amount to €4.1 million (€4.3 million in the first quarter of 2011), with 64% generated by the subsidiary, Jinny Software Ltd., from the supply of equipment and the related maintenance, and 36% by Acotel S.p.A. and Noverca Italia S.r.l., who operate in Mobile communications.



Revenues generated by the **Acotel Net** business (€347 thousand) regard the design, production and maintenance of electronic security systems in Italy by the subsidiary, AEM S.p.A..

The geographical revenue breakdown confirms the high degree of diversification of the Group's revenue sources, with revenue generated as follows: Italia (35.5%), Latin America (26.8%), North America (15.3%), Middle East (13.1%), other European countries (5.2%), Africa (3.8%) and Asia (0.3%).

Consolidated EBITDA is down from €1.4 million in the first quarter of 2011 to €155 thousand in the first quarter of this year, primarily reflecting the performance of the Brazilian subsidiary, Acotel do Brasil Ltda.

After amortisation and depreciation (€1.1 million) and impairments of non-current assets (€34 thousand), the consolidated operating loss (negative EBIT) is approximately €955 thousand (a profit of €476 thousand in the first quarter of 2011).

After net finance income (€594 thousand euros), estimated taxation for the period (€885 thousand), and profit attributable to non-controlling interests (€35 thousand), the loss attributable to owners of the Parent for the first quarter of 2012 amounts to €1.3 million (a loss of €177 thousand for the same period of the previous year).

Net funds at 31 March 2012 total approximately €35.5 million, compared with €37.2 million at 31 December 2011.

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

In addition to the above strategic repositioning of the Group, events relating directly to operations during the first quarter of 2012 include the launch, by the Digital entertainment segment of the Acotel Interactive business, of new web-based services accessible from personal computers: *Giocanews* (Italy) and *Palpitamos* (Brazil).

During the Mobile World Congress in Barcelona, *Jinny Software Ltd.* presented its 4G Messaging Center product, a messaging platform that allows mobile operators to offer next generation services thanks to its native integration with the IMS (IP Multimedia Subsystem) and LTE (Long Term Evolution) networks. The company also boosted its market standing with the acquisition of two new customers in Asia and Latin America.

Noverca Italia S.r.l. and the Intesa Sanpaolo banking group have intensified their marketing of SIM cards under the Superflash brand, and a new commercial and marketing plan for the distribution of SIM cards via the bank's branch network was also agreed.

### **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 2012 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).

### **Other resolutions**

The Board of Directors of Acotel Group S.p.A. have elected Claudio Carnevale as the Company's Chief Executive Officer, granting him the powers necessary to ensure effective and timely management of the Company.

At the same meeting Acotel Group S.p.A.'s Board of Directors also assessed the continuing independence of the Directors, Francesco Ago, Raffaele Cappiello and Prof. Giuseppe Guizzi, verifying the absence of all the instances mentioned in article 3.C.1. of the Corporate Governance Code.

In this regard, it should be noted that, based on the activities of, and the offices held by, Mr Francesco Ago during the term of office of the previous Board of Directors – Lead Independent Director and Chairman of both the Internal Audit Committee and the Remuneration Committee – the Board of Directors adjudged his authority and independence to not have been in any way undermined by his position as a Director of the Company for more than nine years out of the last twelve.

*Note: the condensed income statement and statement of financial position and the analysis of net funds included in the interim report for the three months ended 31 March 2012 approved by the Board of Directors are attached.*

Rome, 14 May 2012

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## ACOTEL GROUP

### Consolidated income statement

### Statement 1 of 3

(€000)	Q1 2012	Q1 2011	Inc./(Dec.)	% inc./(dec.)
Revenues	25,165	28,837	(3,672)	(13%)
Other income	96	81	15	19%
<b>Total</b>	<b>25,261</b>	<b>28,918</b>	<b>(3,657)</b>	<b>(13%)</b>
Movements in work in progress, semi-finished and finished goods	(74)	-	(74)	-
Raw materials	(477)	(536)	59	11%
External services	(17,703)	(20,626)	2,923	14%
Rentals and leases	(490)	(463)	(27)	(6%)
Staff costs	(6,043)	(5,527)	(516)	(9%)
Internal capitalised costs	89	243	(154)	(63%)
Other costs	(408)	(626)	218	35%
<b>Gross operating profit/(loss)</b>	<b>155</b>	<b>1,383</b>	<b>(1,228)</b>	<b>(89%)</b>
Amortisation and depreciation	(1,076)	(905)	(171)	(19%)
Impairment charges/reversal of impairment charges on non-current assets	(34)	(2)	(32)	(1,600%)
<b>Operating profit/(loss)</b>	<b>(955)</b>	<b>476</b>	<b>(1,431)</b>	<b>(301%)</b>
Net finance income/(costs)	594	187	407	218%
<b>PROFIT/(LOSS) BEFORE TAX</b>	<b>(361)</b>	<b>663</b>	<b>(1,024)</b>	<b>(154%)</b>
Taxation	(885)	(774)	(111)	(14%)
<b>PROFIT/(LOSS) BEFORE NON-CONTROLLING INTERESTS</b>	<b>(1,246)</b>	<b>(111)</b>	<b>(1,135)</b>	<b>(1,023%)</b>
Profit/(Loss) attributable to non-controlling interests	35	66	(31)	(47%)
<b>PROFIT/(LOSS) FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE PARENT</b>	<b>(1,281)</b>	<b>(177)</b>	<b>(1,104)</b>	<b>(624%)</b>
Earnings per share	(0.31)	(0.04)		
Diluted earnings per share	(0.31)	(0.04)		



**ACOTEL GROUP**

**Consolidated statement of financial position**

**Statement 2 of 3**

(€000)	31 March 2012	31 December 2011	Inc./ (Dec.)	% inc./ (dec.)
<b>Non-current assets:</b>				
Property, plant and equipment	9,485	9,661	(176)	(2%)
Intangible assets	14,025	14,266	(241)	(2%)
Other assets	4,662	4,755	(93)	(2%)
<b>TOTAL NON-CURRENT ASSETS</b>	<b>28,172</b>	<b>28,682</b>	<b>(510)</b>	<b>(2%)</b>
<b>Net current assets:</b>				
Inventories	442	533	(91)	(17%)
Trade receivables	28,397	29,616	(1,219)	(4%)
Other current assets	6,732	5,939	793	13%
Trade payables	(19,111)	(20,878)	1,767	8%
Other current liabilities	(8,737)	(8,242)	(495)	(6%)
<b>TOTAL NET CURRENT ASSETS</b>	<b>7,723</b>	<b>6,968</b>	<b>755</b>	<b>11%</b>
<b>PROVISIONS FOR STAFF TERMINATION AND OTHER EMPLOYEE BENEFITS</b>	<b>(2,006)</b>	<b>(1,950)</b>	<b>(56)</b>	<b>(3%)</b>
<b>NON-CURRENT PROVISIONS</b>	<b>(384)</b>	<b>(365)</b>	<b>(19)</b>	<b>(5%)</b>
<b>NET INVESTED CAPITAL</b>	<b>33,505</b>	<b>33,335</b>	<b>170</b>	<b>1%</b>
<b>Equity:</b>				
Share capital	1,084	1,084	-	-
Reserves and retained earnings/(accumulated losses)	67,006	65,765	1,241	2%
Profit/(Loss) for the period	(1,281)	1,860	(3,141)	(169%)
Non-controlling interests	754	719	35	5%
<b>TOTAL EQUITY</b>	<b>67,563</b>	<b>69,428</b>	<b>(1,865)</b>	<b>(3%)</b>
<b>Net cash and cash equivalents:</b>				
Current financial assets	(19,049)	(21,913)	2,864	13%
Cash and cash equivalents	(15,057)	(14,215)	(842)	(6%)
Current financial liabilities	48	35	13	37%
	<b>(34,058)</b>	<b>(36,093)</b>	<b>2,035</b>	<b>6%</b>
<b>NET FUNDS RECEIVABLE FROM OTHERS</b>	<b>(34,058)</b>	<b>(36,093)</b>	<b>2,035</b>	<b>6%</b>
<b>TOTAL EQUITY AND NET FUNDS RECEIVABLE FROM OTHERS</b>	<b>33,505</b>	<b>33,335</b>	<b>170</b>	<b>1%</b>



**ACOTEL GROUP**

**Analysis of consolidated net funds**

***Statement 3 of 3***

(€000)

	31 March 2012	31 December 2011	Inc./Dec.)
A. Cash and cash equivalents	15,057	14,215	842
B. Assets held for trading	16,920	19,326	(2,406)
<b>C. Liquidity (A + B)</b>	<b>31,977</b>	<b>33,541</b>	<b>(1,564)</b>
D. Loans and receivables due from related parties	1,394	1,100	294
E. Other current financial assets	2,129	2,587	(458)
<b>F. Current financial assets (D + E)</b>	<b>3,523</b>	<b>3,687</b>	<b>(164)</b>
<b>G. Current financial liabilities</b>	<b>(48)</b>	<b>(35)</b>	<b>(13)</b>
<b>L. Net funds (C + F + G)</b>	<b>35,452</b>	<b>37,193</b>	<b>(1,741)</b>
- receivable from related parties	1,394	1,100	294
- receivable from others	34,058	36,093	(2,035)