**PRESS RELEASE**

**ACOTEL GROUP: Board approves report for Q3 2007**

**Consolidated data for the first nine months of the year:**

- **Total revenue €49 million (up 6%)**
- **EBITDA €1.3 million (a negative €1 million in the first 9 months of 2006)**
- **EBIT €618 million (a negative €1.7 million in the first 9 months of 2006)**
- **Improved Group net loss €1.2 million (net loss of €3.7 million in the first 9 months of 2006)**

**Net funds of €25.6 million at 30 September 2007**

**General Meeting approves sale of treasury shares to Intesa SanPaolo and authorises the Board of Directors to carry out transactions with treasury shares utilising up to 10% of share capital.**

This morning's meeting of the Board of Directors of Acotel Group S.p.A. – the Group that provides value added services and equipment for the mobile telecommunications industry in Italy and overseas – approved the Group's report for the three months ended 30 September 2007.

A General Meeting of Shareholders was also held today which authorised the Board of Directors to sell a portion of the Company's treasury shares to Intesa SanPaolo and carry out transactions with treasury shares utilising up to 10% of share capital for a period of 18 months.

**Consolidated results for January-September 2007**

The Acotel Group reported total consolidated revenue of €49 million for the period from 1 January to 30 September 2007, up 6% on the €46 million for the same period in 2006.

In terms of business segment, 88.3% of revenue was earned from the supply of services, 9.7% was generated by the design of ICT equipment and the remaining 2.0% by the design of security systems.

Revenues from Value Added Services (VAS) of around €43.2 million for the period include B2C services aimed directly at end customers (60% of total revenues from this specific area of business), which continues to represent the Group's most important commercial offering. The remainder of this segment regards the services provided to network operators (around 36% of total revenues) and those supplied to media and corporate customers (4%).

Revenues from the design of ICT equipment amount to around €4.7 million, which is up 54% on the first nine months of 2006, due to the activities of the subsidiary, Jinny Software, relating above all to supply and maintenance contracts in place with mobile operators in the Middle East, North America, Africa, Latin America, Asia and Europe.

Revenues from the design of electronic security systems (approximately €1 million euros) regard the activities of the subsidiary, AEM S.p.A., and derive from the installation, supply, maintenance and servicing 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 reflects the Group's strategy to expand its business into new geographical areas. In addition to the traditional markets of Europe, North America and the Middle East, the subsidiary, Jinny Software, has started generating substantial turnover in Africa (4.3% of total revenue) and Asia (1.5%).

In terms of earnings, the Group reported consolidated gross operating profit (EBITDA) of €1.3 million in the first nine months of the year, a substantial improvement on the loss of around €1 million recorded in the same period of 2006.

Amortisation and depreciation amount to €718 thousand (€627 thousand in the first nine months of 2006), and primarily refer to depreciation of telecommunications equipment and infrastructures used by Group companies and amortisation of the software and licenses.

Consolidated operating profit (EBIT) of €618 thousand also represents a significant improvement on the loss of €1.7 million in the same period of the previous year.

After net finance income of €328 thousand (net finance costs of €320 thousand in the same period of 2006) and taxation for the period of approximately €2.1 million, the Group reports a net loss of around €1.2 million, marking a substantial improvement on the net loss of around €3.7 million incurred in the first nine months of 2006.

Net funds at 30 September 2007 total approximately €25.6 million, which is substantially in line with the figures at 30 June 2007 and at 31 December 2006. This confirms the Group's capacity to support its expansion through the self-financing of operations, which primarily entails incurring substantial promotional costs and increased staff costs.

In this regard, Group companies employ a total of 348 staff at 30 September 2007, marking an increase of 28.4% compared with the average of 271 in the first nine months of 2006.

**Consolidated results for Q3 2007**

The Acotel Group reports total consolidated revenue of approximately €15.7 million for the third quarter of 2007. The decrease compared with the €19.1 million euros recorded in the third quarter of 2006 is primarily due to temporary circumstances experienced in the market during the period by the US subsidiary, Flycell Inc.

The Group also reported a consolidated gross operating loss (EBITDA) of around €70 thousand in the third quarter of 2007, which is down on the profit of €1.2 million recorded in the same period of 2006, essentially due to a decrease in revenues generated during the period.

After amortisation and depreciation of €299 thousand, the Group reports a consolidated operating loss (EBIT) of approximately €369 thousand (operating profit of €931 thousand in the third quarter of 2006).

After net finance income of 75 thousand euros and estimated taxation for the period, amounting to €698 thousand, the net loss for the third quarter of 2007 totals €992 thousand (net profit of €563 thousand in the third quarter of 2006).

## Subsequent events and outlook

The Group's expansion strategy, already described in the interim report for the six months ended 30 June 2007, will remain unchanged in the immediate future. Growth targets, together with development of the new commercial offering regarding IP communications services offered under the Noverca brand, will continue to be the main priorities.

Regarding this initiative, in accordance with the provisions of the memorandum of understanding signed on 20 July 2007, which has already been reported to the market, the activities of the joint Intesa SanPaolo/Acotel working group are continuing. Such activities are designed to enable the Intesa SanPaolo bank to become a shareholder in Acotel Group S.p.A, Noverca S.r.l. and Noverca Italia S.r.l., which is in the process of being established.

## Resolution passed by today's General Meeting of Shareholders

Today's General Meeting of the Shareholders of Acotel Group S.p.A., held in first call, approved the Board of Directors' request to carry out transactions with treasury shares, partly in order to implement the agreements with Intesa Sanpaolo which, amongst other things, will result in the bank becoming one of the Company's shareholders via the acquisition of 198,075 treasury shares (a 4.75% stake) – previously held by Acotel Group S.p.A. – at a price of 62 euros per share.

This authorisation (in force for the next 18 months) also covers any other strategic transactions (such as extraordinary financing and acquisitions, or any other extraordinary transaction with strategic partners, with the exception of capital reductions), as well as any short or medium/long-term investments in treasury shares.

The purchase price of any other shares may not be greater than 10% and less than 20% of the official Acotel Group share price on the stock market trading day prior to each transaction. However, sales may take place on several occasions, in accordance with market prospects. The Company currently holds 254,500 treasury shares (a stake of around 6.1%).

Note: The following schedules summarise the key operating and financial data from the quarterly report approved today by the Board of Directors.

Rome, Italy
14 November 2007

**ACOTEL GROUP**

**Reclassified consolidated income statement**
**(€000)**

| | 9 Months | | | |
|---|---|---|---|---|
| | **2007** | **2006** | **Increase/(Decrease)** | |
| Revenues | 48,979 | 46,045 | 2,934 | 6% |
| Other income | 10 | 13 | (3) | (23%) |
| **Total** | **48,989** | **46,058** | **2,931** | **6%** |
| **Gross operating profit/(loss)** | **1,336** | **(1,030)** | **3,804** | **369%** |
| **Operating profit/(loss)** | **618** | **(1,693)** | **3,859** | **228%** |
| Net finance income/(costs) | 328 | (320) | 648 | 203% |
| **PROFIT/(LOSS) BEFORE TAX** | **946** | **(2,013)** | **4,507** | **224%** |
| **NET PROFIT/(LOSS) ATTRIBUTABLE TO PARENT COMPANY** | **(1,185)** | **(3,686)** | **4,049** | **110%** |
| Earnings/(loss) per share | (0.30) | (0.94) | | |
| Diluted earnings/(loss) per share | (0.30) | (0.94) | | |

**ACOTEL GROUP**

**Reclassified consolidated income statement**
**(€000)**

| | Q3 | | | |
|---|---|---|---|---|
| | **2007** | **2006** | **Increase/(Decrease)** | |
| Revenues | 15,733 | 19,138 | (3,405) | (18%) |
| Other income | - | - | - | - |
| **Total** | **15,733** | **19,138** | **(3,405)** | **(18%)** |
| **Gross operating profit/(loss)** | **(70)** | **1,172** | **(1,242)** | **(106%)** |
| **Operating profit/(loss)** | **(369)** | **931** | **(1,300)** | **(140%)** |
| Net finance income/(costs) | 75 | 264 | (189) | (72%) |
| **PROFIT/(LOSS) BEFORE TAX** | **(294)** | **1,195** | **(1,489)** | **(125%)** |
| **NET PROFIT/(LOSS) ATTRIBUTABLE TO PARENT COMPANY** | **(992)** | **563** | **(1,555)** | **(276%)** |
| Earnings/(loss) per share | (0.25) | 0.14 | | |
| Diluted earnings/(loss) per share | (0.25) | 0.14 | | |

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

| | 30 Sep 07 | 30 Jun 07 | 31 Dec 06 |
|---|---|---|---|
| A. Cash and cash equivalents | 10,343 | 10,435 | 10,620 |
| B. Assets held for trading | 8,880 | 8,744 | 8,236 |
| **C. Liquidity (A + B)** | **19,223** | **19,179** | **18,856** |
| | | | |
| **D. Other current financial assets** | **6,598** | **6,878** | **6,814** |
| | | | |
| E. Current bank borrowings | (68) | (76) | (31) |
| F. Current portion of non-current debt | (29) | (29) | (29) |
| **G. Current financial liabilities (E + F)** | **(97)** | **(105)** | **(60)** |
| | | | |
| **H. Net current funds (C+D+G)** | **25,724** | **25,952** | **25,610** |
| | | | |
| I. Non-current financial liabilities | (163) | (163) | (163) |
| **L. Non-current debt (I)** | **(163)** | **(163)** | **(163)** |
| | | | |
| **M. Net funds (H + L)** | **25,561** | **25,789** | **25,447** |