PRESS RELEASE

ACOTEL GROUP: Board approves quarterly report for Q3 2011

Significant improvement in Group's earnings in 9M 2011

- **Revenue €82.2 million (€117.4 million in 9M 2010)**
- **EBITDA €3.3 million (versus negative €3.4 million in 9M 2010)**
- **EBIT €0.85 million (versus negative €6 million in 9M 2010)**
- **Loss for the period €0.49 million (versus loss of €8.1 million in 9M 2010)**

Today's meeting of the Board of Directors of Acotel Group SpA has approved the Group's report for the nine months ended 30 September 2011. Despite a decline in revenue, the Group reports a significant improvement in earnings, achieved partly thanks to the decision to rationalise and insource the management of advertising from the second half of 2010.

Results for 9M 2011

The Acotel Group reports revenue of approximately €82.2 million for the first nine months of 2011, down around €117.4 million on the same period of the previous year. The performance is primarily due to the reduced turnover recorded by the B2C segment of the Services business.

A break down by area of business shows that approximately 86% of the Group's revenue was generated by the supply of Value added services, 11% was generated by Mobile VAS technology, approximately 2% by Mobile Telecommunications and the remaining 1% by the Security Systems business.

The majority of revenues reported by the **Value added services** business were generated by the B2C services (around 71% of service revenues) provided by Flycell Inc. in North America, Argentina, Brazil, Italy, Mexico, Spain, South Africa and Turkey.

Revenues from the services provided to network operators account for approximately 17% of turnover from the Services business, and include revenues generated by the subsidiaries, Acotel do Brasil (from services provided to the operator, TIM Celular), Acotel SpA (from Telecom Italia) and Info2cell (from leading mobile operators in the Middle East).

Revenues from the services provided to corporate customers represent approximately 11.5% of total service revenue, and regard the operations of Info2cell in the Middle East and Acotel SpA in Italy.

The remaining revenues generated by this area of business (0.5%) regard the services supplied to media companies, and are almost entirely attributable to the subsidiary, Info2cell, which operates in the Middle East.

Revenues generated by the **Mobile VAS technology** business, previously referred to as "Mobile Messaging Solutions", regard the supply of equipment and the provision of maintenance by Jinny Software Ltd. to mobile operators in Africa, the Middle East, Latin America, Asia, Europe and North America.

Mobile telecommunications revenues are entirely attributable to Noverca Italia Srl and correspond to the Group's proportionate share of the company's revenues, based on Acotel Group SpA's 59.4% interest in Noverca Italia Srl.

Revenues from the **Security systems** business are generated by the subsidiary, AEM SpA, which is responsible for 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 shows the increased relative importance of the Italian market (24.1% of total revenue), confirms the importance of Latin America (31.3%) and the downturn in North America (20.9% of total turnover). The latter performance reflects the Group's decision to cut investment in advertising in the US market as, following a number of changes to the regulatory framework, it no longer offers returns on a par with those seen in previous years. A significant portion of revenue is generated in the Middle East (11.7%), followed by other European countries (7.1%), Africa (4.1%) and Asia (0.8%).

Consolidated gross operating profit (EBITDA) is €3.3 million, marking a significant improvement compared with the loss of €3.4 million recorded in the same period of 2010, reflecting the above decision to rationalise and insource management of some of Flycell Inc.'s advertising from the second half of last year.

After amortisation, depreciation and impairments of non-current assets, operating profit (EBIT) of €845 thousand is a significant improvement on the loss of €6 million recorded in the first nine months of 2010.

After finance income, estimated taxation for the period and profit attributable to non-controlling interests, the loss attributable to owners of the Parent amounts to €487 thousand, marking a significant improvement on the loss of €8.1 million reported for the same period of the previous year.

Net funds at 30 September 2011 amount to €37,173 thousand, marking an increase of approximately €2 million compared with the end of 2010.

Results for Q3 2011

Revenue for the third quarter, amounting to approximately €28 million, is down with the respect to the €37.5 million of the third quarter of 2010, primarily reflecting a downturn in B2C revenues in the Services segment.

The gross operating profit of €1,091 thousand recorded in the third quarter of 2010 compares with a gross operating loss of €162 thousand for the third quarter of the current year. After amortisation, depreciation and impairments of non-current assets, the Group reports an operating loss (negative EBIT) of €798 thousand (a profit of €257 thousand in the same period of 2010).

After net finance income of €318 thousand, estimated taxation for the period of €176 thousand, and profit attributable to non-controlling interests of €65 thousand, the loss attributable to owners of the Parent for the third quarter of 2011 amounts to €721 thousand, marking an improvement on the loss of €1.5 million of the same period of 2010.

Significant events during the third quarter

Flycell Inc., which is responsible for all aspects of the B2C segment and operates in the USA, Argentina, Brazil, Italy, Mexico, Spain, South Africa and Turkey, saw an improvement in margins, with pre-tax profit rising approximately 30% compared with the third quarter of 2010.

Acotel SpA has seen revenue growth thanks to the positive results achieved as a result of contracts with Telecom Italia and a number of banks.

Info2cell, which provides B2B services, launched a series of new initiatives designed to diversify its business. These include the launch of the www.3alaTV.com portal and the related SMS/MMS services (the portal is an interactive guide to TV programmes) and the rollout of the second version of the Al-Dawri iPhone application for soccer fans in Saudi Arabia.

The B2B segment also saw Acotel do Brasil record a sharp fall in turnover, reflecting a general decline in the volume of business with the operator, TIM Celular.

The business previously named Mobile messaging solutions has been renamed Mobile VAS technology in order to better represent the commercial offering and strategic positioning of the subsidiary, Jinny Software Ltd., which aims to offer mobile operators throughout the world the technologies needed to develop and supply any type of value added service. The company's order book is larger than it was in the third quarters of 2009 and 2010, thanks primarily to its positive performance in Latin America, Africa and the Middle East.

In the Mobile telecommunications business, Noverca Italia Srl completed tests of the technology platform that will enable it to start operating as a Full MVNO, with its own mobile operator code and own SIM (Subscriber Identification Module) cards, and only depending on Telecom Italia SpA for access to the mobile network.

In the Security systems business, AEM SpA recorded a fall in revenues compared with the same period of 2010, reflecting the current downturn in the market for investment goods.

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 report for the three months ended 30 September 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.

Rome, 11 November 2011

Note: the reclassified income statement and statement of financial position included in the report for the three months ended 30 September 2011, as approved by the Board of Directors, are attached.

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ACOTEL GROUP
Consolidated income statement - (€000)

	Q3			9M		
	2011	2010	Inc./(Dec.)	2011	2010	Inc./(Dec.)
Revenues	28,011	37,456	(9,445)	82,211	117,435	(35,224)
Other income	99	86	13	370	263	107
Total	**28,110**	**37,542**	**(9,432)**	**82,581**	**117,698**	**(35,117)**
Change in work in progress, semi-finished and finished goods	7	(278)	285	8	(463)	471
Raw materials, semi-finished and finished goods	(459)	(279)	(180)	(1,317)	(1,112)	(205)
External services	(21,147)	(29,229)	8,082	(58,250)	(99,722)	41,472
Rentals and leases	(459)	(452)	(7)	(1,371)	(1,406)	35
Staff costs	(5,576)	(5,390)	(186)	(17,228)	(16,932)	(296)
Internal capitalised costs	134	237	(103)	951	917	34
Other costs	(772)	(1,060)	288	(2,103)	(2,427)	324
Gross operating profit/(loss)	**(162)**	**1,091**	**(1,253)**	**3,271**	**(3,447)**	**6,718**
Amortisation and depreciation	(632)	(826)	194	(2,406)	(2,545)	139
Impairment charges/reversal of impairment charges on non-current assets	(4)	(8)	4	(20)	(8)	(12)
Operating profit/(loss)	**(798)**	**257**	**(1,055)**	**845**	**(6,000)**	**6,845**
Share of profit/(loss) of associates and joint ventures	-	-	-	12	-	12
Net finance income/(costs)	318	(96)	414	900	83	817
PROFIT/(LOSS) BEFORE TAX	**(480)**	**161**	**(641)**	**1,757**	**(5,917)**	**7,674**
Taxation	(176)	(1,625)	1,449	(2,079)	(2,044)	(35)
PROFIT/(LOSS) BEFORE NON-CONTROLLING INTERESTS	**(656)**	**(1,464)**	**808**	**(322)**	**(7,961)**	**7,639**
Profit/(loss) attributable to non-controlling interests	65	17	48	165	123	42
PROFIT/(LOSS) FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE PARENT	**(721)**	**(1,481)**	**760**	**(487)**	**(8,084)**	**7,597**
Earnings per share	(0.18)	(0.36)		(0.12)	(1.96)	
Diluted earnings per share	(0.18)	(0.36)		(0.12)	(1.96)	

ACOTEL GROUP
Consolidated statement of financial position – (€000)

	30 September 2011	31 December 2010	Increase/(Decrease)	% inc./(dec.)
Non-current assets:				
Property, plant and equipment	7,997	6,787	1,210	18%
Intangible assets	13,972	13,112	860	7%
Other assets	3,384	3,440	(56)	(2%)
TOTAL NON-CURRENT ASSETS	**25,353**	**23,339**	**2,014**	**9%**
Net current assets:				
Inventories	560	514	46	9%
Trade receivables	27,891	31,990	(4,099)	(13%)
Other current assets	7,469	8,633	(1,164)	(13%)
Trade payables	(19,978)	(19,332)	(646)	(3%)
Other current liabilites	(8,412)	(8,527)	115	1%
TOTAL NET CURRENT ASSETS	**7,530**	**13,278**	**(5,748)**	**(43%)**
PROVISIONS FOR STAFF TERMINATION AND OTHER EMPLOYEE BENEFITS	**(1,874)**	**(1,649)**	**(225)**	**(14%)**
NON-CURRENT PROVISIONS	**(333)**	**(470)**	**137**	**29%**
NET INVESTED CAPITAL	**30,676**	**34,498**	**(3,822)**	**(11%)**
Equity:				
Share capital	1,084	1,084	-	-
Reserves and retained earnings/(accumulated losses)	64,286	69,243	(4,957)	(7%)
Profit/(Loss) for the period	(487)	(2,239)	1,752	(78%)
Non-controlling interests	722	558	164	29%
TOTAL EQUITY	**65,605**	**68,646**	**(3,041)**	**(4%)**
MEDIUM-/LONG TERM DEBT	**35**	**35**	**-**	**-**
Net cash and cash equivalents:				
Current financial assets	(24,318)	(26,284)	1,966	7%
Cash and cash equivalents	(10,680)	(11,700)	1,020	9%
Current financial liabilities	34	3,801	(3,767)	(99%)
	(34,964)	**(34,183)**	**(781)**	**(2%)**
NET FUNDS RECEIVABLE FROM OTHERS	**(34,929)**	**(34,148)**	**(781)**	**(2%)**
TOTAL EQUITY AND NET FUNDS RECEIVABLE FROM OTHERS	**30,676**	**34,498**	**(3,822)**	**(11%)**

ACOTEL GROUP

Analysis of consolidated net funds - (€000)

	30 September 2011	30 June 2011	31 December 2010
A. Cash and cash equivalents	10,680	11,411	11,700
B. Assets held for trading	21,715	23,314	23,683
C. Liquidity (A + B)	**32,395**	**34,725**	**35,383**
D. Loans and receivables due from related parties	2,244	1,936	991
E. Other current financial assets	2,603	2,603	2,601
F. Current financial assets (D + E)	**4,847**	**4,539**	**3,592**
G. Current bank borrowings	-	(17)	(3,768)
H. Current portion of non-current debt	(34)	(34)	(33)
I. Current financial liabilities (G + H)	**(34)**	**(51)**	**(3,801)**
L. Net current funds (C+F+I)	**37,208**	**39,213**	**35,174**
M. Non-current financial liabilities	(35)	(35)	(35)
N. Non-current debt (M)	**(35)**	**(35)**	**(35)**
O. Net funds (L + N)	**37,173**	**39,178**	**35,139**
- receivable from related parties	2,244	1,936	991
- receivable from others	34,929	37,242	34,148