



PRESS RELEASE

ACOTEL GROUP: interim report for three months ended 30 September 2012.

Consolidated results for 9M 2012:

- **Revenue €72.9 million (€82.2 million in 9M 2011)**
- **EBITDA €1.6 million (€3.3 million in 9M 2011)**
- **Negative EBIT €1.6 million (versus positive €0.8 million in 9M 2011)**
- **Loss for period €2.8 million (versus loss of €0.5 million in 9M 2011)**

Net funds total approximately €35 million.

Today's meeting of the Board of Directors of Acotel Group SpA has approved the Group's interim report for the three months ended 30 September 2012.

Results for 9M 2012

The Acotel Group reports revenue of approximately €72.9 million for the first nine months of 2012, down on the €82.2 million of the same period of the previous year. The performance is primarily due to the reduced turnover in Brazil, Spain and the USA.

A breakdown by area of business shows that 78% of revenue was generated by the Acotel Interactive business, 21% by Acotel TLC and the remaining 1% by Acotel Net.

With regard to the **Acotel Interactive** business area, Digital Entertainment services generated revenues of €38.1 million, compared with the €49.9 million of the same period of 2011. These revenues were almost entirely generated by Acotel Interactive Inc. and its subsidiaries. Mobile Services, on the other hand, generated revenues of €18.5 million (up on the €18 million of the same period of 2011) and include revenues generated by Info2cell, Acotel SpA and Acotel do Brasil.

Revenues generated by the **Acotel TLC** business area amount to €15.2 million (up 16% on the same period of 2011), with 64% generated by the Mobile VAS technology segment, in which the subsidiary, Jinny Software Ltd., operates, and with the remaining 36% generated by Mobile Communications, which includes Acotel SpA, Acotel do Brasil and the MVNO, Noverca Italia Srl. Regarding the latter, the growth in revenue has not yet resulted in positive margins, which has impacted the overall results of the Group.

Finally, revenues generated by the **Acotel Net** business area amount to €1.1 million and regard the design, production and maintenance of electronic security systems in Italy by the subsidiary, AEM SpA.

The geographical revenue breakdown confirms the high degree of diversification of the Group's revenue sources: Italy (32%), Latin America (25%), North America (17%), the Middle East (14%), other European countries (5%), Africa (5%) and Asia (2%).

Consolidated gross operating profit (EBITDA) is approximately €1.6 million (€3.3 million for the same period of 2011). After amortisation and depreciation and impairments of non-current



assets, the Group reports an operating loss (negative EBIT) of €1.6 million, compared with the profit of €845 thousand for the same period of 2011.

After net finance income (€1.1 million), estimated taxation for the period (€2.2 million), and profit attributable to non-controlling interests (€113 thousand), the loss attributable to owners of the Parent amounts to €2.8 million (a loss of €487 thousand for the first nine months of 2011).

Net funds at 30 September 2012 amount to approximately €35 million, compared with €37.2 million at 31 December 2011.

Results for Q3 2012

Revenue for the third quarter, amounting to approximately €21.9 million, is down with respect to the €28 million of the third quarter of 2011.

The gross operating loss (negative EBITDA) of €162 thousand for the third quarter of 2011 compares with the loss of approximately €2 million recorded in the third quarter just ended. After amortisation, depreciation and impairments of non-current assets, the Group reports an operating loss (negative EBIT) of €3.1 million (a loss of €798 thousand in the same period of 2011).

After net finance income of €574 thousand, estimated taxation for the period of €749 thousand, and profit attributable to non-controlling interests of €50 thousand, the loss attributable to owners of the Parent for the third quarter of 2012 amounts to €3.3 million, compared with the loss of €721 thousand registered in the third quarter of 2011.

Significant events during the third quarter

The geographical diversification strategy embarked on some years ago by Acotel Interactive business area resulted in the launch of operations in the United Arab Emirates and Colombia. This business area now operates in more than 30 countries in five continents.

In the Mobile Services segment of the Acotel Interactive business, Info2cell has successfully launched its CNN breaking news service with the operator, Mobinil Egypt.

With regard to the Mobile VAS Technology segment of the Acotel TLC business area, Jinny Software Ltd. has acquired a major new customer in Asia via the Ericsson channel, and continued operations in Europe, Africa, Asia and Latin America. Consolidated orders during the period were up around 28% on the same period of 2011.

In the Mobile Communications segment of the Acotel TLC business area, Noverca Italia Srl launched its Partner Program initiative, which aims to enable third parties to distribute own-brand SIM cards to their customers, opening up new sources of revenue.

Nòverca was also engaged in a series of joint commercial initiatives with Intesa Sanpaolo, designed to speed up the acquisition of new customers via mobile number portability. The company also continued to promote mobile payment services based on NFC (Near Field Communication) technology.



In the same segment, Acotel SpA in Italy and Acotel do Brasil in Brazil supplied mobile messaging services to large companies, achieving revenue growth of 37%.

Outlook

The significant investments by the Group, in both infrastructure and human resources, which are aimed at the implementation of new business models and also at opening up new geographical markets, are expected to deliver returns in the medium term.

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 Legislative Decree 158/1998 (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 30 September 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 on the Company's website at www.acotel.com.

Other resolutions

During today's Board meeting Mr. Giorgio Girelli was appointed to the Board of Directors of Acotel Group SpA. The appointment of Mr. Girelli, who was born in Milan on 26 July 1959 and holds a degree in Business Economics from the Bocconi University, follows the voluntary resignation of Mr. Luca De Rita who, in addition to retaining his role as the Group's Chief Financial Officer, has been appointed Secretary to the Board.

Mr. Girelli, who spent 15 years as a Partner with Roland Berger Strategy Consultants before joining Banca Generali, where he was CEO from May 2000 to April 2012 and then Chairman until July 2012, will support the Acotel Group in its business initiatives in Italy and overseas.

At the time of his appointment Mr. Girelli does not own shares in Acotel Group SpA and is not a member of any Board Committees.

At the time of his resignation Mr. De Rita did not own shares in the Company and held the position of executive Director.

Rome, 13 November 2012



Note: the condensed income statement and statement of financial position included in the interim report for the three months ended 30 September 2012 approved today by the Board of Directors are attached.

For further information contact:

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ACOTEL GROUP
Consolidated income statement

(€000)	Q3			9M		
	2012	2011	Inc./Dec.	2012	2011	Inc./Dec.
Revenues	21,880	28,011	(6,131)	72,880	82,211	(9,331)
Other income	50	99	(49)	1,460	370	1,090
Total	21,930	28,110	(6,180)	74,340	82,581	(8,241)
Change in work in progress, semi-finished and finished goods	(92)	7	(99)	(18)	8	(26)
Raw materials, semi-finished and finished goods	(209)	(459)	250	(1,517)	(1,317)	(200)
External services	(16,603)	(21,147)	4,544	(50,516)	(58,250)	7,734
Rentals and leases	(446)	(459)	13	(1,481)	(1,371)	(110)
Staff costs	(6,168)	(5,576)	(592)	(18,240)	(17,228)	(1,012)
Internal capitalised costs	61	134	(73)	633	951	(318)
Other costs	(510)	(772)	262	(1,573)	(2,103)	530
Gross operating profit/(loss)	(2,037)	(162)	(1,875)	1,628	3,271	(1,643)
Amortisation and depreciation	(1,069)	(632)	(437)	(3,165)	(2,406)	(759)
Impairment charges/reversal of impairment charges on non-current assets	(1)	(4)	3	(36)	(20)	(16)
Operating profit/(loss)	(3,107)	(798)	(2,309)	(1,573)	845	(2,418)
Share of profit/(loss) of associates and joint ventures	-	-	-	-	12	(12)
Net finance income/(costs)	574	318	256	1,138	900	238
PROFIT/(LOSS) BEFORE TAX	(2,533)	(480)	(2,053)	(435)	1,757	(2,192)
Taxation	(749)	(176)	(573)	(2,229)	(2,079)	(150)
PROFIT/(LOSS) BEFORE NON-CONTROLLING INTERESTS	(3,282)	(656)	(2,626)	(2,664)	(322)	(2,342)
Profit/(Loss) attributable to non-controlling interests	50	65	(15)	113	165	(52)
PROFIT/(LOSS) FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE PARENT	(3,332)	(721)	(2,611)	(2,777)	(487)	(2,290)
Earnings per share	(0.81)	(0.18)		(0.68)	(0.12)	
Diluted earnings per share	(0.81)	(0.18)		(0.68)	(0.12)	



ACOTEL GROUP
Consolidated statement of financial position

(€000)	30 September 2012	31 December 2011	Inc./(Dec.)
Non-current assets:			
Property, plant and equipment	9,966	9,661	305
Intangible assets	14,260	14,266	(6)
Other assets	4,397	4,755	(358)
TOTAL NON-CURRENT ASSETS	28,623	28,682	(59)
Net current assets:			
Inventories	556	533	23
Trade receivables	28,639	29,616	(977)
Other current assets	6,282	5,939	343
Trade payables	(22,080)	(20,878)	(1,202)
Other current liabilities	(7,697)	(8,242)	545
TOTAL NET CURRENT ASSETS	5,700	6,968	(1,268)
PROVISIONS FOR STAFF TERMINATION AND OTHER EMPLOYEE BENEFITS	(2,167)	(1,950)	(217)
NON-CURRENT PROVISIONS	(560)	(365)	(195)
NET INVESTED CAPITAL	31,596	33,335	(1,739)
Equity:			
Share capital	1,084	1,084	-
Reserves and retained earnings/(accumulated losses)	65,961	65,765	196
Profit/(Loss) for the period	(2,777)	1,860	(4,637)
Non-controlling interests	832	719	113
TOTAL EQUITY	65,100	69,428	(4,328)
Net cash and cash equivalents:			
Current financial assets	(16,945)	(21,913)	4,968
Cash and cash equivalents	(16,848)	(14,215)	(2,633)
Current financial liabilities	289	35	254
	(33,504)	(36,093)	2,589
NET FUNDS RECEIVABLE FROM OTHERS	(33,504)	(36,093)	2,589
TOTAL EQUITY AND NET FUNDS RECEIVABLE FROM OTHERS	31,596	33,335	(1,739)



ACOTEL GROUP
Analysis of consolidated net funds

(€000)

	30 September 2012	30 June 2012	31 December 2011
A. Cash and cash equivalents	16,848	17,625	14,215
B. Assets held for trading	15,778	16,048	19,326
C. Liquidity (A + B)	32,626	33,673	33,541
D. Loans and receivables due from related parties	1,520	1,474	1,100
E. Other current financial assets	1,167	2,039	2,587
F. Current financial assets (D + E)	2,687	3,513	3,687
G. Current financial liabilities	(289)	(47)	(35)
H. Net funds (C + F + G)	35,024	37,139	37,193
- receivable from related parties	1,520	1,474	1,100
- receivable from others	33,504	35,665	36,093