PRESS RELEASE

ACOTEL GROUP: Board approves report for H1 2011

- **Consolidated revenue €54.2 million (€80 million in H1 2010)**
- **Consolidated EBITDA €3.4 million (versus negative €4.5 million in H1 2010)**
- **Consolidated EBIT €1.6 million (versus negative €6.3 million in H1 2010)**
- **Net profit €234 thousand (net loss of €6.6 million for H1 2010)**

Net funds total €39.2 million.

Today's meeting of the Board of Directors of Acotel Group SpA has approved the Group's interim report for the six months ended 30 June 2011. While reported revenue has declined to approximately €54.2 million from around €80 million in the same period of the previous year, the Group reports a significant improvement in earnings, with consolidated EBITDA improving by almost €8 million.

85% of the Group's revenue was generated by the supply of services, 12% was generated by mobile messaging solutions, approximately 2% by mobile telecommunications and the remaining 1% by the security systems business.

Total **Service** business revenues of €45.7 million euros are down 37% on the first half of 2010. A breakdown shows that B2C services generated revenues of €32.3 million, whilst revenues from the services provided to network operators amount to approximately €7.5 million. Corporate service revenues amount to €5.7 million, with revenues generated by the services provided to media companies totalling approximately €0.2 million.

Revenues generated by the **Mobile Messaging Solutions** business during the first half of the year amount to €6.8 million, marking an increase on the €6 million of the same period of 2010, thanks to the acquisition of new customers among American operators and an encouraging pick-up in African business.

The Group's share of total **Mobile Telecommunications** revenues for the period is approximately €1 million, double the figure for the first half of 2010 and attributable to Acotel Group SpA's 59.4% direct and indirect interest in Noverca Italia Srl.

Revenues reported by the fourth area of business, **Security Systems**, amount to around €670 thousand and were generated entirely by the subsidiary, AEM SpA 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 shows that 32% of total revenue was generated in Latin America, 22% in North America, 20% in Italy and 13% in the Middle East. The remainder was generated in other European countries, Africa and Asia.

The consolidated gross operating result (EBITDA) has significantly improved from a loss of €4.5 million in the first half of 2010 to a profit of €3.4 million for the period under review. This reflects a reduction in advertising expenditure and the different method of managing advertising adopted by Flycell Inc. from the second half of 2010.

After amortisation, depreciation and impairments of non-current assets, operating profit (EBIT) of €1.6 million is a significant improvement on the loss of €6.3 million recorded in the same period of the previous year.

After the Group's share of the profit/(loss) of associates and joint ventures and finance income, totalling €0.6 million, estimated taxation for the period of €1.9 million and profit attributable to non-controlling interests of €0.1 million, profit for the first half of 2011 is €0.2 million, marking a significant improvement on the loss of €6.6 million reported for the same period of 2010.

Net funds at 30 June 2011 amount to €39.2 million, marking an increase with respect to €35.1 million at end of 2010.

Significant events during the first half

By reducing advertising expenditure, which is now managed in-house rather than by external agencies, and keeping overheads in check, Flycell has seen a significant improvement in earnings.

The company is implementing a major strategic repositioning affecting the entire B2C segment, shifting its focus more towards entertainment and gaming services: the launch of the www.yabox.com site in May is in line with this new strategy and marks the company's first entry into the world of casual gaming and credit card billing. The Yabox model is currently in operation in the USA, but its launch in other countries is already planned.

Acotel do Brasil recorded growth, largely due to the services developed for TIM Brasil relating to infotainment, chats, a number of WAP portals and the aggregation of other service providers (the *Centro Stella*). The company continued to manage mobile voting for the Brazilian TV version of Big Brother.

Info2cell has renewed its agreement with Samsung, covering the provision of content and management of the WAP portal. It has entered into an agreement with IFILM TV for the supply of an SMS2TV service and launched a number of iPhone applications in Saudi Arabia.

Jinny Software has begun marketing VAVOOMB™, a solution designed to enable mobile operators to exploit new sources of broadband revenue and help them respond to the entry of the new so-called Over-The-Top operators.

Nòverca has opted for a new approach to the market, based on greater commercial integration with Intesa Sanpaolo, with which it has launched a project designed to develop payment services based on NFC (Near Field Communication) technology. The company has completed testing of the new platform that will enable it, from this autumn, to operate as a Full MVNO, thus acquiring greater operational independence and reducing its direct costs.

Finally, AEM SpA has renewed its contract with the Bank of Italy through to 2013, covering maintenance of the systems installed at the Bank's Italian offices. It has also renewed the contract with Telecom, which will see it continue to maintain the video-surveillance systems installed at certain companies in the ACEA Group until 2015. Development of the new alarm control system, named *Eura*, also proceeded. The launch of this product will mark a return to producing proprietary systems.

Events after 30 June 2011

There have been no material events affecting the Acotel Group's businesses between the end of the first half of 2011 and the date of this release.

Outlook

Flycell will continue its strategic repositioning, boosting development of an offering based on entertainment and gaming services. At the same time the company will, in certain countries, including the USA, reduce sales of ringtones and other content for personalising mobile phones.

Info2cell will release the final version of its www.3alatv.com site and aims to develop a series of MMS and WAP push services based around the site to promote to a number of mobile operators. The company also plans to increase its offering of Islamic services and launch new services in Iraq.

Jinny Software is expected to benefit from increased market demand and a rise in the number of tenders called by mobile operators intending to purchase new equipment or upgrade their existing equipment.

Noverca Italia Srl intends to boost the degree of commercial integration with Intesa Sanpaolo and open up new distribution channels.

The subsidiary, AEM SpA, will continue to develop the new alarm control system, named *Eura*, which once available will enable the company to expand its offering and take advantage of new market opportunities.

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 six months ended 30 June 2011 will be available to the public, within the deadline established by article 154-ter, paragraph 2, 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, 4 August 2011

Note: the condensed income statement and statement of financial position included in the interim report for the six months ended 30 June 2011 approved by the Board of Directors are attached.

For further information contact:

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Consolidated income statement

(€000)	H1 2011	H1 2010	Inc./(Dec.)	% inc./(dec.)
Revenues	54,200	79,979	(25,779)	(32%)
Other income	271	177	94	53%
Total	**54,471**	**80,156**	**(25,685)**	**(32%)**
Gross operating profit/(loss)	**3,433**	**(4,538)**	**7,971**	**176%**
Operating profit/(loss)	**1,643**	**(6,257)**	**7,900**	**126%**
Share of the profit/(loss) of associates and joint ventures	12	-	12	-
Net finance income/(costs)	582	179	403	225%
PROFIT/(LOSS) BEFORE TAX	**2,237**	**(6,078)**	**8,315**	**137%**
PROFIT/(LOSS) BEFORE NON-CONTROLLING INTERESTS	**334**	**(6,497)**	**6,831**	**105%**
PROFIT/(LOSS) ATTRIBUTABLE TO OWNERS OF THE PARENT	**234**	**(6,603)**	**6,837**	**104%**
Earnings per share	0.06	(1.61)		
Diluted earnings per share	0.06	(1.61)		

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Consolidated statement of financial position

(€000)	30 June 2011	31 Dec 2010	Inc./(Dec.)	% inc./(dec.)
Non-current assets:				
Property, plant and equipment	7,262	6,787	475	7%
Intangible assets	13,240	13,112	128	1%
Other assets	3,361	3,440	(79)	(2%)
TOTAL NON-CURRENT ASSETS	**23,863**	**23,339**	**524**	**2%**
Net current assets:				
Inventories	554	514	40	8%
Trade receivables	28,672	31,990	(3,318)	(10%)
Other current assets	6,332	8,633	(2,301)	(27%)
Trade payables	(18,321)	(19,332)	1,011	5%
Other current liabilites	(7,972)	(8,527)	555	7%
TOTAL NET CURRENT ASSETS	**9,265**	**13,278**	**(4,013)**	**(30%)**
PROVISIONS FOR STAFF TERMINATION AND OTHER EMPLOYEE BENEFITS	**(1,791)**	**(1,649)**	**(142)**	**(9%)**
NON-CURRENT PROVISIONS	**(472)**	**(470)**	**(2)**	**-**
NET INVESTED CAPITAL	**30,865**	**34,498**	**(3,633)**	**(11%)**
Equity:				
Share capital	1,084	1,084	-	-
Reserves and retained earnings/(accumulated losses)	66,131	69,243	(3,112)	(4%)
Profit/(Loss) for the period	234	(2,239)	2,473	(110%)
Non-controlling interests	658	558	100	18%
TOTAL EQUITY	**68,107**	**68,646**	**(539)**	**(1%)**
MEDIUM-/LONG TERM DEBT	**35**	**35**	**-**	**-**
Net cash and cash equivalents:				
Current financial assets	(25,917)	(26,284)	367	1%
Cash and cash equivalents	(11,411)	(11,700)	289	2%
Current financial liabilities	51	3,801	(3,750)	(99%)
	(37,277)	**(34,183)**	**(3,094)**	**(9%)**
NET FUNDS RECEIVABLE FROM OTHERS	**(37,242)**	**(34,148)**	**(3,094)**	**(9%)**
TOTAL EQUITY AND NET FUNDS RECEIVABLE FROM OTHERS	**30,865**	**34,498**	**(3,633)**	**(11%)**

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Consolidated statement of cash flows

(€000)	H1 2011	H1 2010
A. NET CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**34,183**	**43,365**
B. CASH FLOWS FROM (FOR) OPERATING ACTIVITIES	**7,098**	**(2,891)**
Cash flows from operating activities before changes in working capital	**2,159**	**(4,485)**
Profit/(loss) for the period	234	(6,603)
Amortisation and depreciation	1,774	1,719
Share of profit/(loss) of associates and joint ventures	(12)	-
Impairment of assets	20	-
Net change in staff termination benefits	142	115
Net change in deferred tax liabilities	2	(92)
Net change in provisions	(1)	376
(Increase) / decrease in receivables	6,544	(3,281)
- due from related parties	*(250)*	*(235)*
- other	*6,794*	*(3,046)*
(Increase) / decrease in inventories	(40)	142
Increase / (decrease) in payables	(1,565)	4,733
- due to related parties	*168*	*741*
- other	*(1,733)*	*3,992*
C. CASH FLOW FROM (FOR) INVESTING ACTIVITIES	**(2,286)**	**(4,562)**
(Purchases)/disposals of fixed assets:		
- Intangible assets	(747)	(467)
- Property, plant and equipment	(1,630)	(2,665)
- Financial assets	79	(1,430)
Share of profit/(loss) of associates and joint ventures	12	-
D. CASH FLOW FROM (FOR) FINANCING ACTIVITIES	**(1,718)**	**1,733**
Net loans:	(945)	(213)
- due from related parties	*(945)*	*(213)*
Other changes in equity	(873)	1,840
Change in non-controlling interests	100	106
E. CASH FLOW FOR PERIOD (B+C+D)	**3,094**	**(5,720)**
F. NET CASH AND CASH EQUIVALENTS AT END OF PERIOD (A+E)	**37,277**	**37,645**

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Analysis of consolidated net funds

(€000)

	30 June 2011	31 Dec 2010	Increase/ (Decrease)
A. Cash and cash equivalents	11,411	11,700	(289)
B. Assets held for trading	23,314	23,683	(369)
C. Liquidity (A + B)	**34,725**	**35,383**	**(658)**
D. Loans and receivables due from related parties	1,936	991	945
E. Other current financial assets	2,603	2,601	2
F. Current financial assets (D + E)	**4,539**	**3,592**	**947**
G. Current bank borrowings	(17)	(3,768)	3,751
H. Current portion of non-current debt	(34)	(33)	(1)
I. Current financial liabilities (G + H)	**(51)**	**(3,801)**	**3,750**
L. Net current funds (C+F+I)	**39,213**	**35,174**	**4,039**
M. Non-current financial liabilities	(35)	(35)	-
N. Non-current debt (M)	**(35)**	**(35)**	**-**
O. Net funds (L + N)	**39,178**	**35,139**	**4,039**
- receivable from related parties	1,936	991	945
- receivable from others	37,242	34,148	3,094