PRESS RELEASE

ACOTEL GROUP: Board approves report for H1 2009

- **Consolidated revenue €60 million (up 46% on H1 2008)**
- **Consolidated EBITDA negative at €169 thousand (positive €300 thousand in H1 2008)**
- **Consolidated EBIT negative at €1.1 million (negative €369 thousand in H1 2008)**
- **Net loss €727 thousand (net profit of €6.4 million in H1 2008)[*]**

Net funds total €40 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 2009. During the period the Group saw a considerable increase in revenue thanks to growth in services, whilst EBITDA declined as a result of the start-up of the mobile virtual network operator, Nòverca.

The Group reports revenue of approximately €60 million for the period, marking a significant increase of 46% on the €41.2 million of the first half of 2008. The improvement was driven by growth achieved by the US-based Flycell Inc. and its direct subsidiaries, which offer B2C services, and Info2cell, which primarily provides B2B services in the Middle East.

A more detailed breakdown shows that 91.3% of revenue was earned from the supply of value added mobile services, 7.1% was generated by mobile messaging solutions and the remaining percentage by the security systems business. The contribution to revenue from recently launched mobile telecommunications services, marketed under the Nòverca brand, was limited given that the services are still in the start-up phase.

Within the **services** business area (€54.8 million), B2C services provided by the US subsidiary, Flycell Inc., in the USA, Mexico, Spain, Brazil, Italy and Turkey continue to account for the lion's share of revenues with 83% of the total (€45.5 million).

Revenues from the provision of services to network operators (€6.3 million) include those generated by the provision of services to Telecom Italia by Acotel S.p.A., by Info2cell's activities in the Middle Eastern market, and by Acotel do Brasil in Brazil. The balance (€3 million) was generated by services provided to corporate customers and media companies, primarily by Info2cell and Acotel S.p.A..

In the **mobile messaging solutions** business area, Jinny Software generated revenues of €4.3 million, down from the €5.9 million of the first half of 2008. This reflects cuts in investment by telecommunications operators in response to the current global economic downturn.

With regard to the third area of business, represented by **security systems**, the subsidiary, AEM, reports revenues of €0.9 million (up 4% on the first half of 2008). The company's most important customers include the electricity distributor, Acea Electrabel, the Bank of Italy and, via Telecom Italia, Italian police headquarters.

[*] The net result for H1 2008 benefited from income from investments of €7.94 million, deriving from corporate transactions entered into with Intesa Sanpaolo.

The Group made its entry into the new business area **mobile telecommunications** during the first half through the subsidiary, Noverca Italia S.r.l., which is a mobile virtual network operator (MVNO). The commercial launch, which took place in March 2009 and was primarily targeted at consumers, involved the progressive activation of the various distribution channels. The launch was backed up by an advertising campaign (from mid-May to the end of June) aimed primarily at building brand awareness in the Italian market.

The geographical revenue breakdown shows that revenues generated in Europe more than doubled during the period (up 107%), thanks to the positive results achieved in Italy and Spain, where revenues amounted to €22.2 million (36.9% of the total). As a result, Europe has taken over North America's position as the Group's most important geographical area, despite the fact that the latter area saw revenue growth of 19% to €17.5 million (29.1% of the total).

The Group reports a small gross operating loss (negative EBITDA) of €169 thousand, compared with a profit of approximately €300 thousand for the first half of 2008. This reflects the advertising costs incurred during the launch of Nòverca's services and the slowdown witnessed by Acotel S.p.A., Acotel do Brasil and Jinny Software.

After amortisation, depreciation and impairments of non-current assets, the Group's operating loss (negative EBIT) is approximately €1.1 million (a loss of €369 thousand for the same period of 2008).

After net finance income of €499 thousand, estimated tax expense for the period of around €58 thousand and profit attributable to minority interests of €24 thousand, the net loss for the first half of 2009 is €727 thousand, compared with a profit of approximately €6.4 million for the first half of 2008. To be remembered that the result for the previous first half of 2008 benefitted from income from investments of €7.94 million, deriving from corporate transactions entered into with Intesa Sanpaolo in relation to Noverca Srl and Noverca Italia Srl.

Net funds at 30 June 2009 amount to approximately €40 million and are up on the €38.5 million reported at the end of 2008. This highlights the Group's ability to finance growth from operating cash flow, including significant promotional expenses and increased staff costs as a result of the recruitment of additional personnel.

Events after 30 June 2009

Following changes to regulations governing the sale of mobile services on the web, in July Flycell Inc. decided to slow its expansion in Turkey, where it is already present, and in South Africa, where it is about to start investing.

The services segment has also seen Info2cell begin the configuration and rollout of a new platform in Iran, where it is to start providing services in the coming months.

Outlook

Conditions in the market for the B2C services supplied by Flycell could alter with respect to the first half, with a likely increase in the cost of web advertising and, as a result, in customer acquisition costs.

In the network operator segment, Info2cell is due to begin the commercial launch of its services in Iran, where it is putting the finishing touches to its new platform.

The market for mobile messaging solutions should pick up towards the end of the year, at least as far as new orders are concerned. We expect mobile operators to start investing in their networks again, above all in response to ongoing growth in demand.

Noverca Italia S.r.l. will be engaged in the commercial and marketing of its mobile telecommunications services, with particular emphasis placed on the development of banking-related services, such as mobile banking and mobile payments, which are being created in partnership with Intesa Sanpaolo.

Availability of company documents

The interim report for the six months ended 30 June 2009 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.

Declaration by the manager responsible for the Group's 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.

Note: the consolidated income statement, statement of financial position, cash flow statement and analysis of net funds included in the interim report for the six months ended 30 June 2009 are attached.

Rome, 6 August 2009

More information

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ACOTEL GROUP
Reclassified consolidated income statement (H1 2009)
(€000)

	H1 2009	H1 2008	Inc. /(Dec.)	% inc./(dec.)
Revenues	60,031	41,136	18,895	46%
Other income	141	96	45	47%
Total revenue	**60,172**	**41,232**	**18,940**	**46%**
Gross operating profit/(loss)	**(169)**	**300**	**(469)**	**(156%)**
Operating profit/(loss)	**(1,144)**	**(369)**	**(775)**	**(210%)**
Income from investments	-	7,940	(7,940)	(100%)
Net finance income/(costs)	499	215	284	132%
Profit/(Loss) before tax	**(645)**	**7,786**	**(8,431)**	**(108%)**
Profit/(Loss) before minority interests	**(703)**	**6,511**	**(7,214)**	**(111%)**
Profit/(Loss) attributable to Parent Company	**(727)**	**6,411**	**(7,138)**	**(111%)**
Earnings/(Loss) per share	(0.18)	1.56		
Diluted earnings/(loss) per share	(0.18)	1.56		

ACOTEL GROUP
Consolidated statement of financial position (30 June 2009)

	30 June 2009	31 Dec 2008	Inc. /(Dec.)	% inc./(dec.)
Non-current assets:				
Property, plant and equipment	4,783	4,084	699	17%
Intangible assets	13,740	12,379	1,361	11%
Other assets	1,751	481	1,270	264%
TOTAL NON-CURRENT ASSETS	**20,274**	**16,944**	**3,330**	**20%**
Net current assets:				
Inventories	445	396	49	12%
Trade receivables	27,306	22,220	5,086	23%
Other current assets	3,566	2,340	1,226	52%
Trade payables	(18,513)	(9,404)	(9,109)	(97%)
Other current liabilities	(5,674)	(4,319)	(1,355)	(31%)
TOTAL NET CURRENT ASSETS	**7,130**	**11,233**	**(4,103)**	**(37%)**
STAFF TERMINATION AND OTHER EMPLOYEE BENEFITS	**(1,284)**	**(1,146)**	**(138)**	**(12%)**
NON-CURRENT PROVISIONS	**(336)**	**(294)**	**(42)**	**(14%)**
NET INVESTED CAPITAL	**25,784**	**26,737**	**(953)**	**4%**
Shareholders' equity:				
Share capital	1,084	1,084	-	-
Reserves and retained earnings / (accumulated losses)	65,323	57,522	7,801	14%
Net profit/(loss) for the period	(727)	6,564	(7,291)	(111%)
Minority interests	99	30	69	230%
TOTAL SHAREHOLDERS' EQUITY	**65,779**	**65,200**	**579**	**1%**
MEDIUM/LONG-TERM DEBT	**101**	**101**	**-**	**-**
Net cash and cash equivalents:				
Current financial assets	(26,197)	(18,764)	(7,433)	(40%)
Cash and cash equivalents	(17,477)	(23,439)	5,962	25%
Current financial liabilities	3,578	3,639	(61)	(2%)
	(40,096)	**(38,564)**	**(1,532)**	**(4%)**
NET FUNDS	**(39,995)**	**(38,463)**	**(1,532)**	**(4%)**
TOTAL SHAREHOLDERS' EQUITY AND NET FUNDS	**25,784**	**26,737**	**(953)**	**4%**

ACOTEL GROUP
Consolidated cash flow statement (H1 2009)
(€000)

	H1 2009	H1 2008
A. NET CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**38,564**	**24,585**
B. CASH FLOWS FROM (FOR) OPERATING ACTIVITIES	**4,530**	**(117)**
Cash flows from operating activities before changes in working capital	**427**	**(583)**
Net profit/(loss) for the period	(727)	6,411
Amortisation and depreciation	974	668
Income from investments	-	(7,940)
Impairment of assets	-	10
Net change in staff termination benefits	138	66
Net change in deferred tax liabilities	42	202
(Increase) / decrease in receivables	(6,312)	(879)
(Increase) / decrease in inventories	(49)	161
Increase / (decrease) in payables	10,464	1,184
C. CASH FLOWS FROM (FOR) INVESTING ACTIVITIES	**(4,304)**	**6,465**
(Purchases)/disposals of fixed assets:		
- Intangible assets	(1,647)	(512)
- Property, plant and equipment	(1,387)	(117)
- Financial assets	(1,270)	(846)
Income from investments	-	7,940
D. CASH FLOWS FROM (FOR) FINANCING ACTIVITIES	**1,306**	**12,133**
Sale of treasury shares	-	12,151
Other changes in shareholders' equity	1,237	(118)
Change in minority interests	69	100
E. CASH FLOW FOR THE PERIOD (B+C+D)	**1,532**	**18,481**
F. NET CASH AND CASH EQUIVALENTS AT END OF PERIOD (A+E)	**40,096**	**43,066**

ACOTEL GROUP
Analysis of consolidated net funds (30 June 2009)
(€000)

	30 June 2009	31 Dec 2008	Inc. /(Dec.)
A. Cash and cash equivalents	17,477	23,439	(5,962)
B. Assets held for trading	9,113	16,147	(7,034)
C. Liquidity (A + B)	**26,590**	**39,586**	**(12,996)**
D. Other current financial assets	**17,084**	**2,617**	**14,467**
E. Current bank borrowings	(3,546)	(3,607)	61
F. Current portion of non-current debt	(32)	(32)	-
G. Current financial liabilities (E + F)	**(3,578)**	**(3,639)**	**61**
H. Net current funds (C+D+G)	**40,096**	**38,564**	**1,532**
I. Non-current financial liabilities	(101)	(101)	-
L. Non-current debt (I)	**(101)**	**(101)**	**-**
M. Net funds (H + L)	**39,995**	**38,463**	**1,532**