



PRESS RELEASE

ACOTEL GROUP: Board approves separate and consolidated financial statements for 2009

Consolidated results:

- **Revenue approximately €140 million (up 57% on 2008)**
- **EBITDA approximately €4.7 million (up 101%)**
- **EBIT approximately €2.2 million (up 132%)**
- **Profit before tax €2.8 million (€10 million in 2008¹)**
- **Net profit €1.3 million (€6.5 million in 2008¹)**

Group sees continued revenue and earnings growth.

Today's meeting of the Board of Directors of Acotel Group SpA has approved the separate and consolidated financial statements for the year ended 31 December 2009, which will be submitted for approval to the Annual General Meeting of shareholders (AGM) to be held on 23 and 29 April 2010, in first and second call, respectively.

Consolidated financial statements 2009

The Acotel Group saw strong revenue growth in 2009, with consolidated revenue up 57% to €139.4 million, compared with the €88.7 million of the previous year.

This result, which is all the more significant considering that consolidated revenue rose at a CAGR of 49% over the period 2005 – 2009, reflects the Group's success in selling value added mobile services to end consumers.

In terms of business segment, 91.4% of revenue was generated by the supply of services, 7.1% by mobile messaging & media solutions, 1.3% by the design of security systems and the remaining 0.2% by mobile telecommunications.

Within the **services segment** (€127.5 million), the largest proportion of revenues (€104.9 million) was generated by the B2C services provided by the US subsidiary, Flycell Inc., which in 2009 expanded its operations into Mexico and Argentina. The second biggest contribution to service revenues (€9.7 million) is made by Acotel SpA, operating in the Italian B2B segment. The subsidiaries, Info2cell and Acotel do Brasil, which also operate in the B2B segment, generated revenues of €8.5 million and €4.4 million, respectively.

Revenues from the **mobile messaging & media solutions business** amount to €9.8 million and were generated by the subsidiary, Jinny Software. The figure is down 22.6% due to a

¹ Consolidated profit before tax and net profit for 2008 benefitted from income from investments of €7.94 million, deriving from Intesa San Paolo's purchase of equity interests in Noverca Srl and Noverca Italia Srl.



slowdown in capital spending by mobile operators. The company, however, still acquired new customers during the year and ensured that its offering remained competitive.

Revenues from the **design of electronic security systems** amount to €1.9 million, and are substantially in line with 2008. These revenues regard the activities of the Italian subsidiary, AEM SpA, and derive from the installation, servicing and maintenance of equipment installed at Italian police headquarters, at certain provincial branches of the Bank of Italy and for certain companies in the Acea Group.

The Group entered the **mobile telecommunications** market in 2009 via Noverca Italia Srl (34% owned by the Intesa Sanpaolo banking group), which operates as a mobile virtual network operator (MVNO). In view of the fact that the company only recently began marketing its services, revenues amounted to €449 thousand in 2009 (of which €266 thousand after consolidation), whilst the number of SIM cards distributed totals more than 100,000. Most of the cards were handed out during the Christmas period, following a large-scale promotional campaign advertised on the main national radio networks and directly at branches of the Intesa Sanpaolo Group.

The geographical revenue breakdown shows that North America and Latin America are the Group's most important markets (accounting for 26.2% and 26% of total revenues, respectively), whilst Italy accounts for 20.2% and other European countries 16.8%. The remaining portion of the Group's revenue is generated in the Middle East, Africa and Asia.

Consolidated gross operating profit (EBITDA) of approximately €4.7 million is up significantly (101%) on the previous year, primarily due to the excellent performances of the subsidiaries, Flycell Inc. and Info2cell.

After amortisation and depreciation of approximately €2.5 million, and impairment charges on non-current assets, consolidated operating profit (EBIT) amounts to approximately €2.2 million, compared with the €940 thousand of 2008.

After net finance income of €576 thousand, the Group's profit before tax is €2.8 million.

After tax expense for the year (€1.2 million) and profit attributable to minority interests of €233 thousand, net profit for 2009 is €1.3 million, compared with net profit of approximately €6.6 million in 2008. The prior year result benefitted, however, from income from investments of around €7.94 million, deriving from Intesa Sanpaolo's purchase of equity interests in Noverca Srl and Noverca Italia Srl.

Net funds amount to €43.3 million at 31 December 2009, marking an increase on the €38.5 million of one year earlier. This reflects the positive commercial performances of certain foreign subsidiaries and a better match between collections from customers and payments to suppliers. The improvement in the financial position is of even greater importance if viewed in the light of the cash absorbed by the commercial launch of the MVNO, Noverca.



Parent Company's separate financial statements 2009

During 2009 the Parent Company, Acotel Group SpA, generated total revenue of approximately €2.6 million, down on the €6.7 million of the previous year as a result of reduced revenues from its activities as an Applications Service Provider for the subsidiary, Acotel SpA.

The Company reports a gross operating loss (negative EBITDA) of €398 thousand (a profit of €3.8 million in 2008), reflecting the above decline in revenue.

After amortisation and depreciation, the operating loss (negative EBIT) is €627 thousand (a profit of €3.6 million in 2008).

After net finance income €1.3 million, profit before tax amounts to €655 thousand (€6.1 million in 2008.), whilst net profit is €416 thousand (€4.1 million in 2008).

At the upcoming AGM, the Board of Directors will propose to take net profit to distributable reserves as retained earnings.

Events after 31 December 2009

On 1 March 2010 Telecom Italia SpA and Noverca Italia Srl signed a contract enabling the latter to become a Full MVNO, with its own mobile operator code and its own SIM cards, only using Telecom Italia SpA's infrastructure to access the mobile network.

The conversion to Full MVNO commits Noverca to carrying out significant investments in technology both to increase its ability to independently offer innovative services and to achieve an even more competitive cost structure.

Outlook

In terms of the Services business, Flycell intends to identify new geographical markets for its B2C services, focusing on improvements to its commercial effectiveness, above all by increasing the quality of its offerings.

In the Network Operator segment of the same business, the Group will continue to serve its customers in Italy, Brazil and the Middle East, together with which we will seek to expand the range of services offered to final customers in order to better keep pace with changes in demand.

The ongoing increase in mobile telephony customers in areas such as Latin America and Asia indicates a pick-up in capital spending by operators. Against this backdrop, Jinny Software Ltd. is well placed to take advantage of all future business opportunities.

In the Mobile Telecommunications segment, the Group is committed to achieving greater integration of its marketing and commercial activities with those of the Intesa Sanpaolo banking group, with the aim of maximising customer acquisitions, above all of MNP customers who tend to spend more on average. At the same time, the Group aims to complete all the technical and organisational preparations to enable it to start operating as a Full MVNO in late 2010.



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 reclassified consolidated and separate income statements, statement of financial position, cash flow statements and analyses of net funds are attached. The data in these statements is currently being audited.

Rome, Italy
12 March 2010

Further information

Acotel Group SpA Carlo Ficini Investor Relator Tel. +3906 6114 1000 e-mail carlo.ficini@acotel.com	Barabino&Partners Andrea Pagano Mariano Tel. +3906 6792929 e-mail A.PaganoMariano@barabino.it
--	--

ACOTEL GROUP
Reclassified consolidated income statement (€000)

(€000)	2009	2008	Increase/Decrease	% inc./ (dec.)
Revenues	139,420	88,698	50,722	57%
Other income	256	211	45	21%
Total revenue	139,676	88,909	50,767	57%
Gross operating profit	4,707	2,343	2,364	101%
	<i>3.37%</i>	<i>2.64%</i>		
Operating profit/(loss)	2,180	940	1,240	132%
	<i>1.56%</i>	<i>1.06%</i>		
Income from investments	-	7,940	(7,940)	-
Net finance income/(costs)	576	1,183	(607)	(51%)
PROFIT/(LOSS) BEFORE TAX	2,756	10,063	(7,307)	(73%)
	<i>1.97%</i>	<i>11.32%</i>		
NET PROFIT/(LOSS) BEFORE MINORITY INTERESTS	1,544	6,564	(5,020)	(76%)
	<i>1.11%</i>	<i>7.38%</i>		
NET PROFIT/(LOSS) ATTRIBUTABLE TO PARENT COMPANY	1,311	6,564	(5,253)	(80%)
	<i>0.94%</i>	<i>7.38%</i>		
Earnings per share	0.32	1.62		
Diluted earnings per share	0.32	1.62		

ACOTEL GROUP
Reclassified consolidated statement of financial position (€000)

(€000)	31 December 2009	31 December 2008	Increase/(Decrease)
Non-current assets:			
Property, plant and equipment	5,218	4,084	1,134
Intangible assets	13,404	12,379	1,025
Other assets	3,462	481	2,981
TOTAL NON-CURRENT ASSETS	22,084	16,944	5,140
Net current assets:			
Inventories	845	396	449
Trade receivables	27,015	22,220	4,795
Other current assets	4,482	2,340	2,142
Trade payables	(17,585)	(9,404)	(8,181)
Other current liabilities	(9,574)	(4,319)	(5,255)
TOTAL NET CURRENT ASSETS	5,183	11,233	(6,050)
STAFF TERMINATION AND AND OTHER EMPLOYEE BENEFITS	(1,389)	(1,146)	(243)
NON-CURRENT PROVISIONS	(392)	(294)	(98)
NET INVESTED CAPITAL	25,486	26,737	(1,251)
Shareholders' equity:			
Share capital	1,084	1,084	-
Reserves and retained earnings/(accumulated losses)	66,079	57,522	8,557
Net profit/(loss) for the year	1,311	6,564	(5,253)
Minority interests	308	30	278
TOTAL SHAREHOLDERS' EQUITY	68,782	65,200	3,582
MEDIUM-/LONG TERM DEBT	69	101	(32)
Net cash and cash equivalents:			
Current financial assets	(27,843)	(18,764)	(9,079)
Cash and cash equivalents	(19,045)	(23,439)	4,394
Current financial liabilities	3,523	3,639	(116)
	(43,365)	(38,564)	(4,801)
NET FUNDS	(43,296)	(38,463)	(4,833)
TOTAL SHAREHOLDERS' EQUITY AND NET FUNDS	25,486	26,737	(1,251)

ACOTEL GROUP
Consolidated cash flow statement (€000)

<i>(€000)</i>	2009	2008
A. NET CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	38,564	24,585
B. CASH FLOWS FROM (FOR) OPERATING ACTIVITIES	7,297	(2,016)
Cash flows from operating activities before changes in working capital	1,259	126
Net profit/(loss) for the year	1,311	6,564
Amortisation and depreciation	2,525	1,401
Income from investments	-	(7,940)
Impairment of assets	12	67
Net change in staff termination benefits	243	199
Net change in deferred tax liabilities	(4,250)	(165)
Net change in provisions	1,418	-
(Increase) / decrease in receivables	(6,949)	(2,565)
(Increase) / decrease in inventories	(449)	246
Increase / (decrease) in payables	13,436	177
C. CASH FLOWS FROM (FOR) INVESTING ACTIVITIES	(4,735)	5,696
(Purchases)/disposals of fixed assets:		
- Intangible assets	(1,906)	(216)
- Property, plant and equipment	(2,778)	(1,963)
- Financial assets	(51)	(65)
Income from investments	-	7,940
D. CASH FLOWS FROM (FOR) FINANCING ACTIVITIES	2,239	10,299
Increase/(Decrease) in medium/long-term borrowings	(32)	(32)
Sale of treasury shares	-	12,151
Other changes in shareholders' equity	1,993	(1,820)
Change in minority interests	278	-
E. CASH FLOW FOR THE YEAR (B+C+D)	4,801	13,979
F. NET CASH AND CASH EQUIVALENTS AT END OF YEAR (A+E)	43,365	38,564

ACOTEL GROUP
Analysis of consolidated net funds (€000)

	31 December 2009	31 December 2008	Increase/(Decrease)
A. Cash and cash equivalents	19,045	23,439	(4,394)
B. Assets held for trading	10,627	16,147	(5,520)
C. Liquidity (A + B)	29,672	39,586	(9,914)
D. Other current financial assets	17,216	2,617	14,599
E. Current bank borrowings	(3,491)	(3,607)	116
F. Current portion of non-current debt	(32)	(32)	-
G. Current financial liabilities (E + F)	(3,523)	(3,639)	116
H. Net current funds (C+D+G)	43,365	38,564	4,801
I. Non-current financial liabilities	(69)	(101)	32
L. Non-current debt (I)	(69)	(101)	32
M. Net funds (H + L)	43,296	38,463	4,833

ACOTEL GROUP SpA
Reclassified income statement (€)

(€)	2009	2008	Increase/(Decrease)	% inc./(dec.)
Revenues	2,613,227	6,741,405	(4,128,178)	(61%)
Other income	1,531,614	1,558,820	(27,206)	(2%)
Total	4,144,841	8,300,225	(4,155,384)	(50%)
Gross operating profit	(398,180)	3,802,418	(4,200,598)	(110%)
	(9.61%)	45.81%		
Operating profit/(loss)	(627,345)	3,639,877	(4,267,222)	(117%)
	(15.14%)	43.85%		
Net finance income/(costs)	1,282,840	2,451,165	(1,168,325)	(48%)
PROFIT/(LOSS) BEFORE TAX	655,495	6,091,042	(5,435,547)	(89%)
	15.81%	73.38%		
NET PROFIT/(LOSS) FOR THE YEAR	415,567	4,122,667	(3,707,100)	(90%)
	10.03%	49.67%		
Earnings per share	0.10	1.02		
Earnings per diluted share	0.10	1.02		

ACOTEL GROUP SpA
Reclassified statement of financial position (€)

(€)	31 December 2009	31 December 2008	Increase/(Decrease)
Non-current assets			
Property, plant and equipment	756,665	402,359	354,306
Intangible assets	37,999	38,957	(958)
Non-current financial assets	66,737,239	58,583,935	8,153,304
Other assets	2,406,944	107,340	2,299,604
TOTAL NON-CURRENT ASSETS	69,938,847	59,132,591	10,806,256
Net current assets			
Trade receivables	841,223	2,995,541	(2,154,318)
Other current assets	3,704,804	9,429,469	(5,724,665)
Trade payables	(537,358)	(702,066)	164,708
Other current liabilities	(13,605,256)	(10,972,120)	(2,633,136)
TOTAL NET CURRENT ASSETS	(9,596,587)	750,824	(10,347,411)
STAFF TERMINATION BENEFITS	(411,360)	(324,342)	(87,018)
NON-CURRENT PROVISIONS	(30,647)	(30,635)	(12)
NET INVESTED CAPITAL	59,900,253	59,528,438	371,815
Shareholders' equity			
Share capital	1,084,200	1,084,200	-
Reserves and retained earnings/ (accumulated losses)	72,358,528	68,235,861	4,122,667
Net profit/(loss) for the year	415,567	4,122,667	(3,707,100)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	73,858,295	73,442,728	415,567
MEDIUM/LONG -TERM DEBT	-	-	-
Net cash and cash equivalents:			
Current financial assets	(13,646,808)	(13,024,729)	(622,079)
Cash and cash equivalents	(311,256)	(889,583)	578,327
Current financial liabilities	22	22	-
	(13,958,042)	(13,914,290)	(43,752)
NET FUNDS	(13,958,042)	(13,914,290)	(43,752)
TOTAL SHAREHOLDERS' EQUITY AND NET FUNDS	59,900,253	59,528,438	371,815

ACOTEL GROUP SpA
Cash flow statement (€)

(€)	<u>2009</u>	<u>2008</u>
A. NET CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	13,914,290	8,628,083
B. CASH FLOWS FROM (FOR) OPERATING ACTIVITIES	8,779,569	1,818,051
Cash flows from operating activities before changes in working capital	(1,567,842)	4,209,107
Net profit/(loss) for the year	415,567	4,122,667
Amortisation and depreciation	229,165	160,291
Net change in staff termination benefits	87,018	(55,293)
Net change in deferred tax liabilities	(2,299,592)	(18,558)
- <i>due to others</i>	(2,299,592)	(18,558)
(Increase) / decrease in receivables	7,878,983	(1,951,862)
- <i>due from related parties</i>	8,567,427	(1,878,322)
- <i>other</i>	(688,444)	(73,540)
Increase / (decrease) in payables	2,468,428	(439,194)
- <i>due to related parties</i>	2,309,619	(67,468)
- <i>other</i>	158,809	(371,726)
C. CASH FLOW FROM (FOR) INVESTING ACTIVITIES	(8,735,817)	(8,682,536)
(Purchases)/disposals of fixed assets:		
- Intangible assets	(13,876)	(28,842)
- Property, plant and equipment	(568,637)	(281,067)
- Financial assets	(8,153,304)	(8,372,627)
- <i>related parties</i>	(8,153,304)	(8,374,877)
- <i>other</i>	-	2,250
D. CASH FLOW FROM (FOR) FINANCING ACTIVITIES	-	12,150,692
Sale of treasury shares	-	12,150,692
E. CASH FLOW FOR THE YEAR (B+C+D)	43,752	5,286,207
F. NET CASH AND CASH EQUIVALENTS AT END OF YEAR (A+E)	13,958,042	13,914,290

ACOTEL GROUP SpA
Analysis of net funds (€)

(Euro)

	31 December 2009	31 Decembr 2008	Increase/(Decrease)
A. Cash and cash equivalents	311,256	889,583	(578,327)
B. Securities held for trading	1,806,294	10,407,752	(8,601,458)
C. Liquidity (A + B)	2,117,550	11,297,335	(9,179,785)
D. Current financial receivables due from related parties	-	7,070,962	(7,070,962)
E. Other current financial receivables	11,840,514	2,616,977	9,223,537
F. Current financial receivables (D + E)	11,840,514	9,687,939	2,152,574
G. Current bank borrowings	(22)	(22)	-
H. Current debt (G)	(22)	(22)	-
I. Net funds (C + F + H)	13,958,042	20,985,252	(7,027,211)
- due from related parties	-	7,070,962	(7,070,962)
- other	13,958,042	13,914,290	43,752