



PRESS RELEASE

ACOTEL GROUP SpA: Board approves separate and consolidated financial statements for 2011.

Consolidated results:

- **Revenue approximately €109 million (€154 million in 2010)**
- **EBITDA approximately €5.8 million (up 12%)**
- **EBIT approximately €2.3 million (up 68%)**
- **Net profit €1.9 million (a loss of €2.2 million in 2010)**
- **Net funds €37.2 million (€35.1 million in 2010)**

Earnings up despite fall in Group revenue.

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 2011, which will be submitted for approval to the Annual General Meeting of shareholders (AGM) to be held in first call on 24 April 2012 and, if necessary, in second call on 27 April 2012.

Consolidated financial statements 2011

The Acotel Group reports revenue of approximately €109 million, down 29% on the approximately €154 million of 2010. This reflects a generalised down turn in the markets served by the Services business, primarily due to regulatory changes in a number of countries in which the Group operates.

84% of the Group's revenue was generated by the supply of Services, 12% by the Mobile VAS Technology business, and the remainder by Mobile Telecommunications and Security Systems.

The **Services** business reports revenues of approximately €91.6 million, down 33.6% on the €137.8 million of 2010. These revenues were generated by Acotel SpA (Rome), Flycell Inc. (New York) and its subsidiaries, Acotel do Brasil (Rio de Janeiro) and Info2cell (Dubai).

The decline in revenues reflects both a number of changes in the regulatory framework in the countries of presence and the evolving behaviour of mobile users, who have shifted their attention from, for example, downloading content to online interactive games and lotteries.

The **Mobile VAS Technology** business reports revenues of €13.6 million (up 3.5% on 2010), generated by the subsidiary, Jinny Software Ltd.. The majority of revenues were generated in Africa (42%) and the American continent (28%). The figures demonstrate the company's resilience at a particularly difficult time, due to the current tendency of telecommunications companies to delay investment.



Total revenues from **Mobile telecommunications** amount to €3.5 million and are attributable to Noverca Italia Srl (the Group's share of the company's revenues, based on the method of consolidation used, is €2 million, up 25.4% on the €1.6 million of 2010).

Noverca Italia Srl's new technology platform entered service at the end of 2011, enabling the company to operate as a Full MVNO, thereby reducing the direct cost of phone traffic and limiting its dependence on the host operator (Telecom Italia) to mere use of the mobile network around the country.

As regards marketing and sales, it was decided to adopt a new approach to the market, based on greater integration with Intesa Sanpaolo. As a result, the two companies became the first in Italy to trial payment services based on NFC (Near Field Communication) technology to offer so-called contactless payments.

In the **Security Systems** business AEM SpA recorded revenues of approximately €2 million (up 33% on the €1.5 million of 2010). The company renewed two important contracts with the Bank of Italy and Telecom Italia during the year, with the latter agreement relating to maintenance of a number of surveillance systems for Acea Group companies.

The geographical revenue breakdown highlights a general contraction in the geographical areas in which the Group operates, with the exception of Italy (up 17%), thanks to the good performance of Flycell Italia Srl, and Africa (up 60%), a market served primarily by the subsidiary, Jinny Software.

Consolidated gross operating profit (EBITDA) is approximately €5.8 million, up approximately 12% on the previous year thanks partly to the impact of changes in the way Flycell Inc. manages its advertising expenditure.

After amortisation and depreciation of €3.4 million and impairment losses on non-current assets, consolidated operating profit (EBIT) of €2.3 million is up 68% on 2010.

After the Group's share of the profit/(loss) of associates and joint ventures and finance income, totalling €1.1 million, profit before tax is €3.4 million, whilst consolidated profit for 2011 is €1.9 million, compared with the loss of €2.2 million reported for 2010.

Net funds at 31 December 2011 total €37.2 million, up on the figure of €35.1 million reported at the end of 2010. This also reflects Flycell Inc.'s collection of damages following the settlement with the company's former CEO over alleged misconduct.

Parent Company's separate financial statements 2011

During 2011 the Parent Company, Acotel Group SpA, generated total revenue of approximately €2.5 million, largely generated by Service Provisioning for the subsidiary, Acotel SpA.



The Company reports a gross operating loss (negative EBITDA) of €594 thousand, marking an improvement on 2010 as a result of reductions in the cost of external services and staff costs. The operating loss of €986 thousand compared with a loss of €1,138 thousand for 2010.

After the Company's share of the profit/(loss) of associates and joint ventures and net finance income, the loss before tax is €36 thousand, a significant improvement (93%) on 2010. The after-tax loss for 2011 is €527 thousand.

Events after 31 December 2011

In February 2012 the Company announced the creation of the **Interactive** business, focusing on Web and mobile services for the global market, following the strategic repositioning of the entire Services business.

In February, during the Mobile World Congress in Barcelona, Jinny Software Ltd. presented its new commercial offerings to the market, including 4GMC (4G Messaging Center), a messaging platform for use in supplying next generation services.

Noverca Italia Srl and the Intesa Sanpaolo banking group have intensified their marketing of SIM cards under the Superflash brand, used to sell banking services and products to the young. The two companies have also agreed a new commercial and marketing plan for distributing SIM cards through the bank's branch network.

Outlook

The Group is committed to completing its competitive repositioning through the new **Interactive** area of business, with responsibility for operations having been assigned to Acotel Interactive Inc., based in New York and previously named Flycell Inc. (the name Flycell will continue to be used as a commercial brand). The new business will operate in the following areas: Digital Entertainment, Mobile Services and Interactive Advertising.

A new area of business, to be called **Engineering**, will be created to consolidate and bring to market developments in energy control, remote medical and remote reading systems. The assets of AEM SpA will be transferred to this business.

A further strengthening of the commercial proposition of the Group will be obtained by offering also to third parties the capabilities developed by Noverca Srl operating as MVNE (Mobile Virtual Network Enabling) on behalf of the subsidiary Noverca Italia Srl.

Noverca Italia Srl expects to see an increase in sales, partly as a result of the future commercial launch of mobile payment services based on NFC (Near Field Communication) technology, trials of which began towards the end of 2011.



Jinny Software Ltd. will continue to expand, driven by the technological quality of its products, its commercial organisation, with its direct market presence, and its long-standing ability to achieve high levels of customer satisfaction.

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.

Rome, 14 March 2012

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

For more information

Acotel Group SpA Carlo Ficini Investor e media relations Tel. +3906 6114 1000 e-mail carlo.ficini@acotel.com	Barabino&Partners Andrea Pagano Mariano Tel. +3906 6792929 e-mail A.PaganoMariano@barabino.it
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ACOTEL GROUP
Reclassified consolidated income statement (€000)

	2011	2010	Increase/(Decrease)	% inc./(dec.)
Revenues	109,197	154,089	(44,892)	(29%)
Other income	1,568	426	1,142	268%
Total revenue	110,765	154,515	(43,750)	(28%)
Gross operating profit	5,774	5,151	623	12%
	5.21%	3.33%		
Operating profit/(loss)	2,304	1,374	930	68%
	2.08%	0.89%		
Share of profit/(loss) of associates and joint ventures	12	-	12	-
Net finance income/(costs)	1,124	73	1,051	1,440%
PROFIT/(LOSS) BEFORE TAX	3,440	1,447	1,993	138%
	3.11%	0.94%		
PROFIT/(LOSS) BEFORE NON-CONTROLLING INTERESTS	2,021	(1,989)	4,010	202%
	1.82%	(1.29%)		
PROFIT/(LOSS) ATTRIBUTABLE TO OWNERS OF THE PARENT	1,860	(2,239)	4,099	183%
	1.68%	(1.45%)		
Earnings per share	0.45	(0.54)		
Diluted earnings per share	0.45	(0.54)		



ACOTEL GROUP

Reclassified consolidated statement of financial position (€000)

	31 December 2011	31 December 2010	Increase/(Decrease)
Non-current assets:			
Property, plant and equipment	9,661	6,787	2,874
Intangible assets	14,266	13,112	1,154
Other assets	4,755	3,440	1,315
TOTAL NON-CURRENT ASSETS	28,682	23,339	5,343
Net current assets:			
Inventories	533	514	19
Trade receivables	29,616	31,990	(2,374)
Other current assets	5,939	8,633	(2,694)
Trade payables	(20,878)	(19,332)	(1,546)
Other current liabilities	(8,242)	(8,527)	285
TOTAL NET CURRENT ASSETS	6,968	13,278	(6,310)
PROVISIONS FOR STAFF TERMINATION AND OTHER EMPLOYEE BENEFITS	(1,950)	(1,649)	(301)
NON-CURRENT PROVISIONS	(365)	(470)	105
NET INVESTED CAPITAL	33,335	34,498	(1,163)
Equity:			
Share capital	1,084	1,084	-
Reserves and retained earnings/(accumulated losses)	65,765	69,243	(3,478)
Profit/(Loss) for the period	1,860	(2,239)	4,099
Non-controlling interests	719	558	161
TOTAL EQUITY	69,428	68,646	782
MEDIUM-/LONG TERM DEBT	-	35	(35)
Net cash and cash equivalents:			
Current financial assets	(21,913)	(26,284)	4,371
Cash and cash equivalents	(14,215)	(11,700)	(2,515)
Current financial liabilities	35	3,801	(3,766)
	(36,093)	(34,183)	(1,910)
NET FUNDS RECEIVABLE FROM	(36,093)	(34,148)	(1,945)
TOTAL EQUITY AND NET FUNDS RECEIVABLE FROM OTHERS	33,335	34,498	(1,163)



ACOTEL GROUP
Consolidated statement of cash flows (€000)

	2011	2010
A. NET CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	34,183	43,365
B. CASH FLOWS FROM (FOR) OPERATING ACTIVITIES	10,757	(5,441)
Cash flows from operating activities before changes in working capital	4,267	764
Profit/(Loss) for the year	1,860	(2,239)
Amortisation and depreciation	3,446	3,540
Share of profit/(loss) of associates and joint ventures	(12)	-
Impairment of assets	190	159
Net change in staff termination benefits	301	260
Net change in deferred tax liabilities	(1,257)	102
Net change in provisions	(261)	(1,058)
(Increase) / Decrease in receivables	4,987	(8,294)
- due from related parties	(8)	(335)
- other	4,995	(7,959)
(Increase) / Decrease in inventories	(19)	331
Increase / (Decrease) in payables	1,522	1,758
- due to related parties	-	79
- other	1,522	1,679
C. CASH FLOWS FROM (FOR) INVESTING ACTIVITIES	(7,625)	(4,819)
(Purchases)/disposals of fixed assets:		
- Intangible assets	(2,186)	(1,078)
- Property, plant and equipment	(5,288)	(3,739)
- Financial assets	(163)	(2)
Share of profit/(loss) of associates and joint ventures	12	-
D. CASH FLOWS FROM (FOR) FINANCING ACTIVITIES	(1,222)	1,078
Net borrowings:	(109)	(991)
- due to related parties	(109)	(991)
Increase / (Decrease) in medium/long-term debt	(35)	(34)
Other changes in equity	(1,239)	1,853
Change in non-controlling interests	161	250
E. CASH FLOW FOR THE YEAR (B+C+D)	1,910	(9,182)
F. NET CASH AND CASH EQUIVALENTS AT END OF YEAR	36,093	34,183



ACOTEL GROUP

Analysis of consolidated net funds (€000)

	31 December 2011	31 December 2010	Increase/(Decrease)
A. Cash and cash equivalents	14,215	11,700	2,515
B. Assets held for trading	19,326	23,683	(4,357)
C. Liquidity (A + B)	33,541	35,383	(1,842)
D. Loans and receivables due from related parties	1,100	991	109
E. Other current financial assets	2,587	2,601	(14)
F. Current financial assets (D + E)	3,687	3,592	95
G. Current bank borrowings	-	(3,767)	3,767
H. Current portion of non-current debt	(35)	(34)	(1)
I. Current financial liabilities (G + H)	(35)	(3,801)	3,766
L. Net current funds (C+F-I)	37,193	35,174	2,019
M. Non-current financial liabilities	-	(35)	35
N. Non-current debt (M)	-	(35)	35
O. Net funds (L + N)	37,193	35,139	2,054
- receivable from related parties	1,100	991	109
- receivable from others	36,093	34,148	1,945



ACOTEL GROUP SpA
Reclassified income statement (€)

	2011	2010	Increase/(Decrease)	% inc./dec.)
Revenues	2,537,511	2,660,058	(122,547)	(5%)
Other income	1,519,392	1,628,824	(109,432)	(7%)
Total	4,056,903	4,288,882	(231,979)	(5%)
Gross operating profit	(593,718)	(846,982)	253,264	30%
	(14.63%)	(19.75%)		
Amortisation and depreciation	(392,445)	(291,369)	101,076	35%
Operating profit/(loss)	(986,163)	(1,138,351)	152,188	13%
	(24.31%)	(26.54%)		
Share of profit/(loss) of associates and joint ventures	12,351	-	12,351	-
Net finance income/(costs)	938,056	637,665	300,391	47%
PROFIT/(LOSS) BEFORE TAX	(35,756)	(500,686)	464,930	93%
	(0.88%)	(11.67%)		
PROFIT/(LOSS) FOR THE YEAR	(526,840)	(232,871)	(293,969)	(126%)
	(12.99%)	(5.43%)		
Earnings per share	(0.13)	(0.06)		
Earnings per diluted share	(0.13)	(0.06)		



ACOTEL GROUP SpA
Reclassified statement of financial position (€)

	31 December 2011	31 December 2010	Increase/(Decrease)
Non-current assets			
Property, plant and equipment	578,673	859,616	(280,943)
Intangible assets	26,550	26,687	(137)
Non-current financial assets	67,181,904	67,214,436	(32,532)
Other assets	2,591,463	2,355,683	235,780
TOTAL NON-CURRENT ASSETS	70,378,590	70,456,422	(77,832)
Net current assets			
Trade receivables	886,876	651,374	235,502
Other current assets	14,800,629	7,957,135	6,843,494
Trade payables	(378,463)	(609,647)	231,184
Other current liabilities	(13,366,966)	(13,071,948)	(295,018)
TOTAL NET CURRENT ASSETS	1,942,076	(5,073,086)	7,015,162
STAFF TERMINATION BENEFITS	(561,906)	(476,282)	(85,624)
NON-CURRENT PROVISIONS	(856,326)	(32,066)	(824,260)
NET INVESTED CAPITAL	70,902,434	64,874,988	6,027,446
Equity:			
Share capital	1,084,200	1,084,200	-
Reserves and retained earnings/ (accumulated losses)	72,541,224	72,774,095	(232,871)
Profit/(Loss) for the year	(526,840)	(232,871)	(293,969)
TOTAL EQUITY	73,098,584	73,625,424	(526,840)
MEDIUM/LONG-TERM DEBT	-	-	-
Net cash and cash equivalents:			
Current financial assets	(1,465,455)	(8,609,217)	7,143,762
Cash and cash equivalents	(730,717)	(150,505)	(580,212)
Current financial liabilities	22	9,286	(9,264)
	(2,196,150)	(8,750,436)	6,554,286
NET FUNDS	(2,196,150)	(8,750,436)	6,554,286
TOTAL EQUITY AND NET FUNDS	70,902,434	64,874,988	6,027,446



ACOTEL GROUP SpA
Statement of cash flows (€)

	<u>2011</u>	<u>2010</u>
A. NET CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	8,750,436	13,958,042
B. CASH FLOWS FROM (FOR) OPERATING ACTIVITIES	(1,244,472)	1,162,949
Cash flows from operating activities before changes in working capital	528,787	176,101
Profit/(Loss) for the year	(526,840)	(232,871)
Amortisation and depreciation	392,445	291,369
Share of profit/(loss) of associates and joint ventures	(12,351)	-
Net change in staff termination benefits	85,624	64,922
Net change in deferred tax liabilities	589,909	52,681
- due to related parties	824,286	-
- other	(234,377)	52,681
(Increase) / Decrease in receivables	(1,837,093)	1,447,867
- due from related parties	(1,804,417)	787,096
- other	(32,676)	660,771
Increase / (Decrease) in payables	63,834	(461,019)
- due to related parties	23,323	(412,043)
- other	40,511	(48,976)
C. CASH FLOW FROM (FOR) INVESTING ACTIVITIES	(67,911)	(860,205)
(Purchases)/disposals of fixed assets:		
- Intangible assets	(12,615)	(4,937)
- Property, plant and equipment	(98,750)	(378,071)
- Financial assets	31,103	(477,197)
- related parties	32,532	(477,197)
- other	(1,429)	-
Share of profit/(loss) of associates and joint ventures	12,351	-
D. CASH FLOW FROM (FOR) FINANCING ACTIVITIES	(5,241,903)	(5,510,350)
Loans provided	(5,241,903)	(5,510,350)
- due from related parties	(5,241,903)	(5,510,350)
E. CASH FLOW FOR THE YEAR (B+C+D)	(6,554,286)	(5,207,606)
F. NET CASH AND CASH EQUIVALENTS AT END OF YEAR (A+E)	2,196,150	8,750,436



ACOTEL GROUP SpA
Analysis of net funds (€)

	31 December 2011	31 December 2010	Increase/(Decrease)
A. Cash and cash equivalents	730,717	150,505	580,212
B. Securities held for trading	965,190	6,007,898	(5,042,708)
C. Liquidity (A + B)	1,695,907	6,158,403	(4,462,496)
D. Current financial receivables due from related parties	10,752,253	5,510,350	5,241,903
E. Other current financial receivables	500,265	2,601,319	(2,101,054)
F. Current financial receivables (D + E)	11,252,518	8,111,669	3,140,849
G. Current bank borrowings	(22)	(9,286)	9,264
H. Current debt (G)	(22)	(9,286)	9,264
I. Net funds (C + F + H)	12,948,403	14,260,786	(1,312,383)
- receivable from related parties	10,752,253	5,510,350	5,241,903
- receivable from others	2,196,150	8,750,436	(6,554,286)