



## **PRESS RELEASE**

**ACOTEL GROUP SpA: Board approves separate and consolidated financial statements for 2012.**

### **Consolidated results:**

- **Revenue approximately €99 million (€109 million in 2011)**
- **EBITDA approximately €1.1 million (€6.1 million in 2011)**
- **Negative EBIT approximately €3.5 million (a positive €2.6 million in 2011)**
- **Net loss €6.1 million (profit of €1.9 million in 2011)**
- **Net funds €29.6 million (€37.2 million in 2011)**

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 2012, which will be submitted for approval to the Annual General Meeting of shareholders (AGM) to be held in first call on 24 April 2013 and, if necessary, in second call on 29 April 2013.

The Group's overall performance was significantly impacted by the operating losses incurred by the operating losses incurred by the operating losses incurred by Noverca Srl and Noverca Italia Srl which both report a gross operating loss (negative EBITDA), of €2,062 thousand and €3,502 thousand respectively.

### **Consolidated financial statements 2012**

The Acotel Group reports revenue of approximately €99 million, down 9% on the approximately €109 million of 2011. This reflects reduced turnover in the Digital entertainment segment of the Acotel Interactive business area in Brazil, Spain and the USA.

A breakdown by area of business shows that 77% of revenue was generated by the Acotel Interactive business, 22% by Acotel TLC and the remaining 1% by Acotel Net.

In the **Acotel Interactive** business area, Digital Entertainment services generated revenues of €50.2 million, compared with the €64.3 million of 2011. These revenues were almost entirely generated by Acotel Interactive Inc. and its subsidiaries. Mobile Services, on the other hand, generated revenues of €26.3 million (up on the €23.3 million of 2011) and include revenues generated by Info2cell, Acotel SpA and Acotel do Brasil.

Revenues generated by the **Acotel TLC** business area amount to €21.5 million (up 10% on 2011), with 67% generated by the Mobile VAS Technology segment, in which the subsidiary, Jinny Software Ltd., operates, and with the remaining 33% generated by Mobile Communications, which includes Acotel SpA, Acotel do Brasil and the MVNO, Noverca Italia Srl. In the latter case, revenue growth did not enable the company to end the year in profit.

Finally, revenues generated by the **Acotel Net** business area amount to €1.5 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 (30%), Latin America (25%), North America (17%), the Middle East (15%), Africa (6%) and other European countries (5%), with the remainder in Asia (2%).



Consolidated gross operating profit (EBITDA) is approximately €1.1 million (€6.1 million for 2011). After amortisation and depreciation and impairments of non-current assets, the Group reports an operating loss (negative EBIT) of €3.5 million, compared with the profit of €2.6 million for the previous year.

After net finance income (€1.1 million), estimated taxation for the period (€3.4 million), profit from discontinued operations (€248 thousand) and profit attributable to non-controlling interests (€93 thousand), the loss attributable to owners of the Parent amounts to €6.1 million (a profit of €1.9 million in 2011).

Net funds at 31 December 2012 amount to approximately €29.6 million, compared with €37.2 million at 31 December 2011.

### **Parent Company's separate financial statements 2012**

The Parent Company, Acotel Group SpA, generated total revenue of approximately €3.2 million, generated by Service Provisioning for the subsidiary, Acotel SpA.

The Company reports a gross operating loss (negative EBITDA) of €170 thousand, marking an improvement on 2011 as a result of the increase in revenue during the year.

The operating loss (negative EBIT) amounts to €16,297 thousand, compared with a loss of €986 thousand in 2011. This margin was significantly impacted by the impairment loss of €15,756 thousand recognised in order to adjust the carrying amount of the investment in Noverca Srl to its recoverable amount.

After the Company's share of the profit/(loss) of associates and joint ventures, net finance income, income tax expense for the year and profit from discontinued operations, the loss for 2012 amounts to €6,001 thousand.

### **Events after 31 December 2012**

The subsidiary, Jinny Software Ltd., has made an excellent start to 2013, acquiring contracts with two new customers, including one of Latin America's leading mobile operators. During the Mobile World Congress in Barcelona, Jinny launched its Diameter Router, a product designed to help operators handle signalling traffic on new generation networks.

In February the Acotel Net business area embarked on two partnerships relating to energy management and water consumption.

The first was launched in Italy with a multi-utility firm that has distributed Acotel's gateway to its SME users in order to boost customer loyalty by providing an useful and innovative additional service.

The second, on the other hand, was launched in Brazil, arousing strong interest among both drinking water distributors and large condominiums in the city of Rio de Janeiro.



## Outlook

From this year Noverca Srl will begin to operate as an MVNE (Mobile Virtual Network Enabler) and MVNA (Mobile Virtual Network Aggregator), giving it the ability to meet the needs of potential customers with which it is close to concluding commercial agreements.

Jinny Software Ltd. will aim to grasp the opportunities offered by mobile operators' growing interest in outsourcing management of the infrastructure used in providing VAS services, to which it can respond with its Cloud Messaging and Managed Platform offerings.

The rollout of smart metering services, recently launched in Italy and Brazil, should make a significant contribution to the Group's performance in 2013. In particular, the ENERGY Service enables users to measure their consumption (electricity, gas and water) and keep a check on the energy efficiency of their equipment and buildings, so as to optimise consumption and reduce costs. The service is provided in return for payment of a monthly fee, charged in proportion to the number of smart metering gateways supplied by Acotel on free loan. Users of the Service include companies for internal use, utilities, who distribute them to their end customers, and large communities such as, for example, condominiums and yacht marinas.

## 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, statements of financial position, statements of cash flows and analyses of net funds are attached. The data in these statements is currently being audited.*

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Rome, 15 March 2013



**ACOTEL GROUP**  
**Reclassified consolidated income statement (\*)**

(€000)	<b>2012</b>	<b>2011</b>	<b>Increase/ (Decrease)</b>
Revenues	99,387	109,197	(9,810)
Other income	2,025	1,568	457
<b>Total revenue</b>	<b>101,412</b>	<b>110,765</b>	<b>(9,353)</b>
<b>Gross operating profit</b>	<b>1,141</b>	<b>6,066</b>	<b>(4,925)</b>
	<i>1.13%</i>	<i>5.21%</i>	
<b>Operating profit/(loss)</b>	<b>(3,487)</b>	<b>2,596</b>	<b>(6,083)</b>
	<i>-3.44%</i>	<i>2.08%</i>	
Share of profit/(loss) of associates and joint ventures	-	12	(12)
Net finance income/(costs)	1,142	1,123	19
<b>PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS</b>	<b>(2,345)</b>	<b>3,731</b>	<b>(6,076)</b>
	<i>-2.31%</i>	<i>3.11%</i>	
Taxation	(3,367)	(1,417)	(1,950)
<b>PROFIT/(LOSS) FROM CONTINUING OPERATIONS</b>	<b>(5,712)</b>	<b>2,314</b>	<b>(8,026)</b>
	<i>(5.63%)</i>	<i>1.82%</i>	
Profit/(Loss) from discontinued operations	(248)	(293)	45
<b>PROFIT/(LOSS) BEFORE NON-CONTROLLING INTERESTS</b>	<b>(5,960)</b>	<b>2,021</b>	<b>(7,981)</b>
Profit/(Loss) attributable to non-controlling interests	93	161	(68)
<b>PROFIT/(LOSS) ATTRIBUTABLE TO OWNERS OF THE PARENT</b>	<b>(6,053)</b>	<b>1,860</b>	<b>(7,913)</b>
	<i>(5.97%)</i>	<i>1.68%</i>	
Earnings per share	(1.47)	0.45	
Diluted earnings per share	(1.47)	0.45	

(\*): Amounts for 2011 have been restated for the purposes of comparison and in accordance with IFRS 5, in order to show profit generated in 2011 by operations discontinued in 2012.



## ACOTEL GROUP

### Reclassified consolidated statement of financial position

(€000)	31 December 2012	31 December 2011	Increase/ (Decrease)
<b>Non-current assets:</b>			
Property, plant and equipment	10,445	9,661	784
Intangible assets	14,299	14,266	33
Other assets	3,489	4,755	(1,266)
<b>TOTAL NON-CURRENT ASSETS</b>	<b>28,233</b>	<b>28,682</b>	<b>(449)</b>
<b>Net current assets:</b>			
Inventories	721	533	188
Trade receivables	32,742	29,616	3,126
Other current assets	4,833	4,839	(6)
Trade payables	(23,850)	(20,878)	(2,972)
Other current liabilities	(8,414)	(8,242)	(172)
<b>TOTAL NET CURRENT ASSETS</b>	<b>6,032</b>	<b>5,868</b>	<b>164</b>
<b>PROVISIONS FOR STAFF TERMINATION AND OTHER EMPLOYEE BENEFITS</b>	<b>(2,256)</b>	<b>(1,950)</b>	<b>(306)</b>
<b>NON-CURRENT PROVISIONS</b>	<b>(629)</b>	<b>(365)</b>	<b>(264)</b>
<b>NET INVESTED CAPITAL</b>	<b>31,380</b>	<b>32,235</b>	<b>(855)</b>
<b>Equity:</b>			
Share capital	1,084	1,084	-
Reserves and retained earnings/(accumulated losses)	65,099	65,765	(666)
Profit/(Loss) for the period	(6,053)	1,860	(7,913)
Non-controlling interests	812	719	93
<b>TOTAL EQUITY</b>	<b>60,942</b>	<b>69,428</b>	<b>(8,486)</b>
<b>MEDIUM-/LONG TERM DEBT</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net cash and cash equivalents:</b>			
Current financial assets	(16,722)	(21,913)	5,191
Cash and cash equivalents	(11,853)	(14,215)	2,362
Current financial receivables	(1,646)	(1,100)	(546)
Current financial liabilities	659	35	624
	<b>(29,562)</b>	<b>(37,193)</b>	<b>7,631</b>
<b>NET FUNDS RECEIVABLE FROM OTHERS</b>	<b>(29,562)</b>	<b>(37,193)</b>	<b>7,631</b>
<b>TOTAL EQUITY AND NET FUNDS RECEIVABLE FROM OTHERS</b>	<b>31,380</b>	<b>32,235</b>	<b>(855)</b>



**ACOTEL GROUP**  
**Consolidated statement of cash flows**

(€000)

	<b>2012</b>	<b>2011</b>
<b>A. NET CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>36,093</b>	<b>34,183</b>
<b>B. CASH FLOWS FROM (FOR) OPERATING ACTIVITIES</b>	<b>402</b>	<b>10,757</b>
<b>Cash flows from operating activities before changes in working capital</b>	<b>591</b>	<b>4,267</b>
Profit/(Loss) for the year	(6,053)	1,860
Amortisation and depreciation	4,562	3,446
Share of profit/(loss) of associates and joint ventures	-	(12)
Impairment of assets	80	190
Net change in staff termination benefits	306	301
Net change in deferred tax liabilities	1,751	(1,257)
Net change in provisions	(55)	(261)
(Increase) / Decrease in receivables	(3,200)	4,987
- due from related parties	113	(8)
- other	(3,313)	4,995
(Increase) / Decrease in inventories	(188)	(19)
Increase / (Decrease) in payables	3,199	1,522
- due to related parties	146	-
- other	3,053	1,522
<b>C. CASH FLOWS FROM (FOR) INVESTING ACTIVITIES</b>	<b>(5,600)</b>	<b>(7,625)</b>
(Purchases)/disposals of fixed assets:		
- Intangible assets	(1,297)	(2,186)
- Property, plant and equipment	(4,082)	(5,288)
- Financial assets	(221)	(163)
Share of profit/(loss) of associates and joint ventures	-	12
<b>D. CASH FLOWS FROM (FOR) FINANCING ACTIVITIES</b>	<b>(2,979)</b>	<b>(1,222)</b>
Net borrowings:	(546)	(109)
- due to related parties	(546)	(109)
Increase / (Decrease) in medium/long-term debt	-	(35)
Other changes in equity	(2,526)	(1,239)
Change in non-controlling interests	93	161
<b>E. CASH FLOW FOR THE YEAR (B+C+D)</b>	<b>(8,177)</b>	<b>1,910</b>
<b>F. NET CASH AND CASH EQUIVALENTS AT END OF YEAR (A+E)</b>	<b>27,916</b>	<b>36,093</b>



**ACOTEL GROUP**

**Analysis of consolidated net funds**

(€000)

	31 December 2012	31 December 2011	Increase/ (Decrease)
A. Cash and cash equivalents	11,853	14,215	(2,362)
B. Assets held for trading	15,710	19,326	(3,616)
<b>C. Liquidity (A + B)</b>	<b>27,563</b>	<b>33,541</b>	<b>(5,978)</b>
D. Loans and receivables due from related parties	1,646	1,100	546
E. Other current financial assets	1,012	2,587	(1,575)
<b>F. Current financial assets (D + E)</b>	<b>2,658</b>	<b>3,687</b>	<b>(1,029)</b>
G. Current bank borrowings	(659)		(659)
H. Current portion of non-current debt		(35)	35
<b>I. Current financial liabilities (G + H)</b>	<b>(659)</b>	<b>(35)</b>	<b>(624)</b>
<b>L. Net current funds (C+F+I)</b>	<b>29,562</b>	<b>37,193</b>	<b>(7,631)</b>
- receivable from related parties	1,646	1,100	546
- receivable from others	27,916	36,093	(8,177)



**ACOTEL GROUP SpA**  
**Reclassified income statement (\*)**

(€)	<b>2012</b>	<b>2011</b>	<b>Increase/ (Decrease)</b>
Revenues	3,152,267	2,537,511	614,756
Other income	1,576,727	1,519,392	57,335
<b>Total</b>	<b>4,728,994</b>	<b>4,056,903</b>	<b>672,091</b>
<b>Gross operating profit</b>	<b>(169,851)</b>	<b>(593,718)</b>	<b>423,867</b>
	(3.59%)	(14.63%)	
Amortisation and depreciation	(370,653)	(392,445)	(21,792)
Impairment charges/reversal of impairment charges on non-current assets	(15,756,355)	-	15,756,355
<b>Operating profit/(loss)</b>	<b>(16,296,859)</b>	<b>(986,163)</b>	<b>(15,310,696)</b>
	(344.62%)	(24.31%)	
Share of profit/(loss) of associates and joint ventures	9,370,930	12,351	9,358,579
Net finance income/(costs)	687,647	285,820	401,827
<b>PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS</b>	<b>(6,238,282)</b>	<b>(687,992)</b>	<b>(5,550,290)</b>
	(131.92%)	(16.96%)	
Taxation	(48,489)	(491,084)	442,595
<b>PROFIT/(LOSS) FROM CONTINUING OPERATIONS</b>	<b>(6,286,771)</b>	<b>(1,179,076)</b>	<b>(5,107,695)</b>
	-132.94%	-29.06%	
Profit/(Loss) from discontinued operations	285,314	652,236	(366,922)
<b>PROFIT/(LOSS) FOR THE YEAR</b>	<b>(6,001,457)</b>	<b>(526,840)</b>	<b>(5,474,617)</b>
	(126.91%)	(12.99%)	
Earnings per share	(1.46)	(0.13)	
Earnings per diluted share	(1.46)	(0.13)	

(\*): Amounts for 2011 have been restated for the purposes of comparison and in accordance with IFRS 5, in order to show profit generated in 2011 by operations discontinued in 2012.





**ACOTEL GROUP SpA**  
**Reclassified statement of financial position**

(€)	<b>31 December 2012</b>	<b>31 December 2011</b>	<b>Increase/ (Decrease)</b>
<b>Non-current assets</b>			
Property, plant and equipment	257,432	578,673	(321,241)
Intangible assets	18,473	26,550	(8,077)
Non-current financial assets	70,915,031	67,181,904	3,733,127
Other assets	2,581,523	2,591,463	(9,940)
<b>TOTAL NON-CURRENT ASSETS</b>	<b>73,772,459</b>	<b>70,378,590</b>	<b>3,393,869</b>
<b>Net current assets</b>			
Trade receivables	450,604	886,876	(436,272)
Other current assets	4,156,572	4,048,376	108,196
Trade payables	(429,695)	(378,463)	(51,232)
Other current liabilities	(28,508,310)	(13,366,966)	(15,141,344)
<b>TOTAL NET CURRENT ASSETS</b>	<b>(24,330,829)</b>	<b>(8,810,177)</b>	<b>(15,520,652)</b>
<b>STAFF TERMINATION BENEFITS</b>	<b>(655,847)</b>	<b>(561,906)</b>	<b>(93,941)</b>
<b>NON-CURRENT PROVISIONS</b>	<b>(684,075)</b>	<b>(856,326)</b>	<b>172,251</b>
<b>NET INVESTED CAPITAL</b>	<b>48,101,708</b>	<b>60,150,181</b>	<b>(12,048,473)</b>
<b>Equity:</b>			
Share capital	1,084,200	1,084,200	-
Reserves and retained earnings/ (accumulated losses)	72,014,384	72,541,224	(526,840)
Profit/(Loss) for the year	(6,001,457)	(526,840)	(5,474,617)
<b>TOTAL EQUITY</b>	<b>67,097,127</b>	<b>73,098,584</b>	<b>(6,001,457)</b>
<b>MEDIUM/LONG-TERM DEBT</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net cash and cash equivalents:</b>			
Current financial assets	-	(1,465,455)	1,465,455
Cash and cash equivalents	(343,205)	(730,717)	387,512
Current Financial receivables	(19,513,387)	(10,752,253)	(8,761,134)
Current Financial payables	861,173	-	861,173
Current financial liabilities	-	22	(22)
	<b>(18,995,419)</b>	<b>(12,948,403)</b>	<b>(6,047,016)</b>
<b>NET FUNDS</b>	<b>(18,995,419)</b>	<b>(12,948,403)</b>	<b>(6,047,016)</b>
<b>TOTAL EQUITY AND NET FUNDS</b>	<b>48,101,708</b>	<b>60,150,181</b>	<b>(12,048,473)</b>

**ACOTEL GROUP SpA**  
**Statement of cash flows (\*)**

(€)	<u>2012</u>	<u>2011</u>
<b>A. NET CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>2,196,150</b>	<b>8,750,436</b>
<b>B. CASH FLOWS FROM (FOR) OPERATING ACTIVITIES</b>	<b>450,849</b>	<b>(1,244,472)</b>
<b>Cash flows from operating activities before changes in working capital</b>	<b>(681,629)</b>	<b>528,787</b>
Profit/(Loss) for the year	(6,001,457)	(526,840)
Amortisation and depreciation	370,653	392,445
Impairment of investment in Noverca Srl	15,756,355	-
Profit/(Loss) from discontinued operations	(9,370,930)	(12,351)
Interest income	(1,006,128)	(309,961)
- <i>due from related parties</i>	(1,006,128)	(309,961)
Interest expense	8,173	-
- <i>due to related parties</i>	8,173	-
Net change in staff termination benefits	93,941	85,624
Net change in provisions	(172,353)	824,286
- <i>related parties</i>	(172,353)	824,286
Net change in deferred tax liabilities	10,343	(234,377)
(Increase) / Decrease in receivables	328,076	(1,824,742)
- <i>due from related parties</i>	418,123	(1,792,066)
- <i>other</i>	(90,047)	(32,676)
Increase / (Decrease) in payables	804,401	63,834
- <i>due to related parties</i>	709,273	23,323
- <i>other</i>	95,128	40,511
<b>C. CASH FLOW FROM (FOR) INVESTING ACTIVITIES</b>	<b>63,856</b>	<b>(80,262)</b>
(Purchases)/disposals of fixed assets:		
- Intangible assets	(4,550)	(12,615)
- Property, plant and equipment	(36,785)	(98,750)
- Financial assets	105,191	31,103
- <i>related parties</i>	105,492	32,532
- <i>other</i>	(301)	(1,429)
<b>D. CASH FLOW FROM (FOR) FINANCING ACTIVITIES</b>	<b>(2,737,875)</b>	<b>(4,931,942)</b>
Net loans received	853,000	-
- <i>from related parties</i>	853,000	-
Net loans provided	(3,590,875)	(4,931,942)
- <i>to related parties</i>	(3,590,875)	(4,931,942)
<b>E. CASH FLOW FOR THE YEAR (B+C+D)</b>	<b>(1,852,945)</b>	<b>(6,554,286)</b>
<b>F. NET CASH AND CASH EQUIVALENTS AT END OF YEAR (A+E)</b>	<b>343,205</b>	<b>2,196,150</b>

(\*): Amounts for 2011 have been restated to provide a better basis for comparison.



**ACOTEL GROUP SpA**  
**Analysis of net funds**

(€)

	31 December 2012	31 December 2011	Increase/ (Decrease)
A. Cash and cash equivalents	343,205	730,717	(387,512)
B. Securities held for trading	-	965,190	(965,190)
<b>C. Liquidity (A + B)</b>	<b>343,205</b>	<b>1,695,907</b>	<b>(1,352,702)</b>
D. Current financial receivables due from related parties	19,513,387	10,752,253	8,761,134
E. Other current financial receivables	-	500,265	(500,265)
<b>F. Current financial receivables (D + E)</b>	<b>19,513,387</b>	<b>11,252,518</b>	<b>8,260,869</b>
G. Current bank borrowings	-	(22)	22
H. Current portion of non-current debt	(861,173)	-	(861,173)
<b>I. Current financial liabilities (G + H)</b>	<b>(861,173)</b>	<b>(22)</b>	<b>(861,151)</b>
<b>L. Net current funds (C+F-I)</b>	<b>18,995,419</b>	<b>12,948,403</b>	<b>6,047,016</b>
- receivable from related parties	18,652,214	10,752,253	7,899,961
- receivable from others	343,205	2,196,150	(1,852,945)