



PRESS RELEASE

ACOTEL GROUP SpA: Board approves separate and consolidated financial statements for 2015

Consolidated results:

- **Revenue approximately €37.1 million (€43.7 million in 2014)**
- **Negative EBITDA approximately €8.6 million (negative €6.6 million in 2014)**
- **Negative EBIT approximately €10.5 million (negative €9.1 million in 2014)**
- **Net loss €10.7 million (loss of €19.3 million in 2014)**
- **Net funds €11.6 million (€23.1 million in 2014)**

Subsidiary, Acotel SpA, to be merged with and into Acotel Group SpA

Today's meeting of the Board of Directors of Acotel Group SpA has approved the consolidated and separate financial statements for the year ended 31 December 2015, which will be submitted for approval to the Annual General Meeting of shareholders (AGM) to be held in first call on 22 April 2016 and, if necessary, in second call on 29 April 2016.

In 2015, the Acotel Group continued to implement its established strategy, focusing on the large-scale commercialisation of the Group's Smart Metering and Energy Management services, the consolidation of its existing businesses and the disposal of non-core assets. Acotel has progressively changed its operating model, transforming itself from a company that was primarily a provider of value added services (VAS) to a Group built around three business areas, Interactive, NET and TLC, offering differentiated but complementary services.

Through the **Acotel Interactive** business, the Group commercialises its "traditional" VAS services, offering them not only on behalf of mobile operators, but also making its own apps available in the market or selling them directly via the advertising services provided by the subsidiary, Bucksense Inc..

In this business area, the Group exited the Turkish and Middle Eastern markets in 2015, deeming them not to have attractive revenue potential. This involved the sale of the subsidiaries, Flycell Telekomunikasyon Hizmetler AS and Info2cell.com FZ-LLC.

In the same business area, at the end of 2015 the subsidiary, Bucksense Inc., that creates performance-based advertising campaigns, has begun offering advertising services outside the Acotel Group.

In the **Acotel Net** business area, Acotel has almost completed activation of the devices installed at around 8,500 of Poste Italiane's offices, a process that began in the previous year. The use of Acotel Net's solution in Poste Italiane's offices is proving a success, as the devices not only enable the customer to make significant energy savings, but also enable customers to identify the numerous outages that occur in real time. The new system enables the problems, caused by interruptions to electricity supply or malfunctioning automatic switch-off devices, to be rapidly dealt with and normal service restored to the premises concerned.

In the second half of 2015, ENI launched its Energy Meter service for its SOHO and small business customers, based on the solution developed by Acotel. This is a major step forward, which will see one of Italy's leading utilities advise its customers on how to save in order to make them more aware of their energy consumption, using technology developed by Acotel. At 31 December 2015, approximately 3,700 of ENI's customers had chosen the service.

In June, Acotel signed a partnership agreement with Bartucci SpA, one of the most respected and established names in the Italian energy efficiency market, accredited as an E.S.Co. (Energy Service Company) by the country's energy market regulator. From the second half of October, the



agreement resulted in the offer of energy diagnostics in compliance with the requirements and obligations contained in Legislative Decree 102/2014. This legislation has introduced a series of measures designed to improve energy efficiency and imposed an obligation on large companies and businesses with high levels of energy consumption to conduct energy diagnoses at their production plants. These services are provided thanks to software designed and produced by Acotel, called ETA (Energy Tracking and Audit), which creates a report enabling the energy diagnosis to be carried out.

In July, GEOX SpA requested provision of the Energy Management service for some of its retail outlets.

In September, an agreement was signed with Piaggio & C. SpA for the supply of devices to be used in the provision of smart metering and energy management services, involving the monitoring of electricity, gas, compressed air and hot water consumption at the customer's Pontedera manufacturing plant.

For the third year running, Acotel took part in the Smart Energy Expo held at the Verona Exhibition Centre in October, presenting its aReader, the new sensor for obtaining readings for electricity, water and gas consumption from older-generation drum-type meters that cannot transmit the information stored on them.

Finally, in December, testing of the IT portal, created by Acotel for ENEA, was completed. The portal is designed to download diagnosis documents from participating companies and store them in a database for analysis by ENEA using its automated data analysis tools.

In the **TLC** business area, the migration of Noverca's retail customers to Telecom Italia SpA was also completed in June, in accordance with the terms of the agreement signed on 9 January 2015. This transaction has resulted in recognition of income of approximately €2.9 million from the transfer of around 130 thousand customers. It has also enabled the Group to retain the licenses needed in order to continue operating as a Mobile Virtual Network Aggregator ("MVNA") and ensured that it has access to its own Machine-to-Machine SIM cards, representing a further competitive advantage for the Acotel Net business area.

The impossibility of directly developing the retail business, in part due to the withdrawal of the other founding shareholder, Intesa Sanpaolo, from the project, has led Acotel Group SpA to place Noverca Italia Srl in liquidation, as confirmed by the resolution approved by the Extraordinary General Meeting shareholders held on 26 February 2015 and filed with Rome Companies' Register on 1 April 2015.

The Group's **TLC** business is now capable of enabling parties looking to become MVNOs (Mobile Virtual Network Operators), having independently developed:

- all the necessary network architecture, consisting of complex systems for Billing, CRM (Customer Relationship Management), DWH (Data Warehouse) and HLR (Home Location Register);
- SIM cards that can be customised either within a smartphone or in other devices developed by the Group for the so-called NET market.

During the year, the Group continued with its commercial strategy designed to acquire new customers, in addition to proceeding to enable existing customers and providing services to previously enabled MVNOs.

A new contract was entered into with the customer, Noitel Italia Srl, in June. This will allow the latter to evolve from being an Air Time Reseller to operating as a Mobile Virtual Network Operator. Between July and October, three new contracts were signed with New Soccer, Digitel Italia and Nextus Telecom, increasing the number of Mobile Virtual Network Operators to which Noverca will offer its MVNA services in the telecommunications market from 2016.

In December 2015, the Group amended the Mobile Virtual Network Aggregator contract entered with Telecom Italia SpA in June 2014. This will enable the Group, from 1 January 2016, to have access to the network owned by this mobile network operator on improved terms.



The performance in 2015 has provided proof of how indispensable it is for the Group to take steps to ensure a return to profit, at least over the medium term.

Supported by an expert advisor, this has led the Group to draw up a business plan for the period 2016 – 2020, setting out the actions that need to be taken to restore profitability, progressively reverse the current erosion of capital and cash flow, and relaunch the Group, based around our new, recently created businesses.

The above plan describes how a progressive reduction in the turnover generated by our traditional VAS business, operated by Area Interactive, can be offset by expectations of strong revenue and margin growth, over the medium to long term, in the Net business's Energy operations, the Interactive business's Advertising activities and the TLC business's MVNA activities.

Convinced that the right actions have been taken, the Directors, despite the uncertainty surrounding any future projections, have prepared the consolidated financial statements on a going concern basis.

Consolidated financial statements 2015¹

The Acotel Group reports revenue of approximately €37 million for 2015, down 15% on the approximately €44 million of 2014. The performance primarily reflects reduced turnover at the Acotel Interactive business area, hit by a slowdown in its Italian and South American markets, reflecting commercial issues, which have resulted in falling turnover, and regulatory interventions that have altered the way in which the sector operates.

In terms of operating segment, 90% of revenue was generated by the Acotel Interactive business area and the remaining 5% by the Acotel Net and Acotel TLC business areas.

In the **Acotel Interactive** business area, Digital Entertainment services generated revenue of approximately €27.6 million, down 17% on the €33.2 million of 2014, whilst Mobile Service revenue of around €5.4 million is down 32% from the €8 million of the previous year. Through the activities conducted directly and indirectly by the subsidiary, Bucksense Inc., Acotel has begun to make the experience acquired over recent years, in providing support to Group companies as an advertising agency, available to third-party customers. The resulting Interactive Advertising segment generated revenue of €240 thousand in 2015.

Revenue generated by the **Acotel Net** business area, totalling approximately €1.9 million (up 33% on 2014), include €1 million generated by the Security Systems segment, involving the design, production and maintenance of electronic security systems in Italy, and €0.9 million generated by the Energy segment, primarily in Italy.

Finally, revenue generated by the **Acotel TLC** business area amounts to €1.9 million (up 74% on 2014), with 70% generated by the Mobile Virtual Network Aggregator segment, thanks primarily

¹ *In accordance with IFRS 5, revenue and cost items for 2015 and, for comparative purposes, for 2014, attributable to Noverca's retail business and the assets and liabilities included in the company's liquidation, to Info2cell and to Flycell Telekomunikasyon Hizmetler AS have been classified in "Profit/(Loss) from assets held for sale and discontinued operations" in the income statement. Cost and revenue items attributable to Jinny Software Ltd. and all its subsidiaries, which were sold in the previous year, have also been classified in this line item for 2014.*

Similarly, the current and non-current assets and liabilities attributable to Noverca Italia Srl's remaining operations, which are in the process of being liquidated, have been consolidated on a line-by-line basis, but reclassified to "Total assets held for sale and discontinued operations less related liabilities" in the statement of financial position.



to the traffic generated by the customers of Noitel Italia Srl, Ringo Mobile SpA and Linkem SpA. The remaining 30% was generated by the Mobile Communications segment, essentially by Acotel SpA.

The geographical revenue breakdown shows that 51% of revenue was generated in Latin America, 32% in Italy, 16% in India and the remaining 1% in other European countries.

In terms of earnings, the Group reports a consolidated gross operating loss (negative EBITDA) of approximately €8.6 million (a loss of €6.6 million in 2014). After amortisation and depreciation (€1.6 million) and impairment losses on non-current assets (€0.3 million), the Group reports an operating loss (negative EBIT) of €10.5 million (a loss of €9.1 million for the previous year). After net finance income (€0.6 million), estimated tax expense for the period (€1.9 million) and the profit from assets held for sale and discontinued operations (€1.1 million), which reflects the impact of the sale of Nòverca's retail business, together with the costs and income resulting from the liquidation of Noverca Italia Srl and the sale of the subsidiaries, Flycell Telekomunikasyon Hizmetler AS and Info2cell.com FZ-LLC, the loss attributable to owners of the Parent for the year amounts to approximately €10.7 million (a loss of €19.3 million for 2014).

The overall loss reported by the Group, totalling approximately €10.7 million, breaks down as follows:

| | |
|--|---------------------------|
| (a) NET business area: | (€3,052) thousand |
| (b) INTERACTIVE business area: | (€2,585) thousand |
| (c) TLC business area: | (€1,818) thousand |
| (d) Taxation and adjustments: | (€4,331) thousand |
| (e) Net effect of "discontinued operations": | €1,115 thousand |
| Loss for the year: | (€10,671) thousand |

This shows how the Group continues to experience operational difficulties across all its businesses, connected with the start-up of new activities and deteriorating conditions in our principal geographical markets and sectors of operation.

Net funds at 31 December 2015 amount to approximately €11.6 million, down 50% on the €23.1 million of 31 December 2014. This reflects the financial impact of the losses incurred by Group companies during the year.

Parent Company's separate financial statements 2015

The Parent Company, *Acotel Group SpA*, generated total revenue of approximately €1,367 thousand, generated essentially by Service Provisioning for the subsidiary, Acotel SpA.

The Company reports a gross operating loss (negative EBITDA) of €938 thousand, marking a deterioration with respect to 2014, as a result of the decline in revenue during the year.

The operating loss (negative EBIT) amounts to €7,229 thousand, compared with a loss of €6,642 thousand in 2014. This margin was significantly impacted by the impairment losses of €6,221 thousand recognised in order to adjust the carrying amounts of the investments in Acotel Interactive Inc. (€4,580 thousand) and Acotel SpA (€1,641 thousand) to their recoverable amounts and equity at 31 December 2015.



After the Company's share of the losses of associates and joint ventures, net finance income, income tax expense for the year and the loss from assets held for sale and discontinued operations (Info2cell.com FZ-LLC), the loss for 2015 amounts to €13,779 thousand.

The share of the losses of associates and joint ventures, amounting to €4,090 thousand, reflects provisions for future charges that the Company may incur following completion of the process of liquidating Noverca Italia Srl (€19 thousand) and the cost of covering the losses incurred by the subsidiaries, Noverca Srl (€2,071 thousand) and AEM Acotel Engineering and Manufacturing SpA (€2,000 thousand).

Events after 31 December 2015

Bucksense presented its Interactive Advertising services at the Affiliate Summit West in Las Vegas in January 2016 and at the Mobile World Congress in Barcelona in February. A significant number of contacts resulted from the work carried out at the two fairs and, at the date of preparation of the financial statements, a hundred them have been converted into customers who are already using the services offered by the Group.

Outlook

In the **Acotel Interactive** business area, we expect to see further growth in the customer base in India, a country to which the Group attributes significant revenue potential.

In the same business area, Bucksense Inc. will take part in further trade fairs (the next will be the Affiliate Summit East in New York in August 2016) to publicise its Interactive Advertising services, acquire new customers and boost the monthly spending of existing customers.

In addition to continuing with the development of products and services for managing the consumption of electricity, water and gas, the **Acotel Net** business area will work on concluding ongoing talks with a number of major commercial partners.

Following the sale of Noverca's retail business, the Group's **Acotel TLC** business area can focus its commercial efforts on its MVNA services, taking advantage of investment, over the last few years, in development of a platform and of innovative technological solutions, capable of enabling interested parties to operate in Italy as MVNOs.

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 Legislative Decree 58/1998 (the Consolidated Law on Finance), that the information in this press release is consistent with the underlying accounting records.

Merger of Acotel Group SpA and Acotel SpA

Acotel Group SpA's Board of Directors has also approved a plan to merge the subsidiary, Acotel SpA, with and into Acotel Group SpA. This transaction aims to simplify operating relations between the two companies, given that, in conducting its business, the latter uses the platform developed



and operated by the former. The merger will also bring savings, in terms of both human and financial resources, and result in the need to prepare just one set of financial statements.

Shareholders will be asked to approve the merger at the AGM called to approve the financial statements, to be held on 22 April 2016. The relevant documents will be made available for inspection within the deadline required by law.

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 further information contact:

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Rome, 14 March 2016



ACOTEL GROUP
Reclassified consolidated income statement (*)

| (€000) | 2015 | 2014 | Increase/ (Decrease) |
|---|-----------------|-----------------|---------------------------------|
| Revenue | 37,096 | 43,737 | (6,641) |
| Other income | 202 | 240 | (38) |
| Total revenue | 37,298 | 43,977 | (6,679) |
| Gross operating profit/(loss) | (8,632) | (6,648) | (1,984) |
| Amortisation and depreciation | (1,626) | (2,495) | 869 |
| Impairment losses/reversal of impairment losses on non-current assets | (284) | (4) | (280) |
| Operating profit/(loss) | (10,542) | (9,147) | (1,395) |
| Net finance income/(costs) | 602 | 372 | 230 |
| PROFIT/(LOSS) BEFORE TAX | (9,940) | (8,775) | (1,165) |
| Taxation | (1,846) | (1,037) | (809) |
| PROFIT/(LOSS) FROM CONTINUING OPERATIONS | (11,786) | (9,812) | (1,974) |
| Profit/(Loss) from assets held for sale and discontinued operations | 1,115 | (9,612) | 10,727 |
| PROFIT/(LOSS) BEFORE NON-CONTROLLING INTERESTS | (10,671) | (19,424) | 8,753 |
| Profit/(Loss) attributable to non-controlling interests | - | (77) | 77 |
| PROFIT/(LOSS) ATTRIBUTABLE TO OWNERS OF THE PARENT | (10,671) | (19,347) | 8,676 |
| Earnings per share | (2.59) | (4.70) | |
| Diluted earnings per share | (2.59) | (4.70) | |

(*): As required by IFRS 5, amounts for 2014 have been reclassified.



ACOTEL GROUP
Reclassified consolidated statement of financial position

| (€000) | 31 December 2015 | 31 December 2014 | Increase/ (Decrease) |
|--|-------------------------|-------------------------|---------------------------------|
| Non-current assets: | | | |
| Property, plant and equipment | 5,281 | 7,881 | (2,600) |
| Intangible assets | 2,027 | 3,759 | (1,732) |
| Other assets | 2,590 | 4,198 | (1,608) |
| TOTAL NON-CURRENT ASSETS | 9,898 | 15,838 | (5,940) |
| Net current assets: | | | |
| Inventories | 585 | 442 | 143 |
| Trade receivables | 5,554 | 19,278 | (13,724) |
| Other current assets | 2,036 | 3,091 | (1,055) |
| Trade payables | (6,778) | (24,767) | 17,989 |
| Other current liabilities | (4,120) | (5,459) | 1,339 |
| TOTAL NET CURRENT ASSETS | (2,723) | (7,415) | 4,692 |
| TOTAL ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS LESS RELATED LIABILITIES | (807) | - | (807) |
| PROVISIONS FOR STAFF TERMINATION AND OTHER EMPLOYEE BENEFITS | (3,321) | (3,665) | 344 |
| NON-CURRENT PROVISIONS | (240) | (519) | 279 |
| NET INVESTED CAPITAL | 2,807 | 4,239 | (1,432) |
| Equity: | | | |
| Share capital | 1,084 | 1,084 | - |
| Reserves and retained earnings/(accumulated losses) | 24,000 | 45,396 | (21,396) |
| Profit/(Loss) for the year | (10,671) | (19,347) | 8,676 |
| Non-controlling interests | 30 | 170 | (140) |
| TOTAL EQUITY | 14,443 | 27,303 | (12,860) |
| Net cash and cash equivalents: | | | |
| Current financial assets | (11,034) | (17,063) | 6,029 |
| Cash and cash equivalents | (6,172) | (11,548) | 5,376 |
| Cash and cash equivalents held for sale and included in discontinued operations | (395) | - | (395) |
| Current financial liabilities held for sale and included in discontinued operations | 5,965 | 5,547 | 418 |
| | (11,636) | (23,064) | 11,428 |
| NET FUNDS | (11,636) | (23,064) | 11,428 |
| TOTAL EQUITY AND NET FUNDS | 2,807 | 4,239 | (1,432) |



ACOTEL GROUP
Consolidated statement of cash flows (*)

(€000)

| | <u>2015</u> | <u>2014</u> |
|---|-----------------|-----------------|
| A. NET CASH AND CASH EQUIVALENTS AND CURRENT FINANCIAL ASSETS AT BEGINNING OF YEAR | 23.064 | 18.229 |
| B. CASH FLOWS FROM (FOR) OPERATING ACTIVITIES | (9.685) | (4.173) |
| Cash flows from operating activities after changes in working capital | (6.707) | (12.648) |
| Profit/(Loss) from continuing operations | (11.786) | (9.812) |
| Profit/(Loss) from discontinued operations | 1.115 | (9.612) |
| Loss on sale of assets | 2.073 | 3.669 |
| Amortisation and depreciation | 1.626 | 2.495 |
| Impairment losses/reversal of impairment losses on non-current assets | 284 | 4 |
| Impairment of assets | 56 | 121 |
| Net change in provisions for staff termination benefits | 316 | 692 |
| Net change in current tax liabilities | (40) | (358) |
| Net change in deferred tax liabilities | 1.291 | (798) |
| Net change in provisions | 213 | (573) |
| Currency translation differences | (1.855) | 1.524 |
| (Increase) / Decrease in receivables | 7.927 | 4.150 |
| (Increase) / Decrease in inventories | (149) | (125) |
| Increase / (Decrease) in payables | (8.269) | (436) |
| Cash from (for) operating activities of discontinued operations | (2.487) | 4.886 |
| C. CASH FLOWS FROM (FOR) INVESTING ACTIVITIES | (1.743) | 9.797 |
| (Purchases)/disposals of fixed assets: | | |
| - Intangible assets | (1.280) | (343) |
| - Property, plant and equipment | (428) | (1.250) |
| - Financial assets | 38 | (203) |
| Proceeds from sale of assets, less cash and costs to sell | (48) | 12.061 |
| Cash from (for) investing activities of discontinued operations | (25) | (468) |
| D. CASH FLOWS FROM (FOR) FINANCING ACTIVITIES | - | (789) |
| Change in non-controlling interests | - | (789) |
| E. CASH FLOW FOR THE YEAR (B+C+D) | (11.428) | 4.835 |
| F. NET CASH AND CASH EQUIVALENTS AND CURRENT FINANCIAL ASSETS AT END OF YEAR (A+E) | 11.636 | 23.064 |
| of which: net cash and cash equivalents and current financial assets included in assets and liabilities held for sale and discontinued operations | (5.570) | - |
| G. NET CASH AND CASH EQUIVALENTS AND CURRENT FINANCIAL ASSETS AT END OF YEAR (A+E) PRESENTED IN FINANCIAL STATEMENTS | 17.206 | 23.064 |

(*): As required by IFRS 5, amounts for 2014 have been reclassified.



ACOTEL GROUP
Analysis of consolidated net funds

(€000)

| | 31 December 2015 | 31 December 2014 | Increase/ (Decrease) |
|---|------------------|------------------|-------------------------|
| A. Cash and cash equivalents | 6,567 | 11,548 | (4,981) |
| B. Assets held for trading | 9,434 | 15,463 | (6,029) |
| C. Liquidity (A + B) | 16,001 | 27,011 | (11,010) |
| D. Other current financial receivables | 1,600 | 1,600 | - |
| E. Current financial assets (D) | 1,600 | 1,600 | - |
| F. Current bank borrowings | (5,965) | (5,547) | (418) |
| G. Current financial liabilities (F) | (5,965) | (5,547) | (418) |
| H. Net funds (C+E+G) | 11,636 | 23,064 | (11,428) |



ACOTEL GROUP SpA
Reclassified income statement

| (€) | 2015 | 2014 | Increase/ (Decrease) |
|---|---------------------|---------------------|---------------------------------|
| Revenue | 1,366,561 | 2,217,429 | (850,868) |
| Other income | 2,257,794 | 1,606,391 | 651,403 |
| Total | 3,624,355 | 3,823,820 | (199,465) |
| Gross operating profit/(loss) | (937,774) | (705,202) | (232,572) |
| Amortisation and depreciation | (69,950) | (85,822) | 15,872 |
| Impairment losses/reversal of impairment losses on non-current assets | (6,221,487) | (5,851,192) | (370,295) |
| Operating profit/(loss) | (7,229,211) | (6,642,216) | (586,995) |
| Share of losses of associates and joint ventures | (4,090,188) | (11,928,541) | 7,838,353 |
| Net finance income/(costs) | 322,185 | 32,671 | 289,514 |
| PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS | (10,997,214) | (18,538,086) | 7,540,872 |
| Taxation | (1,016,329) | 2,743,174 | (3,759,503) |
| PROFIT/(LOSS) FROM CONTINUING OPERATIONS | (12,013,543) | (15,794,912) | 3,781,369 |
| Profit/(Loss) from discontinued operations | (1,765,471) | (4,933,500) | 3,168,029 |
| PROFIT/(LOSS) FOR THE YEAR | (13,779,014) | (20,728,412) | 6,949,398 |



ACOTEL GROUP SpA
Reclassified statement of financial position

| (€) | 31 December 2015 | 31 December 2014 | Increase/ (Decrease) |
|--|---------------------|---------------------|-------------------------|
| Non-current assets | | | |
| Property, plant and equipment | 205,830 | 162,666 | 43,164 |
| Intangible assets | 39,159 | 8,468 | 30,691 |
| Non-current financial assets | 39,990,497 | 52,362,174 | (12,371,677) |
| Other assets | 1,833,885 | 2,857,746 | (1,023,861) |
| TOTAL NON-CURRENT ASSETS | 42,069,371 | 55,391,054 | (13,321,683) |
| Net current assets | | | |
| Trade receivables | 557,071 | 821,375 | (264,304) |
| Other current assets | 1,570,581 | 1,847,643 | (277,062) |
| Trade payables | (627,946) | (896,350) | 268,404 |
| Other current liabilities | (21,332,338) | (22,874,011) | 1,541,673 |
| TOTAL NET CURRENT ASSETS | (19,832,632) | (21,101,343) | 1,268,711 |
| PROVISIONS FOR STAFF TERMINATION BENEFITS | | | |
| | (797,620) | (737,935) | (59,685) |
| NON-CURRENT PROVISIONS | | | |
| | (357,106) | (354,810) | (2,296) |
| NET INVESTED CAPITAL | | | |
| | 21,082,013 | 33,196,966 | (12,114,953) |
| Equity: | | | |
| Share capital | 1,084,200 | 1,084,200 | - |
| Reserves and retained earnings/ (accumulated losses) | 37,771,663 | 58,473,512 | (20,701,849) |
| Profit/(Loss) for the year | (13,779,014) | (20,728,412) | 6,949,398 |
| TOTAL EQUITY | 25,076,849 | 38,829,300 | (13,752,451) |
| Net cash and cash equivalents: | | | |
| Current financial assets | (3,593,705) | (6,531,419) | 2,937,714 |
| Cash and cash equivalents | (1,248,611) | (178,738) | (1,069,873) |
| Current financial receivables | (1,174,602) | (932,227) | (242,375) |
| Current borrowings | 2,022,082 | 2,010,050 | 12,032 |
| | (3,994,836) | (5,632,334) | 1,637,498 |
| NET FUNDS | (3,994,836) | (5,632,334) | 1,637,498 |
| TOTAL EQUITY AND NET FUNDS | | | |
| | 21,082,013 | 33,196,966 | (12,114,953) |



ACOTEL GROUP SpA
Statement of cash flows

(€)

| | 2015 | 2014 |
|---|--------------------|--------------------|
| A. NET CASH AND CASH EQUIVALENTS AND CURRENT FINANCIAL ASSETS AT BEGINNING OF YEAR | 6.710.157 | 441.248 |
| B. CASH FLOWS FROM (FOR) OPERATING ACTIVITIES | (2.441.812) | (5.457.960) |
| Cash flows from operating activities after changes in working capital | (1.053.268) | (2.580.525) |
| Profit/(Loss) for the year | (13.779.014) | (20.728.412) |
| Profit/(Loss) from discontinued operations | 1.765.471 | 4.933.500 |
| Amortisation and depreciation | 69.950 | 85.822 |
| Cost of covering losses incurred by Noverca Italia Srl | 18.841 | 8.900.743 |
| Cost of covering losses incurred by Noverca Srl | 1.569.449 | 2.153.429 |
| Cost of covering losses incurred by AEM SpA | 1.639.093 | 874.369 |
| Cost of covering losses incurred by Acotel SpA | 1.641.487 | - |
| Impairment of investment in Acotel do Brasil Ltda | - | 3.135.696 |
| Impairment of investment in Acotel Interactive Inc. | 4.580.000 | 2.715.496 |
| Net change in provisions for staff termination benefits | 96.323 | (75.175) |
| Net change in provisions | 329.153 | (4.574.859) |
| - related parties | - | (4.393.588) |
| - other | 329.153 | (181.271) |
| Net change in current tax liabilities | - | (87.531) |
| Net change in deferred tax liabilities | 1.015.979 | 86.397 |
| | | |
| (Increase) / Decrease in receivables | (1.383.902) | 158.854 |
| - due from related parties | (1.703.468) | 499.102 |
| - other | 319.566 | (340.248) |
| | | |
| Increase / (Decrease) in payables | (4.642) | (3.036.289) |
| - due to related parties | 145.091 | (3.146.565) |
| - other | (149.733) | 110.276 |
| C. CASH FLOW FROM (FOR) INVESTING ACTIVITIES | 4.241.017 | 12.460.746 |
| (Purchases)/disposals of fixed assets: | | |
| - Intangible assets | (35.018) | (1.968) |
| - Property, plant and equipment | (108.787) | (47.403) |
| - Financial assets | 4.384.822 | 12.510.117 |
| - related parties | 4.384.719 | 12.510.117 |
| - verso altri | 103 | - |
| D. CASH FLOW FROM (FOR) FINANCING ACTIVITIES | (3.667.046) | (733.877) |
| Net loans received | 12.032 | 170.998 |
| - from related parties | 12.032 | 170.998 |
| Net loans provided | (3.679.078) | (904.875) |
| - to related parties | (3.679.078) | (904.875) |
| E. CASH FLOW FOR THE YEAR (B+C+D) | (1.867.841) | 6.268.909 |
| F. NET CASH AND CASH EQUIVALENTS AND CURRENT FINANCIAL ASSETS AT END OF YEAR (A+E) | 4.842.316 | 6.710.157 |



ACOTEL GROUP SpA
Analysis of net funds

(€)

| | 31 December 2015 | 31 December 2014 | Increase/ (Decrease) |
|---|--------------------|--------------------|-------------------------|
| A. Cash and cash equivalents | 1.248.611 | 178.738 | 1.069.873 |
| B. Assets held for trading | 1.993.705 | 4.931.419 | (2.937.714) |
| C. Liquidity (A + B) | 3.242.316 | 5.110.157 | (1.867.841) |
| D. Current financial receivables due from related parties | 1.174.602 | 932.227 | 242.375 |
| E. Other current financial receivables | 1.600.000 | 1.600.000 | - |
| F. Current financial receivables (D+E) | 2.774.602 | 2.532.227 | 242.375 |
| G. Current borrowings from related parties | (2.022.082) | (2.010.050) | (12.032) |
| H. Current net debt (G) | (2.022.082) | (2.010.050) | (12.032) |
| I. Net funds (C + F + H) | 3.994.836 | 5.632.334 | (1.637.498) |
| - receivable from related parties | (847.480) | (1.077.823) | 230.343 |
| - receivable from others | 4.842.316 | 6.710.157 | (1.867.841) |