INTERIM REPORT
FOR THE SIX MONTHS ENDED 30 JUNE 2009

Registered offices in Via della Valle dei Fontanili 29/37 – 00168 Rome, Italy
Share capital: €1,084,200 fully paid-in
Rome Companies' Register
Tax Code and VAT number: 06075181005

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CORPORATE OFFICERS

BOARD OF DIRECTORS

Claudio Carnevale
Chairman and CEO

Francesco Ago (1), (2), (3)
Director

Margherita Argenziano
Director

Luca De Rita
Director

Giovanni Galoppi (1), (2)
Director

Giuseppe Guizzi (1), (2)
Director

Luciano Hassan
Director

Cristian Carnevale
Director

Raffaele Cappiello (1), (2)
Director

(1) Member of the Remuneration Committee
(2) Member of the Internal Audit Committee
(3) Lead Independent Director

BOARD OF STATUTORY AUDITORS

Antonio Mastrangelo
Chairman

Umberto Previti Flesca
Auditor

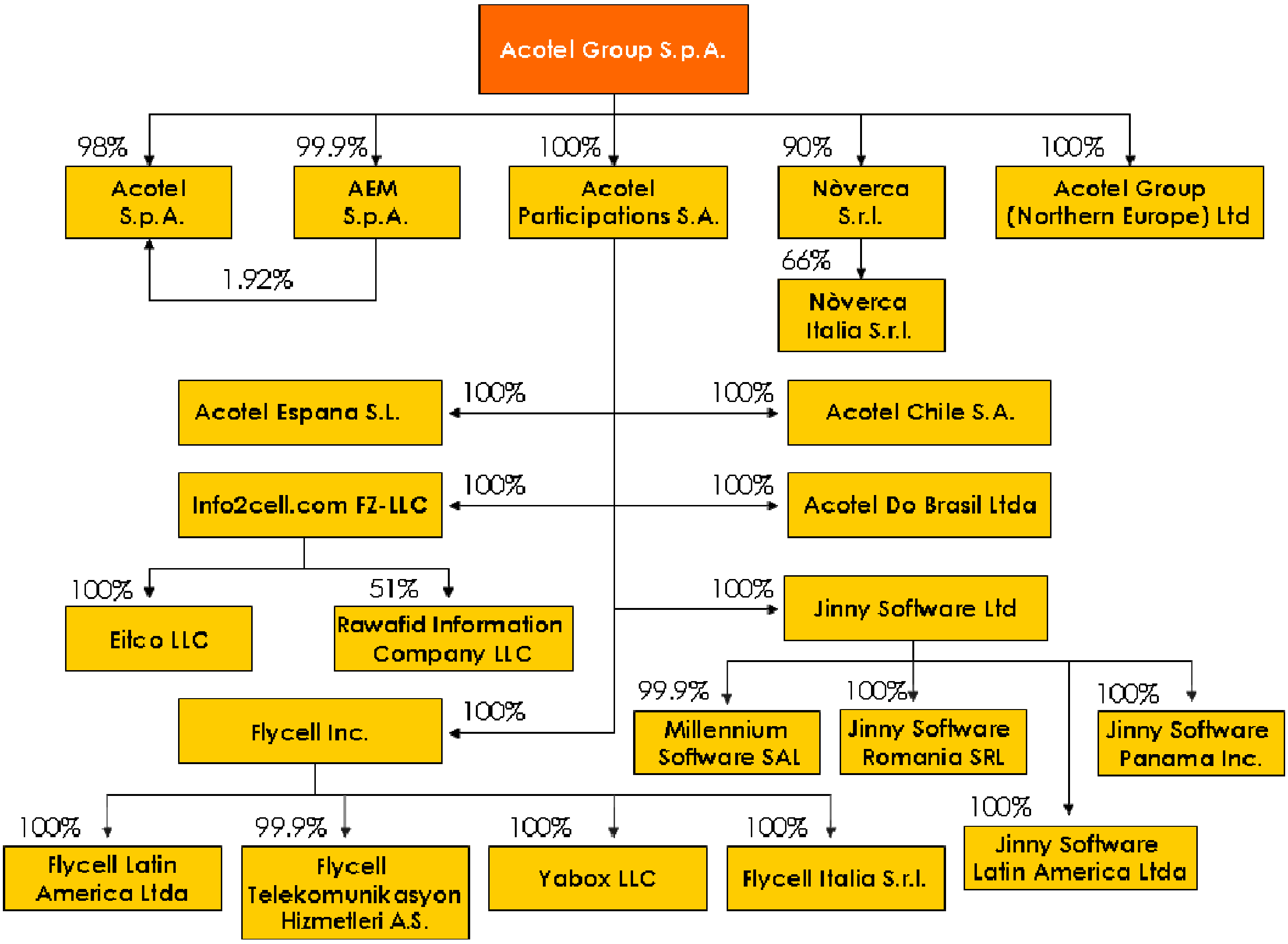
Maurizio Salimei
Auditor

INDEPENDENT AUDITORS

Deloitte & Touche S.p.A.

THE GROUP

The following chart shows the structure of the Acotel Group at 30 June 2009:



The parent company of Acotel Group S.p.A. is Clama S.r.l., which at 30 June 2009 holds 1,727,915 ordinary shares, representing 41.4% of the share capital. Clama S.r.l. does not carry out management and coordination activities pursuant to art. 2497 of the Italian Civil Code.

DIRECTORS' OPERATING AND FINANCIAL REVIEW

PRINCIPAL FACTORS THAT HAVE INFLUENCED THE RESULTS FOR THE PERIOD

During the first half of 2009 the Acotel Group saw a considerable increase in revenue, which rose from the 41.1 million euros of the first half of 2008 to 60 million euros, marking an increase of 46%. The Group also reports a slight deterioration in the gross operating result (EBITDA), which from a profit of 300 thousand euros in the first half of 2008 has swung to a loss of 169 thousand euros in the period under review.

As more fully described below, the increase in revenue is primarily linked to growth in services, whilst the gross operating loss largely reflects the costs incurred during the start-up of the mobile virtual network operator, Nòverca, which represents the most important event for the Group during the period.

The contribution to revenue from the mobile telecommunications business, created in order to keep it separate from the Group's other activities, was limited given that the services are still in the start-up phase.

Revenues generated during the first half by the three existing areas of business are as follows:

- revenues from value added mobile services amounted to 54.8 million euros, marking an increase of 59.4% on the 34.4 million euros of the first half of 2008, and accounting for 91.3% of the Group's total revenue;
- revenues from mobile messaging solutions amounted to 4.3 million euros, representing a reduction of 27.5% compared with the 5.9 million euros of the first half of 2008, and accounting for 7.1% of total revenue;
- revenues generated by the security systems business totalled 0.9 million euros, marking an increase of 4.3% on the same period of the previous year.

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 euros (36.9% of the total). As a result, Europe has again 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 euros (29.2% of the total).

In terms of the Group's other geographical segments:

- revenues in Latin America are up 52% to 14.2 million euros (24% of the total);
- revenues in the Middle East are up 57% to 4.3 million euros (7.1% of the total);
- revenues in Africa are down 60% to 1.1 million euros (1.8% of the total);
- revenues in Asia are down 15% to 0.8 million euros (1.3% of the total).

As explained in greater detail below, the reduction in turnover in the last two markets is due to the mobile messaging solutions business, which was affected by cuts in investment by telecommunications operators in response to the current global economic downturn.

A full analysis of the interim results is provided in the Results of Operations section, whilst the main events that took place in the first half of 2009 in the four business segments in which the Group operates are described below.

SERVICES

The Group's offering in this area of business is based on the following four business models:

- B2C (or Business to Consumer): in this segment Acotel sells its services – primarily content, ringtones, images, games and information - directly to the final customer, carrying out all the related activities from communications to customer care;
- Network Operator: in this segment the Group provides services on behalf of telephone companies (mainly mobile) in accordance with the Application Service Provisioning (ASP) model;
- Corporate: in this segment the Group supplies interactive mobile services to entities that, in the case of banks for example, want to offer mobile information and services to their customers;
- Media: this segment regards value added services on behalf of TV, radio or other media, offering, for example, viewers or listeners the chance to vote or buy content relating to a certain television or radio programme.

Overall revenues from this area of business amount to 54.8 million euros, marking growth of 59.4% on the 34.4 million euros of the first half of 2008. B2C services were once again the most important in revenue terms, generating 45.5 million euros and accounting for 83% of revenues from this area of business.

The next largest contribution in revenue terms was provided by the Network Operator segment, which, whilst registering a reduction with respect to the first half of 2008, generated turnover of 6.3 million euros, accounting for 11.5% of total revenues from this area of business.

The other two areas of activity, Corporate and Media, contributed 2.6 million euros (4.7% of the total) and 0.4 million euros (0.8% of the total), respectively.

(€000)	**H1 2009**	**%**	**H1 2008**	**%**
B2C services	45,494	83.0%	22,636	65.8%
Network Operator services	6,300	11.5%	9,613	28.0%
Corporate services	2,583	4.7%	1,386	4.0%
Media services	442	0.8%	748	2.2%
Total	**54,819**	**100%**	**34,383**	**100%**

Responsibility for B2C services almost exclusively lies with the US subsidiary, *Flycell Inc*. (based in New York), which reports consolidated revenues of 45.5 million euros, marking an increase of 101% on the same period of 2008.

The company operates directly in the USA, Mexico and Spain, and indirectly via its operating companies in Brazil (*Flycell Latin America Ltda*), Italy (*Flycell Italia S.r.l.*) and Turkey (*Flycell Telekomunikasion Hizmetleri A.S.*).

The company doubled revenues compared with the first half of 2008 due to an increase in advertising, the cost of which is up 14 million euros. This was done in order to boost growth in more recently entered markets, such as Spain and Italy, where *Flycell Inc.* began operating in 2008, and Mexico, where services were launched in early 2009.

Management of the B2C business by *Flycell Inc.* aims to maximise ARPU (Average Revenue Per User), increase redemptions, drive customer acquisitions and reduce the churn rate.

In terms of ARPU, the company sells its services in the form of monthly or weekly subscriptions, offering customers a vast range of high-quality content and ensuring the company, as far as possible, stable cash flows.

With regard to redemptions, given that the Internet is the main channel used by *Flycell Inc.* to acquire new customers, the company regularly improves and updates all its websites - *www.flycell.com* for the US market, *www.flycell.br* for Brazil, *www.flycell.tr* for Turkey, *www.flycell.sp* for Spain, *www.flycell.it* for Italy and *www.flycell.com.mx* for Mexico – in order to market its commercial offering in the most effective way.

The subsidiary, *Acotel S.p.A.*, which provides services to network operators, corporate clients and media companies, reports a 34% reduction in revenues compared with the first half of 2008 (down from 6.9 to 4.5 million euros). This primarily reflects a reduction in turnover generated by the contract with *Telecom Italia*, its largest customer, partly as a result of the different form of the new contract governing relations between the telephone company and *Acotel S.p.A.*. The new agreement came into effect from 1 January 2009.

The new technology platform named NSP ("New Service Platform"), development of which began in 2008, was launched during the first half. The new platform is expected to lower operating costs (both staff and energy) and boost operating efficiency.

The subsidiary, *Info2cell*, which is based in *Dubai* and has an operational support centre in *Amman*, operates throughout the Middle East in the three B2B segments (Network Operator, Corporate and Media). This company generated revenues of 3.4 million euros in the first half, marking an increase of 51.8% on the 2.2 million euros of the same period of 2008.

One of the most important events affecting this subsidiary in the first half was the signature of an agreement with one of the region's leading TV groups, *Rotana*, regarding the distribution of content via SMS and MMS and the provision of interactive TV services via SMS (*SMS2TV*) in a number of countries (Jordan, Palestine, Saudi Arabia, the United Arab Emirates, Bahrain, Kuwait, Qatar, Oman, Yemen and Sudan). As a result of this agreement, the company has further strengthened its position in the media sector, where it has already been working with the Rotana group, as well as Al-Arabia, the BBC and CNN.

Following the contracts signed in 2008, a further key event was the launch in June 2009 of services in Iraq in partnership with the operator, Zain. These include the distribution via SMS of Arab and English language news produced by the BBC.

The subsidiary, *Acotel do Brasil*, which operates in the Network Operator segment, generated revenues of 1.4 million euros in the period, marking a reduction of 45% on the 2.6 million euros of the same period of 2008.

The decline in the company's revenues, which began in 2008, continues to reflect a fairly general slowdown in demand for services from customers of the operators, *TIM Celular* and *TIM Nordeste*

Telecomunicaçoes, to which the company provides most of its services. The first half saw the company undertake new initiatives, including the launch of an SMS chat service and a prize competition, which are expected to breathe fresh life into the market.

MOBILE MESSAGING SOLUTIONS

The Mobile Messaging Solutions business, in which the subsidiary, *Jinny Software Ltd*, operates, reports a decline in revenues from the 5.9 million euros of the first half of 2008 to the 4.3 million euros of the same period of 2009, marking a decrease of 27.5%.

The reason for the fall, after the extremely positive performance of 2008, is the reluctance of operators to undertake further investment in view of the widespread economic downturn.

Even markets that had seen high rates of growth in the mobile sector in recent years, such as Asia and Africa, in which the company has built up enviable competitive positions, reported a slowdown during the first half of 2009.

Despite the economic downturn, *Jinny Software Ltd* succeeded in acquiring orders from new European and American customers, and in continuing development of its mobile marketing and advertising platforms and services, currently considered one of the most promising growth areas in the mobile services market.

SECURITY SYSTEMS

The Italian subsidiary, *AEM S.p.A.*, which operates in this business segment, generated revenues of 0.9 million euros in the first half of 2009, marking a 4.3% increase on the figure for the same period of 2008.

The company’s principal activities included the installation of seven video-surveillance systems at as many electricity distribution plants owned by Acea Electrabel. Given the particular nature of the sites, these activities involved the development and implementation of new technical and organisational solutions designed to ensure the security of employees.

The company continued to provide maintenance of *Sintesi 90* access control systems on behalf of the Bank of Italy, and of CS9000 remote alarm systems and the related contact centre for *Telecom Italia*, both in full compliance with the related contractual obligations.

MOBILE TELECOMMUNICATIONS

As noted above, the Group began operating in a new area of business, mobile telecommunications, during the first half. *Noverca Italia S.r.l.*, a mobile virtual network operator (MVNO) 34% owned by the *Intesa Sanpaolo S.p.A.* banking group, is responsible for this area of business in Italy.

The services offered by *Nòverca* are designed to simplify life for its customers, and the technology used has been developed with the aim of ensuring that, once the customer has inserted the SIM card in their mobile phone, they do not have to do anything else (configuration of the device, for example, takes place automatically). From a marketing point of view, the phrase "Extended life" has been chosen as the brand payoff, whilst the SIM card is known as the "Extended SIM".

Nòverca's commercial offering is primarily targeted at consumers, is based on prepaid services and is continually added to in order to keep pace with market developments. In addition to traditional mobile telecommunications services (voice, SMS, MMS, data, international roaming and others), the company offers services that are to a certain extent unique in today's mobile market:

- **estero low cost** ("Low cost international") – thanks to a proprietary technology, the SIM card enables calls to overseas numbers to be terminated using VoIP (*Voice over Internet Protocol*) technology, resulting in average savings of around 80% compared with the prices charged by other mobile operators;
- **vicino a te** ("Close to you") – again based on proprietary technology, this service enables customers to find pharmacies that are open, cinemas, restaurants, hotels and other places close to where they are. The service is particular in that it does not use the GPS system to identify the position of the cell phone and uses different technologies based on the type of phone: the more advanced devices receive the information in the form of a map, whilst older devices use simple but universal text messages.

The commercial launch of *Nòverca* began at the end of March 2009 and gradually developed over the next three months. In this period of time the sale of SIM cards began through the four existing distribution channels:

- Intesa Sanpaolo branches – the distribution of SIM cards began on 30 March 2009 through branches of *Cassa dell'Adriatico* and *Cassa di Risparmio del Veneto* and continued until mid-May, when SIM cards were made available at the banking group's over 6,000 branches;
- Intesa Sanpaolo's website – the possibility to purchase SIM cards from the various web banking sites (one for each bank within the group) followed on from the distribution through branches. When purchasing via one of the websites customers order the SIM card online, the card is delivered to their home via express courier and payment is made via direct debit;
- the Noverca website (www.noverca.it) – the sale of SIM cards began on 6 May and, as with sales through Intesa Sanpaolo websites, the SIM card is delivered to the customer's home address in return for payment, in this case, by credit card;
- Lottomatica outlets – sales through the network of over 40,000 outlets operated by Lottomatica Servizi began on 16 June, with customers being given a receipt with a code number. The customer then has to call Nòverca's customer care line or visit Nòverca's website, provide their personal details and wait for their SIM card to be delivered to their home.

The launch was also backed up by an advertising campaign, which ran from mid-May to the end of June, aimed primarily at building brand awareness in the Italian market.

As an MVNO, *Nòverca* uses *Telecom Italia*'s GSM/GPRS and UMTS/HSPDA mobile networks, in accordance with a contract signed in April 2008.

RESULTS OF OPERATIONS

RECLASSIFIED CONSOLIDATED INCOME STATEMENT

(€000)	H1 2009	H1 2008	Increase/Decrease	% 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	**(169)**	**300**	**(469)**	**(156%)**
	-0.28%	*0.73%*		
Operating profit/(loss)	**(1,144)**	**(369)**	**(775)**	**(210%)**
	-1.90%	*-0.89%*		
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%)**
	-1.07%	*18.88%*		
NET PROFIT/(LOSS) BEFORE MINORITY INTERESTS	**(703)**	**6,511**	**(7,214)**	**(111%)**
	-1.17%	*15.79%*		
NET PROFIT/(LOSS) ATTRIBUTABLE TO PARENT COMPANY	**(727)**	**6,411**	**(7,138)**	**(111%)**
	-1.21%	*15.55%*		
Earnings per share	(0.18)	1.56		
Diluted earnings per share	(0.18)	1.56		

Compared with the results for the same period of the previous year, the Acotel Group's results for the first half of 2009 show a significant improvement in revenue (up 46%) and a decline in earnings.

Total revenue of 60 million euros is up primarily as a result of the performances of *Flycell Inc.*, together with its direct subsidiaries, and *Info2cell*, which, compared with the first half of 2008, saw increases in revenues of 22.8 million euros (up 101%) and 1.2 million euros (up 52%), respectively.

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

After amortisation, depreciation and impairments of non-current assets, the Group's operating loss is approximately 1,144 thousand euros, compared with a loss of 369 thousand euros for the same period of 2008.

After net finance income of 499 thousand euros, estimated tax expense for the period of around 58 thousand euros and profit attributable to minority interests of 24 thousand euros, the net loss for the first half of 2009 is 727 thousand euros. The result for the first half of 2008 benefitted from income from investments of 7,940 thousand euros, deriving from *Intesa Sanpaolo*'s acquisition of a stake in *Noverca S.r.l.* and the accompanying establishment of *Noverca Italia S.r.l.*.

FINANCIAL POSITION AND CASH FLOW

RECLASSIFIED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(€000)	30 June 2009	31 December 2008	Increase/(Decrease)	% 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 liabilites	(5,674)	(4,319)	(1,355)	(31%)
TOTAL NET CURRENT ASSETS	**7,130**	**11,233**	**(4,103)**	**(37%)**
STAFF TERMINATION AND 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%**

The Acotel Group's net invested capital at 30 June 2009 amounts to 25,784 thousand euros, made up of non-current assets of 20,274 thousand euros, net current assets of 7,130 thousand euros, staff termination benefits of 1,284 thousand euros and other non-current provisions of 336 thousand euros.

Net invested capital is financed by shareholders' equity of 65,779 thousand euros and net funds of 39,995 thousand euros.

A detailed analysis of changes in the principal balance sheet items shows that:

- non-current assets have increased compared to the end of the previous year, primarily reflecting investments linked to the launch of the Group's Mobile Virtual Network Operator business at the end of March, and to an increase in deferred tax assets;
- movements in net working capital relate to the success of efforts aimed at achieving a better match between amounts collected from customers and payments to suppliers;
- net funds at 30 June 2009 amount to 39,995 thousand euros, marking an increase of 1,532 thousand euros on 31 December 2008.

HUMAN RESOURCES

At 30 June 2009 the Group employs 446 people, compared with 421 at the end of 2008. The Group recruited 69 new staff during the first half, whilst 44 left its employ.

The average age of the Group's staff, at 32, and their high level of education (with 77% of staff having a degree or a university qualification) helps to create a youthful and dynamic environment, ensuring a strong ability to innovate and to effectively understand the market for the Group's services.

RISKS AND UNCERTAINTIES

This section provides an analysis of the principal risks and uncertainties to which the Group's operations are exposed in the short term.

Credit risk

33.5% of total trade receivables relates to amounts due from the mobile transaction network provider, *mBlox* (18.9%), which supplies *Flycell Inc.* with operator connectivity in the US, and *Telecom Italia* (14.6%).
Group companies are not involved in significant disputes with customers regarding receivables.

Liquidity risk

The Group does not resort to external sources of funding, being able to meet its cash requirements from operating cash flow.

The cash flows, borrowing requirements and liquidity of Group companies are monitored and managed centrally by the Parent Company, with the aim of ensuring effective and efficient management of the Group's financial resources.

Foreign exchange risk

The Group is not exposed to any significant extent to foreign exchange risk, which is mainly limited to foreign exchange exposures deriving from intercompany loans, which, whilst being eliminated from the consolidated financial statements, generate foreign exchange gains or losses for subsidiaries whose functional currencies are different from the euro. In addition, with the exception of *Jinny Software Ltd.*, the foreign operating companies report substantial convergence between the currencies used for receivables and payables.

Interest rate risk

In view of the Group's limited dependence on external sources of funding, it is not exposed to interest rate risk to any significant extent.

Operational risks and uncertainties

In addition to uncertainties linked to the overall economic environment, which is clearly in recession, and growing competition in the markets in which the Group operates, the Services business, and above all the B2C segment, is subject to numerous data and consumer protection regulations. Whilst Group companies operate within these regulations, given the high numbers of customers served, it is not possible to exclude the risk of litigation involving both individuals and groups of customers. Moreover, as readers will be aware, the above regulations are currently undergoing substantial changes that may result in significant restrictions on the marketing and commercial activities carried out in order to support the sale of services.

The decision to invest heavily in the launch of *Noverca*, in both financial terms and in terms of the number of staff employed, will face its first test in the months following the commercial launch of the service. In order to be successful as a new MVNO, the company will have to take customers away from other mobile network and virtual network operators, differentiating its commercial offerings from theirs.

Although all the companies in the Group operate in highly competitive markets, the Group believes it has the technological and commercial expertise and financial strength necessary to compete on a daily basis.

OTHER INFORMATION

No transactions took place between the parent, *Clama S.r.l.*, *Acotel Group S.p.A.* and other Group companies during the period.

At 30 June 2009 the Company holds 56,425 treasury shares, which are accounted for as an 871 thousand euro reduction in shareholders' equity, representing the average cost of 15.44 euros per share and a total par value of 14,671 euros.

Acotel Group S.p.A. does not possess shares or units of holding companies, either directly or through fiduciary companies or proxies, nor has it acquired or sold such shares during the period.

Other Group companies do not possess *Acotel Group S.p.A.* shares, either directly or through fiduciary companies or proxies, nor have they acquired or sold such shares during the period.

At 30 June 2009 *Acotel Group S.p.A.* has not established any branch offices.

The Group has not carried out any exceptional and/or unusual transactions during the first half of 2009. Related party disclosures are include in the notes.

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 changes introduced in these countries have placed limits on web sales, thus reducing redemption rates and returns on advertising spend.

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.

This is linked to growing demand for web advertising, which is considered increasingly central to communications strategies, including those of companies that have until now engaged primarily in TV, radio and press advertising.

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 the update and upgrade of their networks again, above all in response to ongoing growth in demand for new services from customers.

In the Mobile Telecommunications sector, Noverca Italia S.r.l. will be active on both the marketing front, developing new services and creating attractive offerings, and on the commercial front, drawing up and implementing the most effective customer acquisition strategies for its different distribution channels.

Particular emphasis will be placed on the development of banking-related services, such as mobile banking and mobile payments, which are being created in partnership with Intesa Sanpaolo.

CONDENSED INTERIM FINANCIAL STATEMENTS

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

(€000)	Note	H1 2009	H1 2008
Revenues	1	60,031	41,136
Other income:		141	96
- *from related parties*		121	-
- *other*		20	96
Total		**60,172**	**41,232**
Movement in work in progress, semi-finished and finished goods		9	(3)
Raw materials	2	(576)	(1,423)
External services	3	(48,868)	(29,758)
Rentals and leases	4	(872)	(770)
Staff costs	5	(10,296)	(8,661)
Amortisation and depreciation	6	(974)	(668)
Internal capitalised costs	7	979	509
Impairment charges/reversal of impairment charges on non-current assets		(1)	(1)
Other costs	8	(717)	(826)
Income from investments		-	7,940
Finance income	9	1,003	675
Finance costs	9	(504)	(460)
PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS		**(645)**	**7,786**
Taxation	10	(58)	(1,275)
NET PROFIT/(LOSS) FROM CONTINUING OPERATIONS		**(703)**	**6,511**
Net profit/(loss) from discontinued operations		-	-
NET PROFIT/(LOSS) BEFORE MINORITY INTERESTS		**(703)**	**6,511**
Net profit/(loss) attributable to minority interests		24	100
NET PROFIT/(LOSS) FOR THE PERIOD ATTRIBUTABLE TO PARENT COMPANY		**(727)**	**6,411**
Earnings per share	11	(0.18)	1.56
Diluted earnings per share	11	(0.18)	1.56

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(€000)	**Note**	**H1 2009**	**H1 2008**
Net profit/(loss) for the period		**(703)**	**6,511**
Gains/(Losses) from translation of financial statements of foreign operations	21	1,237	(118)
Total comprehensive income/(loss) for the period		**534**	**6,393**
Total comprehensive income/(loss) for the period attributable to:			
Parent Company		510	6,293
Minority interests		24	100
Total comprehensive income/(loss) for the period		**534**	**6,393**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
ASSETS

(€000)	Note	30 June 2009	31 December 2008
Non-current assets:			
Property, plant and equipment	12	4,783	4,084
Goodwill	13	11,531	11,531
Other intangible assets	14	2,209	848
Other non-current assets		166	116
Deferred tax assets	15	1,585	365
TOTAL NON-CURRENT ASSETS		**20,274**	**16,944**
Current assets:			
Inventories	16	445	396
Trade receivables	17	27,306	22,220
Other current assets	18	3,566	2,340
- due from related parties		*102*	-
- other		*3,464*	*2,340*
Current financial assets	19	26,197	18,764
Cash and cash equivalents	20	17,477	23,439
TOTAL CURRENT ASSETS		**74,991**	**67,159**
NON-CURRENT ASSETS HELD FOR SALE		**-**	**-**
TOTAL ASSETS		**95,265**	**84,103**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
LIABIITIES AND SHAREHOLDERS' EQUITY

(€000)	Note	30 June 2009	31 December 2008
Shareholders' equity:			
Share capital		1,084	1,084
Share premium reserve		55,106	55,106
- Treasury shares		(871)	(871)
Cash flow hedge and currency translation reserve		(1,150)	(2,387)
Other reserves		10,111	9,538
Retained earnings/(accumulated losses)		2,127	(3,864)
Net profit/(loss) for the period		(727)	6,564
Shareholders' equity attributable to the Parent Company		**65,680**	**65,170**
Minority interests		99	30
TOTAL SHAREHOLDERS' EQUITY	21	**65,779**	**65,200**
Non-current liabilities:			
Non-current financial liabilities	22	101	101
Staff termination benefits and other employee benefits	23	1,284	1,146
Deferred tax liabilities	24	336	294
TOTAL NON-CURRENT LIABILITIES		**1,721**	**1,541**
Current liabilities:			
Current financial liabilities	25	3,578	3,639
Trade payables	26	18,513	9,404
Tax liabilities	27	1,098	937
Other current liabilities	28	4,576	3,382
- due to related parties		*767*	*-*
- other		*3,809*	*3,382*
TOTAL CURRENT LIABILITIES		**27,765**	**17,362**
LIABILITIES DIRECTLY ASSOCIATED WITH NON-CURRENT ASSETS HELD FOR SALE		**-**	**-**
TOTAL LIABILITIES		**29,486**	**18,903**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**95,265**	**84,103**

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(€000)	Share capital	Share premium reserve	- Treasury shares	Cash flow hedge and currency translation reserve	Other reserves	Reserves and retained earnings	Net profit for the period	TOTAL
Balances at 1 January 2008	**1,084**	**55,106**	**(3,873)**	**(567)**	**342**	**(2,539)**	**(1,278)**	**48,275**
Appropriation of net profit for 2007					47	(1,325)	1,278	-
Sale of treasury shares			3,002		9,149			**12,151**
Other movements				(118)				**(118)**
Net result for the period							6,411	**6,411**
Balances at 30 June 2008	**1,084**	**55,106**	**(871)**	**(685)**	**9,538**	**(3,864)**	**6,411**	**66,719**
Balances at 1 January 2009	**1,084**	**55,106**	**(871)**	**(2,387)**	**9,538**	**(3,864)**	**6,564**	**65,170**
Appropriation of net profit for 2008					573	5,991	(6,564)	-
Other movements				1,237				**1,237**
Net result for the period							(727)	**(727)**
Balances at 30 June 2009	**1,084**	**55,106**	**(871)**	**(1,150)**	**10,111**	**2,127**	**(727)**	**65,680**

The portion of shareholders' equity attributable to minority interests at 30 June 2009 amounts to 99 thousand euros, marking an increase compared with the 69 thousand euros of 31 December 2008.

CONSOLIDATED CASH FLOW STATEMENT

(€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)
- due from related parties	*(102)*	-
- other	*(6,210)*	*(879)*
(Increase) / decrease in inventories	(49)	161
Increase / (decrease) in payables	10,464	1,184
- due to related parties	*767*	-
- other	*9,697*	*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**

NOTES TO THE FINANCIAL STATEMENTS

BASIS OF PREPARATION OF THE CONDENSED INTERIM FINANCIAL STATEMENTS AND ACCOUNTING STANDARDS

The condensed interim financial statements for the six months ended 30 June 2009 have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and approved by the European Union. IFRS also includes all the International Accounting Standards (IAS) in effect and all the interpretations of the International Financial Reporting Interpretations Committee (IFRIC), which was previously called the Standing Interpretations Committee (SIC).

In particular, these financial statements have been prepared in accordance with IAS 34 – Interim Financial Reporting, which establishes the basis for the preparation of interim financial statements. The financial statements have been prepared in condensed form, applying the option provided for by IAS 34. They do not, therefore, include all the information required for annual IFRS financial statements and should be read alongside the annual financial statements prepared for the year ended 31 December 2008.

The accounting standards applied are consistent with those adopted for preparation of the Acotel Group’s consolidated financial statements for the year ended 31 December 2008, to which reference should be made, with the exception of the following aspects:

- on 30 November 2006 the IASB issued accounting standard IFRS 8 – Operating Segments, with the new standard to be effective for annual periods beginning on or after 1 January 2009 in place of IAS 14 – Segment Reporting. The new accounting standard requires disclosures on reportable segments to be based on the information about the components of the entity that management uses to make decisions about operating matters. It therefore requires identification of operating segments based on internal reports that are regularly reviewed by the entity’s management in order to allocate resources to the segment and assess its performance. Adoption of this standard has not had any effect on the measurement of balance sheet items. The Group has decided that the operating segments were the same as those previously identified under IAS 14. Additional disclosures on each segment are provided in the section “Segment information”, including restated comparative information;
- in addition to changing the titles of certain financial statements, the revised version of IAS 1 – Presentation of Financial Statements requires entities to present all non-owner changes in equity (profit or loss for the period and gains and losses recognised directly in equity) either in one statement of comprehensive income or in two separate statements (a consolidated income statement and a consolidated statement of comprehensive income). Transactions with owners, together with the profit or loss reported in the statement of comprehensive income, are to be reported in the statement of changes in equity, which has thus become obligatory. With regard to the statement of comprehensive income, the Acotel Group has opted to present two separate statements.

These condensed interim financial statements have been prepared on the basis of the accounting standards in force at the date of preparation. These standards may not coincide with the IFRS in force at 31 December 2009 as a result of future changes introduced by the European Commission during the process of endorsing international accounting standards or due to the issue of new standards or interpretations by the IASB or IFRIC.

The consolidated financial statements for the six months ended 30 June 2009 have been prepared on the basis of the underlying accounting records at that date, as adjusted in accordance with the matching principle.

NEW STANDARDS AND INTERPRETATIONS NET YET EFFECTIVE

This section shows a list of standards, interpretations and updates to previously published standards, or to those yet to be approved by the European Union, whose application will be obligatory in future periods and whose adoption it was decided not to bring forward:

- IFRIC 17 – Distribution of Non-cash Assets to Owners;
- IFRIC 18 – Transfers of Assets from Customers;
- Changes to IAS 1 – Presentation of Financial Statements;
- Changes to IAS 7 – Cash Flow Statements;
- Changes to IAS 27 – Consolidated and Separate Financial Statements;
- Changes to IAS 36 – Impairment of Assets;
- Changes to IAS 38 – Intangible Assets;
- Changes to IAS 39 – Financial Instruments: Recognition and Measurement;
- Changes to IFRS 2 – Share-based Payment;
- Changes to IFRS 3 – Business Combinations;
- Changes to IFRS 5 – Non-Current Assets Held for Sale and Discontinued Operations;
- Changes to IFRS 7 – Financial Instruments: Disclosures.
- Changes to IFRS 8 – Operating Segments;
- Changes to IFRIC 9 – Reassessment of Embedded Derivatives.

The Group is evaluating the eventual impact that adoption of these standards and interpretations may have on the consolidated financial statements.

BASIS OF CONSOLIDATION

The following table provides summary information on consolidated companies held, directly or indirectly, by *Acotel Group S.p.A.*, the Parent Company. There were no changes in the basis of consolidation during the first half of 2009, compared with 31 December 2008.

Companies consolidated on a line-by-line basis

Company	Date of acquisition	Group's interest (%)	Registered office	Share capital	
Acotel S.p.A.	28 April 2000	99.9% (3)	Rome	EURO	13,000,000
AEM Advanced Electronic Microsystems S.p.A.	28 April 2000	99.9%	Rome	EURO	858,000
Acotel Participations S.A.	28 April 2000	100%	Luxembourg	EURO	1,200,000
Acotel Chile S.A.	28 April 2000	100% (4)	Santiago, Chile	USD	17,330
Acotel Espana S.L.	28 April 2000	100% (4)	Madrid	EURO	3,006
Acotel Do Brasil LTDA	8 August 2000 (1)	100% (4)	Rio de Janeiro	BRL	1,868,250

Jinny Software Ltd	9 April 2001	100% (4)	Dublin	EURO	3,201
Millennium Software SAL	9 April 2001	99.9% (5)	Beirut	LPD	30,000,000
Info2cell.com FZ-LLC	29 January 2003 (2)	100% (4)	Dubai	DH	18,350,000
Emirates for Information Technology Co.	29 January 2003	100% (6)	Amman	JD	710,000
Flycell Inc.	28 June 2003 (1)	100% (4)	Wilmington	USD	10,000
Acotel Group (Northern Europe) Ltd	27 May 2004 (1)	100%	Dublin	EURO	101,000
Flycell Telekomunikasyon Hizmetleri A.S.	2 July 2005 (1)	99.9% (7)	Istanbul	TRY	50,000
Flycell Latin America Conteúdo Para Telefonia Móvel LTDA	6 June 2006 (1)	100% (7)	Rio de Janeiro	BRL	250,000
Jinny Software Romania SRL	26 June 2007 (1)	100% (5)	Bucharest	RON	200
Yabox LLC	24 October 2007 (1)	100% (7)	Wilmington	USD	1
Jinny Software Latin America Importação e Exportação LTDA	11 February 2008 (1)	100% (5)	Sao Paolo	BRL	250,000
Rawafid Information Company LLC	24 February 2008 (1)	51% (6)	Riyadh	SAR	500,000
Jinny Software Panama Inc.	1 July 2008 (1)	100% (5)	Panama City	USD	10,000
Flycell Italia S.r.l.	10 July 2008 (1)	100% (7)	Rome	EURO	10,000

(1) The date of the company's entry into the Group coincides with its incorporation.
(2) Prior to such date the Group held 33% of the company's share capital, posted to investments in associates.
(3) AEM owns 1.92% of the share capital.
(4) Controlled via Acotel Participations S.A.
(5) Controlled via Jinny Software Ltd.
(6) Controlled via Info2cell.com FZ-LLC.
(7) Controlled via Flycell Inc.

Jointly controlled companies (joint ventures) consolidated using the proportionate method

Company	Date of acquisition	Group's interest (%)	Registered office	Share capital	
Noverca S.r.l.	10 July 2002 (1)	90%	Rome	EURO	2,949,289
Noverca Italia S.r.l.	9 May 2008 (2)	59.4% (3)	Rome	EURO	120,000

(1) Prior to this date the Group held a 50% interest in the company, posted to investments in associates. As of 9 May 2008 the Group holds a 90% interest in the company.
(2) The date of the company's entry into the Group coincides with its incorporation.
(3) Investment held through Noverca S.r.l.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Group was required to make estimates and assumptions during preparation of the condensed interim financial statements and the related notes in application of IFRS. The actual values of the related revenues, costs, assets and liabilities could differ from these estimates.

The estimates were primarily used to record revenues and costs that have yet to be confirmed by customers and suppliers, adjustments to revenues from B2C services, as explained below, as well as the related direct costs, and any impairments of goodwill and provisions for bad debts and taxation.

The estimates and assumptions are periodically reviewed and the effects of any change are immediately reflected in the income statement.

It is, therefore, not impossible that the actual results for the subsequent half year may differ from any estimates and, as a result, require adjustments to the carrying amounts of the related items. These adjustments, which are currently impossible to estimate or predict, may be material. The balance sheet items primarily affected by these situations of uncertainty are provisions for bad debts and goodwill.

In particular, with regard to revenues and costs yet to be confirmed by customers, turnover generated by B2C services in the months of May and June and a number of related cost items include preliminary figures, deriving primarily from internal reporting systems, and estimates not yet confirmed by mobile transaction network providers and/or operators.

The adjustments to revenues from B2C services relate to the value of any refunds that might be requested by *Flycell Inc.* customers dissatisfied with the services provided by the latter until 30 June 2009. This estimate is carried out based on available data and current contracts entered into with certain telephone operators essentially via the mobile transaction network providers, *mBlox* and *Open Market*. The portion of revenues deriving from subscriptions for B2C services billed in June 2009 and carried forward to the following year is also estimated.

In addition, certain measurement processes, above all those of a complex nature relating to the estimate of potential impairments of non-current assets, are generally only fully carried out during preparation of the annual financial statements, unless events or changes in circumstances indicate that there may be an impairment requiring immediate measurement of any loss.

SEGMENT INFORMATION

The Acotel Group currently operates in four business segments:
- Value Added Services prevalently supplied through mobile telephony;
- Mobile Messaging Solutions for fixed and mobile operators;
- Security Systems Design for large organisations.
- Mobile Telecommunications.

In compliance with the provisions of IFRS 8, identification of the Group's operating segments is based on internal reports used by management in taking strategic decisions. These internal reports, which also reflect the current organisational structure of the Group, are based on the various products and services supplied and are prepared using the same accounting standards described in the section "Basis of preparation" above.

Breakdowns of the Group's results by operating and geographical segments are shown below

Results by operating segment

The income statements by operating segment for the first half of 2009 and 2008 are as follows:

(€000)	H1 2009					
	Services	**Mobile Messaging Solutions**	**Security Systems Design**	**Mobile Telecommunications**	**Elimin-ations / Other**	**Total**
Revenue:						
Revenue from third party customers	54,819	4,259	921	32	-	60,031
Inter-segment revenues	-	-	198	-	(198)	-
Total	**54,819**	**4,259**	**1,119**	**32**	**(198)**	**60,031**
Gross operating profit/(loss)	**3,600**	**(1,366)**	**146**	**(2,544)**	(5)	**(169)**
Amortisation, depreciation and impairments	(325)	(189)	(2)	(459)	-	(975)
Operating profit/(loss)	**3,275**	**(1,555)**	**144**	**(3,003)**	**(5)**	**(1,144)**
Finance income	956	21	1	25	-	1,003
Finance costs	(454)	(41)	(5)	(4)	-	(504)
Profit/(loss) before tax	**3,777**	**(1,575)**	**140**	**(2,982)**	**(5)**	**(645)**
Taxation						(58)
Net profit/(loss) attributable to minority interests						24
Net profit/(loss) attributable to the Parent Company						**(727)**

(in migliaia di euro)	H1 2008					
	Services	**Mobile Messaging Solutions**	**Security Systems Design**	**Mobile Telecommunications**	**Elimin-ations / Other**	**Total**
Revenue:						
Revenue from third party customers	34,370	5,870	883	13	-	41,136
Inter-segment revenues	-	-	-	-	-	-
Total	**34,370**	**5,870**	**883**	**13**	**-**	**41,136**
Gross operating profit/(loss)	**(46)**	**916**	**39**	**(605)**	(4)	**300**
Amortisation, depreciation and impairments	(270)	(136)	(3)	(260)	-	(669)
Operating profit/(loss)	**(316)**	**780**	**36**	**(865)**	**(4)**	**(369)**
Income from investments	-	-	-	7,940	-	7,940
Finance income	641	31	2	1	-	675
Finance costs	(360)	(92)	(6)	(2)	-	(460)
Profit/(loss) before tax	**(35)**	**719**	**32**	**7,074**	**(4)**	**7,786**
Taxation						(1,275)
Net profit/(loss) attributable to minority interests						100
Net profit/(loss) attributable to the Parent Company						**6,411**

The results by business segment provide a summary of what has already been stated in the Directors' Operating and Financial Review.
Here it should be pointed out that:

- the improvement in the Services segment's results reflects both the improved commercial performances achieved by *Flycell Inc.*, together with its direct subsidiaries, *Flycell Latin America*, *Flycell Telekomünicasyon Hizmetleri A.Ş* and *Flycell Italia*, and the geographical

expansion strategy adopted by the US parent, which, having launched and consolidated its North American business, proceeded to enter Brazil, Turkey, Spain, Italy and, latterly, Mexico, thereby spreading the direct costs linked to the supply of its services;
- the deterioration in the results reported by the Mobile Messaging Solutions segment is essentially due to reduced investment by the telephone companies with whom *Jinny Software* does business;
- the results reported by the Group's recently established MVNO, *Nòverca*, which operates in the new Mobile Telecommunications segment, show a loss as a direct consequence of the expenses incurred in relation to the commercial launch of services on 30 March 2009.

Total consolidated assets by operating segment at 30 June 2009 and 31 December 2008 are as follows:

(€000)	Services	Mobile Messaging Solutions	Security Systems Design	Mobile Telecommunications	Eliminations / Other	Total
At 30 June 2009	61,891	16,741	2,011	14,594	28	**95,265**
At 31 December 2008	50,002	17,508	1,940	14,625	28	**84,103**

Results by geographical segment

The following table provides an analysis of the Group's sales in the various geographical segments, independently of the origin of the goods and services:

(€000)	H1 2009	%	H1 2008	%
North America	17,486	29.1%	14,721	35.8%
Latin America	14,248	23.7%	9,374	22.8%
Italy	11,870	19.8%	7,777	18.9%
Other European countries	10,307	17.2%	2,956	7.2%
Middle East	4,252	7.1%	2,702	6.6%
Africa	1,088	1.8%	2,692	6.5%
Asia	780	1.3%	914	2.2%
Total revenue from third party customers	**60,031**	**100%**	**41,136**	**100%**

The breakdown of revenues for the first half of 2009 by geographical segment reveals that:
- the revenue growth generated in North America, Latin America, Italy and Europe was achieved thanks above all to the B2C services supplied by *Flycell Inc.*, directly and via its subsidiaries, *Flycell Latin America*, *Flycell Italia* and *Flycell Telekomünicasyon Hizmetleri A.Ş.*;
- the revenue growth generated in the Middle East reflects the performance of the subsidiary, *Info2cell*.

The following table shows a geographical breakdown of the total value of non-current assets, excluding financial assets and deferred tax assets:

(€000)	At 30 June 2009	At 31 December 2008
Other European countries	9,160	9,041
Italy	5,400	3,484
Middle East	3,442	3,460
Latin America	431	372
North America	256	222
Total non-current assets	**18,689**	**16,579**

The Group did not earn revenues from any specific customer representing more than 10% of total revenue for the period.

NOTES TO THE INCOME STATEMENT

Note 1 - Revenue

Revenue amounts to 60,031 thousand euros in the first half of 2009, marking an increase of 46% on the 41,136 thousand euros of the same period of the previous year. The following table shows a breakdown:

(€000)

	H1 2009	H1 2008	Increase/ (Decrease)
Services	54,819	34,383	20,436
Mobile Messaging Solutions	4,259	5,870	(1,611)
Security Systems Design	921	883	38
Mobile Telecommunications	32	-	32
Total	**60,031**	**41,136**	**18,895**

SERVICES

The Services business, which reports revenue growth of 59% with respect to the first half of 2008, includes the services supplied to end customers (B2C), and those provided to telephone and commercial companies, with the primary purpose of supplying value added services and content to mobile phone users.

A breakdown of service revenues is given in the following table:

(€000)

	H1 2009	H1 2008	Increase/ (Decrease)
B2C services	45,494	22,636	22,858
Network Operator services	6,300	9,613	(3,313)
Corporate services	2,583	1,386	1,197
Media services	442	748	(306)
Total	**54,819**	**34,383**	**20,436**

B2C service revenues for the first half of 2009 are up 101% on the same period of the previous year, representing approximately 83% of total service revenues. These revenues are generated primarily by the US subsidiary, *Flycell Inc.* in North America, Spain and Mexico (32,114 thousand euros) and by its direct subsidiaries, *Flycell Italia* (6,343 thousand euros), *Flycell Latin America* (5,528 thousand euros) and *Flycell Telekomünicasyon Hizmetleri A.Ş* (1,471 thousand euros) in Italy, Brazil and Turkey, respectively.

Revenues from the provision of Network Operator services, amounting to 6,300 thousand euros, are down 3,313 thousand euros (34%) on the same period of the previous year. They primarily include revenues from services rendered by the subsidiary, *Acotel SpA*, to *Telecom Italia*, totalling 3,721 thousand euros, revenues from services rendered by the Brazilian subsidiary, *Acotel do Brasil*, to the Brazilian operators, *TIM Celular* and *TIM Nordeste Telecomunicaçoes*, amounting to 1,426 thousand euros, and revenues generated by activities carried out by *Info2cell* for the main mobile telephony operators in the Middle East, totalling 1,132 thousand euros. The reduction compared with the same period of the previous year is principally due to lower turnover reported by the Italian and Brazilian subsidiaries.

Revenues from Corporate services amount to 2,583 thousand euros, and relate primarily to services provided in the Middle East by *Info2cell*, which generated revenues of 1,859 thousand euros, and in Italy by *Acotel S.p.A.*, primarily to banks, totalling 723 thousand euros. The 86% increase compared with the first half of 2008 reflects increased turnover at the Middle Eastern subsidiary.

Revenues from services provided to Media companies, amounting to 442 thousand euros, are almost entirely generated in the Middle East by the subsidiary, *Info2cell*, totalling 364 thousand euros, and in Italy by *Acotel S.p.A.*, amounting to 74 thousand euros.

MOBILE MESSAGING SOLUTIONS

Revenues from this line of business, amounting to 4,259 thousand euros in the first half of 2009, are 27% down on the figure for the same period of 2008. These revenues are generated by *Jinny Software* from the supply of new equipment and the provision of maintenance to mobile operators in Africa, the Middle East, Asia, Europe, Latin America and North America.

The reduction compared with the first half of 2008 primarily reflects the global economic crisis, which has led telephone companies to put off investments that are not strictly essential.

SECURITY SYSTEMS DESIGN

Revenues from the design and production of electronic security systems amount to 921 thousand euros for the first half and are entirely generated by the subsidiary, *AEM S.p.A.*. These revenues, which are up 4% on the figure for the first half of 2008, essentially regard the installation, supply, servicing and maintenance of remote surveillance equipment installed at Italian police headquarters, at certain provincial branches of the Bank of Italy and at certain companies in the *ACEA* Group.

Note 2 – Raw materials

The cost of raw materials during the first half, amounting to 576 thousand euros, refers principally to the purchase of materials for the construction of telecommunications and security systems by *Jinny Software* (414 thousand euros).

Note 3 – External services

The cost of external services totals 48,868 thousand euros for the first half, representing an increase on the first half of 2008. A breakdown of service costs is shown below:

(€000)

	H1 2009	H1 2008	Increase/ (Decrease)
Interconnection and billing services	22,161	9,963	12,198
Advertising	16,801	11,878	4,923
Content providers	3,793	2,978	815
Professional consultants	1,362	804	558
Travel expenses	977	857	120
Purchase of SMS packages	874	738	136
Connectivity and sundry utilities	698	672	26
Remuneration of governance bodies	355	329	26
Call centres	270	71	199
Outsourcing	246	259	(13)
Auditors' fees	234	142	92
Other minor expenses	1,097	1,067	30
Total	**48,868**	**29,758**	**19,110**

The most significant components of this item reflect the operating methods adopted by *Flycell Inc.* and its direct subsidiaries, *Flycell Latin America*, *Flycell Telekomünicasyon Hizmetleri A.Ş* and *Flycell Italia S.r.l.*, to develop business in their principal markets. This entails significant costs (22,161 thousand euros) charged by telephone operators and mobile transaction network providers for interconnection and billing services and substantial promotional costs (14,450 thousand euros out of a Group total of 16,801 thousand euros) in order to raise market awareness of the companies' services and increase their customer base.

The other most significant costs regard the cost of acquiring content from external content providers, amounting to 3,793 thousand euros, the fees paid to marketing, administrative, legal, tax and technical consultants by Group companies (1,362 thousand euros), travel expenses (977 thousand euros), the cost of purchasing SMS packages from mobile operators (874 thousand euros), and the cost of connecting to terrestrial and satellite transmission networks, together with other utilities (698 thousand euros).
Other cost items, in order of importance, regard the fees paid to governance bodies, totalling 355 thousand euros (304 thousand euros paid to directors and 51 thousand euros to statutory auditors), the cost of external call centres, amounting to 270 thousand euros, outsourcing, totalling 246 thousand euros, and auditors’ fees of 234 thousand euros.

Note 4 – Rentals and leases

Rentals and leases amount to 872 thousand euros and mainly include rentals on offices occupied by Group companies.

Note 5 – Staff costs

Staff costs include:

(€000)

	H1 2009	**H1 2008**	**Increase/ (Decrease)**
Salaries and wages	8,076	6,719	1,357
Social security contributions	1,275	1,116	159
Staff termination benefits	171	134	37
Finance costs	(30)	(24)	(6)
Other costs	804	716	88
Total	**10,296**	**8,661**	**1,635**

The increase in staff costs is due principally to the additional staff recruited by *Noverca S.r.l.*, *Noverca Italia S.r.l.* and certain overseas Group companies due to expansion of their activities.

Other staff costs primarily include charges incurred in relation to professional training and refresher courses, prevention and health care expenses, and contributions for defined-contribution pension plans for the staff of foreign subsidiaries.

The geographical distribution of the Group’s staff is shown in the table below:

	30 June 2009	31 Dec 2008	30 June 2008
Italy	110	104	98
Lebanon	79	79	77
Jordan	62	67	64
USA	61	65	64
Ireland	37	33	29
Brazil	36	32	29
United Arab Emirates	22	18	21
Romania	16	8	5
Malaysia	7	7	6
Turkey	4	3	4
Spain	4	3	2
Kenya	3	-	-
South Africa	3	2	1
Indonesia	1	-	-
Panama	1	-	-
Total	**446**	**421**	**400**

The number of staff by category at 30 June 2009 and a comparison of the average numbers for the first six months of 2009 and 2008 are reported in the following table:

	30 June 2009	Average H1 2009	Average H1 2008
Managers	30	30	26
Supervisors	66	62	64
White- and blue-collar staff	350	345	293
Total	**446**	**437**	**383**

Note 6 - Amortisation and depreciation

Details of the amortisation and depreciation of assets are given below:

(€000)

	H1 2009	H1 2008	Increase/ (Decrease)
Amortisation of non-current intangible assets	286	131	155
Depreciation of property, plant and equipment	688	537	151
Total	**974**	**668**	**306**

Amortisation of intangible assets mainly refers to amortisation of the software and licences utilised by various Group companies, in addition to the expenses paid to Telecom Italia during the first half in return for preparation and configuration of the technology infrastructure used in delivering the services provided by the new MVNO, *Nòverca*.

Depreciation of property, plant and equipment essentially refers to depreciation of the telecommunications equipment and infrastructures used by Group companies.

Note 7 - Internal capitalised costs

Internal capitalised costs, totalling 979 thousand euros, include 611 thousand euros relating to staff employed in the development of software and new applications used in supplying the MVNO services launched under the *Nòverca* brand.

The balance includes 235 thousand euros regarding the cost of staff employed by *Acotel Group S.p.A.* during the first half on development of the new *Acotel* platform, and 133 thousand euros represented by the cost of staff employed by *Jinny Software* in the development of new products.

Note 8 – Other costs

Other costs amount to 717 thousand euros in the first half of 2009, including 420 thousand euros for indirect taxes due from *Acotel do Brasil* and *Flycell Latin America* in compliance with local legislation. The balance includes other general expenses and charges incurred by Group companies in connection with their ordinary activities.

Note 9 - Finance income and costs

Net finance income of 499 thousand euros for the first half of 2009 breaks down as follows:

(€000)

	H1 2009	H1 2008	Increase/ (Decrease)
Interest income from investments	465	341	124
Interest income on bank deposits	67	152	(85)
Foreign exchange gains	470	125	345
Other interest income	1	57	(56)
Total finance income	**1,003**	**675**	**328**
Interest expense and bank charges	(202)	(144)	(58)
Foreign exchange losses	(271)	(292)	21
Other interest expense	(31)	(24)	(7)
Total finance costs	**(504)**	**(460)**	**(44)**
Total finance income/(costs)	**499**	**215**	**284**

Interest income from investments includes 69 thousand euros in profits on loans and receivables and 396 thousand euros relating to profits on financial assets held for trading.

The balance of foreign exchange gains and losses reflects the impact of closing exchange rates on the value of intercompany loans originally disbursed in dollars.

Note 10 - Taxation

Taxation for the first half of 2009 breaks down as follows:

(€000)

	H1 2009	H1 2008	Increase/ (Decrease)
Income taxes for the period	1,261	2,110	(849)
Deferred tax assets	(1,221)	(840)	(381)
Deferred tax liabilities	18	5	13
Total	**58**	**1,275**	**(1,217)**

The total amount of 58 thousand euros includes provisions for taxes on the income of Group companies, recognised in current taxes.

Deferred tax assets and liabilities include provisions made by Group companies after taking account of the reversal of deferred taxes recognised in previous years. In particular, deferred tax assets have been calculated on the tax loss for the first half reported by *Noverca Italia S.r.l.* and *Noverca S.r.l.*, and transferred to the Parent Company under the tax consolidation arrangement.

The reconciliation of the expected IRES (corporation tax) charge at 27.5% and the effective charge is shown in the following schedule:

(€000)

	H1 2009	%	H1 2008	%
Pre-tax profit/(loss)	**(645)**		**7,786**	
Expected tax charge calculated at 27.5% of the pre-tax result	(177)	27.5%	2,141	27.5%
Differences between expected and effective charges regarding Italian subsidiaries	(257)	(39.9%)	(3,084)	(39.6%)
Tax effect of the losses of foreign subsidiaries which do not meet all requirements for recognition of deferred tax assets	702	108.8%	1,185	15.2%
Differences between expected and effective charges regarding foreign subsidiaries	(605)	(93.7%)	541	7.0%
Net tax effect of increases and decreases for Italian companies	290	44.9%	95	1.2%
Other minor changes	(30)	(4.6%)	(9)	(0.1%)
IRES	**(77)**	**12.0%**	**869**	**11.2%**
IRAP	135		406	
Taxation for the period	**58**		**1,275**	

No account has been taken of IRAP (regional tax) in the comparison between the tax charge accounted for in the financial statements and the expected tax charge as, being a tax calculated on a different basis from pre-tax profit, it would generate a distortion between one period and another. The expected tax charge was accordingly only determined on the basis of the prevailing IRES (corporation tax) rate in effect (27.5%).

The taxes relating to the taxable income of foreign subsidiaries were calculated according to the prevailing rates in the respective countries.

Deferred tax assets totalling 7.1 million euros on tax losses reported by certain subsidiaries at 30 June 2009 have not been recorded as no grounds are currently deemed to exist for such recognition. Specifically, this amount breaks down as follows: around 3.4 million euros regarding the US subsidiary, *Flycell Inc.*, for which, despite the positive performances reported for the first half and forecast for the second half of the year, management has decided to wait until it has achieved a run of positive earnings performances; approximately 1.8 million euros relating to the subsidiary, *Noverca S.r.l.*, and regarding periods prior to its inclusion in the tax consolidation arrangement due to the fact that the company is in its start-up phase as a Mobile Virtual Network Enabler (MVNE); around 1.9 million euros relating to the Luxembourg-based subsidiary, *Acotel Participations S.A.*, which acts as a sub-holding and is not currently expected to generate taxable income against which accumulated tax losses may be used.

Note 11 – Earnings per share

The calculation of basic and diluted earnings per share is based on the following data:

(€000)	**H1 2009**	**H1 2008**
Net profit/(loss) (€000)	**(727)**	**6,411**
Number of shares (000)		
Shares in circulation at beginning of period	4,114 *	3,916 *
Weighted average of treasury shares acquired/sold in the period		(198)
Weighted average of ordinary shares in circulation	**4,114**	**4,114**
Basic and diluted earnings per share **	**(0.18)**	**1.56**

* : net of treasury shares held at the same date.

**: basic earnings per share for the first half of 2009 and 2008 coincides with diluted earnings per share as the conditions provided for by IAS 33 do not exist.

NOTES TO THE STATEMENT OF FINANCIAL POSITION

NON-CURRENT ASSETS

Note 12 - Property, plant and equipment

A breakdown of this item, with a separate column for accumulated depreciation, is as follows:

(€000)

	Historical cost	Accumulated depreciation	Carrying amount at 30 June 2009	Carrying amount at 31 Dec 2008
Plant and machinery	9,680	(6,154)	3,526	1,718
Industrial equipment	2,467	(1,840)	627	610
Assets under construction and advances	345	-	345	1,481
Other	1,123	(838)	285	275
Total	**13,615**	**(8,832)**	**4,783**	**4,084**

Plant and machinery mainly consists of data transmission platforms installed at the various premises occupied by Group companies and used in the provision of value added services. The increase compared with the end of the previous year is primarily due to development of the MVNO **(**Mobile Virtual Network Operator) platform used by the Group to supply mobile virtual services under the *Nòverca* brand.

Industrial equipment includes the computers used by the Group for development and maintenance of hardware and software products, for use by the Company or for sale to third parties, relating to the development and management of value added services and internal operating activities.

Assets under construction have decreased compared with 31 December 2008 following the entry into service of the MVNO platform during 2009.

Furniture and fittings are included in "Other" assets together with leasehold improvements, consisting of the costs incurred in recent years in order to renovate the building located in Rome, which is used as the registered office and operational headquarters of the Group's Italian companies. The relevant lease expires in 2013.

No property, plant or equipment was revalued or impaired during the first half of 2009.

Changes in property, plant or equipment during the year are shown in an annex.

Note 13 - Goodwill

Goodwill has been allocated to the cash generating units (CGUs) identified within the context of the Group's operating segments. The following table shows the allocation of goodwill:

(€000)

Operating segment	**CGU**	**30 June 2009**	**31 Dec 2008**	**Increase/ (Decrease)**
Mobile Messgaing Solutions	Jinny Software	8,610	8,610	-
Services	Info2cell	2,627	2,627	-
Security Systems Design	AEM	294	294	-
	Total	**11,531**	**11,531**	-

The Group tests the recoverability of goodwill at least once a year, when preparing the annual financial statements, or more frequently if there are indicators of impairment.

Note 14 - Other intangible assets

A breakdown of other intangible assets at 30 June 2009 is as follows:

(€000)

	Historical cost	**Accumulated amortisation**	**Carrying amount at 30 June 2009**	**Carrying amount at 31 Dec 2008**
Industrial patents and intellectual property rights	1,303	(880)	423	235
Concessions, licences and similar rights	2,780	(1,120)	1,660	428
Intangible assets in process and advances	80	-	80	185
Other	49	(3)	46	-
Total	**4,212**	**(2,003)**	**2,209**	**848**

Industrial patents and intellectual property rights consist of the specific software purchased from third parties and used by the Group in the provision of MVNO and computerised services and for the internal information system used by Group companies.

Concessions, licenses and similar rights primarily include the cost of the licence for the software used by the subsidiary, *Info2cell*, for the supply of value added services, and the expenses paid to Telecom Italia in return for preparation and configuration of the technology infrastructure used in delivering the services provided by the new MVNO, *Nòverca*.

No intangible assets were revalued or impaired during the first half of 2009.

Changes in intangible assets during the year are shown in an annex.

Note 15 - Deferred tax assets

The following table shows a comparison of the temporary differences that led to the recognition of deferred tax assets:

(€000)

	30 June 2009		31 Dec 2008	
	Taxation	Tax rate	Taxation	Tax rate
Deferred tax assets:				
Recovery of taxed accounting-related amortisation and depreciation	216	32.32% -27.5%	78	32.32% -27.5%
Consolidation adjustments	106	27.5%	90	27.5%
IAS/IFRS adjustments	102	27.5%	102	27.5%
Recovery of taxed provisions for bad debts	31	27.5%	31	27.5%
Impairment of inventories	21	31.86%	21	31.9%
Provisions for taxed directors' fees	14	27.5%	30	27.50%
Other	10	32.32% -27.5%	13	32.32% -27.5%
Sub-total	**500**		**365**	
Tax losses to be carried forward	1,085		-	
Total	**1,585**		**365**	

Deferred tax assets on consolidation adjustments were calculated with reference to the temporary deductible differences arising in the consolidated financial statements as a result of the elimination of an intercompany sale during the consolidation process.

Deferred tax assets deriving from the carry forward of tax losses have been accounted for on the basis of the tax losses generated during the first half by *Noverca S.r.l.* and *Noverca Italia S.r.l.* and transferred to *Acotel Group S.p.A.* under the tax consolidation arrangement.

CURRENT ASSETS

Note 16 - Inventories

The table that follows gives the detail of the inventories, valued using the average weighted cost method, and of provisions made to bring their carrying amounts into line with their estimated realisable values at 30 June 2009:

(€000)

	Gross value	Accumulated impairments	Carrying amount at 30 June 2009	Carrying amount at 31 Dec 2008
Raw and ancillary materials and consumables	91	(60)	31	26
Work in progress and semi-finished products	56	(5)	51	42
Finished products and goods for resale	364	(1)	363	328
Total	**511**	**(66)**	**445**	**396**

There were no movements in provisions for inventory impairments during the first half.

Note 17 - Trade receivables

These represent trade receivables less provisions for bad debts made to adjust their carrying amount to their estimated realisable value, as shown below:

(€000)

	30 June 2009	31 Dec 2008	Increase/(Decrease)
Trade receivables	27,587	22,502	5,085
Provisions for bad debts	(281)	(282)	1
Total	**27,306**	**22,220**	**5,086**

33.5% of total trade receivables relates to amounts due from the mobile transaction network provider, *mBlox* (18.9%), which provides *Flycell Inc.* the necessary connectivity with US telephone operators, and from *Telecom Italia* (14.6%) for services provided by *Acotel S.p.A.*, *Flycell Italia* and *AEM S.p.A.*.

Trade receivables are fully collectable within 12 months.

Movements in provisions for bad debts during the period are shown below:

(€000)

Balance at 31 December 2008	**282**
Uses 2009	(1)
Balance at 30 June 2009	**281**

Note 18 - Other current assets

At 30 June 2009 these assets total 3,566 thousand euros and break down as follows:

(€000)

	30 June 2009	31 Dec 2008	Increase/(Decrease)
Prepayments to suppliers	1,501	1,111	390
VAT credits	1,000	835	165
Current income tax assets	598	82	516
Amounts due from jointly controlled entities	102	-	102
Other	365	312	53
Total	**3,566**	**2,340**	**1,226**

Prepayments to suppliers of 1,501 thousand euros relate essentially to sales commissions, service contracts, commissions due for advertising activities carried out by third parties, who are remunerated on the basis of contracts actually signed with end customers, and insurance premiums paid by Group companies in advance.

The VAT credit is primarily attributable to *Noverca Italia S.r.l.* (729 thousand euros), *Noverca S.r.l.* (104 thousand euros), *Jinny Software* (95 thousand euros) and *Acotel Group S.p.A.* (63 thousand euros).

Note 19 - Current financial assets

Current financial assets, amounting to 26,197 thousand euros, include:

(€000)

	30 June 2009	31 Dec 2008	Increase/(Decrease)
Loans and receivables	17,084	2,617	14,467
Assets held for trading	9,113	16,147	(7,034)
Total	**26,197**	**18,764**	**7,433**

Loans and receivables include 14,191 thousand euros in term deposits held with *Unicredit Private Banking* by *Acotel Group S.p.A.* and *Acotel S.p.A.*. The deposits mature on 31 March 2010 (5,029 thousand euros), 7 April 2010 (502 thousand euros) and 7 June 2010 (8,660 thousand euros). This item also includes a cash collateral of 2,101 thousand euros frozen until 19 May 2010, securing advances of US$5 million granted by the Bank of the West N.Y. (USA) to the subsidiary *Flycell Inc.*, whilst the remaining balance regards the bonds detailed below:

(€000)

	Par value	Interest	Rate	Maturity	Fair value at 30 June 2009
Banca Nazionale del Lavoro S.p.A.	500	Quarterly in arrears	3-month Euribor	18 Mar 2012	500
UBS	300	Quarterly in arrears	3-month Euribor + 0.95	26 Aug 2010	292
Totale	**800**				**792**

Assets held for trading, amounting to 1,798 thousand euros, regard the "Money Market Invest EUR" fund in which *Acotel Group S.p.A.* has invested. This fund, managed by *UBS (Italia) S.p.A.*, has a limited risk exposure and invests its assets in money market instruments, bonds, treasury bills and other similar securities.
This category also includes investment funds (mainly government bonds), amounting to 6,985 thousand euros, managed by *ItauBank* and *Citibank* on behalf of the Brazilian subsidiary, and 330 thousand euros managed by *GarantiBank* on behalf of the Turkish subsidiary.

Note 20 - Cash and cash equivalents

This item includes bank deposits of 17,463 thousand euros and cash and notes in hand of 14 thousand euros.
The bank deposits represent the closing balances of Group companies' bank current accounts.

SHAREHOLDERS' EQUITY

Note 21 - Shareholders' equity attributable to the Group

The statement of changes in shareholders' equity during the period is included in the financial statements.

At 30 June 2009 the fully paid-up share capital of *Acotel Group S.p.A.* consists of 4,170,000 ordinary shares with a par value of 0.26 euros each.

The Group's objectives in managing its capital essentially relate to the need to support and develop its business activities, in the belief that this will result in the creation of value for shareholders as a whole and, more in general, safeguard the interests of stakeholders.

The share premium reserve amounts to 55,106 thousand euros and derives mainly from capital increases carried out in preparation for the Company's stock market flotation.

At 30 June 2009 treasury shares acquired by *Acotel Group S.p.A.* were recorded as a reduction of consolidated shareholders' equity, totalling 871 thousand euros. These shares have a par value of 14,671 euros, representing 1.35% of the share capital.
This refers to 56,425 *Acotel Group S.p.A.* ordinary shares, of which 28,320 were acquired in execution of the authority granted by the General Meeting of 24 April 2002 and 28,105, net of sales to date, in execution of the authority granted by the General Meeting of 30 April 2004. The average purchase price of these shares was 15.44 euros; at 30 June 2009 the share price stood at 61.45 euros.

Other Group companies do not possess *Acotel Group S.p.A.* shares, either directly or through fiduciary companies or proxies, nor have they acquired or sold shares during the period.
At 30 June 2009 *Acotel Group S.p.A.* does not possess shares or units of holding companies, either directly or through fiduciary companies or proxies, nor has it acquired or sold shares during the period.

The currency translation reserve, which has a negative balance of 1,150 thousand euros, decreased in the period of 1,237 thousand euros, derives from the application of closing exchange rates in the translation of the financial statements of foreign subsidiaries expressed in foreign currencies other than the euro. Assets and liabilities are translated into euros using the related exchange rates at 30 June 2009, while shareholders' equity items are translated on the basis of historical exchange rates. Income statement items are translated utilising average exchange rates for the period.

The following exchange rates were used:

Company	Currency	Exchange rate at 30 June 2009	Average exchange rate H1 2009
Info2cell	Dh	5.191	4.893
Rawafid Information Company LLC	SAR	5.300	4.995
Eitco	JD	1.002	0.945
Millenium Software	LBP	2,127.950	2,006.133
Flycell Inc.	USD	1.413	1.332
Acotel do Brasil	BRL	2.747	2.922
Jinny Software Latin America LTDA	BRL	2.747	2.922
Flycell Latin America LTDA	BRL	2.747	2.922
Flycell Telekomunikasyon Hizmetleri A.S.	TRY	2.161	2.151
Jinny Software Romania	LEI	4.207	4.232
Jinny Software Panama	B	1.413	1.332

Other reserves, amounting to 10,111 thousand euros, break down as follows:

(€000)

	30 June 2009	31 Dec 2008	Increase/(Decrease)
Legal reserve	217	217	-
Profit/(loss) on sale of treasury shares	9,219	9,219	-
Other	675	102	573
Total	**10,111**	**9,538**	**573**

The increase with respect to 31 December 2008 is attributable to *Noverca S.r.l.*, *Acotel S.p.A.* and *AEM S.p.A.* following the appropriation of net profit for 2008 to the legal reserve, in accordance with resolutions passed by the respective general meetings.

The reserves for accumulated losses amount to 2,127 thousand euros.

Minority interests represent the share of shareholders' equity attributable to minority shareholders in subsidiaries. At 30 June 2009 minority interests amount to 99 thousand euros and relate to minority interests in the subsidiaries, *Acotel S.p.A.*, *AEM S.p.A.*, *Millennium Software SAL* and *Rawafid Information Company LLC*.

NON-CURRENT LIABILITIES

Note 22 - Non-current financial liabilities

This item totals 101 thousand euros at 30 June 2009 and refers to the portion payable after 12 months of the loan from the Ministry of Industry to cover research and development costs incurred by the subsidiary, *AEM S.p.A.*, to realise the remote surveillance systems and domestic automation. The agreed repayment schedule started from 2003 and will be completed by 2012. This loan bears an interest rate of 3.625% and is unsecured.

Note 23 - Staff termination benefits and other employee benefits

At 30 June 2009 this item totals 1,284 thousand euros and includes accrued amounts due to employees as staff termination benefits, calculated using the actuarial method discussed in the above section on accounting policies, less any advances paid.
Movement during the year are shown below:

(€000)	**30 June 2009**	**31 Dec 2008**
Opening balance	**1,146**	**947**
Provisions	141	265
Finance costs	30	52
Uses	(8)	(56)
Various withholding taxes	(13)	(24)
Other changes	(12)	(38)
Closing balance	**1,284**	**1,146**

Provisions for staff termination benefits shown in the financial statements are calculated by an independent actuary.

Details of the financial assumptions adopted are as follows:

Financial assumptions	**June 2009**
Annual discount rate	4.35%
Annual inflation rate	2.00%
Annual rate of salary increase	Managers 2.50%; Supervisors/White-collar/Blue-collar 1.00%

Note 24 – Deferred tax liabilities

Deferred tax liabilities, amounting to 336 thousand euros at 30 June 2009, derive from temporary differences between the carrying amount of assets and liabilities and their tax bases. This item primarily regards the Brazilian subsidiary, *Acotel do Brasil* e *Flycell Latin America*.

CURRENT LIABILITIES

Note 25 - Current financial liabilities

Current financial liabilities of 3,578 thousand euros include advances of 3,546 thousand euros received from banks primarily by the subsidiary, *Flycell Inc.*, and 32 thousand euros regarding the portion of the previously described loan from the Ministry of Industry to the subsidiary, *AEM S.p.A.*, falling due within 12 months of 30 June 2009.

Note 26 - Trade payables

Trade payables of 18,513 thousand euros include payables due to suppliers within 12 months, totalling 15,766 thousand euros, and advances received from customers by Group companies, totalling 2,747 thousand euros. The latter refer principally to amounts received from customers and deferred, in accordance with the matching principle, by the subsidiaries, *Jinny Software* (1,035 thousand euros), *Flycell Inc.* (588 thousand euros), *Acotel S.p.A.* (567 thousand euros) and *Info2cell* (499 thousand euros).

Note 27 - Tax liabilities

This item breaks down as follows:

(€000)

	30 June 2009	31 Dec 2008	Increase/Decrease)
Income taxes	312	431	(119)
VAT due	474	338	136
Substitute tax due	129	168	(39)
Other tax liabilities	183	-	183
Total	**1,098**	**937**	**161**

The item includes income taxes, less advances paid, and VAT due from Acotel Group companies, in addition to withholding taxes due from employees and consultants in the form of substitute tax.

It should be noted that no Group company is in dispute with the tax authorities. The tax audit of the subsidiary, *Flycell Inc.*, was completed during 2009 and did not find evidence of any irregularities. The tax audit of the Parent Company was completed on 13 May 2009, as described in greater detail in the section, “Contingencies”.

Note 28 - Other current liabilities

This item breaks down as follows:

(€000)

	30 June 2009	31 Dec 2008	Increase/(Decrease)
Amounts due to staff	1,820	1,565	255
Amoints due to pension funds and social security institutions	1,000	964	36
Amounts due to jointly controlled entities	767	83	684
Amoints due to directors	68	142	(74)
Other payables	921	628	293
Total	**4,576**	**3,382**	**1,194**

Amounts due to employees mainly refer to pay, bonuses and holiday pay due.

Amounts due to pension funds and social security institutions include social security and insurance contributions due, which include the agreed contributions to be made to defined contribution plans for the employees of overseas subsidiaries.

Amounts due to jointly controlled entities primarily regard the tax losses reported for the first half by *Noverca Italia S.r.l.* and transferred to *Acotel Group S.p.A.* under the tax consolidation arrangement.

Other amounts due include statutory auditors' fees and other general expenses of Group companies.

NET FUNDS

(€000)

	30 June 2009	31 Dec 2008	Increase/(Decrease)
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**

Net funds at 30 June 2009 amount to 39,995 thousand euros and are up on the figure 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.

CONTINGENCIES

The Board of Directors, having obtained the advice of their legal experts, considers that there are no liabilities for which it is necessary that Group companies make provision.

However, it should be pointed out that the subsidiary, *Flycell Inc.*, is directly and indirectly involved in claims for damages that are as yet at a preliminary stage, and have in any event been contested by the company, but that may result in legal actions.

The tax audit of Acotel Group S.p.A. referred to in the Annual Report for 2008 came to an end on 13 May 2009. As a result, the tax authorities have notified the Company of irregularities in the tax treatment of certain balance sheet items and the failure to apply regulations governing income produced by a number of foreign subsidiaries.

Acotel Group S.p.A. believes that the findings are totally without grounds and, in addition to making representations to the tax authorities with notes explaining its approach to taxation, is considering the best way to proceed in order to have the validity of its position recognised.

COMMITMENTS

The guarantees granted by the Group include 259 thousand euros for a surety given to Tecnomen in fulfilment of the provisions of the commercial agreement signed by *Jinny Software*, 139 thousand euros for a surety given to the entity that owns the property that the Parent Company rents and where all the Group's Italian companies have their offices, and 274 thousand euros (equivalent to 387,550 US dollars at the end of the period) for a surety given in the interests of *Flycell Inc.* as a guarantee for the lease agreement signed by this company.
The residual amount is for sureties of 91 thousand euros granted in fulfilment of agreements with third parties.

RELATED PARTY TRANSACTIONS

Purchase of investments from shareholders
No investments were traded between Acotel Group companies and their shareholders during the first half of 2009.

Transactions with jointly controlled entities
At 30 June 2009 the most significant business and financial transactions between *Acotel Group S.p.A.* and the companies it jointly controls regard administrative, rental and property management services provided to *Noverca S.r.l.* and *Noverca Italia S.r.l.*.
Acotel Group S.p.A., as the consolidating company, and the jointly controlled entities, *Noverca S.r.l.* and *Novecra Italia S.r.l.*, have adopted the so-called "tax consolidation arrangement", introduced by articles of 117 and 128 of the Consolidated Act and the Ministerial Decree of 9 June 2004.

Transactions with associates
At 30 June 2009 the Group does not hold investments in associates.

OTHER INFORMATION

The Group has not carried out any exceptional and/or unusual transactions or any transactions of a non-recurring nature during the first half of 2009.

A specific section of the Report contains details of events after 30 June 2009 and the outlook for the rest of the financial year.

ANNEXES TO THE CONSOLIDATED FINANCIAL STATEMENTS

ANNEX 1

Statement of movements in property, plant and equipment and related accumulated depreciation

(€000)

Item	Historical cost					Accumulated depreciation					Total
	Balance at 1 Jan 2009	*Increases*	*Decreases*	*Exchange differences*	*Balance at 30 June 2009*	*Balance at 1 Jan 2009*	*Movements during the period*	*Exchange differences*	*Depreciation for the period*	*Balance at 30 June 2009*	**30 June 2009**
Plant and machinery	7,202	2,303	(2)	177	9,680	(5,484)	(5)	(131)	(534)	(6,154)	**3,526**
Industrial and commercial equipment	2,381	144	(15)	(43)	2,467	(1,771)	4	43	(116)	(1,840)	**627**
Assets under construction	1,481	278	(1,414)	-	345	-	-	-	-	-	**345**
Other	1,069	46	-	8	1,123	(794)	(4)	(2)	(38)	(838)	**285**
Total	**12,133**	**2,771**	**(1,431)**	**142**	**13,615**	**(8,049)**	**(5)**	**(90)**	**(688)**	**(8,832)**	**4,783**

ANNEX 2

Statement of movements in intangible assets and related amortisation

(€000)

Item	Historical cost					Accumulated amortisation				Total
	Balance at 1 Jan 2009	*Increases*	*Decreases*	*Exchange differences*	*Balance at 30 June 2009*	*Balance at 1 Jan 2009*	*Exchange differences*	*Amortisation for the period*	*Balance at 30 June 2009*	**30 June 2009**
Industrial patents and intellectual property rights	1,003	296	-	4	1,303	(768)	1	(113)	(880)	**423**
Concessions, licences and similar rights	1,397	1,399	-	(16)	2,780	(969)	19	(170)	(1,120)	**1,660**
Intangibles in process	185	54	(159)	-	80	-	-	-	-	**80**
Other	-	49	-	-	49	-	-	(3)	(3)	**46**
Total	**2,585**	**1,798**	**(159)**	**(12)**	**4,212**	**(1,737)**	**20**	**(286)**	**(2,003)**	**2,209**

ATTESTATION OF THE CONDENSED INTERIM FINANCIAL STATEMENTS PURSUANT TO ART. 154-BIS OF LEGISLATIVE DECREE 58/1998

Attestazione del Bilancio semestrale abbreviato
ai sensi dell'art. 154-bis del D.Lgs. 58/98

Il sottoscritti Claudio Carnevale e Luca De Rita, rispettivamente Presidente ed Amministratore Delegato e Dirigente preposto alla redazione dei documenti contabili societari della ACOTEL GROUP S.p.A., attestano, tenuto anche conto di quanto previsto all'art. 154-bis, commi 3 e 4, del decreto legislativo 24 febbraio 1998, n. 58:

- *l'adeguatezza in relazione alle caratteristiche dell'impresa e*
- *l'effettiva applicazione delle procedure amministrative e contabili per la formazione del bilancio semestrale abbreviato nel 2009.*

Si attesta, inoltre, che:

- *il bilancio semestrale abbreviato:*

a) è redatto in conformità ai principi contabili internazionali applicabili riconosciuti nella Comunità europea ai sensi del regolamento (CE) n. 1606/2002 del Parlamento europeo e del Consiglio, del 19 luglio 2002;

b) corrisponde alle risultanze dei libri e delle scritture contabili;

c) è idoneo a fornire una rappresentazione veritiera e corretta della situazione patrimoniale, economica e finanziaria dell'ACOTEL GROUP S.p.A. e delle imprese incluse nel consolidamento;

- *la relazione intermedia sulla gestione contiene un'analisi attendibile dei riferimenti agli eventi importanti che si sono verificati nei primi sei mesi dell'esercizio ed alla loro incidenza sul bilancio semestrale abbreviato, unitamente a una descrizione dei principali rischi ed incertezze per i sei mesi restanti dell'esercizio. La relazione intermedia sulla gestione comprende, altresì, un'analisi attendibile delle informazione sulle operazioni rilevanti con parti correlate.*

La presente attestazione viene resa anche ai sensi e per gli effetti di cui all'art. 154-bis, comma 2, del decreto legislativo 24 febbraio 1998, n. 58.

6 agosto 2009

Il Presidente ed Amministratore Delegato
(Claudio Carnevale)

Il Dirigente preposto alla redazione
dei documenti contabili societari
(Luca De Rita)

INDEPENDENT AUDITORS' REPORT

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RELAZIONE DELLA SOCIETÀ DI REVISIONE SULLA REVISIONE CONTABILE LIMITATA DEL BILANCIO CONSOLIDATO SEMESTRALE ABBREVIATO

Agli Azionisti della
ACOTEL GROUP S.p.A.

1. Abbiamo effettuato la revisione contabile limitata del bilancio consolidato semestrale abbreviato, costituito dalla situazione patrimoniale-finanziaria consolidata, dal conto economico consolidato, dal conto economico complessivo consolidato, dal prospetto delle variazioni del patrimonio netto consolidato, dal rendiconto finanziario e dalle relative note esplicative specifiche della Acotel Group S.p.A. e controllate (Gruppo Acotel) al 30 giugno 2009. La responsabilità della redazione del bilancio consolidato semestrale abbreviato in conformità al principio contabile internazionale applicabile per l'informativa finanziaria infrannuale (IAS 34) adottato dall'Unione Europea, compete agli Amministratori della Acotel Group S.p.A.. E' nostra la responsabilità della redazione della presente relazione in base alla revisione contabile limitata svolta.

2. Il nostro lavoro è stato svolto secondo i criteri per la revisione contabile limitata raccomandati dalla Consob con Delibera n. 10867 del 31 luglio 1997. La revisione contabile limitata è consistita principalmente nella raccolta di informazioni sulle poste del bilancio consolidato semestrale abbreviato e sull'omogeneità dei criteri di valutazione, tramite colloqui con la direzione della società, e nello svolgimento di analisi di bilancio sui dati contenuti nel predetto bilancio consolidato. La revisione contabile limitata ha escluso procedure di revisione quali sondaggi di conformità e verifiche o procedure di validità delle attività e delle passività ed ha comportato un'estensione di lavoro significativamente inferiore a quella di una revisione contabile completa svolta secondo gli statuiti principi di revisione. Di conseguenza, diversamente da quanto effettuato sul bilancio consolidato di fine esercizio, non esprimiamo un giudizio professionale di revisione sul bilancio consolidato semestrale abbreviato.

   Per quanto riguarda i dati relativi al bilancio consolidato dell'esercizio precedente ed al bilancio consolidato semestrale abbreviato dell'anno precedente presentati ai fini comparativi, riclassificati per tener conto delle modifiche agli schemi di bilancio introdotte dallo IAS 1 (2007), si fa riferimento alle nostre relazioni rispettivamente emesse in data 3 aprile 2009 e in data 28 agosto 2008.

3. Sulla base di quanto svolto, non sono pervenuti alla nostra attenzione elementi che ci facciano ritenere che il bilancio consolidato semestrale abbreviato del Gruppo Acotel al 30 giugno 2009 non sia stato redatto, in tutti gli aspetti significativi, in conformità al principio contabile internazionale applicabile per l'informativa finanziaria infrannuale (IAS 34) adottato dall'Unione Europea.

DELOITTE & TOUCHE S.p.A.

Fabio Pompei
Socio

Roma, 7 agosto 2009