REPORT ON GROUP OPERATIONS
FOR THE THREE MONTHS FROM JULY 1 TO SEPTEMBER 30, 2001

CONSOLIDATED QUARTERLY ACCOUNTS
FOR THE THREE MONTHS FROM JULY 1 TO SEPTEMBER 30, 2001

CONSOLIDATED INCOME STATEMENT
FOR THE THREE MONTHS JULY 1 TO SEPTEMBER 30, 2001

	2001		2000	
(in millions of lire)	July 1-Sept. 30	Jan. 1-Sept. 30	July 1-Sept. 30	Apr. 6-Sept. 30 (a)
Total revenues:				
Revenues from the sale of goods and services	8,667	23,186	4,601	7,284
Change in work in progress, semi-finished goods and finished goods	5	(33)	6	(100)
Capitalized costs and expenses	-	1,108	-	-
Other revenues and income	79	95		400
Total	**8,751**	**24,356**	**4,607**	**7,584**
Operating costs:				
Raw and ancillary materials and consumables	786	3,313	37	510
Service costs	2,224	7,184	1,618	2,324
Lease expense	441	957	91	173
Labor costs:	2,280	5,937	746	1,175
. *wages and salaries*	*1,852*	*4,698*	*532*	*834*
. *social security contributions*	*311*	*958*	*180*	*264*
. *employee severance indemnities*	*65*	*177*	*34*	*77*
. *other costs*	*52*	*104*	-	-
Amortization, depreciation and write-downs	2,347	6,258	771	1,118
. *amortization of intangible fixed assets*	*2,018*	*5,361*	*580*	*754*
. *depreciation of tangible fixed assets*	*329*	*897*	*191*	*354*
. *provisions for doubtful accounts*	-	-	-	*10*
Change in raw and ancillary materials, consumables and goods for resale	12	(146)	(7)	32
Other operating costs	32	186	77	128
Total	**8,122**	**23,689**	**3,333**	**5,460**
Operating income	**629**	**667**	**1,274**	**2,124**
Financial income and expense:				
Income	1,647	3,788	747	750
Expense	(308)	(1,091)	(240)	(271)
Net financial income (expense)	**1,339**	**2,697**	**507**	**479**
Adjustments to financial assets	**(430)**	**(1,136)**	**-**	**-**
Extraordinary income and expense				
Income	14	411	9	58
Expense	(155)	(228)	(1)	(11)
Extraordinary income (expense), net	**(141)**	**183**	**8**	**47**
Income (loss) for the period before taxes	**1,397**	**2,411**	**1,789**	**2,650**
Minority interest	11	9	2	5
Group income for the period before taxes	**1,386**	**2,402**	**1,787**	**2,645**

(a) Acotel Group S.p.A. was incorporated on April 6, 2000

CONSOLIDATED INCOME STATEMENT
FOR THE THREE MONTHS JULY 1 TO SEPTEMBER 30, 2001

(in thousands of euros)	2001		2000	
	July 1-Sept. 30	Jan. 1-Sept. 30	July 1-Sept. 30	Apr. 6-Sept. 30 (a)
Total revenues:				
Revenues from the sale of goods and services	4,476	11,975	2,376	3,762
Change in work in progress, semi-finished goods and finished goods	2	(17)	3	(52)
Capitalized costs and expenses	-	572	-	-
Other revenues and income	41	49	-	207
Total	**4,519**	**12,579**	**2,379**	**3,917**
Operating costs:				
Raw and ancillary materials and consumables	406	1,711	19	264
Service costs	1,148	3,710	836	1,200
Lease expense	228	494	47	89
Labor costs:	1,178	3,066	385	607
. *wages and salaries*	*956*	*2,426*	*275*	*431*
. *social security contributions*	*161*	*495*	*93*	*136*
. *employee severance indemnities*	*34*	*91*	*17*	*40*
. *other costs*	*27*	*54*	-	-
Amortization, depreciation and write-downs	1,212	3,232	398	577
. *amortization of intangible fixed assets*	*1,042*	*2,769*	*299*	*389*
. *depreciation of tangible fixed assets*	*170*	*463*	*99*	*183*
. *provisions for doubtful accounts*	-	-	-	*5*
Change in raw and ancillary materials, consumables and goods for resale	6	(75)	(4)	17
Other operating costs	17	96	40	66
Total	**4,195**	**12,234**	**1,721**	**2,820**
Operating income	**324**	**345**	**658**	**1,097**
Financial income and expense:				
Income	851	1,956	386	387
Expense	(159)	(563)	(124)	(140)
Net financial income (expense)	**692**	**1,393**	**262**	**247**
Adjustments to financial assets	**(222)**	**(587)**	**-**	**-**
Extraordinary income and expense				
Income	7	212	5	30
Expense	(80)	(118)	(1)	(6)
Extraordinary income (expense), net	**(73)**	**94**	**4**	**24**
Income (loss) for the period before taxes	**721**	**1,245**	**924**	**1,368**
Minority interest	5	4	1	2
Group income for the period before taxes	**716**	**1,241**	**923**	**1,366**

(a) Acotel Group S.p.A. was incorporated on April 6, 2000

NET FINANCIAL POSITION AS OF SEPTEMBER 30, 2001

(in millions of lire)

	09.30.2001	06.30.2001	12.31.2000
Short-term investments	56,619	54,898	97,745
Cash and cash equivalents	31,638	30,614	2,614
Short-term bank debt and current portions of long-term bank debt	(119)	(189)	(698)
Cash and cash equivalents / (short-term indebtedness), net (A)	**88,138**	**85,323**	**99,661**
Medium- and long-term loans	(19,591)	-	-
Amounts due to shareholders	(1,049)	(1,049)	(979)
Medium- and long-term indebtedness (B)	**(20,640)**	**(1,049)**	**(979)**
Net cash and cash equivalents (A) +(B)	**67,498**	**84,274**	**98,682**

(in thousands of euros)

	09.30.2001	06.30.2001	12.31.2000
Short-term investments	29,241	28,352	50,481
Cash and cash equivalents	16,340	15,811	1,350
Short-term bank debt and current portions of long-term bank debt	(61)	(98)	(360)
Cash and cash equivalents / (short-term indebtedness), net (A)	**45,520**	**44,065**	**51,471**
Medium- and long-term loans	(10,118)	-	-
Amounts due to shareholders	(542)	(542)	(506)
Medium- and long-term indebtedness (B)	**(10,660)**	**(542)**	**(506)**
Net cash and cash equivalents (A) +(B)	**34,860**	**43,523**	**50,965**

NOTES TO THE CONSOLIDATED QUARTERLY ACCOUNTS FOR THE THREE MONTHS FROM JULY 1 TO SEPTEMBER 30, 2001

Basis of presentation

The consolidated accounts as of September 30, 2001 have been prepared on the basis of the accounting policies established by the Italian Regulatory Commission for Companies and the Stock Market (CONSOB) in Annex 3D of resolution no. 11971 of May 14, 1999.
The accounts as of September 30, 2001 used as the basis for the consolidated financial statements were prepared on the basis of the accounting records at such date, integrated by the adjustments necessary to comply with the accruals principle.

The consolidated quarterly financial statements include the financial statements of Acotel Group S.p.A. and those of the Italian and foreign registered companies over which Acotel Group S.p.A. exercises direct or indirect control via control of a majority of the voting rights or of sufficient voting rights to have significant influence at ordinary general meetings.

The following companies have been consolidated as of September 30, 2001:

Company	Date of acquisition (1)	% control of Group	Registered office	Share capital	
Acotel S.p.A.	April 28, 2000	99.9% (2)	Rome	ITL	25,000,000,000
AEM Advanced Electronic Microsystems S.p.A.	April 28, 2000	99%	Rome	ITL	1,650,000,000
Acomedia S.r.l.	April 28, 2000	100%	Rome	ITL	30,000,000
Acotel International S.A.	April 28, 2000	100%	Luxembourg	EURO	1,200,000
Acotel Chile S.A.	April 28, 2000	100% (3)	Chile	USD	50,000
Acotel Espana S.L.	April 28, 2000	100% (3)	Spain	ESP	500,156
Acotel Greece S.A.	April 28, 2000	100% (3)	Greece	GRD	20,000,000
Acotel Do Brasil LTDA	August 8, 2000	100% (3)	Brazil	BRL	50,000
Jinny Software Ltd.	April 9, 2001	100% (3)	Ireland	EURO	2,927
Millennium Software SAL	April 9, 2001	99.9% (5)	Lebanon	LPD	30,000,000
Millenium Luxembourg S.A.	April 28, 2000	100%	Luxembourg	USD	215,000
Millenium Communications S.A.	April 28, 2000	100% (4)	Luxembourg	USD	180,000
Publimedia S.A.	April 28, 2000	100%	Luxembourg	USD	35,000

(1) All the subsidiaries were acquired on April 28, 2000. They already existed, with exception of Acotel Do Brasil acquired on August 8, 2000, the date of its incorpration.
(2) AEM owns 1.92% of the share capital.
(3) Controled via Acotel International S.A.
(4) Controled via Millenium Luxembourg S.A.
(5) Controled via Jinny Software Ltd.

Figures in the financial statements are expressed in millions of lire.

Given that Acotel Group S.p.A. was incorporated on April 6, 2000, the accounts for the periods ended September 30, 2000 and September 30, 2001 are not immediately comparable in that they do not refer to periods of the same length.

The net financial position as of September 30, 2001 is compared with the corresponding data as of June 30, 2001 and as of December 31, 2000.

Consolidation principles

Minority interest in income before taxes

Minority interests in the income of companies in which the Acotel Group does not own 100% of the share capital are recorded in specific items in the accounts.

Related party transactions

Profits and losses and revenues and costs deriving from transactions between consolidated companies and not yet realized in relation to third parties are eliminated.

Foreign currency translation

The income statements of foreign registered companies are translated into Italian Lire applying average exchange rates for the period as published by the Italian Exchange Office. Accounts expressed in the currency of countries participating in the European Monetary Union (EMU) are translated into Lire applying the fixed exchange rates with respect to the Euro.

Other information

The accounting policies applied have not been modified with respect to the previous report.

The data shown is not based on estimates.

This quarterly report is unaudited.

NOTES TO THE INCOME STATEMENT

Revenues from sales and services

The following table shows segment information regarding revenues from sales and services:

(in millions of lire)

	2001		2000	
	July 1-Sept. 30	**Jan. 1-Sept. 30**	**July 1-Sept. 30**	**Apr. 6-Sept. 30**
Services to network operators	3,671	11,208	3,818	5,761
Services to corporate customers	413	1,261	291	597
Sale of software licenses	599	599	-	-
Design and installation of computer hardware	3,319	8,621	-	-
Design, production and maintenance of security systems	665	1,497	492	786
Other				140
Total	**8,667**	**23,186**	**4,601**	**7,284**

The services provided to network operators, which represent the Acotel Group's principal line of business, generated revenues of Lit. 3,671 million during the third quarter. Such services primarily refer to value added Information Services supplied to fixed-line and mobile telephone operators in Italy and overseas, via the Group's own multimedia technology platform.

Revenues from services provided to corporate customers relate to information services supplied to different types of company, in general with a large customer base. Such services, designed and implemented on the basis of the particular specifications and needs of the customer, may take various forms such as, for example, mobile-banking, tele-ticketing, or those relating to other types of m-commerce or simply information. The most important customers in terms of sales are Diners, Borsa Italiana, Centro Servizi Elettronici (CSE), SMS Affari and Alitalia.

Sales of software licenses during the period earned revenues of Lit. 599 million.

Revenues from the design and installation of computer hardware amounted to Lit. 3,319 million and regard the contracts awarded to the Group in the Middle East, Ireland and Brazil.

Revenues from the design, production and maintenance of security systems refer to the design, construction and installation of remote alarm systems and to the supply, installation and maintenance of hardware and software for closed-circuit monitoring systems.

The table on the following page shows a geographical breakdown of revenues from sales and services.

(in millions of lire)

	2001		2000	
	July 1-Sept. 30	Jan. 1-Sept. 30	July 1-Sept. 30	Apr. 6-Sept. 30
Italy	4,749	13,878	3,682	6,094
Europe	255	809	826	1,057
Middle East	2,938	6,521	-	-
South America	725	1,978	93	133
Total	**8,667**	**23,186**	**4,601**	**7,284**

Operating costs

Purchases of goods and services and lease expense

This item includes the following:

(in millions of lire)

	2001		2000	
	July 1-Sept. 30	Jan. 1-Sept. 30	July 1-Sept. 30	Apr. 6-Sept. 30
Cost of raw and ancillary materials, consumable and goods for resale	786	3,313	37	510
Service costs	2,224	7,184	1,618	2,324
Lease expense	441	957	91	173
Total	**3,451**	**11,454**	**1,746**	**3,007**

The *cost of raw and ancillary materials, consumables and goods for resale* refers primarily to the purchase of materials used in the production of telecommunications equipment. Such costs have risen substantially during 2001 for two reasons: firstly, the purchase of the hardware used in the platform developed for Info2cell; secondly, the acquisition of Jinny Software, a company that specializes in the production of electronic and computer equipment using hardware bought in from external suppliers.

Service costs include, among other things, the cost of connection to terrestrial and satellite transmission networks, linked to the supply of value added services, totaling Lit. 348 million. This item also consist of the cost of the information acquired from content providers, amounting to Lit. 347 million. Such costs are incurred in order to acquire the information necessary to the Group's role as a service provider.
It should be noted that this latter cost item has undergone a progressive decline over recent months (such costs totaled Lit. 839 million during the third quarter of 2000 and Lit. 2,439 million for the entire year), as a result of the growing contribution of Acomedia, the Group's own content provider.
Other substantial items regard: consultants' fees of Lit. 556 million, which include professional services of an administrative and technical nature linked to the introduction of new services and the installation of equipment, and business consultancy linked to the development of new areas of business and the Group's entry into new markets; remuneration paid to directors and statutory auditors, totaling Lit. 210 million. The remainder of such costs regards administrative expenses and overhead.

Lease expense includes the rent on the office premises used by Group companies.

Labor costs

Labor costs relate to:

(in millions of lire)

	2001		2000	
	July 1- Sept. 30	Jan. 1-Sept. 30	July 1- Sept. 30	Apr. 6-Sept. 30
Wages and salaries	1,852	4,698	532	834
Social security	311	958	180	264
Employee severance indemnities	65	177	34	77
Other	52	104	-	-
Total	**2,280**	**5,937**	**746**	**1,175**

The increase in the Group’s headcount, resulting from both organic growth and the acquisition of Jinny Software, is behind the significant increase in such costs.

The following table provides a breakdown of employees by category as of September 30, 2001 compared with the averages for the third quarters of 2001 and 2000:

	As of 09.302001	Average 3Q 2001	Average 3Q.2000
Senior managers	16	15.5	4
Middle managers	3	2.5	-
Staff	85	86.0	29
Total	**104**	**104.0**	**33**

The following table shows the geographical distribution of the Group’s employees:

	As of 09.302001	As of 09.302000
Italy	55	34
Ireland	23	-
Lebanon	21	-
Brazil	3	-
United Arab Emirates	2	-
Total	**104**	**34**

Employees located in the United Arab Emirates consist of commercial staff assigned to the branch office opened by Jinny Software in Dubai.

Amortization, depreciation and write-downs

Details of these items are provided in the following table:

(in millions of lire)

	2001		2000	
	July 1-Sept. 30	Jan. 1-Sept. 30	July 1-Sept. 30	Apr. 6-Sept. 30
Amortization of intangible assets	2,018	5,361	580	754
Depreciation of tangible assets	329	897	191	354
Provisions for doubtful accounts	-	-	-	10
Total	**2,347**	**6,258**	**771**	**1,118**

The amortization of intangible assets mainly relate to the costs of modifying and expanding the Company's organizational structure and include the direct costs incurred for the Stock Exchange listing (amortization for the period amounted to Lit. 1,137 million). The item also relates to amortization of goodwill arising from consolidation following the acquisition of the holdings in the subsidiaries, Jinny Software and AEM. The relevant sum totals Lit. 672 million. The residual part relates to amortization of the research and development costs incurred by AEM for activities connected with household automation and remote surveillance.

Depreciation of tangible assets mainly relates to telecommunications equipment and to the capital assets owned by Group companies.

Other expenses

This item, totaling Lit. 32 million, includes the third-quarter portion of the annual government license fee paid by the subsidiary, Millennium Communications, in relation to the supply of fixed-line telephony.

Net financial income (expense)

Net financial income amounted to Lit. 1,339 million for the third quarter.
The result is due to income from the investment of liquidity, which generated interest income of Lit. 846 million, and to gains on foreign exchange transactions amounting to Lit. 565 million.
Financial expense amounted to Lit. 72 million and, in addition to bank interest, charges and commissions, also includes interest expense of Lit. 47 million on the bonds issued by Acotel International on August 2, 2001. Such securities were issued within the context of the undertakings given at the time of the acquisition of Jinny Software.

Adjustments to financial assets

Such adjustments amount to Lit. 430 million and represent the write-down of the investment in Info2cell, carried out in order to reflect the reduction in the value of the Group's interest in the company's equity as of September 30, 2001.

FINANCIAL REVIEW

Operating performance

The Acotel Group focused on the following activities during the first half of 2001:

- the design of the platform for VOINOI S.p.A.;
- the development of Enhanced Messaging Services;
- the signature of a supply contract in Kuwait;
- the negotiation of agreements for the supply of value added services for mobile telephony operators in several Middle Eastern countries.

As more fully described in the Report on Operations for the six months to June 30, 2001, on May 18, 2001 the Group signed an agreement with ACEA S.p.A. regarding the supply of a technological platform to VOINOI S.p.A.. The latter company, which was created as a result of a spin-off carried out within the ACEA Group, offers consumers value added customer care services.
The agreement provides for an agreed payment of Lit. 15,000 million, which is subject to an opinion regarding its fairness in compliance with art. 2343-bis of the Italian Civil Code.
The Acotel Group has agreed to subscribe shares in Voinoi S.p.A. up to a maximum amount of Lit. 5,000 million, to be issued in the form of a capital increase. This will give the Group a 10% stake in ACEA S.p.A.'s subsidiary.
Moreover, over the next 10 years, the Acotel Group is to supply Voinoi S.p.A. with creative and technical support in relation to the development of new products and services, at a cost of Lit. 11,000 million. The agreement may also generate other revenues for the Group via the production of content and the supply of home terminals, which allow end users to access a number of the services provided by Voinoi S.p.A., including via interactive use of televisions.
During the third and early in the fourth quarter of 2001, Jinny Software Ltd., which, after the Group's reorganization, has acquired responsibility for the production of network platforms and equipment, completed the technical design of the platform and began work on implementing the project. This will enable Voinoi S.p.A. to launch its services on the market in accordance with the timing set out in its business plan.

EMS, Enhanced Messaging Services, represent the next step on from SMS. The new service allows the owners of handsets using the new standard to exchange not only text but also graphic devices and ring tones.
The *know-how* acquired during the development of the new standard alongside Italy's leading mobile operator, which will be one of the first in the world to launch EMS, will give the Acotel Group a dual advantage. On the one hand, it can sell itself as a preferred supplier to operators in countries where TIM is not present and, on the other, enter the market segment for messages sent directly from one mobile telephone to another.

In August, Jinny Software Ltd. signed a contract, worth 2.1 million US dollars, for the supply of a Short Message Service Center (SMS-C) and a Messaging Gateway to Kuwait's mobile operator.

During the period, the associated company, INFO2CELL, signed an agreement for the supply of value added mobile services to ETISALAT, the leading mobile telephony operator in the United Arab Emirates. The market response to the service, which uses the platform implemented by the Acotel Group on behalf of its associated company, has been extremely positive, with 10,000 paying subscribers signed up in the first 15 days after the launch.
Over the same period, INFO2CELL signed two letters of intent regarding the supply of W-VAS services to MTC and Omantel, mobile operators in Kuwait and Oman.

Results of operations

in millions of lire	July 1-Sept. 30	Jan. 1-Sept. 30
Total revenues	8,751	24,356
Materials and service costs	3,495	11,494
Gross margin	**5,256**	**12,862**
Labor costs	2,280	5,937
EBITDA	**2,976**	**6,925**
	34.01%	*28.43%*
Depreciation	329	897
Amortization	2,018	5,361
Provisions for doubtful accounts	0	0
EBIT	**629**	**667**
	7.19%	*2.74%*
Net financial income (expense)	1,339	2,697
Income (loss) from ordinary activities	**1,968**	**3,364**
	22.49%	*13.81%*
Adjustments to financial assets	(430)	(1,136)
Extraodinary income (loss), net	(141)	183
Income before taxes	**1,397**	**2,411**
	15.97%	*9.90%*
Minority interest	11	9
Group net income before taxes	**1,386**	**2,402**
	15.84%	*9.86%*

The breakdowns of revenues by business segment and geographical area provided in the Notes to the Income Statement show that the Acotel Group again proceeded with its product and service diversification strategy during the third quarter of 2001.

Services provided to network operators generated revenues of Lit. 3,671 million during the period, once more representing the most important source of earnings.
A look at the figure for the first 9 months of the current year reveals that revenues from network operators amounted to Lit. 11,208 million compared with Lit. 9,932 million for the same period of 2000 (pro-forma), representing a growth rate of 12.8%.
The Group’s largest customer in this segment is Telecom Italia Mobile to whom Acotel supplies, among other things, the “*Scriptim* by Acotel” service. Over the first nine months of 2001, the service registered over 85 million SMS with respect to the close on 69 million of the same period of 2000, representing an increase of 23.2% and confirming the healthy level of existing demand.

Significant revenues were earned from the design and installation of computer hardware during the third quarter amounted to Lit. 3,319 million. This line of business, which arose as a result of demand from service providers for plant and equipment to be used in the supply of W-VAS (*Wireless Value Added Services*) to their customers, saw revenues grow by an average of 25.5% over the quarter with respect to the first half of 2001. The contribution of the subsidiary, Jinny Software, was substantial, with 83% of the segment’s revenues deriving from this source. The remainder is earned on existing contracts with Info2cell (Dubai) and Timnet.com (Brazil), entered into by Acotel Group S.p.A. and Acotel Do Brasil.
The acquisition of Jinny Software has served to strengthen and expand the Group’s technological know-how in a fast-growing sector, represented by the supply of network equipment, and gives Acotel significant competitive advantages.

Income from the sale of licenses for use of the software developed by Acotel is closely related to the above areas of business. The licenses are sold under contracts that, each time a customer exceeds a certain threshold for the number of users, provide for the payment of supplementary fees. This segment generated Lit. 599 million during the third quarter, primarily as a result of the contract between the subsidiary, Acotel Do Brasil, and the local service provider, Timnet.com

Revenues from the corporate segment amounted to Lit. 413 million during the period, up 88% on the same period of the previous year.

At Lit. 665 million, income from the sale of security systems was also up during the third quarter, rising 35% with respect to the same period of the previous year.

An analysis of the breakdown of revenues shows that, during the third quarter, income deriving from the services provided to network operators fell below the threshold of 50%, in terms of both the third quarter alone (42.3%) and the whole of 2001 (48.3%). This is proof of the significant effort made by the Group to diversify its business activities.

The following table shows changes in the composition of the Group's revenues over 2001:

	Dec. 31, 2000	Jun. 30, 2001	Sept. 30, 2001	3Q 2001
Services to network operators	64.7%	51.9%	48.3%	42.3%
Services to corporate customers	6.1%	5.8%	5.4%	4.9%
Sale of software licenses	20.4%	-	2.6%	6.9%
Design and installation of computer hardware	-	36.6%	37.2%	38.3%
Design, production and maintenance of security systems	8.8%	5.7%	6.5%	7.6%
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**

The process of diversifying and expanding the sources of revenue has also led to a progressive increase in the importance of revenues from overseas customers. Revenues earned from such customers during the third quarter of 2001 accounted for 45.2% of the total, compared with the figure of 19.9% for the same period of 2000 and 34.9% at the end of 2000.
Th following table shows changes in the geographical breakdown of revenues over 2001.

	Dec. 31, 2000	Jun. 30, 2001	Sept. 30, 2001	3Q 2001
Italy	65.1%	62.9%	59.9%	54.8%
Overseas	34.9%	37.1%	40.1%	45.2%
Europe	*7.2%*	*3.8%*	*3.5%*	*2.9%*
Middle East	*19.8%*	*24.7%*	*28.1%*	*33.9%*
South America	*7.9%*	*8.6%*	*8.5%*	*8.4%*
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**

EBITDA for the third quarter amounted to Lit. 2,976 million, representing a margin of 34% (28.4% during the first 9 months of 2001). This was up on the corresponding figure of 25.3% for the six months to June 30, 2001.

Charges for amortization and depreciation amounted to Lit. 2,347 million. This sum refers primarily to amortization of the costs of the flotation, totaling Lit. 1,137 million, and of the goodwill arising from consolidation deriving from the acquisition of the holdings in AEM and Jinny Software, totaling Lit. 672 million.
EBIT for the third quarter amounted to Lit. 629 million, representing a margin of 7.2%.

Treasury management, which was hard hit by adverse exchange rates during the first half of the year, picked up thanks to the recovery in the value of the euro against the dollar, which generated net translation gains of Lit. 565 million.
The investment of liquidity during the period resulted in interest income of Lit. 846 million. Interest expense of Lit. 72 million related to bank interest and accrued interest on the bonds issued by Acotel International.

Adjustments to financial assets consist of the write-down of the investment in the associated company, Info2cell.com. This was done in order to reflect the Group's interest in the company's result for the period.
This relevant figure also includes amortization of purchased goodwill charged to the third quarter, totaling Lit. 129 million.

Net financial position

Net cash and cash equivalents as of September 30, 2001 amount to Lit. 67,498 million. The difference with respect to June 30, 2001 is essentially due to the bonds issued by Acotel International within the context of the undertakings given at the time of the acquisition of Jinny Software and subscribed by the Irish company's previous owners.
The main characteristics of the loan are as follows:

- date of issue: August 2, 2001;
- par value: USD 9,000,000;
- coupon interest: 1.5% per year;
- date of maturity: April 9, 2003;
- redemption: lump sum on maturity.

The liquidity generated by the Stock Exchange listing and by operations is invested in short-term financial instruments via various banks and earns interest at rates of between 3.25% and 3.55%.

SUBSEQUENT EVENTS

On November 12, 2001 the independent expert appointed by President of the Court of Rome submitted his appraisal of the value of the platform to be designed and installed by Jinny Software for Voinoi S.p.A.. The appraisal value is not less than the agreed price.

OPERATING OUTLOOK

The commercial launch of EMS, Enhanced Messaging Services, will, on the one hand, contribute to strengthening the Group's leadership in the market for value added services for mobile users and, on the other, allow the Group to gain access to the far more profitable segment for messages sent directly from one end user to another.
The increasing integration of Jinny Software Ltd. within the Group's strategies will enable both greater access to each other's customers and access to new clients interested in a highly integrated service package.