QUARTERLY REPORT FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2008

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

CONTENTS

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

(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

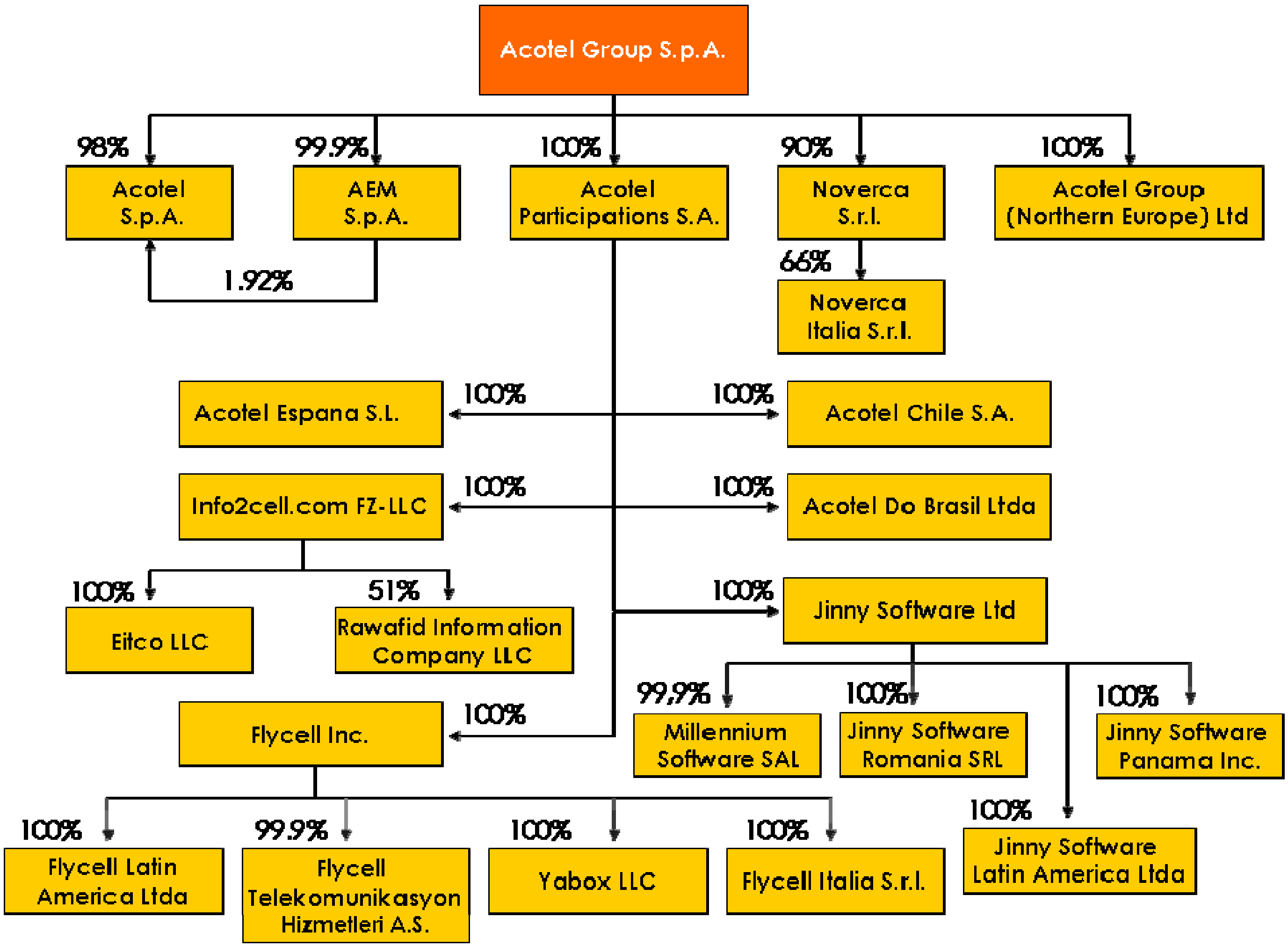
Maurizio Salimei
Auditor

INDEPENDENT AUDITORS

Deloitte & Touche S.p.A.

THE GROUP

The following chart shows the structure of the Acotel Group at 30 September 2008:



The parent company of Acotel Group S.p.A. is Clama S.r.l., which at 30 September 2008 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.

BASIS OF PRESENTATION

The Acotel Group's quarterly report for the three months ended 30 September 2008 have been prepared in compliance with art. 154-ter (*Financial reporting*) of Legislative Decree 58/1998 (the Consolidated Finance Act) and subsequent amendments and additions, and CONSOB ruling DEM/8041082 of 30 April 2008 (*Quarterly financial reporting for companies issuing listed shares for which Italy is the member state of origin*).
The quarterly report has been prepared under the international financial reporting standards (IFRS) issued by the International Accounting Standards Board (IASB) and endorsed by the European Union, including recent amendments to IAS 39 (*Financial instruments: recognition and measurement*) and IFRS 7 (*Financial instruments: disclosures*). The above amendments have, moreover, not had any impact on the results for the first nine months of 2008, in that the Acotel Group has not applied any of the permitted reclassifications.

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 2007, integrated where necessary by the application of standards to take account of aspects not present at that date. The only change regards the accounting standard that governs accounting for joint ventures. For further details see the section on "Consolidation principles".

The consolidated financial statements for the three months ended 30 September 2008 have been prepared on the basis of the underlying accounting records at that date, as adjusted in accordance with the matching principle.

Preparation of this report required management to make estimates and assumptions which, based primarily on internal records, essentially have an effect on revenues and costs that have yet to be confirmed by customers and suppliers. Above all, part of turnover generated by *Flycell Inc.* and its subsidiaries in the quarter, in addition to certain related cost items, include preliminary figures and estimates that have yet to be confirmed.

Estimates and assumptions are primarily used in order to account for any refunds that may be payable to B2C customers, and for the portion of revenues deriving from subscriptions for B2C services billed in September 2008 and carried forward to the following accounting period.

In addition, certain evaluation processes, above all those of a complex nature relating to the estimate of potential impairments of fixed 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 an immediate evaluation of any loss.

CONSOLIDATION PRINCIPLES

The consolidated quarterly financial statements include the financial statements of *Acotel Group SpA* and those of its subsidiaries and joint ventures.

The net profit or loss of subsidiaries and joint ventures acquired or sold during the period is included in the consolidated income statement from the effective acquisition date or until the effective disposal date.

Where necessary, adjustments are made to the financial statements of subsidiaries and joint ventures in order to bring their accounting policies into line with those adopted by the Group.

The financial statements of Group companies are prepared in the functional currency of each company. For the purposes of the consolidated financial statements, the financial statements of each company are translated into the Group's functional and presentation currency: the euro.
The assets and liabilities of overseas subsidiaries are translated into euros at closing exchange rates. Revenues and costs are translated at average rates for the period. Any translation differences are recognised in shareholders' equity in the "currency translation reserve". This reserve is recognised in the income statement as a gain or a loss in the period in which the related subsidiary is sold.

Line-by-line consolidation

Subsidiaries are defined as entities over which the Group has the power to govern the financial and operating policies.

The assets and liabilities and the revenues and expenses of consolidated companies are recorded on a line-by-line basis. The carrying amount of investments is eliminated against the corresponding share of the investee companies' shareholders' equity and the individual assets and liabilities are recognised at fair value at the date control was obtained. Any positive difference is recognised in non-current assets as "Goodwill arising from consolidation", while negative differences are recognised in the income statement.

Intercompany receivables and payables, including dividends distributed within the Group, are eliminated. Profits, losses, revenues and expenses arising from intercompany transactions, and that have yet to be realised on transactions with third parties, are eliminated.

Minority interests in shareholders' equity and in net profit for the period is shown in the specific items in the consolidated balance sheet and income statement.

Proportionate consolidation

A joint venture is a contractual arrangement in which a party undertakes an economic activity with other participants, thereby subjecting it to joint control.
Joint venture agreements that entail the establishment of a separate entity in which each participant has a share in the investment are called jointly controlled entities.
Joint ventures are defined as entities in which, on a contractual basis, several participants share control of an economic activity, and therefore decisions regarding financial and operating policies require the unanimous consent of the parties sharing control.

The Acotel Group reports jointly controlled entities using the proportionate method of consolidation, by which the Group's share of the assets and liabilities and the revenues and expenses of jointly controlled entities are recorded on a line-by-line basis in the consolidated financial statements.

In transactions carried out between a Group company and a jointly controlled entity, unrealised gains and losses are eliminated in proportion to the Group's interest in the jointly controlled entity, except for when unrealised losses are evidence of a reduction in value of the asset transferred.

BASIS OF CONSOLIDATION

The following table provides summary information on consolidated companies held, directly or indirectly, by *Acotel Group SpA*, the Parent Company.

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	2,972
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.

The basis of consolidation changed during the third quarter of 2008 following the establishment of *Jinny Software Panama Inc.* by *Jinny Software Ltd* and of *Flycell Italia S.r.l.* by *Flycell Inc.*.

Jointly controlled entities (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 such date the Group held 50% of the company's share capital, posted to investments in associates. As of 9 May 2008, following the acquisition of an interest by Intesa SanPaolo S.p.A., 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) Held via Noverca S.r.l.

OTHER INFORMATION

This quarterly report is unaudited.

SIGNIFICANT EVENTS DURING THE PERIOD

In the Services business segment, the period witnessed the commercial launch of *Flycell Inc.* in Spain, with the opening of a local branch office, and in Italy, where *Flycell Italia S.r.l.* has been specifically established for the purpose. These activities, which are based on the B2C business model already tried and tested in other countries, use the new www.flycell.es and www.flycell.it websites, which came on line in early July. Preparations for the two launches took several months and regarded both technological aspects, such as setting up the Flycell platform and the negotiation of contracts with content providers and mobile operators.

In the Products business segment, the subsidiary, *Jinny Software Ltd*, reports a large number of new orders, with the company's order book increasing to 14 million euros at the end of the third quarter. The period also saw the establishment of *Jinny Software Panama Inc.*, registered in Panama City, to oversee the Group's Caribbean operations.

RESULTS OF OPERATIONS

RECLASSIFIED CONSOLIDATED INCOME STATEMENT

(€000)	Note	Q3			9M		
		2008	2007	Inc./(Dec.)	2008	2007	Inc./(Dec.)
Revenues	1	23,441	15,733	7,708	64,577	48,979	15,598
Other income		47	-	47	143	10	133
Total		**23,488**	**15,733**	**7,755**	**64,720**	**48,989**	**15,731**
Movements in work in progress, semi-finished and finished goods		-	65	(65)	(3)	64	(67)
Raw materials	2	(507)	(269)	(238)	(1,930)	(908)	(1,022)
External services	3	(20,199)	(11,338)	(8,861)	(49,957)	(33,413)	(16,544)
Rentals and leases	4	(395)	(359)	(36)	(1,165)	(1,147)	(18)
Staff costs	5	(4,501)	(3,596)	(905)	(13,162)	(11,019)	(2,143)
Internal capitalised costs	6	258	-	258	767	87	680
Other costs	7	(545)	(306)	(239)	(1,371)	(1,317)	(54)
Gross operating profit/(loss)		**(2,401)**	**(70)**	**(2,331)**	**(2,101)**	**1,336**	**(3,437)**
Amortisation and depreciation	8	(347)	(299)	(48)	(1,015)	(718)	(297)
Impairment charges/reversal of impairment charges on non-current assets		-	-	-	(1)	-	(1)
Operating profit/(loss)		**(2,748)**	**(369)**	**(2,379)**	**(3,117)**	**618**	**(3,735)**
Income from investments		-	-	-	7,940	-	7,940
Net finance income/(costs)	9	730	75	655	945	328	617
PROFIT/(LOSS) BEFORE TAX		**(2,018)**	**(294)**	**(1,724)**	**5,768**	**946**	**4,822**
Taxation	10	(704)	(698)	(6)	(1,979)	(2,131)	152
NET PROFIT/(LOSS) BEFORE MINORITY INTERESTS		**(2,722)**	**(992)**	**(1,730)**	**3,789**	**(1,185)**	**4,974**
Net profit/(loss) attributable to minority interests		(17)	-	(17)	83	-	83
NET PROFIT/(LOSS) FOR THE PERIOD ATTRIBUTABLE TO PARENT COMPANY		**(2,705)**	**(992)**	**(1,713)**	**3,706**	**(1,185)**	**4,891**
Earnings per share	11	(0.66)	(0.25)		0.90	(0.30)	
Diluted earnings per share	11	(0.66)	(0.25)		0.90	(0.30)	

Compared with the results for the same period of the previous year, the Acotel Group's results for the third quarter of 2008 show both a significant increase in revenue and a deterioration in the earnings performance.

Revenue of 23,441 thousand euros for the quarter is up 49% on the third quarter of 2007, reflecting the positive commercial performances achieved primarily by *Flycell Inc.* and its direct subsidiaries and by *Jinny Software.*

The Group reports a gross operating loss of 2,401 thousand euros for the quarter, marking a deterioration with respect to the third quarter of 2007. This result primarily reflects significant expenditure on advertising (up 77%), in order to promote the *B2C* services supplied by the companies operating in the US, Brazil, Turkey and Italy, and increased staff costs (up 25%).

After amortisation and depreciation, amounting to 347 thousand euros, the operating loss is 2,748 thousand euros.

After net finance income of 730 thousand euros, estimated taxation for the period of 704 thousand euros, and the loss attributable to minority interests of 17 thousand euros, the net loss attributable to the Parent Company for the third quarter of 2008 amounts to 2,705 thousand euros.

Note 1 - Revenue

Revenue in the third quarter of 2008 amounts to 23,441 thousand euros, representing an increase on the 15,733 thousand euros of the same period of the previous year.

As shown in the table below, in addition to the Services segment (up 45%), revenue growth was also driven by the Design of ICT equipment (up 147%):

	2008		2007	
(€000)	**Q3**	**9M**	**Q3**	**9M**
SERVICES	21,001	55,384	14,483	43,230
DESIGN OF ICT EQUIPMENT	2,052	7,922	831	4,737
SECURITY SYSTEMS DESIGN	388	1,271	419	1,012
	23,441	**64,577**	**15,733**	**48,979**

SERVICES

The Services business segment includes services supplied directly to end customers (B2C) and the activities carried out for telephone and commercial companies, and has 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)	Q3			9M		
	2008	2007	Inc./(Dec.)	2008	2007	Inc./(Dec.)
B2C services	15,341	8,262	7,079	37,977	25,836	12,141
Network Operator services	4,679	5,533	(854)	14,292	15,502	(1,210)
Corporate services	786	459	327	2,172	890	1,282
Media services	195	229	(34)	943	1,002	(59)
Total	**21,001**	**14,483**	**6,518**	**55,384**	**43,230**	**12,154**

At 15,341 thousand euros B2C service revenues for the third quarter of 2008 are up 86% on the same period of the previous year, representing approximately 73% of total service revenues. These revenues are generated almost exclusively by the US subsidiary, *Flycell Inc.* and its direct subsidiaries, *Flycell Latin America*, *Flycell Telekomünicasyon Hizmetleri A.Ş* and *Flycell Italia S.r.l.*.

Revenues from the provision of Network Operator services, amounting to 4,679 thousand euros, are down 15% on the third quarter of 2007. They include revenues from services rendered by the subsidiary, *Acotel SpA*, to *Telecom Italia*, totalling 2,636 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 1,202 thousand euros, and revenues generated by activities carried out by *Info2cell* for the main mobile telephony operators in the Middle East, totalling 837 thousand euros. The reduction compared with the same period of the previous year is principally due to lower turnovers reported by the Italian and Brazilian subsidiaries.

Revenues from Corporate services amount to 786 thousand euros and relate primarily to the services provided in Italy by *Acotel S.p.A.,* above all to banks, totalling 363 thousand euros, and those supplied by *Info2cell* to its Middle Eastern customers, amounting to 419 thousand euros. The increase compared with the third quarter of 2007 (up 71%) essentially reflects higher turnover at the above subsidiaries.

Revenues from services provided to media companies, amounting to 195 thousand euros, are almost entirely generated in the Middle East by the subsidiary, *Info2cell*, and in Italy by *Acotel S.p.A.*.

DESIGN OF ICT EQUIPMENT

Revenues from this line of business, amounting to 2,052 thousand euros in the third quarter of 2008, are significantly ahead of the figure for the same period of 2007 (831 thousand euros). These revenues are generated by *Jinny Software* from the supply of new equipment and the provision of maintenance to mobile operators in Africa, Latin America, Asia, Europe, the Middle East and North America.

Revenue growth was also strong over the first nine months of 2008, marking an increase of 67% on the same period of the previous year. This reflects the commercial success of the new platforms developed and the strengthening of both the in-house and outside sales organisations.

SECURITY SYSTEMS DESIGN

Revenues from the design and production of electronic security systems amount to 388 thousand euros for the third quarter and are entirely generated by the subsidiary, *AEM S.p.A.*. These revenues, which are slightly down (7%) on the figure for the third quarter of 2007, 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.
Revenues for this line of business are, in any event, up 26% over the first nine months of 2008, compared with the same period of 2007.

A geographical breakdown of the Group's revenue is as follows:

(€000)	2008				2007			
	Q3	%	9M	%	Q3	%	9M	%
NORTH AMERICA	9,241	39.4%	23,962	37.1%	8,166	51.9%	25,854	52.8%
LATIN AMERICA	5,850	25.0%	15,224	23.6%	1,781	11.3%	4,447	9.1%
ITALY	3,785	16.1%	11,562	17.9%	4,055	25.8%	11,664	23.8%
OTHER EUROPEAN COUNTRIES	1,778	7.6%	4,734	7.3%	171	1.1%	428	0.9%
MIDDLE EAST	1,764	7.5%	4,466	6.9%	1,202	7.6%	3,740	7.6%
AFRICA	748	3.2%	3,440	5.3%	256	1.6%	2,128	4.3%
ASIA	275	1.2%	1,189	1.9%	102	0.6%	718	1.5%
	23,441	**100%**	**64,577**	**100%**	**15,733**	**100%**	**48,979**	**100%**

The geographical revenue breakdown for the third quarter of 2008 reveals:
- stable turnover in North America (affected, however, by the fall in the value of the dollar) generated almost entirely by the subsidiary, *Flycell Inc.*;
- revenue growth in Latin America and Europe, thanks above all to the *B2C* services supplied by *Flycell Latin America* and *Flycell Telekomünicasyon Hizmetleri A.Ş,* which are direct subsidiaries, also in operational terms, of *Flycell Inc.*;
- revenue growth in Africa and Asia, thanks to the commercial activities of the subsidiary, *Jinny Software.*

Note 2 – Raw materials

The cost of raw materials during the quarter, amounting to 507 thousand euros, refers principally to the purchase of materials for the construction of telecommunications and security systems by *Jinny Software* (406 thousand euros).

Note 3 – External services

The cost of external services totals 20,199 thousand euros for the quarter, representing a significant increase (78%) on the third quarter of 2007. This is primarily due to the promotional costs incurred by the Group in order to promote its *B2C* services in the US and penetrate new markets in Brazil, Spain and Italy.

A breakdown of the service costs is shown below:

	2008		2007	
(€000)	Q3	9M	Q3	9M
Advertising	8,515	20,393	4,823	14,127
Interconnection and billing services	6,816	16,779	3,260	10,231
Content providers	2,141	5,119	1,417	3,472
Professional consultants	690	1,565	362	1,104
Travel expenses	494	1,351	269	908
Purchase of SMS packages	469	1,207	294	823
Connectivity and sundry utilities	346	1,018	258	902
Remuneration of governance bodies	173	502	156	451
Outsourcing	118	377	54	154
Auditors' fees	57	199	18	163
Other minor expenses	380	1,447	427	1,078
Total	**20,199**	**49,957**	**11,338**	**33,413**

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 substantial promotional costs (8,264 thousand euros out of a Group total of 8,515 thousand euros) in order to raise market awareness of their services and increase their customer base, and significant costs (6,816 thousand euros) charged by telephone operators and mobile transaction network providers for interconnection and billing services.

The other most significant costs regard the cost of acquiring content from external content providers, amounting to 2,141 thousand euros, the fees paid to marketing, administrative, legal, tax and technical consultants by Group companies (690 thousand euros), travel expenses (494 thousand euros), the cost of purchasing SMS packages from mobile operators (469 thousand euros), and the cost of connecting to terrestrial and satellite transmission networks, together with other utilities (346 thousand euros).
Other cost items, in order of importance, regard the fees paid to governance bodies, totalling 173 thousand euros, outsourcing amounting to 118 thousand euros and auditors' fees of 57 thousand euros.

Note 4 – Rentals and leases

Rentals and leases amount to 395 thousand euros and mainly include rentals on offices occupied by Group companies.

Note 5 – Staff costs

Staff costs include:

(€000)	2008 Q3	2008 9M	2007 Q3	2007 9M
Salaries and wages	3,575	10,294	2,839	8,621
Social security contributions	465	1,581	447	1,394
Staff termination benefits	99	233	69	195
Finance costs	(14)	(38)	(12)	(34)
Other costs	376	1,092	253	843
Total	**4,501**	**13,162**	**3,596**	**11,019**

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

Other staff costs 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 number of staff by category at 30 September 2008, compared with the average number for the third quarter and the first nine months of 2008 and 2007, is reported in the following table:

	At 30 Sept 2008	Average Q3 2008	Average Q3 2007	Average 9M 2008	Average 9M 2007
Managers	27	27	18	27	17
Supervisors	62	64	30	66	31
White- and blue-collar staff	334	327	288	306	274
Total	**423**	**418**	**336**	**399**	**322**

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

	At 30 Sept 2008	At 30 Sept 2007
Italy	109	91
Jordan	65	70
Lebanon	79	66
USA	68	49
Ireland	30	27
Brazil	27	20
United Arab Emirates	20	19
Malaysia	8	4
Romania	9	-
Spain	2	-
South Africa	2	-
Turkey	4	2
Total	**423**	**348**

Note 6 - Internal capitalised costs

Internal capitalised costs, totalling 258 thousand euros, regard staff employed in the development of software and new applications that will interact with the *"Noverca"* platform. The Acotel Group currently supplies integrated IP communications solutions (data, audio, video) under this brand name, with the services accessible via a range of terminals, such as IP phones, personal computers, palmtops and mobile phones.

Note 7 – Other costs

Other costs amount to 545 thousand euros, including 416 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 8 - Amortisation and depreciation

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

	2008		2007	
(€000)	Q3	9M	Q3	9M
Amortisation of non-current intangible assets	73	204	51	154
Depreciation of property, plant and equipment	274	811	248	564
Total	**347**	**1,015**	**299**	**718**

Amortisation of non-current intangible assets mainly refers to amortisation of the software and licences utilised by various Group companies.

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

Note 9 - Finance income and costs

Net finance income of 730 thousand euros breaks down as follows:

	2008		2007	
(€000)	Q3	9M	Q3	9M
Interest income from investments	235	576	170	608
Interest income on bank deposits	94	246	39	117
Foreign exchange gains	437	363	5	28
Other interest income	67	139	3	11
Total finance income	**833**	**1,324**	**217**	**764**
Interest expense and bank charges	(103)	(247)	(36)	(128)
Foreign exchange losses	-	(93)	(90)	(270)
Other interest expense	-	(39)	(16)	(38)
Total finance costs	**(103)**	**(379)**	**(142)**	**(436)**
Net finance income/(costs)	**730**	**945**	**75**	**328**

Interest income from investments includes gains on investment of the Group's liquidity in short-term instruments.

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 period, amounting to 704 thousand euros, reflects estimated income taxes and deferred tax assets and liabilities recognised by Group companies.

Note 11 – Earnings per share

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

(€000)	2008 Q3	2008 9M	2007 Q3	2007 9M
Net profit/(loss) (€000)	**(2,705)**	**3,706**	**(992)**	**(1,185)**
Number of shares (000)				
Shares in circulation at the start of the period*	3,916	3,916	3,916	3,916
Weighted average of treasury shares acquired/sold in the period	(198)	(198)	-	-
Weighted average of ordinary shares in circulation	**4,114**	**4,114**	**3,916**	**3,916**
Basic and diluted earnings per share **	**(0.66)**	**0.90**	**(0.25)**	**(0.30)**

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

**: basic earnings for the third quarter and first nine months of 2008 and 2007 coincide with diluted earnings per share as the conditions provided for by IAS 33 do not exist.

FINANCIAL POSITION AND CASH FLOW

RECLASSIFIED CONSOLIDATED BALANCE SHEET

(€000)	30 September 2008	31 December 2007	Inc./(Dec.)	% inc./(dec.)
Non-current assets:				
Property, plant and equipment	2,796	3,221	(425)	(13%)
Intangible assets	13,124	12,464	660	5%
Non-current financial assets	2	2	-	-
Other assets	1,021	273	748	274%
TOTAL NON-CURRENT ASSETS	**16,943**	**15,960**	**983**	**6%**
Net current assets:				
Inventories	602	642	(40)	(6%)
Trade receivables	20,252	18,620	1,632	9%
Other current assets	3,006	3,442	(436)	(13%)
Trade payables	(13,367)	(9,526)	(3,841)	(40%)
Other current liabilites	(4,530)	(4,020)	(510)	(13%)
TOTAL NET CURRENT ASSETS	**5,963**	**9,158**	**(3,195)**	**(35%)**
STAFF TERMINATION AND AND OTHER EMPLOYEE BENEFITS	**(1,077)**	**(947)**	**(130)**	**(14%)**
NON-CURRENT PROVISIONS	**(336)**	**(318)**	**(18)**	**(6%)**
NET INVESTED CAPITAL	**21,493**	**23,853**	**(2,360)**	**(10%)**
Shareholders' equity:				
Share capital	1,084	1,084	-	-
Reserves and retained earnings/(accumulated losses)	58,395	48,469	9,926	20%
Net profit/(loss) for the period	3,706	(1,278)	4,984	390%
Minority interests	113	30	83	277%
TOTAL SHAREHOLDERS' EQUITY	**63,298**	**48,305**	**14,993**	**31%**
MEDIUM-/LONG TERM DEBT	**133**	**133**	**-**	**-**
Net cash and cash equivalents:				
Current financial assets	(19,069)	(12,702)	(6,367)	(50%)
Cash and cash equivalents	(26,395)	(12,178)	(14,217)	(117%)
Current financial liabilities	3,526	295	3,231	1095%
	(41,938)	**(24,585)**	**(17,353)**	**(71%)**
NET FUNDS	**(41,805)**	**(24,452)**	**(17,353)**	**(71%)**
TOTAL SHAREHOLDERS' EQUITY AND NET FUNDS	**21,493**	**23,853**	**(2,360)**	**(10%)**

The Acotel Group's net invested capital at 30 September 2008 amounts to 21,493 thousand euros, made up of non-current assets of 16,943 thousand euros, net current assets of 5,963 thousand euros, staff termination benefits of 1,077 thousand euros and other non-current provisions of 336 thousand euros.

Net invested capital is financed by shareholders' equity of 63,298 thousand euros and net funds of 41,805 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 due to a rise in internal capitalised costs and deferred tax assets;
- net current assets have not seen significant changes, merely those linked to the economic trend during the period;
- in addition to the effect of net profit for the first nine months of 2008, consolidated shareholders' equity rose as a result of Intesa Sanpaolo's acquisition of a 4.75% stake in Acotel Group via the purchase of 198,075 treasury shares at a total cost of 12.3 million euros (62 euros per share); this transaction generated an increase of 9.1 million euros in consolidated shareholders' equity, before the related tax effect;
- net funds at 30 September 2008, the composition of which is provided in the following table, amount to 41,805 thousand euros, marking an increase of 17,353 thousand euros on 31 December 2007. This is primarily due to the following transactions carried out with Intesa SanPaolo S.p.A.:
  - the sale of treasury shares by Acotel Group S.p.A.;
  - Intesa Sanpaolo S.p.A.'s acquisition of a 10% interest in Noverca S.r.l.;
  - the establishment of a new company named Noverca Italia S.r.l., which is 66% owned by Noverca S.r.l. and 34% owned by Intesa Sanpaolo S.p.A..

NET FUNDS

(€000)

	30 September 2008	30 June 2008	31 December 2007
A. Cash and cash equivalents	26,395	26,442	12,178
B. Assets held for trading	16,450	16,089	10,052
C. Liquidity (A + B)	**42,845**	**42,531**	**22,230**
D. Other current financial assets	**2,619**	**2,604**	**2,650**
E. Current bank borrowings	(3,496)	(2,039)	(265)
F. Current portion of non-current debt	(30)	(30)	(30)
G. Current financial liabilities (E + F)	**(3,526)**	**(2,069)**	**(295)**
H. Net current funds (C+D+G)	**41,938**	**43,066**	**24,585**
I. Non-current financial liabilities	(133)	(133)	(133)
L. Non-current debt (I)	**(133)**	**(133)**	**(133)**
M. Net funds (H + L)	**41,805**	**42,933**	**24,452**

ATTESTATION PURSUANT TO PARAGRAPHS 12 AND 13, ART. 2.6.2. OF STOCK EXCHANGE REGULATIONS

Acotel Group S.p.A., as the indirect parent company of entities established and regulated under the laws of non-EU states, declares that it has complied with the provisions of art. 36 of CONSOB Regulation 16191.
With regard to the provisions of art. 37 of the above Regulation, Acotel Group S.p.A. does not believe it necessary to issue any attestation, as it is not subject to management and coordination by another company.

DECLARATION BY THE MANAGER RESPONSIBLE FOR THE GROUP'S FINANCIAL REPORTING PURSUANT TO THE PROVISIONS OF ARTICLE 154 BIS, PARAGRAPH 2, OF LEGISLATIVE DECREE 58/1998

The manager responsible for the Group's financial reporting, Luca De Rita, hereby declares, pursuant to article 154 *bis*, paragraph 2, of the Consolidated Finance Act, that this consolidated quarterly report is consistent with the underlying accounting records.