QUARTERLY REPORT FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2011

Registered office in Via della Valle dei Fontanili 29/37 – 00168 Rome, Italy
Share capital: €1,084,200.00 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

Raffaele Cappiello (1), (2)
Director

Cristian Carnevale
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

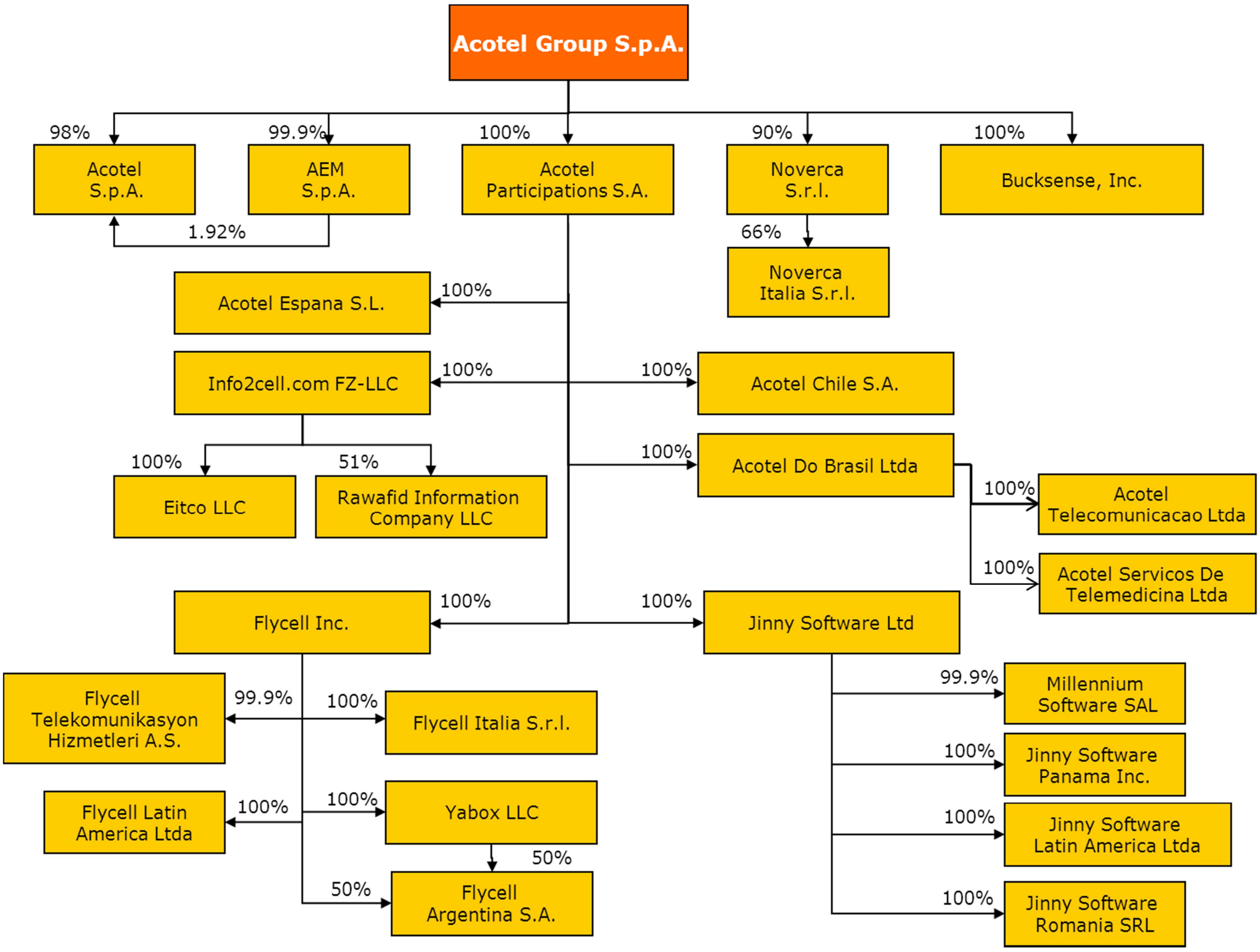
Maurizio Salimei
Auditor

Independent auditors

Deloitte & Touche SpA

THE GROUP

The following chart shows the structure of the Acotel Group at 30 September 2011:



The parent company of Acotel Group SpA is Clama Srl, which at 30 September 2011 holds 1,727,915 ordinary shares, representing 41.4% of the share capital.

Clama Srl 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 2011 has 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 the CONSOB's Regulations for Issuers.

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.

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 2010, integrated where necessary by the application of standards to take account of aspects not present at that date.

The consolidated financial statements for the three months ended 30 September 2011 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, any impairments of goodwill and inventories, and provisions for bad debts, litigation and taxation.

Above all, a portion of the turnover generated by *Flycell Inc.* and its subsidiaries, in addition to certain related cost items, include preliminary figures, derived primarily from internal reporting systems, and estimates that have yet to be confirmed by mobile transaction network providers and/or operators.

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 2011 and carried forward to the following accounting period.

In addition, certain measurement 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 measurement of any loss.

This quarterly report is unaudited.

BASIS OF CONSOLIDATION

The following table provides summary information on consolidated companies held, directly or indirectly, by *Acotel Group SpA*, the Parent Company. There were no changes in the basis of consolidation during the third quarter of 2011, compared with the previous two quarters.

Companies consolidated on a line-by-line basis

Company	Date of acquisition	Group's interest (%)	Registered office	Share capital	
Acotel SpA	28 April 2000	99.9% (3)	Rome	EURO	13,000,000
AEM Advanced Electronic Microsystems SpA	28 April 2000	99.9%	Rome	EURO	858,000
Acotel Participations SA	28 April 2000	100%	Luxembourg	EURO	6,200,000
Acotel Chile SA	28 April 2000	100% (4)	Santiago, Chile	USD	17,330
Acotel Espana SL	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
Flycell Telekomunikasyon Hizmetleri AS	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	3,714,816
Rawafed 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 Srl	10 July 2008 (1)	100% (7)	Rome	EURO	90,000
Flycell Argentina SA	26 October 2009	100% (8)	La Plata	ARS	12,000
Acotel Serviços De Telemedicina Ltda.	28 March 2011	100% (9)	Rio de Janeiro	BRL	300,000
Acotel Teleçomunicação Ltda.	28 March 2011	100% (9)	Rio de Janeiro	BRL	150,000
Bucksense, Inc.	28 June 2011	100%	Nevada	USD	10,000

(1) The date of the company's entry into the Group coincides with its incorporation.
(2) Prior to this date the Group held 33% of the company's share capital, accounted for in investments in associates.
(3) AEM owns 1.92% of the share capital.
(4) Controlled via Acotel Participations SA.
(5) Controlled via Jinny Software Ltd.
(6) Controlled via Info2cell.com FZ-LLC.
(7) Controlled via Flycell Inc.
(8) Controlled via Flycell Inc. and Yabox LLC.
(9) Controlled via Acotel do Brasil Ltda.

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

Company	Date of acquisition	Group's interest (%)	Registered office	Share capital	
Noverca Srl	10 July 2002 (1)	90%	Rome	EURO	Noverca Srl
Noverca Italia Srl	9 May 2008 (2)	59.4% (3)	Rome	EURO	Noverca Italia Srl

(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 Srl.

SIGNIFICANT EVENTS DURING THE PERIOD

Flycell Inc., which is responsible for all the activities involved in the development and sale of B2C services, and which operates either directly, or via its subsidiaries in the USA, Argentina, Brazil, Italy, Mexico, Spain, South Africa and Turkey, saw an improvement in margins with respect to the same period of the previous year, with pre-tax profit rising approximately 30%, despite turnover being down on the third quarter of 2010.

Acotel SpA, which provides value added services in Italy, has seen revenue growth thanks to the positive results achieved as a result of contracts with *Telecom Italia* and a number of banks.

Info2cell, which also provides B2B services as part of the Value Added Services business and is the market leader in the Middle East, launched a series of new initiatives designed to diversify its business in response to the general decline in revenues recorded in the first part of the year. New developments include the launch of the www.3alaTV.com portal and the related SMS/MMS services (the portal is an interactive guide to TV programmes) and the rollout of the second version of the Al-Dawri iPhone application for soccer fans in Saudi Arabia.

The *B2B* segment of the Value Added Services business also saw *Acotel do Brasil* record a sharp fall in turnover compared with the same period of 2010. The reduction reflects the general decline in the volume of business with the operator, *TIM Brasil*.

The business previously named Mobile Messaging Solutions has been renamed Mobile VAS technology in order to better represent the commercial offering and strategic positioning of the subsidiary, *Jinny Software Ltd*. The new name encapsulates the strategy by which, via Jinny, the Group aims to offer mobile operators throughout the world the technologies needed to develop and supply any type of value added service. From a commercial viewpoint, the company's order book is larger than it was in the third quarters of 2009 and 2010. The geographical areas that made the biggest contribution to achieving this result are Latin America, Africa and the Middle East. The company has also acquired a new customer in eastern Europe.

Noverca Italia Srl operates in the Mobile Telecommunications business as a mobile virtual network operator (MVNO) in Italy. The banking group, *Intesa Sanpaolo SpA*, directly and indirectly owns a total interest of 40.6% in the company. During the second part of the quarter the company completed tests of the technology platform that will enable it to operate as a Full MVNO, with its own mobile operator code and own SIM (Subscriber Identification Module) cards and only depending on the host operator (*Telecom Italia SpA*) for access to the mobile network.

In the Security Systems business, *AEM Sp*A recorded a fall in revenues compared with the same period of 2010, reflecting the current downturn in the market for investment goods.

RESULTS OF OPERATIONS

RECLASSIFIED CONSOLIDATED INCOME STATEMENT

(€000)	Note	Q3			9M		
		2011	2010	Inc./(Dec.)	2011	2010	Inc./(Dec.)
Revenues	1	28,011	37,456	(9,445)	82,211	117,435	(35,224)
Other income		99	86	13	370	263	107
Total		**28,110**	**37,542**	**(9,432)**	**82,581**	**117,698**	**(35,117)**
Change in work in progress, semi-finished and finished goods		7	(278)	285	8	(463)	471
Raw materials, semi-finished and finished goods	2	(459)	(279)	(180)	(1,317)	(1,112)	(205)
External services	3	(21,147)	(29,229)	8,082	(58,250)	(99,722)	41,472
Rentals and leases	4	(459)	(452)	(7)	(1,371)	(1,406)	35
Staff costs	5	(5,576)	(5,390)	(186)	(17,228)	(16,932)	(296)
Internal capitalised costs	6	134	237	(103)	951	917	34
Other costs	7	(772)	(1,060)	288	(2,103)	(2,427)	324
Gross operating profit/(loss)		**(162)**	**1,091**	**(1,253)**	**3,271**	**(3,447)**	**6,718**
Amortisation and depreciation	8	(632)	(826)	194	(2,406)	(2,545)	139
Impairment charges/reversal of impairment charges on non-current assets		(4)	(8)	4	(20)	(8)	(12)
Operating profit/(loss)		**(798)**	**257**	**(1,055)**	**845**	**(6,000)**	**6,845**
Share of profit/(loss) of associates and joint ventures		-	-	-	12	-	12
Net finance income/(costs)	9	318	(96)	414	900	83	817
PROFIT/(LOSS) BEFORE TAX		**(480)**	**161**	**(641)**	**1,757**	**(5,917)**	**7,674**
Taxation	10	(176)	(1,625)	1,449	(2,079)	(2,044)	(35)
PROFIT/(LOSS) BEFORE NON-CONTROLLING INTERESTS		**(656)**	**(1,464)**	**808**	**(322)**	**(7,961)**	**7,639**
Profit/(loss) attributable to non-controlling interests		65	17	48	165	123	42
PROFIT/(LOSS) FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE PARENT		**(721)**	**(1,481)**	**760**	**(487)**	**(8,084)**	**7,597**
Earnings per share	11	(0.18)	(0.36)		(0.12)	(1.96)	
Diluted earnings per share	11	(0.18)	(0.36)		(0.12)	(1.96)	

Compared with the results for the same period of the previous year, the Acotel Group's results for the third quarter of 2011 reveal a reduction in revenue, a deterioration in the pre-tax result and a reduction in the loss for the period. In contrast, earnings in the first nine months of 2011 are up on the figure for the same period of 2010, confirming the positive impact of the Group's decision to rationalise and insource management of its advertising from the second half of last year.

Revenue of 28,011 thousand euros for the quarter is down 25% on the third quarter of 2010, essentially reflecting a downturn in B2C revenues in the Services segment.

The gross operating profit of 1,091 thousand euros recorded in the third quarter of 2010 compares with a gross operating loss of 162 thousand euros for the third quarter of the current year.

After amortisation, depreciation and impairments of non-current assets, the Group reports an operating loss of 798 thousand euros.

After net finance income of 318 thousand euros, estimated taxation for the period of 176 thousand euros, and profit attributable to non-controlling interests of 65 thousand euros, the loss attributable to owners of the Parent for the third quarter of 2011 amounts to 721 thousand euros, marking an improvement of 51% on the same period of 2010.

Note 1 - Revenue

Revenue for the third quarter of 2011 amounts to 28,011 thousand euros, representing a reduction on the 37,456 thousand euros of the same period of the previous year.

As shown in the table below, the reduction in revenue primarily reflects the performance of the Services business:

(€000)	**2011**		**2010**	
	Q3	**9M**	**Q3**	**9M**
SERVICES	24,641	70,405	33,950	106,653
MOBILE VAS TECHNOLOGY	2,289	9,060	2,502	8,509
SECURITY SYSTEMS	541	1,211	350	1,136
MOBILE TELECOMMUNICATIONS	540	1,535	654	1,137
	28,011	**82,211**	**37,456**	**117,435**

SERVICES

The Services business includes the services supplied to final customers (B2C), and those provided to telephone and commercial companies, with the primary purpose of supplying value added content and services to mobile phone users.

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

(€000)	Q3			9M		
	2011	2010	Inc./(Dec.)	2011	2010	Inc./(Dec.)
B2C services	17,593	25,347	(7,754)	49,898	82,707	(32,809)
Network Operator services	4,334	4,903	(569)	11,844	12,689	(845)
Corporate services	2,580	3,464	(884)	8,302	10,395	(2,093)
Media services	134	236	(102)	361	862	(501)
Total	**24,641**	**33,950**	**(9,309)**	**70,405**	**106,653**	**(36,248)**

B2C service revenues for the third quarter of 2011, totalling 17,593 thousand euros, are down 31% on the same period of the previous year, representing approximately 71% of total service revenues. These revenues are generated primarily by the US subsidiary, *Flycell Inc.* in North America, Spain, Mexico and South Africa and by its direct subsidiaries, *Flycell Italia*, *Flycell Latin America*, *Flycell Telekomünicasyon Hizmetleri A.Ş* and *Flycell Argentina* in Italy, Braxil, Turkey and Argentina.

Revenues from the provision of Network Operator services, amounting to 4,334 thousand euros, are down 12% on the third quarter of 2010. These include revenues generated by the provision of services to *Telecom Italia* by the subsidiary, *Acotel SpA*, totalling 1,980 thousand euros, revenues from services rendered by the subsidiary, *Acotel do Brasil*, to the Brazilian operator, *TIM Celular*, amounting to 1,881 thousand euros, and revenues generated by activities carried out by *Info2cell* for leading mobile telephony operators in the Middle East, totalling 473 thousand euros. The reduction compared with the same period of the previous year reflects lower turnover at the Brazilian and Middle Eastern subsidiaries, only partially offset by the strong performance of the Italian subsidiary.

Revenues from Corporate services, down 26% on the same period of the previous year, total 2,580 thousand euros. These revenues are generated by services provided in the Middle East by *Info2cell*, totalling 1,695 thousand euros, and those provided in Italy by *Acotel SpA*, primarily to banks, totalling 885 thousand euros. The reduction reflects a drop in turnover at the Middle Eastern subsidiary.

Revenues from services provided to Media companies, amounting to 134 thousand euros, are almost entirely generated in the Middle East by the subsidiary, *Info2cell.*

MOBILE VAS TECHNOLOGY

Revenues from this line of business, which in previous reports was referred to as "Mobile Messaging Solutions", amount to 2,289 thousand euros for the third quarter of 2011, marking a reduction of approximately 9% with respect to the same period of 2010. 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, Latin America, Asia, Europe and North America.

SECURITY SYSTEMS

Revenues from the design and production of electronic security systems amounted to 541 thousand euros in the third quarter and are entirely generated by the subsidiary, *AEM SpA*. These revenues, which are up 54% on the figure for the third quarter of 2010, 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 a number of companies in the *ACEA* Group.

MOBILE TELECOMMUNICATIONS

Mobile telecommunications revenues, which are entirely attributable to *Noverca Italia Srl*, amount to 540 thousand euros, compared with the 654 thousand euros of the same period of 2010. In accordance with the proportionate method of consolidation, this figure corresponds to *Acotel Group SpA*'s 59.4% interest in *Noverca Italia Srl*.

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

(€000)	**2011**				**2010**			
	Q3	**%**	**9M**	**%**	**Q3**	**%**	**9M**	**%**
ITALY	9,072	32.4%	19,801	24.1%	5,860	15.6%	18,528	15.8%
LATIN AMERICA	8,419	30.0%	25,761	31.3%	10,422	27.8%	31,369	26.7%
NORTH AMERICA	5,188	18.5%	17,145	20.9%	12,401	33.1%	38,593	32.9%
MIDDLE EAST	2,608	9.3%	9,618	11.7%	4,670	12.5%	13,262	11.3%
OTHER EUROPEAN COUNTRIES	1,795	6.4%	5,884	7.1%	3,263	8.7%	12,502	10.5%
AFRICA	872	3.1%	3,393	4.1%	610	1.6%	2,572	2.2%
ASIA	57	0.3%	609	0.8%	230	0.7%	609	0.6%
	28,011	**100%**	**82,211**	**100%**	**37,456**	**100%**	**117,435**	**100%**

The geographical revenue breakdown for the third quarter of 2011 highlights the significant recovery in the Italian market (32% of total turnover), confirmation of the importance of Latin America (30% of total turnover) and the decline in revenue generated in North America (18.5% of total turnover), essentially reflecting the Group's decision to cut investment in advertising in this geographical area that, following a number of changes to the regulatory framework, no longer offers returns on a par with those seen in previous years.

Note 2 – Raw materials, semi-finished and finished products

This item, amounting to 459 thousand euros, primarily relates to the purchase of materials for the construction of telecommunications equipment and security systems by *Jinny Software* (230 thousand euros) and *AEM SpA* (207 thousand euros).

Note 3 – External services

The cost of external services totals 21,147 thousand euros for the quarter, representing a reduction of 28% on the third quarter of 2010. A breakdown of the service costs is shown below:

(€000)	2011		2010	
	Q3	9M	Q3	9M
Interconnection and billing services	8,828	24,892	12,440	41,177
Advertising	5,934	13,715	9,061	35,495
Content providers	2,656	8,253	3,776	10,794
Purchase of SMS packages	679	1,935	682	2,129
Professional consultants	654	1,999	729	2,109
Connectivity and sundry utilities	428	1,240	380	1,103
Travel expenses	369	1,266	469	1,350
MVNO traffic	338	1,239	415	1,511
Remuneration of corporate officers	215	648	192	575
Auditors' fees	160	393	66	276
Call center	112	332	190	584
Outsourcing	69	238	97	305
Other minor expenses	705	2,100	732	2,314
Total	**21,147**	**58,250**	**29,229**	**99,722**

The reduction in service costs primarily reflects *Flycell Inc.*'s decision to limit expenditure on advertising and lower costs for interconnection and billing services incurred by this company and its direct subsidiaries as a result of the reduction in turnover.

Note 4 – Rentals and leases

Rentals and leases amount to 459 thousand euros and mainly include rentals on offices occupied by Group companies.

Note 5 – Staff costs

Staff costs include:

(€000)	2011		2010	
	Q3	9M	Q3	9M
Salaries and wages	4,308	13,253	4,312	13,224
Social security contributions	795	2,493	712	2,338
Staff termination benefits	101	295	87	265
Finance costs	(23)	(65)	(13)	(47)
Other costs	395	1,252	292	1,152
Total	**5,576**	**17,228**	**5,390**	**16,932**

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 number of staff by category at 30 September 2011 and a comparison of the average numbers for the third quarter and first nine months of 2011 and 2010 are reported in the following table:

	At 30 Sept 2011	Average Q3 2011	Average Q3 2010	Average 9M 2011	Average 9M 2010
Managers	28	27	29	27	29
Supervisors	86	88	71	81	71
White- and blue-collar staff	364	367	370	374	363
Total	**478**	**482**	**470**	**482**	**463**

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

	30 September 2011	30 September 2010
Italy	121	117
Lebanon	76	81
Brazil	68	54
Jordan	64	61
USA	44	47
Ireland	35	34
Romania	18	23
United Arab Emirates	15	12
Spain	10	4
Kenya	8	7
Saudi Arabia	7	10
Malaysia	5	8
Turkey	3	5
Indonesia	2	1
Sudan	1	-

Panama	1	1
South Africa	-	1
Egypt	-	1
Total	**478**	**467**

Note 6 – Capitalised internal costs

Capitalised internal costs, totalling 134 thousand euros, regard staff employed in the development of software and new applications used in supplying the MVNO services launched under the *Nòverca* brand and in the company's conversion to a Full MVNO.

Note 7 - Other costs

Other costs amount to 772 thousand euros in the third quarter of 2011, including 498 thousand euros for indirect taxes payable by *Acotel do Brasil*, *Flycell Latin America* and *Jinny 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:

(€000)	2011		2010	
	Q3	9M	Q3	9M
Amortisation of non-current intangible assets	140	759	298	954
Depreciation of property, plant and equipment	492	1,647	528	1,591
Total	**632**	**2,406**	**826**	**2,545**

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

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

Note 9 – Finance income and costs

Net finance income of 318 thousand euros for the third quarter of 2011 breaks down as follows:

(€000)	2011		2010	
	Q3	9M	Q3	9M
Income from investments	454	1,254	362	857
Foreign exchange gains	10	406	-	774
Interest income on bank deposits	4	18	2	11
Other interest income	-	1	14	14
Total finance income	**468**	**1,679**	**378**	**1,656**
Interest expense and bank charges	(70)	(152)	(240)	(574)
Foreign exchange losses	(52)	(540)	(234)	(950)
Other finance costs	(28)	(87)	-	(49)
Total finance costs	**(150)**	**(779)**	**(474)**	**(1,573)**
Net finance income/(costs)	**318**	**900**	**(96)**	**83**

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 outstanding intercompany loans between companies with different functional currencies.

Note 10 - Taxation

Taxation for the period, amounting to 176 thousand euros, reflects estimated income tax expense and deferred tax income and expense recognised by Group companies, net of the related reversals.

Note 11 – Earnings per share

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

(€000)	2011		2010	
	Q3	9M	Q3	9M
Profit/(loss) for the period (€000)	**(721)**	**(487)**	**(1,481)**	**(8,084)**
Number of shares (000)				
Shares in circulation at the start of the period*	4,114	4,114	4,114	4,114
Weighted average of treasury shares acquired/sold in the period	-	-	-	-
Weighted average of ordinary shares in circulation	**4,114**	**4,114**	**4,114**	**4,114**
Basic and diluted earnings per share **	**(0.18)**	**(0.12)**	**(0.36)**	**(1.96)**

* : net of treasury shares held at the same date.
**: basic earnings for the third quarter and first nine months of 2011 and 2010 coincide with diluted earnings per share as the conditions provided for by IAS 33 do not exist.

FINANCIAL POSITION AND CASH FLOW

RECLASSIFIED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(€000)	30 September 2011	31 December 2010	Increase/(Decrease)	% inc./(dec.)
Non-current assets:				
Property, plant and equipment	7,997	6,787	1,210	18%
Intangible assets	13,972	13,112	860	7%
Other assets	3,384	3,440	(56)	(2%)
TOTAL NON-CURRENT ASSETS	**25,353**	**23,339**	**2,014**	**9%**
Net current assets:				
Inventories	560	514	46	9%
Trade receivables	27,891	31,990	(4,099)	(13%)
Other current assets	7,469	8,633	(1,164)	(13%)
Trade payables	(19,978)	(19,332)	(646)	(3%)
Other current liabilites	(8,412)	(8,527)	115	1%
TOTAL NET CURRENT ASSETS	**7,530**	**13,278**	**(5,748)**	**(43%)**
PROVISIONS FOR STAFF TERMINATION AND OTHER EMPLOYEE BENEFITS	**(1,874)**	**(1,649)**	**(225)**	**(14%)**
NON-CURRENT PROVISIONS	**(333)**	**(470)**	**137**	**29%**
NET INVESTED CAPITAL	**30,676**	**34,498**	**(3,822)**	**(11%)**
Equity:				
Share capital	1,084	1,084	-	-
Reserves and retained earnings/(accumulated losses)	64,286	69,243	(4,957)	(7%)
Profit/(Loss) for the period	(487)	(2,239)	1,752	(78%)
Non-controlling interests	722	558	164	29%
TOTAL EQUITY	**65,605**	**68,646**	**(3,041)**	**(4%)**
MEDIUM-/LONG TERM DEBT	**35**	**35**	**-**	**-**
Net cash and cash equivalents:				
Current financial assets	(24,318)	(26,284)	1,966	7%
Cash and cash equivalents	(10,680)	(11,700)	1,020	9%
Current financial liabilities	34	3,801	(3,767)	(99%)
	(34,964)	**(34,183)**	**(781)**	**(2%)**
NET FUNDS RECEIVABLE FROM OTHERS	**(34,929)**	**(34,148)**	**(781)**	**(2%)**
TOTAL EQUITY AND NET FUNDS RECEIVABLE FROM OTHERS	**30,676**	**34,498**	**(3,822)**	**(11%)**

The Acotel Group's net invested capital at 30 September 2011 amounts to 30,676 thousand euros, made up of non-current assets of 25,353 thousand euros, net current assets of 7,530 thousand euros, staff termination benefits of 1,874 thousand euros and other non-current provisions of 333 thousand euros.

Net invested capital is financed by consolidated equity of 65,605 thousand euros and net funds receivable from others of 34,929 thousand euros.

A detailed analysis of changes in the principal components of the financial position shows that:

- non-current assets have increased compared to the end of the previous year, primarily following the purchase by the subsidiary, *Acotel do Brasil*, of a property in Rio de Janeiro to be used as the company's registered office and operating headquarters, and investment in the installation and configuration of network equipment supplied by Telecom Italia to support Full MVNO operations;
- changes in net working capital are linked to the performance of the Acotel Group's businesses;
- net funds receivable from others at 30 September 2011 amount to 34,929 thousand euros, marking an increase of 781 thousand euros on 31 December 2010.

NET FUNDS

(€000)

	30 September 2011	30 June 2011	31 December 2010
A. Cash and cash equivalents	10,680	11,411	11,700
B. Assets held for trading	21,715	23,314	23,683
C. Liquidity (A + B)	**32,395**	**34,725**	**35,383**
D. Loans and receivables due from related parties	2,244	1,936	991
E. Other current financial assets	2,603	2,603	2,601
F. Current financial assets (D + E)	**4,847**	**4,539**	**3,592**
G. Current bank borrowings	-	(17)	(3,768)
H. Current portion of non-current debt	(34)	(34)	(33)
I. Current financial liabilities (G + H)	**(34)**	**(51)**	**(3,801)**
L. Net current funds (C+F+I)	**37,208**	**39,213**	**35,174**
M. Non-current financial liabilities	(35)	(35)	(35)
N. Non-current debt (M)	**(35)**	**(35)**	**(35)**
O. Net funds (L + N)	**37,173**	**39,178**	**35,139**
- receivable from related parties	2,244	1,936	991
- receivable from others	34,929	37,242	34,148

Net funds at 30 September 2011 amount to 37,173 thousand euros, marking an increase of 2,034 thousand euros compared with the end of 2010 and down 2,005 thousand euros with respect to 30 June 2011.

OTHER SIGNIFICANT EVENTS

In early October the Group entered a new area of business, launching the provision of interactive advertising services. This entailed incorporation of *BuckSense Inc.*, a US-based company set up to exploit the Group's vast worldwide experience in running interactive advertising campaigns to promote its services to consumers. The new company aims to play a leading role in the advertising market by providing turnkey solutions for the acquisition of new customers and to boost returns on advertising investment.

Noverca also made further progress in developing its innovative mobile service offering in October, making its Move and Pay service, created by *Intesa Sanpaolo* in partnership with *Setefi*, available through its SIM. This service, which is a first for a mobile provider, enables users to make mobile payments.

DECLARATION BY THE MANAGER RESPONSIBLE FOR FINANCIAL REPORTING

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