

**INTERIM REPORT FOR THE
THREE MONTHS ENDED 30 SEPTEMBER 2012**



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)

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), (3)

Director

Giovanni La Croce

Director

(1) *Member of the Remuneration Committee*

(2) *Member of the Audit and Risk Committee*

(3) *Lead Independent Director*

Board of Statutory Auditors

Antonio Mastrangelo

Chairman

Umberto Previti Flesca

Auditor

Maurizio Salimei

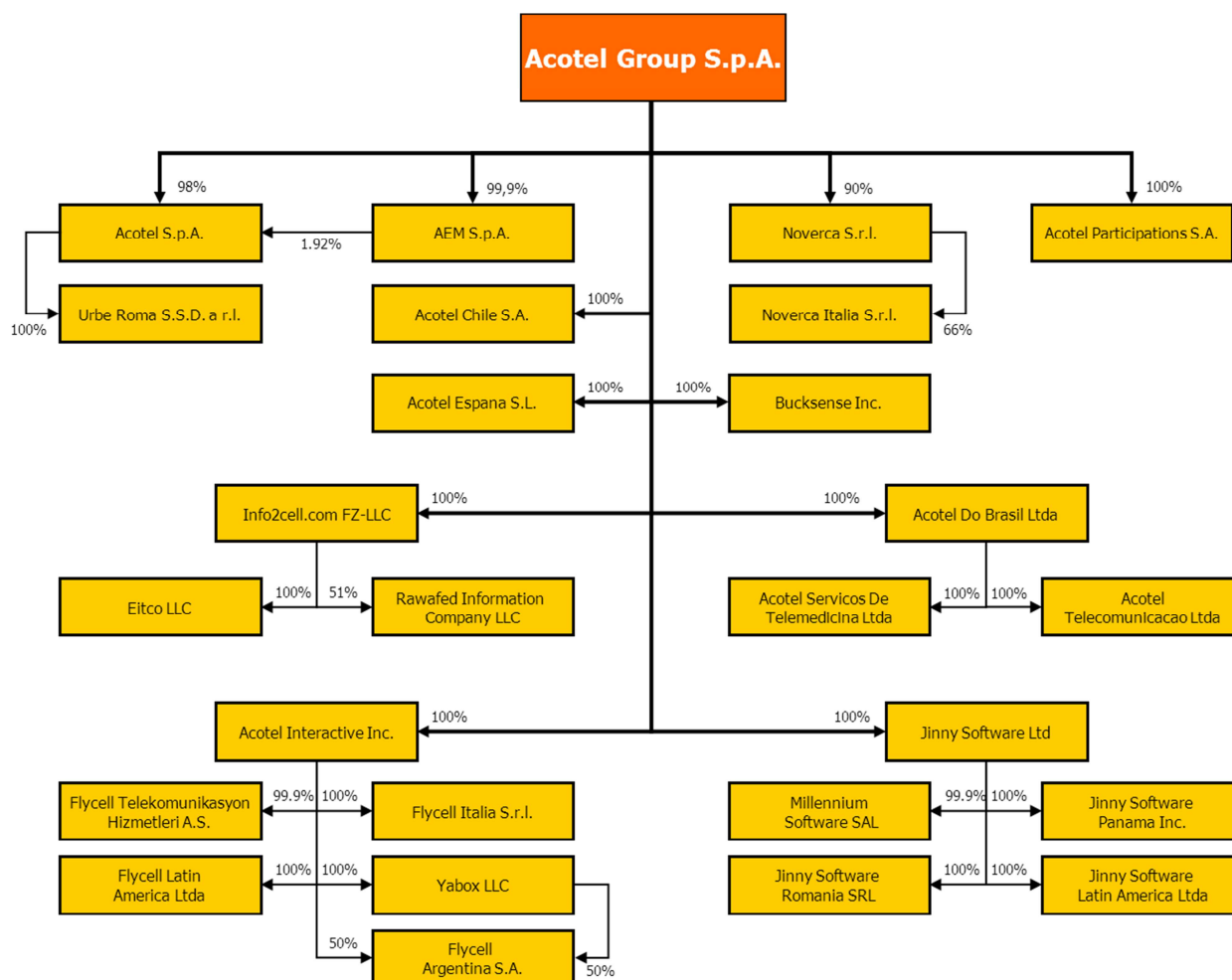
Auditor

Independent auditors

Reconta Ernst & Young SpA

THE GROUP

The following chart shows the structure of the Acotel Group at 30 September 2012:



The parent company of Acotel Group SpA is Clama Srl, which at 30 September 2012 holds 1,727,915 ordinary shares, representing 41.4% of the share capital.

Clama Srl does not carry out management and coordination activities as defined by art. 2497 of the Italian Civil Code.

BASIS OF PRESENTATION

The Acotel Group's interim report for the three months ended 30 September 2012 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 interim 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 2011, 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 2012 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, based primarily on internal records, which 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 *Acotel Interactive Inc.* and its subsidiaries, in addition to certain related cost items, include preliminary figures, is 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 also used in order to account for any refunds that may be payable to Digital Entertainment customers, and for the portion of revenues deriving from subscriptions for Digital Entertainment services billed in September 2012 and carried forward to the following accounting period.

Finally, 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 interim report is unaudited.

BASIS OF CONSOLIDATION

The following table provides key 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 2012 compared with 30 June 2012.

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%	Santiago, Chile	USD	17,330
Acotel Espana SL	28 April 2000	100%	Madrid	EURO	3,006

Acotel Do Brasil Ltda	8 August 2000 (1)	100%	Rio de Janeiro	BRL	1,868,250
Jinny Software Ltd.	9 April 2001	100%	Dublin	EURO	3,201
Millennium Software SAL	9 April 2001	99.9% (4)	Beirut	LPD	30,000,000
Info2cell.com FZ-LLC	29 January 2003 (2)	100%	Dubai	USD	5,000,000
Emirates for Information Technology Co.	29 January 2003	100% (5)	Amman	JD	710,000
Acotel Interactive, Inc.	28 June 2003 (1)	100%	Wilmington	USD	10,000
Flycell Telekomunikasyon Hizmetleri AS	2 July 2005 (1)	99.9% (6)	Istanbul	TRY	50,000
Flycell Latin America Conteúdo Para Telefonía Móvel LTDA	6 June 2006 (1)	100% (6)	Rio de Janeiro	BRL	250,000
Jinny Software Romania SRL	26 June 2007 (1)	100% (4)	Bucharest	RON	200
Yabox LLC	24 October 2007 (1)	100% (6)	Wilmington	USD	1
Jinny Software Latin America Importação e Exportação Ltda	11 February 2008 (1)	100% (4)	Sao Paolo	BRL	3,714,816
Rawafed Information Company LLC	24 February 2008 (1)	51% (5)	Riyadh	SAR	500,000
Jinny Software Panama Inc.	1 July 2008 (1)	100% (4)	Panama City	USD	10,000
Flycell Italia Srl	10 July 2008 (1)	100% (6)	Rome	EURO	90,000
Flycell Argentina SA	26 October 2009	100% (7)	La Plata	ARS	12,000
Acotel Serviços De Telemedicina Ltda.	28 March 2011	100% (8)	Rio de Janeiro	BRL	400,000
Acotel Telecomunicação Ltda.	28 March 2011	100% (8)	Rio de Janeiro	BRL	400,000
Bucksense, Inc.	28 June 2011	100%	Nevada	USD	10,000
Urbe Roma S.S.D. a r.l.	2 February 2012	100% (9)	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, accounted for in investments in associates.
- (3) AEM owns 1.92% of the share capital.
- (4) Controlled via Jinny Software Ltd.
- (5) Controlled via Info2cell.com FZ-LLC.
- (6) Controlled via Acotel Interactive Inc.
- (7) Controlled via Acotel Interactive Inc. and Yabox LLC.
- (8) Controlled via Acotel do Brasil Ltda.
- (9) Controlled via Acotel SpA

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	2,949,289
Noverca Italia Srl	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 Srl.

SIGNIFICANT EVENTS DURING THE PERIOD

The geographical diversification strategy embarked on some years ago, which has enabled the *Acotel Interactive* business area to reduce country risk and maximise economies of scale, technology and product, resulted in the launch of operations in the United Arab Emirates and Colombia. This business area now operates in more than 30 countries in five continents.

In the *Mobile Services* segment of the *Acotel Interactive* business area, *Info2cell* has successfully launched its *CNN breaking news* service with the operator, *Mobinil Egypt*. This service, which is available in both Arabic and English, had been subscribed to by over 10,000 end users at 30 September 2012.

With regard to the commercial activities of the *Mobile VAS Technology* segment of the *Acotel TLC* business area, in which *Jinny Software Ltd.* (Dublin) operates, revenue for the period is in line with the same quarter of 2011, despite that fact that the company, so as not to prejudice future commercial opportunities, had to accept the cancellation of orders worth around 1 million euros by a couple of long-standing customers. The company acquired a major new customer in Asia during the third quarter via the Ericsson channel, and proceeded to operate in Europe, Africa, Asia and Latin America. Consolidated orders during the period amounted to approximately 3.1 million euros, up around 28% on the same period of the previous year.

In the *Mobile Communications* segment of the *Acotel TLC* business area, *Noverca Italia Srl* launched its *Partner Program* initiative, which aims to enable third parties to distribute own-brand SIM cards to their customers to boost brand loyalty, at the same time opening up new sources of revenue.

Noverca was also engaged in a series of commercial initiatives with its shareholder and partner, *Intesa Sanpaolo*, designed to speed up the acquisition of new customers via mobile number portability. The company also worked with *Intesa Sanpaolo* in order to drive the take-up of mobile payments based on NFC (Near Field Communication) technology.

Again in the *Mobile communications* segment, *Acotel SpA* in Italy and *Acotel do Brasil* in Brazil supplied mobile messaging services to large companies, achieving revenue growth of 37% thanks above all to the results recorded in Brazil, where the Group only began to operate in this specific sector at the beginning of 2012.

The Group's *Acotel Net* business has added additional Energy Management and Smart Metering Service functions to its central platform, enabling users to create graphic control panels to monitor the energy consumed by their equipment. Presentation of the services to potential corporate customers began during the period.

RESULTS OF OPERATIONS

RECLASSIFIED CONSOLIDATED INCOME STATEMENT

(€000)	Note	Q3			9M		
		2012	2011	Inc./ (Dec.)	2012	2011	Inc./ (Dec.)
Revenues	1	21,880	28,011	(6,131)	72,880	82,211	(9,331)
Other income		50	99	(49)	1,460	370	1,090
Total		21,930	28,110	(6,180)	74,340	82,581	(8,241)
Change in work in progress, semi-finished and finished goods		(92)	7	(99)	(18)	8	(26)
Raw materials, semi-finished and finished goods	2	(209)	(459)	250	(1,517)	(1,317)	(200)
External services	3	(16,603)	(21,147)	4,544	(50,516)	(58,250)	7,734
Rentals and leases	4	(446)	(459)	13	(1,481)	(1,371)	(110)
Staff costs	5	(6,168)	(5,576)	(592)	(18,240)	(17,228)	(1,012)
Internal capitalised costs		61	134	(73)	633	951	(318)
Other costs	6	(510)	(772)	262	(1,573)	(2,103)	530
Gross operating profit/(loss)		(2,037)	(162)	(1,875)	1,628	3,271	(1,643)
Amortisation and depreciation	7	(1,069)	(632)	(437)	(3,165)	(2,406)	(759)
Impairment charges/reversal of impairment charges on non-current assets		(1)	(4)	3	(36)	(20)	(16)
Operating profit/(loss)		(3,107)	(798)	(2,309)	(1,573)	845	(2,418)
Share of profit/(loss) of associates and joint ventures		-	-	-	-	12	(12)
Net finance income/(costs)	8	574	318	256	1,138	900	238
PROFIT/(LOSS) BEFORE TAX		(2,533)	(480)	(2,053)	(435)	1,757	(2,192)
Taxation	9	(749)	(176)	(573)	(2,229)	(2,079)	(150)
PROFIT/(LOSS) BEFORE NON-CONTROLLING INTERESTS		(3,282)	(656)	(2,626)	(2,664)	(322)	(2,342)
Profit/(Loss) attributable to non-controlling interests		50	65	(15)	113	165	(52)
PROFIT/(LOSS) FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE PARENT		(3,332)	(721)	(2,611)	(2,777)	(487)	(2,290)
Earnings per share	10	(0.81)	(0.18)		(0.68)	(0.12)	
Diluted earnings per share	10	(0.81)	(0.18)		(0.68)	(0.12)	

Compared with the results for the same period of the previous year, the Acotel Group's results for the third quarter of 2012 show a reduction in revenue and a deterioration in earnings. These indicators were primarily influenced by the following:

- reduced turnover in Brazil due to a general slowdown in the local market for value added mobile services;
- a decrease in turnover in the *Digital entertainment* segment in Italy, reflecting a slowdown in promotional activity, which is under review with the aim of lowering the churn rate;
- a delay in commercialising the new *Digital entertainment* services in certain advanced markets, such as the USA and Spain;
- the cancellation of orders previously received from a couple of customers following changes in their investment strategies and accepted by *Jinny Software* partly in order not to prejudice future negotiations with long-standing customers;
- the longer period of time needed to roll out the *Nòverca* project, which is being managed through the two companies, *Noverca Italia Srl* and *Noverca Srl*; the project has yet to build a customer base sufficient to reach break-even point;
- the Group's investment in the *Acotel Net* business, above all in the *Energy* and *Health Management* segments which, not having reached the commercial launch stage, have essentially contributed the costs incurred for the human and technological resources needed to complete development of the products and services that make up the related offerings.

Revenue for the third quarter totals 21,880 thousand euros, marking a reduction of 22% compared with the third quarter of 2011. This primarily reflects the downturn in revenue generated by the *Digital entertainment* segment of the *Acotel Interactive* business area.

The third-quarter gross operating loss has increased from the 162 thousand euros of the third quarter of 2011 to the 2,037 thousand euro loss of the quarter just ended.

After amortisation, depreciation and impairments of non-current assets, the Group reports an operating loss of 3,107 thousand euros.

After net finance income of 574 thousand euros, estimated taxation for the period of 749 thousand euros and profit attributable to non-controlling interests of 50 thousand euros, the loss attributable to owners of the Parent for the third quarter of 2012 amounts to 3,332 thousand euros.

Note 1 - Revenue

Revenue for the third quarter of 2012 amounts to 21,880 thousand euros, down from the 28,011 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 *Acotel Interactive* business:

(€000)

	2012		2011	
	Q3	9M	Q3	9M
ACOTEL INTERACTIVE	17,447	56,565	23,756	67,909
ACOTEL TLC	4,080	15,234	3,714	13,091
ACOTEL NET	353	1,081	541	1,211
	21,880	72,880	28,011	82,211

ACOTEL INTERACTIVE

The *Acotel Interactive* business area includes the services provided directly to consumers (*Digital entertainment*), and those supplied to telephone operators and commercial companies, and has the primary purpose of supplying value added content and services over mobile phones and the web.

A breakdown of revenues in this segment is given in the following table:

(€000)

	Q3			9M		
	2012	2011	Inc./Dec.	2012	2011	Inc./Dec.
Digital entertainment	11,170	17,593	(6,423)	38,097	49,898	(11,801)
Mobile services	6,277	6,163	114	18,468	18,011	457
Total	17,447	23,756	(6,310)	56,565	67,909	(11,344)

In the third quarter of 2012 *Digital entertainment* services generated revenues of 11,170 thousand euros, down 36.5% on the same period of 2011. These services were supplied almost exclusively by *Acotel Interactive Inc.* and its direct subsidiaries.

Mobile service revenues, amounting to 6,277 thousand euros, registered a slight increase of 2% compared with the same period of 2011. These include the revenues generated by *Info2cell Llc* from the services it provides to the leading mobile operators in the Middle East, amounting to 3,258 thousand euros, the revenues generated by the services provided to *Telecom Italia* by the subsidiary, *Acotel SpA*, totalling 1,797 thousand euros, and revenues from services rendered by the subsidiary, *Acotel do Brasil*, to the Brazilian operator, *TIM Celular*, amounting to 1,222 thousand euros.

ACOTEL TLC

The revenues generated by the *Acotel TLC* business area amount to 4,080 thousand euros, up 10% on the same period of 2011, as shown in the following table:

(€000)	Q3			9M		
	2012	2011	Inc./Dec.	2012	2011	Inc./Dec.
Mobile VAS technology	2,255	2,289	(34)	9,776	9,060	716
Mobile communications	1,825	1,425	400	5,458	4,031	1,427
Total	4,080	3,714	366	15,234	13,091	2,143

Turnover generated by the *Mobile VAS technology* segment in the third quarter of 2012 was 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.

Mobile communications revenues, which are up 28% on the same period of 2011, include the turnover generated in Italy by *Acotel SpA*, primarily from services provided to leading banks, totalling 956 thousand euros. A further 609 thousand euros is represented by the revenues generated by *Noverca Italia Srl* operating as a Full MVNO, recognised, in accordance with the proportionate method of consolidation, on the basis of *Acotel Group SpA*'s 59.4% direct and indirect interest in *Noverca Italia Srl*. Another 260 thousand euros is generated from the services provided to the Brazilian operator, *TIM Celular*, by *Acotel do Brasil Ltda*. Revenue growth in this segment is primarily due to the performance of the Brazilian subsidiary.

ACOTEL NET

Revenues generated by the Acotel Net business almost exclusively regard the design, production and maintenance of electronic security systems in Italy by the subsidiary, *AEM SpA*.

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

(€000)	2012				2011			
	Q3	%	9M	%	Q3	%	9M	%
ITALY	6,474	29.6%	23,124	31.7%	9,072	32.4%	19,801	24.1%
LATIN AMERICA	5,630	25.6%	18,219	25.0%	8,419	30.0%	25,761	31.3%
NORTH AMERICA	4,071	18.6%	12,149	16.7%	5,188	18.5%	17,145	20.9%
MIDDLE EAST OTHER EUROPEAN COUNTRIES	3,480	15.9%	10,475	14.4%	2,608	9.3%	9,618	11.7%
ASIA	1,156	5.3%	3,734	5.0%	1,795	6.4%	5,884	7.1%
AFRICA	545	2.6%	1,575	2.3%	57	0.3%	609	0.8%
	524	2.4%	3,604	4.9%	872	3.1%	3,393	4.1%
	21,880	100%	72,880	100%	28,011	100%	82,211	100%

The breakdown of revenues for the third quarter of 2012 by geographical segment reveals:

- a reduction in turnover in Italy due, as previously noted, to a review of the promotional activity involved in the sale of the *Digital entertainment* services supplied by *Flycell Italia Srl*; it should, however, be noted that a comparison of the first nine months of 2012 with the same period of 2011 shows, in contrast, revenue growth;
- growth in turnover generated in the Middle East, thanks primarily to the performance of the subsidiary, *Info2cell*;
- revenue growth in Asia, essentially due to the sales performance of the subsidiary, *Jinny Software*;
- reduced turnover in Latin America, North America, other European countries and Africa.

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

This item, amounting to 209 thousand euros, primarily relates to the purchase of materials for the construction of telecommunications equipment by *Jinny Software*.

Note 3 - External services

The cost of external services totals 16,603 thousand euros, representing a reduction of 21% compared with the third quarter of 2011. A breakdown of the service costs is shown below:

(€000)	2012		2011	
	Q3	9M	Q3	9M
Interconnection and billing services	5,543	18,977	8,828	24,892
Advertising	3,969	9,638	5,934	13,715
Content providers	2,918	8,424	2,656	8,253
Professional consultants	840	2,634	654	1,999
Purchase of SMS packages	501	1,822	679	1,935
Connectivity and sundry utilities	480	1,397	428	1,240
Telecommunications services	460	1,351	338	1,239
Travel expenses	444	1,484	369	1,266
Remuneration of corporate officers	218	624	215	648
Customer acquisitions	108	299	20	88
Call Centre	95	381	112	332
Auditors' fees	54	291	160	393
Outsourcing	36	410	69	238
Other minor expenses	937	2,784	685	2,012
Total	16,603	50,516	21,147	58,250

The reduction in the cost of external services primarily reflects the decision of *Acotel Interactive Inc.* to review its advertising expenditure and a decrease in the cost of interconnection and billing services incurred by this company and its direct subsidiaries due to the reduction in turnover.

Note 4 – Rentals and leases

Rentals and leases amount to 446 thousand euros and mainly include rentals on offices occupied by Group companies.

Note 5 – Staff costs

Staff costs include:

(€000)	2012		2011	
	Q3	9M	Q3	9M
Salaries and wages	4,947	14,263	4,308	13,253
Social security contributions	716	2,351	795	2,493
Staff termination benefits	104	306	101	295
Finance costs	(24)	(73)	(23)	(65)
Other costs	425	1,393	395	1,252
Total	6,168	18,240	5,576	17,228

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 2012 and a comparison of the average numbers for the third quarter and first nine months of 2012 and 2011 are reported in the following table:

	At 30 Sept 2012	Average Q3 2012	Average Q3 2011	Average 9M 2012	Average 9M 2011
Managers	28	28	27	27	27
Supervisors	89	90	88	89	81
White- and blue-collar staff	362	351	367	353	374
Total	479	469	482	469	482

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

	At 30 Sept 2012	At 30 Sept 2011
Italy	122	121
Lebanon	79	76
Brazil	70	68
Jordan	58	64
USA	49	44
Ireland	32	35
Romania	16	18
United Arab Emirates	14	15
Spain	12	10
Kenya	9	8
Saudi Arabia	5	7
Malaysia	8	5
Turkey	2	3
Indonesia	2	2
Sudan	1	1
Panama	-	1
Total	479	478

Note 6 – Other costs

Other costs amount to 510 thousand euros for the third quarter of 2012, including 214 thousand euros for indirect taxes payable by *Acotel do Brasil*, *Flycell Latin America* and *Jinny Latin America* in compliance with Brazilian legislation.

The balance includes other general expenses and charges incurred by Group companies in connection with their ordinary activities.

Note 7 – Amortisation and depreciation

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

(€000)	2012		2011	
	Q3	9M	Q3	9M
Amortisation of intangible assets	339	870	140	759
Depreciation of property, plant and equipment	730	2,295	492	1,647
Total	1,069	3,165	632	2,406

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

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

Note 8 – Finance income and costs

Net finance income of 574 thousand euros for the third quarter of 2012 breaks down as follows:

(€000)	2012		2011	
	Q3	9M	Q3	9M
Income from investments	445	1,299	454	1,254
Foreign exchange gains	203	790	10	406
Interest income on bank deposits	5	11	4	18
Other interest income	-	-	-	1
Total finance income	653	2,100	468	1,679
Interest expense and bank charges	(50)	(242)	(70)	(152)
Foreign exchange losses	-	(630)	(52)	(540)
Other finance costs	(29)	(90)	(28)	(87)
Total finance costs	(79)	(962)	(150)	(779)
Net finance income/(costs)	574	1,138	318	900

Income from investments regards gains on financial assets held for trading.

Foreign exchange gains and losses essentially regard realised and unrealised gains and losses generated by *Acotel Interactive Inc.* and its subsidiaries.

Note 9 – Taxation

Taxation for the period, amounting to 749 thousand euros, reflects estimated income tax expense and deferred tax income and expense recognised by Group companies, net of the related reversals.

Note 10 – Earnings per share

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

(€000)	2012		2011	
	Q3	9M	Q3	9M
Profit/(loss) for the period (€000)	(3,332)	(2,777)	(721)	(487)
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 **	(0.81)	(0.68)	(0.18)	(0.12)

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

** : basic earnings for the third quarter and first nine months of 2012 and 2011 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 2012	31 December 2011	Increase/(Decrease)	% inc./ (dec.)
Non-current assets:				
Property, plant and equipment	9,966	9,661	305	3%
Intangible assets	14,260	14,266	(6)	-
Other assets	4,397	4,755	(358)	(8%)
TOTAL NON-CURRENT ASSETS	28,623	28,682	(59)	-
Net current assets:				
Inventories	556	533	23	4%
Trade receivables	28,639	29,616	(977)	(3%)
Other current assets	6,282	5,939	343	6%
Trade payables	(22,080)	(20,878)	(1,202)	(6%)
Other current liabilities	(7,697)	(8,242)	545	7%
TOTAL NET CURRENT ASSETS	5,700	6,968	(1,268)	(18%)
TERMINATION AND OTHER EMPLOYEE BENEFITS	(2,167)	(1,950)	(217)	(11%)
NON-CURRENT PROVISIONS	(560)	(365)	(195)	(53%)
NET INVESTED CAPITAL	31,596	33,335	(1,739)	(5%)
Equity:				
Share capital	1,084	1,084	-	-
Reserves and retained earnings/(accumulated losses)	65,961	65,765	196	-
Profit/(Loss) for the period	(2,777)	1,860	(4,637)	(249%)
Non-controlling interests	832	719	113	16%
TOTAL EQUITY	65,100	69,428	(4,328)	(6%)
MEDIUM-/LONG TERM DEBT	-	-	-	-
Net cash and cash equivalents:				
Current financial assets	(16,945)	(21,913)	4,968	23%
Cash and cash equivalents	(16,848)	(14,215)	(2,633)	(19%)
Current financial liabilities	289	35	254	726%
	(33,504)	(36,093)	2,589	7%
OTHERS	(33,504)	(36,093)	2,589	7%
TOTAL EQUITY AND NET FUNDS RECEIVABLE FROM OTHERS	31,596	33,335	(1,739)	(5%)

The Acotel Group's net invested capital at 30 September 2012 amounts to 31,596 thousand euros, made up of non-current assets of 28,623 thousand euros, net current assets of 5,700 thousand euros, staff termination benefits of 2,167 thousand euros and other non-current provisions of 560 thousand euros.

Net invested capital is financed by consolidated equity of 65,100 thousand euros and net funds receivable from others of 33,504 thousand euros.

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

- non-current assets have increased, essentially due to construction activity at the property in Rio de Janeiro purchased by the subsidiary, *Acotel do Brasil*, in 2011, after amortisation and depreciation of the Group's property, plant and equipment;
- changes in net current assets are linked to the performance of the Acotel Group's businesses;
- net funds receivable from others at 30 September 2012 amount to 33,504 thousand euros, down 7% on the figure for 31 December 2011. The following analysis of the Group's net funds at 30 September 2012 shows a comparison with 30 June 2012 and 31 December 2011.

NET FUNDS

(€000)

	30 September 2012	30 June 2012	31 December 2011
A. Cash and cash equivalents	16,848	17,625	14,215
B. Assets held for trading	15,778	16,048	19,326
C. Liquidity (A + B)	32,626	33,673	33,541
D. Loans and receivables due from related parties	1,520	1,474	1,100
E. Other current financial assets	1,167	2,039	2,587
F. Current financial assets (D + E)	2,687	3,513	3,687
G. Current financial liabilities	(289)	(47)	(35)
H. Net funds (C + F + G)	35,024	37,139	37,193
- receivable from related parties	1,520	1,474	1,100
- receivable from others	33,504	35,665	36,093

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 interim report is consistent with the underlying accounting records.