

**INTERIM REPORT FOR THE  
THREE MONTHS ENDED 30 SEPTEMBER 2015**



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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## **MANAGEMENT AND CONTROL BODIES**

### **Board of Directors**

Claudio Carnevale

*Chairman and CEO*

Francesco Ago <sup>(1), (2), (3)</sup>

*Director*

Margherita Argenziano

*Director*

Rubens Esposito <sup>(1), (2)</sup>

*Director*

Giovanni Galoppi

*Director*

*(1) Member of the Remuneration Committee*

*(2) Member of the Internal Audit Committee*

*(3) Lead Independent Director*

### **Board of Statutory Auditors**

Sandro Lucidi

*Chairman*

Antonio Mastrangelo

*Auditor*

Monica Rispoli

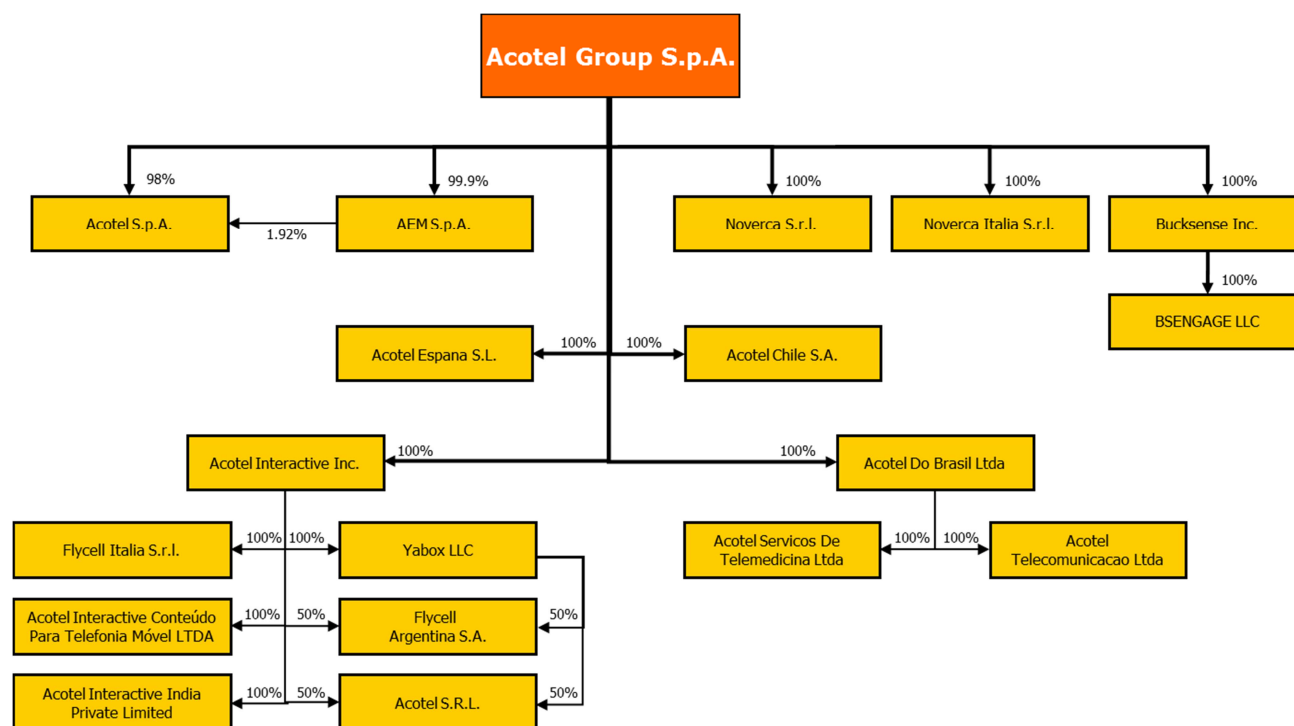
*Auditor*

### **Independent auditors**

Reconta Ernst & Young SpA

## THE GROUP

The following chart shows the structure of the Acotel Group at 30 September 2015:



The parent company of Acotel Group SpA is Clama Srl, which at 30 September 2015 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, as, despite holding sufficient voting rights to submit the majority list for election of the Board of Directors, Acotel Group SpA's Board of Directors is operationally independent.

## BASIS OF PRESENTATION

The Acotel Group's interim report for the three months ended 30 September 2015 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 2014, 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 2015 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 Digital Entertainment services, and a number of 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.

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.

The basis of consolidation changed during the third quarter of 2015, as a result of the sale of the 100% interest in *Info2cell.com FZ-LLC* and all its investee companies to the Indian company, *Altruist Technologies Pvt Ltd.*.

Company	Date of acquisition	Group's % interest	Registered office	Share capital	
Acotel SpA	28 April 2000	99.9% (2)	Rome	EURO	13,000,000
AEM Acotel Engineering and Manufacturing SpA	28 April 2000	99.9%	Rome	EURO	858,000
Acotel Chile SA	28 April 2000	100%	Santiago, Chile	USD	17,330
Acotel Espana S.L.	28 April 2000	100%	Madrid	EURO	3,006
Acotel Do Brasil Ltda	8 August 2000 (1)	100%	Rio de Janeiro	BRL	1,868,250
Acotel Interactive, Inc.	28 June 2003 (1)	100%	Wilmington	USD	10,000
Acotel Interactive Conteúdo Para Telefonia Móvel LTDA	6 June 2006 (1)	100% (3)	Rio de Janeiro	BRL	250,000
Yabox LLC	24 October 2007 (1)	100% (3)	Wilmington	USD	1
Flycell Italia Srl	10 July 2008 (1)	100% (3)	Rome	EURO	90,000
Flycell Argentina SA	26 October 2009	100% (4)	La Plata	ARS	12,000
Acotel Serviços De Telemedicina Ltda.	28 March 2011 (1)	100% (5)	Rio de Janeiro	BRL	400,000
Acotel Telecomunicação Ltda.	28 March 2011 (1)	100% (5)	Rio de Janeiro	BRL	400,000
Bucksense, Inc.	28 June 2011 (1)	100%	Nevada	USD	10,000
Noverca Srl	10 July 2002 (6)	100% (7)	Rome	EURO	10,000
Noverca Italia Srl (in liquidation)	9 May 2008 (1)	100% (7)	Rome	EURO	10,000
Acotel SRL	30 July 2013 (1)	100% (4)	Buenos Aires	ARS	20,000

Acotel Interactive India Private Limited	22 August 2013 (1)	100% (3)	Mumbai	Rs	100,000
BSENGAGE LLC	9 January 2015	100% (8)	Nevada	USD	1

- (1) The date of the company's entry into the Group coincides with its incorporation.
- (2) AEM Acotel Engineering and Manufacturing owns 1.92% of the share capital.
- (3) Controlled via Acotel Interactive Inc.
- (4) Controlled via Acotel Interactive Inc. and Yabox LLC.
- (5) Controlled via Acotel do Brasil Ltda.
- (6) Prior to this date the Group owned 50% of this company, accounted for in investments in associates.
- (7) Since 20 May 2013, the Group has full control of this company.
- (8) Controlled via Bucksense, Inc.

### **SIGNIFICANT EVENTS DURING THE QUARTER**

During the third quarter of 2015, the Acotel Group continued to implement its strategy aimed at ensuring a return to profit, the large-scale commercialisation of the Group's Smart Metering and Energy Management services, the consolidation of its existing businesses and the disposal of non-core assets.

With regard to the services offered by the **Acotel NET** business area, at the end of June, ENI launched its new *myEnergy* offering that uses the Energy Meter and the telematic platform developed entirely in-house by Acotel. The sales performance during the quarter recently ended, during which ENI completed the installation of the first devices to be purchased and activated the service that enables customers to check their consumption in real time and take the decisions needed to adopt energy saving initiatives, leads us to be optimistic about the future growth prospects for the Group's new business area.

The partnership agreement entered into in June with *Bartucci SpA*, one of the most respected and established names in the Italian energy efficiency market, accredited as an ESCo (Energy Service Company) by the country's energy market regulator, has resulted in the development necessary in order to release the ETA software to be used in issuing energy certificates in compliance with the requirements of Legislative Decree 102/2014.

Again with regard to the **Acotel NET** offering, in July *GEOX SpA* requested provision of the Energy Management service for an initial 8 of its approximately 600 retail outlets. Finally, in September, an agreement was signed with *Piaggio & C. SpA* for the supply of devices to be used in the provision of smart metering and energy management services, involving the monitoring of electricity, gas, compressed air and hot water consumption at the customer's Pontedera manufacturing plant.

In the **Acotel TLC** business area, where the Group is continuing to operate as a Mobile Virtual Network Aggregator, efforts designed to consolidate our existing businesses have led to the conclusion of two new contracts, adding to the number of Mobile Virtual Network Operators that have made use of Noverca's mobile virtual network enabler services.

In the **Acotel Interactive** business area, on the other hand, the disposal of non-core assets has resulted in completion of the sale of a 100% interest in the Middle Eastern subsidiary, *Info2cell*, and all its subsidiaries to the Indian company, *Altruist Technologies Pvt Ltd*. The consideration, which was paid in full at the reporting date for this interim report, was USD5.5 million (€4.9 million).

In the same business area, the subsidiary, *Bucksense Inc.*, an agency that creates performance-based advertising campaigns, has begun offering advertising services outside the Acotel Group, either directly or through partner companies.

## OTHER INFORMATION

For the third year running, Acotel took part in the Smart Energy Expo held at the Verona Exhibition Centre in October of this year, confirming its growing presence in the Italian energy management sector. The Group presented two major innovations:

- ETA, the energy assessment and audit software commercially launched on 15 October and which has attracted attention from a large number of Italian businesses and ESCOs;
- aReader, the revolutionary sensor designed and produced by Acotel for obtaining readings for electricity, water and gas consumption from older-generation drum-type meters that cannot transmit the information stored on them.

## RESULTS OF OPERATIONS

### RECLASSIFIED CONSOLIDATED INCOME STATEMENT (\*)

(€000)	Note	Q3			9M		
		2015	2014	Increase/ (Decrease)	2015	2014	Increase/ (Decrease)
Revenue	1	9,798	10,290	(492)	29,491	33,702	(4,211)
Other income		33	97	(64)	104	143	(39)
<b>Total</b>		<b>9,831</b>	<b>10,387</b>	<b>(556)</b>	<b>29,595</b>	<b>33,845</b>	<b>(4,250)</b>
Change in work in progress, semi-finished and finished goods		85	20	65	46	147	(101)
Raw materials, semi-finished and finished goods	2	(146)	(118)	(28)	(281)	(396)	115
External services	3	(8,251)	(8,770)	519	(24,963)	(26,808)	1,845
Rentals and leases	4	(302)	(309)	7	(913)	(904)	(9)
Staff costs	5	(2,916)	(2,858)	(58)	(9,044)	(9,235)	191
Internal capitalised costs	6	196	159	37	680	481	199
Other costs	7	(238)	(98)	(140)	(768)	(643)	(125)
<b>Gross operating profit/(loss)</b>		<b>(1,741)</b>	<b>(1,587)</b>	<b>(154)</b>	<b>(5,648)</b>	<b>(3,513)</b>	<b>(2,135)</b>
Amortisation and depreciation	8	(452)	(724)	272	(1,184)	(2,039)	855
<b>Operating profit/(loss)</b>		<b>(2,193)</b>	<b>(2,311)</b>	<b>118</b>	<b>(6,832)</b>	<b>(5,552)</b>	<b>(1,280)</b>
Net finance income/(costs)	9	(99)	80	(179)	322	328	(6)
<b>PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS</b>		<b>(2,292)</b>	<b>(2,231)</b>	<b>(61)</b>	<b>(6,510)</b>	<b>(5,224)</b>	<b>(1,286)</b>
Taxation	10	(690)	(676)	(14)	(1,726)	(804)	(922)
<b>PROFIT/(LOSS) FROM CONTINUING OPERATIONS</b>		<b>(2,982)</b>	<b>(2,907)</b>	<b>(75)</b>	<b>(8,236)</b>	<b>(6,028)</b>	<b>(2,208)</b>
Profit/(Loss) from discontinued operations	11	(184)	(2,208)	2,024	1,736	(7,944)	9,680
<b>PROFIT/(LOSS) ATTRIBUTABLE TO OWNERS OF THE PARENT</b>		<b>(3,166)</b>	<b>(5,115)</b>	<b>1,949</b>	<b>(6,500)</b>	<b>(13,972)</b>	<b>7,472</b>
Earnings per share	12	(0.77)	(1.24)		(1.58)	(3.40)	
Diluted earnings per share	12	(0.77)	(1.24)		(1.58)	(3.40)	

(\*); As required by IFRS 5, amounts for 2014 have been reclassified.

Compared with the figure for the same period of 2014, the Acotel Group's revenues for the third quarter of 2015 are slightly down at €9,798 thousand (a reduction of 5%), with earnings from continuing operations remaining broadly stable.

Compared with a gross operating loss (negative EBITDA) of €1,587 thousand for the third quarter of 2014, the Group reports a gross operating loss (negative EBITDA) of €1,741 thousand for the third



quarter just ended. A closer look shows that the following weighed on the Group's performance in the third quarter of 2015:

- the absence the **Acotel Interactive** business area's earlier contribution to operating profit, with this segment's results reflecting the advertising costs incurred during the launch of Digital Entertainment services in India, in addition to a slowdown in its Italian and South American markets, reflecting technical and commercial issues, which have resulted in falling turnover, and regulatory interventions that have altered the way in which the sector operates;
- the losses registered by the **Acotel TLC** business area, in which the Group, following the sale, in the second quarter of 2015, of *Nòverca*'s retail business, has focused its commercial efforts on its MVNA activities, seeking to take advantage of our investment, over the last few years, in development of a platform and of innovative technological solutions, currently offered to parties looking to operate in Italy as MVNOs;
- the losses registered by the **Acotel NET** business area as it starts the process of marketing its products and services on a large scale.

After amortisation and depreciation, the Group reports an operating loss (negative EBIT) of €2,193 thousand, a slight improvement on the loss of €2,311 thousand for the same period of the previous year.

After net finance costs of €99 thousand, estimated taxation for the period of €690 thousand and the loss generated by the sale of *Info2cell*, amounting to €184 thousand, the loss attributable to owners of the Parent for the third quarter of 2015 amounts to €3,166 thousand.

## Note 1 - Revenue

Revenue of €9,798 thousand for the third quarter of 2015 is down compared with the €10,290 thousand of the same period of the previous year, as shown below:

	2015		2014	
	Q3	9M	Q3	9M
ACOTEL INTERACTIVE	8,711	27,042	9,562	31,975
ACOTEL TLC	613	1,098	295	657
ACOTEL NET	474	1,351	433	1,070
	<b>9,798</b>	<b>29,491</b>	<b>10,290</b>	<b>33,702</b>

## ACOTEL INTERACTIVE

The Acotel Interactive business includes the services provided directly to consumers (Digital Entertainment), and those supplied to telephone companies and commercial companies (Mobile Services). It has the primary purpose of supplying value added content and services over mobile phones and the web, or the provision of advertising services supplied directly or indirectly by the subsidiary, *Bucksense Inc.*.

As the following table shows, revenue from this business area are down 9% from €9,562 thousand in the third quarter of 2014 to €8,711 thousand in the quarter under review:

(€000)	Q3			9M		
	2015	2014	Increase/ (Decrease)	2015	2014	Increase/ (Decrease)
Digital Entertainment	7,300	7,366	(66)	22,212	25,997	(3,785)
Mobile Services	1,354	2,196	(842)	4,677	5,978	(1,301)
Interactive Advertising	57	-	57	153	-	153
<b>Total</b>	<b>8,711</b>	<b>9,562</b>	<b>(851)</b>	<b>27,042</b>	<b>31,975</b>	<b>(4,933)</b>

A closer look shows that Digital Entertainment services generated revenue of €7,300 thousand in the third quarter of 2015, broadly in line with the same period of 2014. These services are provided by *Acotel Interactive Inc.* and its direct subsidiaries, accounting for a total of €5,968 thousand, and by *Acotel SpA*, accounting for €1,332 thousand.

Mobile Service revenue, amounting to €1,354 thousand, is down 38% on the third quarter of 2014. These include the revenues generated by the subsidiary, *Acotel do Brasil Ltda*, from services provided to the Brazilian operator, *TIM Celular*, amounting to €1,138 thousand, and those generated by the services provided to *Telecom Italia* by the subsidiary, *Acotel SpA*, totalling €216 thousand.

Through the activities conducted directly and indirectly by the subsidiary, *Bucksense Inc.*, Acotel has begun to make the experience acquired over recent years, in providing support to Group companies as an advertising agency, available to third-party customers. The resulting Interactive Advertising segment generated revenue of €57 thousand in the third quarter.

## ACOTEL TLC

The revenues generated by the *Acotel TLC* business in the third quarter of 2015 amount to €613 thousand, up 108% on the same period of 2014, as shown in the following table:

(€000)	Q3			9M		
	2015	2014	Increase/ (Decrease)	2015	2014	Increase/ (Decrease)
Mobile Virtual Network						
Aggregator services	421	165	256	740	210	530
Mobile Communications	192	130	62	358	447	(89)
<b>Total</b>	<b>613</b>	<b>295</b>	<b>318</b>	<b>1,098</b>	<b>657</b>	<b>441</b>

In the Mobile Virtual Network Aggregator (MVNA) segment, a market in which the Group acts as an enabler for parties looking to operate as Mobile Virtual Network Operators, revenue amounts to €421 thousand. During the quarter, the Group continued with its commercial strategy designed to acquire

new customers, in addition to proceeding to enable existing customers and providing services to previously enabled MVNOs.

Mobile Communications services generated revenue of €192 thousand, essentially from the activities of *Acotel SpA*.

## ACOTEL NET

Revenue reported by the Acotel NET business area amounts to €474 thousand for the third quarter of 2015, up 9% on the same period of 2014, as shown below:

(€000)

	Q3			9M		
	2015	2014	Increase/ (Decrease)	2015	2014	Increase/ (Decrease)
Security Systems	240	276	(36)	734	840	(106)
Energy	234	157	77	617	230	387
<b>Total</b>	<b>474</b>	<b>433</b>	<b>41</b>	<b>1,351</b>	<b>1,070</b>	<b>281</b>

The Security Systems segment generated revenue of €240 thousand in the third quarter. This revenue is generated by the design, production and maintenance of electronic security systems in Italy by the subsidiary, *AEM Acotel Engineering and Manufacturing SpA*. The subsidiary generates revenue from the installation, supply, servicing and maintenance of remote surveillance equipment primarily installed at certain provincial branches of the Bank of Italy, at Italian police headquarters and at a number of companies in the *ACEA* Group.

The Energy segment generated revenue of €234 thousand in the third quarter, generated primarily by the Group's contracts with *Poste Italiane SpA*, relating to energy management at approximately 8,500 post offices, and *ENI*, in relation to its *myEnergy* service.

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

(€000)

	2015				2014			
	Q3	%	9M	%	Q3	%	9M	%
LATIN AMERICA	4,939	50%	15,734	54%	6,031	59%	19,781	59%
ITALY	3,120	32%	8,962	30%	3,559	34%	11,748	35%
INDIA	1,633	17%	4,403	15%	407	4%	601	2%
OTHER EUROPEAN COUNTRIES	98	1%	372	1%	260	3%	1,079	3%
OTHER COUNTRIES	8	-	20	-	33	-	493	1%
	<b>9,798</b>	<b>100%</b>	<b>29,491</b>	<b>100%</b>	<b>10,290</b>	<b>100%</b>	<b>33,702</b>	<b>100%</b>

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

This item, amounting to €146 thousand in the third quarter, relates primarily to the purchase of materials used in the production of devices used in providing Acotel NET's services.

## Note 3 – External services

The cost of external services totals €8,251 thousand, marking a reduction compared with the third quarter of 2014. A breakdown of the service costs is shown below:

(€000)	2015		2014	
	Q3	9M	Q3	9M
Interconnection and billing services	4,119	12,009	4,150	14,937
Advertising	1,652	6,230	2,374	5,368
Telecommunications services	518	854	-	-
Professional consultants	410	1,402	521	1,404
Connectivity and sundry utilities	373	873	234	695
Content providers	263	1,046	689	1,684
Remuneration of corporate officers	191	605	212	631
Purchase of SMS packages	118	200	33	175
Travel expenses	89	276	86	302
Routine maintenance	77	235	76	272
Outsourcing	46	143	70	192
Auditors' fees	43	191	36	194
Other minor expenses	352	899	289	954
<b>Total</b>	<b>8,251</b>	<b>24,963</b>	<b>8,770</b>	<b>26,808</b>

## Note 4 - Rentals and leases

Rentals and leases amount to €302 thousand and mainly include rentals on offices occupied by Group companies.

## Note 5 – Staff costs

Staff costs include:

(€000)

	2015		2014	
	Q3	9M	Q3	9M
Salaries and wages	2,229	6,711	2,085	6,786
Social security contributions	468	1,487	451	1,525
Staff termination benefits	124	342	98	302
Finance costs	(19)	(45)	(11)	(55)
Other costs	114	549	235	677
<b>Total</b>	<b>2,916</b>	<b>9,044</b>	<b>2,858</b>	<b>9,235</b>

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 2015 and a comparison of the average numbers for the third quarter and first nine months of 2015 and 2014 are reported in the following table:

	At 30 Sept 2015	Average Q3 2015	Average Q3 2014	Average 9M 2015	Average 9M 2014
Managers	14	14	15	14	16
Supervisors	44	44	46	46	45
White- and blue-collar staff	174	173	181	173	185
<b>Total</b>	<b>232</b>	<b>231</b>	<b>242</b>	<b>233</b>	<b>246</b>

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

	At 30 September 2015	At 30 September 2014
Italy	142	144
Brazil	51	53
USA	26	30
Spain	11	13
India	2	-
<b>Total</b>	<b>232</b>	<b>240</b>

In September 2015, the Group sold its investment in the subsidiary, *Info2cell*, and in March 2015, its investment in the subsidiary, *Flycell Telekomunikasyon Hizmetler AS*. As a result, in order to provide a like-for-like basis for comparison, the figures shown above regarding the geographical distribution of the Group's staff and the breakdown of staff by category at 30 September 2014 exclude the staff of these companies. For the purposes of full disclosure, the total workforce employed by *Info2cell* and *Telekomunikasyon Hizmetler A.S.* at 30 September 2014 was 66.

### Note 6 - Capitalised internal costs

Capitalised internal costs, totalling €196 thousand relate to staff employed in the development of software and new functions used in delivering NET and MVNA services and of the devices used in the provision of energy management services, which are distributed to Acotel's customers on free loan.

### Note 7 – Other costs

Other costs of €238 thousand include €134 thousand in indirect taxes payable by *Acotel do Brasil* and *Acotel Interactive LTDA* in compliance with Brazilian 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)	2015		2014	
	Q3	9M	Q3	9M
Amortisation of intangible assets	109	148	51	131
Depreciation of property, plant and equipment	343	1,036	673	1,908
<b>Total</b>	<b>452</b>	<b>1,184</b>	<b>724</b>	<b>2,039</b>

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 MVNA services.

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

### Note 9 - Finance income and costs

Net finance costs of €99 thousand for the third quarter of 2015 break down as follows:

(€000)	2015		2014	
	Q3	9M	Q3	9M
Income from investments	96	783	280	665
Foreign exchange gains	69	305	7	102
Interest income on bank deposits	-	2	1	1
<b>Total finance income</b>	<b>165</b>	<b>1,090</b>	<b>288</b>	<b>768</b>
Interest expense and bank charges	(128)	(151)	(10)	(31)
Foreign exchange losses	(111)	(547)	(163)	(317)
Other finance costs	(25)	(70)	(35)	(92)
<b>Total finance costs</b>	<b>(264)</b>	<b>(768)</b>	<b>(208)</b>	<b>(440)</b>
<b>Net finance income/(costs)</b>	<b>(99)</b>	<b>322</b>	<b>80</b>	<b>328</b>

Income from investments includes gains on the short-term investment of the Group's cash.

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

#### Note 10 - Taxation

Taxation for the period, amounting to €690 thousand, reflects estimated income tax expense and deferred tax income and expense recognised by Group companies, net of the related reversals.

#### Note 11 - Profit/(Loss) from discontinued operations

The loss of €184 thousand relates to the loss generated on the sale of the 100% interest in the subsidiary, *Info2cell*, in September 2015.

#### Note 12 - Earnings per share

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

(€000)	2015		2014	
	Q3	9M	Q3	9M
<b>Profit/(loss) for the period (€000)</b>	<b>(3,166)</b>	<b>(6,500)</b>	<b>(5,115)</b>	<b>(13,972)</b>
<b>Number of shares (000)</b>				
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	<b>4,114</b>	<b>4,114</b>	<b>4,114</b>	<b>4,114</b>
<b>Basic and diluted earnings per share **</b>	<b>(0.77)</b>	<b>(1.58)</b>	<b>(1.24)</b>	<b>(3.40)</b>

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

\*\* : basic earnings for the third quarter and first nine months of 2015 and 2014 coincide with diluted earnings per share as the conditions provided for by IAS 33 do not exist.



## FINANCIAL POSITION

(€000)	30 September 2015	31 December 2014	Increase/ (Decrease)
<b>Non-current assets:</b>			
Property, plant and equipment	5,551	7,881	(2,330)
Intangible assets	1,347	3,759	(2,412)
Other assets	4,226	4,198	28
<b>TOTAL NON-CURRENT ASSETS</b>	<b>11,124</b>	<b>15,838</b>	<b>(4,714)</b>
<b>Net current assets:</b>			
Inventories	612	442	170
Trade receivables	5,975	19,278	(13,303)
Other current assets	2,591	3,091	(500)
Trade payables	(8,412)	(24,767)	16,355
Other current liabilities	(3,841)	(5,459)	1,618
<b>TOTAL NET CURRENT ASSETS</b>	<b>(3,075)</b>	<b>(7,415)</b>	<b>4,340</b>
<b>PROVISIONS FOR STAFF TERMINATION AND OTHER EMPLOYEE BENEFITS</b>	<b>(3,465)</b>	<b>(3,665)</b>	<b>200</b>
<b>NON-CURRENT PROVISIONS</b>	<b>(441)</b>	<b>(519)</b>	<b>78</b>
<b>NET INVESTED CAPITAL</b>	<b>4,143</b>	<b>4,239</b>	<b>(96)</b>
<b>Equity:</b>			
Share capital	1,084	1,084	-
Reserves and retained earnings/(accumulated losses)	23,430	45,396	(21,966)
Profit/(Loss) for the period	(6,501)	(19,347)	12,846
Non-controlling interests	30	170	(140)
<b>TOTAL EQUITY</b>	<b>18,043</b>	<b>27,303</b>	<b>(9,260)</b>
<b>Net cash and cash equivalents:</b>			
Current financial assets	(10,824)	(17,063)	6,239
Cash and cash equivalents	(8,935)	(11,548)	2,613
Current financial liabilities	5,859	5,547	312
	<b>(13,900)</b>	<b>(23,064)</b>	<b>9,164</b>
<b>NET FUNDS</b>	<b>(13,900)</b>	<b>(23,064)</b>	<b>9,164</b>
<b>TOTAL EQUITY AND NET FUNDS RECEIVABLE FROM OTHERS</b>	<b>4,143</b>	<b>4,239</b>	<b>(96)</b>

The Acotel Group's net invested capital at 30 September 2015 amounts to €4,143 thousand, made up of non-current assets of €11,124 thousand, net current liabilities of €3,075 thousand, provisions for staff termination benefits of €3,465 thousand and other non-current provisions of €441 thousand.

Net invested capital is financed by consolidated equity of €18,043 thousand and net funds of €13,900 thousand.

Analysis of changes in the principal components of the financial position shows:

- that the value of non-current assets has decreased, essentially due to the sale of *Info2cell* which, at 31 December 2014, presented goodwill of €2.6 million and other non-current assets of €0.4 million, in addition to the depreciation of the real versus the euro, which has affected the value of the assets of the Group's Brazilian companies;
- changes in net current liabilities, also primarily connected to the sale of *Info2cell*;
- that net funds of €13.9 million at 30 September 2015 are down 40% on the figure for 31 December 2014, reflecting the financial impact on the Group of the losses incurred by Group companies during the period.

## NET FUNDS

(€000)

	30 September 2015	30 June 2015	31 December 2014
A. Cash and cash equivalents	8,935	12,028	11,548
B. Assets held for trading	9,224	10,667	15,463
<b>C. Liquidity (A + B)</b>	<b>18,159</b>	<b>22,695</b>	<b>27,011</b>
D. Other current financial receivables	1,600	1,600	1,600
<b>E. Current financial assets (D)</b>	<b>1,600</b>	<b>1,600</b>	<b>1,600</b>
F. Current bank borrowings	(5,859)	(5,754)	(5,547)
<b>G. Current financial liabilities (F)</b>	<b>(5,859)</b>	<b>(5,754)</b>	<b>(5,547)</b>
<b>H. Net funds (C+E+G)</b>	<b>13,900</b>	<b>18,541</b>	<b>23,064</b>

## 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.