

**QUARTERLY REPORT FOR THE THREE MONTHS
ENDED 31 MARCH 2010**



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

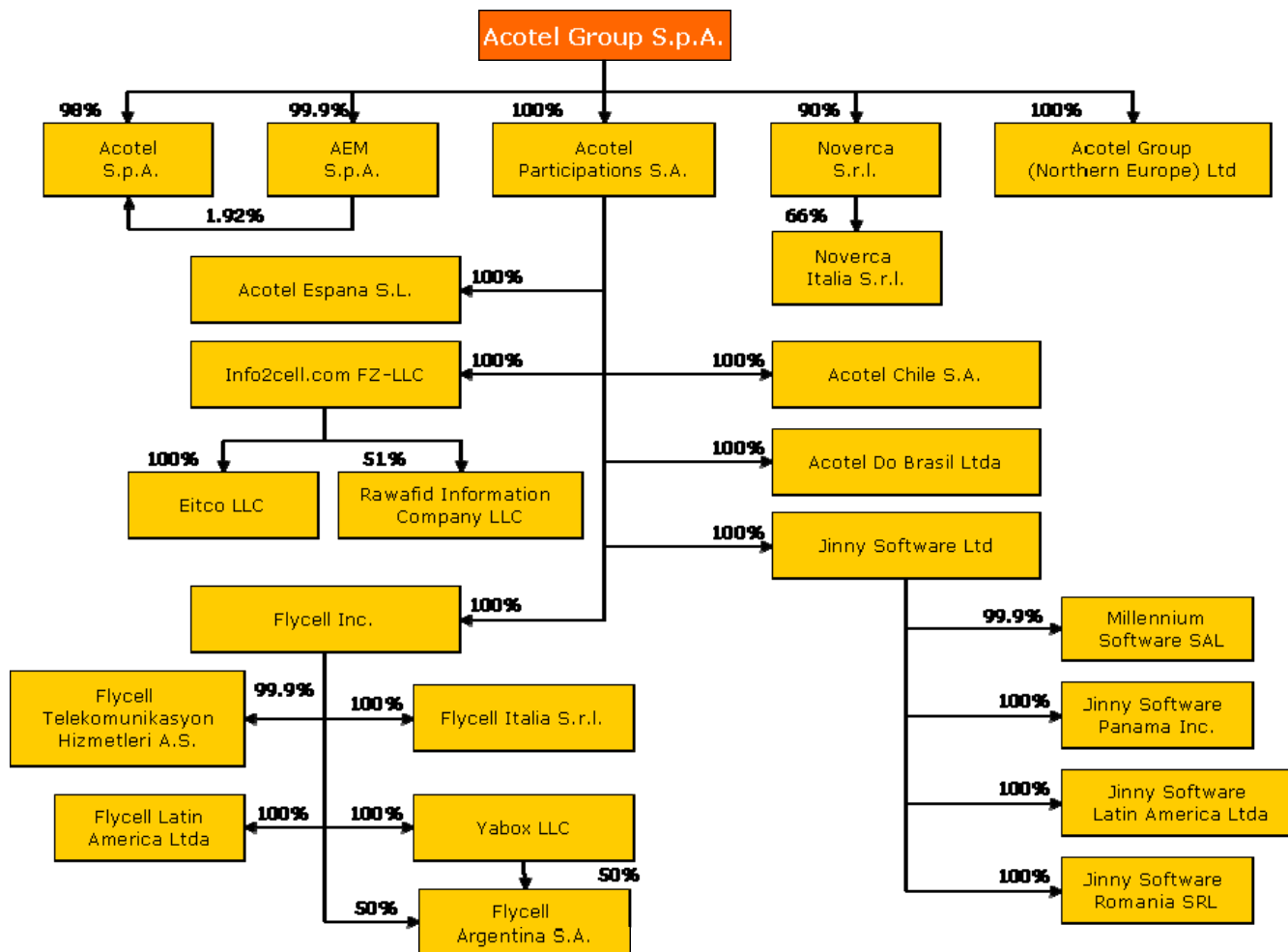
Maurizio Salimei
Auditor

INDEPENDENT AUDITORS

Deloitte & Touche SpA

THE GROUP

The following chart shows the structure of the Acotel Group at 31 March 2010:



The parent company of Acotel Group SpA is Clama Srl, which at 31 March 2010 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 31 March 2010 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 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 2009, 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 31 March 2010 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 inventories and provisions for bad debts and litigation.

Above all, a portion of the turnover generated by *Flycell Inc.* and its subsidiaries, 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 March 2010 and carried forward to the following accounting period.

As reported in the financial statements for the year ended 31 December 2009, provisions (in this quarterly report provisions have been classified in "Other current liabilities" in the reclassified consolidated statement of financial position) include 2 million US dollars, representing the best estimate of the cost to be incurred by *Flycell Inc.* in settling three class action claims for damages against the company in the USA. No provision has been made, however, in respect of the tax audit of *Acotel Group SpA* in Italy, given that the Company's Directors believe that the findings are totally without grounds and, in addition to making representations to the tax authorities with notes explaining its approach to taxation, are considering the best way to proceed in order to have the validity of its position recognised.

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.

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 first quarter of 2010, compared with 31 December 2009.

Companies consolidated on a line-by-line basis

Company	Date of acquisition	Group's interest (%)	Registered office	Share capital	
				Currency	Amount
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
Acotel Group (Northern Europe) Ltd.	27 May 2004 (1)	100%	Dublin	EURO	101,000
Flycell Telekomunikasyon Hizmetleri AS	2 July 2005 (1)	99.9% (7)	Istanbul	TRY	50,000
Flycell Latin America Conteúdo Para Telefonía 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
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 Srl	10 July 2008 (1)	100% (7)	Rome	EURO	90,000
Flycell Argentina SA	26 October 2009	100% (7)	La Plata	ARS	12,000

- (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.
(8) Controlled via Flycell Inc. and Yabox LLC.

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

Company	Date of acquisition	Group's interest (%)	Registered office	Share capital	
				Currency	Amount
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) The date of acquiring a 100% interest. Prior to this date the Group held a 50% interest in the company, posted to investments in associates. Following the acquisition of a stake by Intesa Sanpaolo SpA, as of 9 May 2008 the Group reduced its interest to 90%.
- (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 main event in early 2010 was the signature, on 1 March 2010, of a contract between *Noverca Italia Srl* and *Telecom Italia SpA*, enabling the former to become a Full MVNO (Mobile Virtual Network Operator). This will replace the existing ESP (Enhanced Service Provider) agreement signed by the two companies in April 2008.

The new contract marks the first step in the transformation of *Noverca Italia Srl* that will enable it, during 2010, to acquire greater technological and commercial independence. As a Full MVNO, the company will independently manage network components, such as the HLR (Home Location Register), and will establish direct interconnections with other operators, using *Telecom Italia SpA*'s infrastructure only to access the frequencies on its mobile network.

The conversion to Full MVNO, which will put *Noverca* on a par with the other mobile operators, in that it will have its own mobile operator code and its own SIM (Subscriber Identification Module) cards, requires the company to carry out a series of investments designed to extend the functionality of the technology platform and achieve significant savings on direct costs. Beyond the economic impact, its conversion to being a Full MVNO will also enable the company to increase its ability to independently offer innovative services.

Also in the Mobile Telecommunications segment, a promotional campaign, launched in December 2009, was run in January with the aim of offering *Intesa Sanpaolo* customers a SIM card with a free TopUp worth 20 euros. A further campaign, again run in close collaboration with *Intesa Sanpaolo*, was launched in February aimed at attracting MNP (Mobile Number Portability) customers, with approximately 5,000 new customers acquired as a result. The number of active SIM cards at 31 March 2010 is approximately 145,000, marking an increase of around 45,000 (up 45%) on 31 December 2009.

In the Services business, and with specific regard to the B2C segment in which *Flycell* operates, this company was heavily engaged via its Argentine subsidiary in supporting the commercial launch of services, which took place at the end of 2009. In the Network Operator segment of the same area of business the Group continued to serve its customers in Italy, Brazil and the Middle East, together with which it will seek to expand the range of services offered to final customers in order to better keep pace with changes in demand.

In the Mobile Messaging Solutions segment, February saw *Jinny Software Ltd.* take part in the Mobile World Congress in Barcelona, not only giving it the opportunity to present its new range of products, but also leading to the signature of a partnership agreement with *Seeker Wireless* for joint development initiatives in the field of location based mobile advertising.

RESULTS OF OPERATIONS

RECLASSIFIED CONSOLIDATED INCOME STATEMENT

(€000)	Note	Q1 2010	Q1 2009	Inc./Dec.)	% inc./dec.)
Revenues	1	39,252	22,484	16,768	75%
Other income		82	64	18	-
Total		39,334	22,548	16,786	74%
Movements in work in progress, semi-finished and finished goods		(5)	5	(10)	(200%)
Raw materials	2	(313)	(234)	(79)	(34%)
External services	3	(33,428)	(17,995)	(15,433)	(86%)
Rentals and leases	4	(419)	(437)	18	4%
Staff costs	5	(5,385)	(5,031)	(354)	(7%)
Internal capitalised costs	6	242	402	(160)	(40%)
Other costs	7	(432)	(294)	(138)	(47%)
Gross operating profit/(loss)		(406)	(1,036)	630	61%
Amortisation and depreciation	8	(834)	(365)	(469)	(128%)
Impairment charges/reversal of impairment charges on non-current assets		-	(1)	1	100%
Operating profit/(loss)		(1,240)	(1,402)	162	12%
Net finance income/(costs)	9	209	392	(183)	(47%)
PROFIT/(LOSS) BEFORE TAX		(1,031)	(1,010)	(21)	(2%)
Taxation	10	(440)	(330)	(110)	(33%)
NET PROFIT/(LOSS) BEFORE MINORITY INTERESTS		(1,471)	(1,340)	(131)	(10%)
Net profit/(loss) attributable to minority interests		150	86	64	74%
NET PROFIT/(LOSS) FOR THE PERIOD ATTRIBUTABLE TO PARENT COMPANY		(1,621)	(1,426)	(195)	(14%)
Earnings per share	11	(0.39)	(0.35)		
Diluted earnings per share	11	(0.39)	(0.35)		

Compared with the results for the same period of the previous year, the Acotel Group's results for the first quarter of 2010 show significant revenue growth, an improvement in operating margins and a slight downturn in net profit.

Revenue of 39,252 thousand euros for the quarter is up 75% on the first quarter of 2009, due to the positive commercial performances of almost all Group companies.

The Group reports a gross operating loss of 406 thousand euros for the quarter, marking an improvement of 61% on the figure for the same period of 2009. This result primarily reflects the launch of the MVNO services provided by the Group through its mobile virtual network operator, *Nòverca*. The improvement, compared with the same period of the previous year, is almost entirely due to the improved performances of overseas subsidiaries.

After amortisation and depreciation, amounting to 834 thousand euros, the operating loss is 1,240 thousand euros, representing a 12% improvement on the same period of last year.

After net finance income of 209 thousand euros, estimated taxation for the period of 440 thousand euros, and profit attributable to minority interests of 150 thousand euros, the net loss attributable to the Parent Company for the first quarter of 2010 amounts to 1,621 thousand euros, marking an increase of 14% on the same period of 2009.

Note 1 - Revenue

Revenue in the first quarter of 2010 amounts to 39,252 thousand euros, representing an increase on the 22,484 thousand euros of the same period of the previous year.

As shown in the table below, the Services segment (up 77%) and the Mobile Messaging Solutions segment (up 54%) registered strong growth.

(€000)	Q1 2010	%	Q1 2009	%
SERVICES	36,728	93.5%	20,721	92.1%
MOBILE MESSAGING SOLUTIONS	1,958	5.0%	1,272	5.7%
SECURITY SYSTEMS DESIGN	387	1.0%	491	2.2%
MOBILE TELECOMMUNICATIONS	179	0.5%	-	-
	39,252	100%	22,484	100%

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)	Q1 2010	Q1 2009	Inc./(Dec.)
B2C services	28,769	16,048	12,720
Network Operator services	4,121	3,152	969
Corporate services	3,518	1,444	2,074
Media services	320	77	243
Total	36,728	20,721	16,007

At 28,769 thousand euros B2C service revenues for the first quarter of 2010 are up 79% on the same period of the previous year, representing approximately 78% of total service revenues. The increase reflects consolidation of the North American, European and Latin American businesses of the US subsidiary, *Flycell Inc.*, and its direct subsidiaries, *Flycell Latin America*, *Flycell Telekomünikasyon Hizmetleri A.Ş.*, *Flycell Italia* and *Flycell Argentina*.

Revenues from the provision of Network Operator services, amounting to 4,121 thousand euros, are up 31% on the first quarter of 2009. They almost entirely refer to revenues from services rendered by the subsidiary, *Acotel SpA*, to *Telecom Italia*, totalling 1,763 thousand euros, revenues from services rendered by the Brazilian subsidiary, *Acotel do Brasil*, to the Brazilian operators, *TIM Celular* and *TIM Nordeste Telecomunicações*, amounting to 1,488 thousand euros, and revenues generated by activities carried out by *Info2cell* for the main mobile telephony operators in the Middle East, totalling 868 thousand euros. The increase compared with the same period of the previous year is principally due to higher turnover reported by the Brazilian and Middle Eastern subsidiaries.

Revenues from Corporate services amount to 3,518 thousand euros, and relate primarily to services provided in the Middle East by *Info2cell*, which generated revenues of 2,723 thousand euros, and in Italy by *Acotel S.p.A.*, primarily to banks, totalling 795 thousand euros. The 144% increase compared with the first quarter of 2009 reflects increased turnover at the two subsidiaries.

Revenues from services provided to media companies, amounting to 320 thousand euros, are almost entirely generated in the Middle East by the subsidiary, *Info2cell*.

MOBILE MESSAGING SOLUTIONS

Revenues from this line of business in the first quarter of 2010, amounting to 1,958 thousand euros (after deducting 857 thousand euros in intercompany revenues), are up 54% on the same period of 2009. These revenues are generated by *Jinny Software* from the supply of new equipment and the provision of maintenance to mobile operators in Latin America, Africa, the Middle East, Asia, Europe and North America.

SECURITY SYSTEMS DESIGN

Revenues from the design and production of electronic security systems amount to 387 thousand euros for the first quarter and are entirely generated by the subsidiary, *AEM S.p.A.*. These revenues, which are down 21% on the figure for the first quarter of 2009, 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.

MOBILE TELECOMMUNICATIONS

Mobile telecommunications revenues, which are entirely attributable to *Noverca Italia Srl*, amount to 179 thousand euros and, in accordance with the proportionate method of consolidation, correspond to *Acotel Group SpA*'s 59.4% direct and indirect interest in *Noverca Italia Srl*.

Revenues generated by this segment reflect the approach with which the Group has pursued *Noverca Italia Srl*'s primary objective of increasing the number of active SIM cards (up 45,000 during the quarter). This, as mentioned above, has involved running promotions during certain periods aimed at *Intesa Sanpaolo* customers, who were offered SIM cards with a free TopUp worth 20 euros.

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

(€000)	<u>Q1 2010</u>		<u>Q1 2009</u>	
		%		%
NORTH AMERICA	11,800	30.0%	7,291	32.4%
LATIN AMERICA	10,796	27.5%	5,784	25.7%
ITALY	6,425	16.4%	4,016	17.8%
OTHER EUROPEAN COUNTRIES	5,276	13.4%	2,722	12.1%
MIDDLE EAST	4,254	10.8%	2,026	9.0%
AFRICA	619	1.6%	518	2.3%
ASIA	82	0.3%	127	0.7%
	39,252	100%	22,484	100%

The geographical revenue breakdown for the first quarter of 2010 reveals:

- revenue growth in North America, Latin America, Italy and other European countries, thanks above all to the B2C services provided by *Flycell Inc.*, both directly and through its subsidiaries, *Flycell Latin America*, *Flycell Italia*, *Flycell Telekomünikasyon Hizmetleri A.Ş* and *Flycell Argentina*;
- revenue growth generated in the Middle East by the subsidiary, *Info2cell*.

Note 2 – Raw materials

The cost of raw materials during the quarter, amounting to 313 thousand euros, refers principally to the purchase of materials for the construction of telecommunications and security systems by *Jinny Software* (257 thousand euros).

Note 3 – External services

The cost of external services totals 33,428 thousand euros for the quarter, representing an increase of 86% on the first quarter of 2009. A breakdown of the service costs is shown below:

(€000)	<u>Q1 2010</u>	<u>Q1 2009</u>	<u>Inc./(Dec.)</u>
Interconnection and billing services	14,527	7,574	6,953
Advertising	11,470	5,707	5,763
Content providers	3,537	1,873	1,664
Purchase of SMS packages	724	379	345
Professional consultants	723	649	74
Telecommunications services	497	-	497
Travel expenses	383	496	(113)
Connectivity and sundry utilities	338	369	(31)
Remuneration of governance bodies	191	173	18
Call centres	191	73	118
Outsourcing	120	131	(11)
Auditors' fees	83	98	(15)
Other minor expenses	644	473	171
Total	<u>33,428</u>	<u>17,995</u>	<u>15,433</u>

The increase in service costs primarily reflects the significant revenue growth reported by certain subsidiaries. The most significant components of this item reflect the operating methods adopted by *Flycell Inc.* and its direct subsidiaries to develop business in their respective markets. This entails significant costs (14,527 thousand euros) charged by telephone operators and mobile transaction network providers for interconnection and billing services and substantial promotional costs (11,019 thousand euros out of a Group total of 11,470 thousand euros) in order to raise market awareness of the companies' services and increase their customer base.

Note 4 – Rentals and leases

Rentals and leases amount to 419 thousand euros and mainly include rentals on offices occupied by Group companies.

Note 5 – Staff costs

Staff costs include:

(€000)	<u>Q1 2010</u>	<u>Q1 2009</u>	<u>Inc./ (Dec.)</u>
Salaries and wages	4,155	3,937	218
Social security contributions	761	636	125
Staff termination benefits	101	66	35
Finance costs	(15)	(15)	-
Other costs	383	407	(24)
Total	<u>5,385</u>	<u>5,031</u>	<u>354</u>

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 31 March 2010 and a comparison of the average numbers for the first quarters of 2010 and 2009 are reported in the following table:

	At 31 Mar 2010	Average Q1 2010	Average Q1 2009
Managers	30	30	29
Supervisors	69	71	59
White- and blue-collar staff	359	355	344
Total	458	456	432

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

	At 31 Mar 2010	At 31 Mar 2009
Italy	113	106
Lebanon	81	80
Jordan	64	66
USA	52	63
Brazil	41	34
Ireland	38	34
Romania	21	12
United Arab Emirates	10	14
Saudi Arabia	10	4
Malaysia	9	7

Turkey	5	4
Kenya	5	3
Spain	4	3
South Africa	2	2
Panama	1	1
Indonesia	1	-
Egypt	1	-
Total	458	433

Note 6 – Capitalised internal costs

Capitalised internal costs, totalling 242 thousand euros, include 229 thousand euros relating to staff employed in the development of software and new applications used in supplying the MVNO services launched under the *Nòverca* brand.

The remaining amount regards the cost of staff employed by *Acotel Group SpA* on development of the *Acotel* platform.

Note 7 – Other costs

Other costs amount to 432 thousand euros in the first quarter of 2010, including 361 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)	<u>Q1 2010</u>	<u>Q1 2009</u>	<u>Inc./Dec.</u>
Amortisation of non-current intangible assets	310	77	233
Depreciation of property, plant and equipment	524	288	236
Total	<u>834</u>	<u>365</u>	<u>469</u>

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 new MVNO, *Nòverca*.

Depreciation of property, plant and equipment essentially refers to depreciation of the telecommunications equipment and infrastructures used by Group companies. The increase primarily regards rollout, in the second quarter of 2009, of the *MVNO* platform in readiness for the commercial launch of *Nòverca*.

Note 9 - Finance income and costs

Net finance income of 209 thousand euros for the first quarter of 2010 breaks down as follows:

(€000)	Q1 2010	Q1 2009	Inc./.(Dec.)
Interest income from investments	278	217	61
Foreign exchange gains	399	225	174
Other interest income	1	57	(56)
Total finance income	678	499	179
Interest expense and bank charges	(135)	(60)	(75)
Foreign exchange losses	(334)	(23)	(311)
Other interest expense	-	(24)	24
Total finance costs	(469)	(107)	(362)
Net finance income/(costs)	209	392	(183)

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 440 thousand euros, reflects estimated income taxes and deferred tax assets and liabilities 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)	Q1 2010	Q1 2009
Net profit/(loss) (€000)	(1,621)	(1,426)
Number of shares (000)		
Shares in circulation at the start of the period*	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
Basic and diluted earnings per share **	(0.39)	(0.35)

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

** : basic earnings for the first quarters of 2010 and 2009 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)	31 March 2010	31 December 2009	Increase/ (Decrease)	% inc./.(dec.)
Non-current assets:				
Property, plant and equipment	5,161	5,218	(57)	(1%)
Intangible assets	13,325	13,404	(79)	(1%)
Other assets	3,812	3,462	350	10%
TOTAL NON-CURRENT ASSETS	22,298	22,084	214	1%
Net current assets:				
Inventories	859	845	14	2%
Trade receivables	31,713	27,015	4,698	17%
Other current assets	4,897	4,482	415	9%
Trade payables	(18,999)	(17,585)	(1,414)	(8%)
Other current liabilities	(10,287)	(9,574)	(713)	(7%)
TOTAL NET CURRENT ASSETS	8,183	5,183	3,000	58%
STAFF TERMINATION AND OTHER EMPLOYEE BENEFITS	(1,447)	(1,389)	(58)	(4%)
NON-CURRENT PROVISIONS	(311)	(392)	81	21%
NET INVESTED CAPITAL	28,723	25,486	3,237	13%
Shareholders' equity:				
Share capital	1,084	1,084	-	-
Reserves and retained earnings/(accumulated losses)	68,181	66,079	2,102	3%
Net profit/(loss) for the period	(1,621)	1,311	(2,932)	(224%)
Minority interests	457	308	149	48%
TOTAL SHAREHOLDERS' EQUITY	68,101	68,782	(681)	(1%)
MEDIUM-/LONG TERM DEBT	69	69	-	-
Net cash and cash equivalents:				
Current financial assets	(29,704)	(27,843)	(1,861)	(7%)
Cash and cash equivalents	(13,494)	(19,045)	5,551	29%
Current financial liabilities	3,751	3,523	228	6%
	(39,447)	(43,365)	3,918	9%
NET FUNDS	(39,378)	(43,296)	3,918	9%
TOTAL SHAREHOLDERS' EQUITY AND NET FUNDS	28,723	25,486	3,237	13%

The Acotel Group's net invested capital at 31 March 2010 amounts to 28,723 thousand euros, made up of non-current assets of 22,298 thousand euros, net current assets of 8,183 thousand euros, staff termination benefits of 1,447 thousand euros and other non-current provisions of 311 thousand euros.

Net invested capital is financed by shareholders' equity of 68,101 thousand euros and net funds of 39,378 thousand euros.

A detailed analysis of changes in the principal balance sheet items shows that:

- there have been no material changes in non-current assets during the period;
- changes in net working capital reflect the increase in the Acotel Group's business volumes;
- net funds at 31 March 2010, the composition of which is provided in the following table, amount to 39,378 thousand euros, marking a reduction of 3,918 thousand euros on 31 December 2009.

NET FUNDS

(€000)

	31 March 2010	31 December 2009	Increase/ (Decrease)
A. Cash and cash equivalents	13,494	19,045	(5,551)
B. Assets held for trading	11,467	10,627	840
C. Liquidity (A + B)	24,961	29,672	(4,711)
D. Other current financial assets	18,237	17,216	1,021
E. Current bank borrowings	(3,719)	(3,491)	(228)
F. Current portion of non-current debt	(32)	(32)	-
G. Current financial liabilities (E + F)	(3,751)	(3,523)	(228)
H. Net current funds (C+D+G)	39,447	43,365	(3,918)
I. Non-current financial liabilities	(69)	(69)	-
L. Non-current debt (I)	(69)	(69)	-
M. Net funds (H + L)	39,378	43,296	(3,918)

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.