

**INTERIM REPORT FOR THE  
THREE MONTHS ENDED 30 SEPTEMBER 2017**



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*

Maurizio Tucci  
*CEO*

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

Margherita Argenziano  
*Director*

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

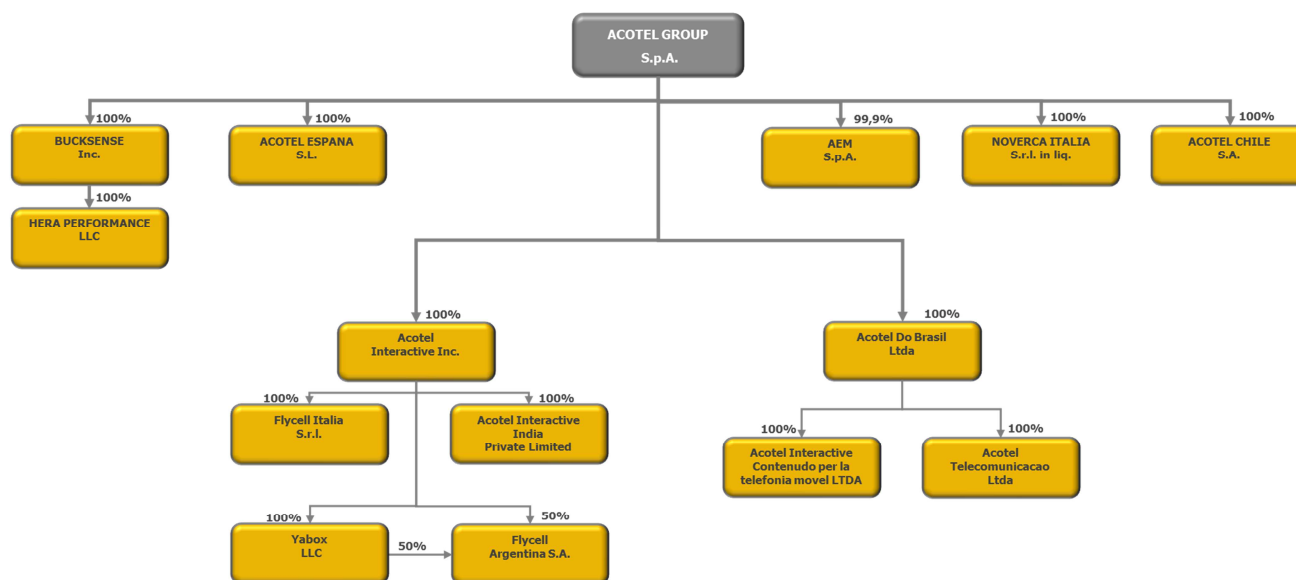
Monica Rispoli  
*Auditor*

### **Independent auditors**

EY SpA

## THE GROUP

The following chart shows the structure of the Acotel Group at 30 September 2017:



The parent company of *Acotel Group SpA* is *Clama Srl*, which at 30 September 2017 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 2017 has been prepared in compliance with the requirements of article 2.2.3, paragraph 3 of the Regulations for Markets organised and managed by Borsa Italiana SpA.

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 2016, 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 2017 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, provisions for bad debts,

litigation and taxation and on the recognition, subsequent measurement and recoverability of internally generated intangible assets.

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 non-current 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 did not change during the third quarter of 2017.

<b>Company</b>	<b>Date of acquisition</b>	<b>Group's % interest</b>	<b>Registered office</b>	<b>Share capital</b>	
AEM Acotel Engineering and Manufacturing SpA	28 April 2000	99.9%	Rome	EURO	264,000
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
Acotel Interactive, Inc.	28 June 2003 (1)	100%	Wilmington	USD	10,000
Acotel Interactive Conteúdo Para Telefonia Móvel LTDA	6 June 2006 (1)	100% (2)	Rio de Janeiro	BRL	425,970
Yabox LLC	24 October 2007 (1)	100% (2)	Wilmington	USD	1
Flycell Italia Srl	10 July 2008 (1)	100% (2)	Rome	EURO	90,000
Flycell Argentina SA	26 October 2009	100% (3)	La Plata	ARS	12,000
Acotel Telecomunicação Ltda.	28 March 2011 (1)	100% (4)	Rio de Janeiro	BRL	400,000
Bucksense, Inc.	28 June 2011 (1)	100%	Nevada	USD	10,000
Noverca Italia Srl (in liquidation)	9 May 2008 (1)	100% (5)	Rome	EURO	10,000
Acotel Interactive India Private Limited	22 August 2013 (1)	100% (2)	Mumbai	Rs	100,000
Hera Performance LLC	11 May 2016	100% (6)	Nevada	USD	1

(1) The date of the company's entry into the Group coincides with its incorporation.

(2) Controlled via Acotel Interactive Inc.

(3) Controlled via Acotel Interactive Inc. and Yabox LLC.

(4) Controlled via Acotel do Brasil Ltda.

(5) Since 20 May 2013, the Group has full control of this company.

(6) Controlled via Bucksense, Inc.

## **SIGNIFICANT EVENTS DURING THE QUARTER**

In August 2017, *Acotel Group SpA* and *Enghouse Systems Limited* signed a settlement agreement, bringing to an end a dispute between the two companies lasting over three years since the sale of *Jinny Software*. The agreement envisages the release, and payment to *Enghouse Systems*, of €1,100 thousand from the portion of the sale price (€1,600 thousand) held in an escrow account as a guarantee of the administrative and accounting due diligence process that the purchaser had reserved the right to conduct after the sale and of Acotel's other contractual obligations. The remaining amount in the escrow account, totalling €500 thousand, was released to *Acotel Group SpA*.

Given the above and in accordance with IFRS 5, a loss of €538 thousand was recognised in the interim report for the six months ended 30 June 2017, to which reference should be made.

In the same month, *Iren SpA* commissioned the Group to provide an energy monitoring system to be installed in a number of its offices. The supply of a part of the equipment purchased was completed during the quarter just ended, whilst supply of the monitoring services, using Acotel's Energy & Building Management platform, will begin once the above equipment has been installed.

On the recommendation of Claudio Carnevale, on 7 September 2017, *Acotel Group SpA*'s Board of Directors appointed Maurizio Tucci as the Company's Chief Executive Officer, believing him to possess the additional management skills and business expertise needed to enable the Acotel Group to return to the growth it enjoyed only a few years ago. Mr Tucci has been given the executive powers necessary in order to run the Company and the Group of which it is the holding company. Mr Carnevale will continue in the role of Chairman.

Finally, at the end of September, in accordance with agreements covering the sale of the 100% interest in the subsidiary, *Noverca Srl*, completed at the end of the previous year, *Acotel Group SpA*'s right to receive an earnout of €246 thousand from *Telecom Italia SpA*, subject to the Noverca Platform meeting stated levels of performance, was confirmed. The earnout has been included in discontinued operations in the income statement for the three months ended 30 September 2017, in application of IFRS 5.

## RESULTS OF OPERATIONS

(€000)	Note	Q3			9M		
		2017	2016	Increase/ (Decrease)	2017	2016	Increase/ (Decrease)
Revenue	1	4,613	5,248	(635)	14,008	16,917	(2,909)
Other income	2	385	21	364	1,001	65	936
<b>Total</b>		<b>4,998</b>	<b>5,269</b>	<b>(271)</b>	<b>15,009</b>	<b>16,982</b>	<b>(1,973)</b>
Change in work in progress, semi-finished and finished goods		111	(56)	167	27	(100)	127
Raw materials, semi-finished and finished goods		(117)	(41)	(76)	(256)	(175)	(81)
External services	3	(3,851)	(3,895)	44	(11,649)	(13,554)	1,905
Rentals and leases	4	(274)	(248)	(26)	(863)	(734)	(129)
Staff costs	5	(2,095)	(1,998)	(97)	(7,297)	(7,420)	123
Internal capitalised costs	6	284	518	(234)	845	1,255	(410)
Other costs		(112)	(139)	27	(583)	(421)	(162)
<b>Gross operating profit/(loss) (EBITDA)</b>		<b>(1,056)</b>	<b>(590)</b>	<b>(466)</b>	<b>(4,767)</b>	<b>(4,167)</b>	<b>(600)</b>
Amortisation and depreciation	7	(434)	(332)	(102)	(1,313)	(896)	(417)
<b>Operating profit/(loss) (EBIT)</b>		<b>(1,490)</b>	<b>(922)</b>	<b>(568)</b>	<b>(6,080)</b>	<b>(5,063)</b>	<b>(1,017)</b>
Net finance income/(costs)	8	(44)	102	(146)	26	313	(287)
<b>PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS</b>		<b>(1,534)</b>	<b>(820)</b>	<b>(714)</b>	<b>(6,054)</b>	<b>(4,750)</b>	<b>(1,304)</b>
Taxation		44	(182)	226	(45)	(2,355)	2,310
<b>PROFIT/(LOSS) FROM CONTINUING OPERATIONS</b>		<b>(1,490)</b>	<b>(1,002)</b>	<b>(488)</b>	<b>(6,099)</b>	<b>(7,105)</b>	<b>1,006</b>
Profit/(Loss) from assets held for sale and discontinued operations	9	253	(296)	549	4,885	(1,122)	6,007
<b>PROFIT/(LOSS) ATTRIBUTABLE TO OWNERS OF THE PARENT</b>		<b>(1,237)</b>	<b>(1,298)</b>	<b>61</b>	<b>(1,214)</b>	<b>(8,227)</b>	<b>7,013</b>
Earnings per share	10	(0.30)	(0.32)		(0.30)	(2.00)	
Diluted earnings per share	10	(0.30)	(0.32)		(0.30)	(2.00)	

Compared with the results for the same period of the previous year, the Acotel Group's results for the third quarter of 2017 show a reduction in revenue, an increased loss from continuing operations and an improved result attributable to owners of the parent, reflecting the profit from discontinued operations.

## Note 1 - Revenue

Revenue of €4,613 thousand for the third quarter of 2017 is down 12% compared with the €5,248 thousand of the same period of the previous year, as shown below:

(€000)	2017		2016	
	Q3	9M	Q3	9M
ACOTEL INTERACTIVE	2,256	7,399	4,113	14,461
BUCKSENSE	1,717	4,774	539	804
ACOTEL NET	640	1,835	596	1,652
	<b>4,613</b>	<b>14,008</b>	<b>5,248</b>	<b>16,917</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.

As the following table shows, revenue from this business area is down from €4,113 thousand in the third quarter of 2016 to €2,256 thousand in the quarter under review:

(€000)	Q3			9M		
	2017	2016	Increase/ (Decrease)	2017	2016	Increase/ (Decrease)
Digital Entertainment	1,794	3,024	(1,230)	5,353	11,333	(5,980)
Mobile Services	462	1,089	(627)	2,046	3,128	(1,082)
<b>Total</b>	<b>2,256</b>	<b>4,113</b>	<b>(1,857)</b>	<b>7,399</b>	<b>14,461</b>	<b>(7,062)</b>

Digital Entertainment services generated revenue of €1,794 thousand in the third quarter of 2017, down 41% on the same period of 2016. This essentially reflects reduced turnover in India, Italy and Latin America.

Mobile Service revenue, amounting to €462 thousand, is down 58% compared with the third quarter of 2016 and includes €318 thousand in revenue generated by the Brazilian business and €144 thousand in revenue generated in Italy. The reduction in the third quarter of 2017, compared with the same period of 2016, reflects reduced turnover in the Brazilian market (down €572 thousand) and in the Italian market (down €55 thousand).



## BUCKSENSE

Revenue from the Bucksense business area amounts to €1,717 thousand, marking strong growth compared with the third quarter of 2016 (€539 thousand). 43% of this revenue was generated in Europe, 31% in North America, 24% in Asia and the remainder in other geographical areas.

## ACOTEL NET

Revenue reported by the Acotel Net business area in the third quarter of 2017 amounts to €640 thousand and is up 7% compared with the same period of 2016, as shown below:

(€000)

	Q3			9M		
	2017	2016	Increase/ (Decrease)	2017	2016	Increase/ (Decrease)
Energy	500	424	76	1,407	1,056	351
Security Systems	140	172	(32)	428	596	(168)
<b>Total</b>	<b>640</b>	<b>596</b>	<b>44</b>	<b>1,835</b>	<b>1,652</b>	<b>183</b>

The Energy segment generated revenue of €500 thousand in the third quarter, generated primarily by the services provided in Italy under the Group's contracts with *ENI SpA*, *Poste Italiane SpA* and the *Iren* group.

The Security Systems segment generated revenue of €140 thousand in the third quarter. This revenue is generated entirely in Italy from the design, production and maintenance of electronic security systems 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 and at Italian police headquarters.

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

(€000)

	2017				2016			
	Q3	%	9M	%	Q3	%	9M	%
LATIN AMERICA	1,402	31%	3,971	28%	1,709	33%	6,243	37%
ITALY	1,298	28%	3,887	28%	1,576	30%	5,087	30%
OTHER EUROPEAN COUNTRIES	649	14%	1,012	7%	338	6%	495	3%
NORTH AMERICA	528	11%	2,543	18%	85	2%	96	-
OTHER ASIAN COUNTRIES	415	9%	924	7%	-	-	-	-
INDIA	309	7%	1,628	12%	1,432	27%	4,839	29%
OTHER COUNTRIES	12	-	43	-	108	2%	157	1%
	<b>4,613</b>	<b>100%</b>	<b>14,008</b>	<b>100%</b>	<b>5,248</b>	<b>100%</b>	<b>16,917</b>	<b>100%</b>

### Note 2 – Other income

Other income of €385 thousand primarily refers to consultancy and leasing services provided by the Group in Italy, Brazil and the United States.

### Note 3 - External services

The cost of external services during the period totals €3,851 thousand, broadly in line (down 1%) with the third quarter of 2016. A breakdown of service costs is shown below:

(€000)	2017		2016	
	Q3	9M	Q3	9M
Advertising	1,739	5,039	995	3,503
Interconnection and billing services	993	2,943	1,556	5,834
Professional consultants	286	1,082	330	1,060
Connectivity and sundry utilities	214	669	289	815
Remuneration of corporate officers	157	472	187	563
Content providers	71	223	167	524
Office security and cleaning	65	197	76	222
Outsourcing	51	93	24	98
Telecommunications services	45	122	-	-
Auditors' fees	40	131	45	183
Routine maintenance	29	84	19	77
Travel expenses	26	124	53	167
Other minor expenses	135	470	154	508
<b>Total</b>	<b>3,851</b>	<b>11,649</b>	<b>3,895</b>	<b>13,554</b>

Increased investment in advertising during the quarter is linked to the revenue generated by the Bucksense business area, whilst the reduction in interconnection and billing services reflects the decline in Digital Entertainment revenue.

#### Note 4 - Rentals and leases

Rentals and leases amount to €274 thousand and largely include rentals on offices occupied by Group companies.

#### Note 5 – Staff costs

Staff costs include:

(€000)	2017		2016	
	Q3	9M	Q3	9M
Salaries and wages	1,508	5,304	1,471	5,420
Social security contributions	378	1,347	384	1,331
Staff termination benefits	100	312	94	299
Finance costs	(15)	(40)	(12)	(46)
Other costs	124	374	61	416
<b>Total</b>	<b>2,095</b>	<b>7,297</b>	<b>1,998</b>	<b>7,420</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. For the sake of clarity, it should be noted that the amount for staff costs for the third quarter of 2016 were reduced following the reversal of bonuses awarded at the time of preparation of the financial statements for 2015 but not paid, totalling €328 thousand.

The number of staff by category at 30 September 2017 and a comparison of the average numbers for the third quarter and first nine months of 2017 and 2016 are reported in the following table:

	<b>At 30 Sept 2017</b>	<b>Average Q3 2017</b>	<b>Average Q3 2016</b>	<b>Average 9M 2017</b>	<b>Average 9M 2016</b>
Managers	10	10	13	10	13
Supervisors	26	26	34	29	35
White- and blue-collar staff	121	123	129	125	129
<b>Total</b>	<b>157</b>	<b>159</b>	<b>176</b>	<b>164</b>	<b>177</b>

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

	<b>At 30 September 2017</b>	<b>At 30 September 2016</b>
Italy	101	107
Brazil	28	35
Spain	15	13
USA	9	16
India	4	4
<b>Total</b>	<b>157</b>	<b>175</b>

The interest in the subsidiary, *Noverca Srl*, was sold at the end of 2016. As a result, the figures shown above regarding the geographical distribution of the Group's staff and the breakdown of staff by category for 2016 exclude the staff of this company. For the purposes of full disclosure, the total workforce employed by *Noverca Srl* at 30 September 2016 amounted to 26.

#### **Note 6 - Capitalised internal costs**

Capitalised internal costs, totalling €284 thousand relate to staff employed in the development of software and new functions used in delivering NET and advertising services.

#### **Note 7 - Amortisation and depreciation**

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

(€000)	2017		2016	
	Q3	9M	Q3	9M
Amortisation of intangible assets	287	830	169	395
Depreciation of property, plant and equipment	147	483	163	501
<b>Total</b>	<b>434</b>	<b>1,313</b>	<b>332</b>	<b>896</b>

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

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

### Note 8 - Finance income and costs

Net finance costs of €44 thousand for the third quarter of 2017 break down as follows:

(€000)	2017		2016	
	Q3	9M	Q3	9M
Income from investments	41	255	133	474
Foreign exchange gains	37	155	-	150
Interest income on bank deposits	-	4	2	3
<b>Total finance income</b>	<b>78</b>	<b>414</b>	<b>135</b>	<b>627</b>
Foreign exchange losses	(78)	(265)	(6)	(209)
Interest expense and bank charges	(21)	(65)	(12)	(37)
Other finance costs	(23)	(58)	(15)	(68)
<b>Total finance costs</b>	<b>(122)</b>	<b>(388)</b>	<b>(33)</b>	<b>(314)</b>
<b>Net finance income/(costs)</b>	<b>(44)</b>	<b>26</b>	<b>102</b>	<b>313</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 *Bucksense* and *Acotel Interactive Inc.*.

### Note 9 - Profit/(Loss) from assets held for sale and discontinued operations

The profit of €253 thousand includes the earnout of €246 thousand paid by *Telecom Italia SpA* to *Acotel Group SpA* under the agreement governing the sale of the 100% interest in the subsidiary, *Noverca Srl*, completed at the end of the previous year, and €7 thousand in profit attributable to the liquidation of *Noverca Italia Srl*.

## Note 10 - Earnings per share

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

(€000)	2017		2016	
	Q3	9M	Q3	9M
<b>Profit/(Loss) for the period (€000)</b>	<b>(1,237)</b>	<b>(1,214)</b>	<b>(1,298)</b>	<b>(8,227)</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>(0.30)</b>	<b>(0.30)</b>	<b>(0.32)</b>	<b>(2.00)</b>

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

\*\* : basic earnings for the third quarter and first nine months of 2017 and 2016 coincide with diluted earnings per share as the conditions provided for by IAS 33 do not exist.

## FINANCIAL POSITION

(€000)	30 September 2017	31 December 2016	Increase/ (Decrease)
<b>Non-current assets:</b>			
Property, plant and equipment	4,243	5,014	(771)
Intangible assets	2,210	2,332	(122)
Other assets	1,117	1,381	(264)
<b>TOTAL NON-CURRENT ASSETS</b>	<b>7,570</b>	<b>8,727</b>	<b>(1,157)</b>
<b>Net current assets:</b>			
Inventories	595	461	134
Trade receivables	2,876	3,813	(937)
Other current assets	1,415	1,144	271
Trade payables	(3,311)	(3,369)	58
Other current liabilities	(2,104)	(2,978)	874
<b>TOTAL NET CURRENT ASSETS</b>	<b>(529)</b>	<b>(929)</b>	<b>400</b>
<b>TOTAL ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS LESS RELATED LIABILITIES</b>	<b>(1,021)</b>	<b>(1,107)</b>	<b>86</b>
<b>PROVISIONS FOR STAFF TERMINATION AND OTHER EMPLOYEE BENEFITS</b>	<b>(3,658)</b>	<b>(3,638)</b>	<b>(20)</b>
<b>NON-CURRENT PROVISIONS</b>	<b>(157)</b>	<b>(160)</b>	<b>3</b>
<b>NET INVESTED CAPITAL</b>	<b>2,205</b>	<b>2,893</b>	<b>(688)</b>
<b>Equity:</b>			
Share capital	1,084	1,084	-
Reserves and retained earnings/(accumulated losses)	9,021	15,337	(6,316)
Profit/(Loss) for the period	(1,214)	(5,479)	4,265
<b>TOTAL EQUITY</b>	<b>8,891</b>	<b>10,942</b>	<b>(2,051)</b>
<b>MEDIUM/LONG-TERM DEBT</b>	<b>374</b>	<b>-</b>	<b>374</b>
<b>Net cash and cash equivalents:</b>			
Current financial assets	(2,298)	(4,505)	2,207
Cash and cash equivalents	(4,866)	(9,810)	4,944
Cash and cash equivalents held for sale and included in discontinued operations	(6)	(121)	115
Current financial liabilities	110	-	110
Current financial liabilities held for sale and included in discontinued operations	-	6,387	(6,387)
	<b>(7,060)</b>	<b>(8,049)</b>	<b>989</b>
<b>NET FUNDS</b>	<b>(6,686)</b>	<b>(8,049)</b>	<b>1,363</b>
<b>TOTAL EQUITY AND NET FUNDS</b>	<b>2,205</b>	<b>2,893</b>	<b>(688)</b>

The Acotel Group's net invested capital at 30 September 2017 amounts to €2.2 million, made up of non-current assets of €7.6 million, net current liabilities of €0.5 million, net liabilities held for sale and related to discontinued operations, amounting to €1 million, provisions for staff termination benefits of €3.7 million and other non-current provisions of €0 million.

Net invested capital is financed by equity of €8.9 million, net medium/long-term debt of €0.4 million and net current funds of €7.1 million.

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

- the value of non-current assets has declined, primarily due to differences generated by the translation into euros of the accounts at 30 September 2017 of Group companies whose presentation currencies are different from the Parent Company's and return of a portion of the guarantee deposits accounted for in previous years;
- the changes in net current liabilities are essentially linked to the Acotel Group's trading performance;
- net funds at 30 September 2017 amount to €6.7 million, down 17% compared with 31 December 2016. This reflects the financial impact of the losses incurred by the Group's subsidiaries and the settlement agreement between *Acotel Group SpA* and *Enghouse Systems Limited*, bringing to an end the dispute that arose following the sale of the subsidiary, *Jinny Software Ltd.*, as described above. The figure at 30 September 2017, if compared with the figure for the previous year, has benefitted from the agreement entered into in the first quarter of 2017 by *Acotel Group SpA* and *Intesa Sanpaolo SpA*. This has had a positive impact of approximately €5.1 million on the Group's liquidity, as described in the previous half-year and quarterly reports, to which reference should be made.

## NET FUNDS

(€000)

	30 September 2017	30 June 2017	31 December 2016
A. Cash and cash equivalents	4,872	6,306	9,931
B. Assets held for trading	2,298	2,188	2,905
<b>C. Liquidity (A + B)</b>	<b>7,170</b>	<b>8,494</b>	<b>12,836</b>
D. Other current financial receivables	-	1,600	1,600
<b>E. Current financial assets (D)</b>	<b>-</b>	<b>1,600</b>	<b>1,600</b>
F. Current bank borrowings	(110)	(110)	(6,387)
<b>G. Current financial liabilities (F)</b>	<b>(110)</b>	<b>(110)</b>	<b>(6,387)</b>
H. Non-current bank borrowings	(374)	(367)	-
<b>I. Non-current debt (H)</b>	<b>(374)</b>	<b>(367)</b>	<b>-</b>
<b>L. Net funds (C+E+G+I)</b>	<b>6,686</b>	<b>9,617</b>	<b>8,049</b>



Net funds at 30 June 2017 and 31 December 2016 include, in “Other current financial receivables”, the escrow account of €1,600 thousand guaranteeing fulfilment of the contractual obligations agreed at the time of the sale of the subsidiary, *Jinny Software Ltd.*

The fact that this item is zero at 30 September 2017 reflects the above settlement agreement reached with *Enghouse Systems Limited*.

In addition, at 30 September 2017, cash and cash equivalents includes €6 thousand attributable to *Noverca Italia Srl (in liquidation)* and classified in “discontinued operations” in accordance with IFRS 5.

### **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 Legislative Decree 58/1998 (the Consolidated Law on Finance), that the information in this consolidated interim report is consistent with the underlying accounting records.