



PRESS RELEASE

ACOTEL GROUP: Board approves separate and consolidated financial statements for 2008

Consolidated results:

- Revenue approximately €89 million (up 26%)
- EBITDA approximately €2.3 million (€2.8 million in 2007)
- EBIT approximately €940 thousand (€1.7 million in 2007)
- Profit before tax €10 million (€2 million in 2007)
- Net profit €6.6 million (net loss of €1.3 million in 2007)

Revenue growth and Group's global expansion continue.

Today's meeting of the Board of Directors of Acotel Group SpA has approved the separate and consolidated financial statements for the year ended 31 December 2008, which will be submitted for approval to the Annual General Meeting of shareholders (AGM) to be held on 24 April 2009.

Consolidated financial statements 2008

The Acotel Group saw strong revenue growth in 2008, with consolidated revenue up 26% to €88.7 million, compared with the €70.3 million of the previous year.

The figure is all the more significant if the following two factors are taken into account:

- revenue growth has been achieved over several years thanks to the effectiveness of the strategy implemented from 2005, which has seen the Group also target its value added mobile services at end consumers;
- the growth of the mobile messaging solutions business (the design and sale of ICT equipment) has continued despite generally weak demand for investment goods during 2008.

In terms of business segment, 83.5% of revenue was earned from the supply of services, 14.3% was generated by mobile messaging solutions and the remaining 2.2% by the design of security systems.

Within the **services segment** (€74.1 million), 69.8% of revenues were generated by B2C services provided by the US subsidiary, Flycell Inc., in the USA, Brazil and Turkey and, from 2008, also Spain and Italy. 24.6% of revenues service revenues were generated by the provision of services to network operators by the subsidiaries, Acotel SpA (Italy), Acotel do Brasil (Latin America) and Info2Cell (Middle East). The balance for this segment regards services supplied to corporate customers (4.4%) and media companies (1.2%). During 2008 the Group renewed its contract with Telecom Italia, thus prolonging the companies' long-term partnership for "ScripTIM by Acotel" services for a further four years.



Revenues from the **mobile messaging solutions business** (previously referred to as the design of ICT equipment) amount to €12.7 million at consolidated level, marking growth of 44% with respect to 2007. These revenues are generated by the activities of the Irish subsidiary, Jinny Software, which expanded further in 2008 through its commercial offerings aimed at customers in emerging or developing countries (for example Africa and Central America) where, thanks to the still limited penetration of mobile phones, extremely high rates of growth were achieved.

Finally, revenues from the **design of electronic security systems** amount to €1.9 million (€1.5 million in 2007). These revenues regard the activities of the Italian subsidiary, AEM SpA, and derive from the installation, servicing and maintenance of remote surveillance equipment installed at Italian police headquarters, at certain provincial branches of the Bank of Italy and for certain companies in the Acea Group.

The geographical revenue breakdown shows that North America continues to be the principal market (36.2% of total revenue), followed by Latin America (22.2%). Revenues generated in Africa amount to €5.8 million (up 46.6% on the figure for 2007).

The Group reports consolidated gross operating profit (EBITDA) of approximately €2.3 million, marking a slight decrease on the €2.8 million of 2007. The reduction reflects the decision to accelerate the pace of expansion and entry into new countries, which, among other things, has entailed a substantial increase in advertising costs for B2C services, a rise in staff costs and increased purchases of content from external providers.

Amortisation and depreciation amount to €1.4 million (€1.1 million in 2007). This refers to amortisation of the software and licences utilised by the Group, and depreciation of the telecommunications equipment and infrastructures used by Group companies.

As a result of the above items, consolidated operating profit (EBIT) amounts to approximately €940 thousand, compared with €1.7 million in 2007.

After income from investments of around €7.9 million, deriving from the industrial agreement entered into with Intesa Sanpaolo (described below), net finance income of €1.2 million and taxation for the year, the Group reports a net profit of almost €6.6 million, compared with a net loss of approximately €1.3 million for 2007.

Net funds amount to €38.5 million at 31 December 2008, marking a significant increase compared with the end of 2007, primarily as a result of the financial transactions involving the Intesa Sanpaolo banking group.

Parent Company's separate financial statements 2008

During 2008 the Parent Company, Acotel Group S.p.A., continued to focus on management of the Group's expansion, fulfilling its management role and continuing to carry out its strategic planning, administration, organisation and control functions. This is in line with an organisational model that involves each Group company specialising in its particular area, thereby ensuring efficient decision-making, operating and control processes throughout the organisation.

Acotel Group S.p.A. reports revenue of approximately €8.3 million, marking a slight decrease on the €8.5 million of the previous year.



Gross operating profit (EBITDA) is up 8% from the €3.5 million of 2007 to €3.8 million for 2008, due primarily to a reduction in staff costs.

After amortisation, depreciation and impairment charges on non-current assets, operating profit (EBIT) is approximately €3.6 million, marking an improvement on the €3.3 million of the previous year.

After net finance income, profit before tax amounts to €6.1 million, representing an increase of 26% on 2007. After taxation for the year, net profit for 2008 amounts to €4.1 million, compared with the €2.9 million of 2007.

At the upcoming AGM, the Board of Directors will propose to take net profit to distributable reserves as retained earnings.

Industrial agreement with Intesa Sanpaolo

In May 2008 the Group concluded an agreement with the banking group, Intesa Sanpaolo SpA, regarding a new joint initiative in the field of mobile communications and value added services. This agreement led to:

- Intesa Sanpaolo's acquisition of a 4.75% stake in Acotel at a total cost of €12.3 million;
- Intesa Sanpaolo's acquisition of a 10% interest in Noverca S.r.l., previously a wholly owned subsidiary of Acotel Group, via subscription of a capital increase of €3.6 million. At the same time, Acotel Group subscribed a further tranche of the same capital increase, amounting to €5.6 million;
- the establishment of a new company named Noverca Italia S.r.l., which is 66% owned by Noverca S.r.l. and 34% owned by Intesa Sanpaolo S.p.A. Noverca S.r.l. has granted the new company exclusive rights to use its platform for the provision of value added services in the Italian market and transferred €5 million in cash, whilst Intesa Sanpaolo S.p.A. injected €13.3 million in cash.

From a commercial viewpoint, the most significant transaction is the establishment of Noverca Italia S.r.l., which will act as a virtual mobile operator in Italy and offer consumers and business customers a vast range of value added mobile telecommunications services. These will include mobile payments and mobile banking, the latter jointly developed with Intesa Sanpaolo. Noverca Italia will distribute SIM cards to its customers and use Telecom Italia's GSM/GPRS and UMTS/HSPDA mobile networks, in accordance with a contract signed in 2008.

Subsequent events

There have been no material events involving Acotel Group companies during early 2009.

Outlook

The most important event due to take place in 2009 is the Italian commercial launch, scheduled for the end of March, of the virtual mobile operator, Noverca. The occurrence will mark a major diversification of the Group's activities, leading it to effectively become a mobile telecommunications provider.



Further expansion of the services business is planned, above all in relation to the B2C services operated by Flycell, which from January 2009 has begun operating in Mexico. The company also aims to roll out its services in South Africa and Argentina during the year.

In the network operator segment, on the other hand, within the scope of its new contract with Telecom Italia for the provision of "ScripTIM by Acotel" services, giving Acotel SpA greater independence with regard to marketing and commercial policies, the company will launch a series of promotions aimed at increasing the customer base.

With regard to mobile messaging solutions, in response to the current market environment the Group will proceed with the strategy embarked on by Jinny Software in 2008. This involves focusing primarily on emerging markets in Africa and Central America and developing a series of mobile advertising products.

In the security systems segment, the subsidiary, AEM, will continue to operate in the Italian market, exploiting its customer portfolio and technological expertise in the video surveillance field.

Declaration by the manager responsible for the Group's 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 Law on Finance, that the information in this press release is consistent with the underlying accounting records.

Note: the reclassified consolidated and separate income statements, balance sheets, cash flow statements and analyses of net funds are attached.

Rome, 13 March 2009

ACOTEL GROUP
Reclassified consolidated income statement (€000)

	2008	2007	Increase/Decrease	% inc./(dec.)
Revenues	88,698	70,301	18,397	26%
Other income	211	2	209	10,450%
Total revenue	88,909	70,303	18,606	26%
Gross operating profit	2,343	2,806	(463)	(17%)
	<i>2.64%</i>	<i>3.99%</i>		
Operating profit/(loss)	940	1,680	(740)	(44%)
	<i>1.06%</i>	<i>2.39%</i>		
Income from investments	7,940	-	7,940	-
Net finance income/(costs)	1,183	293	890	304%
PROFIT/(LOSS) BEFORE TAX	10,063	1,973	8,090	410%
	<i>11.32%</i>	<i>2.81%</i>		
NET PROFIT/(LOSS) BEFORE MINORITY INTERESTS	6,564	(1,278)	7,842	614%
	<i>7.38%</i>	<i>-1.82%</i>		
NET PROFIT/(LOSS) ATTRIBUTABLE TO PARENT COMPANY	6,564	(1,278)	7,842	614%
	<i>7.38%</i>	<i>-1.82%</i>		
Earnings per share	1.62	(0.33)		
Diluted earnings per share	1.62	(0.33)		

ACOTEL GROUP

Reclassified consolidated balance sheet (€000)

	31 December 2008	31 December 2007	Increase/(Decrease)	% inc./.(dec.)
Non-current assets:				
Property, plant and equipment	4,084	3,221	863	27%
Intangible assets	12,379	12,464	(85)	(1%)
Non-current financial assets	-	2	(2)	(100%)
Other assets	481	273	208	76%
TOTAL NON-CURRENT ASSETS	16,944	15,960	984	6%
Net current assets:				
Inventories	396	642	(246)	(38%)
Trade receivables	22,220	18,620	3,600	19%
Other current assets	2,340	3,442	(1,102)	(32%)
Payables	(9,404)	(9,526)	122	1%
Other current liabilities	(4,319)	(4,020)	(299)	(7%)
TOTAL NET CURRENT ASSETS	11,233	9,158	2,075	23%
STAFF TERMINATION AND AND OTHER EMPLOYEE BENEFITS	(1,146)	(947)	(199)	(21%)
NON-CURRENT PROVISIONS	(294)	(318)	24	8%
NET INVESTED CAPITAL	26,737	23,853	2,884	12%
Shareholders' equity:				
Share capital	1,084	1,084	-	-
Reserves and retained earnings/(accumulated losses)	57,522	48,469	9,053	19%
Net profit/(loss) for the year	6,564	(1,278)	7,842	614%
Minority interests	30	30	-	-
TOTAL SHAREHOLDERS' EQUITY	65,200	48,305	16,895	35%
MEDIUM-/LONG TERM DEBT	101	133	(32)	(24%)
Net cash and cash equivalents:				
Current financial assets	(18,764)	(12,702)	(6,062)	(48%)
Cash and cash equivalents	(23,439)	(12,178)	(11,261)	(92%)
Current financial liabilities	3,639	295	3,344	1134%
	(38,564)	(24,585)	(13,979)	(57%)
NET FUNDS	(38,463)	(24,452)	(14,011)	(57%)
TOTAL SHAREHOLDERS' EQUITY AND NET FUNDS	26,737	23,853	2,884	12%



ACOTEL GROUP
Consolidated cash flow statement (€000)

	2008	2007
A. NET CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	24,585	25,610
B. CASH FLOWS FROM (FOR) OPERATING ACTIVITIES	(2,016)	645
Cash flows from operating activities before changes in working capital	126	260
Net profit/(loss) for the year	6,564	(1,278)
Amortisation and depreciation	1,401	1,126
Income from investments	(7,940)	-
Impairment of assets	67	205
Net change in staff termination benefits	199	(84)
Net change in deferred tax liabilities	(165)	291
(Increase) / decrease in receivables	(2,565)	(1,003)
(Increase) / decrease in inventories	246	(164)
Increase / (decrease) in payables	177	1,552
C. CASH FLOWS FROM (FOR) INVESTING ACTIVITIES	5,696	(1,352)
(Purchases)/disposals of fixed assets:		
- Intangible assets	(216)	(475)
- Property, plant and equipment	(1,963)	(1,134)
- Financial assets	(65)	257
Income from investments	7,940	-
D. CASH FLOWS FROM (FOR) FINANCING ACTIVITIES	10,299	(318)
Increase/(Decrease) in medium/long-term borrowings	(32)	(30)
Sale of treasury shares	12,151	-
Other changes in shareholders' equity	(1,820)	(288)
E. CASH FLOW FOR THE YEAR (B+C+D)	13,979	(1,025)
F. NET CASH AND CASH EQUIVALENTS AT END OF YEAR (A+E)	38,564	24,585



ACOTEL GROUP

Analysis of consolidated net funds (€000)

	31 December 2008	31 December 2007	Increase/(Decrease)
A. Cash and cash equivalents	23,439	12,178	11,261
B. Assets held for trading	16,147	10,052	6,095
C. Liquidity (A + B)	39,586	22,230	17,356
D. Other current financial assets	2,617	2,650	(33)
E. Current bank borrowings	(3,607)	(265)	(3,342)
F. Current portion of non-current debt	(32)	(30)	(2)
G. Current financial liabilities (E + F)	(3,639)	(295)	(3,344)
H. Net current funds (C+D+G)	38,564	24,585	13,979
I. Non-current financial liabilities	(101)	(133)	32
L. Non-current debt (I)	(101)	(133)	32
M. Net funds (H + L)	38,463	24,452	14,011

ACOTEL GROUP S.p.A.
Reclassified income statement (€)

	2008	2007	Increase/(Decrease)	% inc./.(dec.)
Revenues	6,741,405	7,455,661	(714,256)	(10%)
Other income	1,558,820	1,073,036	485,784	45%
Total	8,300,225	8,528,697	(228,472)	(3%)
Gross operating profit	3,802,418	3,505,523	296,895	8%
	<i>45.81%</i>	<i>41.10%</i>		
Operating profit/(loss)	3,639,877	3,347,637	292,240	9%
	<i>43.85%</i>	<i>39.25%</i>		
Net finance income/(costs)	2,451,165	1,472,040	979,125	67%
PROFIT/(LOSS) BEFORE TAX	6,091,042	4,819,677	1,271,365	26%
	<i>73.38%</i>	<i>56.51%</i>		
NET PROFIT/(LOSS) FOR THE YEAR	4,122,667	2,938,759	1,183,908	40%
	<i>49.67%</i>	<i>34.46%</i>		
Earnings per share	1.02	0.75		
Earnings per diluted share	1.02	0.75		

ACOTEL GROUP S.p.A.
Reclassified balance sheet (€)

	31 December 2008	31 December 2007	Increase/(Decrease)	% inc./.(dec.)
Non-current assets				
Property, plant and equipment	402,359	262,166	140,193	53%
Intangible assets	38,957	29,532	9,425	32%
Non-current financial assets	58,583,935	50,211,308	8,372,627	17%
Other assets	107,340	90,759	16,581	18%
TOTAL NON-CURRENT ASSETS	59,132,591	50,593,765	8,538,826	17%
Net current assets				
Trade receivables	2,995,541	2,247,480	748,061	33%
Other current assets	9,429,469	8,225,668	1,203,801	15%
Payables	(702,066)	(589,764)	(112,302)	(19%)
Other current liabilities	(10,972,120)	(11,523,616)	551,496	5%
TOTAL NET CURRENT ASSETS	750,824	(1,640,232)	2,391,056	146%
STAFF TERMINATION BENEFITS	(324,342)	(379,635)	55,293	15%
NON-CURRENT PROVISIONS	(30,635)	(32,612)	1,977	6%
NET INVESTED CAPITAL	59,528,438	48,541,286	10,987,152	23%
Shareholders' equity				
Share capital	1,084,200	1,084,200	-	-
Reserves and retained earnings/(accumulated losses)	68,235,861	53,146,410	15,089,451	28%
Net profit/(loss) for the year	4,122,667	2,938,759	1,183,908	(40%)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	73,442,728	57,169,369	16,273,359	28%
MEDIUM/LONG-TERM DEBT	-	-	-	-
Net cash and cash equivalents:				
Current financial assets	(13,024,729)	(5,902,792)	(7,121,937)	(121%)
Cash and cash equivalents	(889,583)	(2,725,356)	1,835,773	67%
Current financial liabilities	22	65	(43)	(66%)
	(13,914,290)	(8,628,083)	(5,286,207)	(61%)
NET FUNDS	(13,914,290)	(8,628,083)	(5,286,207)	(61%)
TOTAL SHAREHOLDERS' EQUITY AND NET FUNDS	59,528,438	48,541,286	10,987,152	23%

ACOTEL GROUP S.p.A.
Cash flow statement (€)

	<u>2008</u>	<u>2007</u>
A. NET CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	8,628,083	12,070,503
B. CASH FLOWS FROM (FOR) OPERATING ACTIVITIES	1,818,051	3,827,217
Cash flows from operating activities before changes in working capital	4,209,107	2,399,217
Net profit/(loss) for the year	4,122,667	2,938,759
Amortisation and depreciation	160,291	145,170
Net change in staff termination benefits	(55,293)	(83,968)
Net change in deferred tax liabilities	(18,558)	(600,744)
- payable to subsidiaries	-	(616,035)
- other	(18,558)	15,291
(Increase) / decrease in receivables	(1,951,862)	1,843,290
- due from subsidiaries	(1,878,322)	1,838,307
- other	(73,540)	4,983
Increase / (decrease) in payables	(439,194)	(415,290)
- due to subsidiaries	(67,468)	541,991
- other	(371,726)	(957,281)
C. CASH FLOW FROM (FOR) INVESTING ACTIVITIES	(8,682,536)	(7,272,186)
(Purchases)/disposals of fixed assets:		
- Intangible assets	(28,842)	(20,125)
- Property, plant and equipment	(281,067)	(142,975)
- Financial assets	(8,372,627)	(7,109,086)
- subsidiaries	(8,374,877)	(7,221,137)
- other	2,250	112,052
D. CASH FLOW FROM (FOR) FINANCING ACTIVITIES	12,150,692	2,549
Sale of treasury shares	12,150,692	-
Other changes in shareholders' equity	-	2,549
E. CASH FLOW FOR THE YEAR (B+C+D)	5,286,207	(3,442,420)
F. NET CASH AND CASH EQUIVALENTS AT END OF YEAR (A+E)	13,914,290	8,628,083



ACOTEL GROUP S.p.A.
Analysis of net funds (€)

	31 December 2008	31 December 2007	Increase/(Decrease)
A. Cash and cash equivalents	889,583	2,725,356	(1,835,773)
B. Securities held for trading	10,407,752	5,399,248	5,008,504
C. Liquidity (A + B)	11,297,335	8,124,604	3,172,731
D. Current financial receivables due from subsidiaries	7,070,962	5,748,488	1,322,474
E. Other current financial receivables	2,616,977	503,544	2,113,433
F. Current financial receivables (D + E)	9,687,939	6,252,032	3,435,907
G. Current bank borrowings	(22)	(65)	43
H. Current debt (G)	(22)	(65)	43
I. Net funds (C + F + H)	20,985,252	14,376,571	6,608,681
- due from subsidiaries	7,070,962	5,748,488	1,322,474
- other	13,914,290	8,628,083	5,286,207