EI TOWERS GROUP

Interim Financial Report at March 31, 2012

EI TOWERS S.p.A.
Via Zanella, 21 - 20851 Lissone (MB)
Tax Code and Inscription Number
in the Monza and Brianza Enterprises Register: 12916980159
VAT Number: 01055010969
www.eitowers.it
Company subject to management and coordination of Mediaset S.p.A.

INDEX

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COMPANY BOARDS

Board of Directors

Chairman	Alberto Giussani
Chief Executive Officers	Guido Barbieri Valter Gottardi
Directors	Manlio Cruciatti Richard Adam Hurowitz Piercarlo Invernizzi Michele Pirotta

Board of Statutory Auditors

Chairman	Francesco Vittadini
Active Auditors	Marco Armarolli Anna Girello

External Auditors	Reconta Ernst & Young S.p.A.

Main Income Statement Data

Euro in millions	Q1 2012
Revenues	55.9
EBITDA (*) before non-recurring items	22.7
EBITDA (*)	22.2
Operating profit (EBIT)	11.7
Profit before tax	9.8
Net profit	6.2

Main Balance Sheet and Financial Data

Euro in millions	March 31, 2012	December 31, 2011
Net invested capital	783.3	418.6
Shareholders' equity	518.8	304.7
Net financial position	(219.4)	(113.9)

Personnel

	March 31, 2012	*Dec. 31, 2011*
No. of employees	593	496

Main Indicators

	Q1 2012
EBITDA (*) before non-recurring items/Revenues	40.6%
EBITDA (*)/Revenues	39.8%
EBIT/Revenues	20.9%
Profit before tax/Revenues	17.6%
Net profit/Revenues	11.1%
Earning per share (Euro per share)	0.22
Diluted earning per share (Euro per share)	0.22

(*) Corresponding to the difference between revenues and operating costs gross of non-monetary expenses related to amortisation and depreciation, provisions and write-downs (net of possible value reinstatement) of current and non-current assets. EBITDA is a measure utilised by the Management of the Group to control and evaluate the company operating trend and it is not applied as accounting measure in the IFRS (“Non GAAP Measure”).

PRELIMINARY REMARKS

This Interim Financial Report at March 31, 2012 (hereinafter also "Quarterly Report"), has been prepared according to art. 154, part three, of the Legislative Decree 58/1998 and subsequent amendments and to Consob Communication No. DEM/8041082 of April 30, 2008 and in conformity with the International Accounting Standards/International Financial Reporting Standards (IAS/IFRS) applicable according to EC Regulation No. 1606/2002 of the European Parliament and Council of July, 19 2002 and, in particular, with IAS 34 – *Interim Financial Reporting.*

The explanatory notes have been prepared in conformity with the minimum contents established by IAS 34 – *Interim Financial Reporting*. Therefore, the information contained in this Quarterly Report is not the same as that contained in a complete set of Financial Statements prepared according to IAS 1.

As already described in the Financial Statements as at December 31, 2011, starting from January 1, 2012 the merger of EI Towers S.p.A., a company 100% controlled by Elettronica Industriale S.p.A. (which, in turn, is wholly owned indirectly by Mediaset S.p.A.), in the former Digital Multimedia Technologies S.p.A., holding of DMT Group, which, as a consequence of the merger, changed its name to EI Towers S.p.A., becomes effective.

As a consequence of the merger, Elettronica Industriale S.p.A. took over EI Towers S.p.A.; according to the International Accounting Standards (IFRS 3) the transaction is identifiable as a “reverse acquisition”, where the merging company EI Towers S.p.A., legal acquirer, is identified as the accounting acquiree.

Therefore, in this Quarterly Report it is applied what provided for by paragraphs B19 to B27 of the aforesaid IFRS 3.

It should be noted that the merged company (accounting acquirer) has been set up on May 30, 2011 and on June 30, 2011 the parent company Elettronica Industriale S.p.A. contributed the business unit relating to “Tower” business.

In this Quarterly Report, for information purposes, some consolidated income statement data related to the first quarter of 2011 have been reported, prepared starting from DMT Group Financial Report at March 31, 2011 and, with reference to the merged company, from “*Carve-Out*” data for the first quarter of 2011, determined through the attribution to the business unit “Tower” of revenues and costs of the transferor Elettronica Industriale S.p.A. referring to it; proper elisions have been successively applied to the obtained data.

DMT Group and "*Carve-Out*" data for the first quarter of 2011 of the accounting acquirer have been prepared according to International Accounting Standards(International Financial Reporting Standards (IAS/IFRS).

This Quarterly Report has not been subjected to an accounting audit.

INTERIM REPORT ON OPERATIONS AT MARCH 31, 2012

Summary of Group Results and Operations

The quarter ended March 31, 2012 has been the first quarter of activity of the new EI Towers Group after the business combination of the assets respectively owned by Mediaset Group and DMT Group relative to the sector of infrastructures for telecommunications networks, which created a leading sector player at national level.

During the first three months of the year the integration of the organizational structures of the two companies has been started, both from an administrative-financial and operational standpoint, with the purpose to offer to broadcast and wireless telecommunications operators, in addition to hosting and maintenance services which represented the core business of DMT Group, a wider range of services for the management of transmission network, similarly to what already supplied to Mediaset Group through the services mainly carried out towards the parent company Elettronica Industriale S.p.A.

Even in a very difficult market scenario, characterised by economic recession and renewed tensions in financial markets, the results obtained by the Group are satisfactory and in line with company estimates.

In particular, during this quarter consolidated revenues amounted to Euro 55.9 million, gross operating margin (EBITDA) excluding non-recurring items equal to Euro 0.5 million, amounted to Euro 22.7 million (40.6% of revenues) and EBITDA net of non-recurring items was equal to Euro 22.2 million.

Operating result (EBIT) amounted to Euro 11.7 million, with a ratio on revenues of 20.9%; net income, after recording income taxes for Euro 3.6 million, amounted to Euro 6.2 million, or 11.1% of revenues.

Net invested capital of the Group amounted to Euro 738.3 million, shareholders' equity amounted to Euro 518.8 million and net financial position amounted to Euro 219.4 million.

Outstanding events and operations in the first quarter

In the reverse acquisition described in the Preliminary Remarks, effective January 1, 2012 from an accounting standpoint, the fair value of consideration transferred has been carried out, according to IFRS 3, considering the number of equity interests that the merged company (accounting acquirer) would have to issue to give to the owners of the merging company (accounting acquiree) a percentage of equity owned in the company resulting from the merger equal to that effectively obtained from these owners in the company resulting from the merger as a consequence of the reverse acquisition.
The fair value of the number of equity interests calculated as indicated shall be used as fair value of consideration transferred in exchange for the acquiree.
To match the share ratio, the merger has required the issue from the merging company of 16,957,602 shares with a face value of Euro 0.10 each and a fair value equal to Euro 18.42 each. The percentage of capital owned by the shareholders of the merging company in the company resulting from the merger as a consequence of the reverse acquisition was equal to 40%.
The fair value of the consideration transferred has therefore been determined calculating the number of shares that the merged company would have to issue to give to the owners of the merging company a percentage equal to 40% of the company resulting from the merger. In particular, the merged company should have issued 133,329,878 shares with a fair value of Euro 1.56 each. The fair value of the consideration transferred was therefore equal to Euro 208.2 million.
The allocation of the fair value of the consideration transferred is shown in the table below.

	Euro in million
Fair value of consideration transferred	208.2
Book value of net acquired assets, net of goodwill	(40.1)
Difference between fair value of the consideration trasferred and book value of net acquired assets	248.3
Goodwill on acquisition	248.3

Total goodwill at March 31 2012, equal to Euro 504 million, is therefore represented:

- for Euro 255.7 million by the goodwill of the merged company;
- for Euro 248.3 million by the determination of the value of the goodwill generated as a consequence of the business combination including the goodwill previously accounted in the Consolidated Financial Statements at December 31, 2011 of the legal acquirer. The goodwill on acquisition will be subjected to the impairment test according to International Accounting Standards (IAS 36) together with the goodwill of Euro 255.7 million.

The increase in goodwill determined an equal increase in Shareholders' equity reserves at March 31, 2012.

As highlighted, the difference between fair value of the consideration transferred and book value of net acquired assets has been preliminarily allocated to goodwill; within the end of this year it will be carried out a specific analysis of the consideration paid in order to determine and measure the fair value of net acquired assets.

At the end of the valuation period, it is allowed an adjustment of provisional amounts accounted at the business combination date, referring in particular to acquired assets, liabilities and goodwill. If on completion of the allocation process tangible and intangible assets are identified, the income statement of the year will reflect also amortisation and depreciation related to these allocations. The possible adjustment is recorded with retroactive effect at the business combination date.

For further details on the business combination please refer to the explanatory notes.

Analysis of the results

The analysis of the Consolidated Income Statement, Balance Sheet and Financial Situation are presented here below.

The form and contents of the tables of the Income Statement, Balance Sheet and Financial Situation below are shown in a restated format compared to those contained in the subsequent Financial Statement Tables, for the purpose of highlighting some interim levels of the results and the Balance Sheet and Financial Situation groupings that are believed to be the most significant ones, in order to be able to truly understand the operating performances of the Group. For these balances, even if they are not provided for, there are also supplied, in conformity with the indications contained in the Consob Communication No. 6064293 of July28, 2006 and in the Recommendation of the CESR (Committee of European Securities Regulators) of November 3, 2005

(CESR/o5-178b) regarding alternative performance indicators, i.e. “Non GAAP Measures”, the descriptions of the criteria used in preparing them and the appropriate notes regarding the references for the items contained in the mandatory tables.

The Income Statement information is given for the first three months of 2012 compared to the first three months of 2011 prepared according to what described in the Preliminary Remarks.

The Balance Sheet information is given as at March 31, 2012 and December 31, 2011; with reference to the latter date, the balance sheet of the accounting acquirer is shown according to IFRS 3.

Economic results

In the following Consolidated Income Statement table are shown the interim results relative to the gross operating margin (EBITDA), gross and net of non-recurring items, and to the operating result (EBIT).

The gross operating margin (EBITDA) is the difference between the consolidated revenues and the operating costs, gross of the non-monetary costs relative to depreciation, amortisation, provisions and write-downs (net of any renewal of the values) of both current and non-current assets.

The operating result (EBIT) is obtained by deducting from the EBITDA the non-monetary costs relative to depreciation, amortisation, provisions and write-downs (net of any reinstatement of the values) of both current and non-current assets.

CONSOLIDATED INCOME STATEMENT

Euro in thousands	Q1 2012		Q1 2011 (*)	
Revenues from sales of goods and services	**55,877**	**100.0%**	**48,450**	**100.0%**
Other income and revenues	223		960	
Total revenues	**56,100**		**49,410**	
Operating costs	33,395		32,307	
EBITDA, excluding non-recurring items	**22,705**	**40.6%**	**17,103**	**35.3%**
Non-recurring items	(487)			
Gross operating margin (EBITDA)	**22,218**	**39.8%**	**17,103**	**35.3%**
Amortisation, depreciation, write-downs and provisions	10,527		9,749	
Operating result (EBIT)	**11,691**	**20.9%**	**7,354**	**15,2%**
Financial charges, net	(1,866)			
Pre-tax result (EBT)	**9,825**	**17.6%**		
Income taxes	(3,623)			
Net income	**6,202**	**11.1%**		

(*) data related to Q1 2011 refer to the consolidated data of the merging company and to “Carve out” data of the merged company, net of consolidation adjustments.

Revenues from sales of goods and services amounted to Euro 55,877 thousand, and refer for Euro 42,358 thousand to hosting, assistance and maintenance services, logistics, use of transmission infrastructure, *head end* and engineering to the parent company Elettronica Industriale S.p.A., and for the remaining to hosting, maintenance, services and logistics to other broadcast and telecom operators.

Other income and revenues, equal to Euro 223 thousand, mainly refer to extraordinary revenues.

One off costs for Euro 487 thousand related to lay-off incentives for employees and accounted as non-recurring items have been recorded in the quarter. Excluding these charges, total operating costs amounts to Euro 33,395 thousand, of which Euro 10,966 related to personnel costs.

Gross operating margin (EBITDA), excluding non-recurring items described above, amounted to Euro 22,705 thousand, with an incidence on revenues equal to 40.6%.

EBITDA including non-recurring items amounted to Euro 22,218 thousand (39.8% of revenues).

After accounting amortisation and depreciation for Euro 10,527 thousand, the operating result (EBIT) was equal to Euro 11,691 thousand; operating profitability was equal to 20.9%.

Pre-tax result, net of financial charges for Euro 1,866 thousand, was equal to Euro 9,825 thousand (17.6% of revenues).

Income taxes for the period, calculated on the basis of the effective tax rate estimated for the year, amounted to Euro 3,623 thousand.

The quarter ended with a net profit of Euro 6,202 thousand, equal to 11.1% of revenues.

For information purposes, according to what described in the Preliminary Remarks, it should be noted that consolidated revenues for the first quarter of 2011 amounted to Euro 48,450 thousand, other revenues to Euro 960 thousand, the gross operating margin (EBITDA) to Euro 17,103 thousand and the operating result (EBIT) to Euro 7,354 thousand.

Balance Sheet and financial situations

Below there are given the tables of the Consolidated Balance Sheet shown in a reclassified format for the purpose of highlighting the two macro groupings of Net Invested Capital and the Net Financial Position, where this latter figure consists of the Gross Financial Debt reduced by Cash and Cash Equivalents and by Other Financial Assets.

The details relative to the items in the Financial Statements that form part of the calculation of the Net Financial Position are shown in the following explanatory note No. 4.4.

Therefore, these tables differ compared to the Balance Sheet layout that is contained in the mandatory tables of the Financial Statements, which have been drafted according to the split between current and non-current assets and liabilities.

The item Net Working Capital includes the current assets, with the exclusion of the cash and cash equivalents and the current financial assets that are included in the Net Financial Position, and current liabilities, with the exclusion of current financial liabilities that are included in the Net Financial Position.

The item Non-current liabilities includes the severance fund, deferred tax liabilities and the provisions for risks and charges.

RECLASSIFIED CONSOLIDATED BALANCE SHEET	March 31, 2012		December 31, 2011	
Euro in thousands				
Net working capital	(33,105)	-4.3%	(19,843)	-4.5%
Goodwill	504,028		255,671	
Other non-current assets	305,118		193,081	
Non-current liabilities	(37,775)		(10,356)	
Non-current capital	771,371	104.5%	438,396	104.7%
Net invested capital	**738,266**	**100.0%**	**418,553**	**100.0%**
Net financial position	**219,419**	**29.7%**	**113,872**	**27.2%**
Shareholders' equity	**518,847**	**70.3%**	**304,680**	**72.8%**
Financial position and shareholders' equity of the Group	738,266	100.0%	418,553	100.0%

The changes in shareholders' equity are mainly attributable to the business combination already described. For related comments please refer to the explanatory notes.

In the following table is shown the Cash Flow Statement with the indication of cash flows generated or absorbed in the quarter from operating, investing and financing activities.

CASH FLOW STATEMENT	Q1 2012
Euro in thousand	
Cash flow generated (absorbed) by operating activities	18,764
Cash flow generated (absorbed) by investing activities	(6,778)
Cash flow generated (absorbed) by financing activities	(2,355)
Net cash flow for the period	9,631

It should be noted that the cash flow absorbed by investing activities, equal to Euro 6,778 thousand, includes a positive cash flow of Euro 2,246 thousand related to the business combination, equal to the consolidated cash of the merging company (accounting acquiree).

The cash outflow of Euro 2,355 thousand for financing activities refers to net reimbursement of short-term financing debt for Euro 2,300 thousand and to net interests paid out on bank debt for Euro 55 thousand.

Group Employees

The employee ending headcount of the Group at March 31, 2012 amounted to 593 people; the increase in personnel compared to December 31, 2011 is due to the business combination (86 people) and to the hiring of personnel from other companies of Mediaset Group (11 people).

Related Parties transactions

The transactions carried out with related parties cannot be classed as either atypical or unusual because they fall within the categories of the normal business activities of the Group companies. All these transactions are regulated at arm's length market conditions, taking into account the characteristics of the goods and services supplied.

The detailed information regarding the Income Statement, Balance Sheet and financial impacts of the transactions with related parties, pursuant to IAS 24, are shown in the following explanatory note No. 5.

Compliance with art. 37 of Consob Regulation 16191/2007 regarding markets.

Effective from January 2, 2012 EI Towers S.p.A. is subject to the management and coordination activity of Mediaset S.p.A.

We acknowledge the full compliance of EI Towers S.p.A. with the expectations of art. 37 of Consob Regulation 16191/2007 since it:

- fulfilled and is regularly fulfilling advertising obligations provided for by art. 2497-bis of the civil code,
- has an autonomous negotiating capacity in relationships with clients and suppliers,
- has no centralized treasury account with Mediaset S.p.A.,
- has a Control and Risk Committee which carries out also the functions of the Related Parties Committee, and a Remuneration Committee composed exclusively of independent directors according to the criteria of art 148, para. 3, of the Legislative Decree 58/1998, of the Corporate Governance Code of Borsa Italiana S.p.A. and of art. 37 of Consob Regulation 16191/2007. EI Towers S.p.A. has also a Board of Directors composed of a majority of independent directors.

Significant events aftert March 31, 2012

No significant events after March 31, 2012 have to be reported.

Business outlook

Economic and financial results of the first quarter are in line with company plans.

The completion of the migration to digital TV broadcasting in Italy is expected during the second quarter; in particular the calendar forecast the digitization of Abruzzo, Molise, Basilicata, Puglia, Sicilia and Calabria by June 30. The Group will be engaged in supplying installation services and transmission equipment to the parent company Elettronica Industriale S.p.A. and to other TV operators already clients and in rationalising its equipment / set up its network involved in the switch-off process.

The poor visibility of the advertising market and the credit crunch significantly affect local and small television broadcasters, with the effect of lower opportunities to increase hosting and service revenue, and difficulties in receivables collection.

However, even in a still difficult economic situation for our country, on the basis of the business trend we confirm the economic and financial targets of our Group.

For the Board of Directors

Guido Barbieri, CEO

EI TOWERS GROUP

Consolidated Accounting Tables and

Explanatory Notes

EI TOWERS GROUP

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Euro in thousands)

	Notes	March 31, 2012	Dec. 31, 2011
ASSETS			
Non current assets			
Property, plant and equipment	4.2	250,699	180,503
Goodwill	4.1	504,028	255,671
Other intangible assets	4.2	45,787	10,384
Investments in associates/joint control companies		28	28
Other financial assets		1,275	235
Deferred tax assets		7,329	1,931
TOTAL NON CURRENT ASSETS		**809,146**	**448,752**
Current assets			
Inventories		4,602	4,183
Trade receivables		24,963	16,197
Tax receivables		116	15
Current financial assets		10,230	2,232
Cash and cash equivalents	4.4	9,640	9
TOTAL CURRENT ASSETS		**49,551**	**22,636**
TOTAL ASSETS		**858,697**	**471,388**

EI TOWERS GROUP

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Euro in thousands)

	Notes	March 31, 2012	Dec. 31, 2011
SHAREHOLDERS' EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital		2,826	1,130
Share premium reserve		206,533	89,278
Treasury shares		-2,819	0
Other reserves		321,807	209,070
Valuation reserve		-258	17
Retained earnings		-15,444	0
Net profit for the period		6,202	5,185
TOTAL SHAREHOLDERS' EQUITY	**4.3**	**518,847**	**304,680**
Non current liabilities			
Post-employment benefit plans		10,390	8,863
Deferred tax liabilities		24,508	1,337
Financial liabilities and payables	4.4	83,631	0
Provisions for non current risks and charges		2,877	156
TOTAL NON CURRENT LIABILITIES		**121,406**	**10,356**
Current liabilities			
Financial payables	4.4	17,031	325
Trade payables		45,988	34,607
Current tax liabilities		7,967	1,997
Other financial liabilities	4.4	128,397	113,882
Other current liabilities		19,061	5,866
TOTAL CURRENT LIABILITIES		**218,444**	**156,352**
TOTAL LIABILITIES		**339,850**	**166,707**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**858,697**	**471,388**

EI TOWERS GROUP

INTERIM CONSOLIDATED STATEMENT OF INCOME

(Euro in thousands)

	Notes	Q1 2012
Sales of goods and services		55,877
Other revenues and income		223
TOTAL REVENUES		**56,100**
Personnel expenses		11,453
Purchases, services, other costs		22,429
Amortisation, depreciation and write-downs		10,527
TOTAL COSTS		**44,409**
EBIT		**11,691**
Financial expenses		(1,898)
Fianancial income		32
EBT		**9,825**
Income taxes		3,623
NET PROFIT FROM CONTINUING OPERATIONS		**6,202**
Net Gains/(Losses) from discontinued operations		0
NET PROFIT FOR THE PERIOD		**6,202**
Earnings per share (Euro):	4.5	
- Basic		0.22
- Diluted		0.22

EI TOWERS GROUP
INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(Euro in thousands)

	Q1 2012
CONSOLIDATED NET PROFIT/(LOSS)(A):	**6,202**
Statement of comprehensive gains/(losses):	
Effective portion of gains/(losses) on hedging instruments (cash flow hedge)	26
Actuarial gains/(losses) on defined benefit plans	(308)
Other comprehensive gains/(loss)	-
TOTAL OTHER COMPREHENSIVE INCOME /(LOSS) NET OF TAX EFFECTS (B)	**(282)**
TOTAL COMPREHENSIVE INCOME (A+B)	**5,920**

EI TOWERS GROUP
INTERIM CONSOLIDATED CASH FLOW STATEMENT
(Euro in thousands)

	Q1 2012
CASH FLOW FROM OPERATING ACTIVITIES:	
Operating profit	11,691
+ Depreciation and amortisation	10,527
+ Change in trade receivables	5,894
+ Change in trade payables	(6,114)
+ Change in other assets and liabilities	(3,234)
Net cash flow from operating activities [A]	**18,764**
CASH FLOW FROM FINANCING ACTIVITIES:	
Investments in tangible assets	(6,986)
Investments in intangible assets	(7,153)
Changes in payables for investing activities	5,115
Business combinations net of cash acquired	2,246
Net cash flow from investing activities [B]	**(6,778)**
CASH FLOW FROM FINANCING ACTIVITIES:	
Changes in financial liabilities	(2,300)
Interests (paid)/received	(55)
Net cash from financing activities [C]	**(2,355)**
CHANGE IN CASH AND CASH EQUIVALENTS [D=A+B+C]	**9,631**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD [E]	**9**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD [F=D+E]	**9,640**

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(Euro in thousands)

		Share capital	Share premium reserve	Legal reserve and other reserves	Treasury shares	Valuation reserve	Retained earnings (accumulated losses)	Profit/ (loss) for the period	**TOTAL SHAREHOLDERS' EQUITY**
(A)	**Balance at Dec.31, 2011**	**1,130**	**89,278**	**209,070**	**-**	**17**	**-**	**5,185**	**304,680**
(B)	Change in consolidation area		62,281	25,478	(5,091)	-	(15,444)		67,224
(C)	Business combinations	1,696	54,974	84,346					141,016
	Balance (A) + (B) + (C)	**2,826**	**206,533**	**318,894**	**(5,091)**	**17**	**(15,444)**	**5,185**	**512,920**
	Allocation of 2011 net profit	-	-	5,185	-	-	-	(5,185)	-
	Dividends paid	-	-	-	-	-	-	-	-
	Stock option plan valuation	-	-	-	-	-	-	-	-
	(Purchase)/sale of treasury shares	-	-	(2,272)	2,272	-	-	-	-
	Profit/(loss) from negotiation of treasury shares	-	-	-	-	-	-	-	-
	Stock option	-	-		-	7	-	-	7
	Comprehensive income/(loss)	-	-	-	-	(282)	-	6,202	5,920
	Balance at March 31, 2012	**2,826**	**206,533**	**321,807**	**(2,819)**	**(258)**	**(15,444)**	**6,202**	**518,847**

EXPLANATORY NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS AT MARCH 31, 2012

1. Basis of preparation

In these Interim Condensed Consolidated Financial Statements, prepared according to IAS 34 – Interim Financial Reporting – it has been applied what provided for by IFRS 3 in case of "reverse acquisition", therefore the Financial Statements are published in the name of the merging company (accounting acquiree) but prepared as continuation of the financial statements of the merged company (accounting acquirer), with retroactive adjustment of share capital according to the International Accounting Standard.

This Interim Consolidated Financial Report must be read together with the Consolidated Financial Statements as at December 31, 2011 published by the merging company and the Financial Statements as at December 31, 2011 published by the merged company.

Income Taxes for the accounting period were calculated based on the best estimate of the weighted average tax rate expected for the whole financial year.

The values of the items in the Consolidated Financial Statements are shown in thousands of Euro.

2. New accounting standards, interpretations and amendments applicable from January 1, 2012.

During the first three months of 2012, no new accounting standards, interpretations and amendments have been issued that impacted the data and information given in this Interim Financial Report.

3. Main company operations and changes in the consolidation area

The accounting effects of the business combination already described become effective January 1, 2012, therefore the consolidation area includes the company resulting from the merger and the controlled companies.

Balance sheet as at December 31, 2011 refers to the merged company (accounting acquirer) according to IFRS 3.

4. Comments on the main changes in the assets, liabilities

4.1 Goodwill

Euro in thousands	Dec. 31, 2011	Changes in consolidation area	Increases	Decreases	Amortisation	March 31, 2012
Goodwill	255,671	108,466	139,891			504,028

The increase in goodwill, as already highlighted in the Interim Report on Operations, is determined by the provisional allocation of the consideration of the reverse acquisition, according to IFRS 3.

Possible adjustments at the end of the valuation period are recorded with retroactive effect at the combination date.

4.2 Other intangible and tangible assets

Euro in thousands	Dec. 31, 2012	Changes in consolidation area	Increases	Decreases	Amortisation	March 31, 2012
Other intangible assets	10,384	29,473	7,543	(52)	(1,561)	45,787
Tangible assets	180,502	72,514	6,711	(62)	(8,966)	250,699

The increase in intangible assets is mainly due to the accounting of the non-compete agreement signed, within the business combination, with the previous Chairman and CEO of the merging company, which provides for the obligation not to carry out activities in competition with EI Towers Group for a three-year period. The increase referable to the agreement is equal to Euro 7,500 thousand.

The increase in tangible assets includes Euro 2,131 thousand related to the purchase of equipment for the completion of the switch-off related to the migration to digital TV transmission.

4.3 Shareholders' equity

Changes in shareholders' equity are shown below.

Euro in thousands	Dec. 31, 2011	Changes in consolidation area	Business combinations	Other chnages	Allocation of net profit	March 31, 2012
Share capital	1,130		1,696			2,826
Share premium reserves	89,278	62,281	54,974			206,533
Reserve for treasury shares		(5,091)		2,272		(2,819)
Valuation reserve	17			(275)		(258)
Legal reserve and other reserves	209,070	25,478	84,346	(2,272)	5,185	321,807
Profit (loss) for previous years		(15,444)				(15,444)
Profit (loss) for year 2011	5,185				(5,185)	
Profit (loss) for the period				6,202		6,202
Shareholders' Equity	**304,680**	**67,224**	**141,016**	**5,927**	**0**	**518,847**

The increases from business combinations are connected to the effects of the capital increase and of the goodwill emerging from the difference between fair value of the consideration transferred compared to the book value of net acquired assets, already commented.

Reserve for treasury shares increased for Euro 2,272 thousand further to the assignment of treasury shares to the beneficiaries of the stock grant plan of the merging company. Other reserves decreased of the same amount.

The movement in Valuation reserve refers to the effect in the period of the existing stock option plan (increase of Euro 7 thousand), of actuarial losses on defined benefit plans (decrease of Euro 308 thousand) and of the recording of derivative instruments and hedging activities according to the cash flow hedge (increase of Euro 26 thousand).

4.4 Net Financial Position

The breakdown of the Consolidated Net Financial Position is given below as required by the Consob communication No. 6064293 of July 28, 2006 showing the current and non-current net financial debt of the Group.

Euro in thousands	**March 31, 2012**	**Dec.31, 2012**
Cash in hand and cash equivalents	15	9
Bank and postal deposits	9,625	-
Securities and other current financial assets	-	-
Total Liquidity	**9,640**	**9**
Current financial receivables	**-**	**-**
Due to banks	(53)	-
Current portion of non-current financial debt	(16,978)	-
Payables and other current financial liabilities	(128,397)	(113,882)
Current financial debt	**(145,428)**	**(113,882)**
Current Net Financial Position	**(135,788)**	**(113,873)**
Due to banks	(83,631)	-
Corporate bond	-	-
Payables and other non-current financial liabilities	-	-
Non- current financial debt	**(83,631)**	**-**
Net Financial Position	**(219,419)**	**(113,873)**

At 31 March 2012 the Current portion of non-current financial debt includes the portion of medium-term bank loans due within 12 months, including accrued interests for the period; the item Payables and other current financial liabilities includes the balance of the intercompany financing from Mediaset S.p.A., including accrued interest for the period.

The item Non-current payables due to banks includes the portion due over 12 months of medium term bank loans.

With reference to the business combination, below a summary table is reported showing:

- net financial position at December 31, 2011;
- the change in the consolidation area, that is the consolidated net financial position at December 31, 2011 of the accounting acquiree (legal acquirer);
- net financial position at March 31, 2012.

NET FINANCIAL POSITION Euro in thousands	Dec. 31, 2011	Changes in consolidation area	March 31, 2012
Cash and cash equivalents	9	2,246	9,640
Current financial debt	(113,882)	(33,805)	(145,428)
Current net financial position	(113,872)	(31,559)	(135,788)
Non-current financial debt	-	(83,665)	(83,631)
Non-current net financial position	-	(83,665)	(83,631)
Net Financial Position	**(113,872)**	**(115,224)**	**(219,419)**

As shown in the table, at March 31, 2012 the net financial position improved of Euro 9,678 thousand compared to December 31, 2011 including the change in the consolidation area, due to cash flows generated in the quarter.

In particular, cash increased of Euro 7,385 thousand, current financial debt decreased of Euro 2,259 thousand and non-current financial debt decreased of Euro 34 thousand.

4.5 Earnings per share

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

	March 31, 2012
Net profit for the period (Euro in thousands)	6,202
Weighted average number of ordinary shares (without own shares)	28,166,851
Basic EPS (Euro)	0.22
Weighted average number of ordinary shares for the diluted EPS computation	28,133,851
Diluted EPS (Euro)	0.22

Earnings per share are calculated by dividing the Group’s net profit by the weighted average number of shares in circulation during the period, net of treasury shares.

Diluted earnings per share are calculated by taking into account in the calculation the number of shares in circulation and the potential diluting impact of the assignment of treasury shares to the beneficiaries of stock option and stock grant plans already due.

5. Related Parties transactions

In the following summary table the details related to each company that is the counterpart of these transactions are given for the main Income Statement/Balance Sheet groupings:

	Revenues	Costs	Fiancial income / (charges)	Trade receivables	Trade payables	Other receivables/ (payables)
CONTROLLING ENTITIES						
Mediaset S.p.A.			(774)	-	(8)	(130,473)
R.T.I. S.p.A.	72	(796)		18	(686)	227
Elettronica Industriale S.p.A.	42,358			919	(4)	(34)
Total controlling entities	**42,430**	**(796)**	**(774)**	**937**	**(698)**	**(130,280)**
AFFILIATED ENTITIES						
Publitalia '80 S.p.A.	3					(1)
Videotime S.p.A.	271	(126)		309	(56)	
Monradio S.r.l.	115			1		
Total affiliated entities	**389**	**(126)**		**310**	**(56)**	**(1)**
Other related parties	**66**	**(6)**	**-**	**161**	**(7)**	**-**
TOTAL RELATED PARTIES	**42,885**	**(928)**	**(774)**	**1,408**	**(761)**	**(130,281)**

Revenues and trade receivables from controlling companies are mainly referable to hosting, assistance and maintenance services, logistics, use of transmission infrastructure, *head end* and engineering. Financial charges and other payables refers to the intercompany financing from Mediaset S.p.A. Costs and trade payables to parent companies are mainly imputable to EDP services and administrative services given to RTI S.p.A., a company controlling Elettronica Industriale S.p.A.

Revenues and trade receivables from associates are relative to hosting and maintenance services to Monradio S.r.l. and leases of equipped areas at the regional offices to Videotime S.p.A.; Costs and trade payables due to associates are mainly attributable to leases.

Data related to other related parties include relationships with some associations mainly carrying out activities connected to the operating management of TV signal transmission.

6. Personal guarantees given and commitments

With reference to personal guarantees given and existing commitments at March 31, 2012 there are no significant changes compared to December 31, 2011 with respect to the merging company (accounting acquiree) and the merged company (accounting acquirer).

7. Transactions arising from atypical and/or unusual operations

Pursuant to Consob Communication of July 28, 2006 No.DEM 6064296, it is underlined that during the first quarter 2012 the Group has not put in place any atypical and/or unusual operations, as these are defined by the aforesaid Communication.

The Company Executive responsible for the preparation of the company accounting documents of EI Towers S.p.A., Fabio Caccia, herewith declares, pursuant to paragraph 2, article 154, second part, of the Consolidated Finance Act that the accounting information contained in this document corresponds to the contents of accounting documents, books and postings of the company.

For the Board of Directors

Guido Barbieri, CEO