EI TOWERS GROUP

QUARTERLY REPORT
AS AT MARCH 31, 2014

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

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This document is an English translation of an original Italian text. In the event of discrepancies between the original Italian text and this English translation, the original Italian text shall prevail.

CORPORATE BODIES

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	Antonio Aristide Mastrangelo
Active Auditors	Francesco Vittadini
	Anna Girello

External Auditing Company	Deloitte & Touche S.p.A.

FINANCIAL HIGHLIGHTS

Main Income Statement Data

Euro in millions	Q1 2014	Q1 2013
Revenues	57.9	57.5
EBITDA (*) before non-recurring items	26.8	25.3
EBITDA (*)	26.6	25.2
Operating profit (EBIT)	16.1	14.2
Profit before tax	14.3	13.0
Net profit	9.0	8.5

Main Balance Sheet and Financial Data

Euro in millions	March 31, 2014	December 31, 2013
Net invested capital	683.4	687.7
Shareholders' equity	565.4	556.5
Net financial position	(117.9)	(131.2)

Personnel

	March 31, 2014	December 31, 2013
No. of employees	590	588

Main Indicators

	Q1 2014	Q1 2013
EBITDA (*) before non-recurring items/Revenues	46.2%	43.9%
EBITDA (*)/Revenues	45.9%	43.8%
EBIT/Revenues	27.8%	24.8%
Profit before tax/Revenues	24.7%	22.7%
Net profit/Revenues	15.5%	14.8%
Earning per share (Euro per share)	0.32	0.30
Diluted earning per share (Euro per share)	0.32	0.30

(*) Corresponding to the difference between revenues and operating costs gross of non-monetary expenses related to amortisation, depreciation 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”).

FOREWORD

This Interim Financial Report at March 31, 2014 (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 (IAS/IFRS) applicable according to EC Regulation No. 1606/2002 of the European Parliament and Council of July 19, 2002 and, in particular, to IAS 34 – Interim Financial Reporting.

The structure and content of the reclassified consolidated accounting tables contained in the Interim Report on Operations and the mandatory layouts included in this Report are consistent with those used for the preparation of the Annual Report.

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.

This Quarterly Report has not been subject to an external audit.

INTERIM REPORT ON OPERATIONS AT MARCH 31, 2014

Summary of Group Results and Operations

The economic and financial results of the first quarter of 2014 are in line with the company plans.

The main consolidated figures of the first quarter of the year are the following:

- Revenues amounted to € 57.9m, with a slight increase (+0.6%) compared to the same period of the previous year (€ 57.5m);
- Gross operating margin (EBITDA), excluding non-recurring items for € 0.2m (€ 0.1m in the first quarter of 2013), equal to € 26.8m compared to € 25.3m in the same period of the previous year, with a growth of about 6% and a ratio on revenues of 46.2% (43.9% in the first quarter of 2013);
- EBITDA net of non-recurring items was equal to € 26.6m (€ 25.2m in the first quarter of 2013), with an increase of 5.6%; the ratio on revenues rose from 43.8% to 45.9%;

- Operating profit (EBIT) amounted to € 16.1m, with an increase of 13.2% compared to the same period of the previous year (€ 14.2m);
- Operating profitability grew from 24.8% to 27.8%;
- Net profit amounted to € 9m, with an increase of 5.6% compared to the data of the first quarter of 2013 (€ 8.5m);
- Net Financial Position of € 117.9m, with a reduction of € 13.3m compared to end 2013;
- Net invested capital was equal to € 683.4m (€ 687.7m at December 31, 2013).

Outstanding events and operations in the first quarter

The partial demerger of the subsidiary Towertel S.p.A. (broadcasting business unit) into EI Towers S.p.A., approved in 2013 by the respective Boards of Directors, became effective on January 1.

On January 22, Towertel S.p.A. withdrew from the capital of the company Tecnoimpianti Sas, formerly held for the 50%, through the partial, non-proportional demerger of the aforesaid Tecnoimpianti Sas and the award to Towertel S.p.A. of sales contracts for hosting services to radio and TV operators.

The purchase of 100% of Società Assistenza Ripetitori Televisivi S.r.l. (Sart S.r.l.), which controls nine towers and related assets and liabilities, was finalized by Towertel S.p.A. on February 28.

The acquisition consideration of € 4.6m is subject to price adjustments to be defined within the first half of the year, based on parameters under examination. In addition, the merger of the acquiring company Towertel S.p.A. is expected within the year.

Analysis of the results

Below there are presented the analyses of the Consolidated Income Statement, Balance Sheet and Financial Situation.

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 required by accounting standards, 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/05-178b) 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.

Economic results

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

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

CONSOLIDATED INCOME STATEMENT *Euro in thousands*	Q1 2014		Q1 2013	
Revenues from sales of goods and services	**57,882**	**100.0%**	**57,518**	**100.0%**
Other income and revenues	32		225	
Total revenues	**57,914**		**57,743**	
Operating costs	31,149		32,466	
EBITDA, excluding non-recurring items	**26,765**	**46.2%**	**25,277**	**43.9%**
Non-recurring items	(198)		(109)	
Gross operating margin (EBITDA)	**26,567**	**45.9%**	**25,168**	**43.8%**
Amortisation, depreciation and write-downs	10,451		10,926	
Operating result (EBIT)	**16,116**	**27.8%**	**14,242**	**24.8%**
Financial charges, net	(1,847)		(1,212)	
Pre-tax result (EBT)	**14,269**	**24.7%**	**13,030**	**22.7%**
Income taxes	(5,279)		(4,519)	
Net income	**8,990**	**15.5%**	**8,511**	**14.8%**

Revenues from sales of goods and services in the first three months of the year amounted to € 57,882k and refer for € 44,825k to the use of transmission infrastructure and assistance and maintenance services, logistics, head end, design and ancillary services towards the parent company Elettronica Industriale S.p.A. and for the remaining to contracts of use of the infrastructure and supply of services towards other broadcast and wireless telecommunication operators. Revenues increased by € 364k compared to the first quarter of 2013 (+0.6%).

During the period charges for € 198k related to lay-off incentives for employees and reclassified as non-recurring items have been recorded (€ 109k in the first quarter of 2013). Excluding these charges, total operating costs amount to € 31,149k, with a decrease of € 32,466k compared to the same period of the previous year.

Gross operating margin (EBITDA), excluding non-recurring charges described above, amounted to € 26,765k, with an increase of 5.9% compared to the first quarter of 2013, and an incidence on revenues equal to 46.2% compared to the previous 43.9%.

EBITDA including non-recurring items amounted to € 26,567k (45.9% of revenues) compared to € 25,168k in the first three months of 2013 (43.8% of revenues).

After charging amortisation for € 10,451k (€ 10,926 in the first quarter of 2013), the operating result (EBIT) amounted to € 16,116k (€ 14,242k in the first quarter of 2013); operating profitability grew up to 27.8% compared to the previous 24.8%.

Pre-tax result increased to € 14,269k compared to € 13,030k, equal to 24.7% of revenues (22.7% in the first quarter of 2013).

The first three months of the year ended with a net profit of € 8,990k, equal to 15.5% of revenues, with a growth of 5.6% compared to the data of the first quarter of 2013 (€ 8,511k); the incidence on revenues grew from 14.8% to 15.5%.

Balance Sheet and Financial Situation

Below are given the tables of the Condensed 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. 4.2.

Therefore, these tables differ from 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-recurring liabilities includes the severance fund, deferred tax liabilities and the provisions for risks and charges.

RECLASSIFIED CONSOLIDATED BALANCE SHEET	March 31, 2014		December 31, 2013	
Euro in thousands				
Net working capital	(32,986)	-4.8%	(33,402)	-4.9%
Goodwill	457,858		454,231	
Other non-current assets	316,454		325,196	
Non-current liabilities	(57,939)		(58,320)	
Non-current capital	716,373	104.8%	721,107	104.9%
Net invested capital	**683,387**	**100.0%**	**687,705**	**100.0%**
Net financial position	**117,939**	**17.3%**	**131,247**	**19.1%**
Shareholders' equity	**565,448**	**82.7%**	**556,458**	**80.9%**
Financial position and shareholders' equity of the Group	683,387	100.0%	687,705	100.0%

The increase in goodwill is basically a consequence of the provisional allocation of a part of the consideration for the acquisition of Sart S.r.l.. According to IFRS 3, a specific analysis of the consideration paid will be carried out within twelve months from the acquisition date in order to determine the fair value of net assets acquired and liabilities assumed.

If at the end of the evaluation period tangible and intangible assets with finite useful lives are identified, an adjustment of provisional amounts recorded at the acquisition will be carried out with retroactive effect from the acquisition date.

The decrease in other non-current assets is a consequence of the depreciation of tangible and intangible assets accounted for the period. The net financial position improved compared to December 31, 2013 by € 13,308k thanks to the free cash flow for the period.

The following table shows the Condensed Cash Flow Statement with the indication of cash flows generated or absorbed from operating, investing and financing activities in the first three months of the year.

CASH FLOW STATEMENT *Euro in thousands*	Q1 2014	Q1 2013
Cash flow generated (absorbed) by operating activities	17,433	20,209
Cash flow generated (absorbed) by investing activities	(2,495)	(2,064)
Cash flow generated (absorbed) by financing activities	2,657	(21,486)
Net cash flow for the period	17,595	(3,341)

The net flow absorbed by investing activities, equal to € 2,495k, includes € 1,579k related to the acquisition of the company described above, net of cash acquired. Investments accounted as tangible and intangible assets amounted to € 1,571k.

Cash flow related to financing activities is basically due to the accounting of the first quarter portion of the interest expense on the existing bond loan.

Group Employees

The employee ending headcount of the Group at March 31, 2014 amounted to 590 people (588 people at December 31, 2013).

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.

With reference to the periodic disclosure that has to be made by the Issuers, according to the Consob Resolution no. 17221 of March 12, 2010 (article 5, paragraph 8, of the Regulations containing measures regarding transactions with related parties), please refer to the Annual Report as at December 31, 2013.

Amendment of 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.

Also according to art. 2.6.2, paragraph 13, of the Regulation of the Markets Organized and Managed by Borsa Italiana S.p.A., we acknowledge the full conformance of EI Towers S.p.A. to 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 pooling relationship with Mediaset S.p.A.,
- has a Control and Risk Committee which carries out also the functions of the Related Party 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.

Faculty to waive the obligation to issue an information memorandum in the occasion of significant transactions (opt-out)

According to article 3 of Consob Resolution no. 18079 of January 20, 2012, the Board of Directors of EI Towers S.p.A. on December 14, 2012 resolved to adhere to the opt-out regime envisaged by articles 70, para. 8 and 71 para 1/bis of the Regulations for Issuers Consob no. 11971/99 (and subsequent amendments), using the faculty to waive the obligation to issue an information memorandum in the occasion of significant transactions such as merger, corporate capital splitting, capital increase through non-monetary contribution of assets, acquisitions and disposals.

Subsequent Events at March 31, 2014

On April 4, Mediaset S.p.A. announced the placement on the market of 25% of the share capital of EI Towers S.p.A. by the wholly-owned subsidiary Elettronica Industriale S.p.A.

Following this disposal, Mediaset S.p.A., through the subsidiary Elettronica Industriale S.p.A., has passed from a situation of by-law control to a situation of de facto control on the Company and therefore EI Towers S.p.A. and its subsidiary Towertel S.p.A. will leave starting from 2014 the national group taxation and the centralized VAT system put in place with Mediaset S.p.A.

Business Outlook

The economic and financial figures of the first quarter of the year are in line with the management's expectations; on the base of the current business outlook, the economic-financial guidance can be confirmed, in line with the information disclosed to the market.

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	31/3/2014	31/12/2013
ASSETS			
Non current assets			
Property, plant and equipment	4.1	209,549	216,066
Goodwill	4.1	457,858	454,231
Other intangible assets	4.1	100,488	102,632
Investments in associates/joint control companies		28	28
Other financial assets		477	558
Deferred tax assets		5,912	5,912
TOTAL NON CURRENT ASSETS		**774,312**	**779,427**
Current assets			
Inventories		2,834	3,105
Trade receivables		23,951	17,856
Tax receivables		123	0
Other receivables and current assets		8,016	4,851
Cash and cash equivalents	4.2	118,668	101,073
TOTAL CURRENT ASSETS		**153,592**	**126,885**
TOTAL ASSETS		**927,904**	**906,312**

EI TOWERS GROUP

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Euro in thousands)

	Notes	31/3/2014	31/12/2013
SHAREHOLDERS' EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital		2,826	2,826
Share premium reserve		194,220	194,220
Treasury shares		(1,845)	(1,845)
Other reserves		320,723	320,723
Valuation reserve		(1,218)	(1,218)
Retained earnings		41,752	8,814
Net profit for the period		8,990	32,938
TOTAL SHAREHOLDERS' EQUITY		**565,448**	**556,458**
Non current liabilities			
Post-employment benefit plans		11,394	11,409
Deferred tax liabilities		43,325	43,636
Financial liabilities and payables	4.2	225,208	225,208
Provisions for non current risks and charges		3,220	3,275
TOTAL NON CURRENT LIABILITIES		**283,147**	**283,528**
Current liabilities			
Financial payables	4.2	0	432
Trade payables		30,273	30,003
Provisions for risks and charges		34	0
Current tax liabilities		21,323	15,666
Other financial liabilities	4.2	11,399	6,680
Other current liabilities		16,280	13,545
TOTAL CURRENT LIABILITIES		**79,309**	**66,326**
TOTAL LIABILITIES		**362,456**	**349,854**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**927,904**	**906,312**

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

	Notes	Q1 2014	Q1 2013
Sales of goods and services		57,882	57,518
Other revenues and income		32	225
TOTAL REVENUES		**57,914**	**57,743**
Personnel expenses		11,169	11,543
Purchases, services, other costs		20,178	21,032
Amortisation, depreciation and write-downs		10,451	10,926
TOTAL COSTS		**41,798**	**43,501**
EBIT		**16,116**	**14,242**
Financial expenses		(2,549)	(1,309)
Fianancial income		702	97
EBT		**14,269**	**13,030**
Income taxes		5,279	4,519
NET PROFIT FOR THE PERIOD		**8,990**	**8,511**
Earnings per share (Euro):	4.3		
- Basic		0.32	0.30
- Diluted		0.32	0.30

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

	Q1 2014	Q1 2013
CONSOLIDATED NET PROFIT(A):	8,990	8,511
Total comprehensive gains/(losses) recognized in the Income Statement	-	-
Total comprehensive gains/(losses) not recognized in the Income Statement	-	-
TOTAL OTHER COMPREHENSIVE INCOME /(LOSS) NET OF TAX EFFECTS (B)	-	-
TOTAL COMPREHENSIVE INCOME (A+B)	8,990	8,511

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

	Q1 2014	Q1 2013
CASH FLOW FROM OPERATING ACTIVITIES:		
Operating profit	16,116	14,242
+ Depreciation and amortisation	10,451	10,926
+ Change in trade receivables	(6,095)	(1,324)
+ Change in trade payables	270	(4,230)
+ Change in other assets and liabilities	(3,309)	595
Net cash flow from operating activities [A]	**17,433**	**20,209**
CASH FLOW FROM INVESTING ACTIVITIES:		
Investments in tangible assets	(1,399)	(828)
Investments in intangible assets	(172)	-
Goodwill	(40)	-
Changes in payables for investing activities	695	(1,236)
Business combinations net of cash acquired	(1,579)	-
Net cash flow from investing activities [B]	**(2,495)**	**(2,064)**
CASH FLOW FROM FINANCING ACTIVITIES:		
Changes in financial liabilities	2,571	(20,754)
Interests (paid)/received	86	(732)
Net cash from financing activities [C]	**2,657**	**(21,486)**
CHANGE IN CASH AND CASH EQUIVALENTS [D=A+B+C]	**17,595**	**(3,341)**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD [E]	**101,073**	**21,687**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD [F=D+E]	**118,668**	**18,346**

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

	Share capital	Share premium reserve	Legal reserve and other reserves	Treasury shares	Actuarial reserve	Valuation reserve	Retained earnings (accumulated losses)	Profit/ (loss) for the period	**TOTAL SHAREHOLDERS' EQUITY**
Balance at January 1, 2013	**2,826**	**206,533**	**320,833**	**(1,845)**	**(1,128)**	**245**	**(15,444)**	**23,644**	**535,664**
Allocation of 2012 net profit		-	-	-	-	-	23,644	(23,644)	-
Stock option	-	-	-	-	-	4	-	-	4
Comprehensive income/(loss)	-	-	-	-	-	-		8,511	8,511
Balance at March 31, 2013	**2,826**	**206,533**	**320,833**	**(1,845)**	**(1,128)**	**249**	**8,200**	**8,511**	**544,179**
Balance at January 1, 2014	**2,826**	**194,220**	**320,723**	**(1,845)**	**(1,436)**	**218**	**8,814**	**32,938**	**556,458**
Allocation of 2013 net profit	-	-	32,938	-		-	-	(32,938)	-
Stock option	-	-	-	-		-	-	-	-
Comprehensive income/(loss)	-	-	-	-		-	-	8,990	8,990
Balance at March 31, 2014	**2,826**	**194,220**	**353,661**	**(1,845)**	**(1,436)**	**218**	**8,814**	**8,990**	**565,448**

1. Drafting criteria

In these Interim Condensed Consolidated Financial Statements, drawn up according to what is established by IAS 34 – Interim Financial Statements –, there have been applied the same accounting standards and valuation criteria that were used to draw up the Consolidated Financial Statements at December 31, 2013, to which reference should be made, with the exception of the impairment tests that are aimed at ascertaining any losses in value of capitalised assets that, in the absence of indicators, events and phenomena that would be such as to change the valuations that had been done in the past, are usually carried out at the time of the drafting of the Annual Report, a time when there is available all the necessary information in order to be able to carry out this process completely.

This Interim Condensed Consolidated Report does not contain all the information and explanatory notes required for the Annual Report and must therefore be read together with the Consolidated Financial Statements as at December 31, 2013.

The preparation of the Interim Condensed Consolidated Report requires the implementation of estimates and assumptions which have effect on the value of revenues, costs, assets and liabilities in the balance sheet and on the information related to possible assets and liabilities at the date of the Interim Report. In case these estimates and assumptions, which are based on the better valuation issued by the management at the date of this Quarterly report, should in the future differ from the real situation, they are properly reviewed in the period in which the situation has changed. For a more detailed description of the Group's most significant evaluation processes, reference should be made to the chapter - Uses of estimates of the Consolidated Financial Statements at December 31, 2013.

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, except where otherwise indicated.

2. New accounting standards, interpretations and amendments applicable from January 1, 2014.

The Group applied the following accounting standards, interpretations and amendments starting from January 1, 2014.

- **IFRS 10 – *Consolidated financial statements*** which substitutes SIC-12 *Consolidation – Special purpose entities (vehicle companies)* and the portion of the IAS 27 – *Consolidated and separate financial statements,* which has been renamed Separate financial statements and governs the accounting of investments in the separate financial statements. The main changes introduced by the new standard are as follows:

- IFRS 10 establishes a single control model that applies to all entities. That change removes the inconsistences between the previous IAS 27 (focused on control) and SIC 12 (focused on risks and rewards);
- IFRS 10 includes a new and more robust definition of control that contains three elements: (a) power over an investee; (b) exposure , or rights, to variable returns from its involvement with the investee; (c) ability to use its power over the investee to affect the amount of the investor's return;
- IFRS 10 requires an investor, in order to determine its control on an investee, to focus on the activities that significantly affect the returns of the investee;
- IFRS 10 requires only voting rights need to be considered in assessing control, that is those exercisable when significant decisions on the investee need to be made;

The standard is effective retrospectively for annual periods beginning on or after January 1, 2014 and did not impact the consolidation area of the Group.

- **IFRS 11 – *Joint arrangements*** which will substitute IAS 31 – *Investments in joint ventures* and SIC-13 – *Jointly controlled entities – Transfer in kind by parties participating in control.* The new standard, without prejudice to the criteria to determine whether joint control exists, outlines the accounting criteria by entities that jointly control an arrangement depending on the rights and obligations arising from the arrangement rather than on the legal form of the entity and establishes as single method of accounting of investments in joint ventures in the consolidated financial statements the net equity method. The new standard is effective retrospectively for annual periods beginning on or after January 1, 2014. Following the issuance of the standard, IAS 28 – Investments in associates and joint ventures has been issued to include within its application, from the date the standard is effective, also investments in joint ventures. The adoption of this new standard did not impact the Group's consolidated position.
- **IFRS 12 – *Disclosures of Interests in other Entities*** which is a new and complete standard on additional disclosures required in consolidated financial statements for each type of investment, including subsidiary companies, joint

ventures, associate companies and structured vehicles. The standard is effective retrospectively for annual periods beginning on or after January 1, 2014.

- On December 16, 2011 the IASB issued some amendments to **IAS 32 – *Financial instruments***: presentation, to clarify the application of some criteria for offsetting financial assets and liabilities in IAS 32.
- On May 29, 2013 the IASB issued some amendments to **IAS 36 – *Impairment of assets – Recoverable amount disclosures for non-financial assets.*** The changes resulted from the decision to require additional disclosures about the measurement of the recoverable amount of assets, including goodwill, or cash-generating units, with a recoverable amount based on fair value less costs of disposal, only for assets for which an impairment loss was recognized or eliminated during the year. The changes are effective retrospectively for annual periods beginning on or after January 1, 2014, and had no significant effects on this quarterly report.
- On June 27, 2013 the IASB issued amendments to **IAS 39 "Financial instruments: recognition and measurement – Novation of derivatives and continuation of hedge accounting"**. The objective of the proposed amendments is to introduce a narrow scope exception to the requirements for the discontinuation of hedge accounting in IAS 39. Specifically, they propose an exception when a derivative that has been designated as a hedging instrument, is novated from one counterparty to a central counterparty (CCP), as a consequence, directly or indirectly, of new laws or regulations. The changes are effective retrospectively for annual periods beginning on or after January 1, 2014. The adoption of this amendment is not applicable and therefore did not impact the Group.

3. Main corporate operations and changes in the consolidation area

The partial demerger of the subsidiary Towertel S.p.A. (broadcasting business unit) into EI Towers S.p.A., approved in 2013 by the respective Boards of Directors, became effective on January 1, 2014.

On January 22, 2014 Towertel S.p.A. withdrew from the capital of the company Tecnoimpianti Sas, formerly held for the 50%, through the partial, non-proportional demerger of the aforesaid Tecnoimpianti Sas and the award to Towertel S.p.A. of sales contracts for hosting services to radio and TV operators. As a consequence of the transaction, the company Tecnoimpianti Sas is no longer in the consolidation area.

The purchase of 100% of Società Assistenza Ripetitori Televisivi S.r.l. was finalized by Towertel S.p.A. on February 28, 2014. The company has therefore become part of the consolidation area.

4. *Comments on the main changes in the assets and liabilities*

4.1 Other intangible and tangible assets

Euro in thousands	December 31, 2013	Changes in the consolidation area	Increases	Decreases	Amortisation	March 31, 2014
Goodwill	454,231	3,587	40	-	-	457,858
Other intangible assets	102,632	-	172	-	(2,316)	100,488
Tangible assets	216,066	222	1,710	(314)	(8,135)	209,549

The changes in the consolidation area refer to the acquisition, carried out in the quarter, of Società Assistenza Ripetitori Televisivi S.r.l. In particular, the increase in goodwill is a consequence of the provisional allocation of a part of the consideration for the acquisition. According to IFRS 3, a specific analysis of the consideration paid will be carried out within twelve months from the acquisition date in order to determine the fair value of net assets acquired and liabilities assumed.

If at the end of the evaluation period tangible and intangible assets with finite useful lives are identified, an adjustment of provisional amounts recorded at the acquisition will be carried out with retroactive effect from the acquisition date. The increase in tangible assets mainly refers to ongoing investments on towers.

4.2 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.

	31/03/2014	31/12/2013
Cash in hand	13	14
Other cash equivalents	118,655	101,059
Securities and other current financial assets	-	-
Total Liquidity	**118,668**	**101,073**
Current Financial Assets	**-**	**-**
Due to banks	-	(432)
Current portion of non-current financial debt	(9,190)	(6,618)
Payables and other current financial liabilities	(2,209)	(62)
Current Financial Debt	**(11,399)**	**(7,112)**
Current Net Financial Position	**107,269**	**93,961**
Due to banks	-	(225,208)
Corporate bond	(225,208)	-
Payables and other non-current financial liabilities	-	-
Non- current Financial Debt	**(225,208)**	**(225,208)**
Net Financial Position	**(117,939)**	**(131,247)**

The item Other cash equivalents consists for € 9,072k of the credit balances of the bank current accounts of the Group's companies and for € 109,583k of the credit balance, including accrued interests, of the intra-group current account with Mediaset S.p.A.

The Current portion of non-current financial debt includes the share for the period of the interests on the existing bond loan measured at amortized cost, equal to € 9,151k.

The item Payables and other current financial liabilities includes payables towards the assignors of Società Assistenza Ripetitori Televisivi S.r.l. for € 2,148k and related to the postponement of the payment of part of the acquisition price.

The item Corporate bond includes the measurement at amortized cost of the existing bond loan expiring April 2018.

4.3 Earnings per share

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

	Q1 2014	Q1 2013
Net profit for the period (Euro in thousands)	8,990	8,511
Weighted average number of ordinary shares (without own shares)	28,196,851	28,163,851
Basic EPS (Euro)	0.32	0.30
Weighted average number of ordinary shares for the diluted EPS computation	28,196,851	28,196,851
Diluted EPS (Euro)	0.32	0.30

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 plans already due.

5. Related-party 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, which are identified pursuant to IAS 24 and grouped by the main transaction types.

	Revenues	Costs	Financial income / (charges)	Trade receivables	Trade payables	Other receivables/ (payables)
CONTROLLING ENTITIES						
Mediaset S.p.A.	-	(17)	583	-	(22)	94,158
R.T.I. S.p.A.	75	(653)	-	99	(704)	-
Elettronica Industriale S.p.A.	44,825	-	-	205	(192)	-
Total controlling entities	**44,900**	**(670)**	**583**	**304**	**(918)**	**94,158**
AFFILIATED ENTITIES						
Publitalia '80 S.p.A.	17	-	-	-	-	-
Videotime S.p.A.	100	(110)	-	115	(43)	-
MedioBanca S.p.a.	-	(11)	-	-	-	34
Monradio S.r.l.	116			116		-
Promoservice	-	-	-	-	-	-
Total affiliated entities	**223**	**(121)**	**-**	**231**	**(43)**	**34**
EXECUTIVES WITH STRATEGIC RESPONSIBILITIES		**(261)**				**(50)**
COMPLEMENTARY SOCIAL SECURITY FUND	**-**	**-**	**-**	**-**	**-**	**(120)**
OTHER RELATED PARTIES	**69**	**-**	**-**	**166**	**(10)**	**30**
TOTAL RELATED PARTIES	**45,202**	**(1,052)**	**583**	**701**	**(971)**	**94,052**

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 design, and revenues concerning broadcast equipment installation services. Financial income refer to the current account relationship existing with Mediaset S.p.A.

In the item Other receivables/payables from and to Mediaset S.p.A. are included the credit balance of the intra-company current account including the accrued interests for € 109,583k and 2013 Ires payables from group taxation for € 15,425k.

Costs and trade payables to parent companies are mainly imputable to EDP services and personnel administrative services, other services and leases invoiced from RTI S.p.A., a company controlling Elettronica Industriale S.p.A.

Revenues and trade receivables from associates relate 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 (Videotime S.p.A.) and to specialist services on the Italian market (MTA – Mercato Telematico Azionario) provided by Mediobanca S.p.A.

Data related to other related parties include relationships with some companies and joint ventures 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, 2014, no significant changes are reported compared to December 31, 2013.

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 of 2014 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