EI TOWERS GROUP

QUARTERLY REPORT
AS AT SEPTEMBER 30, 2012

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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COMPANY 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	Francesco Vittadini
Active Auditors	Marco Armarolli Anna Girello

External Auditing Company	Reconta Ernst & Young S.p.A.

Main Income Statement Data

Euro in millions	September 30, 2012	September 30, 2011 (**)
Revenues	174.6	38.8
EBITDA (*) before non-recurring items	71.8	11.7
EBITDA (*)	71.3	11.7
Operating profit (EBIT)	37.8	4.3
Profit before tax	33.0	3.8
Net profit	20.9	2.4

Main Balance Sheet and Financial Data

Euro in millions	September 30, 2012	December 31, 2011
Net invested capital	733.8	418.6
Shareholders' equity	533.2	304.7
Net financial position	(200.6)	(113.9)

Personnel

	September 30, 2012	*December 31, 2011*
No. of employees	592	496

Main Indicators

	September 30, 2012	September 30, 2011 (**)
EBITDA (*) before non-recurring items/Revenues	41.1%	30.3%
EBITDA (*)/Revenues	40.8%	30.3%
EBIT/Revenues	21.7%	11.0%
Profit before tax/Revenues	18.9%	9.8%
Net profit/Revenues	12.0%	6.1%
Earning per share (Euro per share)	0.74	ns
Diluted earning per share (Euro per share)	0.74	ns

(*) 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").

(**) data relating to the period June 30, 2011 – September 30, 2011 of the accounting acquirer EI Towers S.p.A. (see Foreword).

FOREWORD

This Interim Financial Report at September 30, 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 (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.

As already reported in the previous Interim Financial Reports, starting from January 1, 2012 the merger of EI Towers S.p.A., a company with the shareholding capital held 100% by Elettronica Industriale S.p.A. (which, in turn, is wholly owned indirectly by Mediaset S.p.A.), in the already mentioned 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., (previously DMT) 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 income statement data related to the third quarter of 2011 of the accounting acquiree and to the first nine months of 2011 have been reported, prepared taking into consideration the data related to continuing operations of DMT Group, the data of the third quarter of the accounting acquirer and “*Carve-Out*” data of the first

half-year, 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.
Income statement and "*Carve-Out*" data for the third quarter of 2011 have been prepared according to International Accounting Standards (IAS/IFRS).

INTERIM REPORT ON OPERATIONS AT SEPTEMBER 30, 2012

Summary of Group Results and Operations

During the third quarter of the year the economic cycle in our country did not indicate any reversal signals of the negative trend which characterized the first two quarters, also due to the high unemployment rate and to the pressure of taxation which continue affecting considerably on domestic consumption.
At international level, the decline in economic cycle continued also in the third quarter in both advanced and emerging market countries; concerning the Eurozone, the weakness in peripheral countries started having effects also on the most solid countries, contributing to a widespread worsening of macroeconomic indicators.
From the financial market point of view, starting from September, a significant recovery occurred, compared to previous conditions, thanks to the announcement by the European Central Bank and the U.S. Federal Reserve of important measures in the monetary policy aimed at stabilizing markets and re-launching the economy.
In particular, the ECB announced a new program called "Outright Monetary Transactions" ("OMT") with which government bonds on the short-end of the curve, can be purchased without limitation, on the occurrence of predetermined conditions, in order to alleviate tensions in peripheral government bond markets and contribute to reduce the risk premium of these countries compared to core countries. The FED almost contextually announced the expansion of its monetary program called "Quantitative Easing", effective until the economic growth targets have been reached. In addition, the Central Bank of the United States confirmed that reference rates will be maintained near zero at least until mid- 2015.

Concerning the main income statement figures of the Group, during the first nine months of the year consolidated revenues amounted to Euro 174.6 million, gross operating margin (EBITDA) excluding non-recurring items equal to Euro 0.5 million, amounted to Euro 71.8 million (41.1% of revenues) and EBITDA net of non-recurring items was equal to Euro 71.3 million, with a ratio on revenues of 40.8%.
Operating result (EBIT) amounted to Euro 37.8 million, or 21.7% of revenues; net income, after recording financial charges for Euro 4.8 million and income taxes for Euro 12.1 million, amounted to Euro 20.9 million, or 12% of revenues.
Net invested capital of the Group as at September 30, 2012 amounted to Euro 733.8 million, after recording investments for the period for Euro 29.3 million and amortisation for Euro 33 million, shareholders' equity amounted to Euro 533.2 million and net financial position amounted to Euro 200.6 million.

Outstanding events and operations in the third quarter

No outstanding events and operations occurred in the quarter.

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.

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

The Balance Sheet information is given as at September 30, 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 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, amortization and write-downs (net of any reinstatement of the values) of both current and non-current assets.

CONSOLIDATED INCOME STATEMENT	Progressive as at September 30th			
	2012		2011 (*)	
Euro in thousands				
Revenues from sales of goods and services	**174,596**	**100.0%**	**154,733**	**100.0%**
Other income and revenues	733		4,162	
Total revenues	**175,329**		**158,895**	
Operating costs	103,558		105,568	
EBITDA, excluding non-recurring items	**71,771**	**41.1%**	**53,327**	**34.5%**
Non-recurring items	(487)		(2,754)	
Gross operating margin (EBITDA)	**71,284**	**40.8%**	**50,573**	**32.7%**
Amortisation, depreciation and write-downs	33,451		31,182	
Operating result (EBIT)	**37,833**	**21.7%**	**19,391**	**12.5%**
Financial charges, net	(4,823)		(5,238)	
Pre-tax result (EBT)	**33,010**	**18.9%**	**14,153**	**9.1%**
Income taxes	(12,105)		(5,400)	
Net income	**20,905**	**12.0%**	**8,753**	**5.7%**

(*) data relating to 2011 refer to the consolidated data of continuing operations of the merging company and to the data related to the third quarter of the merged company and "Carve out" data of the first half-year, net of consolidation elisions.

CONSOLIDATED INCOME STATEMENT	Q3			
	2012		2011 (*)	
Euro in thousands				
Revenues from sales of goods and services	**58,116**	**100.0%**	**38,814**	**100.0%**
Other income and revenues	211		73	
Total revenues	**58,327**		**38,887**	
Operating costs	33,449		27,145	
EBITDA, excluding non-recurring items	**24,878**	**42.8%**	**11,742**	**30.3%**
Non-recurring items	0		0	
Gross operating margin (EBITDA)	**24,878**	**42.8%**	**11,742**	**30.3%**
Amortisation, depreciation and write-downs	11,714		7,476	
Operating result (EBIT)	**13,164**	**22.7%**	**4,266**	**11.0%**
Financial charges, net	(1,374)		(445)	
Pre-tax result (EBT)	**11,790**	**20.3%**	**3,821**	**9.8%**
Income taxes	(4,286)		(1,439)	
Net income	**7,504**	**12.9%**	**2,382**	**6.1%**

(*) data related to Q1 2011 refer to the merged company.

Revenues from sales of goods and services in the first nine months of the year amounted to Euro 174,596 thousand, and refer for Euro 126,958 thousand 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., for Euro 5,716 thousand to services provided to the parent company related to the TV broadcasting digitization process and for the remaining to contracts of use of the infrastructure and supply of services towards other broadcast and wireless tele-communication operators.

Other income and revenues, equal to Euro 733 thousand, refer for Euro 329 thousand to extraordinary income and for the remaining Euro 404 thousand to other income.

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 103,558 thousand, of which Euro 33,280 related to personnel costs.

Gross operating margin (EBITDA), excluding non-recurring items described above, amounted to Euro 71,771 thousand, with an incidence on revenues equal to 41.1%.

EBITDA including non-recurring items amounted to Euro 71,284 thousand (40.8% of revenues).

After accounting amortisation for Euro 32,985 thousand and depreciation for Euro 466 thousand, of which Euro 370 thousand related to bad debts, the operating result (EBIT) was equal to Euro 37,833 thousand; operating profitability was equal to 21,7%.

Pre-tax result, net of financial charges for Euro 4,823 thousand, was equal to Euro 33,010 thousand (18.9% of revenues).

Income taxes for the period, calculated on the basis of the effective tax rate estimated for the year, amounted to Euro 12,105 thousand.

The first nine months of the year ended with a net profit of Euro 20,905 thousand, equal to 12% of revenues.

According to what described in the Foreword, it should be noted that consolidated revenues for the nine months of 2011 amounted to Euro 154,733 thousand, other revenues to Euro 4,162 thousand, the gross operating margin before non-recurring items to Euro 53,327 thousand, the gross operating margin (EBITDA) to Euro 50,573 thousand and the operating result (EBIT) to Euro 19,391 thousand and the net profit to Euro 8,753 thousand.

With reference to the third quarter of 2012, consolidated revenues amounted to Euro 58,116 thousand, of which Euro 1,826 thousand related to services provided to the parent company within the completion of the TV broadcasting digitization process, the gross operating margin (EBITDA) amounted to Euro 24,878 thousand (42.8% of revenues) and the operating result (EBIT) to Euro 13,164 thousand. The operating result, after accounting net financial charges for Euro 1,374 thousand and income taxes for Euro 4,286 thousand, amounted to Euro 7,504 thousand, with an incidence on revenues of 12.9%.

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. 4.5.

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				
Euro in thousands	September 30, 2012		December 31, 2011	
Net working capital	(30,652)	-4.2%	(19.843)	-4.7%
Goodwill	504,028		255,671	
Other non-current assets	298,004		193,081	
Non-current liabilities	(37,590)		(10,356)	
Non-current capital	764,442	104.2%	438,396	104.7%
Net invested capital	**733,790**	**100.0%**	**418,553**	**100.0%**
Net financial position	**200,610**	**27.3%**	**113,872**	**27.2%**
Shareholders' equity	**533,180**	**72.7%**	**304,680**	**72.8%**
Financial position and shareholders' equity of the Group	733,790	100.0%	418,553	100.0%

The changes in shareholders' equity include the effects of the business combination already described. For related comments please refer to the explanatory notes.

In the following table is shown the Condensed Cash Flow Statement with the indication of cash flows generated or absorbed during the first nine months of the year from operating, investing and financing activities.

CASH FLOW STATEMENT *Euro in thousand*	September 30, 2012	September 30, 2011 (*)
Cash flow generated (absorbed) by operating activities	53,285	8,447
Cash flow generated (absorbed) by investing activities	(18,472)	(9,701)
Cash flow generated (absorbed) by financing activities	(6,462)	1,143
Net cash flow for the period	28,351	(111)

(*) data relating to the period June 30, 2011 – September 30, 2011 of the merged company.

Cash flow generated by operating activities, equal to Euro 53,285 thousand, includes Euro 5,980 thousand of income taxes paid in the period.

The net flow absorbed by investing activities, equal to Euro 18,472 thousand, includes a positive flow of Euro 2,246 thousand related to the business combination, equal to the consolidated cash of the merging company (accounting acquiree). Cash flow generated by investing activities in tangible, intangible and financial assets amounted in the period to Euro 20,718 thousand.

Cash absorption of Euro 6,462 thousand for financing activities refers to net reimbursement of financial debt for Euro 2,382 thousand and to net interests paid out on the use of the intragroup current account existing with Mediaset S.p.A. and on total bank debt for Euro 4,080 thousand.

Group Employees

The employee ending headcount of the Group at September 30, 2012 amounted 592 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 (22 people) and to resignation (12 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.

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 Half-year Report as at June 30, 2012.

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 Regulaton 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.

Subsequent Events at September 30, 2012

No significant events after September 30, 2012 are reported

Business Outlook

In the light of positive economic and financial results achieved in the first nine months of the year and on the basis of the expected business trend in the fourth quarter, we confirm the achievement of EBITDA considerably higher than expected in the business plan for the current year.

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	Sept. 30, 2012	Dec. 31, 2011
ASSETS			
Non current assets			
Property, plant and equipment	4.2	245,964	180,503
Goodwill	4.1	504,028	255,671
Other intangible assets	4.2	43,245	10,384
Investments in associates/joint control companies		28	28
Other financial assets		1,305	235
Deferred tax assets		7,462	1,931
TOTAL NON CURRENT ASSETS		**802,032**	**448,752**
Current assets			
Inventories	4.3	3,838	4,183
Trade receivables	4.3	25,875	16,197
Tax receivables	4.3	2,124	15
Current financial assets	4.3	8,702	2,232
Cash and cash equivalents	4.5	28,360	9
TOTAL CURRENT ASSETS		**68,899**	**22,636**
TOTAL ASSETS		**870,931**	**471,388**

GRUPPO EI TOWERS

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Euro in thousands)

	Notes	Sept. 30, 2012	Dec.31, 2012
SHAREHOLDERS' EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital		2,826	1,130
Share premium reserve		206,533	89,278
Treasury shares		-1,845	0
Other reserves		320,833	209,070
Valuation reserve		-629	17
Retained earnings		-15,443	0
Net profit for the period		20,905	5,185
TOTAL SHAREHOLDERS' EQUITY	**4.4**	**533,180**	**304,680**
Non current liabilities			
Post-employment benefit plans	4.7	10,980	8,863
Deferred tax liabilities	4.7	23,968	1,337
Financial liabilities and payables	4.5	124,808	0
Provisions for non current risks and charges	4.7	2,642	156
TOTAL NON CURRENT LIABILITIES		**162,398**	**10,356**
Current liabilities			
Financial payables	4.5	32,247	0
Trade payables	4.6	39,133	34,607
Provisions for risks and charges	4.6	75	0
Current tax liabilities	4.6	13,099	1,997
Other financial liabilities	4.5	71,915	113,882
Other current liabilities	4.6	18,884	5,866
TOTAL CURRENT LIABILITIES		**175,353**	**156,352**
TOTAL LIABILITIES		**337,751**	**166,707**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**870,931**	**471,388**

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

	Notes	September 30, 2012	September 30, 2011
Sales of goods and services		174,596	38,814
Other revenues and income		733	73
TOTAL REVENUES		**175,329**	**38,887**
Personnel expenses		33,767	8,605
Purchases, services, other costs		70,278	18,540
Amortisation, depreciation and write-downs		33,451	7,476
TOTAL COSTS		**137,496**	**34,621**
EBIT		**37,833**	**4,266**
Financial expenses		(5,179)	(665)
Fianancial income		356	220
EBT		**33,010**	**3,821**
Income taxes	4.8	12,105	1,439
NET PROFIT FROM CONTINUING OPERATIONS		**20,905**	**2,382**
Net Gains/(Losses) from discontinued operations		0	0
NET PROFIT FOR THE PERIOD		**20,905**	**2,382**
Earnings per share (Euro):	4.9		
- Basic		0.74	ns
- Diluted		0.74	ns

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

	September 30, 2012	September 30, 2011
CONSOLIDATED NET PROFIT/(LOSS)(A):	**20,905**	**2,382**
Statement of comprehensive gains/(losses):		
Effective portion of gains/(losses) on hedging instruments (cash flow hedge)	52	
Actuarial gains/(losses) on defined benefit plans	(809)	(361)
Other comprehensive gains/(loss)	-	
TOTAL OTHER COMPREHENSIVE INCOME /(LOSS) NET OF TAX EFFECTS (B)	**(757)**	**(361)**
TOTAL COMPREHENSIVE INCOME (A+B)	**20,148**	**2,021**

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

	notes	September 30, 2012	September 30, 2011
CASH FLOW FROM OPERATING ACTIVITIES:			
Operating profit		37,833	4,266
+ Depreciation and amortisation		33,451	7,476
+ Change in trade receivables		4,982	865
+ Change in trade payables		(12,969)	(374)
+ Change in other assets and liabilities		(4,032)	(3,786)
- income tax paid		(5,980)	-
Net cash flow from operating activities [A]		**53,285**	**8,447**
CASH FLOW FROM FINANCING ACTIVITIES:			
Investments in tangible assets		(21,125)	(9,666)
Investments in intangible assets		(8,195)	-
Changes in payables for investing activities		8,633	(134)
(Increases)/decreases in other financing activities		(31)	99
Business combinations net of cash acquired		2,246	-
Net cash flow from investing activities [B]		**(18,472)**	**(9,701)**
CASH FLOW FROM FINANCING ACTIVITIES:			
Changes in financial liabilities		(2,382)	(9,057)
Other changes in shareholders' equity		-	10,200
Interests (paid)/received		(4,080)	-
Net cash from financing activities [C]		**(6,462)**	**1,143**
CHANGE IN CASH AND CASH EQUIVALENTS [D=A+B+C]		**28,351**	**(111)**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD [E]		**9**	**120**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD [F=D+E]		**28,360**	**9**

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	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	-	-	(3,246)	3,246	-	-	-	-
	Profit/(loss) from negotiation of treasury shares	-	-	-	-	-	-	-	-
	Stock option	-	-		-	112	-	-	112
	Comprehensive income/(loss)	-	-	-	-	(757)	-	20,905	20,148
	Balance at Sept.30, 2012	**2,826**	**206,533**	**320,833**	**(1,845)**	**(628)**	**(15,444)**	**20,905**	**533,181**

EXPLANATORY NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS AT SEPTEMBER 30, 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.

The accounting acquirer EI Towers S.p.A. has been set up on May 30, 2011 and on June 30, 2011 the direct parent company Elettronica Industriale S.p.A. contributed the business unit “Tower”. Therefore, comparative data at September 30, 2011 shown in the Income Statement, Comprehensive Income Statement and Cash Flow Statement refer to the period from June 30, 2011 to September 30, 2011 of the accounting acquirer.

This Interim Condensed 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, to which refer.

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, 2012.

During the first nine 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.

The Group did not adopt in advance any other standard, interpretation and improvement issued or basically issued but not yet effective.

3. Main corporate operations and changes in the consolidation area

The accounting effects of the business combination fully described in the Interim Report on Operations to which refer, become effective January 1, 2012.

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

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

4.1 Goodwill

Euro in thousands	December 31, 2011	Changes in consolidation area	Increases	Decreases	Amortisation	September 30, 2012
Goodwill	255,671	108,466	139,891			504,028

The increase in goodwill, equal to Euro 139,891 thousand, is determined by the provisional allocation of the consideration of the reverse acquisition, according to IFRS 3, in order to reflect the total goodwill of Euro 248,357 thousand generated as a consequence of the business combination described in the Interim Report on Operations.

As provided for by IFRS 3, possible adjustments at the end of the valuation period (*Purchase Price Allocation*) are recorded with retroactive effect at the combination date. This assessment will end within the end of the current year.

4.2 Other intangible and tangible assets

Euro in thousands	December 31, 2011	Changes in consolidation area	Increases	Decreases	Amortisation	September 30, 2012
Other intangible assets	10,384	29,473	8,247	(52)	(4,807)	43,245
Tangible assets	180,502	72,514	21,585	(459)	(28,178)	245,964

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, equal to total Euro 21,585 thousand, includes Euro 8,997 thousand related to the purchase of equipment and plants and to the installation of infrastructures for the completion of the switch-off related to the migration to digital TV transmission.

4.3 Current assets

The balances of Current assets, excluding Cash and cash equivalents are shown in the following table, highlighting the values included in the financial statements at December 31, 2011 of the merged company (changes in consolidation area).

Euro in thousands	Dec. 31, 2011	Changes in consolidation area	Sept. 30, 2012
Inventories	4,183	247	3,838
Trade receivables	16,197	14,660	25,875
Tax receivables	15	4,058	2,124
Other receivables and current assets	2,232	3,609	8,702

Other receivables and current assets at September 30, 2012 include prepayments and accrued income for Euro 3,844 thousand, mainly related to the recognition of hosting rent and services related to telecom infrastructures for the period.

4.4 Shareholders' equity

Changes in shareholders' equity are shown below.

Euro in thousands	Dec. 31, 2011	Changes in consolidation area	Business combinations	Other changes	Allocation of net profit	Sept. 30, 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)		3,246		(1,845)
Valuation reserve	17			(645)		(628)
Legal reserve and other reserves	209,070	25,478	84,346	(3,246)	5,185	320,833
Profit (loss) for previous years		(15,444)				(15,444)
Profit (loss) for year 2011	5,185				(5,185)	
Profit (loss) for the period				20,905		20,905
Shareholders' Equity	**304,680**	**67,224**	**141,016**	**20,260**	**0**	**533,181**

The figures included in the changes in consolidation area relate to the consolidated financial statements at December 31, 2011 of the merging company.

The increases from business combinations are connected to the effects of the capital increase and of the goodwill emerging from the higher value of the total consideration compared to the book value of net acquired assets.

With reference to the other movements, Reserve for treasury shares increased for Euro 3,246 thousand further to the free 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 (increased of Euro 112 thousand), of actuarial losses and defined benefit plans (decrease of Euro 809 thousand) and of the recording of derivative instruments and hedging activities according to the cash flow hedge (increase of Euro 52 thousand).

4.5 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	Sept. 30, 2012	Dec.31, 2011
Cash in hand and cash equivalents	11	9
Bank and postal deposits	28,349	-
Securities and other current financial assets	-	-
Total Liquidity	**28,360**	**9**
Current Financial Assets	**-**	**-**
Due to banks	(15,118)	-
Current portion of non-current financial debt	(17,079)	-
Payables and other current financial liabilities	(71,965)	(113,882)
Current Financial Debt	**(104,162)**	**(113,882)**
Current Net Financial Position	**(75,802)**	**(113,873)**
Due to banks	(124,808)	-
Corporate bond	-	-
Payables and other non-current financial liabilities	-	-
Non- current Financial Debt	**(124,808)**	**-**
Net Financial Position	**(200,610)**	**(113,873)**

The item Bank and postal deposits is related to credit balances of the bank current accounts of the companies of the Group.

Current payables due to banks include a bank credit line expiring within the year, including accrued interests for the period; the Current portion of non-current financial debt includes the portion of medium-term bank loans due within 12 months.

Payables and other current financial liabilities include the negative balance of the intercompany current account towards Mediaset S.p.A., including accrued interest for the third quarter.

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

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

- Net financial position at December 31, 2011, related to the merged company;
- the change in the consolidation area, that is the Consolidated net financial position at December 31, 2011 of the merging company;
- Net financial position at September 30, 2012.

NET FINANCIAL POSITION Euro in thousands	Dec. 31, 2011	Changes in consolidation area	Sept. 30, 2012
Cash and cash equivalents	9	2,246	28,360
Current financial debt	(113,882)	(33,805)	(104,162)
Current net financial position	(113,873)	(31,559)	(75,802)
Non-current financial debt	-	(83,665)	(124,808)
Non-current net financial position	-	(83,665)	(124,808)
Net Financial Position	(113,873)	(115,224)	(200,610)

As shown in the table, at September 30, 2012 the Net financial position improved by Euro 28,487 thousand compared to December 31, 2011 including the change in the consolidation area, due to cash flow generated in the first nine months of the year.

In particular, cash increased by Euro 26,105 thousand and current financial debt decreased by Euro 43,525 thousand mainly by virtue of a lower use of the intercompany current account, the Current net financial position improved by total Euro 69,630 thousand. Non-current financial debt increased by Euro 41,143 due to the combined effect of the use in the period of a bank loan of Euro 50 million due within October 31, 2013 and the reimbursement of the tranches of existing medium-term financing, according to estimated amortisation plans.

4.6 Current liabilities

The balances of Current liabilities, excluding Financial liabilities included in the Net financial position are shown in the following table, highlighting the values included in the financial statements at December 31, 2011 of the merging company (changes in consolidation area).

Euro in thousands	Dec. 31, 2011	Changes in consolidation area	Sept. 30, 2012
Trade payables	34,607	17,495	39,133
Provisions for risks and charges	-	-	75
Tax liabilities	1,997	1,834	13,099
Other current liabilities	5,866	6,746	18,959

The item Tax liabilities at September 30, 2012 includes current tax liabilities for the period. Other current liabilities include accrued expenses and deferred income for Euro 7,333 thousand and the debt related to the non-compete agreement described in the previous note 4.2.

4.7 Non-current liabilities

The balances of Non-current liabilities, excluding Financial liabilities included in the Net financial position are shown in the following table, highlighting the values included in the financial statements at December 31, 2011 of the merging company (changes in consolidation area).

Euro in thousands	Dec. 31, 2011	Changes in consolidation area	Sept. 30, 2012
Employee termination indemnity	8,863	953	10,980
Deferred tax liabilities	1,337	23,457	23,968
Provisions for risks and charges	156	3,571	2,642

4.8 Taxes for the period

The items of taxes for the period are shown in the table below.

Euro in thousands	September 30, 2012	September 30, 2011
Current taxesi (Ires and Irap)	12,956	1,439
Deferred taxes	(851)	-
Total	12,105	1,439

4.9 Earnings per share

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

	September 30, 2012
Net profit for the periodo (Euro in thousands)	20,905
Weighted average number of ordinary shares (without own shares)	28,196,851
Basic EPS (Euro)	0.74
Weighted average number of ordinary shares for the diluted EPS computation	28,196,851
Diluted EPS (Euro)	0.74

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	Fiancial income / (charges)	Trade receivables	Trade payables	Other receivables/ (payables)
CONTROLLING ENTITIES						
Mediaset S.p.A.			(1,829)		(4)	(71,901)
R.T.I. S.p.A.	217	(2,378)		18	(941)	
Elettronica Industriale S.p.A.	132,674			2,021		(41)
Total controlling entities	**132,891**	**(2,378)**	**(1,829)**	**2,039**	**(945)**	**(71,942)**
AFFILIATED ENTITIES						
Publitalia '80 S.p.A.	10					(4)
Videotime S.p.A.	813	(371)		309	(54)	
MedioBanca S.p.A.		(45)				
Monradio S.r.l.	346			1		
Total affiliated entities	**1,169**	**(416)**		**310**	**(54)**	**(4)**
COMPLEMENTARY SOCIAL SECURITY FUND (Mediafond)		**(40)**				**20**
Other related parties	**201**	**(1)**	**-**	**157**	**-**	**-**
TOTAL RELATED PARTIES	**134,261**	**(2,835)**	**(1,829)**	**2,506**	**(999)**	**(71,926)**

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, and revenues concerning broadcast equipment installation services and other services.

Financial charges and other payables refer to the intercompany financing from Mediaset S.p.A.

Costs and trade payables to parent companies are mainly imputable to EDP services and personnel administrative services and leases given to 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 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 September 30, 2012 there are no significant changes compared to December 31, 2011.

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 third quarter of 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