EI TOWERS GROUP

ANNUAL REPORT 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 direction and coordination of Mediaset S.p.A.

TABLE OF CONTENTS

Explanatory Notes

EI Towers S.p.A. 2012 Annual Report

Financial Statements

2013 Shareholders' Annual Ordinary General Meeting

Notice of Convocation

NOTICE OF CONVOCATION

Notice of Ordinary and Extraordinary Meeting of the Shareholders

The persons entitled to participate and to exercise the voting right are invited to the ordinary and extraordinary meeting of the shareholders to be held in a single session at the registered office at Via Zanella no. 21, Lissone, Italy at 11:00 a.m. on April 18, 2013, for deliberation upon the following:

MEETING AGENDA

Ordinary part

1. *Approval of the financial statements as of December 31, 2012; Report of the Board of Directors on Operations, Report of the Independent Auditors and Report of the Board of Statutory Auditors; presentation of the consolidated financial statements as of December 31, 2012.*

2. *Compensation Report in accordance with Article 123-ter of the Legislative Decree no. 58/1998.*

3. *Appointment of the Audit Firm for the audit of financial statements and consolidated financial statements and the limited accounting review of the half-year financial reports for the period 2013-2021.*

4. *Authorization to the Board of Directors for the purchase and sale of treasury shares.*

5. *Proposals of amendment of Shareholders' Meeting regulation; related and subsequent resolutions.*

Extraordinary part

6. *Proposal of amendment of the following articles of bylaws: 10 (Right to participate in shareholders' meetings), 11 (Means for conducting shareholders' meetings), 13 (Company's board of directors), 15 (Duties of the Company's board of directors - Quorum for passage of resolutions), 17*

(Board of Statutory Auditors), 21 (Company financial statements), 22 (Distribution of annual profits), 24 (Domicile of the shareholders), 26 (Final provision); introduction of new Article 17) (Transactions with related parties), with the consequent renumbering of the entire text of the by-laws and consequential renumbering of the entire text of bylaws; related and subsequent resolutions.

The share capital subscribed and paid is equal to Euro 2,826,237.70, subdivided into 28,262,377 common shares, with face value of Euro 0.10 each, each of which gives the right to one vote at the shareholders' meeting, with the exception of 62,526 treasury shares held by the Company as of the date of this meeting notice, inclusive of 6,000 treasury shares lent to Mediobanca S.p.A. for its execution of specialist activity pursuant to Article 2.2.3, Paragraph 4 of the Regulations of the markets organized and managed by Borsa Italiana as well as the related instructions to the Regulations. Such number could change as of the date of the shareholders' meeting; a change, if any, shall be announced at the opening of the shareholders' meeting. The structure of the share capital is disclosed on the Company's Internet site: www.eitowers.it (Governance section - Share capital structure).

Pursuant to the law and the corporate by-laws, the persons authorized to participate in the shareholders' meeting are those to whom the voting right accrues and for whom the Company has received the notice released by an authorized intermediary certifying the ownership of the shares on the basis of the evidence coming from the intermediary's accounting records upon the close of the accounts on the seventh open market day preceding the date set for the single session of the shareholders' meeting and therefore, April 9, 2013 (Record Date). The registration of debit and credit entries in the accounts subsequent to such date shall not count for the purpose of legitimating the exercise of the voting right during the shareholders' meeting. Accordingly, anyone who is the owner of the shares subsequent to such date shall not be entitled to participate in or vote at the shareholders' meeting. The notices of the intermediaries to the Company are effected in accordance with prevailing laws and regulations.

Anyone to whom the right of voting accrues may elect to be represented by another person, including a person who is not a shareholder, according to the terms and conditions provided by prevailing laws. The proxy form is available through the intermediaries who are depositaries of the shares as well as at the Company's registered office and on the Internet site www.eitowers.it (Governance section - Shareholders' meetings). The appointment may be made with a document in an electronic format with a digital signature according to the law. The proxy may be sent to the Company through a registered, return-receipt letter to the registered office, or through electronic notification at the following certified electronic mail address: das.eitowers@legalmail.it. In such cases, the proxy should be received by the Company prior to the start of the meeting. The representative may, in place of the original proxy, deliver or transmit a copy thereof, including on an information support, certifying under the representative's responsibility the conformity of the proxy copy to the original and the identity of the proxy holder. As provided by the corporate by-laws, the Company does not designate the person to whom the shareholder proxies are to be conferred, as referenced in Article 135-undecies of Legislative Decree no. 58 of February 24, 1998. Procedures for voting by correspondence or with electronic means are not contemplated.

Participation in the shareholders' meeting is governed by the provisions on the subject contained in laws, regulations and the by-laws, as well as provisions contained in the prevailing Shareholder Meeting Rules available on the Internet site: www.eitowers.it (Governance section - Shareholders' meetings).

In accordance with Article 126-bis of Legislative Decree no. 58/98, shareholders who represent, including jointly, at least one fortieth of the share capital may request, within ten days from the publication of this meeting notice, the supplementation of the list of matters to be discussed, indicating in the request the other issues that they propose. The request must be presented in writing at the Company's registered office, through a registered, return-receipt letter, or through certified electronic mail at the certified electronic mail address (das.eitowers@legalmail.it), together with certification attesting to the ownership of the shares, and within the terms provided by the law, a report to the board of directors on the subjects which such persons propose to discuss. The supplementation of the list of matters to be discussed is not admitted for matters to be resolved by the shareholders' meeting, as prescribed by law, that regard a proposal of the directors or a project or a report drawn up by the directors.

With the same means and terms as provided for supplementing the meeting agenda, and together with the documentation provided for the supplementation, the shareholders referenced in the preceding paragraph may present proposals for resolutions about matters on the meeting agenda.

Notice and publication of the supplements to the meeting agenda or the presentation of other proposals for resolutions about matters on the meeting agenda, as well as the related reports, are to be done in accordance with the means and terms provided by prevailing laws and regulations.

Anyone entitled to vote may pose questions about the matters on the meeting agenda, including prior to the shareholders' meeting. The questions need to be submitted in writing via certified electronic mail (das.eitowers@legalmail.it) or via fax EI Towers S.p.A. - Direzione Affari Societari - Via Zanella n. 21, 20851 Lissone (MB) al n. +39 039.2432390, together with certification attesting to the ownership of the shares, by no later than April 15, 2013. The response to any questions received prior to the shareholders' meeting from legitimate persons which are pertinent to the meeting agenda shall be given at the latest during the shareholders' meeting. The Company may supply a single response to questions having the same content.

The documentation related to the shareholders' meeting provided by prevailing laws and regulations will be available to the public at the Company's registered office, at Borsa Italiana S.p.A. (www.borsaitaliana.it) and on the Company's Internet site www.eitowers.it (Governance section - Shareholders' meetings) in accordance with the terms and conditions provided by prevailing laws and regulations.

In particular, the reports about points 3, 4, 5 and 6 of the meeting agenda are made available to the public as of the date of this meeting notice. The documentation in relation to points 1 and 2 on the meeting agenda, including the report on corporate governance and the shareholders, will be made available to the public by no later than March 27, 2013.

The shareholders are entitled to review all documentation filed at the Company's registered office and to obtain a copy of the same.

The shareholders are urged to arrive at least one hour prior to the start of the shareholders' meeting in order to facilitate registration.

Lissone, March 18, 2013

The Chairman of the Board of Directors
(Alberto Giussani)

2012 Annual Report

2012 Annual Report

Directors' Report on Operations

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
Standing Auditors	Marco Armarolli
	Anna Girello

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

Key Consolidated Financial Results

Euro in millions	2012	2011
Revenues	232.6	84.4
EBITDA (*) before non-recurring items	95.2	28.4
EBITDA (*)	94.6	28.4
Operating profit (EBIT)	44.5	10.1
Profit before tax	38.4	9.0
Net profit	23.6	5.2

Key Consolidated Balance Sheet and Financial Data

Euro in millions	December 31, 2012	December 31, 2011
Net invested capital	724.9	418.6
Shareholders' equity	535.7	304.7
Net financial position	(189.2)	(113.9)

Personnel

	December 31, 2012	*December 31, 2011*
No. of employees	591	496

Core Ratios

	2012	2011
EBITDA (*) before non-recurring items/Revenues	40.9%	33.6%
EBITDA (*)/Revenues	40.7%	33.6%
EBIT/Revenues	19.1%	12.0%
Profit before tax/Revenues	16.5%	10.6%
Net profit/Revenues	10.2%	6.1%
Earning per share (Euro per share)	0.84	-
Diluted earning per share (Euro per share)	0.84	-

(*)Corresponding to the difference between revenues and operating costs gross of non-monetary costs related to amortisation and depreciation, and write-downs (net of possible value recovery) 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 standards. ("Non GAAP Measure").

Dear Shareholders,

The past year has been the first year of activity of the new industrial reality born from the business combination between the DMT Group and the "Tower" business of Mediaset Group mainly dedicated to network infrastructure and contribution traffic management from and to production centers.

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., transferor company of the Tower business unit of the Mediaset Group with 100% of its stock held 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 the DMT Group, which, as a consequence of the merger, changed its name to EI Towers S.p.A., becomes effective.

It should be noted that, following the Purchase Price Allocation process and the redetermination of the useful lives of Customer relations and Towers, during the year a net effect of higher amortisation has been recorded for about Euro 1.5 million.

Thanks to this business combination, EI Towers Group represents a leader in Italy in the business of electronic communications network infrastructure; EI Towers carries out its activity in favor of TV and mobile telecom operators, providing the use of its transmission infrastructure and ancillary services (assistance, maintenance, logistics, design) through long-term contracts drawn up with sector operators, among which the parent company Elettronica Industriale S.p.A..

Despite the adverse situation in Italy in 2012, the Group recorded in the year a positive trend, higher than expected in the business plan, in both income and financial terms, by virtue of the scarce correlation of the business with the economic cycle and the first effects in terms of synergies of the integration plan.

In particular, revenue trend has been positively affected also by the process of broadcasting digitalization in Italy ("switch-off), for which the Group has supplied installation and testing services of broadcasting equipment to the parent company Elettronica Industriale S.p.A. and to other TV operators already customers, carrying out in the meanwhile important investments on its broadcasting infrastructures.

This process concerned the broadcast digital migration of the last "analogue" regions, that are Abruzzo, Molise, Basilicata, Puglia, Sicily and Calabria.

Despite extraordinary investments carried out in relation to the *switch-off* and the payment of charges related to the extraordinary business combination, the operating free cash flow of the year allowed an important reduction in the Net Financial Position compared to the aggregate merger data at the end of 2011.

A summary of 2012 economic and financial results is reported below; concerning 2011 comparative data, reference should be made to the following paragraph Analysis of consolidated figures, pointing out that, due to the transaction previously described, they cannot be compared to 2012 ones.

- In 2012 consolidated net revenues amounted to Euro 232.6 million;
- Gross operating margin (EBITDA), excluding non-recurring items equal to Euro 0.6 million, amounted to Euro 95.2 million (40.9% of revenues);
- Gross operating margin (EBITDA) amounted to Euro 94.6 million (40.7% of revenues);
- Operating profit (EBIT) amounted to Euro 44.5 million, net of amortization, depreciation and write-downs for Euro 50 million;
- Operating profitability (EBIT/Consolidated Net Revenues) amounted to19.1%;
- Pre-tax profit is positive for Euro 38,4 million;
- Consolidated net profit amounted to euro 23.6 million, equal to 10.2% of revenues;
- Excluding the effects of the Purchase Price Allocation and the redetermination of asset useful life, operating profit (EBIT) would have amounted to Euro 46.0 million and net profit to Euro 24.7 million.
- Net invested capital of the Group amounted to Euro 724,9 million, Shareholders' equity amounted to Euro 535.7 million and Net financial position amounted to Euro 189.2 million;
- Free Cash Flow for the year amounted to about Euro 40 million;
- The parent company EI Towers S.p.A. ends with a profit for the year of Euro 15.3 million.

The world economy suffered in 2012 for the persistent strong slowdown caused by the European sovereign debt crisis, sharply increased in the second half of 2011. The general establishment of restrictive budgetary policies in the major countries furtherly reduced after five years of crisis the potential growth capacity of mature economic systems.

The GDP figures show the gradual resumption of growth in the United States economy (+2.3%), supported by the FED expansionary monetary policy which will be maintained for an extended period to compensate for the first effects of restrictive budgetary policies and the postponement to the end of the year of the so-called *fiscal cliff*. On the contrary, the economic growth in China and other emerging markets is set to slow down (+7.8%) and the real economy of Eurozone Countries, even with different timing, recorded a consolidated recession (-0.4%).

In Europe, the defensive action implemented by the European Central Bank at the beginning of the quarter, through the announcement of a new program according to which government bonds can be purchased without limitation, on the occurrence of predetermined conditions, progressively reduced tensions on peripheral bonds and on financial markets. The yield spread between the government debt bonds of countries most exposed, among them Italy, and the equivalent German *bund* has progressively decreased in the second half of the year to 300 basis points. The progressive stabilization of markets stiffened however the euro-dollar exchange rate, hampering a support to the economic activity in particular of peripheral European countries.

Italy was being negatively affected by the extended and persistent recessive phase in 2012, as shown by the strong deterioration of all main indicators, even with a progressive reduction of tensions on the national debt. Based on data released by Istat (National Statistics Office) for the last quarter, the national Gross Domestic Product decreased in 2012 on an annual basis by -2.4 %, with a contraction in the last quarter equal to -0.9%, a trend in line with the one recorded at the beginning of the year after the mid-year reduction. The persistent uncertainty negatively affected private and company expenditure causing the highest contraction in domestic demand (-5%) recorded in the postwar period. All major components of aggregate demand suffered strong negative variations: in particular household final consumption expenditure and capital investments of companies reduced compared to 2011 respectively by -4.2% and -8.6%, slowed down by the fiscal burden reaching its all-time pick (44% of GDP) and in the presence of inflation at 3%, compared to 2.8% recorded in 2011.

Exportation has been the only growing component of demand, contributing 2.8 points to GDP positive growth. Unemployment rate furtherly increased due to the stability of labour demand and employment downturn, a negative trend destined to continue considering the delayed reaction of labor market to macroeconomic conditions.

Trends in the Milan Stock Market

In 2012, despite the persistent financial crisis of Euro-area peripheral nations and the recessive scenario, the Italian Stock Market recorded a positive performance, even with a fluctuating trend in different period of the year.

The first quarter has been characterized by a determined *rally*, followed by a clear deterioration from April till summer due to fears over a Greek exit from the Euro area.

The last part of the year has been characterized by the implementation of the so-called anti-spread shield by the European Central Bank and by the unfreezing of Greek aid. These measures reduced the yield spread between Italy's Btp and the German Bund, and, as a consequence, led to the resumption of bank securities, the most penalized till that moment.

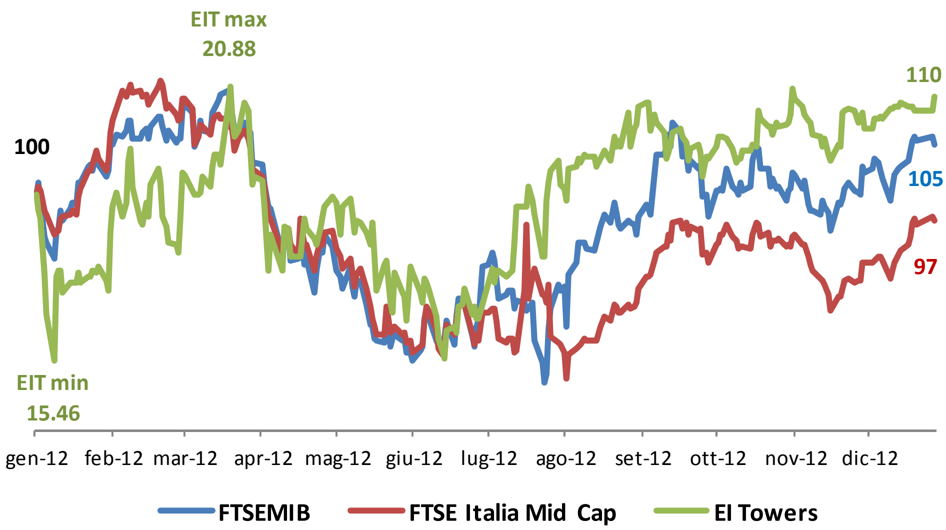
Italy's *blue chip* FTSE MIB index rose by 5.3%, FTSE MID Cap index decreased by 2.8%.

EI Towers shares recorded a positive performance from the beginning of the year, ending 2012 with a rise of about 10.3% and a capitalization of Euro 584 million (Euro 530 million at the beginning of 2012).

The main data for 2012 are reported below (source: Bloomberg).

EI Towers share price in 2012	
Average price (Euro)	18.74
Maximum price (Euro)	20.88 *March 20th*
Minimum price (Euro)	15.46 *January 9th*
Opening price (January 2, 2012, Euro)	18.75
Closing price (December 28, 2012, Euro)	20.68
Performance	10.3%
Average volumes	16,070
Minimum volumes	182 *August 13th*
Maximum volumes	154,248 *November 1st*
Capitalization at the beginning of the year (Euro/m)	530
Capitalization at the end of the year (Euro/m)	584

The trend of EI Towers share is reported in chart below compared with the major Stock market indexes in 2012



As a consequence of the merger, previously described, Elettronica Industriale S.p.A. took over the merging company 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, the legal acquirer, is identified as the accounting acquiree.

In the reverse acquisition, effective from an accounting point of view on January 1, 2012, the consideration of net acquired assets, determined according to IFRS 3, was equal to Euro 208.2 million.

Against a negative book value of net acquired assets amounted to Euro 40.1 million, net of the goodwill recorded as an asset, a higher value amounted to Euro 248.3 million came about, preliminarily allocated to goodwill.

A specific analysis of the consideration paid has been carried out in the year in order to determine and measure the fair value of net acquired assets, in accordance with International Accounting Standards (IFRS 3).

Within the Purchase Price Allocation process the fair value of intangible assets related to Customer relations has been redetermined in Euro 101.9 million, compared to a book value of Euro 29.2 million previously recorded in the consolidated financial statements of the merging company.

Within such process, the useful life of customer relations has been defined in 20 years; the merging company previously recorded these intangible assets over a period of 16 years.

Therefore, additional intangible assets amounting to Euro 72.7 million and related deferred tax provision amounting to Euro 22.8 million have been recorded with retroactive effect at January 1, 2012; as a consequence, the goodwill related to the acquisition has been redetermined in Euro 198.4 million.

Total goodwill at December 31, 2012, equal to Euro 454.1 million, is therefore represented:

- for Euro 255.7 million by the goodwill of the merged company;
- for Euro 198.4 million by the determination of the value of the goodwill generated as a consequence of the merger including the goodwill previously recorded in the consolidated financial statements at December 31, 2011 of the merging company.

The goodwill recorded caused the increase for the same amount in Shareholders' equity reserves.

Following the redetermination of the fair value of customer relations and of related useful lives, higher amortisation of intangible assets amounting to Euro 3.2 million has been recorded in the year.

It should be noted that, following the business combination, in order to guarantee uniformity in the exposition of the financial statements, starting from this year buildings, industrial and commercial equipment related to radio and television broadcasting and mobile communication transmission sites owned by the merged company and the Group of the merging company have been reclassified as "Towers". In addition, the Group decided to redetermine the useful life of these assets in 20 years starting from this year based on an estimation report carried out by an independent expert. As a consequence of this variation, lower amortisation of tangible assets, amounting to Euro 1.7 million, has been recorded in the year.

The Antitrust Authority issued on December 14, 2011 a provision which authorized the business combination described, providing for the company resulting from the merger a series of measures aimed at guaranteeing fair, transparent and non-discriminatory conditions for access and supply of services. On May 22, 2012 and December 11, 2012 EI Towers S.p.A. deposited at the aforesaid Authority the first two Half-Year Reports on the program of conformity to the provided measures, describing all the actions adopted in compliance with the provision.

THE MAIN GROUP COMPANIES

EI Towers Group consists of EI Towers S.p.A., as the parent company, and the wholly owned subsidiary Towertel S.p.A.

EI Towers Group carries out its activity in favor of TV and mobile telecom operators in Italy, providing hosting on its infrastructure (transmission "towers" or "sites") and a series of connected services (technical assistance, ordinary and extraordinary maintenance, logistics, design).

In addition, the Group provides for the service of contribution traffic management for TV transmission of the Mediaset Group, through its operation centres and network infrastructures.

By virtue of a technologic know-how, of a technical network structure and a national coverage infrastructure, the Group is the major national operator on the market providing its clients with a wide range of services, including the management of a whole transmission network.

Last year, as already outlined, has been characterized by the execution of the last phase of the switch-off process. The digital broadcasting migration in the regions of Abruzzo, Molise, Puglia, Basilicata, Calabria and Sicily set forth the complete switch-off of analogue broadcasting in Italy.

This process has determined plant rationalization and standardization of most sites of the Group, in favor of a higher flexibility of use in case of hosting demand from new clients, together with the improvement of some important sites.

The core business is not subject to seasonal phenomena and relatively connected to the economic cycle by virtue of the fact that existing contracts with telecommunication operators for hosting on transmission sites are long term and the service offered is particularly critical for these operators, being essential for broadcasting transmission. As a matter of fact, despite the negative economic scenario in Italy, affecting both mobile communication operators and, above all, TV broadcasters, during the year several hosting and service contracts have been renewed and new contracts stipulated to increase signal coverage, in particular referring to mobile communication operators and Wireless Internet Service Providers, which operate with Wi-fi and WiMax technologies.

Most difficulties occurred with local TV operators, representing a non-significant portion of revenues, due to problems connected to the advertising market, their first source of revenues, in addition to the broadcasting digitization process, which caused for some of them significant investments compared to their volume of business.

In addition, the reallocation of frequencies in the 800Mhz band to the new services of LTE communication caused the switch-off and exit from the market of some local TV operators.

Special attention has been given to the management of credit from these clients, also in the light of a market situation which at present does not show indicators of improvement.

The consolidated Financial Statement figures are analyzed below,.

Considering the comparative data for 2011, Elettronica Industriale S.p.A., further to the merger previously described, took over the merging company EI Towers S.p.A. (formerly DMT). The transaction, according to the International Accounting Standards, is a reverse acquisition.

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 the "Tower" business.

Therefore, this Report on Operations reports, together with consolidated income statement data for the period June 30, 2011 – December 31, 2011 of the accounting acquirer, also the data for 2011 prepared considering the data of continuing operations of DMT Group, the data for the second half-year of the accounting acquirer and "*Carve-Out*" data for the first half-year of 2011, determined through the attribution to the "Tower" business unit of revenues and costs of the transferor Elettronica Industriale S.p.A. referring to it; proper elisions have been then applied to the data obtained.

All consolidated income statement data for 2001 and "Carve-Out" data have been prepared according to International Accounting Standards (IAS/IFRS).

Shareholders' equity at December 31, 2011 refers to the accounting acquirer according to IFRS 3, while cash flow statement for the accounting acquirer is reported for the period of activity, from the date of establishment to December 31, 2011.

The form and content of the tables below showing profit and loss, balance sheet and cash flow statements have been reclassified from those in the Financial Statements proper which follow, so as to show figures for some intermediate levels as well as the capital and financial aggregates regarded as most meaningful for an understanding of the operating performance of the Group. Though these are not mandatory disclosures, descriptions of the criteria adopted in preparing them and the appropriate references to the statutory Notes to the Accounts are nevertheless provided in accordance with the indications of CONSOB Communication 6064293 of 28 July 2006 and the CESR Recommendation on Alternative Performance Measures ("Non *Gaap Measures*") of 3 November 2005 (CESR/05-178b).

Financial results

The consolidated Income Statement below shows the intermediate figures for *Gross Operating Margin* (EBITDA), gross and net of non-recurring items, and *Operating Profit* (EBIT).

Gross Operating Margin (EBITDA) is the difference between net income and operating costs on a consolidated basis, before accounting for the non-monetary charges for amortization and impairments (net of any restorations of value) of current and non-current assets.

Operating Profit (EBIT) is obtained from EBITDA by subtracting the non-monetary charges for amortization and impairments (net of any restorations of value) of current and non-current assets.

CONSOLIDATED INCOME STATEMENT *Euro in thousands*	2012		2011 (*)	
Revenues from sales of goods and services	**232,600**	**100.0%**	**84,423**	**100.0%**
Other income and revenues	1,219		234	
Total revenues	**233,819**		**84,658**	
Operating costs	138,662		56,274	
EBITDA, before non-recurring items	**95,157**	**40.9%**	**28,384**	**33.6%**
Non-recurring items	(590)		0	
Gross operating margin (EBITDA)	**94,567**	**40.7%**	**28,384**	**33.6%**
Amortisation, depreciation write-downs and provisions	50,035		18,295	
Operating result (EBIT)	**44,532**	**19.1%**	**10,090**	**12.0%**
Financial charges, net	(6,094)		(1,100)	
Pre-tax result (EBT)	**38,438**	**16.5%**	**8,989**	**10.6%**
Income taxes	(14,794)		(3,804)	
Net income	**23,644**	**10.2%**	**5,185**	**6.1%**

(*) data related to the merged company

Comparative data for 2011, prepared as described above, are reported below.

CONSOLIDATED INCOME STATEMENT

Euro in thousands	2012		2011 (*)	
Revenues from sales of goods and services	**232,600**	**100.0%**	**215,614**	**100.0%**
Other income and revenues	1,219		4,775	
Total revenues	**233,819**		**220,389**	
Operating costs	138,662		144,472	
EBITDA, before non-recurring items	**95,157**	**40.9%**	**75,917**	**35.2%**
Non-recurring items	(590)		(8,914)	
Gross operating margin (EBITDA)	**94,567**	**40.7%**	**67,003**	**31.1%**
Amortisation, depreciation write-downs and provisions	50,035		48,008	
Operating result (EBIT)	**44,532**	**19.1%**	**18,995**	**8.8%**
Financial charges, net	(6,094)		(8,072)	
Pre-tax result (EBT)	**38,438**	**16.5%**	**10,923**	**5.1%**
Income taxes	(14,794)		(7,201)	
Net income	**23,644**	**10.2%**	**3,722**	**1.7%**

(*) data refer to the consolidated data of continuing operations of the merging company, to the data of the merged company and to "Carve out" data, net of consolidation adjustments.

Revenues from sales of goods and services amounted to Euro 232,600 thousand in 2012, and refer for Euro 168,875 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 7,481 thousand to other services provided to the parent company also 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 telecom operators.

Total other income and revenues amount to Euro 1,219 thousand and refer for Euro 792 thousand to extraordinary income and for the remaining Euro 427 thousand to other income.

Total operating costs amount to Euro 138,662 thousand, and mainly consist of personnel costs for Euro 44,448 thousand, net of Euro 590 thousand related to lay-off incentives for employees and reclassified as non-recurring items, costs for leased assets of third parties for Euro 46,816 thousand and costs for services and other operating costs for Euro 47,398 thousand.

Gross operating margin (EBITDA), excluding non-recurring charges described above, amounted to Euro 95,157 thousand, with an incidence on revenues equal to 40.9%.

EBITDA including non-recurring items amounted to Euro 94,567 thousand (40.7% of revenues).

Total amortisation, depreciation and write-downs amounted to Euro 50,035 thousand, and refer for Euro 37,084 to tangible assets, Euro 9,485 thousand to

intangible assets and Euro 3,466 to write-downs of receivables of uncertain collection.
The change in the useful life of assets related to towers, as already pointed out, determined lower amortisation in the period amounted to Euro 1,736 thousand, while concerning the redetermination of the fair value of contract and client portfolio and related useful life in the year higher amortisation of intangible assets has been recorded amounting to Euro 3,235 thousand.
Operating profit (EBIT) amounted to Euro 44,532 thousand; 19.1% operating profitability.
Pre-tax result, net of financial charges for Euro 6,094 thousand, amounted to Euro 38,438 thousand (16.5% of revenues).
Income taxes for the period amounted to Euro 14,794 thousand, with an effective income tax rate of 38.5%.
The year ended with a net profit of Euro 23,644 thousand, equal to 10.2% of revenues.
Excluding the effects on amortisation of the Purchase Price Allocation process and of revised useful life of assets related to Customer relations and Towers, Operating profit (EBIT) would have amounted to Euro 46,032 thousand and net profit to Euro 24,673 thousand.

Balance sheet and financial position

The Group's summary balance sheet is set out below, restated to bring out the two main aggregates Net Invested Capital and Net Financial Position, the latter being the balance of Gross financial debt, Cash and other cash equivalents and Other financial assets. Details of the Financial Statement items making up the net financial position are set out in the Explanatory notes.

These tables accordingly differ in layout from the statutory Balance Sheet which primarily distinguishes current from non-current assets and liabilities.

Net working capital includes current assets (apart from Cash and cash equivalents and Current financial assets included in the Net Financial Position), tax assets and liabilities (taxes paid in advance/deferred), non-current assets held for sale, provisions for risks and charges, trade payables and taxes payable.

RECLASSIFIED CONSOLIDATED BALANCE SHEET *Euro in thousands*	December 31, 2012		December 31, 2011 (*)	
Net working capital	(31,745)	-4.2%	(19,843)	-4.5%
Goodwill	454,130		255,671	
Other non-current assets	361,940		193,080	
Non-current liabilities	(59,414)		(10,356)	
Non-current capital	756,656	104.4%	438,396	104.7%
Net invested capital	**724,911**	**100.0%**	**418,553**	**100.0%**
Net financial position	**189,247**	**26.1%**	**113,872**	**27.2%**
Shareholders' equity	**535,664**	**73.9%**	**304,680**	**72.8%**
Financial position and shareholders' equity of the Group	724,911	100.0%	418,553	100.0%

(*) data related to the merged company

Consolidated net invested capital at December 31, 2012 amounted to Euro 724,911 thousand, and consists of non-current assets for Euro 816,070, of which Euro 454,130 related to goodwill, non-current liabilities for Euro 59,414 thousand and net working capital negative for 31,745 thousand.
Other non-current assets at December 31, 2012 include Euro 80,922 thousand related to towers and Euro 96,204 thousand related to customer relations.
Shareholders' equity at December 31, 2012 amounted to Euro 535,664 thousand, equal to 73.9% of Net invested capital, and Net Financial Position at December 31, 2012 amounted to Euro 189,247 thousand.

The following table shows the summary cash flow statement with indication of cash flows generated or absorbed in the year from operating, investing and financing activities.

CASH FLOW STATEMENT *Euro in thousands*	2012	2011 (*)
Cash flow generated (absorbed) by operating activities	72,834	27,855
Cash flow generated (absorbed) by investing activities	(25,391)	(25,948)
Cash flow generated (absorbed) by financing activities	(25,765)	(2,018)
Net cash flow for the period	21,678	(111)

(*)data related to the merged company

Cash flow generated by operating activities, equal to Euro 72,834 thousand, includes Euro 9,079 thousand of current income taxes paid in the period.
The net flow absorbed by investing activities, equal to Euro 25,391 thousand, includes a positive flow of Euro 2,246 thousand related to the business combination, equal to the consolidated cash of the merging company. Cash flow

generated by investing activities in tangible, intangible and financial assets amounted in the year to Euro 27,637 thousand.
Cash absorption of Euro 25,765 thousand for financing activities refers to net reimbursement of finance debt for Euro 20,418 thousand and to net interests on the use of the intragroup current account existing with Mediaset S.p.A. and on total bank debts of Euro 5,347 thousand.

Economic results

The summary statement of income of the parent company EI Towers S.p.A. for 2012 is set out below compared with previous year's figures related to the period June 30 - December 31, 2012. It should be noted that the company 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 the "Tower" business.

INCOME STATEMENT *Euro in thousands*	2012		2011 (*)	
Revenues from sales of goods and services	**177,179**	**100.0%**	**84,423**	**100.0%**
Other income and revenues	262		234	
Total revenues	**177,442**		**84,658**	
Operating costs	114,155		56,274	
EBITDA, before non-recurring items	**63,286**	**35.7%**	**28,384**	**33.6%**
Non-recurring items	(103)		0	
Gross operating margin (EBITDA)	**63,183**	**35.7%**	**28,384**	**33.6%**
Amortisation, depreciation write-downs and provisions	35,340		18,295	
Operating result (EBIT)	**27,843**	**15.7%**	**10,090**	**12.0%**
Financial charges, net	(3,108)		(1,100)	
Pre-tax result (EBT)	**24,735**	**14.0%**	**8,989**	**10.6%**
Income taxes	(9,479)		(3,804)	
Net income	**15,256**	**8.6%**	**5,185**	**6.1%**

(*) data related to the period June 30 –December 31, 2012

Revenues from sales of goods and services amounted to Euro 177,179 thousand in 2012, and refer for Euro 161.075 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 7,481 thousand to other services provided to the parent company also 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 telecom operators.
Total operating costs amount to Euro 114,155 thousand, and mainly consist of personnel costs for Euro 40,034 thousand, net of Euro 103 thousand related to lay-off incentives for employees and reclassified as non-recurring items, costs for leased assets of third parties for Euro 39,308 thousand and costs for services and other operating costs for Euro 34,813 thousand.

Gross operating margin (EBITDA), excluding non-recurring charges described above, amounted to Euro 63,286 thousand. EBITDA including non-recurring items amounted to Euro 63,183 thousand (35.7% of revenues).
Total amortisation, depreciation and write-downs amounted to Euro 35,340 thousand, and refer for Euro 31,503 to tangible assets, Euro 3,663 thousand to intangible assets and Euro 174 thousand to write-downs of receivables of uncertain collection.
It should be noted that the change in the useful life of assets related to towers has determined lower amortisation in the period for Euro 330 thousand.
Operating profit (EBIT) amounted to Euro 27,843 thousand; 15.7% operating profitability.
Pre-tax result, net of financial charges for Euro 3,108 thousand, amounted to Euro 24,735 thousand (14% of revenues).
Income taxes for the period amounted to Euro 9,479 thousand, with an effective income tax rate of 38.3%.
The year ended with a net profit of Euro 15,256 thousand, equal to 8.6% of revenues.

Balance sheet and financial position

The table below sets out the ***Summary balance sheet***, reclassified in a different layout from that of the Financial Statement which distinguishes current from non-current assets and liabilities so as to bring out the two main aggregates **Net invested capital** and **Net financial position**, the latter being the balance of *Cash and other cash equivalents* and *Other financial assets* less *Gross financial debt* and *Other current liabilities*.

Net working capital includes current assets (apart from Cash and cash equivalents and Current financial assets included in the Net Financial Position), tax assets and liabilities (taxes paid in advance/deferred), non-current assets held for sale, provisions for risks and charges, trade payables and taxes payable.

RECLASSIFIED BALANCE SHEET *Euro in thousands*	December 31, 2012		December 31, 2011(*)	
Net working capital	(7,808)	-1.2%	(19.843)	-4.5%
Goodwill	255,671		255,671	
Interests in subsidiaries	213,020		-	
Other non-current assets	192,656		193,081	
Non-current liabilities	(12,433)		(10,356)	
Non-current capital	648,914	101.2%	438,396	104.7%
Net invested capital	**641,106**	**100.0%**	**418,553**	**100.0%**
Net financial position	**113,799**	**17.8%**	**113,872**	**27.2%**
Shareholders' equity	**527,307**	**82.2%**	**304,680**	**72.8%**
Financial position and shareholders' equity of the Group	641,106	100.0%	418,553	100.0%

(*) data related to the merged company

The item Interest in subsidiaries refers to the 100% interest held in Towertel S.p.A. acquired further to the merger already described. The value of this interest includes the total allocation of the goodwill generated following the merger. Total net invested capital amounted to Euro 641,106 thousand.
Shareholders’ equity amounted to Euro 527,307 thousand, equal to 82.2% of Net invested capital, Net Financial Position amounted to Euro 113,799 thousand.

The following table shows the summary cash flow statement with indication of cash flows generated or absorbed from operating, investing and financing activities.

CASH FLOW STATEMENT *Euro in thousand*	2012	2011 (*)
Cash flow generated (absorbed) by operating activities	45,416	27,855
Cash flow generated (absorbed) by investing activities	(24,953)	(25,948)
Cash flow generated (absorbed) by financing activities	(7,524)	(2,018)
Net cash flow for the period	12,938	(111)

(*) data related to the merged company

Cash flow generated by operating activities, equal to Euro 45,416 thousand, includes Euro 7,488 thousand of current income taxes paid in the period.
The net flow absorbed by investing activities, equal to Euro 24,953 thousand, includes a positive flow of Euro 317 thousand related to the business combination, equal to the cash of the merging company. Cash flow generated by in-

vesting activities in tangible, intangible and financial assets amounted in the year to Euro 25,271 thousand.
Cash absorption of Euro 7,524 thousand for financing activities refers to net reimbursement of finance debt for Euro 4,662 thousand and to net interests on the use of the intragroup current account existing with Mediaset S.p.A. and on total bank debts of Euro 2,862 thousand.

RECONCILIATION BETWEEN CONSOLIDATED AND PARENT COMPANY NET PROFIT AND SHAREHOLDERS' EQUITY

(CONSOB Communication 6064293 of July 27, 2006)

(value in Euro thousands)

	Shareholders' equity at 31/12/2012	Net Profit 31/12/2012
As per balance sheet and income statement of EI Towers S.p.A.	**527,307**	**15,256**
Excess of shareholders'equity, including gross income for the period over book value of investments in subsidiary and affiliated companies	(127,980)	11,252
Other consolidation adjustments	136,337	(2,864)
Total	**535,664**	**23,644**
Profit/(loss) attributable to minority interests	-	-
As per consolidated financial statements	**535,664**	**23,644**

DETAILS OF THE MAIN RISKS AND UNCERTAINTIES TO WHICH THE GROUP IS EXPOSED

As defined in the Group's Corporate Governance Code, the Internal Controls and Risk Management System is "a set of rules, procedures and organizational structures aimed at maintaining the identification, measurement, management and monitoring of the main risks. This system is integrated in the general organizational and corporate governance structure adopted by the Issuer and take into consideration national and international reference models and *best practices.*"
In 2012, the Board of Directors of EI Towers S.p.A. issued the new guidelines for the Internal Controls and Risk Management System. Such guidelines identify the Enterprise Risk Management, already implemented by the parent company Mediaset S.p.A., as reference model for the protection of the Internal Controls and Risk Management System.

Main risk factors and uncertainties

A number of potential risk factors and uncertainties impact the Group's pursuit of strategic objectives, as well as its economic and financial position.

A description of the nature of each of the main sources of risk and uncertainty is provided below, along with the risk management and mitigation measures implemented by management.

Market risk

The customers of the Group are represented by national television and radio networks, the major local television and radio players, telecom and mobile operators running the business in Italy.

Terrestrial radio and television broadcasting represents the most common national broadcasting method; a possible growth in alternative broadcasting means (such as satellite or cable) could cause a downturn in the growth of reference market and a consequent reduction in demand of services offered by the Group.

Similarly, the development of alternative technologies for mobile telephone broadcasting (i.e. satellite telephone), today not considered by the main national operators, could determine a reduction in demand of services offered by the Group.

National telephone operators have co-sharing agreements of sites, that is co-sharing of transmission site availability. As of today, these agreements haven't considerably affected the results of the Group; however, an increase in co-sharing activities could take to a reduction in hosting demand on sites managed by the Group and a significant pressure on profit margins.

Inflation trend is an important variable for the Group since contracts signed with clients provide for, in almost all cases, a periodic adjustment linked to inflation. An increase in this indicator reflects therefore directly on revenues and on operating profitability since only a part of costs (in particular those related to rent of sites not owned), is index-linked to inflation.

Operating risk

Revenues related to the first 10 clients are about 89% of total revenues achieved in 2012 by the Group, with a significant concentration in terms of commercial counterparts; in particular, revenues towards the parent company Elettronica Industriale S.p.A. are equal to 75% of total revenues.

This risk is however mitigated by the fact that the Group operates through the signing of lease and long-term service contracts and the main clients are television and telephone operators with high standing (Mediaset Group, Telecom Italia, Vodafone, Wind, etc…). In addition, historically the Tower business unit showed a high ability to renew expiring contracts, increasing the range of services offered to clients and consequently recording a very low churn rate.

With reference to clients with lower credit standing, in particular local television operators and new operators in Wi-Fi and Wi-Max technologies, the reallocation of frequencies for the migration to digital broadcasting for the first and the need to invest for the realization of the network for the latter, in an uncertain market scenario, impose on the Group a monitoring of commercial counterparts and a focus on working capital management.

Legal and regulatory risks

The activity of the Group is based on the availability of a portfolio of towers, where the company owns the property of the infrastructure and the land (or other real estate right) on which the structure insists. Infrastructure portfolio includes also sites where the structure and/or the land are used on the basis of different agreements with respective assignors. The agreements for the use of these sites could not be renewed or possible renewals could not be obtained at the same existing conditions, with negative effects on the profitability of the Group.

It should be noted that some sites acquired by the Group have been built in a time frame affected by regulatory changes. That situation requires to undertake procedures for the regularization of these site concessions. In case this regularization is not possible or competent authorities impose adjustment and/or change of some sites, that could involve changes in operating conditions and/or require an increase in investments and/or management costs. The activity of the Group's clients is carried out in a sector subject to well-structured national and European regulations. In particular, radio-television and mobile communication operators are subject to regulations aimed at protecting people and environment from the exposure to electromagnetic fields. In case of violation of regulations, the operator could be sanctioned also with the interruption of broadcasting activity, with negative consequences on the revenues of the Group.

It should also be noted the possibility that, due to the effect of the compliance with the national plans for the allocation of frequencies and to possible decisions from regions and local bodies on site location, or to renewal plans adopted by regions or local bodies, or to possible changes in regulations or different interpretations of regulations in force, it could be necessary to proceed with a delocalization, that means that some sites of the Group could become no longer usable.

Financial risks

The free cash flow resulting from the core business enabled the Group to rely on its own resources and manage its own growth strategy, both internally and externally, with limited use of debt instruments, thus preserving its financial strength.

The Group's consolidated financial debt structure shows a significant predominance of medium term loans and committed lines of credit, included a line of credit borrowed by Mediaset S.p.A.

More detailed information regarding financial risk management policies, including those relative to sensitivity analyses on interest rates can be found in the specific section of the Explanatory Notes in the Group's Consolidated Financial Statements under "Additional disclosures about financial instruments and risk management policies".

Risks connected with the management of legal disputes

The Group is potentially subject to the risk of legal litigation in the performance of its activities.

For more detailed information regarding the main legal disputes that are currently pending, reference should be made to the comments included in the specific section of the Explanatory Notes.

Risks connected with Governance

The typical Governance-related risks, such as the risk of non-compliance with the laws and regulations, improper assignment of powers and authorities, and inappropriate remuneration policies, are mitigated by implementation of a strong system of Corporate Governance.

EI Towers has implemented the provisions set out in the Corporate Governance Code of Borsa Italiana and has continued to bring its own Corporate Governance system over time in line with the relative domestic and international best practices, the recommendations of the Corporate Governance Code and the regulatory provisions on this matter. For more detailed information on the EI Towers Group's organisational structure and Corporate Governance, reference should be made to the Annual Report on Corporate Governance and the Ownership Structure published on the web site www.eitowers.it under section Governance/System of Governance.

Staff composition

The EI Towers Group had 591 employees at the end of 2012 (590 of them in permanent posts).

Number of employees (permanent staff)	2012	Average 2012	2011
Managers	24	20.7	6
Middle managers	54	54.7	35
Office workers	509	509.2	453
Apprentices	-	2.4	-
Industry workers	4	4.0	-
Total	**591**	**591,0**	**494**

Geographical distribution of permanent employees

The staff in Italy is found throughout the country; 36% of all employees work in the Lissone offices and the remaining 64% in different local offices.

Offices	31/12/2012		31/12/2011	
	staff	%	staff	%
Lissone	210	36%	188	38%
Other offices	380	64%	306	62%
Total	**590**	**100**	**494**	**100**

Age and length of service

Employees	31/12/2012		31/12/2011
	Age	Seniority	Age
Managers	49	18	54
Middle managers	50	22	52
Office workers	47	21	48
Industry workers	45	17	
Average age	**48**	**21**	**48**

Permanent employees by grade and gender

Grade	31/12/2012		31/12/2011	
	staff	% Women	staff	% Women
Managers	24	4%	6	-
Middle managers	54	7%	35	-
Office workers	508	19%	453	13%
Industry workers	4	1	-	-
Total	**590**	**17%**	**494**	**12**

Training initiatives

Total hours of training by type of initiative

Training hours	2012	2011
Managerial skills development	-	156
Professional update	220	218
Legal duty	168	558
Foreign language courses	22	-
Total	**410**	**932**

Staff composition

EI Towers S.p.A. had 536 employees at the end of 2012 (535 of them in permanent posts).

Number of employees (permanent staff)	2012	Average 2012	2011
Managers	20	16.6	6
Middle managers	42	42.3	35
Office workers	474	473.3	453
Industry workers	-	-	
Total	**536**	**532.2**	**494**

Geographical distribution of permanent employees

The staff in Italy is found throughout the country; 34% of all employees work in the Lissone offices and the remaining 66% in different local offices.

Offices	31/12/2012		31/12/2011	
	staff	%	staff	%
Lissone	180	31%	188	38%
Other offices	355	60%	306	62%
Total	**535**	**100**	**494**	**100**

Age and length of service

Employees	31/12/2012		31/12/2011
	Age	Seniority	Age
Managers	48	18	54
Middle managers	51	24	52
Office workers	48	22	48
Average age	**48**	**22**	**48**

Permanent employees by grade and gender

Grade	31/12/2012		31/12/2011	
	staff	%Women	staff	% Women
Managers	20	5.0%	6	-
Middle managers	42	7.1%	35	-
Office workers	473	17.1%	453	13%
Industry workers	-	-	-	-
Total	**535**	**15.9%**	**494**	**12**

Training initiatives

Employee-hours for each type of training

Training hours	2012	2011
Managerial skills development	-	156
Professional update	206	218
Legal duty	105	558
Foreign language courses	22	-
Total	**333**	**932**

Research and development activities

In 2012, "Applied Research" activities supported EI Towers S.p.A. "Network Development Management" to define the network architecture and select the equipment to be used.

A summary of the main subjects follows:

- evolution of contribution networks and television broadcasting transmission;
- development of Digital Terrestrial Television (DTT);
- studies of technical feasibility for the project "All-Digital" (conversion of diffusion networks from analog to digital);
- laboratory and on site tests of the new system of terrestrial digital diffusion DVB-T2;
- attendance at national and international regulatory committee.

Total research and development costs have been paid in the year.

Relationships with subsidiaries, associates, parent companies, companies under shared control and other related parties

On October 31, 2012 the Board of Directors adopted the new Procedure for related party transactions conducted by EI Towers S.p.A. either directly or through its subsidiaries. That procedure was drafted in accordance with the principles prescribed in CONSOB Resolution 17221 "Regulations containing provisions relating to transactions with related parties" of March 12, 2010 and subsequent changes.

The procedure is available on the company's website www.eitowers.it under section Governance/Relatedparties and lays down rules for identifying, approving, executing and reporting related party transactions by EI Towers S.p.A. itself or its subsidiaries, thus ensuring that such dealings are both transparent and correct in substance and procedure. It also lays down conditions for any exception to the rules' application.

With reference to the periodic disclosure that has to be made by the Issuers, according to the Consob Resolution number 17221 of March 12, 2010 (article 5, paragraph 8, of the Regulations containing measures regarding transactions with related parties), there is highlighted as transaction of extreme relevance that was finalised during the period by EI Towers S.p.A. making use of the exclusion provided for by art. 13, paragraph 3 letter c) of the aforesaid Consob Regulation and of article 12.1 letter h) of the Procedure for transactions with the related parties of the Company for regular transactions carried out under market equivalent or standard:

- counterpart: Mediaset S.p.A., indirect parent company of EI Towers S.p.A.;

- subject: Contract of Intra-group current account. The contract regulates in particular:

a) methods of presentation of financial statements by Mediaset S.p.A

b) organization and management by Mediaset S.p.A. of non-bank current account items (current account service).

- consideration: the consideration for the Intra-group current account, which shall at no time exceed the total maximum amount of Euro 140 million, is equal to 1-month Euribor Average, base 365/365, surveyed monthly by Il Sole 24 Ore "Short-term rates - Euribor - European - Average % month of ..." the second working day preceding the closing date of each month increased by 200 base points. Credit amounts deposited in Intra-group current account are, in case, paid at 1-month Euribor Average, base 365/365, surveyed monthly by Il Sole 24 Ore "Short-term rates - Euribor - European - Average % month of ..." the second working day preceding the closing date of each month increased by 50 base points.

The transaction has been communicated to Consob according to the aforesaid article 13, paragraph 3 letter c) of Consob Regulation.

In relation to this contract, it should be noted that after year-end the parties changed Current Account interest rates as follows:

Interest income rate: 1-month Euribor Average, base 365/365, surveyed monthly by Il Sole 24 Ore "Short-term rates - Euribor - European - Average % month of ..." the second working day preceding the closing date of each month increased (spread) by 150 base points.

Interest bearing rate: 1-month Euribor Average, base 365/365, surveyed monthly by Il Sole 24 Ore "Short-term rates - Euribor - European - Average % month of ..." the second working day preceding the closing date of each month increased (spread) by 300 base points.

The transaction has been finalized by EI Towers S.p.A. using the exclusion provided for by article 13, para. 3 letter c) of the Consob Regulation and by article 7 letter e) of the Procedure for transactions with related parties of the Company communicated to Consob according to the Regulation.

The summary statement of transactions with related parties provided for by para. 3 of the article 2428 of the Italian Civil Code, is reported in the explanatory note no. 15 of the consolidated financial statements and financial statements of EI Towers S.p.A.

Treasury shares held by controlled subsidiaries

The controlled subsidiary Towertel S.p.A. does not hold any shares of the issuer.

2007/ 2011 Stock Option Plan

The following allocation of Stock option on Mediaset S.p.A shares have been taken over by the merged company following the contribution of the business unit by Elettronica Industriale S.p.A.:

Year 1/1 - 31/12	Number of participant to Plan	Options rights attribuited for the purchase of company shares	Exercise price	Exercise period only allowed in one off solution	Check of compliance with the criteria estabilished by the Board of Directors
2007	2	100,000	7.87	29.06.2010/28.06.2013	Rights to exercise
2008	2	100,000	4.86	24.06.2011/23.06.2014	Rights to exercise
2009	2	100,000	4.72	30.09.2012/29.09.2015	Rights to exercise
2010	2	100,000	4.92	23.06.2013/22.06.2016	Rights to exercise
2011	2	100,000	3.56	22.06.2014/21.06.2017	Options rights non available for the exercise as a result of unmet pre-requisites

Share-based payments

At 31 December 2012, for the purposes of IFRS 2, there were posted the assigned stock option plans for the financial years 2007, 2008, 2009, 2010, and 2011, relative to the assignment of option rights over the Mediaset S.p.A. ordinary shares. All the plans fall into the equity-settled category, in other words they allow for the allocation of own shares bought back on the market.
Options granted to the beneficiary employees are linked to the achievement by Mediaset S.p.A. of financial performance targets and the employee remaining with the Mediaset Group for a certain length of time.

The characteristics of these stock option plans can be summarised as follows:

	Stock Option Plan 2007	Stock Option Plan 2008	Stock Option Plan 2009	Stock Option Plan 2010	Stock Option Plan 2011
Grant Date	28/06/2007	23/06/2008	29/09/2009	22/06/2010	21/06/2011
Vesting Period	from 01/01/2007 to 28/06/2010	from 01/01/2008 to 23/06/2011	from 01/01/2009 to 29/09/2012	from 01/01/2010 to 22/06/2013	from 01/01/2011 to 21/06/2014
Exercise Period	from 29/06/2010 to 28/06/2013	from 24/06/2011 to 23/06/2014	from 30/09/2012 to 29/09/2015	from 23/06/2013 to 22/06/2016	from 22/06/2014 to 21/06/2017
Fair Value	0.72 euro	0.30 euro	1.35 euro	0.68 euro	0.20 euro
Exercise Period	7.87 euro	4.86 euro	4.72 euro	4.92 euro	3.56 euro

The stock options are entered on the accounts at their fair value:

- Stock Option Plan 2007: 0.72 Euros for options;
- Stock Option Plan 2008: 0.30 Euros for options;
- Stock Option Plan 2009: 1.35 Euros for options;
- Stock Option Plan 20010: 0.68 Euros for options;
- Stock Option Plan 20011: 0.20 Euros for options.

The options' fair value was determined by the binomial method: the exercise of the stock options is incorporated into the model, on the assumption that it will take place as soon as the option price is higher than a pre-determined multiple of the strike price.

Any dilution of the shares due to the issue of new shares is already discounted by the current market prices. The data used in the model are as follows:

- spot price on the valuation date (reference price);
- historic volatility 6 years ex-dividend (calculated on the reference prices);
- the expected dividend yield calculated by assuming the dividend distributed during the year will remain constant until expiry;
- the euro rate curve;
- the exit rate of the stock option holders as zero.

Privacy: policy document on data security

The Legislative Decree so-called "Disposizioni urgenti in materia di semplificazione e sviluppo" (Simplifications Decree) of February 3, 2012, No.5 eliminated the obligation to adopt or revise by March 31, 2012 the Policy Document on Data Security (Dps).
The designated Data Controller hereby reports, as required by Art. 26 of the "Technical Provisions for Minimum Security Measures" contained in the Legislative Decree of June 30, 2003, No. 196 and called Privacy Code , that the Policy Document on Data Security previously adopted by the Company EI Towers S.p.A has been maintained in 2012.

Supervision and control

Amendment of article 37 of Consob Regulation 16191/2007 regarding markets.

Effective from January 2, 2012 EI Towers S.p.A. is subjected to the direction and coordination activity of Mediaset S.p.A.
Also according to article 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. with the expectations of article 37 of Consob Regulation 16191/2007 since it:

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

EI Towers S.p.A. carries out at present direction and coordination activities towards the subsidiary company Towertel S.p.A.

Supervision and control

EI Towers S.p.A. responded to the Corporate Liability Act (Legislative Order 231/2001) by appointing its own "Supervisory and Control Body. That body is fully independent and has the task, with the support of the relevant company departments and outside consultants, of seeing to it that the company applies its chosen "organizational model" in full, and reporting to the company's Board of Directors.

Consob Communication DAC/RM97001574 del 20/02/1997

A list of the company's directors is given below with their powers and duties, as recommended by CONSOB (Communication of 20/02/1997, Prot. DAC/RM97001574):

Chairman

Alberto Giussani	The Chairman is authorized to represent the Company under the Articles of Association.

Chief Executive Officer

Guido Barbieri	Powers and responsibilities related to the Corporate Management of the Company, with all routine administrative powers subject to a maximum of euro 2,500,000.00 in any single transaction, but with the exception of actions reserved to the Board of Directors. Under the Articles of Association, the Chief Executive Officer is authorized to represent the Company within the limits of the powers granted.

Chief Executive Officer

Valter Gottardi	Powers and responsibilities related to the Business Management of the Company, with all routine administrative powers subject to a maximum of euro 2,500,000.00 in any single transaction and all non-routine administrative powers subject to a maximum of euro 500,000.00 in any single transaction, but with the exception of actions reserved to the Board of Directors. Under the articles of Association, the Chief Executive Officer is authorized

	to represent the Company within the limits of the powers granted.
Directors	Manlio Cruciatti Richard Hurowitz Piercarlo Invernizzi Michele Pirotta
Control and Risk (and related parties) Committee	Michele Pirotta (Presidente) Manlio Cruciatti Alberto Giussani
Remuneration Committee	Alberto Giussani (Presidente) Manlio Cruciatti Richard Hurowitz

Corporate Governance Report and Company Structure

The Corporate Governance Report and Company Structure according to article 123-bis of the Unified Finance Law has been published on the web site www.eitowers.it Section Governance/System of Governance.

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 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

The Board of Directors of EI Towers S.p.A decided on March 21, 2013 to proceed with the issue of a bond, the first of the company on the Eurobond market, destined only to qualified investors, by December 31, 2013. The bond will amount to maximum face value of Euro 250 million.

The final conditions of the issuance will be determined at the pricing based on market conditions and communicated once determined.

The transaction is finalized to total refinancing of the Group and general operations management of the Company and its Group.

FORSEEABLE DEVELOPMENTS

In year 2013 the Group will continue the business development and the operating cost-containment, improving the already important results in terms of synergies reached last year.
Despite the persistent difficult economic situation, the Group expects to reach in 2013 EBITDA close to Euro 100 million and a cash flow comparable to 2012, which will allow to furtherly strengthen the balance sheet.

BOARD OF DIRECTORS REPORT TO THE GENERAL MEETING OF APRIL 18, 2012 ON THE FOLLOWING AGENDA ITEMS:

1. **Approval of the Financial Statements as of December 31, 2012; Report of the Board of Directors on Operations, Report of the Independent Auditors and Report of the Board of Statutory Auditors; Presentation of the Consolidated Financial Statements as of December 31, 2012**

Dear Shareholders,

We hereby submit the present Report on Operations, trusting that it, together with the layout and criteria adopted in drawing up the Balance Sheet, Income Statement, Comprehensive Income Statement, Statement of Changes in Shareholders' Equity, Cash Flow Statement and Explanatory Notes for the period ended December 31, 2012, will meet with your approval.

Especially, we submit for your attention the approval of the Financial Statements as of December 31, 2012, as explained above, and of the Directors' Report on Operations.

We further invite you to decide, once fully covered the losses carried forward of Euro 17,291,539.92 through the use for Euro 4,977,982.80 of the Extraordinary Reserve and for euro 12,313,557.12 of the Share-premium Reserve, on the allocation of the profit for the period of euro 15,255,689.45 and recommend the distribution of a dividend of euro 0.42 per share by using some of the available profit, the remainder being allocated in part to the legal reserve, until reaching legal limits, and the remaining part to the Extraordinary Reserve.

We note for your information that in view of the number of shares in circulation on March 21, 2013 (28,262,377 shares, less 62,526 treasury shares) such a dividend distribution would amount to a total of Euro 11,843,937.42.

2. **Compensation Report in accordance with Article 123-ter of the Legislative Decree no. 58/1998**

Dear Shareholders,

We submit for your attention the Compensation Report, pursuant to Article 123-ter of the Legislative Decree no. 58/1998 ("Testo Unico della Finanza") and the provisions issued by Consob. Especially, we propose to approve the first section of the Report, which outlines the company's policy regarding the compensation of directors and executives, in compliance with the provisions of Article 123-ter of the Legislative Decree no. 58/1998.

3. Appointment of the Audit Firm for the audit of Financial Statements and Consolidated Financial Statements and the limited accounting review of the Half-year Financial Reports for the period 2013-2021

Dear Shareholders,

your Company is required to engage external auditors with the mandate to audit the Financial Statements and the Consolidated Financial Statements and the limited accounting review of the Half-year Financial Reports, pursuant to Legislative Decree n. 39 dated January 27, 2010 and Legislative Decree n. 58 dated February 24, 1998.

We remind that the mandate to the Audit Firm Reconta Ernst & Young S.p.A. to audit EI Towers' Group will expire with the approval of Financial Statements 2012.

In this respect we submit the "MOTIVATED PROPOSAL BY THE BOARD OF STATUTORY AUDITORS TO SHAREHOLDERS' MEETING ABOUT THE AUDIT OF EI TOWERS S.p.A. FINANCIAL STATEMENTS, THE CONSOLIDATED FINANCIAL STATEMENTS AND THE CONSOLIDATED HALF-YEAR REPORT FOR THE YEARS 2013 - 2021

Dear Shareholders,

with the approval of the Financial Statements at December 31, 2012 the appointment of statutory audit Reconta Ernst & Young SpA, appointed by the Shareholders of EI TOWER SpA (Formerly DMTSpA) on March 22, 2004 and then extended by the shareholders on April 27, 2007, for a maximum of nine years in total shall expire.

The Board of Statutory Auditors of EI TOWERS S.p.A. has therefore prepared this motivated proposal to the Assembly on the appointment of the statutory audit of EI TOWERS for the years 2013-2021.

Given that:

- the Company is a listed company and therefore is among the institutions of public interest in accordance to the art. 16 of Legislative Decree no. 39 of January 27, 2010 ("Decree");
- Article 17 of the Decree provides that the statutory audit assignment can last for a period of maximum nine years for each firm and cannot be renewed or re-conferred to this firm until at least three years have elapsed from the date of termination of the previous appointment;
- the mandate given to the Ernst & Young SpA, with the release of the audit report to the Financial Statements at December 31, 2012, comes to the ninth fiscal year, that is the maximum period permitted by law and therefore it is necessary to assign the task to a new auditor ;
- in accordance with the Article 13 of the Decree, *"the Assembly, on a motivated proposal of the board of auditors, appoints the statutory auditor or audit firm and determines the amount payable to the statutory auditor or audit firm for the entire duration of the assignment and any criteria for the adjustment of the amount payable during the assignment";*

and noted that:

- Articles 10 and 17 of Decree recall the principles of independence and objectivity of the external auditors and, in particular, Article 10 provides that the compensation for the assignment cannot be subject to any conditions and should be determined in order to ensure the quality and reliability of the work;
- Article 11 of the Decree provides that the audit should be conducted in accordance with auditing standards adopted by the European Commission in accordance with art. 26, paragraphs 1 and 2 of Directive 2006/43/EC;
- Article 145 bis of the Consob Issuer Regulations provides that the payment and the measure of compensation *"can not in any way be established according to the results of the review nor be linked to any services that the audit company or an*

entity within its Network provides" to the company which gives the position and his group;

- Consob Communication no. 96003556 of April 18, 1996 indicates, among other things, that (i) *"the resources used in the review and certification must be qualitatively and quantitatively appropriate to achieve this objective",* (ii) require an adequate supervision and address of the audit team, including specifying the optimal mix of resources by professional category, (iii) "*the head of the audit and certification must have a specific technical expertise in the area of business of the appointing company* ";
- Article 165 of Legislative Decree 58/1998 (still in force pending the issuance of regulations by Consob - pursuant to art. 43, paragraph 2 of the Decree) submits to the same legislation also subsidiaries of the listed issuer and considers the auditors of the listed parent company fully responsible for the audit of the consolidated financial statement,

the Board of Statutory Auditors of EI TOWERS S.p.A. has heard the management of the Company and has carried out the necessary activities to formulate its motivated proposal.

In particular, the Board of Statutory Auditors acknowledges that, in relation to the requirements of auditing firms participating in the selection (relating to enrollment in the register of statutory auditors, the volume of sales, the number of positions in other listed companies, adequate international presence and experience in the specific field technology, media and telecomunication) and the structural complexity of the Group, an offer was requested to the auditing firm, Deloitte & Touche SpA and PricewaterhouseCoopers S.p.A..

The proposals made are composed by:

1. a technical proposal containing a description of how to perform the activities, auditing standards used, the mix of hours and the number of people employed by professional category, the CVs of the persons constituting the audit team or otherwise involved in review and their referrals;
2. an economic proposal, containing details of the costs divided by activity and company, hourly rates and other summaries of costs; in order to ensure uniformity of the proposals, it was required that the proposals show the separate quotation for each of (i) statutory audit activities or closely related activities (ii)

other audit requests to the auditor by other rules, and (iii) other activities of voluntary auditing.

The Statutory Board has, therefore, examined the proposals received and compared their characteristic features.

In particular, the Statutory Board has analyzed the proposed approach to auditing by independent auditors and examined, in addition to the economic aspects of the proposals (payments, adjustments and fees), the technical documentation submitted in attachment to the proposals, with particular reference to the following:

- quality and adherence of the proposals to the needs of the client;
- professional referrals of the partner in charge of the audit team that the auditing firm will be using to do the task, and audit engagements performed in listed companies or large companies belonging to the sector of reference EI TOWERS SpA ("Area");
- membership to an international network which will ensure the same method of work in all countries of operation;
- the existence and availability of access to the network centers of excellence in relation to particular topics and themes also relating to the sector (the so-called "Specialists");
- plan of audit of the financial statements of EI TOWERS SpA and its subsidiary Towertel S.p.A.;
- methodology, operating tools and media used;
- attention to the analysis of the system of internal control;
- the existence of adequate tools for monitoring the independence requirements and procedures to prevent conflicts of interest;
- total hours required to carry out the audit and their allocation within professional categories.

In light of all the foregoing analysis, taking into account the objectives of protection of:

- the requirements of independence and absence of any situation of incompatibility;
- the adequacy of the organizational and technical suitability and quality compared to the complexity of the duties;

- the adequacy of the compensation required in relation to the team, taking into account the quality mix and the quote prepared for the two companies, both for the parent company and for its subsidiaries and affiliates,

the Board of Statutory Auditors of EI TOWERS S.p.A.

proposes

to the Shareholders' Meeting to assign the role of external auditors of EI Towers SpA to the independent auditors, Deloitte & Touche SpA for the nine-year period 2013-2021, in accordance to the Decree, in accordance with the proposal received on January 30, 2013 by the Company.

In particular, the task includes the following activities:

- audit of the financial statements of the EI TOWERS SpA (including verification activities of the regular keeping of accounts in art. 14, paragraph 1, letter b) of the Decree);
- audit of the consolidated financial statements of EI TOWERS Group;
- limited review of the half-year report of EI TOWERS Group.

For the above activities of statutory audit, Deloitte & Touche SpA submitted a proposal for the period 2013-2021 for a total of € 114,000, divided as follows:

	Hourly rated fees		Compensations	
Activities	**Annual**	**Total 2013-2021**	**Annual**	**Total 2013-2021**
A) Separate Financial Statements (IFRS and auditing of the accounting records)	820	7380	74,000	666,000
b) Consolidated Financial Statements	170	1530	15,000	135,000
Total auditing	990	8910	89,000	801,000

d) Half-year Financial Statements	280	2520	25,000	225,000
Total half –year report	280	2520	25,000	225,000
TOTAL	1270	11430	114,000	1,026,000

The above remuneration shall be adjusted annually starting from the financial statements approved in 2014 in order to take into account the percentage change in the ISTAT cost of living.

Moreover, if you encounter any exceptional and unforeseen relevant circumstances, at the time of the preparation of the proposal, that can cause the need of a bigger amount of time to do the audit than estimated - such as, for example the change in the structure and size of the Company and / or Group, the modification in the principals established under the internal control system , changes in regulatory, accounting and / or auditing system, the performing of complex operations carried out by the Company and / or Group companies, additional audit procedures or additional requirements for carrying out the statutory audit as well as any additional activity carried out in relation to the companies audited by other auditors, as indicated in the proposal for the audit engagement - they will be notified to the Company in order to reach an agreement around activities not included in the proposal and the definition of the related fees; equally, the fees will be reduced proportionately if, in the auditing is used less time than expected. Reimbursement for expenses incurred in the performance of work, charged to the fullest extent of 5% flat rate fees, as well as to the contribution of supervision due to Consob pursuant to art. 40 of the Law of 23 December 1994 no. 724 and subsequent amendments and additions, will be paid on top of the above fees.

The person in charge for the mandate will be Dr. Patrizia Arienti, as a partner of Deloitte & Touche SpA

****

We invite you to approve, subject to the above terms and conditions, the proposal for the appointment of Deloitte & Touche SpA as independent audit company for the accounts of EI TOWERS SpA for the years 2013-2021 for a total period consideration of € 114,000.00 and the criteria for adjustment of the consideration described above."

4. Authorization to the Board of Directors for the purchase and sale of treasury shares

Dear Shareholders,

We note that the board of directors' authorization to purchase treasury shares will expire upon the approval of the Financial Statements as of December 31, 2012.

We submit for your close examination a proposal to renew the authorization for the purchase and sale of treasury shares, with the related terms, justification and means set out hereunder, in conformity with the provisions of Article 132 of Legislative Decree no. 58 of February 24, 1998, and Articles 73, 144-bis and Exhibit 3A, Schedule no. 4 of the CONSOB Resolution no. 11971 of May 14, 1999 (Issuer Regulations) and subsequent amendments.

As of today, the share capital subscribed and paid is equal to Euro 2,826,237.70, subdivided into 28,262,377 ordinary shares, with a face value of Euro 0.10 each.

As of the date of the approval of this report, the Company holds 62,526 treasury shares, equal to 0.22% of the share capital, inclusive of 6,000 treasury shares lent to Mediobanca Banca di Credito Finanziario S.p.A. for exercising the activity of specialist pursuant to Article 2.2.3, Paragraph 4 of the Regulations applicable to the markets organized and operated by Borsa Italiana and the instructions in relation to the Regulations. The subsidiary companies do not hold shares of the Company. Specific instructions will be given to the subsidiary companies so that they promptly report any purchase of shares done in accordance with Article 2359-bis of the Italian Civil Code.

The board believes it is useful to submit the renewal of the authorization to the shareholders' meeting since the board intends to pursue the objectives set out below, including by operating, should the opportunities arise, in accordance with the market practices no. 1 and no. 2 referenced in the CONSOB Resolution 16839/2009:

i) To favor stabilization of the share performance and support to liquidity;

ii) To set up a so-called "securities warehouse" so that the Company may hold and make available the shares for:

   a) possible use as payment for extraordinary transactions, including the exchanging of equity investments, with other persons within the sphere of transactions of interest to the Company ;

b) complying with the obligations arising (where approved) from plans for the distribution, against or without payment, of options on shares or shares to directors, employees and associates of the Company, or to directors, employees and associates of the Company's subsidiaries, as well as from plans for the bonus assignment of shares to shareholders.

The board of directors accordingly proposes that the Shareholders' meeting authorize the purchase of ordinary shares, in one or more tranches, up to the maximum number allowed by law, to be held as treasury shares directly and as treasury shares owned by subsidiary companies.

The aforementioned purchases may be effected, under Article 2357, Paragraph 1 of the Italian Civil Code, within the limits of the earnings available for distribution and the available reserves as shown by the most recent regularly approved financial statements, with the consequent constitution, in accordance with Article 2357-ter, Paragraph 3 of the Italian Civil Code, of a restricted reserve equal to the amount of the treasury shares as acquired from time to time, which shall be maintained until the shares are transferred.

Upon the purchase of shares or their sale, swap, grant or writedown, the appropriate accounting entries shall be made in accordance with the provisions of the law and applicable accounting principles. In the event of sale, swap, grant or writedown, the amount in relation thereto may be re-used for other purchases, until the expiration of the term of the shareholder authorization, without prejudice to the quantitative and spending limits and the conditions established by the shareholders' meeting.

The authorization for the purchase is to be requested for a period less than the maximum period allowed by prevailing laws and regulations (which is currently 18 months starting from the date of the resolution of the shareholders' meeting), and thus we request that the authorization be valid until the meeting of the shareholders that will approve the Financial Statements as of December 31, 2013.

The board proposes that the price of purchase of the shares be identified from time to time, with reference to the means pre-established for effecting the transaction and in respect of legal and regulatory prescriptions or admitted market practices, within a minimum-maximum range determined in accordance with the following criteria:

- the minimum purchase price shall be no more than 20% below the reference price of the shares as registered during the market trading session on the day preceding any individual transaction;
- the maximum purchase price shall be no more than 20% above the reference price of the shares as registered during the market trading session on the day preceding any individual transaction.

In the event in which the transactions for the purchase of treasury shares are realized within the sphere of the admitted practices no. 1 referenced above, the price for the bids to purchase shall be no greater than the higher of (i) the price of the last independent transaction and (ii) the highest current price of the independent bid to purchase on the market in which the purchase bids are input.

The board proposes that the authorization allow for effecting the aforementioned transactions, in one or more tranches, by acquiring shares, in accordance with Article 144-bis Paragraph 1, letter b of the Issuer Regulations, on markets regulated according to the operational means established in the regulations covering the organization and operation of the markets, which do not allow for the direct matching of purchase bids with pre-determined offers for sale. The purchases may occur with means other than those indicated above in accordance with Article 132, Paragraph 3 of Legislative Decree no. 58/1998 or other provisions applicable as of the date of the transaction.

Furthermore, the board of directors, pursuant to and for the effects of Article 2357-ter of the Italian Civil Code, asks the shareholders' meeting to authorize the sale, in one or more tranches, of the shares purchased pursuant to this resolution or the shares already in the Company's portfolio, including prior to having purchased the maximum quantity of shares that can be purchased, and to repurchase the shares to the extent that the treasury shares held by the Company do not exceed the limit established by the authorization, without prejudice to point b) above and the consequent obligations provided by the plans.

The authorization for sale is requested in a similar manner, with validity as from the date of the resolution of the shareholders' meeting up to the date of the shareholders' meeting that will approve the financial statements as of December 31, 2013.

With the exception of the plans covering the distribution, against or without payment, of options on shares or shares, which will occur at prices determined by the plans, the price for any other sale of treasury shares, which is to be set by the board of directors with the authority to delegate the power therefor to one or more directors, may be no more than 10% below the reference price of the shares as registered during the market trading session on the day preceding any individual transaction.

In the event in which the transactions for the sale of treasury shares are realized within the sphere of the admitted practices no. 1 referenced above, the price for the offers for sale shall be no lower than the lower of the price of the last independent transaction and the lowest current price of the independent offer to sell on the market in which the offers for sale are input, and the foregoing shall apply without prejudice to the other limits provided by CONSOB Resolution no. 16839/2009.

Should the treasury shares be the subject of an exchange, swap, grant or any other act of assignment without cash payment, the economic terms of the transaction shall be determined on the basis of the nature and characteristics of the transaction, including by taking into account the market performance of the EI Towers S.p.A. shares.

The exchange, swap, grant or any other act of assignment without cash payment of the shares may occur in the manner deemed most appropriate in the interest of the Company, and in any event, in respect of applicable laws and regulations and admitted market practices. The options on shares or the shares to be assigned as part of distribution plans will be assigned with the means and in the terms indicated by the plan regulations.

The purchase of treasury shares that is the subject of this authorization request is not instrumental to the reduction of the share capital.

5. Proposals of amendment of Shareholders' Meeting regulation; related and subsequent resolutions

Dear shareholders,

considering the new company EI Towers S.p.A., born in 2012 from the merger by incorporation with DMT S.p.A., and the evolution of the law in the last years for what concerns shareholders' meetings of listed companies, we submit to your approval the proposals of amendment of the company's Shareholders' meeting regulations (finally approved in 2004), highlighted in the document enclosed (attachment "A"). The purpose is also to facilitate the regular conducting of the shareholders' meetings and the participation of all the persons entitled in the decisions taken.

Following the amendments proposed, we submit to your approval the adoption of the new Shareholders' meeting regulations of EI Towers S.p.A..

6. **Proposal of amendment of the following articles of bylaws: 10 (Right to participate in shareholders' meetings), 11 (Means for conducting shareholders' meetings), 13 (Company's board of directors), 15 (Duties of the Company's board of directors – Quorum for passage of resolutions), 17 (Board of Statutory Auditors), 21 (Company financial statements), 22 (Distribution of annual profits), 24 (Domicile of the shareholders), 26 (Final provision); introduction of new Article 17) (Transactions with related parties), with the consequent renumbering of the entire text of the by-laws and consequential renumbering of the entire text of bylaws; related and subsequent resolutions.**

Dear shareholders,

as you know, the Legislative Decree n. 27 of January 27, 2010 introduced relevant changes in the rules for the shareholders' rights of listed companies. On this subject, during 2012, the Legislative Decree n. 91 of June 18, 2012 was issued to amend and integrate the Legislative Decree n. 27. The purpose, on the basis of the past experience, was to deal with some aspects of the functioning of the meeting in order to encourage the shareholders to participate in the company's life and exercise their right to vote.

Always in 2012 the Law n. 120 of July 12, 2011, relating the "gender balance in the composition of administrative and control bodies", came into force and amended the Unified Finance Law (articles 147-ter, par. 1 ter, and 148, par. 1 bis). The listed issuers were required to introduce bylaws provisions to ensure gender balance in the appointment of directors or statutory auditors. To this end, the Consob Regulation, that is the new art. 144-undecies.1 of the Issuer Regulations, established in details which aspects the bylaws should regulate, in particular: the methods by which lists are formed and any additional criteria applicable to the identification of the individual members of the boards, the methods by which members of the bodies who have left their offices during the course of a term of office are replaced, considering the gender balance.

The Board of Directors, in the examination of the bylaws provisions in force, as well as taking into account, if necessary, the aforesaid new regulations, according to which some amendments to articles 13 (Board of Directors) and 17 (Board of Statutory Auditors) shall be submitted to your approval, in addition to the final provisions (article 26), decided to submit to the examination of the meeting some further optional adjustments to the same articles and others articles (articles 10 e 11 which regulate shareholders' meeting, articles 21 e 22 about Financial Statements and annual profits and article 24 about shareholders' domicile). These adjustments will generally lead to a simplification or to a better formulation or integration of these provisions, in compliance with the law and regulations in force.

Following the adoption of the new "Procedure for Related Party Transactions", approved on October 31, 2012, the Board of Directors resolved to submit to the Shareholders' meeting the bylaws amendments resulting from the choices made by the Company, and mentioned in the Procedure, for urgent transactions and transactions of greater importance with related parties in case of contrary opinion or remarks by the independent directors. For this reason we propose to introduce the new article 17 "Related party transactions" in the bylaws.

Considering the above-mentioned, we submit to your approval the bylaws amendments, summarized in the report enclosed (attachment "B"), which compares the current bylaws text, the amendments proposed and the relative motivations.

Following the changes proposed, we submit to your approval the adoption of the new text of bylaws, amended and accordingly renumbered.

Finally, we draw your attention to the fact that the amendments to the bylaws proposed are not among those which, pursuant to the law in force, give the right to withdraw to the members who do not participate in the resolutions.

FOR THE BOARD OF DIRECTORS

The Chairman

Alberto Giussani

CURRENT TEXT	PROPOSED TEXT
SPHERE OF APPLICATION	**SPHERE OF APPLICATION**
Article 1) These rules govern the running of the meetings of the shareholders of **DIGITAL MULTIMEDIA TECHNOLOGIES S.p.A.** These rules, approved with resolution passed by the ordinary meeting of the shareholders of the Company, are available to the shareholders at the registered and secondary offices of the Company, as well as at the premises where the shareholders' meetings take place.	**Article 1)** These rules govern the running of the meetings of the shareholders of **~~DIGITAL MULTIMEDIA TECHNOLOGIES~~ EI TOWERS S.p.A.** These rules, approved with resolution passed by the ordinary meeting of the shareholders of the Company, are available to the shareholders at the registered ~~and secondary~~ office~~s~~ and on the website of the Company, as well as at the premises where the shareholders' meetings take place.
PARTICIPATION IN SHAREHOLDERS' MEETING	**PARTICIPATION IN SHAREHOLDERS' MEETING**
Article 2) Participation in the meetings of the shareholders is governed by provisions of laws, regulations and the corporate by-laws as in effect from time to time. Participation in the meetings of the shareholders by the representatives of the independent audit firm does not necessitate any formality. Experts, financial analysts, and journalists specialized in business and financial matters may attend the shareholders'meeting upon invitation or with the consent of the meeting chairman, and for such purpose, shall have their acceptance sent to the appointed offices along with the invitation received or the request for participation at least two days prior to the meeting. Employees, associates or advisors of the Company and the Group companies as well as non-shareholder election officials may also attend at shareholders' meetings if deemed useful by the chairman of the meeting in relation to the matters to be discussed or for carrying out tasks.	**Article 2)** Participation in the meetings of ~~the shareholders~~ entitled persons is governed by provisions of laws, regulations and the corporate by-laws as in effect from time to time. Participation in the meetings of the shareholders by the representatives of the independent audit firm does not necessitate any formality. Experts, financial analysts, and journalists specialized in business and financial matters may attend the shareholders'meeting upon invitation or with the consent of the meeting chairman, and for such purpose, shall have their acceptance sent to the appointed offices along with the invitation received or the request for participation at least two days prior to the meeting. Employees, associates or advisors of the Company and the Group companies as well as non-shareholder election officials may ~~also attend~~ participate in the shareholders' meetings if deemed useful by the chairman of the meeting in relation to the matters to be discussed or for carrying out tasks.

VERIFYING ELIGIBILITY TO PARTICIPATE IN THE SHAREHOLDERS' MEETING **Articolo 3)** Unless otherwise established by the meeting notice, the personal identification and the verification of the eligibility to participate in the shareholders' meeting that are handled by the support personnel will take place one hour prior to the time set for the start of the shareholders' meeting at the place where the meeting is to be held. In order to facilitate the checking of the representative powers vested with them, the persons participating in the shareholders' meeting as the legal or voluntary representative of the shareholders, or in any event, of the persons entitled to participate, are requested to have the documentation proving such powers sent to the appointed offices at least two days prior to the meeting. The documentation referenced in the preceding points shall be held on file with the Company registers.	**VERIFYING ELIGIBILITY TO PARTICIPATE IN THE SHAREHOLDERS' MEETING** **Articolo 3)** Unless otherwise established by the meeting notice, the personal identification and the verification of the eligibility to participate in the shareholders' meeting that are handled by the support personnel will take place at least one hour prior to the time set for the start of the shareholders' meeting at the place where the meeting is to be held. In order to facilitate the checking of the representative powers vested with them, the persons participating in the shareholders' meeting as ~~the legal or voluntary~~ representative ~~of the shareholders, or in any event,~~ of the persons entitled to participate, are requested to have the documentation proving such powers sent to the appointed offices ~~at least two days prior to the meeting.~~ in the manner and within the term established by the law, the by-laws and the meeting notice. The Chairman, also when prompted by the personnel so charged, resolves any challenges regarding the right to participate. The documentation referenced in the preceding points shall be ~~held on~~ filed with the Company registers.
ACCESS TO PREMISES WHERE THE SHAREHOLDERS' MEETING IS HELD **Article 4)** The access to the premises where shareholders' meeting is held is allowed subject to personal identification and verification of the eligibility to participate. The shareholders or their representatives who leave the premises where the shareholders' meeting is held for any reason are required to provide notice thereof to the support personnel. Unless otherwise decided by the chairman of the shareholders' meeting, and without prejudice to the provisions of Article 5, recording instruments of any kind, photographic equipment, cameras and similar devices may not be used in the space where the shareholders' meeting is held; similarly, the use of telephonic devices and mobile telephones is prohibited.	**ACCESS TO PREMISES WHERE THE SHAREHOLDERS' MEETING IS HELD** **Article 4)** The access to the premises where shareholders' meeting is held is allowed subject to personal identification and verification of the eligibility to participate according to the provisions of article 3 above. The ~~shareholders~~ person entitled to participate or their representatives who leave the premises where the shareholders' meeting is held for any reason are required to provide notice thereof to the ~~support~~ personnel so charged. Unless otherwise decided by the chairman of the shareholders' meeting, and without prejudice to the provisions of Article 5, recording instruments of any kind, photographic equipment, cameras and similar devices may not be used in the space where the shareholders' meeting is held; similarly, the use of telephonic devices and mobile telephones is prohibited.
CONSTITUTION OF THE SHAREHOLDERS' MEETING AND CONDUCTING BUSINESS **Article 5)** The chair of the shareholders' meeting is to be filled by the person indicated in the Company's by-laws. The chair of the special shareholders' meeting is filled by the common representative, if appointed; in the event of the representative's absence or	**CONSTITUTION OF THE SHAREHOLDERS' MEETING AND CONDUCTING BUSINESS** **Article 5)** The chair of the shareholders' meeting is to be filled by the person indicated in the Company's by-laws. ~~The chair of the special shareholders' meeting is filled by the common representative, if appointed; in the event of the representative's absence or~~

inability to attend, the meeting chairman is to be appointed by the special shareholders' meeting.	~~inability to attend, the meeting chairman is to be appointed by the special shareholders' meeting.~~
The chairman of the shareholders' meeting directs and organizes the business of the shareholders' meeting. The shareholders,present in person or by proxy, have the option of submitting proposals about the means for carrying out the meeting business; the meeting chairman shall evaluate the compatibility of the same with the proper and orderly running of the meeting.	The chairman of the shareholders' meeting directs and organizes the business of the shareholders' meeting. The shareholders,present in person or by proxy, have the option of submitting proposals about the means for carrying out the meeting business; the meeting chairman shall evaluate the compatibility of the same with the proper and orderly running of the meeting.
The chairman of the shareholders' meeting is assisted in the preparation of the minutes, if not by a notary in the cases set by law and when the chairman deems it appropriate, by a secretary, including a non-shareholder, appointed by the shareholders' meeting. The secretary or the notary may have persons whom they trust assist them, and may make use of audio/video recording and/or registration devices or services for either transmission/projection at the premises where the shareholders' meeting is held, or supplying support for the preparation of the minutes and the preparation of responses.	The chairman of the shareholders' meeting is assisted in the preparation of the minutes, if not by a notary in the cases set by law and when the chairman deems it appropriate, by a secretary, including a non-shareholder, ~~appointed by the shareholders' meeting~~. The secretary or the notary may have persons whom they trust assist them, and may make use of audio/video recording and/or registration devices or services for either transmission/projection at the premises where the shareholders' meeting is held, or supplying support for the preparation of the minutes and the preparation of responses.
The chairman of the shareholders' meeting may appoint one or more election officials, including non-shareholders, and may set up a special office of the chair with the task of cooperating with him in the checks in relation to the eligibility to participate and vote, as well as for specific meeting procedures.	The chairman of the shareholders' meeting may appoint one or more election officials, including non-shareholders, and may set up a special office of the chair with the task of cooperating with him in the checks in relation to the eligibility to participate and vote, as well as for specific meeting procedures.
The chairman of the shareholders' meeting may order a security service, making use of support personnel and/or dedicated personnel, equipped with specific identification badges.	The chairman of the shareholders' meeting may order a security service, making use of support personnel and/or dedicated personnel, equipped with specific identification badges.
The chairman of the shareholders' meeting is also responsible, including through election officials and the office of the chair, for ascertaining the right to participate in the meeting, the validity of the individual proxies, the validity of the quorum for the meeting, and the running of the meeting.	The chairman of the shareholders' meeting is also responsible, including through election officials and the office of the chair, for ascertaining the right to participate in the meeting, the validity of the individual proxies, the validity of the quorum for the meeting, and the running of the meeting.
Should the number of attendees needed for the establishment of a quorum not be reached, the chairman of the shareholders' meeting, following the lapse of a time interval after the time set for the start of the shareholders' meeting (a time interval deemed appropriate in view of the circumstances), shall inform the attendees thereof and defer the discussion of the matters on the meeting agenda to the next meeting convened thereafter.	Should the number of attendees needed for the establishment of a quorum not be reached, the chairman of the shareholders' meeting, following the lapse of a time interval after the time set for the start of the shareholders' meeting (a time interval deemed appropriate in view of the circumstances), shall inform the attendees thereof and defer the discussion of the matters on the meeting agenda to the next meeting convened thereafter.
Having ascertained that the shareholders' meeting is validly constituted, the chairman declares the meeting open for business.	Having ascertained that the shareholders' meeting is validly constituted, the chairman declares the meeting open for business.

SUSPENSION AND POSTPONEMENT OF THE SHAREHOLDERS' MEETING	**SUSPENSION AND POSTPONEMENT OF THE SHAREHOLDERS' MEETING**
Article 6)	**Article 6)**
The business of the shareholders' meetings is normally carried out in a single session. The chairman of the shareholders' meeting, should it deem it appropriate and should shareholders not be opposed, may temporarily adjourn the business for periods of time of no more than two hours.	The business of the shareholders' meetings is normally carried out in a single session. The chairman of the shareholders' meeting, should it deem it appropriate and should shareholders not be opposed, may temporarily adjourn the business for periods of time of no more than two hours.
MEETING AGENDA	**MEETING AGENDA**
Article 7)	**Article 7)**
The chairman of the shareholders' meeting illustrates the matters on meeting agenda and may request the directors, the statutory auditors and employees of the Company and of the Group companies to contribute.	The chairman of the shareholders' meeting illustrates the matters on meeting agenda and ~~may request~~ may be assisted in this by the directors, the statutory auditors and employees of the Company and of the Group companies to contribute.
Provided that the shareholders are not opposed, the order of the matters reported in the meeting notice may be changed, and different matters on the meeting agenda may be discussed at the same time.	Provided that the shareholders are not opposed, the order of the matters reported in the meeting notice may be changed, and different matters on the meeting agenda may be discussed at the same time.
The omission of the reading of the documentation, filed in accordance with the law and available to the interested parties in relation to the individual meeting, is to be resolved by the shareholders.	The omission of the reading of the shareholders’ meeting documentation, filed in accordance with the law and available to the interested parties in relation to the individual meeting, is to be resolved by the shareholders.
The information supplied to the shareholders' meeting by the corporate governance bodies may also be published on the Internet site of the Company or of the Group companies.	~~The information supplied to the shareholders' meeting by the corporate governance bodies may also be published on the Internet site of the Company or of the Group companies.~~

DISCUSSION	DISCUSSION
Article 8)	**Article 8)**
The chairman of the shareholders' meeting is responsible for directing the business, ensuring the decorum of the discussion and the right to speak, and preventing any disruption to the regular running of the meeting. For this purpose, the maximum time for each person to speak about a single point on the meeting agenda may not exceed five minutes, with the possible replies normally not exceeding three minutes.	The chairman of the shareholders' meeting is responsible for directing the business, ensuring the decorum of the discussion and the right to speak, and preventing any disruption to the regular running of the meeting. For this purpose, the maximum time for each person to speak about a single point on the meeting agenda may not exceed five minutes, with the possible replies normally not exceeding three minutes. In order to encourage the broadest possible participation of the shareholders in the discussion and ensure mutual respect of the rights of all the shareholders participating and the interest of the Company, ~~T~~the chairman of the shareholders' meeting may request any speakers who go over the limit indicated to give their concluding remarks, or in any case he may prevent obvious excesses, including ~~retaking the floor~~ by interrupting the shareholder who refuses to act on such invitation. Comments not pertinent to the matters on the meeting agenda are not admitted.
The chairman of the shareholders' meeting may request any speakers who go over the limit indicated to give their concluding remarks, or he may prevent obvious excesses, including by retaking the floor. Comments not pertinent to the matters on the meeting agenda are not admitted.	
The request to speak about the individual matters on the meeting agenda may be presented to the office of the chair as from the time of the shareholders' meeting is opened for business and until the meeting chairman shall have declared the discussion of each matter on the meeting agenda closed. As a rule, in granting the floor, the chairman of the shareholders' meeting follows the order of presentation of requests to speak. A single shareholder may speak only once about any matter on the meeting agenda.	Without prejudice to the provisions of the law and as indicated in the meeting notice in relation to the right to raise questions before the shareholders' meeting by all those with voting rights, ~~T~~the request to speak about the individual matters on the meeting agenda may be presented to the office of the chair as from the time of the shareholders' meeting is opened for business and until the meeting chairman shall have declared the discussion of each matter on the meeting agenda closed. As a rule, in granting the floor, the chairman of the shareholders' meeting follows the order of presentation of requests to speak. A single shareholder may speak only once about any matter on the meeting agenda.
The chairman of the shareholders' meeting or, upon the chairman's request, the directors, statutory auditors, Director General of the Company and of the DMT Group companies, will respond, as a rule, at the end of all comments on a given matter on the meeting agenda. A single response may be supplied to two or more comments having the same content.	The chairman of the shareholders' meeting or, upon the chairman's request, the directors, statutory auditors, ~~Director General~~ and the employees of the Company and of the ~~DMT~~ Group companies, will respond, as a rule, at the end of all comments on a given matter on the meeting agenda. A single response may be supplied to two or more comments having the same content.
The members of the board of directors, the statutory auditors, and the Director General of the Company may request to contribute to the discussion.	The members of the board of directors and the statutory auditors~~, and the Director General~~ of the Company may request to contribute to the discussion.
In order to prepare responses to the comments made, the chairman of the shareholders' meeting may temporarily adjourn the business for a period of no more than two hours.	In order to prepare responses to the comments made, the chairman of the shareholders' meeting, if he deems it appropriate, may temporarily adjourn the business for a period of no more than two hours.
Once all of the comments on each matter on the meeting agenda have been made, the chairman of the shareholders' meeting shall declare discussion about that matter closed. After the discussion is closed, only brief motions for voting about the matter are allowed.	Once all of the comments, replies and any rebuttals on each matter on the meeting agenda have been made, the chairman of the shareholders' meeting shall declare discussion about that matter closed. After the discussion is closed, only brief motions for voting about the matter are allowed.

VOTING	VOTING
Article 9)	**Article 9)**
Depending on the circumstances, the chairman of the shareholders' meeting may order that the voting on each matter on the meeting agenda will take place after the close of discussion of each matter or of two or more matters, or at the end of the discussion of all matters on the meeting agenda.	Depending on the circumstances, the chairman of the shareholders' meeting may order that the voting on each matter on the meeting agenda will take place after the close of discussion of each matter or of two or more matters, or at the end of the discussion of all matters on the meeting agenda.
The voting of the shareholders' meeting is done by a show of hands.	The voting of the shareholders' meeting is done by a show of hands.
The quorum for passage of a resolution is ascertained by the number of persons present at the opening of the voting on any matter on the meeting agenda.	The quorum for passage of a resolution is ascertained by the number of persons present at the opening of the voting on any matter on the meeting agenda.
The chairman of the shareholders' meeting governs the voting and establishes the means and procedures therefor; if he deems it opportune, he may also set a maximum term within which the vote is to be cast. At the end of the voting, the election officials, if appointed, count the votes and communicate the results to the chairman of the shareholders' meeting. Once the votes are counted, the chairman of the shareholders' meeting, including by making use of the secretary or of the notary, shall announce the results of the voting.	The chairman of the shareholders' meeting governs the voting and establishes the means and procedures, ~~therefor;~~which he communicates to the shareholders' meeting; if he deems it opportune, he may also set a maximum term within which the vote is to be cast. At the end of the voting, the election officials, if appointed, count the votes and communicate the results to the chairman of the shareholders' meeting. Once the votes are counted, the chairman of the shareholders' meeting, including by making use of the secretary or of the notary, shall announce the results of the voting.
Once all of the matters on the meeting agenda have been discussed, the chairman of the shareholders' meeting shall adjourn the meeting.	Once all of the matters on the meeting agenda have been discussed, the chairman of the shareholders' meeting shall adjourn the meeting.
MINUTES OF THE SHAREHOLDERS' MEETING AND EXHIBITS THERETO	**MINUTES OF THE SHAREHOLDERS' MEETING AND EXHIBITS THERETO**
Article 10)	**Article 10)**
The minutes of the shareholders' meeting shall be drawn up in conformity with Article 2375 of the Italian Civil Code.	The minutes of the shareholders' meeting shall be drawn up in conformity with Article 2375 of the Italian Civil Code and in general with the provision of the law or regulations as they at the time .
The chairman of the shareholders' meeting shall deliver to the notary or to the secretary the documents that may be necessary or opportune for attaching as exhibits to the minutes.	The chairman of the shareholders' meeting shall deliver to the notary or to the secretary the documents that may be necessary or opportune for attaching as exhibits to the minutes.
FINAL PROVISIONS	**FINAL PROVISIONS**
Article 11)	**Article 11)**
For any matter not contemplated by these rules, the applicable provisions of laws, regulations and the by-laws shall be applied.	For any matter not contemplated by these rules, the ~~applicable~~ provisions of laws, regulations and the by-laws shall be applied as they stand at the time.

EI Towers S.p.A.

Proposed amendments to the bylaws

Glossary

- Civil Code
- Legislative Decree no. 58 / 98 as amended (TUF – Consolidated Finance Act))
- Regulations for the implementation of Legislative Decree no. 58/98 on the subject of Issuers (resolution no. 11971/99 as amended) (RE)
- Regulations for the implementation of Legislative Decree no. 58/98 on the subject of Markets (resolution no. 16191/07 as amended) (RM)
- Consob resolution no. 17221 / 2010 on the subject of Transaction with related parties (RPC)
- Legislative Decree no. 39, 27 January 2010 on the subject of Auditing of the accounts

BYLAWS

CURRENT TEXT	PROPOSED TEXT	MOTIVATION
COMPANY NAME **Article 1)** A stock company is incorporated under the name of: "EI Towers S.p.A." or, in abbreviated form, "EIT S.p.A."	**COMPANY NAME** **Article 1)** A stock company is incorporated under the name of: "EI Towers S.p.A." or, in abbreviated form, "EIT S.p.A."	
REGISTERED OFFICE **Article 2)** The Company has its registered office in Lissone [Italy]. The Company may set up and close down secondary offices, branches, sub-offices, offices, agencies and representative offices, as well as technical and service offices, either in Italy or abroad.	**REGISTERED OFFICE** **Article 2)** The Company has its registered office in Lissone [Italy]. The Company may set up and close down secondary offices, branches, sub-offices, offices, agencies and representative offices, as well as technical and service offices, either in Italy or abroad.	
COMPANY TERM **Article 3)** The Company has an established term until December 31, 2050 and the term may be extended in accordance with the means provided by the law.	**COMPANY TERM** **Article 3)** The Company has an established term until December 31, 2050 and the term may be extended in accordance with the means provided by the law.	
COMPANY PURPOSE **Article 4)** The Company's purpose is to exercise, directly and through companies and/or entities in which investments are held, the activities of: **1.** design, construction and/or management of networks and infrastructures for telecommunications; the supply of services and turnkey systems for television broadcasting, telecommunications, the multimedia sector, information and communications technology (ICT) and automation; the activity of services and consultation in the telecommunications and multimedia sectors; **2.** design, construction, marketing and reconditioning of devices for telecommunications, the multimedia sector, ICT and automation. The Company may also carry out in its own name	**COMPANY PURPOSE** **Article 4)** The Company's purpose is to exercise, directly and through companies and/or entities in which investments are held, the activities of: **1.** design, construction and/or management of networks and infrastructures for telecommunications; the supply of services and turnkey systems for television broadcasting, telecommunications, the multimedia sector, information and communications technology (ICT) and automation; the activity of services and consultation in the telecommunications and multimedia sectors; **2.** design, construction, marketing and reconditioning of devices for telecommunications, the multimedia sector, ICT and automation. The Company may also carry out in its own name	

and/or for its own account or upon mandate from third parties, the activity of buying raw materials, semi-finished goods and products needed for carrying out the activity referenced in the preceding paragraph. All of the foregoing shall be carried out in full compliance with prevailing laws and regulations, and therefore, with the exclusion of any activity reserved to a specific profession. For the achievement of, and as part of, its corporate purpose, the Company may: - take on, prevalently and not with respect to the public, shareholdings and interests in companies and firms of any type and form; - arrange for the financing of the companies and entities in which investments are held, and the technical, commercial, financial and administrative coordination of their activities; - carry out, prevalently and not with respect to the public, in its own interest and in the interest of the companies and entities in which investments are held, any personal-property, real-property, financial, or commercial transaction, including the assumption of mortgages and financing and the provision, including in favor of third parties, of endorsements, unsecured guarantees and other guarantees, including secured guarantees.	and/or for its own account or upon mandate from third parties, the activity of buying raw materials, semi-finished goods and products needed for carrying out the activity referenced in the preceding paragraph. All of the foregoing shall be carried out in full compliance with prevailing laws and regulations, and therefore, with the exclusion of any activity reserved to a specific profession. For the achievement of, and as part of, its corporate purpose, the Company may: - take on, prevalently and not with respect to the public, shareholdings and interests in companies and firms of any type and form; - arrange for the financing of the companies and entities in which investments are held, and the technical, commercial, financial and administrative coordination of their activities; - carry out, prevalently and not with respect to the public, in its own interest and in the interest of the companies and entities in which investments are held, any personal-property, real-property, financial, or commercial transaction, including the assumption of mortgages and financing and the provision, including in favor of third parties, of endorsements, unsecured guarantees and other guarantees, including secured guarantees.	
SHARE CAPITAL – SHAREHOLDER FINANCING **Article 5)** A) The share capital is set at 2,826,237.70 (two million eight hundred twenty-six thousand two hundred thirty-seven and seventy one-hundredths) subdivided into 28,262,377 (twenty-eight million two hundred sixty-two thousand three hundred seventy-seven) common shares with face value of Euro 0.10 (ten cents) each. B) In the even of a paid share capital increase, the option right may be excluded with shareholder resolution or, in the event in which in it has been delegated to the board of directors, by the board of directors, within the limits and with the means provided by Article 2441, Paragraph 4, second period of the Italian Civil Code. C) The shares are registered and indivisible, and each	**SHARE CAPITAL – SHAREHOLDER FINANCING** **Article 5)** A) The share capital is set at 2,826,237.70 (two million eight hundred twenty-six thousand two hundred thirty-seven and seventy one-hundredths) subdivided into 28,262,377 (twenty-eight million two hundred sixty-two thousand three hundred seventy-seven) common shares with face value of Euro 0.10 (ten cents) each. B) In the even of a paid share capital increase, the option right may be excluded with shareholder resolution or, in the event in which in it has been delegated to the board of directors, by the board of directors, within the limits and with the means provided by Article 2441, Paragraph 4, second period of the Italian Civil Code. C) The shares are registered and indivisible, and each	

share gives the right to one vote. D) The Company will have the option of issuing shares of different categories (including, without limitation, shares correlated, preferred shares, savings shares, etc.) as well as bonds, including convertible or cum warrant bonds, warrants in accordance with the law and legal means. E) The payments related to the freeing of the shares shall be requested by the administrative body in accordance with the terms and means that the body may deem appropriate, in compliance with prevailing laws and regulations. F) The extraordinary shareholders' meeting may resolve the assignment of earnings to employees of the Company or of subsidiary companies, through the issuance of special categories of shares within the limits and with the means provided by Article 2349 of the Italian Civil Code.	share gives the right to one vote. D) The Company will have the option of issuing shares of different categories (including, without limitation, shares correlated, preferred shares, savings shares, etc.) as well as bonds, including convertible or cum warrant bonds, warrants in accordance with the law and legal means. E) The payments related to the freeing of the shares shall be requested by the administrative body in accordance with the terms and means that the body may deem appropriate, in compliance with prevailing laws and regulations. F) The extraordinary shareholders' meeting may resolve the assignment of earnings to employees of the Company or of subsidiary companies, through the issuance of special categories of shares within the limits and with the means provided by Article 2349 of the Italian Civil Code.	
TRANSFER OF SHARES **Article 6)** The shares are freely transferable through agreement among living persons and through succession due to death, in conformity with prevailing laws and regulations.	**TRANSFER OF SHARES** **Article 6)** The shares are freely transferable through agreement among living persons and through succession due to death, in conformity with prevailing laws and regulations.	
BONDS **Article 7)** The Company may issue bonds, including convertible bonds, whether in registered or bearer form, including backed by mortgages.	**BONDS** **Article 7)** The Company may issue bonds, including convertible bonds, whether in registered or bearer form, including backed by mortgages.	
SHAREHOLDER'S MEETINGS- GENERAL PROVISION **Article 8)** A) The shareholders' meetings represent the universality of the shareholders and their resolutions, passed in conformity with the law and these by-laws, are binding for all shareholders, even those not voting or those opposed. B) Any challenge against the shareholder resolutions must be undertaken in accordance with the terms and means specified by the law.	**SHAREHOLDER'S MEETINGS- GENERAL PROVISION** **Article 8)** A) The shareholders' meetings represent the universality of the shareholders and their resolutions, passed in conformity with the law and these by-laws, are binding for all shareholders, even those not voting or those opposed. B) Any challenge against the shareholder resolutions must be undertaken in accordance with the terms and means specified by the law	

MEANS FOR CONVENING SHAREHOLDERS' MEETINGS **Article 9)** A) Without prejudice to the convocation powers provided by specific provisions of the law, the shareholders' meetings are convened by the administrative body, either at the registered office or at another location provided it is in the European Union, any time it is deemed appropriate and in the instances provided by the law. B) Both the ordinary and extraordinary shareholders' meetings are convened through notice to be published within terms of the law on the Company's Internet site, as well as with the other means provided by applicable laws and regulations. C) All information and facts provided by law are to be indicated in the notice. D) The meeting notice may indicate a sole session convened or it may provide for convening a first and a second session, and in the case of the extraordinary shareholders' meeting, the convening of a third session. E) Should the prevailing laws and regulations provide for publication in a daily newspaper, the meeting notice shall be published in one of the following daily newspapers: "Corriere della Sera" or "Il Sole 24 Ore" or "Milano Finanza" of the Official Gazette of the Italian Republic. F) In the event of the preparation of consolidated financial statements or when so required by particular needs	**MEANS FOR CONVENING SHAREHOLDERS' MEETINGS** **Article 9)** A) Without prejudice to the convocation powers provided by specific provisions of the law, the shareholders' meetings are convened by the administrative body, either at the registered office or at another location provided it is in the European Union, any time it is deemed appropriate and in the instances provided by the law. B) Both the ordinary and extraordinary shareholders' meetings are convened through notice to be published within terms of the law on the Company's Internet site, as well as with the other means provided by applicable laws and regulations. C) All information and facts provided by law are to be indicated in the notice. D) The meeting notice may indicate a sole session convened or it may provide for convening a first and a second session, and in the case of the extraordinary shareholders' meeting, the convening of a third session. E) Should the prevailing laws and regulations provide for publication in a daily newspaper, the meeting notice shall be published in one of the following daily newspapers: "Corriere della Sera" or "Il Sole 24 Ore" or "Milano Finanza" of the Official Gazette of the Italian Republic. F) In the event of the preparation of consolidated financial statements or when so required by particular needs	
F) In the event of the preparation of consolidated financial statements or when so required by particular needs in relation to the corporate structure or purpose, the ordinary shareholders' meeting for the approval of the financial statements may be convened even beyond 120 days from the close of the fiscal year, but in any event, no later than 180 days from the close of the fiscal year, without prejudice to the provisions of Article 21 hereunder.	F) In the event of the preparation of consolidated financial statements or when so required by particular needs in relation to the corporate structure or purpose, the ordinary shareholders' meeting for the approval of the financial statements may be convened even beyond 120 days from the close of the fiscal year, but in any event, no later than 180 days from the close of the fiscal year, without prejudice to the provisions of Article 22 hereunder.	*Merely for alignment with article 22 of these Bylaws (Company Financial Statements, as renumbered.*

RIGHT TO PARTICIPATE IN SHAREHOLDERS'S MEETINGS **Article 10)** A) Participation in the shareholders' meeting is governed by prevailing laws and regulations and by these by-laws. Persons who may participate in the meeting are those to whom the voting right accrues and for whom the intermediaries have effected the notices in accordance with the terms and means provided by the law and by applicable regulations. B) Anyone to whom the rights of voting and participating in the shareholders' meeting accrue may elect to be represented by another person, including a person who is not a shareholder, according to the means provided by applicable law. The electronic notification of the proxy may be effected through the use of the special section of the corporate Internet site, according to the means indicated in the meeting notice, or subordinately, through certified electronic mail, at the electronic mail address indicated in the meeting notice. C) The Company does not designate the person to whom the shareholder proxies are to be conferred, as referenced in Article 135-undecies of Legislative Decree no. 58 of 24 February 1998.	**RIGHT TO PARTICIPATE IN SHAREHOLDERS'S MEETINGS** **Article 10)** A) Participation in the shareholders' meeting is governed by prevailing laws and regulations and by these by-laws. Persons who may participate in the meeting are those to whom the voting right accrues and for whom the intermediaries have effected the notices in accordance with the terms and means provided by the law and by applicable regulations. B) ~~Anyone to whom the rights of voting and participating in the shareholders' meeting accrue~~ Persons with voting rights may elect to be represented at the shareholders' meeting according to the means provided by applicable law. ~~The electronic notification of the proxy may be effected through the use of the special section of the corporate Internet site, according to the means indicated in the meeting notice, or subordinately, through certified electronic mail, at the electronic mail address indicated in the meeting notice.~~Proxies may be notified to the Company according to the means indicated in the meeting notice, also by email message sent to the address indicated in such notice prior to the start of the proceedings of the shareholder's meeting. C) The Company does not designate the person to whom the shareholder proxies are to be conferred, as referenced in Article 135-undecies of Legislative Decree no. 58 of 24 February 1998.	*Improved wording of paragraph B) to facilitate attendance of the Shareholders' Meeting.*

MEANS FOR CONDUCTING SHAREHOLDERS' MEETING **Article 11)** A) The shareholders' meetings are chaired by the chairman of the board of directors, or, should the chairman be absent or unable to attend, by the vice chairman, if appointed, or, should the vice chairman be absent or unable to attend, by another person elected by the shareholders' meeting by the majority vote of those presents according to the number of votes accruing to each shareholder present. B) The chairman of the shareholders' meeting is assisted by a secretary, who may or may not be a shareholder. Where necessary, the shareholders' meeting may appoint one or more tellers upon the proposal of the chairman. C) The shareholders' meetings are ordinary and extraordinary in accordance with the law. D) The conducting of the shareholders' meetings is governed by the Shareholder Meeting Rules. E) The resolutions of the shareholders' meeting must be recorded in the minutes which are to be drawn up in accordance with the means indicated by the law and to be signed by the chairman and the secretary or the notary.	**MEANS FOR CONDUCTING SHAREHOLDERS' MEETING** **Article 11)** A) The shareholders' meetings are chaired by the chairman of the board of directors, or, should the chairman be absent or unable to attend, by the vice chairman, if appointed, or, should the vice chairman be absent or unable to attend, by another person elected by the shareholders' meeting by the majority vote of those presents according to the number of votes accruing to each shareholder present. B) The chairman of the Shareholders' Meeting is assisted in the preparation of the minutes, unless this is performed by a notary public when required by law or deemed appropriate, by a secretary, who may or may not be a shareholder. Where necessary, the shareholders' meeting may appoint one or more tellers upon the proposal of the chairman. C) The shareholders' meetings are ordinary and extraordinary in accordance with the law. D) The conducting of the Shareholders' Meetings is governed by the Shareholder Meeting Rules approved by the ordinary Shareholders' Meeting. E) The resolutions of the shareholders' meeting must recorded in minutes drawn up in accordance with the means indicated by the law and signed by the Chairman and the Secretary or the Notary. F) The attribution of responsibility to the administrative body for resolving matters reserved by law to the Extraordinary Shareholders' Meeting, pursuant to article 15 of these bylaws, does not affect the responsibility of the Shareholders' Meeting, which retains the power to resolve upon such matters.	*Improved wording of letters B), D), E) and introduction of letter F) in order to clarify that the Shareholders' Meeting also retains responsibility for matters attributed to the administrative body by the bylaws.*

QUORUMS FOR CONSTITUTING THE ORDINARY AND EXTRAORDINARY SHAREHOLDERS' MEETINGS AND FOR THE PASSAGE OF RESOLUTIONS AT THE SAME **Article 12)** A) The validity of the constitution of the shareholders' meetings and of their resolutions is governed by the law. B) In particular, in the event of a sole session, the majorities referenced in Article 2369, Paragraph 1, second period of the Italian Civil Code are applied. C) The application of the exemption, as provided by prevailing laws and regulations, from the obligation to promote a public purchase offer and/or public exchange offer consequent to merger or demerger transactions shall be precluded only if the majority of the shareholders opposing the related shareholder resolution – as determined on the basis of the provisions of applicable law – represents at least 7.5% of the share capital with voting rights.	**QUORUMS FOR CONSTITUTING THE ORDINARY AND EXTRAORDINARY SHAREHOLDERS' MEETINGS AND FOR THE PASSAGE OF RESOLUTIONS AT THE SAME** **Article 12)** A) The validity of the constitution of the shareholders' meetings and of their resolutions is governed by the law. B) In particular, in the event of a sole session, the majorities referenced in Article 2369, Paragraph 1, second period of the Italian Civil Code are applied. C) The application of the exemption, as provided by prevailing laws and regulations, from the obligation to promote a public purchase offer and/or public exchange offer consequent to merger or demerger transactions shall be precluded only if the majority of the shareholders opposing the related shareholder resolution – as determined on the basis of the provisions of applicable law – represents at least 7.5% of the share capital with voting rights.	
COMPANY'S BOARD OF DIRECTORS **Article 13)** A) The Company is administered by a board of directors consisting of a minimum of 5 (five) and a maximum of 21 (twenty-one) members, who may or may not be shareholders, and who remain in office for a period, as determined by the shareholders' meeting, of no more than 3 (three) years and may be re-elected. B) The shareholders' meeting at the time of the appointment of the board of directors, to be done with the means specified in Letter F) of this Article, shall determine the number of the members within the aforementioned limits. The number of directors may be increased with resolution of the shareholders' meeting, in respect of the maximum limit indicated above, including during the board of directors' term in office; the directors so nominated shall serve to the end of the term for the directors' already in office at the time of the new directors' appointment. C) The directors are domiciled for the purposes of their office at the Company's registered office.	**COMPANY'S BOARD OF DIRECTORS** **Article 13)** A) The Company is administered by a board of directors consisting of a minimum of 5 (five) and a maximum of 21 (twenty-one) members, who may or may not be shareholders, and who remain in office for a period, as determined by the shareholders' meeting, of no more than 3 (three) years and may be re-elected. B) The shareholders' meeting at the time of the appointment of the board of directors, to be done with the means specified in Letter F) of this Article, shall determine the number of the members within the aforementioned limits. The number of directors may be increased with resolution of the shareholders' meeting, in respect of the maximum limit indicated above, including during the board of directors' term in office; the directors so nominated shall serve to the end of the term for the directors' already in office at the time of the new directors' appointment. C) The directors are domiciled for the purposes of their office at the Company's registered office.	

D) Should the shareholders' meeting not have arranged to do so, the board of directors shall elect one of its members as the chairman of the board of directors. E) The expenses sustained for purposes of their office shall be reimbursed to directors. The shareholders' meeting may assign annual, fixed compensation to the directors, or compensation in proportion to the net earnings for the year. The shareholders' meeting may also determine an indemnity for the resignation from office and may resolve to set aside provisions to the related pension fund with means established through the decision of the shareholders, including through the execution of an insurance policy. Should total compensation be fixed, the same shall be distributed among the persons entitled, in the proportions that shall be established by the board of directors. The compensation to the chairman of the board of directors, the members of the executive committee or managing directors, if appointed, is established by the board of directors - after having obtained the opinion of the board of statutory auditors - without prejudice to the authority of the shareholders' meeting to determine a total amount of compensation for all directors, including those vested with specific responsibilities. F) The directors are appointed by the shareholders' meeting on the basis of lists (where the candidates will need to be listed with a progressive number) presented by shareholders, who represent, alone or together with other shareholders, at least 2.5% (two point five percent) of the shares with voting rights at the ordinary shareholders' meetings or who represent a lower percentage that may be established by mandatory provisions of laws or regulations. A single candidate may be presented on one list only; otherwise the candidate may not be elected. A single shareholder may present, or contribute to presenting, directly or indirectly, including through a fiduciary company or intermediary, a single list: in the event of violation, the support given by the shareholder to any list shall not be considered.	D) Should the shareholders' meeting not have arranged to do so, the board of directors shall elect one of its members as the chairman of the board of directors. E) The expenses sustained for purposes of their office shall be reimbursed to directors. The shareholders' meeting may assign annual, fixed compensation to the directors, or compensation in proportion to the net earnings for the year. The shareholders' meeting may also determine an indemnity for the resignation from office and may resolve to set aside provisions to the related pension fund with means established through the decision of the shareholders, including through the execution of an insurance policy. Should total compensation be fixed, the same shall be distributed among the persons entitled, in the proportions that shall be established by the board of directors. The compensation to the chairman of the board of directors, the members of the executive committee or managing directors, if appointed, is established by the board of directors - after having obtained the opinion of the board of statutory auditors - without prejudice to the authority of the shareholders' meeting to determine a total amount of compensation for all directors, including those vested with specific responsibilities. F) The directors are appointed by the shareholders' meeting on the basis of lists (where the candidates will need to be listed with a progressive number) presented by shareholders, who represent, alone or together with other shareholders, at least 2.5% (two point five percent) of the shares with voting rights at the ordinary shareholders' meetings or who represent a lower percentage that may be established by mandatory provisions of laws or regulations. A single candidate may be presented on one list only; otherwise the candidate may not be elected. ~~A single shareholder may present, or contribute to presenting, directly or indirectly, including through a fiduciary company or intermediary, a single list: in the event of violation, the support given by the shareholder to any list shall not be considered.~~ A single shareholder may not present, or contribute to	*Improved wording of the paragraph in line with the provisions of article 144-sexies, sub-section 6 RE with regard to the election of the statutory auditors.*

	presenting, or vote for more than one list, even through intermediaries or fiduciary companies. Shareholders belonging to the same group - intended as the parent company, subsidiaries and companies subject to joint control - and shareholders who have signed a shareholders' agreement pursuant to article 122, Legislative Decree no. 58/1998 in relation to the company's shares may not present or contribute to presenting or vote for more than one list, even through intermediaries or fiduciary companies.	
The lists signed by the parties presenting them, accompanied by the curricula vitae regarding the personal and professional characteristics of the candidates, with the possible indication of the suitability to qualify as independent directors, shall be filed at the Company's registered office no later than the twenty-fifth day prior to day scheduled for the first session or sole session of the shareholders' meeting.	The lists signed by the parties presenting them, accompanied by the curricula vitae regarding the personal and professional characteristics of the candidates, with the possible ~~indication~~ certification of the suitability to qualify as independent directors, shall be filed with the Company in the manner provided by the law as it stands, no later than the twenty-fifth day prior to the day scheduled for the first session or sole session of the shareholders' meeting, or within the term established by current legislation in the event of convocations subsequent to the first.	*Improved formulation of the independence of candidates to the office of director and alignment with articles 147-ter, sub-section 1-bis, Consolidated Financial Act (TUF) (lodging of lists also by means of remote communications) and 126, Consolidated Financial Act (TUF) (terms for the presentation of lists in the case of convocations after the first), as amended.*
The ownership of the minimum percentage shareholding required for the presentation of the lists is determined with regard to the shares that are registered in favor of the shareholder on the day in which the lists are filed with the Company. In order to prove the ownership of the number of the shares needed for the presentation of the lists by the shareholders, the related certification shall be produced at the latest by the deadline provided by prevailing laws and regulations for the publication of the lists by the issuer. Without prejudice to the option of producing the certification proving the ownership of the shareholding by the deadline provided in the preceding paragraph, information in relation to the identity of the shareholders who presented the list shall be provided upon the presentation of the list, along with the indication of the percentage of the shareholding held overall.	The ownership of the minimum percentage shareholding required for the presentation of the lists is determined with regard to the shares that are registered in favor of the shareholder on the day in which the lists are filed with the Company. In order to prove the ownership of the number of the shares needed for the presentation of the lists by the shareholders, the related certification shall be produced at the latest by the deadline provided by prevailing laws and regulations for the publication of the lists by the issuer. Without prejudice to the option of producing the certification proving the ownership of the shareholding by the deadline provided in the preceding paragraph, information in relation to the identity of the shareholders who presented the list shall be provided upon the presentation of the list, along with the indication of the percentage of the shareholding held overall. Shareholders other than those with a controlling or relative majority stake, also on a joint basis, must also	*Alignment with article 144-sexies, sub-section 4 RE let-*

Statements with which the individual candidates accept their candidature and certify, under their own responsibility, the non-existence of causes for ineligibility and incompatibility, as well as the existence of any requisites that might be set for their respective offices, and any other document provided by applicable laws and regulations shall be filed with each list, by the deadline indicated for the deposit of the list.	present a statement certifiying the absence of relationships of association with the latter pursuant to the law Statements with which the individual candidates accept their candidature and certify, under their own responsibility, the non-existence of causes for ineligibility and incompatibility provided by the law, as well as the existence of any possible requisites that might be set ~~for their respective offices, and any other document provided by applicable~~ by legal and regulatory provisions for the members of the Board of Directors, shall be filed with each list, by the deadline indicated for the deposit of the list.	*ter b) (statement of no relationships of association).* *Improved formulation of the paragraph, also fo alignment with article 144-novies, sub-section 1, letter b) RE (on the subject of independence requirements).*
	Each list in which more than three candidates appear shall include candidates of different genders as indicated in the notice of convocation of the shareholders' meeting, for the purposes of compliance with legal provisions on the subject of gender balance.	*Introduction of this paragraph for alignment with article 144-undecies.1, sub-section 2, RE (on the subject of gender balance).*
Any list presented for which the provisions of this Article have not been respected shall be considered as not presented. The lists shall be made public through the filing at the registered office and with the other means provided by prevailing laws and regulations, within the terms provided by the same.	Any list presented for which the provisions of this Article have not been respected shall be considered as not presented. The lists shall be made public through the filing at the registered office and with the other means provided by prevailing laws and regulations, within the terms provided by the same.	
Any person entitled to vote may vote for one list only.	~~Any person entitled to vote may vote for one list only~~.	*Provision included in the third paragraph of this section F).*
The procedure for the election of the directors is as follows: i) directors representing the number of members of the board of directors less one shall be taken from the list having obtained the majority of the votes expressed by the shareholders, in the progressive order with which the candidates were listed on the list ; ii) the last director shall be taken from the second list which is not related in any manner, including indirectly, with the list referenced in the preceding letter i), with the shareholders who presented or voted the list referenced in the preceding letter i), and which obtained the second highest number of votes expressed by the shareholders. Should the candidates elected with the procedure indicated above not result in the appointment of a number	The procedure for the election of the directors is as follows: i) directors representing the number of members of the board of directors less one shall be taken from the list having obtained the majority of the votes expressed by the shareholders, in the progressive order with which the candidates were listed on the list; ii) the last director shall be taken from the second list which is not related in any manner, including indirectly, with the list referenced in the preceding letter i), with the shareholders who presented or voted the list referenced in the preceding letter i), and which obtained the second highest number of votes expressed by the shareholders. Should the candidates elected with the procedure indicated above not result in the appointment of a number	

of directors in possession of the requisites for independence established for statutory auditors by Article 148, Paragraph 3 of the Legislative Decree no. 58 of the February 28, 1998 equal to number minimum established by law in relation to the total number of the directors, the last non-independent candidate elected listed on the list which received the highest number of votes, referenced in letter i) of the preceding Paragraph, will be substituted by the first independent candidate not elected according to the progressive order of such list, or, in absence thereof, by the first independent candidate not elected according to the progressive order of the other lists, according to the number of votes obtained by each list. Such substitution procedure shall continue until the board of directors has a number of members in possession of the requisites referenced in Article 148, Paragraph 3, of the Legislative Decree n. 58/1998 equal at least to the minimum set by law.	of directors in possession of the requisites for independence established ~~for statutory auditors by Article 148, Paragraph 3 of the Legislative Decree no. 58 of the February 28, 1998~~by legal and regulatory provisions, equal to the minimum number established by legal and regulatory provisions in relation to the total number of the directors, the last non-independent candidate elected listed on the list which received the highest number of votes, referenced in letter i) of the preceding Paragraph, will be substituted by the first independent candidate not elected according to the progressive order of such list, or, in absence thereof, by the first independent candidate not elected according to the progressive order of the other lists, according to the number of votes obtained by each list. Such substitution procedure shall continue until the board of directors has a number of members in possession of the requisites ~~referenced in Article 148, Paragraph 3, of the Legislative Decree n. 58/1998~~ of independence established by legal and regulatory provisions equal at least to the minimum set~~ by law~~.	*Improved wording with reference to legal and regulatory provisions on the subject of the composition of the Board of Directors.*
	If at the end of voting the Board does not include the minimum number of directors of the least represented gender established by the law, the candidate of the most represented gender elected last in progressive order from the list that has obtained the the majority of votes, will be replaced by the first candidate in progressive order on the same list belonging to the least represented gender not elected pursuant to the previous paragraphs; if the minimum legal number of directors of the least represented gender is not achieved in this way, the aforementioned substitution also applies to candidates on the minority list (as long as it contains at least three or more candidates).	*Introduction of this paragraph for alignment with article 144-undecies.1, sub-section 2, RE (on the subject of gender balance).*
Finally, should this procedure not ensure the final result indicated, the substitution shall occur with a resolution passed by the relative majority at the shareholders' meeting, subject to presentation of candidates in possession of the referenced requisites.	Finally, should ~~this procedure~~ the aforementioned procedures not ensure the appointment of a number of directors with the independence and/or least represented gender requirements, equal to the minimum number established by legal and regulatory requirements, the substitution shall occur with a resolution passed by the relative majority at the shareholders' meeting, subject to	*Better wording of this paragraph for compliance with legal provisions with regard to gender balance*

	presentation of candidates in possession of the referenced requisites.	*Better wording of the following paragraphs for compliance with legal provisions in relation to gender balance.*
Should only a single list be presented, all directors to be elected shall be taken from such list;	Should only one list be presented, all directors to be elected shall be taken from such list~~;~~ in progressive order, until the number of directors established by the Shareholders' Meeting has been reached, without prejudice to compliance with the requirements established by legal and regulatory provisions and the bylaws with regard to the composition of the board of directors and, in particular, gender balance.	
Should no list be presented, the shareholders' meeting shall deliberate with the majorities provided by the law, without observing the procedure provided above.	Should no list be presented, the shareholders' meeting shall deliberate with the majorities provided by the law, without observing the procedure provided above, in such a way as to ensure in any case compliance with the requirements of the law as it stands and the bylaws on the subject of the composition of the board of directors and, in particular, gender balance.	
Notwithstanding the foregoing, any different or other provisions provided by mandatory laws or regulations shall prevail.	Notwithstanding the foregoing, any different or other provisions provided by mandatory laws or regulations shall prevail.	
Should one or more directors appointed on the basis of the list vote no longer serve in office during the year, such director(s) shall be substituted with persons listed on the same list as the director(s) to be substituted, or should there be no more candidates not elected from such list or no candidates with the requisites required, the board of directors shall arrange for the substitution pursuant to Article 2386 of the Italian Civil Code, just as the shareholders' meeting shall arrange thereafter for the substitution with the majorities provided by law, without any list vote. In any event, the board and the shareholders' meeting shall proceed with the appointment in a manner so as to ensure the presence of a number of independent directors equal to the total minimum number required by the laws and regulations as prevailing from time to time.	Should one or more directors appointed on the basis of the list vote no longer serve in office during the year, such director(s) shall be substituted with persons listed on the same list as the director(s) to be substituted, or should there be no more candidates not elected from such list or no candidates with the requisites required, the board of directors shall arrange for the substitution pursuant to Article 2386 of the Italian Civil Code, just as the shareholders' meeting shall arrange thereafter for the substitution with the majorities provided by law, without any list vote. In any event, the board and the shareholders' meeting shall proceed with the appointment in such a manner as to ensure ~~the presence of a number of independent directors equal to the total minimum number required by the laws and regulations as prevailing from time to time.~~compliance with the requirements established by legal and regulatory provisions and the bylaws on the subject of the composition of the of the board of directors and, in particular, gender balance.	

MEETINGS OF THE COMPANY'S BOARD OF DIRECTORS – MEANS FOR CONVENING MEETINGS **Article 14)** A) The board of directors shall meet at least every three months, as well as all of the times that the chairman deems it appropriate, with the meetings to be held in Italy or abroad, provided at a location within the European Union. B) The meeting notice is to be sent out by registered letter, hand delivery, fax, telegram or electronic mail at least three days before the date set for the meeting, and shall indicate the place and time of the meeting as well as the matters placed on the meeting agenda. In urgent cases, the meeting notice may be sent with a minimum notice of one day before of the date set for the meeting. The meetings of the board of directors and its resolutions are valid, even without a formal meeting convened, whenever all of the directors in office and the acting statutory auditors, if appointed, are present. C) The meetings of the board of directors held via teleconference or videoconference or other electronic means shall be considered valid, if and to the extent that the participants are identifiable and are capable of effectively following the meeting and participating in the discussion. Should such conditions be satisfied, the meeting of the board of directors is considered to be held at the place where the chairman and the secretary are located, so as to allow for the preparation and the signing of the minutes of the meeting in the related corporate register. D) The minutes of the meetings of the board of directors shall be prepared and signed by the meeting chairman and secretary, and transcribed in the register prescribed by the law. The meeting secretary is appointed by the board of directors, and may be a person other than a director. E) The meetings of the board of directors are chaired by the chairman or, should the chairman be absent or unable to attend, by the vice chairman or a director ap-	**MEETINGS OF THE COMPANY'S BOARD OF DIRECTORS – MEANS FOR CONVENING MEETINGS** **Article 14)** A) The board of directors shall meet at least every three months, as well as all of the times that the chairman deems it appropriate, with the meetings to be held in Italy or abroad, provided at a location within the European Union. B) The meeting notice is to be sent out by registered letter, hand delivery, fax, telegram or electronic mail at least three days before the date set for the meeting, and shall indicate the place and time of the meeting as well as the matters placed on the meeting agenda. In urgent cases, the meeting notice may be sent with a minimum notice of one day before of the date set for the meeting. The meetings of the board of directors and its resolutions are valid, even without a formal meeting convened, whenever all of the directors in office and the acting statutory auditors, if appointed, are present. C) The meetings of the board of directors held via teleconference or videoconference or other electronic means shall be considered valid, if and to the extent that the participants are identifiable and are capable of effectively following the meeting and participating in the discussion. Should such conditions be satisfied, the meeting of the board of directors is considered to be held at the place where the chairman and the secretary are located, so as to allow for the preparation and the signing of the minutes of the meeting in the related corporate register. D) The minutes of the meetings of the board of directors shall be prepared and signed by the meeting chairman and secretary, and transcribed in the register prescribed by the law. The meeting secretary is appointed by the board of directors, and may be a person other than a director. E) The meetings of the board of directors are chaired by the chairman or, should the chairman be absent or unable to attend, by the vice chairman or a director ap-	

pointed by those present.	pointed by those present.	
DUTIES OF THE COMPANY'S BOARD OF DIRECTORS – QUORUM FOR PASSAGE OF RESOLUTION **Article 15)** A) The board of directors is, within the limits of the corporate purpose, vested with all powers of ordinary and extraordinary administration. The board of directors may likewise resolve the establishment or the shutdown of secondary offices, the reduction of the share capital in the event of shareholder withdrawal, the amendments of the by-laws in order to comply with laws and regulations, the transfer of the registered office within national territory, and the resolutions referenced in Articles 2505 and 2505-bis of the Italian Civil Code, including that referenced by Article 2506-ter of the Italian Civil Code for demerger, in respect of the limits of the law. B) The board of directors may delegate its powers, with exclusion of the powers that may not be delegated in accordance with the law, to an executive committee consisting of several of its members, or to one or more of its members (managing director(s)). The board of directors may also appoint one or more directors general, also selected from the members of the board of directors, determining their powers, including the power to appoint procurators and to confer mandates. The board may appoint as director general either the sole managing director or any of the managing directors. The persons with delegated powers shall report to the board of directors and to the board of statutory auditors, as a rule, at the time of the board meetings, and in any event, at least on a quarterly basis. The reporting shall cover the general trend of operations and the operating outlook as well as any transactions of greater significance, because of their size or characteristics, that have been carried out by the company and/or by its subsidiaries. In the event of the institution of an executive committee, the presence of the majority of the members shall be necessary for the validity of the resolutions which may	**DUTIES OF THE COMPANY'S BOARD OF DIRECTORS – QUORUM FOR PASSAGE OF RESOLUTION** **Article 15)** A) The board of directors is, within the limits of the corporate purpose, vested with all powers of ordinary and extraordinary administration. The board of directors may likewise resolve the establishment or the shutdown of secondary offices, the reduction of the share capital in the event of shareholder withdrawal, the amendments of the by-laws in order to comply with laws and regulations, the transfer of the registered office within national territory, and the resolutions referenced in Articles 2505 and 2505-bis of the Italian Civil Code, including that referenced by Article 2506-ter of the Italian Civil Code for demerger, in respect of the limits of the law. B) The board of directors may delegate its powers, with exclusion of the powers that may not be delegated in accordance with the law, to an executive committee consisting of several of its members, or to one or more of its members (managing director(s)). The board of directors may also appoint one or more directors general, also selected from the members of the board of directors, determining their powers, including the power to appoint procurators and to confer mandates. The board may appoint as director general either the sole managing director or any of the managing directors. The persons with delegated powers shall report to the board of directors and to the board of statutory auditors, as a rule, at the time of the board meetings, and in any event, at least on a quarterly basis. The reporting shall cover the general trend of operations and the operating outlook as well as any transactions of greater significance, because of their size or characteristics, that have been carried out by the company and/or by its subsidiaries. In the event of the institution of an executive committee, the presence of the majority of the members shall be necessary for the validity of the resolutions which may	

be passed with an absolute majority of the attendees. The board of directors may likewise set up one or more committees and/or commissions, of an exclusively consultative and/or proposal-making nature, including for the purpose of having the corporate governance system comply with the model provided by the corporate governance code for listed companies. Upon the institution of any committee and/or commission, the board of directors shall determine the number of its members and the duties assigned to it.	be passed with an absolute majority of the attendees. The board of directors may likewise set up one or more committees and/or commissions, of an exclusively consultative and/or proposal-making nature, including for the purpose of having the corporate governance system comply with the model provided by the corporate governance code for listed companies. Upon the institution of any committee and/or commission, the board of directors shall determine the number of its members and the duties assigned to it.	
	C) If for whatever reason the Chairman appointed by the shareholders' meeting ceases his/her function, the Board of Directors selects and appoints a Chairman from its members, who is vested with the power to represent the Company.	*Introduction of the provision (paragraph C) to replace the Chairman if same should cease his/her function for whatever reason when in office, in line with the provisions of article 13 above (paragraph D). Consequent renumbering of the subsequent paragraphs.*
C) The board of directors is also vested with the power to elect one or more vice chairmen, and to appoint, and to revoke appointment of, one or more managing directors and procurators D) The position of chairman may be combined with that of managing director. E) The provisions of Article 2388 of the Italian Civil Code shall apply with respect to the validity of the constitution of the meetings of the board of directors and the resolutions of the same. F) The board of directors, including through the chairman or the managing directors, shall promptly, and at least quarterly, report to the board of statutory auditors about the activity carried out and about the transactions carried out by the Company or its subsidiaries having the greatest significance in terms of earnings, financial position and capital; in particular, the board shall report on transactions in which the directors have an interest, for their own account or the account of third parties, or transactions that may be influenced by the person who exercises the activity of direction and coordination. Such reporting is to be done at the board meetings or, whenever specific circumstances cause it to be deemed appropriate, through written note addressed to the chairman of the board of statutory auditors. G) The board of directors, and the persons to whom it	D) The board of directors is also vested with the power to elect one or more vice chairmen, and to appoint, and to revoke appointment of, one or more managing directors and procurators. E) The position of chairman may be combined with that of managing director. F) The provisions of Article 2388 of the Italian Civil Code shall apply with respect to the validity of the constitution of the meetings of the board of directors and the resolutions of the same. G) The board of directors, including through the chairman or the managing directors, shall promptly, and at least quarterly, report to the board of statutory auditors about the activity carried out and about the transactions carried out by the Company or its subsidiaries having the greatest significance in terms of earnings, financial position and capital; in particular, the board shall report on transactions in which the directors have an interest, for their own account or the account of third parties, or transactions that may be influenced by the person who exercises the activity of direction and coordination. Such reporting is to be done at the board meetings or, whenever specific circumstances cause it to be deemed appropriate, through written note addressed to the chairman of the board of statutory auditors. H) The board of directors, and the persons to whom it	

has delegated powers, have, without any need for authorization from the shareholders' meeting, the power: a) to execute acts or transactions that may be against the achievement of the objectives of a public purchase offer or public exchange offer, from the date of the notice referenced in Article 102, Paragraph 1 of the Legislative Decree n. 58/1998 and until the closing of the offer or until the offer lapses; b) implement decisions taken before the start of the period indicated in letter a) above, that were not implemented in whole or in part, that are not part of the normal course of the Company's business, and whose implementation may be against the achievement of the objectives of the offer.	has delegated powers, have, without any need for authorization from the shareholders' meeting, the power: a) to execute acts or transactions that may be against the achievement of the objectives of a public purchase offer or public exchange offer, from the date of the notice referenced in Article 102, Paragraph 1 of the Legislative Decree n. 58/1998 and until the closing of the offer or until the offer lapses; b) implement decisions taken before the start of the period indicated in letter a) above, that were not implemented in whole or in part, that are not part of the normal course of the Company's business, and whose implementation may be against the achievement of the objectives of the offer.	
LEGAL REPRESENTATION **Article 16)** The legal representation and the corporate signature of the Company are the responsibility of the chairman and should the chairman be absent or unable to attend, the vice chairman or vice chairmen, on a separate basis, if appointed; they are also the responsibility, within the limits of the powers vested, of the managing director(s), on a separate basis, as well as other directors who may have been delegated powers by the board.	**LEGAL REPRESENTATION** **Article 16)** The legal representation and the corporate signature of the Company are the responsibility of the chairman and should the chairman be absent or unable to attend, the vice chairman or vice chairmen, on a separate basis, if appointed; they are also the responsibility, within the limits of the powers vested, of the managing director(s), on a separate basis, as well as other directors who may have been delegated powers by the board.	
	RELATED PARTY TRANSACTIONS **Article 17)**	*Introduction of new article 17 on the subject of related party transactions in compliance with the policy adopted by the Company with the new Procedure for Related Party Transactions, as approved by the BoD on 31 October 2012. Consequent renumbering of the subsequent articles.*
	A) For the purposes of the provisions of this article, reference is made as regards the regulation of related party transactions to the procedure for related party transactions introduced and published by the Company on its website (the "Procedure") and to regulations on the subject as they stand at the time.	*Introductory reference to the "Procedure for Related Party Transactions".*
	B) The transactions of significant importance with related parties which are the responsibility of the Share-	*The Procedure makes it possible, conditionally on the introduction of a special clause in the bylaws, to use the*

	holders' Meeting, i.e. which must be authorised by same, submitted to the Shareholders' Meeting if a contrary opinion is issued by the committee of independent directors, or in any case without taking account of the observations made by the committee, are resolved by legal majority vote, without prejudice to the fact that the completion of the transaction is prevented if the majority of non-related shareholders votes against the transaction. As provided by the Procedure, the completion of the transaction is prevented only if the non-related shareholders in attendance at the shareholders' meeting represent at least 10% (ten percent) of the share capital with voting rights.	*so-called "Whitewash" procedure in the shareholders' meeting provided by article 11, sub-sections 2 and 3, Consob Related Party Regulations (RPC); this procedure makes it possible to overcome the contrary opinion or opinion with observations issued by the Control and Risks Committee to the completion of a related party transaction for which the shareholders' meeting holds responsibility, by means of a resolution of the shareholders' meeting made with the legal majority, on the condition that the majority of non-related shareholders voting do not vote against the transaction. The completion of the transaction is prevented only when the non-related shareholders in attendance at the shareholders' meeting represent at least 10% of the share capital with voting rights.*
	C) The transactions of significant importance with related parties which are the responsibility of the Board of Directors may be approved by the Board in the presence of a contrary opinion issued by the committee of independent directors, or in any case without taking account of the observations made by such committee, on the condition that the transaction is submitted to the ordinary shareholders' meeting of the Company for authorisation. In this case the provisions of paragraph B) above apply.	*The "Whitewash" procedure can also be activated for related party transactions which are the responsibility of the board, in the presence of a contrary opinion or an opinion with observations issued by the Control and Risks Committee. In this case the Board of Directors may submit the transaction for authorisation to the Shareholders' Meeting, which deliberates with the same majorities as described in the previous note.*
	D) Transactions with related parties which are not the responsibility of the shareholders' meeting and which do not have to be authorised by same, in urgent cases, are concluded by applying the specific rules established by the Procedure.	*The regulations introduced by article 13, sub-section 6 of Consob Related Party Regulations on the subject of urgent related party transactions may be completed with a simplified procedure if the Bylaws contain an explicit statement of authorisation.*
BOARD OF STATUTORY AUDITORS **Article 17)** A) The control of the Company is vested with a board of statutory auditors consisting of three acting members and two substitute members. B) The statutory auditors are appointed by the shareholders' meeting. The statutory auditors serve a three-	**BOARD OF STATUTORY AUDITORS** **Article 18)** A) The control of the Company is vested with a board of statutory auditors consisting of 3(three) acting members and 3~~2~~ (~~two~~ three) substitute members. B) The statutory auditors are appointed by the shareholders' meeting~~. The statutory auditors~~ and serve a	*Increase in the number of substitute auditors to ensure compliance with legal provisions on gender balance in the composition of the Board of Statutory Auditors.* *Improved wording and streamlining of paragraph B), which makes all the requirements provided by current*

year term of office and may be re-elected. Their compensation is determined by the shareholders' meeting on the basis of the rates for the respective professional registers.	three-year term of office and may be re-elected. ~~Their compensation is determined by the shareholders' meeting on the basis of the rates for the respective professional registers.~~The shareholders' meeting determines the fee payable to the Statutory Auditors and the reimbursement of expenses incurred in the performance of their duties. All the statutory auditors must be entered in the special register created pursuant to the law and have performed statutory auditing activities for a period of no less than three years. The statutory auditors must also possess the requirements established by the law and regulations at they stand at the time and the Board of Directors certifies their existence.	*law all-inclusive as regards the office of statutory auditor and in compliance with regulations regarding the determination of the fees payable to the members of the Board of Statutory Auditors.*
Persons who are in situations of incompatibility as provided by the law or who lack the ethical and professional requisites provided by the law and/or by the secondary regulations for implementation of the law may not be appointed as statutory auditors and if appointed, they shall forfeit their office. In particular, pursuant to Article 1 of the Ministerial Decree no. 162 of March 30, 2000, the statutory auditors shall be chosen from the persons registered on the register of certified accountants for a period of no less than three years. Persons who do not have the requisites referenced above may be appointed as statutory auditors within the limits allowed, provided they have a total of at least three years of experience in exercising the following activities: a) administration or control activity, or managerial duties at stock companies whose share capital is no less than Euro 2,000,000 (two million); or, b) professional activities or university teaching on the subjects of law, economics, finance and scientific-technical matters, strictly related to business activity; or, c) managerial functions at public entities or public administrations operating in the credit, financial, and insurance sector or in any event, in sectors strictly related to that of the business activity.	~~Persons who are in situations of incompatibility as provided by the law or who lack the ethical and professional requisites provided by the law and/or by the secondary regulations for implementation of the law may not be appointed as statutory auditors and if appointed, they shall forfeit their office. In particular, pursuant to Article 1 of the Ministerial Decree no. 162 of March 30, 2000, the statutory auditors shall be chosen from the persons registered on the register of certified accountants for a period of no less than three years.~~ ~~Persons who do not have the requisites referenced above may be appointed as statutory auditors within the limits allowed, provided they have a total of at least three years of experience in exercising the following activities:~~ ~~a) administration or control activity, or managerial duties at stock companies whose share capital is no less than Euro 2,000,000 (two million); or,~~ ~~b) professional activities or university teaching on the subjects of law, economics, finance and scientific-technical matters, strictly related to business activity; or,~~ ~~c) managerial functions at public entities or public administrations operating in the credit, financial, and insurance sector or in any event, in sectors strictly related to that of the business activity.~~	

In accordance with and for the effects of Article 1, Paragraph 3 of the aforementioned Ministerial Decree, both the subjects and sectors of "technology", "media" and "telecommunications" are those whose subject matter and sectors of activity are understood to be strictly related to the business activity. Persons for whom, in accordance with prevailing laws and regulations, the causes of ineligibility or forfeiture apply, including the limitations on the combination of mandates, as established by the mandatory provisions of laws or regulations, may likewise not be appointed as statutory auditors. C) The appointment of the members of the board of statutory auditors occurs in conformity with the provisions of paragraph D) hereunder in order to ensure the appointment of an acting statutory auditor and a substitute statutory auditor for the minority shareholders. D) For this purpose, lists consisting of two sections are to be presented: one section for the appointment of the acting statutory auditors and another section for the appointment of the substitute statutory auditors. The lists shall contain the indication of a minimum number of candidates equal to the number of candidates to be elected, listed through a progressive number.	~~In accordance with and for the effects of Article 1, Paragraph 3 of the aforementioned Ministerial Decree, both the subjects and sectors of "technology", "media" and "telecommunications" are those whose subject matter and sectors of activity are understood to be strictly related to the business activity.~~ ~~Persons for whom, in accordance with prevailing laws and regulations, the causes of ineligibility or forfeiture apply, including the limitations on the combination of mandates, as established by the mandatory provisions of laws or regulations, may likewise not be appointed as statutory auditors.~~ C) The appointment of the members of the board of statutory auditors occurs in conformity with the provisions of paragraph D) hereunder in order to ensure the appointment of an acting statutory auditor and a substitute statutory auditor for the minority shareholders. D) For this purpose, lists consisting of two sections are to be presented: one section for the appointment of the acting statutory auditors and another section for the appointment of the substitute statutory auditors. The lists shall contain the indication of a minimum number of candidates equal to the number of candidates to be elected, listed through a progressive number. The first two candidates in the acting and substitute auditor sections of the lists must be of different genders	*Introduction of this paragraph for alignment with article 144-undecies.1, sub-section 2 RE (on the subject of gender balance).*
A single candidate may be presented on one list only; otherwise the candidate may not be elected. Shareholders, who represent, alone or together with other shareholders, at least 2.5% (two point five percent) of the shares with voting rights at the ordinary shareholders' meetings or who represent a lower percentage that may be established by mandatory provisions of laws or regulations, are entitled to present a list. A single shareholder may present, or contribute to presenting, directly or indirectly, including through a fiduciary company or intermediary, a single list: in the event of violation, the support given by the shareholder to any list shall not be considered.	A single candidate may be presented on one list only; otherwise the candidate may not be elected. Shareholders, who represent, alone or together with other shareholders, at least 2.5% (two point five percent) of the shares with voting rights at the ordinary shareholders' meetings or who represent a lower percentage that may be established by mandatory provisions of laws or regulations, are entitled to present a list. ~~A single shareholder may present, or contribute to presenting, directly or indirectly, including through a fiduciary company or intermediary, a single list: in the event of violation, the support given by the shareholder to any list shall not be considered.~~A single shareholder may	*Improved wording of the paragraph in compliance with the provisions of article 144-sexies, sub-section 6 RE on the subject of the election of the statutory auditors.*

The lists signed by the parties presenting them, accompanied by disclosures regarding the personal and professional characteristics of the candidates, shall be filed at the Company's registered office no later than the twenty-fifth day prior to day scheduled for the first session or sole session of the shareholders' meeting.	not present or contribute to presenting or vote for more than one list, even through intermediaries or fiduciary companies. Shareholders belonging to the same group – intended as the parent company, subsidiaries and companies subject to joint control – and shareholders who have signed a shareholders' agreement pursuant to article 122, Legislative Decree no. 58/1998, in relation to the company's shares may not present or contribute to presenting or vote for more than one list, even through intermediaries or fiduciary companies. The lists signed by the parties presenting them, accompanied by disclosures regarding the personal and professional characteristics of the candidates, shall be filed at the Company's registered office in the manner provided by the law as it stands, no later than the twenty-fifth day prior to the day scheduled for the first session or sole session of the shareholders' meeting, or within the term established by current legislation in the event of convocations subsequent to the first and made available for public consultation according to the law as its stands at the time.	*Alignment with articles 147-ter, sub-section 1-bis, TUF (Consolidated Financial Act) and 126 TUF (term for the presentation of lists in the event of convocations subsequent to the first), as amended.*
The ownership of the minimum percentage shareholding required for the presentation of the lists is determined with regard to the shares that are registered in favor of the shareholder on the day in which the lists are filed with the Company. In order to prove the ownership of the number of the shares needed for the presentation of the lists by the shareholders, the related certification shall be produced at the latest by the deadline provided by prevailing laws and regulations for the publication of the lists by the issuer. In the event of the filing, by the filing deadline, of only one list or only lists by shareholders who have material relationships between them as defined by the prevailing provisions of laws and regulations, lists may be presented, if necessary, up to the deadline established by the law or by regulations, and the thresholds for shareholding provided for the presentation of the lists shall be reduced by one-half. Without prejudice to the option of producing the certifi-	The ownership of the minimum percentage shareholding required for the presentation of the lists is determined with regard to the shares that are registered in favor of the shareholder on the day in which the lists are filed with the Company. In order to prove the ownership of the number of the shares needed for the presentation of the lists by the shareholders, the related certification shall be produced at the latest by the deadline provided by prevailing laws and regulations for the publication of the lists by the issuer. In the event of the filing, by the filing deadline, of only one list or only lists by shareholders who have material relationships between them as defined by the prevailing provisions of laws and regulations, lists may be presented, if necessary, up to the deadline established by the law or by regulations, and the thresholds for shareholding provided for the presentation of the lists shall be reduced by one-half. Without prejudice to the option of producing the certifi-	

cation proving the ownership of the shareholding by the deadline provided in the eighth paragraph of this letter D), information in relation to the identity of the shareholders who presented the list shall be provided upon the presentation of the list, along with the indication of the percentage of the shareholding held overall.	cation proving the ownership of the shareholding by the deadline provided in the ~~eighth~~ ninth paragraph of this letter D), information in relation to the identity of the shareholders who presented the list shall be provided upon the presentation of the list, along with the indication of the percentage of the shareholding held overall.	*Mere alignment.*
	Shareholders other than those with a controlling or relative majority stake, also jointly, must also present a statement certifying that they have no relationships of association with the latter pursuant to the law.	*Alignment with article 144-sexies, sub-section 4, letter b) RE (statement of no relationships of association).*
Statements with which the individual candidates accept their candidature and certify, under their own responsibility, the non-existence of causes for ineligibility and incompatibility, as well as the existence of any requisites established by applicable prevailing laws and regulations for their respective offices, and any other document provided by applicable laws and regulations shall be filed with each list, by the deadline indicated for the deposit of the list.	Statements with which the individual candidates accept their candidature and certify, under their own responsibility, the non-existence of causes for ineligibility and incompatibility as provided by the law, and compliance with the limit to the number of offices held concurrently, as well as the existence of any requisites established by applicable prevailing laws and regulations for ~~their respective offices~~ the members of the Board of Statutory Auditors, ~~and~~ in addition to any other document provided by applicable laws and regulations shall be filed with each list, by the deadline indicated for the deposit of the list.	*Improved wording of this paragraph in alignment with article 144-sexies, sub-section 4 RE on the subject of the election of the Statutory Auditors.*
Any list presented for which the provisions of this Article have not been respected shall be considered as not presented. Any person entitled to vote may vote for one list only.	Any list presented for which the provisions of this Article have not been respected shall be considered as not presented. ~~Any person entitled to vote may vote for one list only.~~	*Provision included in the sixth paragraph of this letter D).*
The first two candidates of the list having obtained the highest number of votes and the first candidate of the list having obtained the second highest number of votes shall be elected as acting statutory auditors.	The first two candidates in progressive order of the list which obtained the highest number of votes and the first candidate in progressive order of the list which obtained the second highest number of votes shall be elected as acting statutory auditors.	*Improved wording of the provisions for the election of the Statutory Auditors in the event that more than one list is presented.*
The first candidate of the list of the substitutes having obtained the highest number of votes and the first candidate of the list of substitutes having obtained the second highest number of votes shall be elected as substitute statutory auditors.	~~The first candidate of the list of the substitutes having~~ The first two candidates in progressive order among the substitutes of the list which obtained the highest number of votes and the first candidate ~~of the list of substitutes having~~ in progressive order among the substitutes of the list which obtained the second highest number of votes shall be elected as substitute statutory auditors.	
~~In the event of an equal number of votes for two or more lists, the older or oldest candidates shall be~~	~~In the event of an equal number of votes for two or more lists, the older or oldest candidates shall be~~	*Introduction of balloting as the criterion for the election of the statutory auditors in the event of an equal number*

~~elected statutory auditors up to the number of positions to be assigned.~~	~~elected statutory auditors up to the number of positions to be assigned.~~ In the event that more than one list obtains the same number of votes, a new ballot will be taken among such lists in accordance with the provisions of the law as it stands at the time, also with regard to gender balance, and the candidates on the list which obtains the simple majority of votes are elected.	*of votes, in compliance with the provisions of the law as it stands on the subject of the composition of the Board of Statutory Auditors.*
The chairman shall be the first candidate of the list having obtained the highest number of votes after the first list.	If two or more lists are presented, the chairman shall be the first acting auditor candidate, listed in progressive order, of the list which obtained the highest number of votes after the first list.	*Improved wording of provisions regarding the election of the Chairman of the Board of Statutory Auditors in the event that more than one list is presented*
	If only one list is presented, the shareholders' meeting votes for same by relative majority.	*Introduction of this paragraph to regulate the election of the Board of Statutory Auditors if only one list is presented.*
In the event of death, resignation, forfeiture or in any event, termination of the mandate of an acting statutory auditor, said auditor shall be substituted by the substitute listed on the same list as the statutory auditor being substituted.	In the event of death, resignation, forfeiture or, in any event, termination of the mandate of an acting statutory auditor, said auditor shall be substituted by the substitute listed on the ~~same~~ list ~~as~~ of the statutory auditor being substituted, as long as such substitution ensures gender balance. If it does not, the auditor shall be substituted by the substitute auditor candidate elected in second place on the same list.	*Alignment with article 144-undecies.1, sub-section 2 RE (on the subject of gender balance) in the event of substitution of the statutory auditors.*
	If only one list is presented, in the event of the substitution of the chairman, the Board of Statutory Auditors chooses and appoints one of its members to be the new chairman, who remains in office until the first shareholders' meeting, which must make provision to complete the Board of Statutory Auditors.	*Introduction of this paragraph to regulate the substitution of the Chairman of the Board of Statutory Auditors in the event that only one list is presented.*
In the event of appointment of the statutory auditors who for any reason whatsoever are not appointed with the procedures of voting for lists, the shareholders' meeting shall decide with the majorities provided by law.	~~In the event of appointment of the statutory auditors who for any reason whatsoever are not appointed with the procedures of voting for lists~~ If there are no lists, the Board of Statutory Auditors and its chairman are appointed by the shareholders' meeting with the majorities provided by law and also in compliance with legal provisions on gender balance.	*Improved wording of this paragraph regarding the election of the Board of Statutory Auditors in the event of the failure to present lists in compliance with the provisions of the law as it stands on the composition of the Board of Statutory Auditors.*
The shareholders' meeting, which will have to arrange for the appointment of the statutory auditors needed for supplementation of the board pursuant to Article 2401 Italian Civil Code, shall choose, with the majorities provided by law, from the names on the list that included the statutory auditor no longer serving in office; should	The shareholders' meeting, which will have to arrange for the appointment of the statutory auditors needed for supplementation of the board pursuant to Article 2401 Italian Civil Code, shall choose, with the majorities provided by law, from the names on the list that included the statutory auditor no longer serving in office; should	

no names exist, the shareholders' meeting shall arrange for the substitution with the majorities provided by law.	no names exist, the shareholders' meeting shall arrange for the substitution with the majorities provided by law. All of which in compliance with regulations on gender balance.	*Mere reference to the provisions of the law as it stands on the subject of the composition of the Board of Statutory Auditors in the event of shareholders' meeting to integrate the same.*
For the purposes of this Article, the shareholders belonging to a single group, with this being interpreted as any subsidiary company, holding company, company under common control or affiliate company, shall be considered as a single shareholder and may not present more than one list.	~~For the purposes of this Article, the shareholders belonging to a single group, with this being interpreted as any subsidiary company, holding company, company under common control or affiliate company, shall be considered as a single shareholder and may not present more than one list.~~	*Provision included in the sixth paragraph of letter D).*
E) The meetings of the board of statutory auditors - should the chairman ascertain the need therefor - may be validly held via teleconference or videoconference or through other electronic means, provided that all participants can be identified by the chairman and the other attendees, all participants are capable of effectively following the discussion and participating on a real-time basis in the treatment of the matters discussed, all participants are able to exchange documents in relation to such matters, and a record of all of the foregoing can be given in the related meeting minutes. Should such conditions be satisfied, the meeting of the board of statutory auditors shall be considered to be held at the place where the chairman is located.	E) The meetings of the board of statutory auditors - should the chairman ascertain the need therefor - may be validly held via teleconference or videoconference or through other electronic means, provided that all participants can be identified by the chairman and the other attendees, all participants are capable of effectively following the discussion and participating on a real-time basis in the treatment of the matters discussed, all participants are able to exchange documents in relation to such matters, and a record of all of the foregoing can be given in the related meeting minutes. Should such conditions be satisfied, the meeting of the board of statutory auditors shall be considered to be held at the place where the chairman is located.	
	F) The powers and duties of the statutory auditors are those established by the law.	*Introduction of letter F), also in consideration of Legislative Decree 39/2010.*

LEGAL AUDIT OF THE ACCOUNTS **Article 18)** The legal audit of the accounts shall be done by a person having the requisites provided by prevailing laws and regulations. The conferral and the revocation of the mandate for the legal audit of the accounts and the determination of the related compensation are the responsibility of the ordinary shareholders' meeting, acting on the justified proposal of the board of statutory auditors. The term of the mandate, the duties and the prerogatives of the person to whom the legal audit of the accounts has been delegated are governed by the law.	**LEGAL AUDIT OF THE ACCOUNTS** **Article 19)** The legal audit of the accounts shall be done by a person having the requisites provided by prevailing laws and regulations. The conferral and the revocation of the mandate for the legal audit of the accounts and the determination of the related compensation are the responsibility of the ordinary shareholders' meeting, acting on the justified proposal of the board of statutory auditors. The term of the mandate, the duties and the prerogatives of the person to whom the legal audit of the accounts has been delegated are governed by the law.	
EXECUTIVE IN CHARGE OF PREPARATION OF THE CORPORATE ACCOUNT DOCUMENTS **Article 19)** A) Subject to the obligatory, non-binding opinion of the board of statutory auditors, the board of directors shall appoint the executive in charge of the preparation of the corporate accounting documents. B) The board of directors shall vest the executive in charge of the preparation of the corporate accounting documents with adequate powers and means for exercising the duties assigned to him, pursuant to the provisions of laws and regulations prevailing from time to time. C) The executive shall possess: - two or more years of experience within the sphere of administration, finance and control; - the ethical requisites provided by the law for the position of director. D) The laws and regulations that govern the responsibility of directors in relation to the duties assigned to them shall apply to the executive in charge of the preparation of the corporate accounting documents, except for actions exercisable on the basis of the employment relationship with the Company.	**EXECUTIVE IN CHARGE OF PREPARATION OF THE CORPORATE ACCOUNT DOCUMENTS** **Article 20)** A) Subject to the obligatory, non-binding opinion of the board of statutory auditors, the board of directors shall appoint the executive in charge of the preparation of the corporate accounting documents. B) The board of directors shall vest the executive in charge of the preparation of the corporate accounting documents with adequate powers and means for exercising the duties assigned to him, pursuant to the provisions of laws and regulations prevailing from time to time. C) The executive shall possess: - two or more years of experience within the sphere of administration, finance and control; - the ethical requisites provided by the law for the position of director. D) The laws and regulations that govern the responsibility of directors in relation to the duties assigned to them shall apply to the executive in charge of the preparation of the corporate accounting documents, except for actions exercisable on the basis of the employment relationship with the Company.	

FISCAL YEAR **Article 20)** The fiscal years ends on December 31 of each year.	**FISCAL YEAR** **Article 21)** The fiscal years ends on December 31 of each year.	
COMPANY FINANCIAL STATEMENTS **Article 21)** A) The administrative body shall make available to the public, within 120 days from the end of the fiscal year, with the means provided by applicable laws and regulations, the annual financial report, including the financial statements, and the consolidated financial statements, if prepared, the report on operations and the certification referenced in Article 154-bis, Paragraph 5 of the Legislative Decree n. 58 of February 28, 1998. B) The audit report prepared by the person doing the legal audit of the accounts and the report prepared by the board of statutory auditors shall be made available to the public in full, together with the annual financial report.	**COMPANY FINANCIAL STATEMENTS** **Article 22)** A) The administrative body prepares the annual financial report and makes it available for public consultation pursuant to the law. ~~The administrative body shall make available to the public, within 120 days from the end of the fiscal year, with the means provided by applicable laws and regulations, the annual financial report, including the financial statements, and the consolidated financial statements, if prepared, the report on operations and the certification referenced in Article 154-bis, Paragraph 5 of the Legislative Decree n. 58 of February 28, 1998.~~ B) ~~The audit report prepared by the person doing the legal audit of the accounts and the report prepared by the board of statutory auditors shall be made available to the public in full, together with the annual financial report.~~	*Simplification pursuant to article 154-ter, sub-section 1, Consolidated Financial Act (TUF).*
DISTRIBUTION OF ANNUAL PROFIT **Article 22)** A) The net profit reported in the financial statements and regularly approved by the meeting of the shareholders shall be distributed as follows: 1. 5% to the legal reserve until such reserve is equal to one-fifth of the share capital; 2. the residual amount to be available to the shareholders' meeting for allocation according to what the shareholders' meeting shall deem appropriate. B) The payment of dividends shall be done according to the terms indicated by the shareholders' meeting, through authorized intermediaries in accordance with prevailing laws and regulations. The board of directors may resolve the distribution of advances according to the means established by Article 2433-bis of the Italian Civil Code and by Article 158 of Legislative Decree 58/1998.	**DISTRIBUTION OF ANNUAL PROFIT** **Article 23)** A) The net profit reported in the financial statements and regularly approved by the meeting of the shareholders shall be distributed as follows: 1. 5% to the legal reserve until such reserve is equal to one-fifth of the share capital; 2. the residual amount to be available to the shareholders' meeting for allocation according to what the shareholders' meeting shall deem appropriate. B) ~~The payment of dividends shall be done according to the terms indicated by the shareholders' meeting, through authorized intermediaries in accordance with prevailing laws and regulations.~~ The board of directors may resolve the distribution of advance payments according to the means established by ~~Article 2433-bis of the Italian Civil Code and by Article 158 of Legislative Decree 58/1998.~~ the law as it stands at the time.	*Simplification in compliance with current regulations on the payment of dividends.*

C) All dividends not collected within five years shall become statute-barred in favor of the Company.	C) All dividends not collected within five years shall become statute-barred in favor of the Company.	
DISSOLUTION OF THE COMPANY **Article 23)** Were the Company to be dissolved for any reason, the extraordinary shareholders' meeting shall determine the means for liquidation, appointing one or more liquidators and establishing the powers and compensation therefore.	**DISSOLUTION OF THE COMPANY** **Article 24)** Were the Company to be dissolved for any reason, the extraordinary shareholders' meeting shall determine the means for liquidation, appointing one or more liquidators and establishing the powers and compensation therefore.	
DOMICILE OF THE SHAREHOLDERS **Article 24)** A) The domicile of the shareholders for matters concerning their relationships with the Company is understood to be elected for all effects of the law at the location reported in the shareholder register. B) Each shareholder shall be personally responsible for promptly notifying the Company of any change in domicile; such changes shall be immediately registered in the shareholder register by the administrative body.	**DOMICILE OF THE SHAREHOLDERS** **Article 25)** A) The domicile of the shareholders for matters concerning their relationships with the Company is understood to be elected for all effects of the law at the location reported in the shareholder register. ~~B) Each shareholder shall be personally responsible for promptly notifying the Company of any change in domicile; such changes shall be immediately registered in the shareholder register by the administrative body.~~	*Merely for the purposes of simplification.*
WITHDRAWAL **Article 25)** The right of withdrawal is governed by prevailing laws and regulations. The right of withdrawal shall be excluded in the event of an extension of the Company's term.	**WITHDRAWAL** **Article 26)** The right of withdrawal is governed by prevailing laws and regulations. The right of withdrawal shall be excluded in the event of an extension of the Company's term.	
FINAL PROVISION **Article 26)** For any matter not expressly contemplated in these bylaws, references shall be made to the provisions of ~~the Italian Civil Code and Legislative Decree 58/1998.~~	**FINAL PROVISIONS** **Article 27)** A) The provisions of articles 13 and 18 of these bylaws, addressed to ensuring compliance with current regulations on the subject of gender balance, shall be applied to the first three renewals of the Board of Directors and the Board of Statutory Auditors subsequent to 12 August 2012. B) For any matter not expressly contemplated in these bylaws, reference is made to the provisions of ~~the Italian Civil Code and Legislative Decree 58/1998.~~current regulations on the subject.	*Introduction to paragraph A) with express reference to the provisions of Law no. 120, 12 July 2011 on the subject of the duration of the criterion regarding gender balance in the composition of the administrative and control bodies.* *Mere rewording.*

2012 Annual Report

Consolidated Financial Statements and Notes

EI TOWERS GROUP

consolidated statement of financial position (*)

(Euro in thousands)

	Notes	31/12/2012	31/12/2011
ASSETS			
Non current assets			
Property, plant and equipment	6.1	243,217	180,503
Goodwill	6.2	454,130	255,671
Other intangible assets	6.3	111,784	10,384
Investments in associates/joint control companies	6.4	28	28
Other financial assets	6.5	1,092	235
Deferred tax assets	6.6	5,819	1,931
TOTAL NON CURRENT ASSETS		**816,070**	**448,752**
Current assets			
Inventories	7.1	3,227	4,183
Trade receivables	7.2	23,629	16,197
Tax receivables		0	15
Current financial assets	7.3	6,014	2,232
Cash and cash equivalents	7.4	21,687	9
TOTAL CURRENT ASSETS		**54,557**	**22,636**
TOTAL ASSETS		**870,627**	**471,388**

(*) With reference to CONSOB decision n. 15519 dated 27th July 2006, the effects on the Balance Sheet items generated by related parties transactions are shown in a separated table mentioned in the next pages and moreover described in the Explanatory Note15.

consolidated statement of financial position (*)

(Euro in thousands)

	Notes	31/12/2012	31/12/2011
SHAREHOLDERS' EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital	8.1	2,826	1,130
Share premium reserve	8.2	206,533	89,278
Treasury shares	8.3	(1,845)	0
Other reserves	8.4	320,833	209,070
Valuation reserve	8.5	(883)	17
Retained earnings	8.6	(15,444)	0
Net profit for the period		23,644	5,185
TOTAL SHAREHOLDERS' EQUITY		**535,664**	**304,680**
Non current liabilities			
Post-employment benefit plans	9.1	11,315	8,863
Deferred tax liabilities	6.6	45,481	1,337
Financial liabilities and payables	9.2	66,119	0
Provisions for non current risks and charges	9.3	2,618	156
TOTAL NON CURRENT LIABILITIES		**125,533**	**10,356**
Current liabilities			
Financial payables	10.1	82,987	0
Trade payables	10.2	37,081	34,607
Provisions for risks and charges	9.3	75	0
Current tax liabilities	10.3	10,112	1,997
Other financial liabilities	10.5	61,828	113,882
Other current liabilities	10.4	17,347	5,866
TOTAL CURRENT LIABILITIES		**209,430**	**156,352**
TOTAL LIABILITIES		**334,963**	**166,707**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**870,627**	**471,388**

(*) With reference to CONSOB decision n. 15519 dated 27th July 2006, the effects on the Balance Sheet items generated by related parties transactions are shown in a separated table mentioned in the next pages and moreover described in the Explanatory Note15.

CONSOLIDATED STATEMENT OF INCOME (*)

(Euro in thousands)

	Notes	2012	2011
Sales of goods and services	11.1	232,600	84,423
Other revenues and income	11.2	1,219	234
TOTAL REVENUES		**233,819**	**84,658**
Personnel expenses	11.3	45,038	17,523
Purchases, services, other costs	11.4	94,214	38,751
Amortisation, depreciation and write-downs	11.5	50,035	18,295
TOTAL COSTS		**189,287**	**74,568**
EBIT		**44,532**	**10,090**
Financial expenses	11.6	(6,539)	(1,301)
Fianancial income	11.7	445	201
EBT		**38,438**	**8,989**
Income taxes	11.9	14,794	3,804
NET PROFIT FROM CONTINUING OPERATIONS		**23,644**	**5,185**
Net Gains/(Losses) from discontinued operations		0	0
NET PROFIT FOR THE PERIOD	11:10	**23,644**	**5,185**
Earnings per share (Euro):	11.11		
- Basic		0.84	
- Diluted		0.84	

(*) With reference to CONSOB decision n. 15519 dated 27th July 2006, the effects on the Income Statement items generated by related parties transactions are shown in a separated table mentioned in the next pages and moreover described in the Explanatory Note15.

EI TOWERS GROUP

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Euro in thousands)

	Notes	2012	2011
CONSOLIDATED NET PROFIT/(LOSS)(A):		**23,644**	**5,185**
Statement of comprehensive gains/(losses):			
Effective portion of gains/(losses) on hedging instruments (cash flow hedge)	8.5	52	
Actuarial gains/(losses) on defined benefit plans	8.5	(1,471)	(153)
Other comprehensive gains/(loss)		-	
Tax effect related to other gains/(losses)	8.5	401	43
TOTAL OTHER COMPREHENSIVE INCOME /(LOSS) NET OF TAX EFFECTS (B)		**(1,018)**	**(110)**
TOTAL COMPREHENSIVE INCOME (A+B)		**22,626**	**5,075**

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

	2012	2011
CASH FLOW FROM OPERATING ACTIVITIES:		
Operating profit	44,532	10,089
+ Depreciation and amortisation	50,035	17,411
+ Change in trade receivables	4,950	3,361
+ Change in trade payables	(15,021)	(2,475)
+ Change in other assets and liabilities	(2,583)	(531)
- Income tax paid	(9,079)	-
Net cash flow from operating activities [A]	**72,834**	**27,855**
CASH FLOW FROM FINANCING ACTIVITIES:		
Investments in tangible assets	(28,047)	(18,265)
Investments in intangible assets	(8,481)	(68)
Changes in payables for investing activities	8,709	(7,615)
(Increases)/decreases in other financing activities	182	-
Business combinations net of cash acquired	2,246	-
Net cash flow from investing activities [B]	**(25,391)**	**(25,948)**
CASH FLOW FROM FINANCING ACTIVITIES:		
Changes in financial liabilities	(20,418)	(11,118)
Interests (paid)/received	(5,347)	(1,100)
Net cash from financing activities [C]	**(25,765)**	**(2,018)**
CHANGE IN CASH AND CASH EQUIVALENTS [D=A+B+C]	**21,678**	**(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]	**21,687**	**9**

EI TOWERS GROUP

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
	Company establishment	1,130	-	(1,010)					120
	Business unit contribution		89,648	199,880					289,528
	Contribution of capital account	-	-	10,200					10,200
	Changes in share-premium reserve	-	(370)						(370)
	(Purchase)/sale of treasury shares	-	-						-
	Profit/(loss) from negotiation of treasury shares	-	-						-
	Stock option	-	-			127			127
	Changes in actuarial reserve					(110)			(110)
	Comprehensive income/(loss)	-	-					5,185	5,185
(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	-	-		-	118	-	-	118
	Comprehensive income/(loss)	-	-	-	-	(1,018)	-	23,644	22,626
	Balance at Dec.31, 2012	**2,826**	**206,533**	**320,833**	**(1,845)**	**(883)**	**(15,444)**	**23,644**	**535,664**

(*) This statement meets the requirements of IFRS 3 in case of reverse acquisition, as described at note no.2.

EI TOWERS GROUP

CONSOLIDATED STATEMENT OF FINANCIAL POSITION ACCORDING TO

CONSOB RESOLUTION NO. 15519 DATED JULY 27, 2006

(Euro in thousands)

	Notes	31/12/2012	of which vs. Related parties (note 15)	% weight	31/12/2011	of which vs. Related parties (note 15)	% weight
ASSETS							
Non current assets							
Property, plant and equipment	6.1	243,217			180,503		
Goodwill	6.2	454,130			255,671		
Other intangible assets	6.3	111,784			10,384		
Investments in associates/joint control companies	6.4	28			28		
Other financial assets	6.5	1,092			235		
Deferred tax assets	6.6	5,819			1,931		
TOTAL NON CURRENT ASSETS		**816,070**			**448,752**		
Current assets							
Inventories	7.1	3,227			4,183		
Trade receivables	7.2	23,629	2,230	9%	16,197	8,350	52%
Tax receivables		0			15		
Current financial assets	7.3	6,014			2,232	912	41%
Cash and cash equivalents	7.4	21,687			9		
TOTAL CURRENT ASSETS		**54,557**			**22,636**		
TOTAL ASSETS		**870,627**			**471,388**		

CONSOLIDATED STATEMENT OF FINANCIAL POSITION ACCORDING TO CONSOB RESOLUTION NO. 15519 DATED JULY 27, 2006

(Euro in thousands)

	Notes	31/12/2012	of which vs. Related parties (note 15)	% weight	31/12/2011	of which vs. Related parties (note 15)	% weight
SHAREHOLDERS' EQUITY AND LIABILITIES							
Share capital and reserves	**8**						
Share capital	8.1	2,826			1,130		
Share premium reserve	8.2	206,533			89,278		
Treasury shares	8.3	(1,845)			0		
Other reserves	8.4	320,833			209,070		
Valuation reserve	8.5	(883)			17		
Retained earnings	8.6	(15,444)			0		
Net profit for the period		23,644			5,185		
TOTAL SHAREHOLDERS' EQUITY		**535,664**			**304,680**		
Non current liabilities							
Post-employment benefit plans	9.1	11,315			8,863		
Deferred tax liabilities	6.6	45,481			1,337		
Financial liabilities and payables	9.2	66,119			0		
Provisions for non current risks and charges	9.3	2,618			156		
TOTAL NON CURRENT LIABILITIES		**125,533**			**10,356**		
Current liabilities							
Financial payables	10.1	82,987			0		
Trade payables	10.2	37,081	1,478	4.0%	34,607	720	2%
Provisions for risks and charges	9.3	75			0		
Current tax liabilities	10.3	10,112			1,997		
Other financial liabilities	10.5	61,828	61,789	99.9%	113,882	113,882	100%
Other current liabilities	10.4	17,347	234	1.3%	5,866	2,385	41%
TOTAL CURRENT LIABILITIES		**209,430**			**156,352**		
TOTAL LIABILITIES		**334,963**			**166,707**		
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**870,627**			**471,388**		

CONSOLIDATED STATEMENT OF INCOME ACCORDING TO

CONSOB RESOLUTION No. 15519 DATED JULY 27, 2006

(Euro in thousands)

	Notes	2012	of which vs. Related parties (note 15)	% weight	2011	of which vs. Related parties (note 15)	% weight
Sales of goods and services	11.1	232,600	178,484	77%	84,423	82,105	97%
Other revenues and income	11.2	1,219	37	3%	234		
TOTAL REVENUES		**233,819**			**84,658**		
Personnel expenses	11.3	45,038	77	0%	17,523		
Purchases, services, other costs	11.4	94,214	3,957	4%	38,751	1,440	4%
Amortisation, depreciation and write-downs	11.5	50,035			18,295		
TOTAL COSTS		**189,287**			**74,568**		
EBIT		**44,532**			**10,090**		
Financial expenses	11.6	(6,539)	(2,117)	32%	(1,301)	(1,221)	94%
Fianancial income	11.7	445			201		
EBT		**38,438**			**8,989**		
Income taxes	11.9	14,794			3,804		
NET PROFIT FROM CONTINUING OPERATIONS		**23,644**			**5,185**		
Net Gains/(Losses) from discontinued operations		0			0		
NET PROFIT FOR THE PERIOD	11.10	**23,644**			**5,185**		
Earnings per share (Euro):	11.11						
- Basic		0.84					
- Diluted		0.84					

1. GENERAL INFORMATION

EI Towers S.p.A. is a joint stock company incorporated in Italy and inscribed in the Enterprises Register of Monza and Brianza. Its registered office is located in Via Zanella, 21 – Lissone (MB). Its majority shareholder is Elettronica Industriale S.p.A., which, in turn, is wholly owned indirectly by Mediaset S.p.A. The main activities of the company and the Group are described in the opening section of the Directors' Report on Operations.

These Financial Statements are stated in the Euro, because this is the currency that is used for most of the Group's transactions.

2. GENERAL DRAFTING CRITERIA AND ACCOUNTING STANDARDS FOR THE DRAFTING OF THE FINANCIAL STATEMENTS

For these Financial Statements what provided for by IFRS 3 in case of reverse acquisition has been applied, 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 accounting standard.

By virtue of the business combination described in the Directors' Report, 2011 data cannot be compared to 2012 ones.

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 "Towers" the business unit. For this reason, comparative data at December 31, 2011 reported in the Income statement, Comprehensive Income Statement and Cash Flow Statement refer to the period from June 30, 2011 to December 31, 2011of the accounting acquirer.

It should be notes that in the tables commenting the main items of the financial statements in Changes in the consolidation area balances of assets, liabilities and shareholders' equity of the Group at December 31, 2011 are included.

These Financial Statements have been drawn up with a going concern approach, because the Directors have checked that there do not exist any signs of any financial, operational, managerial criticalities or of any other nature that could possibly impact the ability of the Group to face up to its obligations in the foreseeable future. The risks and the uncertainties relative to the business itself are described in the Directors' Report on Operations. The description of how the Group manages its financial risks, among which there are the liquidity and capital ones, is contained in the paragraph called Additional information on financial instruments and the risk management policies contained in these Explanatory Notes.

The Financial Statements at December 31, 2012 have been drawn up according to the IAS/IFRS and the relative interpretations issued by the SIC/IFRIC homologated by the European Commission and in force at the date in question.

The accounting criterion normally used for assets and liabilities is that of historical cost, with the exception of some financial instruments for which, pursuant to what is laid down in IAS 39, the fair value is used.

The tables in the Financial Statements and the Explanatory Notes have been prepared together with the supply of the additional disclosure laid down, regarding Financial Statements layouts and information, by the Consob Resolution no. 15519 of July 27, 2006 and by the Consob Communication no. 6064293 of July 28, 2006.

The values of the items in the Financial Statements, considering their size, are shown in amounts of thousand Euros.

It should be noted that, following the business combination, in order to guarantee uniformity in the exposition of the financial statements, starting from this year buildings and industrial and commercial equipment related to radio and television broadcasting and mobile communication transmission sites owned by the merged company and the Group of the merging company have been reclassified as "Towers". In addition, the Group decided to redetermine the useful life of these assets in 20 years starting from this year based on an estimation survey carried out by an independent surveyor. As a consequence of this variation, lower amortisation of tangible assets, amounting to Euro 1.7 million, has been accounted in the year.

It is highlighted that, as a consequence the final accounting allocation of the fair value of acquired assets and assumed liabilities (Purchase Price Allocation) and the connected redetermination in 20 years from the previous 16 years of the useful life of intangible assets related to Customer relations, described in the following Note 5, higher amortisation of intangible assets amounting to Euro 3.2 million has been accounted in the year.

Accounting standards, amendments and interpretations effective from January 1, 2012

The Group applied the following accounting standards, amendments and interpretations, issued in 2010 starting from January 1, 2012.

IAS 12 Income taxes – Recovery of Underlying Assets

The amendment clarifies the determination of deferred tax investment property measured at fair value. The amendment includes the rebuttable presumption that the carrying amount of an investment property, measured using the fair value model in IAS 40, will be recovered through sale, and that, consequently, that deferred tax should be measured on a sale basis. The presumption is rebutted if the investment property is depreciable and it is held within a business model whose objective is to consume substantially all of the economic benefits in the investment property over time, rather than through sale. The amendment is effective for annual periods beginning on or after January 1, 2012. This amendment has no impact on the consolidated financial statements.

IFRS 1 – Severe Hyperinflation and Removal of fixed dates fixed for first-time AdoptersIASB has provided guidance on how an entity should resume presenting financial statements in accordance with IFRS when the entity's functional currency ceases to be subject to severe hyperinflation. The amendment is effective for annual periods beginning on or after July 1, 2011. This amendment had no impact on the Group.

IFRS 7 Financial Instruments: Additional Disclosures – Transfer of financial assets

This amendment is effective for annual periods beginning on or after July, 1 2011. This amendment requires additional disclosures about transferred financial instruments that are not derecognised, to enable users of the financial statements to understand the relationship between transferred financial assets not derecognised and associated liabilities. This amendment will also require disclosure about continuing involvement in transferred financial assets that are derecognised to enable users of the financial statements to assess the nature and the risk associated with the entity's continuing involvement in these assets derecognised. This amendment concerns only disclosure and has no impact on the financial position or the result of the Group.

Financial Statements tables and layouts

The Consolidated Balance Sheet is drawn up following the layout that splits assets and liabilities into current and non-current. An asset or liability is classified as current when it meets one of the following criteria:

- It is expected that it will be realized, or extinguished, or it is estimated that it will be sold, or used, in the ordinary operating cycle of the Group, or
- it is mainly held for trading, or
- it is expected that it will be realized or extinguished within 12 months from the Financial Statements closing date.
- lacking all three of the above conditions the assets and liabilities are classified as being non-current.

The Income Statement is drawn up with the layout of costs by type, showing the intermediate levels of the operating result and the pre-tax result. The operating result is the difference between the Net Revenues and the operating costs (these latter include the costs of a non-monetary nature relative to the amortisation, depreciation and write-downs of current and non-current assets, net of any reinstatements of value).

To enable a better measurement of the true progress of normal operations there can also be shown separately, within the section down to the Operating Result, cost and revenue components arising from events or operations that, because of their type and amount, have to be considered as non-recurrent. These operations can be linked to the definitions of significant non-current operations and events that are contained in the Consob Communication no. 6064293 of July 28, 2006, differing from the definition of "atypical and/or unusual operations" contained in the same Consob Communication of July 28, 2006, according to which there are considered to be atypical and/or unusual operations those operations which, due to their significance/relevance, the type of the counterparts, the subject of the transaction, the method of calculating the transfer price and the time of the event (nearness to the closing date of the financial year) can give rise to doubts regarding the correctness/completeness of the information in the Financial Statements, to conflicts of interest, to the safeguarding of the company's equity, or to safeguarding of the minority shareholders' interests.

The Comprehensive Income Statement table shows the cost and revenue items, net of tax, which has asked for, or allowed, by the various International Accounting Standards are posted directly among the Balance Sheet reserves. For each one of the significant Balance Sheet reserves that are shown in the table there are given the references to the successive Explanatory Notes, within which there is supplied the relative information and there are detailed the breakdowns and the changes that have taken place since the last fiscal year.

The Cash Flow Statement has been drafted by applying the indirect method, according to which the pre-tax result is adjusted for the impacts of non-monetary operations, for any deferral or provision of previous or future operational incomes or payments and for elements of revenues or cost connected with financial flows deriving from investment or financial activities. Changes in payables to suppliers for investments are included in the Cash Flows from investment activities. Incomes and charges relative to medium/long-term financing operations and the relevant hedging instruments are included in the financial activities.

The Net Equity Movements table shows the changes that have taken place in the Net Equity items relative to the following:

- allocation of the profit for the period of the parent company and subsidiaries to minority shareholders;
- breakdown of the comprehensive profit/loss
- amounts relative to transactions with the shareholders (purchases and sales of treasury shares);
- impact from any changes in the accounting standards.

It is highlighted that for the purpose of fulfilling the obligations contained in the Consob Resolution no. 15519 of July 27, 2006 called “Measures regarding Financial Statements layouts”, there are also given, in addition to the obligatory tables, specific Consolidated Income Statement and Balance Sheet tables giving the significant amounts of the balances or transactions with Related Parties shown apart from the respective reference items.

Consolidation standards and area

The Consolidated Financial Statements includes the Financial Statements of EI Towers S.p.A. and of the companies regarding whom EI Towers S.p.A. has the legal right of exercising control, either directly or indirectly, which is understood as the power to determine their financial and operational choices and obtain the relative benefits from them.

The assets, liabilities, charges and incomes of the subsidiary companies are consolidated on a line-by-line basis, which means they are taken into the Consolidated Financial Statements in their entirety. The accounting book value of these shareholdings is zeroed out against the equivalent amount of the net equity of the companies whose shares they are, giving each individual asset and liability item its current value at the date of the acquisition of control (Purchase Method). In case of residual difference, if positive it will be recorded as non-current asset under the item "Goodwill", if negative it will be recorded as income in the income statement.

In the case of purchases of equity investments by a common parent company, (business combination under common control) a situation that is excluded from the area of obligatory application of IFRS 3, in the absence of specific IAS/IFRS standards or interpretations for these types of operations, taking into account what is laid down by IAS 8, there is generally held to be applicable the criterion based on the standard of the continuity of the values, which foresees that in the Financial Statements of the purchaser the assets and the liabilities are transferred at the values contained in the Consolidated Financial Statements at the transfer date of the common parent that controls the parties who carry out the business combination, with the posting of any difference between the price paid for the equity investment and the net book value of the assets to a specific reserve within the Group Net Equity.

In the preparation of the Consolidated Financial Statements there are washed out all the intercompany receivables, payables, costs and revenues between the consolidated companies, as well as the unrealised profits on intercompany operations.

The amounts of the Net Equity and of the result for the accounting period of the consolidated companies belonging to minority shareholders are identified and shown separately in the Consolidated Balance Sheet and Income Statement.

The accounting situations of the affiliated companies and of companies subject to joint control, are posted to the Consolidated Financial Statements using the Net Equity method, as described in the following item Equity Investments.

Pursuant to IAS 28, an affiliate is a company in which the Group is able to exercise a significant but not a controlling or joint control influence, through participation in the decisions regarding financial and operational policies of the affiliate.

With reference to IAS 31, a joint venture is a contractual agreement with which the Group, together with other participants, undertakes a business activity subject to joint control. For joint control there is meant the contractual sharing of control of a business activity and this only exists when the strategic, financial and operational decisions regarding the business require the unanimous consent of the parties that share control of it.

Buildings, plants and equipment

Plant, machinery, equipment, buildings and land are posted at purchase, production or conferment cost, including any ancillary charges, any dismantling costs and the direct costs necessary to make the asset ready for use. These fixed assets, with the exception of land, which is not subject to depreciation, are systematically depreciated in each accounting period on a straight-line basis, using economic and technical depreciation rates determined in relation to the remaining useful life of the assets.

Depreciation is calculated on a straight-line basis on the cost of the assets net of the relative residual values (if significant) based on their estimated useful lives, applying the following rates:

Buildings	2.5% – 3.33%
Transmission sites (Towers)	5%
Plant and machinery	10% – 12.5% – 14.28% – 16.66%
Industrial and commercial equipment	12.50% – 14.28% – 16.66%
Office electronic machines	20%
Office forniture	8.33%
Motor vehicles and other means of transport	10% – 20%

The possibility to recover their value is assessed according to the criteria laid down by IAS 36, described in the section below “Impairment of assets”.

Ordinary maintenance costs are posted in full to the Income Statement. Incremental maintenance costs are attributed to the related assets and depreciated over their remaining useful life.

Leasehold improvements are attributed to the classes of assets to which they refer and depreciated at the lower between residual life of the lease contract and residual useful life of the type of asset to which the improvement relates.

Whenever the single components of a complex tangible fixed asset have different useful lives, they posted separately in order to be depreciated separately, in line with their individual useful lives (“component approach”).

Specifically, according to this principle, the value of land and that of the buildings that are on it are separated and only the buildings are depreciated.

Gains and losses resulting from sales or disposals of assets are calculated as the difference between the sale revenue and the net book value of the asset and are posted to the Income Statement.

Assets in leasing

Assets acquired through leasing contracts are posted to tangible fixed assets and a financial payable for the same amount is posted to liabilities. The payable is progressively reduced according to the reimbursement plan of the amounts of the principal included in the contract installment payments. The amount of the interest ratio is kept in the Income Statement in the item financial charges and the value of the asset posted to tangible fixed assets is depreciated on a straight-line basis according to the economic/technical life of the asset, or, if shorter, on the basis of the expiry date of the leasing contract.

The costs for leasing installments coming from operating leases are posted at fixed amounts based on the duration of the contract.

Intangible fixed assets

Intangible fixed assets are assets without any physically identifiable nature, controlled by the company and able to generate future economic benefits. They also include goodwill when this is acquired for value.

They are posted at purchase or production cost, including ancillary charges according to the criteria already described for tangible fixed assets.

In the event of purchased intangible fixed assets whose availability for use and the relevant payments are deferred beyond ordinary terms, the purchase value and the relative payable are discounted by posting the implicit financial charges contained within the original purchase price.

Internally generated intangible fixed assets are posted to the Income Statement in the period in which they are incurred if relative to research costs. Development costs, mainly regarding software, are capitalized and amortised on a straight-line basis over their estimated useful lives (3 years on average), provided that they can be identified, that the cost can be dependably calculated and that the asset is likely to generate future economic benefits.

Intangible fixed assets with a defined useful life are amortised on a straight-line basis, starting from the time when the asset is available for use, over the period of their forecasted usefulness. The possibility to recover their value is assessed according to the criteria envisaged by IAS 36, described in the next section Impairment of assets.

Goodwill and the other non-current assets with undefined useful life or not available for use are not subject to amortisation on a straight-line basis but subject to an impairment test, at least yearly, carried out at the level of Cash Generating Unit, or groups of Cash Generating Units to which company Management imputes goodwill.

Any write-downs of these assets cannot be the subject of subsequent reinstatements of value.

The goodwill resulting from the acquisition of control of an equity investment or of a branch of a company is the excess between the purchase cost, understood as being the sum of the prices transferred for the business combination, increased by the fair value of any equity investment that was previously owned in the acquired enterprise, compared to the fair value of the assets, liabilities and potential liabilities identifiable in the acquired entity as of the date of acquisition.

In the case of the purchase of controlling interests that are less than 100% of the capital, goodwill can be valued at the acquisition date considering the percentage of control acquired (partial goodwill) or valuing at fair value the shares of minority interests (full goodwill).

The valuation method can be decided time by time for each transaction.

For the purposes of calculating the goodwill, the transfer price for a business combination is calculated as the sum of the fair values of the assets transferred and the liabilities taken on by the Group at the date of acquisition and of the capital instruments issued in exchange for the control of the acquired entity, also including the fair value of any prices subject to conditions that are foreseen in the purchase contract.

Any goodwill adjustments can be posted in the measurement period (which cannot be more than one year from the date of acquisition) which are due to either successive changes in the fair value of the prices subject to conditions or to the calculation of the current value of the assets and liabilities acquired, if they were only posted provisionally at the date of acquisition and when these changes are calculated as adjustments based on further information regarding facts and circumstances existing at the date of the combination.

In the case of the sale or ceding of amounts of control equity investments the remaining amount of the goodwill attributable to them is included in the calculation of the gain or loss from disposal.

The goodwill resulting from Business Combinations taking place before January 1, 2010 have been posted according to the criteria laid down by the previous version of IFRS 3.

Impairment of assets

The book values of the tangible and intangible fixed assets are periodically reviewed as laid down by IAS 36, which asks for the evaluation of the existence of any losses of value ("impairment"), where there are indicators that indicate that this problem could exist. In the case of goodwill, of intangible fixed assets with an undefined useful life or of assets not available for use this valuation is carried out at least yearly, normally at the time of the preparation of the Annual Report, but also at any time when there is an indication of a possible loss of value of an asset.

The possible recovery of the posted values is checked by comparing the accounting book value in the Financial Statements with the greater between the net sale price, where there is an active reference market, and the usage value of the asset.

The usage value is calculated based on the discounting of the cash flows expected from the usage of the individual asset or of the cash generating unit to which the asset belongs and from its disposal at the end of its useful life.

In the case of impairment the cost is posted to the Income Statement but, first of all, reducing the goodwill and then posting the excess amount, proportionately to the value of the other assets of the specific CGU. With the exception of the goodwill and the assets with an undefined useful life reinstatements of the values of the other assets are allowed when the conditions that brought about the write-down change. In this case the book value of the asset can be increased within the limits of the new estimated value but not over the value that would have been calculated, where there were no preceding write-downs.

Equity investments in associated companies and joint ventures

These equity investments are accounted for in the Consolidated Financial Statements using the Net Equity method. At the time of purchase the difference between the cost of the equity investment, including any ancillary charges and the amount belonging to the purchaser of the net fair value of the assets, liabilities and identifiable potential liabilities of the subsidiary is accounted for according to IFRS 3, by posting, if it is positive, a goodwill, included in the book value of the equity investment or, if it is negative, an income in the Consolidated Income Statement.

The posted values of these equity investments are afterwards adjusted to the initial posting, based on the pro rata changes in the Net Equity of the subsidiary coming from the accounting situations, drawn up by the companies involved, at the time of drafting the Consolidated Financial Statements.

When there are losses belonging to the Group that are higher than the book value the book value is written off and appropriate provisions or liabilities are posted for the amount of any further losses, but only if the investor is committed to fulfilling legal or implicit obligations regarding the subsidiary or, in any case, to cover its losses. Whenever no further losses are found and, afterwards, the subsidiary achieves profits the investor will only post the amount of the profits appertaining to it after these have equaled the losses not accounted for.

After the application of the Net Equity method, the book value of these equity investments, also including the goodwill if any, whenever there exist the prerequisites laid down by the measures in IAS 39, must be subjected to an impairment test, pursuant to and following the methodologies, previously commented on, that are laid down by IAS 36.

In the case of a write-down for loss of value the relative cost is posted to the Income Statement. The original value can be reinstated in the following fiscal years if the reasons for the write-down disappear.

Non-current financial assets

Equity investments other than investments in associated companies or jointly controlled companies are posted to the item “other financial assets” in non-current assets and are classified pursuant to IAS 39 as financial assets “Available for sale” at Fair value or, alternatively, at cost if the fair value cannot be dependably calculated with the posting of the valuation impact, until the asset is disposed of but with the exception of the case when it has suffered a permanent loss in value, to a specific reserve in the Net Equity.

In the event of a write-down for loss of value, i.e. impairment, the cost is posted to the Income Statement. The original value is reinstated in subsequent fiscal years if the reasons for the write-down disappear.

The risk resulting from any losses above the value of the Net Equity is posted to a specific risks fund to the extent to which the investor is committed to fulfilling legal or implicit obligations regarding the subsidiary or, in any case, to cover its losses.

Among the assets available for sale there also fall the financial investments, not held for trading, valued according to the rules already referred to for the assets “Available for sale” and the financial payables, for the amount of them that is due beyond 12 months.

The receivables are posted at their amortised cost, using the actual interest rate method.

Non-current assets available for sale

Non-current assets available for sale are valued at the lower between their previous net book value and their market value less cost of sales. Non-current assets are classified as available for sale when it is estimated that their book value will be recovered by means of a sale transaction rather than through their use in company operations. This condition is only met when the sale is considered as very likely and the asset is available for immediate sale in its current condition.

For this purpose, Management must be committed to the sale, which must take place within 12 months from the date of classification of this item.

Current Assets

Inventories

The inventories of raw materials, semi-finished and finished products are valued at the lower between acquisition or production cost, including ancillary charges, i.e. at FIFO (First In First Out) and their presumed net realisable value deducible from the market trend.

Trade receivables

The receivables are posted at their fair value, which is generally also their face value, except in the case where, because of significant extended payment terms, it is the same as the value calculated by applying the amortised cost method. Their value at year-end is adjusted to their estimated realisable value and written down in case of impairment.

Sale of receivables

The recognition of the sale of receivables is subject to the measures laid down by IAS 39 regarding derecognition of financial assets. As a result, the receivables sold to factoring companies, with or without recourse, in the event that the latter includes clauses that imply maintaining a significant exposure to the trend of the cash flows from the sold receivables, remain in the Financial Statements, even though they have been legally sold, with a corresponding accounting posting of a financial liability for the same amount.

Current financial assets

Financial assets are posted and reversed in the Financial Statements based on their transaction date and they are initially valued at cost, including the expenses directly connected with their acquisition.

At successive dates of the Financial Statements, those financial assets to be held until maturity are shown at amortised cost, according to the actual interest rate method, net of write-downs made to reflect impairment.

Financial assets other than those held until maturity are classified as held for trading or available for sale and are valued at their "fair value" at each accounting period with the posting of their impacts to the Income Statement in the item "Financial (Charges)/Incomes" or to a specific reserve in the Net Equity and, in this latter case, until they are realised or have suffered a loss of value.

Cash and equivalents

This item includes the cash, the bank current accounts and deposits that are repayable on demand and other short-term and high liquidity financial investments that are readily convertible to cash, with an insignificant risk of a change in value.

Treasury shares

Treasury shares are shown at cost and posted as a reduction of Net Equity and all the gains and losses resulting from trading them are posted to a specific reserve in the Net Equity.

Employee Benefits

Post-Employment Benefit Plans

The Employee Leaving Indemnity, which is obligatory for Italian companies pursuant to article 2120 of the Italian Civil Code, is a type of deferred remuneration and it is related to the length of the working lives of the employees and the emoluments received. Due to the Supplementary Pension Reform that is referred to in the relative Decree, the amounts of the Employee Leaving Indemnity accrued until December 31, 2006 shall continue to remain within the company constituting a defined benefit plan, with the obligation of the accrued benefits to that date being subject to an actuarial valuation, while the amounts that accrue from January 1, 2007 are allocated to supplementary pension funds, or transferred by the company to the treasury fund managed by INPS (Italian National Social Security Institute) starting from the time when the employees formalise their choice, as defined contribution plans that are no longer subject to actuarial valuation.

For the benefits subject to actuarial valuation, the liability relative to the Employee Leaving Indemnity must be calculated by projecting forward the already accrued amount up to the future date of the dissolution of the employment relationship and then calculating the net present value of the amount, at the date of the Financial Statements, using the actuarial method called the "Projected Unit Credit Method".

The actuarial gains and losses that reflect the impacts coming from the changes in the actuarial hypotheses used are posted directly to the Net Equity, without ever passing to the Income Statement and they are shown in the Comprehensive Income Statement table.

Share-based payments

The Group, in line with what is laid down by IFRS 2, which classifies Stock Options as "share based payments" and asks that for the type that falls into the "equity-settled" category, which means that it foresees the physical handing over of the share certificates, the calculation at the assignment date of the fair value of the option rights issued and its posting as a personnel costs to be split evenly of the period of the accrual of the rights (vesting period) with the posting of the other side of the entry to the specific reserve of Net Equity. This posting is carried out based on the estimate of the rights that will actually accrue in favour of the person who has the right, taking into consideration the usufruct conditions of them, not based on the market value of the rights.

At the end of the exercising period the relative Net Equity reserve is reclassified among the reserves available for use.

The calculation of the fair value takes place using the "binomial" model".

Trade payables

The trade payables are posted at their nominal value, which is usually close to the amortised cost. Those originating in non-EMU currencies are valued at the year-end spot rates issued by the European Central Bank.

Funds for risks and charges

The funds for risks and charges are relative to those costs and charges whose existence is either certain or probable but, however, for which, at the closing date of the accounting period it was not possible to ascertain, with absolute certainty, either their true amount or the exact date on which they shall fall due. They have been provided only when there is a real current obligation, which is the result of past events that can be of a legal or contractual type, or derived from declarations or behaviour of the company that create valid expectations in the persons involved (implicit obligations). The provisions for these items have been posted at the value that represents the best possible estimate of the amount that the enterprise would have to pay in order to extinguish its obligation. When they are significant, and the payment date can be dependably estimated, the provisions are shown in the Financial Statements at current values with the posting to the Income Statement, in the item "Financial Incomes and (Charges)", of the charges coming from the passage of time.

Non-current financial liabilities

The Non-current financial liabilities are shown at their amortised cost, using the actual interest rate method.

Financial derivatives and accounting for hedging operations

The Group is exposed to financial risks that are mainly linked to interest rate

fluctuations regarding multi-year loans stipulated at variable rate.

The financial derivatives are current financial assets and liabilities shown at fair value.

Revenue recognition

The revenues from sales and services are posted when the actual transfer takes place of the risks and benefits arising from the ceding of the ownership of the goods or at the time when the supply of the service takes place.

- The revenues are shown net of returns, discounts, allowances and premiums, as well as of any directly linked tax charges;
- Any cost recoveries are shown as a direct reduction of the relative costs.

Income taxes

The current income taxes are posted, for each company, on the basis of the estimated taxable income in line with the tax rates and fiscal measures that are currently in force, or have been basically approved, at the close of the accounting period, taking into account any applicable exemptions and tax credits that are due.

The prepaid and deferred taxes are calculated based on the timing differences between the values attributed to the assets and liabilities in the Financial Statements on a statutory basis and the corresponding values that are recognized for fiscal purposes, on the basis of the tax rates that will be in force at the time when the timing differences will be reversed. When the results are posted directly to Net Equity, the current taxes, the prepaid taxes assets and the deferred taxes liabilities are also posted to Net Equity. The deferred taxes assets and liabilities are set off when there exists a legal right to be able to set off the current taxes assets and liabilities and when they refer to taxes that are due to the same Tax Authority and the Group intends to settle the current tax assets and liabilities on a net basis.

In the case of any changes in the net book value of the deferred tax assets and liabilities arising from a change in the tax rates or the relative legislation, rules or regulations, the resulting deferred taxes are posted into the Income Statement, unless they are relative to elements that have already been debited or credited previously to the Net Equity.

Dividends

The dividends are accounted for in the accounting period in which there is passed the resolution to distribute them.

Earnings per share

The earnings per share are calculated by dividing the net profit of the Group by the weighted average of the number of shares in circulation, net of the treasury shares. The diluted earnings per share is calculated by taking into account in the calculation the number of shares in circulation and the potential diluting effect coming from the assignment of treasury shares to the beneficiaries of stock option plans that have already reached maturity.

Use of estimates

The drawing up of the Consolidated Financial Statements and of the Explanatory Notes required making estimates and assumptions, both in calculating some assets and liabilities, as well as in the evaluation of the potential assets and liabilities.

The main estimates are relative to the calculation of the usage value of the Cash Generating Units to which the goodwill, or other assets with a defined or indefinite useful life are allocated, for the purposes of the periodic check regarding the ability to be able to find the recoverable value of these assets according to the criteria laid down by IAS 36. The calculation of this usage value requires the estimating of the cash flows that are forecasted to be produced by the CGU, as well as the setting of an appropriate discounting rate to be used. The main uncertainties that could influence this estimate are relative to the calculation of the Weighted Average Cost of Capital (WACC), of the growth rates of the flows beyond the forecast horizon (g), as well as the hypotheses made in developing the expected cash flows for the years of the explicit forecast.

The main forecasted data refer to the funds for risks and charges and the Bad Debts Reserves.

The estimates and assumptions are periodically reviewed and the impacts of each individual change in them are posted to the Income Statement.

Changes in accounting estimates

Pursuant to the IAS 8 these items are input to the Income Statement, on a forecasted basis, starting from the accounting period during which they are adopted.

New accounting standards, interpretations and amendments not yet applicable and not applied in advance by the Group

Accounting standards already issued at the date of the preparation of the Financial Statements of the Group but not yet effective are described below. The list refers to standards and interpretations that the Group expects to reasonably apply in the future. The Group intends to adopt these standards as soon as they are effective.

IAS 1 Presentation of Financial Statements – Presentation of items of other comprehensive income

The amendment to IAS 1 changes the grouping of items of other comprehensive income. Items which may be reclassified (or "recycled") in the income statement in future (i.e., net profit on net investment hedges, difference resulting from translating foreign financial statements, net profit on cash flow hedge and net profit/loss from financial assets held for sale) should be presented separately with respect to items which will not (i.e., actuarial gains and losses on defined benefit plans and revaluation of land and buildings). The change concerns only the way of presentation and has no impact on the financial position of the Group and on its results. The amendment is applicable to annual periods beginning on or after July 1, 2012.

IAS 19 Employee Benefits (amendment)

IASB issued several amendments to IAS 19, from radical changes such as the elimination of the corridor approach and of the concept of expected return on plan assets, to simple clarification and terminology. The Group is now assessing the impact of other amendments. The amendments are applicable to annual periods beginning on or after January 1, 1,

IAS 28 Investments in Associates (amended in 2011)

Following new IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities, IAS 28 has been renamed "Investments in associates and jointly controlled entities", and describes the use of the equity method for investments in jointly controlled entities, in addition to associates. The amendments are applicable to annual periods beginning on or after January 1.

IAS 27 Consolidated and Separate Financial Statements (amended in 2011)

Following new IFRS 10 and IFRS 12, accounting in subsidiaries, jointly controlled entities and associates, in separate financial statements is all that remains of IAS 27. The amendments are applicable to annual periods beginning on or after January 1, 2013.

IAS 32 Offsetting of financial assets and financial liabilities – Amendment to IAS 32

These amendments clarify the meaning of "currently has a legally enforceable right to offset" and also clarify the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. These amendments should not have impacts on the financial position or results of the Group and will be effective for annual periods beginning on or after January 1, 2014.

IFRS 1 Government Loans – Amendments to IFRS 1

These amendments require first-time adopters to apply the requirements of IAS 20 *Accounting of Government Grants and Disclosure of Government Assistance* prospectively to government loans existing at the date of transition to IFRS. However, entities may choose to apply the requirements of IAS 39 and IAS 20 to government loans retrospectively if the information needed to do so had been obtained at the time of initially accounting for the loan. The exception would give first-time adopters relief from retrospective measurement of government loans with a below-market rate of interest. The amendment will be effective for annual periods beginning on or after January 1, 2013. These amendments have no impact on the Group.

IFRS 7 Financial Instruments: Disclosures – Offsetting Financial Assets and Financial and Liabilities – Amendments to IFRS 7

These amendments require an entity to disclose information about rights of set-off and related arrangements (e.g. collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognised financial instruments, that are set off in accordance with IAS 32 *Financial Instruments: Presentation*. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with IAS 32. These amendments will have no impact on the financial position and the results of the Group and will be effective for annual periods beginning on or after January 1, 2013.

IFRS 10 – Consolidated Financial Statements

IFRS 10 replaces that part of IAS 27 Consolidated and Separate Financial Statements which regulates accounting of consolidated financial statements. It includes also issues raised in SIC-12 Consolidation – Special Purpose Entities.

IFRS 10 establishes a single principle of control applicable to all entities, including special purpose entities. Changes introduced by IFRS 10 require the management, compared to requirements in IAS 27, significant discretionary assessments to determine whether an entity is controlled and, therefore must be consolidated by the parent entity. This standard is applicable to annual periods beginning on or after January 1, 2013. After a preliminary valuation, this standard is not expected to have effects on the current interests held by the Group.

IFRS 11 Joint Arrangements

IFRS 11 replaces IAS 31 Interests in Joint Venture and SIC-13 Jointly Controlled Entities – Non-Monetary Contributions by Ventures.

IFRS 11 eliminates the option to account jointly controlled entities using the proportionate consolidation method. Jointly controlled entities respecting the definition of a joint venture must be accounted using the equity method.

This standard is applicable to annual periods beginning on or after January 1, 2013.

IFRS 12 Disclosure of Interests in other Entities

IFRS12 includes all requirements about disclosure of information previously included in IAS 27 related to consolidated financial statements, and all requirements about disclosure of information of IAS 31 and IAS 28. This disclosure relates to the interests an entity has in subsidiaries, jointly controlled entities, associates and structured entities. In addition, new disclosure case records are expected. This new standard will have no impact on the financial position o results of the Group. This standard is applicable to annual periods beginning on or after January 1, 2013.

IFRS 13 – Fair Value Measurement

IFRS 13 sets out in a single IFRS a framework for measuring fair value. IFRS 13 does not change the cases in which another IFRS requires fair value measurement, but provides the guidance on the measurement of fair value within IFRS, when the application of fair value is required or permitted. The Group is now assessing the impact this standard will have on financial position and results. This standard is applicable to annual periods beginning on or after January 1, 2013.

Annual improvements May 2012

These improvements will be applicable to annual periods beginning on or after January 1, 2013 and it is supposed they will have no impacts on the Group:

IFRS1 First-time Adoption of International Financial Reporting Standards
This improvement clarifies that an entity that has stopped applying IFRS in the past and chooses, or is required, to apply IFRS again, he has the option to re-apply IFRS 1. If IFRS is not re-applied, an entity must retrospectively restate its financial statements, as if it had never stopped applying IFRS.

IAS 1 Presentation of Financial Statements
This improvement clarifies the difference between voluntary additional comparative information and the minimum required comparative information Generally, the minimum required comparative period is the previous period.

IAS 16 Property, Plant and Equipment
This improvement clarifies that major spare parts and servicing equipment, that meet the definition of property, plant and equipment are not inventory.

IAS 32 Financial Instruments: Presentation
This improvement clarifies that income taxes arising from distribution to equity holders are accounted for in accordance with IAS 12 Income taxes.

IAS 34 Interim Financial Reporting
This improvement aligns segment information requirements for total assets and liabilities in interim reporting. The clarification also ensures that interim disclosures are aligned with annual disclosure.

4. MAIN CORPORATE OPERATIONS; CHANGES IN THE CONSOLIDATION AREA

Starting from January 1, 2012 the merger of EI Towers S.p.A., transferee company of the "Tower" business unit of the Mediaset Group and with 100% of its stock held by Elettronica Industriale S.p.A. (which, in turn, is indirectly wholly owned 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.

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

5. BUSINESS COMBINATIONS

The business combination above described was accounted for on the basis of IFRS 3 by applying the purchase method, determining goodwill on provisional basis as the difference between the business combination cost in accordance with IFRS 3 based on the fair value of the capital instruments the merging company should have issued in favor of the shareholders of the merged company and the fair value of acquired assets and assumed liabilities accountable at the transaction date.

The consideration of net acquired assets (business combination cost) has been determined in Euro 208.2 million corresponding to the fair value of the merged company based on the unit stock price of DMT share at the transaction date amounting to Euro 18.42. This amount corresponds to the theoretical countervalue of the capital increase (133,329,878 new shares with a unit fair value of Euro 1.56), that the merging company should have issued in favor of the shareholders of the merged company to allow them to have a shareholding stake equal to 40% of the entity resulting from the merger.

As required by IFRS 3, the process for the final allocation of the fair value of assets and liabilities purchased (Purchase Price Allocation), which was carried out with the assistance of an independent expert, was completed within the 12 months following the purchase date.

As part of this process intangible assets related to Customer relations have been identified with retroactive effect to January 1, 2012 for a higher value equal to Euro 72.7 million, with an estimated useful life of 20 years based on technical considerations related to the foreseeable evolution of radio-television transmission signal, and related deferred tax liabilities equal to Euro 22.8 million. As a result, the difference between the fair value of net acquired assets equal to Euro 9.8 million and the consideration, equal to Euro 208.2 million determined the accounting of a higher value allocated as goodwill for Euro 198.4 million.

The following table shows the allocation of the consideration provisionally paid for acquired assets and liabilities and the consequent final determination of the goodwill.

Net assets acquired	**Book value of the acquired company at the acquisition date (provisional allocation)**	**Adjustments at final allocation**	**Book value of the acquired company (final)**
Customer relations	29.2	72.7	101.9
Other intangible assets	0.6		0.6
Tangible assets	72.2		72.2
Deferred tax assets/(liabilities)	(19.9)	(22.8)	(42.7)
Inventories	0.2		0.2
Trade (payables)/receivables	(2.8)		(2.8)
Other assets/(liabilities)	(4.4)		(4.2)
Financial assets/(liabilities)	(117.5)		(117.5)
Cash and cash equivalents	2.2		2.2
Total net assets acquired net of goodwill recorded as an asset (a)	**(40.1)**	**49.9**	**9.8**
Total acquisition cost	**208.2**		**208.2**
Goodwill	**248.3**	**(49.9)**	**198.4**

NOTES ON MAIN ASSETS ITEM

6. NON CURRENT ASSETS

Below are tables showing changes occurring over the last two years for original cost, accumulated amortisation and write-downs and the net amount of key financial statement items related to non-current assets.

6.1 Property, plant and equipment

HISTORICAL COST	Land and building	Towers	Plant and machinery	Technical and commercial equipment	Other tangible assets	Tangible assets under formation and advances	Total
Beginning Balance	-	-	-	-	-	-	-
Changes in the consolidation area	-		-	-	-	-	-
Business unit contribution	53,808		207,560	49,083	20,704	25,102	356,257
Acquisitions	1,460		16,479	2,876	608	(2,703)	18,720
Other changes	1,607		3,712	711	123	(6,242)	(89)
Disposals	-		(309)	(14)	(98)	(507)	(928)
Depreciation and write-downs	-		-	-		(649)	(649)
Balance at 31/12/2011	56,875	-	227,442	52,656	21,337	15,001	373,311
Changes in the consolidation area	122,954	-	1,823	1,816	1,808	2,019	130,420
Reclassification	(133,394)	147,507		(14,113)			-
Other changes	1,228	2,214	5,999	469	503	(9,271)	1,142
Acquisitions	824	2	11,881	2,995	1,160	8,891	28,045
Disposals	(7)	(203)	(2,702)	(717)	(248)	(89)	(3,966)
Balance at 31/12/2012	48,480	151,812	244,443	43,106	24,560	16,551	528,952

AMORTISATION AND DEPRECIATION	Land and building	Towers	Plant and machinery	Technical and commercial equipment	Other tangible assets	Tangible assets under formation and advances	Total
Beginning Balance							
Changes in the consolidation area	-	-	-	-	-		-
Business unit contribution	15,750	-	114,619	29,469	14,536	-	174,374
Other changes	-		2,281	-	-	-	2,281
Disposals	-		(176)	(13)	(98)	-	(286)
Amortisation	1,226		11,395	2,100	1,133		15,854
Depreciation and write-downs	-		-	585	-		585
Balance at 31/12/2011	16,976	-	128,119	32,141	15,571	-	192,808
Changes in the consolidation area	53,899		1,732	1,266	1,347		58,244
Reclassification	(57,014)	64,581		(7,567)			-
Other changes	416		472	124	32		1,044
Disposals	(7)	(77)	(2,541)	(613)	(205)		(3,443)
Amortisation	1,790	6,264	23,089	3,585	2,233		36,961
Depreciation and write-downs		122					122
Balance at 31/12/2012	16,060	70,890	150,871	28,936	18,978	-	285,736

NET BOOK VALUE	Land and building	Towers	Plant and machinery	Technical and commercial equipment	Other tangible assets	Tangible assets under formation and advances	Total
Beginning Balance	-	-	-	-	-	-	-
Changes in the consolidation area	-	-	-	-	-	-	-
Business unit contribution	38,058	-	92,941	19,614	6,168	25,102	181,883
Acquisitions	1,460	-	16,479	2,876	608	(2,703)	18,720
Other changes	1,607	-	1,431	711	123	(6,242)	(2,370)
Disposals	-	-	(133)	(1)	(0)	(507)	(642)
Amortisation	(1,226)	-	(11,395)	(2,100)	(1,133)	-	(15,854)
Depreciation and write-downs	-	-	-	(585)	-	(649)	(1.234)
Balance at 31/12/2011	39,899	-	93,323	20,515	5,766	15,001	180,503
Changes in the consolidation area	69,055	-	91	550	461	2,019	72,176
Other changes	812	2,214	5,527	345	471	(9,271)	98
Reclassification	(76,380)	82,926	-	(6,546)	-	-	-
Acquisitions	824	2,294	11,881	2,995	1,160	8,891	28,045
Disposals	-	(126)	(161)	(104)	(43)	(89)	(523)
Amortisation	(1,790)	(6,264)	(23.089)	(3,585)	(2,233)	-	(36,961)
Depreciation and write-downs	-	(122)	-	-	-	-	(122)
Balance at 31/12/2012	32,420	80,922	93,572	14,170	5,582	16,551	243,216

Following the business combination, in order to guarantee uniformity in the exposition of the financial statements, starting from this year buildings and industrial and commercial equipment related to radio and television broadcasting and mobile communication transmission sites owned by the merged company and the Group of the merging company have been reclassified as "Towers" (item "Reclassification" in the previous table). In addition, the Group decided to redetermine the useful life of these assets in 20 years starting from this year based on an estimation survey carried out by an independent surveyor.

The main increases during the period were for:

- Increases in plant and machinery for Euro 17,880 thousand, of which Euro 11,881 thousand for purchases during the year and for Euro 5,999 thousand to bank transfers of tangible assets under formation during previous years, related to equipment and plants and to the installation of infrastructures for the completion of the switch-off related to the migration to digital TV transmission.
- Increases in tangible assets under formation and advances for Euro 8,891 thousand mainly for common plants and equipment under completion at Towers.

The write-downs of the period amounted to Euro 122 thousand and relate to Towers no longer used and under disposal.

6.2 Goodwill

Balance at 1/1/2011	**-**
Business unit contribution	**255,671**
Increases	
Other changes	
Disposals	
(Depreciation and write-downs)	
Balance at 31/12/2011	**255,671**
Changes in the consolidation area	198,459
Increases	
Other changes	
Disposals	
(Depreciation and write-downs)	
Net Balance at 31/12/2012	**454,130**

The Purchase Price Allocation process was carried out during the year in accordance with IFRS 3. Goodwill value adjustments have been recorded with retroactive effect at the date of the business combination (see note 5).

At 31 December 2012 goodwill was subject to the impairment tests as required by IAS 36.

This assessment was done at the level of Cash Generating Unit (CGU) “Tower”, to which the value of goodwill is allocated, on the basis of multi-year plans approved by the Board of Directors.

The rate used to discount future cash flows was determined by calculating the weighted average cost of capital taking into account the financial structure, the current market assessment of the cost of money for the plan period considered, and assuming a risk free rate equal to the average annual return on ten-year government debt securities in Italy, and a premium for long-term stock risk equal to5%.

These assessments have been carried out by utilising an actuarial base rate, corresponding to the weighted average cost of capital net of taxes of 7.4% and a growth rate, used to extrapolate cash flows over the plan period prudentially of 1%.

These assessments confirmed the recoverability of the carrying values subjected to impairment test of the CGU. For the assessment summarised above, sensitivity analyses were also carried out with respect to the financial parameters used for the determination of value in use. The discount rate was allowed to fluctuate in a range of +/-20% relative to the base figure, and the perpetual growth rate in a range of 0-2%; in addition, sensitivity analyses have been carried out changing EBITDA in a range of 0 and -20% and WACC in a range of +/- 15%. All sensitivity analyses confirmed that recoverable value for the CGU was greater than the book value.

It should be noted that the WACC which makes the value in use of the CGU equal to the book value is 10.8%, considering a growth rate to extrapolate cash flows over the plan timeframe equal to 1%.

6.3 Other intangible assets

HISTORICAL COST	Patents and intellectual property rights	Customer relations	Trademarks	Licences	Intangible assets in progress and advances	Other intangible assets	Total
Beginning Balance	-	-	-	-	-	-	-
Changes in the consolidation area							-
Business unit contribution	7,548			12,032			19,580
Acquisitions	68						-
Other changes	89						-
Disposals							-
Balance at 31/12/2011	**7,705**		**-**	**12,032**	**-**	**-**	**19,737**
Changes in the consolidation area	1,905	115,467			33	8,816	126,221
Acquisitions	398			200	416	7,500	8,514
Other changes	209					(755) -	546
Disposals				-	33	-	33
Balance at 31/12/2012	**10,217**	**115,467**	**-**	**12,232**	**416**	**15,561**	**153,893**

AMORTISATION AND DEPRECIATION	Patents and intellectual property rights	Customer relations	Trademarks	Licences	Intangible assets in progress and advances	Other intangible assets	Total
Beginning Balance	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Changes in the consolidation area							-
Business unit contribution	7,356			1,437			8,793
Other changes							-
Disposals							-
Amortisation	155			405			560
(Depreciation), (write-downs)/write-ups							-
Balance at 31/12/2011	**7,511**		**-**	**1,842**	**-**	**-**	**9,353**
Changes in the consolidation area	1,847	13,548				8,280	23,675
Other changes	13					(416) -	403
Disposals							-
Amortisation	343	5,715		827		2,599	9,484
(Depreciation), (write-downs)/write-ups							-
Balance at 31/12/2012	**9,714**	**19,263**	**-**	**2,669**	**-**	**10,463**	**42,109**

NET BOOK VALUE	Patents and intellectual property rights	Customer relations	Trademarks	Licences	Intangible assets in progress and advances	Other intangible assets	Total
Beginning Balance	-		-	-	-	-	-
Changes in the consolidation area	-	-	-	-	-	-	-
Business unit contribution	192	-	-	10,595	-	-	10,787
Acquisitions	68	-	-	-	-	-	68
Other changes	89	-	-	-	-	-	89
Disposals	-	-	-	-	-	-	-
Amortisation	(155)	-	-	(405)	-	-	(560)
(Depreciation), (write-downs)/write-ups	-	-	-	-	-	-	-
Balance at 31/12/2011	**194**		**-**	**10,190**	**-**	**-**	**10,384**
Changes in the consolidation area	58	101,919	-	-	33	536	102,546
Acquisitions	398	-	-	200	416	7,500	8,514
Other changes	196	-	-	-	-	(339)	(143)
Disposals	-	-	-	-	(33)	-	(33)
Amortisation	(343)	(5,715)	-	(827)	-	(2,599)	(9,484)
(Depreciation), (write-downs)/write-ups	-	-	-	-	-	-	-
Balance at 31/12/2012	**503**	**96,204**	**-**	**9,563**	**416**	**5,098**	**111,784**

The item Customer relations increased due to the allocation of goodwill following the Purchase Price Allocation and has been accounted with retroactive effect at the date of the business combination (see note 5).

The increase in Other 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 the Group for a three-year period. The increase referable to the agreement is equal to Euro 7,500 thousand.

6.4 Equity investments in associated and jointly-controlled companies

The following table summarises holdings held on the basis of ownership percentages and the book values of equity investments accounted for using the equity method in the two years concerned.

	31/12/12		31/12/11	
	Stake	**Book value**	**Stake**	**Book value**
Beigua S.r.l.	**24.5%**	28	24.5%	28
Total		**28**		**28**

6.5 Other financial assets

	31/12/12	Changes in the consolidation area	31/12/2011
Other investments	685	619	32
Guarantee deposits	407	420	-
Total	**1,092**	**1,039**	**32**

The item Other investments relates to the following companies:

	31/12/12		31/12/11	
	Stake	Book value	Stake	Book value
Alto Adige TV	**8.33%**	50	**8.33%**	
TCA Group (GET srl, Trentuno srl)	**8.33%**	559	**8.33%**	
Investments in Joint Ventures		76		32
Total		**685**		**32**

6.6 Deferred tax assets and liabilities

	31/12/2012	31/12/2011
Deferred tax assets	5,819	1,931
Deferred tax liabilities	(45,481)	(1,337)
Net position	**(39,662)**	**594**

The following tables show separately for assets and liabilities the changes in deferred taxes over the past two years.

The tax assets and liabilities relating to actuarial valuations of defined benefit schemes and changes in cash flow hedge reserves are booked directly to equity.

DEFERRED TAX ASSETS	Balance at 1/1	Business unit contribution	Through Income Statement	Through Shareholders' Equity	Business combinations / Changes in consolidation area	Other changes	Balance at 31/12
2011	-	1,918	(29)	42	-	-	1,931
2012	1,931	-	(115)	401	3,568	34	5,819

DEFERRED TAX LIABILITIES	Balance at 1/1	Business unit contribution	Through Income Statement	Through Shareholders' Equity	Business combinations / Changes in consolidation area	Other changes	Balance at 31/12
2011	-	(1,319)	(18)	-	-	-	(1,337)
2012	(1,337)	-	2,178	-	(46,296)	(26)	(45,481)

The item Deferred tax assets amounted to Euro 5,819 thousand and corresponds to deferred tax assets determined based on temporary differences between the value accounted in the balance sheet and corresponding values recognized for fiscal purposes.

The item Deferred tax liabilities amounted to Euro 45,481 thousands and corresponds to deferred tax liabilities determined based on temporary differences between the value accounted in the balance sheet and corresponding values recognized for fiscal purposes.

The following is a breakdown of the temporary differences for 2011 that generated tax assets and liabilities.

	Temporary gap	Tax effect 31/12/2012	Temporary gap	Tax effect 31/12/2011
Deferred tax assets related to:				
Property, plant and equipment	2,988	891	1,947	535
Provision for receivables write-off	11,047	3,038	470	129
Provisions for risks and charges	156	49	156	49
Post-employment benefit plans	2,330	641	874	240
Inventories	2,440	761	2,774	867
Other temporary differences	1,530	439	374	110
TOTAL	**20,490**	**5,819**	**6,595**	**1,931**

It should be noted that, among the most significant components of deferred tax assets, the tax effect amounted to Euro 3,038 thousand and related to the increase in the Provision for receivables write-off and Provision for other receivables write-off coming from the changes in the consolidation area (temporary difference for Euro 8,452 thousand) and from net increases for the period (temporary differences for Euro 2,595 thousand).

	Temporary gap	Tax effect 31/12/2012	Temporary gap	Tax effect 31/12/2011
Deferred tax liabilities related to:				
Property, plant and equipment	26,619	8,252	1,997	549
Non current intangible assets	111,341	34,961	-	-
Post-employment benefit plans	3,136	861	2,864	788
Other temporary differences	4,262	1,407	-	-
TOTAL	**145,358**	**45,481**	**4,861**	**1,337**

Deferred tax liabilities related to intangible assets have been determined for Euro 22,840 thousand by the partial allocation of goodwill generated further to the business combination, as a consequence of Purchase Price Allocation, to Customer relations accounted as intangible asset, for a value of Euro 72,738 thousand; the remaining part amounting to Euro 12,121 thousand is connected to the changes in the consolidation area which included the item Customer relations previously accounted in the consolidated financial statements of the merging company.

Deferred tax liabilities related to property, plant and equipment relate to the allocation of gains generated from acquisitions carried out in previous years by the Group of the merging company.

7.1 Inventories

At the end of the period, this item could be broken down as follows:

	Balance at 31/12/2012	Balance at 31/12/2011
Raw and ancillary materials, consumables	5,559	6,755
Work in progress and semi-finished products	-	202
Finished goods and products	109	-
Total	5,668	6,957
Provision for devalued raw and ancillary materials, consumanbles	(2,395)	(2,774)
Provision fro devalued finished goods and products	(46)	
Net inventories	**3,227**	**4,183**

The changes in the provision for devalued inventory occurred in 2012 are reported below.

	Value at 31/12/2011	Changes in the consolidation area	Allocated	Uses	Value at 31/12/2012
Provision for devalued raw materials	(2,774)	(257)	(330)	966	(2,395)
Provision for devalued finished goods	-	(46)	-	-	(46)
Total	**(2,774)**	**(303)**	**(330)**	**966**	**(2,441)**

Raw materials, ancillary materials and consumables for a net value of Euro 3,164 thousand include spare parts and accessories for the maintenance and installation of transmission plants. Inventories of finished goods amounted to Euro 63 thousand and refer to technical equipment.

The related provision for devalued inventory amounted to Euro 2,395 thousand and relates to materials with slow turnover for which, after an attentive analysis of turnover indexes, an impairment has been carried out depending on their estimated market value.

This provision for devalued inventory increased in 2012 due to provisions amounting to Euro 330 and decreased mainly due to scrapping of spare parts totally devalued.

7.2 Trade receivables

At the end of the period this item was made up as follows:

	Balance at 31/12/2012		Changes in the consolidation area	Balance at 31/12/2011
	Total	Due within 1 year		
Receivables from customers	21,399	18,701	14,660	7,848
Receivables from related parties	2,230	2,230		8.350
Total	**23,629**	**20,931**	**14,660**	**16,198**

Receivables from customers have been accounted net of a provision for receivables write-off of Euro 9,303 thousand. It should be noted that receivables accounted in the consolidated balance sheet of the merged company amounted to Euro 14,660 thousand at December 31, 2012.

The changes in the provision for receivables write-off in 2012 are reported below.

	Value at 31/12/2011	Changes in the consolidation area	Allocated	Uses	Other changes	Value at 31/12/2012
Provision for receivables write-off	600	6,317	3,253	(970)	103	9,303

Details of type, risk class, concentration and deadline of trade receivables will be found in Note 13.

Details of receivables from related parties are given in Note 15 (Related Party transactions).

Receivables due after one year amounted to Euro 2,698 thousand and mainly refer to the extension granted to the client Prima TV S.p.A.

7.3 Other receivables and current assets

	31/12/2012	31/12/2011
Other receivables	3,546	1,261
Prepayments and accrued income	2,468	971
Total	**6,014**	**2,232**

The item Other receivables has been accounted net of depreciation for Euro 3,312 thousand. It should be noted that Euro 1,012, previously accounted in Provision for risks and charges, have been reclassified in that provision and provisions for Euro 213 thousand have been carried out in the year.

Other receivables mainly included:

- VAT receivable for the Group's VAT amounting to Euro 1,079 thousand;

- Other tax receivables mainly related to Ires receivables of previous years connected to the request for reimbursement ex Legislative Decree 16/2012, for an amount of Euro 202 thousand, 2010 VAT receivable for Euro 513 thousand, collectable in 2013 as a consequence of the collection request carried out through VAT declaration on February 28, 2013; VAT receivable coming from commercial transactions with deferred collectability according to Law no. 2 dated January 28, 2009 for Euro 13 thousand.

- Advance payments to suppliers amounting to Euro 449 thousand;

- Advance payments to employees for business trips amounting to Euro 227 thousand.

- Other receivables amounting to Euro 662 thousand.

The most significant items in prepayments and accrued income were as follows:

Accrued income amounting to Euro 441 thousand related to interests for payment extension granted to the client Prima TV S.p.A..

Prepayments on rent paid amounting to Euro 1,518 thousand.

Long-term prepayments amounting to Euro 509 thousand related to rent paid for the portion over 12 months.

7.4 Cash and cash equivalents

Here follows the breakdown of this item:

	31/12/2012	31/12/2011
Bank and postal deposits	21,674	-
Cash in hand	13	9
Total	**21,687**	**9**

The item Bank and postal deposits relates to credit balance of bank current accounts of the companies of the Group.

The item Cash in hand represents cash in hand at Headquarters and local branches.

A cash flow analysis is in the Statement of Consolidated Cash Flow.

NOTES ON THE MAIN LIABILITIES ITEMS

8. SHAREHOLDERS' EQUITY

The main items and related changes of shareholders' equity are as follows:

Euro in thousands	31/12/2011	Changes in the consolidation area	Business combination	Other changes	Allocation of net profit	31/12/2012
Share capital	1,130		1,696			2,826
Share-premium reserve	89,278	62,281	54,974			206,533
Treasury share reserve		(5,091)		3,246		(1,845)
Valuation reserve	17			(900)		(883)
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 2011	5,185				(5,185)	
Profit (loss) for the period				23,644		23,644
Net shareholders' equity	**304, 680**	**67,224**	**141,016**	**22,744**	**0**	**535,664**

The changes in the consolidation area relate to the consolidated net shareholders' equity at December 31, 2011 of the accounting acquiree.

The increases from business combinations and the change in the consolidation area reflect the effects on shareholders' equity of the transaction described under note 5.

With reference to the other movements, Treasury share reserve increased for Euro 3,246 thousand further to the free assignment of treasury shares to the beneficiaries of the stock grant plan of the accounting acquiree; 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 118 thousand), of actuarial losses on defined benefit plans (decrease of Euro 1,070 thousand) and of the accounting of derivative instruments and hedging activities according to the cash flow hedge (increase of Euro 52 thousand).

8.1 Share Capital

At December 31, 2012 the Share Capital of the Group, the same as that of the Group Parent, was fully subscribed and paid up. It is made up of 28,262,377 ordinary shares with a nominal value of 0.10 Euros each, and a total value of Euro 2,826 thousand. It should be noted that on January 2, 2012 no. 16,957,602 shares have been converted, in relation to the reverse acquisition (described at note 4), in favor of Elettronica Industriale S.p.A., against no.199,999,953 shares on total no. 200.000.000 shares of the merged company owned.

8.2 Share-premium reserve

The change is connected to what described above.

8.3 Treasury shares

This item includes EI Towers S.p.A. shares, the acquisition of which was authorised time by time by resolutions of the General Meetings of Shareholders (ex DMT S.p.A.). The Meeting of EI Towers S.p.A. with resolution dated April 11, 2012, finally authorised the Board of Directors to purchase share of the company till the maximum number allowed by law. This power is valid till the approval of the financial statements at December 31, 2012 and however for a period not longer than 18 months from the date of the Meeting's resolution.

	2012		2011	
	Number of shares	Book value	Number of shares	Book value
Additions	-	-		
Disposals	(110,000)	(3,246)		
Changes in the consolidation area	172,526	5,091		
Final balance	**62,526**	**1,845**	**-**	**-**

During 2012, Treasury share reserve increased by Euro 3,246 thousand following the free assignment of treasury shares to the beneficiaries of stock grant plans of the accounting acquiree; the other reserves decreased by the same amount.

Treasury share have not been purchased in 2012. The carrying value of shares at December 31, 2012 amounted to Euro 1,845 thousand.

8.4 Other reserves

The item Other reserves amounted to Euro 320,833 thousand, of which Euro 109,824 thousand connected to the transaction described above.

Net of the business combination, the item Other reserves increased in 2012 by Euro 5,185 thousand due to allocation of profit to extraordinary reserve and legal reserve.

The decrease of Euro 3,246 thousand is due to the free assignment of treasury shares to the beneficiaries of stock grant plans of the merging company.

8.5 Valuation reserves

	31/12/2012	Business combination	Changes in the consolidation area	31/12/2011
Cash flow hedge reserve	-	-	-	-
Stock option plans	245	-	-	127
Actuarial Gains/(Losses)	(1,128)	-	-	(110)
Total	**(883)**	**-**	**-**	**17**

The table below illustrates the changes to these reserves during the year:

Valuation reserves	Balance at 1/1	Other changes	Business combination	Increase/ (Decrease)	Through Profit and Loss Account	Opening balance adjustments of the hedged item	Fair Value adjustments	Deferred tax effect	Balance at 31/12
Financial assets for cash flow hedging purpose	-	-	(52)	52	-	-	-	-	-
Stock option plans	127	-	-	118	-	-	-	-	245
Actuarial Gains/(Losses) on defined benefit plans	(110)	-	52	(1,471)	-	-	-	401	(1,128)
Total	**17**	**-**	**-**	**(1,301)**	**-**	**-**	**-**	**401**	**(883)**

The Reserve for stock option plans includes the contra-entry of the amount of costs accruing at December 31, 2012, determined in accordance with IFRS 2, for the three-year stock option plans granted by Mediaset during 2007, 2008, 2009, 2010 and 2011 for the quota related to the EI Towers Group's employees.

The Reserve for actuarial gains and losses includes the actuarial components relating to the valuation of defined benefit schemes, booked directly in Net Equity.

8.6 Retained earnings

	31/12/2012	Business combination	Changes in the consolidation area	31/12/2011
Retained earnings	(15,444)	-	(15,444)	-
Total	**(15,444)**	**-**	**(15,444)**	**-**

Under Changes in the consolidation area are shown past consolidated losses of the merging company.

9 NON-CURRENT LIABILITIES

9.1 Post-employment benefit plans

Benefits to employees who qualify for Employee Leaving Indemnity (Italian TFR) under Italian legislation are considered under IAS 19 as post-employment benefits, and must be recognized on the balance sheet according to actuarial valuations.

The procedure for determining the Group's obligations to its employees was carried out by an independent actuary, according to the following steps:

- Projection of the Employee Leaving Indemnity already accrued at the valuation date up until the point in the future when the contract of employment will terminate, or the when the accrued amounts are partially paid as advances on Employee Leaving Indemnity.
- Discounting, at the valuation date, of the cash flows the Group will pay to its employees in the future.
- Realigning the discounted benefits on the basis of the employee's length of service at the valuation date compared to the length of service expected on the hypothetical date of payment by the Group.

The valuation of Employee Leaving Indemnity according to IAS 19 is conducted "ad personam" with a closed population, i.e. detailed calculations were made for each employee without taking into account any employees who may be taken on in the future.

The actuarial valuation model is based on "technical bases" which are the demographic, economic and financial assumptions relating to the calculation parameters.

The assumptions are summarised below:

EMPLOYEE LEAVING INDEMNITY - DEMOGRAPHIC, ECONOMIC-FINANCIAL ASSUMPTIONS

Demographic assumptions	
Death probability	ISTAT survival table, divided by age and gender, 2009
Probability of leaving the Group	Percentages for retirement, resignation/dismissal, contract expiry have been taken from the observation of company data.The probabilities of an employee leaving adopted were separated by age, gender and contract qualification (office workers, middle managers, managers). Concerning permanent staff, the timeframe considered is till the contractual expiry date, supposing no advance leaving. Actuarial valuation took into consideration la date when the post-employment plan becomes effective according to the Legislative Decree no.201 dated December 6, 2011 "*Disposizioni urgenti per la crescita, l'equità e il consolidamento dei conti pubblici*", and the adjustment of the requirements to access post-employment plans in accordance with life expectancy, according to article no. 12 of the Legislative Decree dated May 31, 2010, no. 78, amended by law no. 122, dated July 30, 2010.
TFR advance	Frequencies of advances and average percentage of TFR requested in advance have been taken from the observation of historical data for the company.
Supplementary retirement scheme	Those who entirely pay their TFR to supplementary schemes relieve the Company from any commitments with respect to TFR and are not assessed. For other employees, their position has been assessed by considering their actual choices updated at December 31, 2012

Economic-financial assumptions	
Inflation rate	Inflation scenario had been deducted from the document "*Nota di Aggiornamento del Documento di Economia e Finanza 2012*" adopting a rate equal to the programmed inflationof 1.5%.
Discount rates	According to IAS 19, the discounting rate adopted has been determined regarding bond market yield of top companies at the valuation date. In this respect, the curve of "Composite" interest rates of securities issued by Corporate issuers rating A "Investment Grade" Euro area class (source: Bloomberg) has been used at December 31, 2012.

The changes in the provision for post-employment benefits are summarised in the following table:

	2012	2011
Balance at the beginning	**8,863**	**9,338**
Service Cost	12	77
Actuarial (gains)/losses	1,457	153
Interest Cost	218	
Indemnities paid	(488)	(229)
Other changes	300	(476)
Changes in the consolidation area	953	-
Balance at 31/12	**11,315**	**8,863**

As indicated in the section on valuation criteria, the Group relies on the option provided for under IAS 19 recognising the actuarial profits and losses directly under Net Equity.

The amount accounted in Other changes mainly refers to portions of the provision acquired with the transfer of personnel from companies belonging to the Mediaset Group.

9.2 Payables and financial liabilities

	31/12/2012	31/12/2011
Due to banks	66,119	-
Total	**66,119**	**-**

Due to banks refer to the portion of medium-term loans maturing beyond twelve months. Term loans are accounted using the amortised cost method and relate to the syndicated loan amounting to Euro 66,016 thousand and the loan granted by Banca Monte Parma for Euro 103 thousand. Both loans refer to the subsidiary Towertel S.p.A.

The principal conditions, guarantees and covenants of bank loans are provided below.

Description	Conditions	Guarantees	Financial covenants
Syndicated loan totalling Euro 200 million	Rate Euribor 1/3/6/12 months + spread based on Net Financial Position/EBITDA of Towertel. Maturity June 30, 2014	Pledge on 100% of the shares of Towertel, mortgage and special privileges on the assets of Towertel, pledge on c/c of Towertel, EI Towers guarantee. Transfer of Towertel receipts in the escrow account. Liquidity not available in Towertel for the distribution of dividends and for the granting of intra-company loans.	Net Financial Position and EBITDA of Towertel not above 2.6 times to maturity.
Banca Monte Parma	Rate Euribor 3m + 0.70% Maturity July 1, 2014	None	None

To date, there is full compliance of covenants with these requirements.

The following table shows effective interest rates and financial charges posted to the income statement for loans accounted using the amortised cost method:

	IRR	Financial charges	Fair Value
Syndicated loan	3.21%	3,090	84,101
BANCA POPOLARE DI MILANO loan	3.49%	800	49,934

It should be noted that the loan granted by Banca Popolare di Milano will expire within 12 months and has no covenants or guarantees.

9.3 Provisions for risks and charges

The following table provides the breakdown and changes in these provisions:

	2012	2011
Balance at the beginning	**156**	**156**
Provisions made during the period	56	-
Provisions used during the period	(69)	-
Financial charges	-	-
Other changes	(1,021)	-
Changes in the consolidation area	3,571	-
Balance at 31/12	**2,693**	**156**
Of which:		
current	75	-
non current	2,618	156
Total	**2,693**	**156**

The subject item consists mainly of provision for charges for recovery of land hosting Group's infrastructures where there are legal or implicit obligations.

The item Other changes mainly refer to the reclassification to Provision for other receivables write-off.

10 CURRENT LIABILITIES

10.1 Payables to banks

	31/12/2012	31/12/2011
Loans	67,916	-
Credit lines	15,071	-
Total	**82,987**	**-**

The Loans item refers to the portion due within 12 months of the syndicated loan for Euro 17,778 thousand and the loan granted by Banca Monte Parma for Euro 204 thousand. Both loans refer to the subsidiary Towertel S.p.A.. In addition, the item includes the loan granted by Banca Popolare di Milano for Euro 49,935 thousand in favor of the parent company EI Towers S.p.A.

The item Credit lines refer to the outstanding, including accrued interests, of the revolving credit facility granted by Banca Popolare di Sondrio for Euro 15,023 thousand to the parent company EI Towers S.p.A.

10.2 Supplier payables

	Balance at 31/12/2012			Balance at 31/12/2011
		Due		
	Total	Within 1 year	After 1 year	
Due to suppliers	35,601	35,601	-	33,888
Due to related parties	1,480	1,480	-	719
Total	**37,081**	**37,081**	**-**	**34,607**

The item Due to suppliers amounted to Euro 35,601 thousand and mainly refers to purchases concerning the supply of goods and services for the management of infrastructures.

The item Due to related parties refers to payables to subsidiary and associated companies and to the parent company. These payables are detailed in the following note 15 (Related-party transactions).

10.3 Tax payables

This item, amounting to Euro 10,112 thousand, represents the debt of the companies of the Group in respect of IRES and Irap.

10.4 Other current liabilities

	31/12/2012	31/12/2011
Due to social security institutions	1,621	1,217
Other payables	10,713	4,400
Accrued and deferred income	5,013	249
Total	**17,347**	**5,866**

The item Due to social security institutions includes payables due to social security institutions related to the portion of salary and collaboration of December 2012.

The Other payables item mainly refers to the payable related to the non- compete agreement signed with the previous Chairman and Chief Executive Officer of the merging company amounting to Euro 5,000 thousand; payables to employees for Euro 2,610 thousand (summer bonus and related contributions, overtime payables and contributions and production bonus); payables to directors and auditors for Euro 411 thousand, payables for deductions for Euro 1,323 thousand, payables to third parties for supplementary contribution for Euro 210 thousand.

The item Accrued and deferred income includes deferred income due to revenues over the year amounting to Euro 4,838 thousand.

10.5 Other financial liabilities

	31/12/2012	31/12/2011
Due to Group's companies	61,789	113,882
Other fiancial liabilities	39	
Total	**61,828**	**113,882**

The item Due to Group's companies includes the negative balance of the current account relationship held with the parent company Mediaset S.p.A. which amounted, including the accrued interest, to Euro 61,789 thousand.

10.6 Net financial position

The breakdown of the Consolidated Net Financial Position is given below as provided for by the Consob communication no. 6064293 of July 28, 2006 showing the current and non-current net financial debt of the Group. For each of the items reported, the related note reference is also indicated.

Below is a breakdown of certain financial position items. As necessary, please refer to individual financial statement items for comments on the main changes in these items.

	31/12/2012	31/12/2011
Cash in hand	13	9
Bank and postal deposits	21,674	-
Total Cash and Cash Equivalents	**21,687**	**9**
Current financial assets	**-**	-
Current payables due to banks	(65,005)	-
Current portion of non-current financial debt	(17,982)	-
Payables and other current financial liabilities	(61,828)	(113,882)
Current financial debt	**(144,815)**	**(113,882)**
Current Net Financial Position	**(123,128)**	**(113,873)**
Non-current payables due to banks	(66,119)	-
Non- current financial debt	**(66,119)**	**-**
Net Financial Position	**(189,247)**	**(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 the use of the credit facilities described above, including accrued interests for the period; the Current portion of non-current financial debt includes the portion of medium-term bank financing expiring within 12 months of Towertel S.p.A.

The item Payables and other current financial liabilities includes the negative balance of the intra-group current account towards Mediaset S.p.A., including accrued interest for the fourth quarter.

The item Non-current payables due to banks includes the portion falling due over 12 months of medium term bank borrowings of Towertel S.p.A.

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 December 31, 2012.

NET FINANCIAL POSITION Euro in thousands	31/12/2011	Changes in the consolidation area	31/12/2012
Cash and cash equivalents	9	2,246	21,687
Current financial debt	(113,882)	(33,805)	(144,815)
Current net financial position	(113,873)	(31,559)	(123,128)
Non-current financial debt	-	(83,665)	(66,119)
Non-current net financial position	-	(83,665)	(66,119)
Net Financial Position	(113,873)	(115,224)	(189,247)

As shown in the table, at December 31, 2012 Net financial position improved by Euro 39,850 thousand compared to December 31, 2011 including the change in the consolidation area, thanks to the cash flow generated in the year.

In particular, cash increased by Euro 19,432 thousand, current financial debt decreased by Euro 2,872 thousand, determining an improvement in the Current net financial position of Euro 22,304 thousand; non-current financial debt decreased by Euro 17,546 thousand mainly by the virtue of the reimbursement of existing medium-term financing, according to scheduled amortising plans.

STATEMENT OF INCOME

11.1 Revenues from sales and services

Below is a breakdown of these revenues with the main categories highlighted:

	2012	2011
Revenues from hosting and contract services	224,014	77,201
Revenues from plant installation and restoration	8,393	5,652
Revenues from sale of materials	193	1,570
Total	**232,600**	**84,423**

Revenues from hosting and contract services mainly included revenues for hosting, assistance and maintenance services, logistics and use of transmission infrastructure, head end and design. It should be noted that the subject item consists of revenues from the parent company Elettronica Industriale amounting to 168,875 thousand.

The item Revenues from plant installation and restoration included revenues for the management of equipment installation and restoration. It should be noted that the subject item consists of revenues from the parent company Elettronica Industriale amounting to 7,481 thousand.

The percentage of revenues from the parent company Elettronica Industriale on the total revenues of the Group was 76%.

11.2 Other revenues and income

This item mainly includes extraordinary income concerning previous years for Euro 790 thousand and recovery of costs rebilled to clients for Euro 262 thousand.

11.3 Personnel costs

	2012	2011
Ordinary pay	24,135	8,711
Overtime	1,067	686
Special benefits	3,430	1,567
Additional salary period (13th and 14th salary period)	3,201	1,387
Accrued holiday pay	95	-
Total wages and salary	**31,928**	**12,351**
Social security contributions	10,140	4,060
Employee leaving indemnity	12	-
Stock option plans	120	91
Retirement pay	7	
Other expenses	2,831	1,021
Total personnel expenses	**45,038**	**17,523**

The item Other expenses amounted to Euro 2,831 thousand and mainly includes expenses for the realignment of Employee leaving indemnity according to IAS 19 (Euro 1,685 thousand) and short-term benefits for employees (other than wages, salaries, contributions and paid leave) and includes medical assistance, company cars, canteen services and other goods and services offered free or at a reduced price. The item also includes the fees paid to the directors employed by Group companies amounting to Euro 221 thousand.

Stock option plans item includes provisions for the year related to stock option plans granted and exercitables in 2007, 2008, 2009, 2010 and 2011 concerning rights allotment to EI Towers' employees on Mediaset ordinary shares.

11.4 Purchases, services and other costs

	2012	2011
Purchases	**3,699**	**3,286**
Change in the inventories of raw materials, work in progress, semifinished and finished goods	**1,201**	**161**
Increase for internal work	**(8,090)**	**(7,190)**
Cost for professional, technical and administrative services	4,220	2,050
Travelling expenses and bill of charges	1,591	677
Consumption	14,800	6,063
Maintenance	19,391	3,715
Bank and insurance services	980	283
Other services	6,366	9,642
Total services	**47,348**	**22,430**
Leasing and rentals	**46,816**	**19,502**
Provisions for risks	**(13)**	**-**
Other operating costs	**3,253**	**562**
Total purchases, service and other costs	**94,214**	**38,751**

The item Purchases mainly includes purchases for raw materials, spare parts and accessories and amounted to Euro 3,320 thousand.

The item Increase for internal work includes lower costs for the capitalization of additional charges for the installation of plants (ancillary materials and third party production) and amounted to Euro 8,090 thousand.

The item Other services includes charges for vigilance and surveillance at the head-offices and local offices amounting to Euro 1,495 thousand, company information system service supplied by the indirect parent company R.T.I. S.p.A. for Euro 1,950 thousand; transport, storage and porter charges for Euro 1,596 thousand, cleaning and waste disposal charges for Euro 648 thousand.

The item Rent, lease and similar costs includes charges for the rent of satellite segments for television broadcasting signal for a total amount of Euro 28,528 thousand; rental of lands and hosting on third party towers amounting to Euro 14,825 thousand; other rentals mainly related to the offices located in Lissone and other secondary offices for Euro 1,602 thousand.

With reference to 2011 data it should be noted that a reclassification of costs from services, leases and rentals has been carried out for Euro 14,246 thousand in accordance to what reported in 2012.

The item Provisions for risks is net of use for Euro 69 thousand and provisions for the period for Euro 56 thousand.

The item Other operating costs includes charges, taxes and government licenses, local taxes (first of all IMU – the Italian tax on buildings) amounting to Euro 1,067 thousand, capital losses from sale of tangible assets for Euro 393 thousand; corporate contributions for Euro 102 thousand; adjustment of revenues and costs related to previous years for Euro 1,215 thousand.

11.5 Amortisation, depreciation and write-downs

	2012	2011
Amortisation of tangible assets	36,962	15,854
Amortisation of intangible assets	9,485	559
Write-downs/(Reversal) of fixed assets	122	1,346
Write downs of receivables	3,466	536
Total amortisation, depreciation and write-downs	**50,035**	**18,295**

Amortisation amounted to Euro 36,962 thousand for tangible assets and Euro 9,485 thousand for intangible assets.

It should be noted that:

- the effect of the redefinition of the useful life of towers caused lower depreciation of tangible assets for the period amounting to Euro 1,756 thousand;
- the effect of the Purchase Price Allocation (goodwill allocation and redetermination of useful life) caused higher amortisation of intangible assets (Customer Relations) for an amount of Euro 3,235 thousand.

The amortisation of fixed assets equal to Euro 122 thousand has been carried out against some towers no longer used or under disposal.

Amortisation of current assets is related for the amount of Euro 3,466 thousand to the provision for bad debts.

11.6 Financial charges

	2012	2011
Interests on financial liabilities	(6,204)	(1,221)
From derivative instruments	(77)	
Other financial losses	(253)	(80)
Foreign exchange losses	(5)	
Total financial losses	**(6,539)**	**(1,301)**

The item Interests on financial liabilities includes interests for the year related to loans and credit facilities for an amount of Euro 3,563 thousand, charges from depreciated cost valuation for Euro 528 thousand, interest expenses related to the current account relationship held with Mediaset S.p.A. equal to Euro 2,099 thousand.

The item Other financial losses includes the financial charges on Employee Leaving Indemnity according to IAS 24 for a value of Euro 218 thousand and guarantee charges for Euro 35 thousand.

11.7 Financial income

	2012	2011
Interests on financial assets	445	201
Total financial gains	**445**	**201**

The item Interests on financial assets includes interest income for the period related to bank and postal deposits amounting to Euro 165 thousand and interest income for payment extension for Euro 280 thousand.

11.8 Financial income/charges recognised according to IAS 39

The table below summarises the gains and losses accounted on the income statement, classified according to IAS 39 categories. For more detail please refer to Note 13, which contains additional information on financial instruments and risk management policies.

	2012	2011
Liabilities evaluated with amortized cost method	(6,204)	(1,221)
Financial assets held to maturity	(77)	-
Loans and receivables	445	201
Other financial income/(losses)	(258)	(80)
Total financial losses	**(6,094)**	**(1,100)**

The item Other income and charges mainly includes the charges relating to the discounting of employee termination indemnity.

11.9 Income taxes

	2012	2011
Ires tax	13,423	2,780
IRAP tax	3,434	978
Advanced taxes	115	29
Deferred taxes	(2,178)	17
Total	**14,794**	**3,804**

It should be noted that an income from Ires reimbursement amounting to Euro 202 thousand has been accounted in 2012 following the request issued according to the Legislative Decree 16/2012 .

The following is a reconciliation of the tax rate in force in Italy (corporate income tax) for the years 2012 and 2011, and the Group's actual rate:

	2012	2011
Current tax rate	31.4%	31.4%
IRAP tax non deductible expenses	4.73%	5.97%
Deferred and advanced taxes	-4.78%	1.57%
Non deductible expenses and consolidation adjustment with no ta	7.14%	3.38%
Actual tax rate	**38.49%**	**42.32%**

11.10 Profit for the year and proposed dividend

The consolidated net result as at December 31, 2012 amounted to Euro 23,644 thousand. The single dividend proposed by the Board to the Meeting of Shareholders is 42 Eurocents per share, corresponding to a total outlay estimated at Euro 11,844 thousand, calculated net of the own shares held after the treasury stock buyback plan.

11.11 Earnings per share

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

	December 31, 2012	December 31, 2011
Net profit for the year (millions of euro)	**23,644**	
Weighted average number of ordinary shares (without own shares)	28,199,851	
Basic EPS	**0.84**	
Weighted average number of ordinary shares for the diluted EPS computation	28,199,851	
Diluted EPS	**0.84**	

The figure for earnings per share is determined by reconciling the Group's net profit with the weighted average number of shares in circulation during the period, net of own shares. The figure for diluted shares is determined by calculating the number of shares in circulation and the potential diluting effect from the allocation of own shares to the beneficiaries of accrued stock option rights.

12. STATEMENT OF CASH FLOW

Cash flow generated by operating activities, equal to Euro 72,834 thousand, includes Euro 9,079 thousand of current income taxes paid in the period.

The net flow absorbed by investing activities, equal to Euro 25,391 thousand, includes a positive flow of Euro 2,246 thousand related to the business combination, equal to the consolidated cash of the merging company.

Cash flow generated by investing activities in tangible, intangible and financial assets amounted in the year to Euro 27,637 thousand.

Cash absorption of Euro 25,765 thousand for financing activities refers to net reimbursement of finance debt for Euro 20,418 thousand and to net interests on the use of the intragroup current account existing with Mediaset S.p.A. and on total bank debts of Euro 5,347 thousand.

OTHER INFORMATION

13. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS AND RISK *MANAGEMENT POLICIES*

The tables below include an analysis, separately for the two years being compared, regarding the additional information asked for by IFRS 7, for the purpose evaluating the relevancy of the financial instruments with reference to the Balance Sheet and Financial situations and the Income Statement result of the Group.

Categories of financial assets and liabilities

Here below is a breakdown of the book value of financial assets and liabilities in the categories laid down by IAS 39.

IAS 39 CATEGORIES

ITEM OF BALANCE	Financials instruments evaluated at fair value held for trading	Instruments evaluated at fair value held for designation	Loans and receivables	Financials instruments held to maturity	Financials instruments available for sale	BOOK VALUE
NON-CURRENT ASSETS						
equity investments			713.0			713.0
receivables from parent company						-
receivables from subsidiaries/associated companies						-
CURRENT ASSETS						
receivables from customers			21,399.0			21,399.0
receivables from parent companies			1,765.0			1,765.0
receivables from associated companies			219.0			219.0
receivables from related parties			246.0			246.0
receivables factoring companies						-
receivables from parent company						-
receivables from subsidiaries/associated companies						-
bank and postal deposits			21,674.0			21,674.0
cash and cash equivalent			13.0			13.0
TOTAL FINANCIALS ASSETS	-	-	**46,029.0**	-	-	46,029

ITEM OF BALANCE	Financials instruments evaluated at fair value held for trading	Instruments evaluated at fair value held for designation	Liabilities at amortizated cost	BOOK VALUE
NON CURRENT FINANCIAL LIABILITIES AND PAYABLES				
payables to banks			66,119.0	66,119.0
financial liabilities to parent companies				-
financial liabilities to associated companies				
financial liabilities to other associated companies				
other financial liabilities (non-current portion)				-
CURRENT LIABILITIES:				
payables to banks			82,987.0	82,987.0
payables to suppliers			35,602.0	35,602.0
trade payables to parent companies			1,243.0	1,243.0
trade payables to associated companies			206.0	206.0
trade payables to other related parties			29.0	29.0
payables to factoring companies				-
other financial liabilities (current portion)				-
hedging derivatives				-
derivatives with no hedging purpose				-
financial liabilities to parent companies			61,789.0	61,789.0
financial liabilities to associated companies				-
TOTAL FINANCIAL LIABILITIES	**-**	**-**	**247,975.0**	**247,975.0**

December 31, 2011

	IAS 39 Categories				
ITEM OF BALANCE	**Financials instruments evaluated at fair value held for trading**	**Loans and receivables**	**Financials instruments held to maturity**	**Financials instruments available for sale**	**Book value**
NON-CURRENT ASSETS					
Othe financial assets					
Financial receivables	-	203	-	-	203
CURRENT ASSETS					
Trade receivables					
from customers	-	7,847	-	-	7,847
from parent companies	-	7,974	-	-	7,974
from Mediaset Group associted comp	-	376	-	-	376
Cash and cash equivalent					
Bank and postal deposits	-	9	-	-	9
TOTAL FINANCIALS ASSETS	-	16,409	-	-	16,409

ITEM OF BALANCE	IAS 39 Categories: Financials instruments held for trading	IAS 39 Categories: Liabilities at amortizated cost	Book value
CURRENT LIABILITIES			
Liabilities to suppliers			
to suppliers	-	33,888	33,888
to parent companies	-	412	412
to Mediaset Group associated companies	-	308	308
Other financial liabilities			
Intra-group financial liabilities - parent company	-	113, 882	113,882
TOTAL FINANCIAL LIABILITIES	-	148,490	148,490

Fair value of financial assets and liabilities and calculation models used

Below is an analysis of the amounts corresponding to the fair value of assets and liabilities broken down by the methodologies and the calculation models used.

It is highlighted that there are not shown those financial assets and liabilities for which the fair value cannot be calculated objectively, since their book value is very close to it.

		BOOK VALUE	Mark to Market	Mark to Model			TOTAL FAIR VALUE
				Black&Scholes' Model	Binominal model	DCF Model	
Medium-long term financial receivables							-
Ather financial receivables							-
Medium-long term trade receivables		4,550.0				4,531.0	**4,531.0**
Trade receivables from parent company							-
Mediun-long term trade receivables from associated companies							-
Trade receivables from Mediaset Group companies							-
Securities							-
Current payables to banks		49,934.0				51,590.0	**51,590.0**
Non-current payables to banks		84,101.0				86,113.0	**86,113.0**
Medium-long term payables to suppliers							-
Medium-lomg term trade payables to associated companies							
Medium-lomg term trade payables to other associated companies							
Medium-long term financial payables to parent company (only Fininvest)							-
Medium-long term financial payables to associated companies							
Derivatives with no hedging cash flow							-

December 31, 2011

	Book value	Mark to Market	Mark to Model			Total fair value
			Black&Scholes' Model	Binominal model	DCF Model	
Non-current payables to banks	-	-	-	-	-	-
Medium-long term receivables	6,421	-	-	-	6,309	6,309
Payables to suppliers	-	-	-	-	-	-
Debt instrument	-	-	-	-	-	-
Derivatives with no hedging cash flow	-	-	-	-	-	-
Derivatives for cash flow hedge	-	-	-	-	-	-

The fair value of the payables due to banks, current and non-current item, has been calculated without any hypothesis regarding the credit spread of EI Towers S.p.A.

It should also be noted that the item financial payables includes the short-term part of medium-long term loans.

Concerning trade receivables and payables expiring within the year the fair value has not been calculated since their carrying value comes close.

The book value shown for receivables and payables, for which the fair value has been calculated, includes also the portion expiring within 12 months from the date of the financial statements.

Financial charges and incomes identified in compliance with IAS 39

Below is an analysis of the net financial charges and incomes generated from financial assets and liabilities broken down pursuant to the categories laid down by IAS 39 and showing, for each of them, the nature of these charges and incomes.

IAS 39 Categories	From interests	From changes in fair value	From equity reserve	Foreign exchange gains/losses	Net gains/losses
Financials instrument at Fair Value held for designation	**(77.0)**				**(77.0)**
- securities					**-**
- derivative instruments	(77.0)				**(77.0)**
- other financial instruments					**-**
Financials instrument held for trading					**-**
- securities					**-**
- derivative instruments					**-**
- other financial instruments					**-**
Liabilities at amortizated cost	**(2,627.0)**				**(2,627.0)**
- intra-group financial liabilities	**(2,099.0)**				**(2,099.0)**
- other liabilities at amortized cost	**(528.0)**			**-**	**(528.0)**
Financial instruments held to maturity					**-**
Loans and receivables	**280.0**				**280.0**
- intra-group financial assets/liabilities					**-**
- other assets at amortized cost	**165.0**				**165.0**
Financials instruments available for sale					**-**
Total IAS 39 Categories	**(2,259.0)**	**-**	**-**	**-**	**(2,259.0)**
Interest cost		(218.0)			**(218.0)**
Provisions discounting					**-**
Receivables discounting					**-**
Payables discounting					**-**
Other income and charges	(3,617.0)				**(3,617.0)**
Total financial instrument not within IAS 39 categories					**(3,835.0)**
				TOTALE	**(6,094.0)**

December 31, 2011

IAS 39 Categories	From interests	At Fair Value	From Fair Value Reserve	Foreign exchange gains/losses	Net gains/(losses)
Liabilities at amortized cost	(1,221)	-	-	-	**(1,221)**
Loans and receivables	201	-	-	-	**201**
Total IAS 39 categories					**(1,020)**
Other (charges) / income	(3)	(77)	-	-	**(80)**
Total					**(1,100)**

Equity management

The Group's objectives regarding the management its equity are aimed at protecting the Group's ability, jointly, both to ensure the shareholders' yields, stakeholders' interests and compliance with the covenants and maintaining an optimal equity structure.

Types of financial risks and connected coverage activities

Ei Towers has defined specific policies for the management of the Group's financial risks, aimed at reducing its exposure to exchange rate risks, interest rate risks and liquidity risks; this activity is carried out directly from the companies with positions exposed to risk, carrying out their relative coverage.

The selection of the financial counterparts is concentrated on those with a high credit standing while, at the same time, ensuring a limited concentration of exposure with them.

Exchange rate risk

Ei Towers Group's exposure to exchange rate risk is not significant at the moment being the activity of the Group focused exclusively on the domestic market or partially in the EU.

Interest rate risk

The management of the financial resources of the EI Towers Group foresees the centralisation of coordination and direction activities, while the activity of gathering in money from the market is carried out time by time through the stipulation of medium/long term loans and the opening of committed and uncommitted credit lines on operating companies.

The interest rate risk is mainly originated from variable rate financial payables, which expose the Group to a cash flow risk. The management objective is to limit the fluctuation of the financial charges that impact the financial result, limiting the risk of a potential rise in interest rates.

Within this context, the Group pursues its objectives using financial derivatives contracts stipulated with third parties aimed at pre-determining or reducing, the change in cash flows, due to the market change in the interest rates of medium/long term debt. The timeframe considered significant for rate change risk management is defined as the minimum term of 18 months of residual duration of the operation.

The Group has no derivative instruments at the moment.

Sensitivity analysis

The financial instruments exposed to interest rate risk underwent a sensitivity analysis at the time of the drafting of these Financial Statements. The assumptions upon which the model is based are illustrated below:

- Short and medium/long revolving payables and other current financial items were subject to a recalculation of the amount of financial charges by applying a change of 100 bps in case of raise (-10 bps in case of reduction) to the values entered.
- It has been not possible to apply a symmetrical change of 100 bps as the short-term interest rate curve at the date of closing shown amounts close to 0.

The following table below shows, summarised, the changes in the Result for the year and in the Consolidated Net Equity, consequent to the sensitivity analysis carried out net of the relevant tax impacts calculated on the basis of the standard tax rate in force at the date of the Financial Statements:

	Financial debt	Change b.p.	through Profit and Loss	through equity	Total Shareholders' equity
2012	211,199	100	-2,112		-2,112
	211,199	-10	211		211

Liquidity risk

The liquidity risk is correlated to the difficulty of finding funds to honour commitments.

This may be due to the unavailability of sufficient funds to face financial commitments in accordance with the established terms and expiry dates in case of sudden revocation of uncommitted credit lines or in the event that the company must honour its financial liabilities before their natural maturity.

Thanks to its careful and prudent financial management, which is reflected in the relevant policy, and the constant monitoring of the ratio between the approved credit lines granted and their use, as well as the balance between short-term debt and medium/long term debt, the EI Towers Group has put in place sufficient credit lines, both in terms of quantity and quality, to face the current crisis.

The management of the liquidity risk implies:

- The maintenance of a substantial balance between the committed and uncommitted credit lines in order to avoid liquidity crises in the event of requests for reimbursement by the lenders;
- Average financial exposure during the year did not exceed 80% of the total credit given by the banks;
- The availability of financial assets that can be quickly turned into cash to meet any cash requirements.

In order to optimise the management of liquidity, the Group concentrates the dates of payment, to almost all its suppliers, at the same dates as those of the most significant cash inflows.

The table below shows the Group's financial obligations, by contract maturity date, considering the so-called worst case scenario and at undiscounted values, considering the neatest date when the Group may be asked to make payment and showing the relative Financial Statements notes for each class.

It is highlighted that at December 31, 2012, in the item "current and non- current payables to banks" within 12 months there are included, in consideration of the expiry of the current drawdown ability at the date of the Financial Statements, committed medium/long term credit lines for Euro 67.98 million (no portion at December 31, 2011) and uncommitted credit lines whose contracts expire within the year for Euro 76.5 million (Euro 113.8 million at December 31, 2011).

ITEM OF BALANCE AS AT DECEMBER 31, 2012	Book Value	Time Band					Total cash flows
		from 0 to 3 months	from 4 to 6 months	from 7 to 12 months	from 1 to 5 years	after 5 years	
FINANCIAL LIABILITIES:							
Non current due to bank	66,119.0				67.207.0		67,207.0
Current due to bank	82,987.0	15,580.0	9,910.0	60,097.0			85,587.0
Financial due to parent company							-
Financial due to associated companies							-
Financial due to other related parties							-
Due to suppliers for technical investments							-
Due to other suppliers							
Due to parent company	1,243.0	1,243.0					1,243.0
Due to associated companies	206.0	206.0					206.0
Due to other related parties	29.0	29.0					29.0
Due to factoring companies							-
Due to leasing companies							-
Intra-group financial liabilities	61,789.0	61,789.0					61,789.0
Other debt and financial liabilities							-
Total	**212,373.0**	**78,847.0**	**9,910.0**	**60,097.0**	**67,207.0**	**-**	**216,061.0**

December 31, 2011

Item of balance	Book Value	Time Brand from 0 to 3 months	from 4 to 6 months	from 7 to 12 months	from 1 to 5 years	after 5 years	Total cash flows
Financial liabilities							
Due to third party suppliers	33,887	30,600	3,286		1		33,887
Other liabilities	593	720					720
Intra-group financial liabilities	113,882	113,882					113,882
Total	148,362	145,202	3,286		1		148,489

The Group expects to face these obligations through the realisation of its financial assets and, specifically, through the collection of receivables connected to its various commercial activities.

The difference between the values in the Financial Statements and the total of the financial flows is mainly due to the calculation of interest on the contractual duration of the payables to banks.

Credit risk

The credit risk mainly comes from rental activities related to transmission sites hosting broadcasting plants (radio and television) and mobile communication (telephony).

The Group, based on a specific policy, manages the credit risk through a comprehensive customer credit rating procedure with an analysis of their economic and financial situations both at the time of setting the initial credit limit and through the ongoing and continuous monitoring of observance of the payment terms, updating, when necessary, the previously assigned credit limit.

Below is a summary table of the net balances and of the Provision for receivables write-off broken down according to the above-mentioned classes

RISK CLASSES as at DECEMBER 31, 2012	Gross receivables	Net matured 0-30days	30-60days	60-90days	further	Total net matured	Provision for bad debts	Total to mature	Total at December 31, 2012
RECEIVABLES FROM THIRD PARTY CUSTOMERS									
Customers		1,549.0	1,041.0	1,326.0	15,305.0	19,221.0	(9,303.0)	11,481.0	30,702.0
RECEIVABLES FROM PARENT AND ASSOCIATED COMPANIES						-			
Customers			10.0	-	81,0	91.0	-	2,064.0	2,155.0
RECEIVABLES FROM SUBSIDIARIES:									
for other financial receivables			-	-		-	-	-	
TOTAL TRADE RECEIVABLES		**1,549.0**	**1,051.0**	**1,326.0**	**15,386.0**	**19,312.0**	**(9,303.0)**	**13,545.0**	**32,857.0**

With reference to the main category of trade receivables it should be noted that in terms of concentration, the top 10 customers reached about 89% of turnover, while the top 100 customers reached 98.1% of total sales.

These indicators are in line with those of the previous year.

Below is a table showing the changes in the Provision for receivables write-off.

	value at 31/12/2011	Changes in consolidation area	Allocated	Uses	Other changes	Value at 31/12/2012
Provision for receivables write-off	600	6,317	3,253	(970)	103	9,303

In addition, below is a table showing a detailed analysis of other financial assets, whose maximum credit risk exposure corresponds to the book value.

	2012
Financial receivables from third parties	493.0
Financial receivables from parent company (only Fininvest)	
Financial receivables from associated companies	
Financial receivables from Mediaset Group companies (integrally consolidated companies)	
Financial receivables from associate companies (Fininvest Group)	
Other financial assets	
Derivatives with hedging purpose	
Derivatives with no hedging purpose	
Receivables from factoring companies	
Bank and postal deposits	
Total financial assets	**493.0**

December 31, 2011

RECEIVABLES SITUATION							
CLASSES	Total net receivable	Net matured					Receivables write-off
		0-30days	30-60days	60-90days	After	Total	
Trade receivables							
Other receivables	8,447	276	475	69	1,091	820	600
Receivables from Mediaset Group	8,350		78			78	
Total	**16,797**	**276**	**553**	**69**	**1,091**	**1,989**	**600**
Financial receivables							
Financial receivables	203						
Bank and postal deposits	9						
Total	**212**						

14. SHARE-BASED PAYMENTS

At 31 December 2012, for the purposes of IFRS 2, there were posted the assigned stock option plans for the financial years 2007, 2008, 2009, 2010, and 2011, relative to the assignment of option rights TO ei Towers employees over the Mediaset S.p.A. ordinary shares. All the plans fall into the equity-settled category, in other words they allow for the allocation of own shares bought back on the market. Options granted to the beneficiary employees are linked to the achievement by Mediaset S.p.A. of financial performance targets and the employee remaining with the Mediaset Group for a certain length of time.

The characteristics of these stock option plans can be summarised as follows:

	Stock Option Plan 2007	Stock Option Plan 2008	Stock Option Plan 2009	Stock Option Plan 2010	Stock Option Plan 2011
Grant date	28/06/2007	23/06/2008	29/09/2009	22/06/2010	21/06/2011
Vesting Period	from 01/01/2007 to 28/06/2010	from 01/01/2008 to 23/06/2011	from 01/01/2009 to 29/09/2012	from 01/01/2010 to 22/06/2013	from 01/01/2011 to 21/06/2014
Exercise Period	from 29/06/2010 to 28/06/2013	from 24/06/2011 to 23/06/2014	from 30/09/2012 to 29/09/2015	from 23/06/2013 to 22/06/2016	from 22/06/2014 to 21/06/2017
Fair Value	0.72 euro	0.30 euro	1.35 euro	0.68 euro	0.20 euro
Exercise Period	7.87 euro	4.86 euro	4.72 euro	4.92 euro	3.56 euro

The stock options are entered on the accounts at their fair value:

- Stock Option Plan 2007: 0.72 Euros for options;
- Stock Option Plan 2008: 0.30 Euros for options;
- Stock Option Plan 2009: 1.35 Euros for options;
- Stock Option Plan 20010: 0.68 Euros for options;
- Stock Option Plan 20011: 0.20 Euros for options.

The options' fair value was determined by the binomial method: the exercise of the stock options is incorporated into the model, on the assumption that it will take place as soon as the option price is higher than a pre-determined multiple of the strike price. Any dilution of the shares due to the issue of new shares is already discounted by the current market prices. The data used in the model are as follows:

- spot price on the valuation date (reference price);
- historic volatility 6 years ex-dividend (calculated on the reference prices);
- the expected dividend yield calculated by assuming the dividend distributed during the year will remain constant until expiry,
- the euro rate curve;
- the exit rate of the stock option holders as zero.

It should be noted that information related to remuneration and stock option plans allotted to the managers of the Group are reported in the section "Remuneration Report".

15. RELATED-PARTY TRANSACTIONS

The schedule below provides a breakdown, by principal business combination, for each related party.

The total values of the positions and transactions with related parties and their impact on the relative types of financial statement are illustrated in the specific balance sheet and income statement schedules drafted in accordance with CONSOB decision no.15519 of July 27, 2006 reported at the begin of this Financial Statements.

	Revenues	Operating costs	Financial income/ (charges)	Trade receivables	Trade payables	Other receivables/ (payables)
CONTROLLING ENTITIES						
Mediaset S.p.A.		(85)	(2,117)		(89)	(61,789)
R.T.I. S.p.A.	289	(3,083)		20	(1,124)	
Elettronica Industriale S.p.A.	176,357			1,745	(30)	
Total controlling entities	**176,646**	**(3,168)**	**(2,117)**	**1,765**	**(1,243)**	**(61,789)**
AFFILIATED ENTITIES						
Publitalia '80 S.p.A.	25					
Videotime S.p.A.	1,085	(495)		219	(129)	
Promoservice Italia S.r.l.		(77)			(77)	
MedioBanca S.p.a.		(45)				
Monradio S.r.l.	461	(2)				
Total affiliated entities	**1,571**	**(619)**	**-**	**219**	**(206)**	**-**
PENSION FUNDS (Mediafond)		**(40)**				**(204)**
OTHER RELATED PARTIES	**304**	**(207)**	**-**	**246**	**(29)**	**(29)**
TOTAL RELATED PARTIES	**178,521**	**(4,034)**	**(2,117)**	**2,230**	**(1,478)**	**(62,022)**

Revenues and trade receivables from parent companies are mainly referable to hosting, assistance and maintenance services, logistics, use of transmission infrastructure, head end and design, and revenues concerning broadcast equipment installation 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 from 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 towards 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 associations mainly carrying out activities connected to the operating management of TV signal transmission.

16. COMMITMENTS AND GUARANTEES

The Group rents the land on which it has constructed its clients broadcasting towers from which it gains its revenues. These contracts are long-term and generally include clauses of advance withdrawal and of period adjustment of rent as a consequence of inflation.

In addition, the Group has contract commitments for the use of satellite capacity, optical fibre, infrastructure maintenance and other rentals, containing anticipated withdrawal clauses.

Total commitments described above amounted to approximately Euro 241 million.

The Group issued guarantees for commercial and financial commitments for about Euro 305 million.

With respect to the business combination described in Directors' Report, EI Towers S.p.A. assumed the commitment to pay the previous President and CEO the amount of Euro 7.5 million as consideration for the obligation not to carry out activities in competition with EI Towers Group. This obligation starts from January 2, 2012, for three years and the payment is expected in three annual instalments of the same amount during years 2012, 2013 and 2014. The first two instalments, at the date of the financial statements, have been duly paid.

It should be noted that EI Towers S.p.A. assumed the commitment to compensate the third buyer of the companies of Technology business unit, disposed on October 13, 2011, up to a maximum of Euro 4 million, for possible extraordinary losses or other liabilities which could come out with reference to the companies DMT System S.p.A. in liquidation, Asteroide S.r.l. and DMT Service S.r.l. in liquidation, and attributable to the period they operated before their disposal. As of today, no elements which could create liabilities referring to EI Towers S.p.A. came out.

EI Towers S.p.A. has counterguaranteed two bank guarantees for a total amount of Euro 4.2 million issued in the favor of the Internal Revenue Service for DMT System S.p.A. in liquidation and DMT Service S.r.l. in liquidation, disposed on October 13, 2011, for VAT receivables used by da EI Towers S.p.A. when the two companies were within the group taxation.

At December 31, 2012, the Group had pledges, mortgages and special privileges on the activities of Towertel S.p.A. (shares in the companies of this division. fixed assets, liquidity, etc) and commitments and limitations on the use of liquidity and cash flows of Towertel S.p.A., as further described in the note No. 9.2, to which reference shall be made.

17. POTENTIAL LIABILITIES

The Group, during the regular execution of its activities, is part of some active and passive civil and administrative judicial proceedings. In particular, administrative cases, related to some transmission sites used by the Group, are under way. On the basis of available information, we believe that the risk related to an unfavorable outcome of cases is improbable and, in any case, is not quantifiable; therefore, no provisions have been allocated to cover possible liabilities which could come from proceedings under way.

For the Board of Directors

The Chairman

LIST OF EQUITY INVESTMENTS INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS

AT DECEMBER 31, 2012

List of equity investments included in the consolidated financial statements at December 31, 2012

(Euro in thousands)

Companies consolidated on a line-by-line basis	Registered Office	Currency	Share capital	% held by the Group (*)
Towertel s.p.a.	Lissone	euro	22,000	100.00%
Tecnoimpianti s.a.s.	Trento	euro	4.0	50.00%

Joint control and affiliated companies	Registered Office	Currency	Share capital	% held by the Group
Bigua s.r.l.	Roma	euro	51.0	24.50%

Othe equity investments	Registered Office	Currency	Share capital	% held by the Group
Alto Adiges.r.l.	Trento	euro	155.0	8.33%
Trentuno srl	Trento	euro	10.0	8.33%
Get s.r.l.	Trento	euro	155.0	8.33%

(*) Shares of the Group calculated without considering treasury shares held by associated companies

DISCLOSURES PURSUANT TO ARTICLE 149, PART TWELVE, OF THE CONSOB ISSUERS REGULATIONS

Service	Entity supplying the service	Beneficiary	Fees 2012
Account auditing	Reconta Ernst & Young S.p.a.	Capogruppo-EI Towers S.p.a.	110,000
Account auditing	Reconta Ernst & Young S.p.a.	Società Controllate	60,354
Other services	Reconta Ernst & Young S.p.a.	Capogruppo-EI Towers S.p.a. (1)	18,000
Total			188,354
(1) Report on conformity of some Company data			

2012 Annual Report

Certification of the Consolidated Financial Statements pursuant to Article 154-bis, of the Legislative Decree 58/98

Attestation of the Consolidated Financial Statements pursuant to article 154, part two, of the Legislative Decree 58/98

1. The undersigned Guido Barbieri, Chief Executive Officer, and Fabio Caccia, the Assigned Executive for the drafting of the company accounting documents of EI Towers S.p.A., attest, also taking into account what is lead down by article 154, part two, paragraphs 3 and 4 of the Legislative Decree of February 24, 1998 no.. 58:

- to the adequacy relative to the characteristics of the Group and
- the effective application

of the administrative and accounting procedures for building up the Consolidated Financial Statements, during the financial year 2012.

2. The evaluation of the adequacy of the administrative and accounting procedures for building up the Consolidated Financial Statements as at December 31, 2012 was carried out based on the rules and methodologies defined by EI Towers S.p.A. in line with the model Internal Control – Integrated Framework issued by the Committee of sponsoring Organizations of the Treadway Commission which represents a body of general reference principles for the system of internal controls that is generally accepted at international level.

3. Furthermore, it is also attested that:

3.1 The Consolidated Financial Statements:

a) are drawn up in conformity with the applicable International Accounting Standards recognised within the European Community, pursuant to the regulation (EC) no. 1606/2002 of the European Community and Council of July 19, 2002 as well as with the measures issued to actuate article 9 of the Legislative Decree no. 38/2005;
b) reflect the balances in the books and the accounting postings;
c) are suitable and appropriate in order to give a true and fair view of the Balance Sheet, Income Statement and Financial situations of the Issuer and of the group of companies included within the consolidation.

4. The Directors' Report on Operations contains a trustworthy analysis of the progress and result of operations, as well as of the situation of the Issuer and of the group of companies included within the consolidation, together with the description of the main risks and uncertainties to which they are exposed.

March 21, 2013

For the Board of Directors
The Chief Executive Officer
(Guido Barbieri)

The Assigned Executive for the drafting
of the company accounting documents
(Fabio Caccia)

2012 Annual Report

Report of the External Auditors

ERNST & YOUNG

Reconta Ernst & Young S.p.A.
Via della Chiusa, 2
20123 Milano

Tel. (+39) 02 722121
Fax (+39) 02 72212037
www.ey.com

Independent auditors' report
pursuant to art. 14 and 16 of Legislative Decree n. 39 dated 27 January 2010
(Translation from the original Italian text)

To the Shareholders
of El Towers S.p.A.

1. We have audited the consolidated financial statements of El Towers S.p.A. and its subsidiaries, (the "El Towers Group") as of 31 December 2012 and for the year then ended, comprising the consolidated statement of financial position, the consolidated statement of income, the consolidated statement of comprehensive income, the consolidated statement of cash flows, the consolidated statement of changes in shareholders' equity and the related explanatory notes. The preparation of these financial statements in compliance with International Financial Reporting Standards as adopted by the European Union and with art. 9 of Legislative Decree n. 38/2005 is the responsibility of El Towers S.p.A.'s Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with auditing standards recommended by CONSOB (the Italian Stock Exchange Regulatory Agency). In accordance with such standards, we planned and performed our audit to obtain the information necessary to determine whether the consolidated financial statements are materially misstated and if such financial statements, taken as a whole, may be relied upon. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, as well as assessing the appropriateness of the accounting principles applied and the reasonableness of the estimates made by Directors. We believe that our audit provides a reasonable basis for our opinion.

   The consolidated financial statements present for comparative purposes the financial statements of the merged entity (the acquirer for accounting purposes) as of 31 December 2011. The financial statements of the merged entity have been audited by us and reference should be made to our report dated 20 March 2012.

3. In our opinion, the consolidated financial statements of the El Towers Group at 31 December 2012 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with art. 9 of Legislative Decree n. 38/2005; accordingly, they present clearly and give a true and fair view of the financial position, the results of operations and the cash flows of the El Towers Group for the year then ended.

4. The Directors of El Towers S.p.A. are responsible for the preparation, in accordance with the applicable laws and regulations, of the Report on Operations and the Report on Corporate Governance and the Company's Ownership Structure published in the section "Governance / Governance system" of El Towers S.p.A.'s website. Our responsibility is to express an opinion on the consistency with the financial statements of the Report on Operations and of the information presented in compliance with art. 123-bis of Legislative Decree n. 58/1998, paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b) in the Report on Corporate Governance and the Company's Ownership Structure, as required by law. For this purpose, we have performed the procedures required under Auditing Standard 001 issued by the Italian Accounting Profession (CNDCEC) and recommended by CONSOB. In our opinion, the Report on Operations and the information presented in compliance with art. 123-bis of Legislative Decree n. 58/1998, paragraph 1, letters c), d), f), l), m) and paragraph 2), letter b) in the Report on Corporate Governance and the Company's Ownership Structure, are consistent with the consolidated financial statements of the El Towers Group at 31 December 2012.

Milan, 27 March 2013

Reconta Ernst & Young S.p.A.
Signed by: Alberto Coglia, partner

This report has been translated into the English language solely for the convenience of international readers.

EI TOWERS S.p.A.

2012 Annual Report

Financial Statements and Explanatory Notes

EI TOWERS S.p.A.

Statement of Financial Position at December 31, 2012

(Euro)

ASSETS	Notes	31/12/2012	31/12/2011
Non-current assets	5		
Property, plant and equipment	5.1	174,626,447	180,502,627
Goodwill	5.2	255,671,052	255,671,052
Other intangible assets	5.3	15,471,784	10,383,994
Investments	5.4		
in subsidiaries		213,020,353	-
in associates and joint control companies		27,639	27,639
Total		213,047,992	27,639
Receivables and other non-current financial assets	5.5	299,165	235,471
Deferred tax assets	5.6	2,230,600	1,930,798
Total non-current assets		**661,347,040**	**448,751,581**
Current assets	6		
Inventories	6.1	3,130,974	4,183,064
Trade receivables	6.2		
from customers		7,504,698	7,847,546
from associates		390,212	375,691
from subsidiaries		12,206,306	-
from parent companies		1,484,845	7,973,623
Total		21,586,061	16,196,860
Tax receivables	6.3	1,975,847	15,120
Receivables and other current assets	6.4	17,576,805	2,231,710
Intercompany financial receivables			
Cash and cash equivalents	6.5	12,576,805	9,421
Total current assets		**52,217,101**	**22,636,175**
Non-current assets held for sale		**-**	**-**
TOTAL ASSETS		**718,564,141**	**471,387,756**

EI TOWERS S.p.A.

Statement of Financial Position at December 31, 2012

(Euro)

LIABILITIES AND SHAREHOLDERS' EQUITY	Notes	31/12/2012	31/12/2011
Shareholders' equity	**7**		
Share capital	7.1	2,826,238	1,130,478
Share premium reserve	7.2	206,540,354	89,278,479
Treasury shares	7.3	(1,844,878)	–
Other reserves	7.4	322,649,337	209,069,522
Valuation reserve	7.5	(828,027)	16,528
Reserve for rounding figures		–	1
Retained earnings	7.6	(17,291,540)	–
Profit (loss) for the period	7.7	15,255,690	5,185,383
TOTAL SHAREHOLDERS' EQUITY		**527,307,174**	**304,680,391**
Non-current liabilities	**8**		
Post-employment benefit plans	8.1	10,601,545	8,862,584
Deferred tax liabilities	8.2	1,378,324	1,336,831
Provisions for risks and charges	8.3	453,000	156,200
Total no- current liabilities		**12,432,869**	**10,355,615**
Current liabilities	**9**		
Financial payables	9.1	64,957,284	325
Trade payables	9.2		
to suppliers		28,565,549	33,887,505
to subsidiaries		119,736	–
to associates and joint control companies		21,529	–
to associates		211,477	307,877
parent companies		1,206,778	411,772
Total		30,125,069	34,607,154
Tax payables	9.3	11,313,647	1,997,000
Intercompany financial payables	9.4		
to parent companies		61,788,924	113,881,577
Total		61,788,924	113,881,577
Other current liabilities	9.5	10,639,174	5,865,694
Total current liabilities		**178,824,098**	**156,351,750**
Non-current liabilities related to assets held for sale		–	–
TOTAL LIABILITIES		**191,256,967**	**166,707,365**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**718,564,141**	**471,387,756**

EI TOWERS S.p.A.

Statement of Income at December 31, 2012

(Euro)

INCOME STATEMENT	Notes	2012	2011
Revenues	10		
Sales of goods and services	10.1	177,179,478	84,423,212
Other revenues and income	10.2	262,301	234,366
Total revenues		**177,441,779**	**84,657,578**
Costs	11		
Personnel expenses	11,1	40,136,718	17,522,995
Purchases, services, other costs	11.2	74,121,648	38,750,513
Amortisation, depreciation and write-downs	11.3	35,340,239	18,294,529
Total costs		**149,598,605**	**74,568,037**
Gains/(losses) from disposals of non-current assets		-	-
EBIT		**27,843,174**	**10,089,541**
financial investments (Expenses)/income from	12		
Financial expenses	12.1	(3,408,755)	(1,301,191)
Financial income	12.2	300,702	201,096
Total (expenses)/income from financial investments		**(3,108,053)**	**(1,100,095)**
EBT		**24,735,121**	**8,989,446**
Income taxes for the year	13		
current taxes	13	9,091,615	3,757,825
deferred taxes	13	387,816	46,238
Total income taxes for the year		**9,479,431**	**3,804,063**
Net profit form continuing operations		**15,255,690**	**5,185,383**
Net gains/(losses) from discontinued operations		-	-
Net profit (loss) for the period		**15,255,690**	**5,185,383**

Statement of Comprehensive Income at December 31, 2012

(Euro)

STATEMENT OF COMPREHENSIVE INCOME	Notes	2012	2011
PROFIT (LOSS) FOR THE PERIOD (A)		**15,255,690**	**5,185,383**
Statement of comprehensive profits/(losses)			
Changes in valuation reserve			
Profit(losses) on available-for-sale financial assets			
Effective portion of gains/(losses) on hedging instruments (cash flow hedge)			
Actuarial gains/(losses) on defined benefit plans		(1,334,274)	(152,900)
Other gains/(losses)			
Actuarial gains/(losses) on defined benefit plans		372,554	42,047
TOTAL COMPREHENSIVE INCOME/(LOSSES) NET OF TAX EFFECTS (B)		**(961,720)**	**(110,853)**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR (A+B)		**14,293,970**	**5,074,530**

EI TOWERS S.P.A.
STATEMENT OF CASH FLOWS
(Euro in thousands)

	2012	2011
CASH FLOW FROM OPERATING ACTIVITIES:		
Operating profit	27,843	10,089
+ Depreciation and amortisation	35,340	17,411
+ changes in trade receivables	15,122	3,361
+ changes in trade payables	(15,622)	(2,475)
+ changes in other assets and liabilities	(9,780)	(531)
- Income tax paid	(7,488)	-
Net cash flow from operating activities [A]	**45,416**	**27,855**
CASH FLOW FROM INVESTING ACTIVITIES:		
Investments in tangible assets	(25,162)	(18,265)
Investments in intangible assets	(8,712)	(68)
Changes in payables for investing activities	8,555	(7,615)
(Increases)/decreases in other financing activities	48	
Business combinations net of cash acquired	317	-
Net cash flow from investing activities [B]	**(24,953)**	**(25,948)**
CASH FLOW FROM FINANCING ACTIVITIES:		
changes in financial liabilities	(4,662)	(11,118)
other changes in shareholders' equity		10,200
interests (paid)/received	(2,862)	(1,100)
Net cash flow from financing activities [C]	**(7,524)**	**(2,018)**
CHANGE IN CASH AND CASH EQUIVALENTS [D=A+B+C]	**12,938**	**(111)**
CHANGE IN CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD [E]	**9**	**120**
CHANGE IN CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD [F=D+E]	**12,947**	**9**

EI TOWERS S.p.A.

Statement of Changes in Shareholders' Equity for periods ended December 31, 2012 and 2011

(Euro in thousands)

(Euro in thousands)

	Share capital	Share-premium reserve	Treasury share reserve	Legal reserve	Extraordinary reserve	Other reserves	Valauation reserve	Profit for previous years	Profit/(loss) for the period	Total shareholders' equity
Company establishment on May 30, 2011 (*)	1,130	-				(1,010)				120
Business unit contribution executing capital increase effective from June 30, 2011 (*)		86,648				199,880				289,528
Payment in capital account made on July 26, 2011						10,200				10,200
Changes in Share-premium Reserve		(370)								(370)
Changes in Stock Option							127	-		127
Changes in Actuarial Reserve							(110)	-	-	(110)
Total profit (loss)									5,185	5,185
Balance at December 31, 2011	**1,130**	**89,278**	**-**	**-**	**-**	**209,070**	**17**	**-**	**5,185**	**304,680**
Business combination	1,696	117,262	(5,091)	288	53	109,131	2,189	(17,292)		206,236
Allocation of profit for 2011 according to the Meeting held on April 11, 2012	-	-						-	(5,185)	(5,185)
Changes in Share-premium Reserve		-								-
Changes in Stock Grant			3,246			(1,078)	(2,168)	-		-
Changes in Stock Option							118	-		118
Changes in Actuarial Reserve							(984)	-	-	(984)
Changes in Other Reserves							-	-	-	-
Changes in Legal Reserve				260						260
Changes in Extraordinary Reserves				-	4,926					4,926
Dividend distribution according to Shareholders' Meeting held on April 11, 2012				-						-
Total Profit (loss)									15,256	15,256
Balance at Decmber 31, 2012	**2,826**	**206,540**	**(1,845)**	**548**	**4,979**	**317,123**	**(828)**	**(17,292)**	**15,256**	**527,307**

(*) the statement reflects what indicated by IFRS 3 in case of reverse acquisition

EI TOWERS S.p.A.

Explanatory Notes

1. General information

EI Towers S.p.A. is a joint stock company incorporated in Italy and inscribed in the Enterprises Register of Monza and Brianza. Its registered office is located in Via Zanella, 21 – Lissone (MB). Its majority shareholder is Elettronica Industriale S.p.A., which, in turn, is wholly owned indirectly by Mediaset S.p.A. The main activities of the company and the Group are described in the opening section of the Directors' Report on Operations.

These Financial Statements are stated in the Euro, because this is the currency that is used for most of the Group's transactions.

2. Adoption of the International Accounting Standards

Following the coming into force of the Legislative Decree No. 38 of February 28, 2005, which actuated, within the Italian legislation, the European Regulation no. 1606/2002, since 2006 the Company applied the right, in accordance with article 4 of this decree, to draft the equity value according to the IAS/IFRS (International Accounting Standards/International Financial Reporting Standards) issued by the International Accounting Standards Board (IASB) and homologated at EEC level.
The accounting layouts and the disclosures contained in this Annual Report have been drawn up according to IAS 1, as laid down by the CONSOB Communication n° DEM 6064313 of July 28, 2006.

3. General drafting criteria and accounting standards for the drafting of the Financial Statements

For these Financial Statements what provided for by IFRS 3 in case of reverse acquisition has been applied, 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 accounting standard.

By virtue of the business combination (merger) described in the Directors' Report, it should be noted that 2011 data cannot be compared to 2012 ones.

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 "Towers" business unit. For this reason, comparative data at December 31, 2011 reported in the Income statement, Comprehensive Income Statement and Cash Flow Statement refer to the period from June 30, 2011 to December 31, 2011of the accounting acquirer.

It should be noted that in the tables commenting the main items of the financial statements in the item Business Combination balances of assets, liabilities and shareholders' equity of the merging company at December 31, 2011 are included.

These Financial Statements have been drawn up with a going concern approach, because the Directors have checked that there do not exist any signs of any financial, operational, managerial criticalities or of any other nature that could possibly impact the ability of the Company to face up to its obligations in the foreseeable future. The risks and the uncertainties relative to the business itself are described in the Directors' Report on Operations. The description of how the Company manages its financial risks, among which there are the liquidity and capital ones, is contained in the paragraph called Additional information on financial instruments and the risk management policies contained in these Explanatory Notes.

The Financial Statements at December 31, 2012 have been drawn up according to the IAS/IFRS and the relative interpretations issued by the SIC/IFRIC homologated by the European Commission and in force at the date in question.

The accounting criterion normally used for assets and liabilities is that of historical cost, with the exception of some financial instruments for which, pursuant to what is laid down in IAS 39, the fair value is used.

The tables in the Financial Statements and the Explanatory Notes have been prepared together with the supply of the additional disclosure laid down, regarding Financial Statements layouts and information, by the Consob Resolution no. 15519 of July 27, 2006 and by the Consob Communication no. 6064293 of July 28, 2006.

The values of the items in the Financial Statements are shown in Euros.

It should be noted that, following the business combination, in order to guarantee uniformity in the exposition of the financial statements, starting from this year buildings, industrial and commercial equipment related to radio and television broadcasting and mobile communication transmission sites owned have been reclassified as "Towers". In addition, the Company decided to redetermine the useful life of these assets in 20 years starting from this year based on an estimation survey carried out by an independent surveyor. As a consequence of this variation, lower amortisation of tangible assets, amounting to Euro 330 thousand, has been recorded in the year.

3. SUMMARY OF THE ACCOUNTING STANDARDS AND EVALUATION CRITERIA

Accounting standards, amendments and interpretations effective from January 1, 2012

The Company applied the following accounting standards, amendments and interpretations, issued in 2010 starting from January 1, 2012.

IAS 12 Income taxes – Recovery of Underlying Assets

The amendment clarifies the determination of deferred tax investment property measured at fair value. The amendment includes the rebuttable presumption that the carrying amount of an investment property, measured using the fair value model in IAS 40, will be recovered through sale, and that, consequently, that deferred tax should be measured on a sale basis. The presumption is rebutted if the investment property is depreciable and it is held within a business model whose objective is to consume substantially all of the economic benefits in the investment property over time, rather than through sale. The amendment is effective for annual periods beginning on or after January 1, 2012. This amendment has no impact on the consolidated financial statements.

IFRS 1 – Severe Hyperinflation and Removal of fixed dates fixed for first-time Adopters

IASB has provided guidance on how an entity should resume presenting financial statements in accordance with IFRS when the entity's functional currency ceases to be subject to severe hyperinflation. The amendment is effective for annual periods beginning on or after July 1, 2011. This amendment had no impact on the Company.

IFRS 7 Financial Instruments: Additional Disclosures – Transfer of financial assets

This amendment is effective for annual periods beginning on or after July, 1 2011. This amendment requires additional disclosures about transferred financial instruments that are not derecognised, to enable users of the financial statements to understand the relationship between transferred financial assets not derecognised and associated liabilities. This amendment will also require disclosure about continuing involvement in transferred financial assets that are derecognised to enable users of the financial statements to assess the nature and the risk associated with the entity's continuing involvement in these assets derecognised. This amendment concerns only disclosure and has no impact on the financial position or the result of the Company.

Financial Statements tables and layouts

The Balance Sheet is drawn up following the layout that splits assets and liabilities into current and non-current. An asset or liability is classified as current when it meets one of the following criteria:

- it is expected that it will be realized, or extinguished, or it is estimated that it will be sold, or used, in the ordinary operating cycle of the Company, or
- it is mainly held for trading, or
- it is expected that it will be realized or extinguished within 12 months from the Financial Statements closing date.
- lacking all three of the above conditions the assets and liabilities are classified as being non-current.

The Income Statement is drawn up with the layout of costs by type, showing the intermediate levels of the operating result and the pre-tax result. The operating result is the difference between the Net Revenues and the operating costs (these latter include the costs of a non-monetary nature relative to the amortisation, depreciation and write-downs of current and non-current assets, net of any reinstatements of value).

To enable a better measurement of the true progress of normal operations there can also be shown separately, within the section down to the Operating Result, cost and revenue components arising from events or operations that, because of their type and amount, have to be considered as non-recurrent. These operations can be linked to the definitions of significant non-current operations and events that are contained in the Consob Communication no. 6064293 of July 28, 2006, differing from the definition of “atypical and/or unusual operations” contained in the same Consob Communication of July 28, 2006, according to which there are considered to be atypical and/or unusual operations those operations which, due to their significance/relevance, the type of the counterparts, the subject of the transaction, the method of calculating the transfer price and the time of the event (nearness to the closing date of the financial year) can give rise to doubts regarding the correctness/completeness of the information in the Financial Statements, to conflicts of interest, to the safeguarding of the company’s equity, or to safeguarding of the minority shareholders’ interests.

The Comprehensive Income Statement table shows the cost and revenue items, net of tax, which has asked for, or allowed, by the various International Accounting Standards are posted directly among the Balance Sheet reserves. For each one of the significant Balance Sheet reserves that are shown in the table there are given the references to the successive Explanatory Notes, within which there is supplied the relative information and there are detailed the breakdowns and the changes that have taken place since the last fiscal year.

The Cash Flow Statement has been drafted by applying the indirect method, according to which the pre-tax result is adjusted for the impacts of non-monetary operations, for any deferral or provision of previous or future operational incomes or payments and for elements of revenues or cost connected with financial flows deriving from investment or financial activities. Changes in payables to suppliers for investments are included in the Cash Flows from investment activities. Incomes and charges relative to medium/long-term financing operations and the relevant hedging instruments are included in the financial activities.

The Net Equity Movements table shows the changes that have taken place in the Net Equity items relative to the following:

- allocation of the profit for the period to minority shareholders;
- breakdown of the comprehensive profit/loss;
- amounts relative to transactions with the shareholders (purchases and sales of treasury shares);
- impact from any changes in the accounting standards.

It is highlighted that for the purpose of fulfilling the obligations contained in the Consob Resolution no. 15519 of July 27, 2006 called “Measures regarding Financial Statements layouts”, there are also given, in addition to the obligatory tables, specific Consolidated Income Statement and Balance Sheet tables giving the significant amounts of the balances or transactions with Related Parties shown apart from the respective reference items.

Buildings, plants and equipment

Plant, machinery, equipment, buildings and land are posted at purchase, production or conferment cost, including any ancillary charges, any dismantling costs and the direct costs necessary to make the asset ready for use. These fixed assets, with the exception of land, which is not subject to depreciation, are systematically depreciated in each accounting period on a straight-line basis, using economic and technical depreciation rates determined in relation to the remaining useful life of the assets.

Depreciation is calculated on a straight-line basis on the cost of the assets net of the relative residual values (if significant) based on their estimated useful lives, applying the following rates.

Buildings	2.5% – 3.33%
Transmission sites	5%
Plant and machinery	10% – 12.5% – 14.28% – 16.66%
Industrial and commercial equipment	12.50% – 14.28% – 16.66%
Office electronic machines	20%
Office forniture	8.33%
Motor vehicles and other means of transport	10% – 20%

The possibility to recover their value is assessed according to the criteria laid down by IAS 36, described in the section below "Impairment of assets".

Ordinary maintenance costs are posted in full to the Income Statement. Incremental maintenance costs are attributed to the related assets and depreciated over their remaining useful life.

Leasehold improvements are attributed to the classes of assets to which they refer and depreciated at the lower between residual life of the lease contract and residual useful life of the type of asset to which the improvement relates.

Whenever the single components of a complex tangible fixed asset have different useful lives, they posted separately in order to be depreciated separately, in line with their individual useful lives ("component approach").

Specifically, according to this principle, the value of land and that of the buildings that are on it are separated and only the buildings are depreciated.

Gains and losses resulting from sales or disposals of assets are calculated as the difference between the sale revenue and the net book value of the asset and are posted to the Income Statement.

Assets in leasing

Assets acquired through leasing contracts are posted to tangible fixed assets and a financial payable for the same amount is posted to liabilities. The payable is progressively reduced according to the reimbursement plan of the amounts of the principal included in the contract installment payments. The amount of the interest ratio is kept in the Income Statement in the item financial charges and the value of the asset posted to tangible fixed assets is depreciated on a straight-line basis according to the economic/technical life of the asset, or, if shorter, on the basis of the expiry date of the leasing contract.

The costs for leasing installments coming from operating leases are posted at fixed amounts based on the duration of the contract.

Governament contribution

Governament contribution obtained for investments in plants have been recorded in the Income Statement during the period necessary to correlate them to related costs and classified as deferred income.

Intangible fixed assets

Intangible fixed assets are assets without any physically identifiable nature, controlled by the company and able to generate future economic benefits. They also include goodwill when this is acquired for value.

They are posted at purchase or production cost, including ancillary charges according to the criteria already described for tangible fixed assets.

In the event of purchased intangible fixed assets whose availability for use and the relevant payments are deferred beyond ordinary terms, the purchase value and the relative payable are discounted by posting the implicit financial charges contained within the original purchase price.

Internally generated intangible fixed assets are posted to the Income Statement in the period in which they are incurred if relative to research costs. Development costs, mainly regarding software, are capitalized and amortised on a straight-line basis over their estimated useful lives (3 years on average), provided that they can be identified, that the cost can be dependably calculated and that the asset is likely to generate future economic benefits.

Intangible fixed assets with a defined useful life are amortised on a straight-line basis, starting from the time when the asset is available for use, over the period of their forecasted usefulness. The possibility to recover their value is assessed according to the criteria envisaged by IAS 36, described in the next section Impairment of assets.

Impairment of assets

The book values of the tangible and intangible fixed assets are periodically reviewed as laid down by IAS 36, which asks for the evaluation of the existence of any losses of value ("impairment") of tangible and intangible assets, where there are indicators that indicate that this problem could exist. In the case of goodwill, of intangible fixed assets with an undefined useful life or of assets not available for use this valuation is carried out at least yearly, normally at the time of the preparation of the Annual Report, but also at any time when there is an indication of a possible loss of value of an asset.

The possible recovery of the posted values is checked by comparing the accounting book value in the Financial Statements with the greater between the net sale price, where there is an active reference market, and the usage value of the asset.
The usage value is calculated based on the discounting of the cash flows expected from the usage of the asset (or from cash generating units) and from its disposal at the end of its useful life.

Equity investments in associated companies and joint ventures

The equity investments in subsidiary, affiliated companies and joint ventures are valued according to the cost method, reduced by any loss of value pursuant to IAS 36. The posted book value is subject impairment testing. In the case of any write-down as a result of a loss in value from this the cost is posted to the Income Statement. The original value is reinstated during the following financial years if the reasons for the write-down disappear.

Non-current financial assets

Equity investments other than investments in subsidiaries, associated companies or jointly controlled companies are posted to the item “other financial assets” in non- current assets and are classified pursuant to IAS 39 as financial assets “Available for sale” at Fair value or, alternatively, at cost if the fair value cannot be dependably calculated with the posting of the valuation impact, until the asset is disposed of but with the exception of the case when it has suffered a permanent loss in value, to a specific reserve in the Net Equity.

In the event of a write-down for loss of value, i.e. impairment, the cost is posted to the Income Statement. The original value is reinstated in subsequent fiscal years if the reasons for the write-down disappear.

The risk resulting from any losses above the value of the Net Equity is posted to a specific risks fund to the extent to which the investor is committed to fulfilling legal or implicit obligations regarding the subsidiary or, in any case, to cover its losses.
Among the assets available for sale there also fall the financial investments, not held for trading, valued according to the rules already referred to for the assets “Available for sale” and the financial payables, for the amount of them that is due beyond 12 months.

The receivables are posted at their amortised cost, using the actual interest rate method.

Non-current assets available for sale

Non-current assets available for sale are valued at the lower between their previous net book value and their market value less cost of sales. Non-current assets are classified as available for sale when it is estimated that their book value will be recovered by means of a sale transaction rather than through their use in company operations. This condition is only met when the sale is considered as very likely and the asset is available for immediate sale in its current condition. For this purpose, Management must be committed to the sale, which must take place within 12 months from the date of classification of this item.

Current assets

Inventories

The inventories of raw materials, semi-finished and finished products are valued at the lower between acquisition or production cost, including ancillary charges, i.e. at FIFO (First In First Out) and their presumed net realisable value deducible from the market trend.

Trade receivables

The receivables are posted at their fair value, which is generally also their face value, except in the case where, because of significant extended payment terms, it is the same as the value calculated by applying the amortised cost method. Their value at year-end is adjusted to their estimated realisable value and written down in case of impairment.

Sale of receivables

The recognition of the sale of receivables is subject to the measures laid down by IAS 39 regarding the derecognising of financial assets. As a result, the receivables sold to factoring companies, with or without recourse, in the event that the latter includes clauses that imply maintaining a significant exposure to the trend of the cash flows from the sold receivables, remain in the Financial Statements, even though they have been legally sold, with a corresponding accounting posting of a financial liability for the same amount.

Current financial assets

Financial assets are posted and reversed in the Financial Statements based on their transaction date and they are initially valued at cost, including the expenses directly connected with their acquisition.

At successive dates of the Financial Statements, those financial assets to be held until maturity are shown at amortised cost, according to the actual interest rate method, net of write-downs made to reflect impairment.

Financial assets other than those held until maturity are classified as held for trading or available for sale and are valued at their "fair value" at each accounting period with the posting of their impacts to the Income Statement in the item "Financial (Charges)/Incomes" or to a specific reserve in the Net Equity and, in this latter case, until they are realised or have suffered a loss of value.

Cash and equivalents

This item includes the cash, the bank current accounts and deposits that are repayable on demand and other short-term and high liquidity financial investments that are readily convertible to cash, with an insignificant risk of a change in value.

Treasury shares

Treasury shares are shown at cost and posted as a reduction of Net Equity and all the gains and losses resulting from trading them are posted to a specific reserve in the Net Equity.

Employee Benefits

Post-Employment Benefit Plans

The Employee Leaving Indemnity, which is obligatory for Italian companies pursuant to article 2120 of the Italian Civil Code, is a type of deferred remuneration and it is related to the length of the working lives of the employees and the emoluments received.

Due to the Supplementary Pension Reform that is referred to in the relative Decree, the amounts of the Employee Leaving Indemnity accrued until December 31, 2006 shall continue to remain within the company constituting a defined benefit plan, with the obligation of the accrued benefits to that date being subject to an actuarial valuation, while the amounts that accrue from January 1, 2007 are allocated to supplementary pension funds, or transferred by the company to the treasury fund managed by INPS (Italian National Social Security Institute) starting from the time when the employees formalise their choice, as defined contribution plans that are no longer subject to actuarial valuation).

For the benefits subject to actuarial valuation, the liability relative to the Employee Leaving Indemnity must be calculated by projecting forward the already accrued amount up to the future date of the dissolution of the employment relationship and then calculating the net present value of the amount, at the date of the Financial Statements, using the actuarial method called the "Projected Unit Credit Method".

The actuarial gains and losses that reflect the impacts coming from the changes in the actuarial hypotheses used are posted directly to the Net Equity, without ever passing to the Income Statement and they are shown in the Comprehensive Income Statement table.

Share-based payments

The Company, in line with what is laid down by IFRS 2, which classifies Stock Options as "share based payments" and asks that for the type that falls into the "equity-settled" category, which means that it foresees the physical handing over of the share certificates, the calculation at the assignment date of the fair value of the option rights issued and its posting as a personnel costs to be split evenly of the period of the accrual of the rights (vesting period) with the posting of the other side of the entry to the specific reserve of Net Equity. This posting is carried out based on the estimate of the rights that will actually accrue in favour of the person who has the right, taking into consideration the usufruct conditions of them, not based on the market value of the rights.

At the end of the exercising period the relative Net Equity reserve is reclassified among the reserves available for use.

The calculation of the fair value takes place using the "binomial" model.

Trade payables

The trade payables are posted at their nominal value, which is usually close to the amortised cost. Those originating in non-EMU currencies are valued at the year-end spot rates issued by the European Central Bank.

Funds for risks and charges

The funds for risks and charges are relative to those costs and charges whose existence is either certain or probable but, however, for which, at the closing date of the accounting period it was not possible to ascertain, with absolute certainty, either their true amount or the exact date on which they shall fall due. They have been provided only when there is a real current obligation, which is the result of past events that can be of a legal or contractual type, or derived from declarations or behaviour of the company that create valid expectations in the persons involved (implicit obligations). The provisions for these items have been posted at the value that represents the best possible estimate of the amount that the enterprise would have to pay in order to extinguish its obligation. When they are significant, and the payment date can be dependably estimated, the provisions are shown in the Financial Statements at current values with the posting to the Income Statement, in the item “Financial Incomes and (Charges)”, of the charges coming from the passage of time.

Non-current financial liabilities

The Non-current financial liabilities are shown at their amortised cost, using the actual interest rate method.

Revenue recognition

The revenues from sales and services are posted when the actual transfer takes place of the risks and benefits arising from the ceding of the ownership of the goods or at the time when the supply of the service takes place.

The revenues are shown net of returns, discounts, allowances and premiums, as well as of any directly linked tax charges;

Any cost recoveries are shown as a direct reduction of the relative costs.

Income taxes

The current income taxes are posted on the basis of the estimated taxable income in line with the tax rates and fiscal measures that are currently in force, or have been basically approved, at the close of the accounting period, taking into account any applicable exemptions and tax credits that are due.

The prepaid and deferred taxes are calculated based on the timing differences between the values attributed to the assets and liabilities in the Financial Statements on a statutory basis and the corresponding values that are recognized for fiscal purposes, on the basis of the tax rates that will be in force at the time when the timing differences will be reversed. When the results are posted directly to Net Equity, the current taxes, the prepaid taxes assets and the deferred taxes liabilities are also posted to Net Equity.

The deferred taxes assets and liabilities are set off when there exists a legal right to be able to set off the current taxes assets and liabilities and when they refer to taxes that are due to the same Tax Authority and the Company intends to settle the current tax assets and liabilities on a net basis.

In the case of any changes in the net book value of the deferred tax assets and liabilities arising from a change in the tax rates or the relative legislation, rules or regulations, the resulting deferred taxes are posted into the Income Statement, unless they are relative to elements that have already been debited or credited previously to the Net Equity.

Dividends

The dividends are accounted for in the accounting period in which there is passed the resolution to distribute them.

Earnings per share

The earnings per share are calculated by dividing the net profit of the Company by the weighted average of the number of shares in circulation, net of the treasury shares. The diluted earnings per share is calculated by taking into account in the calculation the number of shares in circulation and the potential diluting effect coming from the assignment of treasury shares to the beneficiaries of stock option plans that have already reached maturity.

Use of estimates

The drawing up of the Financial Statements and of the Explanatory Notes required making estimates and assumptions, both in calculating some assets and liabilities, as well as in the evaluation of the potential assets and liabilities.

The main estimates are relative to the calculation of the carrying value of equity investments. The calculation of this usage value requires the estimating of the cash flows that are forecasted to be produced by the associated company, as well as the setting of an appropriate discounting rate to be used. The main uncertainties that could influence this estimate are relative to the calculation of the Weighted Average Cost of Capital (WACC), of the growth rates of the flows beyond the forecast horizon (g), as well as the hypotheses made in developing the expected cash flows for the years of the explicit forecast.
The main forecasted data refer to the funds for risks and charges and the Bad Debts Reserves.

The estimates and assumptions are periodically reviewed and the impacts of each individual change in them are posted to the Income Statement.

Changes in accounting estimates

Pursuant to the IAS 8 these items are input to the Income Statement, on a forecasted basis, starting from the accounting period during which they are adopted.

New accounting standards, interpretations and amendments not yet applicable and not applied in advance by the Company

Accounting standards already issued at the date of the preparation of the Financial Statements but not yet effective are described below. The list refers to standards and interpretations that the Company expects to reasonably apply in the future. The Company intends to adopt these standards as soon as they are effective.

IAS 1 Presentation of Financial Statements – Presentation of items of other comprehensive income

The amendment to IAS 1 changes the grouping of items of other comprehensive income. Items which may be reclassified (or "recycled") in the income statement in future (i.e., net profit on net investment hedges, difference resulting from translating foreign financial statements, net profit on cash flow hedge and net profit/loss from financial assets held for sale) should be presented separately with respect to items which will not (i.e., actuarial gains and losses on defined benefit plans and revaluation of land and buildings). The change concerns only the way of presentation and has no impact on the financial position of the Company and on its results. The amendment is applicable to annual periods beginning on or after July 1, 2012.

IAS 19 Employee Benefits (amendment)

IASB issued several amendments to IAS 19, from radical changes such as the elimination of the corridor approach and of the concept of expected return on plan assets, to simple clarification and terminology. The amendments are applicable to annual periods beginning on or after January 1, 2013.

IAS 28 Investments in Associates (amended in 2011)

Following new IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities, IAS 28 has been renamed "Investments in associates and jointly controlled entities", and describes the use of the equity method for investments in jointly controlled entities, in addition to associates. The amendments are applicable to annual periods beginning on or after January 1, 2013.

IAS 27 Consolidated and Separate Financial Statements (amended in 2011)

Following new IFRS 10 and IFRS 12, accounting in subsidiaries, jointly controlled entities and associates, in separate financial statements is all that remains of IAS 27. The amendments are applicable to annual periods beginning on or after January 1, 2013.

IAS 32 Offsetting of financial assets and financial liabilities –Amendment to IAS 32

These amendments clarify the meaning of "currently has a legally enforceable right to offset" and also clarify the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. These amendments should not have impacts on the financial position or results of the Company and will be effective for annual periods beginning on or after January 1, 2014.

IFRS 1 Government Loans – Amendments to IFRS 1

These amendments require first-time adopters to apply the requirements of IAS 20 *Accounting of Government Grants and Disclosure of Government Assistance* prospectively to government loans existing at the date of transition to IFRS. However, entities may choose to apply the requirements of IAS 39 and IAS 20 to government loans retrospectively if the information needed to do so had been obtained at the time of initially accounting for the loan. The exception would give first-time adopters relief from retrospective measurement of government loans with a below-market rate of interest. The amendment will be effective for annual periods beginning on or after January 1, 2013. These amendments have no impact on the Company.

IFRS 7 Financial Instruments: Disclosures – Offsetting Financial Assets and Financial and Liabilities – Amendments to IFRS 7

These amendments require an entity to disclose information about rights of set-off and related arrangements (e.g. collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognised financial instruments, that are set off in accordance with IAS 32 *Financial Instruments: Presentation*. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with IAS 32. These amendments will have no impact on the financial position and the results of the Company and will be effective for annual periods beginning on or after January 1, 2013.

IFRS 11 Joint Arrangements

IFRS 11 replaces IAS 31 Interests in Joint Venture and SIC-13 Jointly Controlled Entities – Non-Monetary Contributions by Ventures.

IFRS 11 eliminates the option to account jointly controlled entities using the proportionate consolidation method. Jointly controlled entities respecting the definition of a joint venture must be accounted using the equity method.

This standard is applicable to annual periods beginning on or after January 1, 2013.

IFRS 12 Disclosure of Interests in other Entities

IFRS12 includes all requirements about disclosure of information previously included in IAS 27 related to consolidated financial statements, and all requirements about disclosure of information of IAS 31 and IAS 28. This disclosure relates to the interests an entity has in subsidiaries, jointly controlled entities, associates and structured entities. In addition, new disclosure case records are expected. This new standard will have no impact on the financial position o results of the Company. This standard is applicable to annual periods beginning on or after January 1, 2013.

IFRS 13 – Fair Value Measurement

IFRS 13 sets out in a single IFRS a framework for measuring fair value. IFRS 13 does not change the cases in which another IFRS requires fair value measurement, but provides the guidance on the measurement of fair value within IFRS, when the application of fair value is required or permitted. The Company is now assessing the impact this standard will have on financial position and results. This standard is applicable to annual periods beginning on or after January 1, 2013.

Annual improvements May 2012

These improvements will be applicable to annual periods beginning on or after January 1, 2013 and it is supposed they will have no impacts on the Company:

IFRS1 First-time Adoption of International Financial Reporting Standards

This improvement clarifies that an entity that has stopped applying IFRS in the past and chooses, or is required, to apply IFRS again, he has the option to re-apply IFRS 1. If IFRS is not re-applied, an entity must retrospectively restate its financial statements, as if it had never stopped applying IFRS.

IAS 1 Presentation of Financial Statements

This improvement clarifies the difference between voluntary additional comparative information and the minimum required comparative information Generally, the minimum required comparative period is the previous period.

IAS 16 Property, Plant and Equipment

This improvement clarifies that major spare parts and servicing equipment, that meet the definition of property, plant and equipment are not inventory.

IAS 32 Financial Instruments: Presentation

This improvement clarifies that income taxes arising from distribution to equity holders are accounted for in accordance with IAS 12 Income taxes.

2007/ 2011 Stock Option Plan

The following allocation of Stock option on Mediaset S.p.A shares have been taken over by the merged company following the contribution of the business unit by Elettronica Industriale S.p.A.:

Year 1/1 - 31/12	Number of participant to Plan	Options rights attribuited for the purchase of company shares	Exercise price	Exercise period only allowed in one off solution	Check of compliance with the criteria estabilished by the Board of Directors
2007	2	100,000	7.87	29.06.2010/28.06.2013	Rights to exercise
2008	2	100,000	4.86	24.06.2011/23.06.2014	Rights to exercise
2009	2	100,000	4.72	30.09.2012/29.09.2015	Rights to exercise
2010	2	100,000	4.92	23.06.2013/22.06.2016	Rights to exercise
2011	2	100,000	3.56	22.06.2014/21.06.2017	Options rights non available for the exercise as a result of unmet pre-requisites

Share-based payments

At 31 December 2012, for the purposes of IFRS 2, there were posted the assigned stock option plans for the financial years 2007, 2008, 2009, 2010, and 2011, relative to the assignment of option rights over the Mediaset S.p.A. ordinary shares. All the plans fall into the equity-settled category, in other words they allow for the allocation of own shares bought back on the market.

Options granted to the beneficiary employees are linked to the achievement by Mediaset S.p.A. of financial performance targets and the employee remaining with the Mediaset Group for a certain length of time.

The characteristics of these stock option plans can be summarised as follows:

	Stock Option Plan 2007	Stock Option Plan 2008	Stock Option Plan 2009	Stock Option Plan 2010	Stock Option Plan 2011
Grant Date	[illegible]	[illegible]	[illegible]	[illegible]	21/06/2011
Vesting Period	[illegible]	[illegible]	[illegible]	[illegible]	from 01/01/2011 to 21/06/2014
Exercise Period	[illegible]	[illegible]	[illegible]	[illegible]	from 22/06/2014 to 21/06/2017
Fair Value	[illegible]	[illegible]	[illegible]	[illegible]	0.20 euro
Exercise Period	[illegible]	[illegible]	[illegible]	[illegible]	3.56 euro

The stock options are entered on the accounts at their fair value:

- Stock Option Plan 2007: 0.72 Euros for options;
- Stock Option Plan 2008: 0.30 Euros for options;
- Stock Option Plan 2009: 1.35 Euros for options;

- Stock Option Plan 20010: 0.68 Euros for options;
- Stock Option Plan 20011: 0.20 Euros for options.

The options' fair value was determined by the binomial method: the exercise of the stock options is incorporated into the model, on the assumption that it will take place as soon as the option price is higher than a pre-determined multiple of the strike price.

Any dilution of the shares due to the issue of new shares is already discounted by the current market prices. The data used in the model are as follows:

- spot price on the valuation date (reference price);
- historic volatility 6 years ex-dividend (calculated on the reference prices);
- the expected dividend yield calculated by assuming the dividend distributed during the year will remain constant until expiry;
- the euro rate curve;
- the exit rate of the stock option holders as zero.

4. Other information

Direction and coordination activities

According to article 2497-bis para. 4, a summary statement of key data of the last financial statements approved by Mediaset S.p.A., a company carrying out Direction and Coordination activity, is shown below.

ASSETS	31/12/2011	31/12/2010
Non-current assets		
Property, plant and equipment	4,750	4,787
Goodwill and other intangible assets	12	30
Investments and other non-current financial assets	1,948,965	1,848,807
Deferred tax assets	2,837	3,357
Total non-current assets	**1,956,564**	**1,856,981**
Current assets		
Trade receivables	5,996	5,369
Tax receivables	4,865	39,704
Intercompany financial receivables	3,053,878	3,198,578
Receivables and other current assets	88,108	62,486
Cash and cash equivalents	34,340	77,957
Total current assets	**31,187,187**	**3,384,094**
Non-current assets held for sale	**-**	**-**
TOTAL ASSETS	**5,143,751**	**5,241,075**

LIABILITIES AND SHAREHOLDERS' EQUITY	31/12/2011	31/12/2010
Shareholders' equity		
Share capital	614,238	614,238
Share-premium reserve	275,237	275,237
Treasury shares	(416,656)	(416,656)
Other reserves	1,785,603	1,971,487
Profit (loss) for the period	156,261	213,032
TOTAL SHAREHOLDERS' EQUITY	**2,414,683**	**2,657,338**
Non-current liabilities		
Post-employment benefit plans	3,811	4,154
Deferred tax liabilities	456	932
Other non-current liabilities	1,202,254	1,066,637
Total non-current liabilities	**1,206,521**	**1,071,723**
Current liabilities		
Financial payables	639,948	631,037
Trade payables	4,035	6,890
Tax payables	4,309	10,122
Intercompany financial payables	410,346	391,944
Payables and other current liabilities	463,909	472,021
Total current liabilities	**1,522,547**	**1,512,014**
Non-current liabilities related to assets held for sale	**-**	**-**
TOTAL LIABILITIES	**2,729,068**	**2,583,737**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**5,143,751**	**5,241,075**

INCOME STATEMENT	2011	2010
Revenues	5,852	5,608
Costs	55,704	65,484
Gains/(losses) from disposals of non-current assets	-	-
EBIT	**(49,852)**	**(59,876)**
(Expenses)/income from financial investments	195,033	258,216
EBT	**145,181**	**198,340**
Income taxes for the year	(11,080)	(14,692)
Net profit from continuing operations	**156,261**	**213,032**
Net gains/(losses) from discontinued operations	-	-
Net profit (loss) for the period	**156,261**	**213,032**

Tax consolidation

EI Towers S.p.A., acting as consolidator and the subsidiary company Towertel S.p.A. participate in the tax consolidation scheme described in Article 117 et seq of the TUIR.

COMMENTS ON MAIN ASSET ITEMS

(Euro in thousands)

5. Non-current assets

5.1 Property, plants and equipment

The following table summarises the values for the period of original cost, depreciation and write-downs and the net amount:

Historical cost	Land and building	Towers	Plant and machinery	Technical and commercial equipment	Other tangible assets	Tangible assets under formation	Total
01/01/11	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Business unit contribution	53,808	-	207,560	49,083	20,704	25,102	**356,257**
Acquisitions	1,460	-	16,479	2,876	608	(2,703)	**18,720**
Reclassification	1,607	-	3,712	711	123	(6,242)	**(89)**
Disposals	-	-	(309)	(15)	(98)	(507)	**(929)**
(Depreciation and write-downs)	-	-	-	-	-	(649)	**(649)**
31/12/11	**56,875**	**-**	**227,442**	**52,665**	**21,337**	**15,001**	**373,310**
Business combination	1,281	-	169	8	465	-	**1,923**
Reclassification	(14,047)	28,160	-	(14,113)	-	-	**-**
Other changes	485	880	5,999	480	504	(7,938)	**401**
Acquisitions	792	1,196	11,882	2,991	1,110	7,635	**25,606**
Disposals	(7)	(11)	(2,702)	(499)	(171)	-	**(3,390)**
31/12/12	**45,380**	**30,225**	**242,790**	**41,523**	**23,245**	**14,698**	**397,851**
Amortisation and depreciation	**Land and building**	**Towers**	**Plant and machinery**	**Technical and commercial equipment**	**Other tangible assets**	**Tangible assets under formation**	**Total**
01/01/11	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Business unit contribution	15,750		114,619	29,469	14,536	-	**174,375**
Other changes	-	-	2,281	-	-	-	**2,281**
Disposals	-	-	(176)	(13)	(98)	-	**(286)**
Amortisation	1,226		11,395	2,100	1,133	-	**15,854**
(Depreciation and write-downs)	-	-	-	585	-	-	**585**
31/12/11	**16,976**	**-**	**128,119**	**32,142**	**15,571**	**-**	**192,808**
Business combination	957	-	121	3	378	-	**1,459**
Reclassification	(3,825)	11,392	-	7,567	-	-	**-**
Other changes	-	-	472	144	15	-	**631**
Disposals	(7)	(11)	(2,539)	(437)	(169)	-	**(3,163)**
Amortisation	1,663	1,243	23,071	3,420	2,105	-	**31,502**
(Depreciation and write-downs)	-	-	-	-	-	-	**-**
31/12/12	**15,764**	**12,624**	**149,245**	**27,704**	**17,901**	**-**	**223,237**

Net balance	Land and building	Towers	Plant and machinery	Technical and commercial equipment	Other tangible assets	Tangible assets under formation	Total
01/01/11	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Business unit contribution	38,058	-	92,941	19,613	6,168	25,103	**181,883**
Acquisitions	1,460	-	16,479	2,876	608	(2,703)	**18,720**
Other changes	1,607	-	1,432	711	123	(6,242)	**(2,368)**
Disposals	-	-	(133)	(2)	(1)	(507)	**(643)**
Amortisation	(1,226)	-	(11,395)	(2,100)	(1,133)	-	**(15,854)**
(Depreciation and write-downs)	-	-	-	(585)	-	(649)	**(1,234)**
31/12/11	**39,900**	**-**	**99,324**	**20,514**	**5,765**	**15,001**	**180,503**
Business combination	324	-	48	6	87	-	**465**
Other changes	485	880	5,526	336	489	(7,938)	**(221)**
Reclassification	(10,222)	16,768	-	(6,546)	-	-	**-**
Acquisitions	792	1,196	11,882	2,991	1,100	7,635	**25,606**
Disposals	()	-	(163)	(62)	(2)	-	**(227)**
Amortisation	(1,663)	(1,243)	(23,071)	(3,420)	(2,105)	-	**(31,502)**
(Depreciation and write-downs)	-	-	-	-	-	-	**-**
31/12/12	**29,616**	**17,601**	**93,546**	**13,819**	**5,344**	**14,698**	**174,624**

Following the business combination, in order to guarantee uniformity in the exposition of the financial statements, starting from this year buildings and industrial and commercial equipment related to radio and television broadcasting and mobile communication transmission sites owned by the merged company and the Group of the merging company have been reclassified as "Towers" (item "Reclassification" in the previous table). In addition, the Company decided to redetermine the useful life of these assets in 20 years starting from this year based on an estimation survey carried out by an independent surveyor.

The main increases during the period were for:

- Increases in plant and machinery for Euro 17,880 thousand, of which Euro 11,881 thousand for purchases during the year and for Euro 5,999 thousand to bank transfers of tangible assets under formation during previous years, related to equipment and plants and to the installation of infrastructures for the completion of the switch-off related to the migration to digital TV transmission.

- Increases in tangible assets under formation and advances for Euro 7,635 thousand mainly for common plants and equipment under completion at Towers.

5.2 Goodwill

	Historical cost	Provision for depreciation	Net value
01/01/11	**-**	**-**	**-**
Business unit contribution	319,589	(63,918)	255,671
31/12/11	**319,589**	**(63,918)**	**255,671**
31/12/12	**319,589**	**(63,918)**	**255,671**

Goodwill arose in 2002 following the contribution of the business unit related to the management and development of technological towers from the direct parent company R.T.I. S.p.A. to Elettronica Industriale S.p.A..

On June 30, 2011 this goodwill has been contributed from Elettronica Industriale S.p.A. to EI Towers S.p.A. being related to the subject business unit.

At 31 December 2012 goodwill was subject to the impairment tests as required by IAS 36.

This assessment was done at the level of Cash Generating Units (CGUs) “Tower”, to which the value of goodwill is allocated, on the basis of multi-year plans approved by the Board of Directors.

The rate used to discount future cash flows was determined by calculating the weighted average cost of capital taking into account the financial structure, the current market assessment of the cost of money for the plan period considered, and assuming a risk free rate equal to the average annual return on ten-year government debt securities in Italy, and a premium for long-term stock risk equal to5%.

These assessments have been carried out by utilising an actuarial base rate, corresponding to the weighted average cost of capital net of taxes of 7.4% and a growth rate, used to extrapolate cash flows over the plan period prudentially of 1%.

These assessments confirmed the recoverability of the posted book values subjected to impairment tests of the CGU. For the assessment summarised above, sensitivity analyses were also carried out with respect to the financial parameters used for the determination of value in use. The discount rate was allowed to fluctuate in a range of +/-20% relative to the base figure, and the perpetual growth rate in a range of 0-2%; in addition, sensitivity analyses have been carried out changing EBITDA in a range of 0 and -20% and WACC in a range of +/- 15%. All sensitivity analyses confirmed that recoverable value for the CGU was greater than the book value.

It should be noted that the WACC which makes the value in use of the CGU equal to the book value is 10.8%, considering a growth rate to extrapolate cash flows over the plan timeframe equal to 1%.

5.3 Other intangible assets

Historical cost	Patents and intellectual property rights	Trademarks	Licences	Intangible assets in progress and advances	Other intangible assets	Total
01/01/11	**-**	**-**	**-**	**-**	**-**	**-**
Business unit contribution	7,548	-	12,032	-	-	**19,580**
Acquisition	68	-	-	-	-	**68**
Reclassification	89	-	-	-	-	**89**
31/12/11	**7,705**	**-**	**12,032**	**-**	**-**	**19,737**
Business combination	704	-	-	-	-	**704**
Acquisitions	398	-	200	416	7,500	**8,514**
Other changes	198	-	-	-	-	**198**
31/12/12	**9,005**	**-**	**12,232**	**416**	**7,500**	**29,153**
Amortisation and depreciation	**Patents and intellectual property rights**	**Trademarks**	**Licences**	**Intangible assets in progress and advances**	**Other intangible assets**	**Total**
01/01/11	**-**	**-**	**-**	**-**	**-**	**-**
Business unit contribution	7,356	-	1.437	-	-	**8,793**
Amortisation	155	-	405	-	-	**560**
31/12/11	**7,512**	**-**	**1,842**	**-**	**-**	**9,353**
Business combination	666	-	-	-	-	**666**
Amortisation	335	-	828	-	2,500	**3,663**
31/12/12	**8,513**	**-**	**2,669**	**-**	**2,500**	**13,682**
Net balance	**Patents and intellectual property rights**	**Trademarks**	**Licences**	**Intangible assets in progress and advances**	**Other intangible assets**	**Total**
01/01/11	**-**	**-**	**-**	**-**	**-**	**-**
Business unit contribution	192	-	10,595	-	-	10,787
Acquisitions	68	-	-	-	-	**68**
Reclassification	89	-	-	-	-	89
Amortisation	(155)	-	(405)	-	-	(560)
31/12/11	**194**	**-**	**10,190**	**-**	**-**	**10,384**
Business combination	38	-	-	-	-	**38**
Acquisitions	398	-	200	416	7,500	**8,514**
Amortisation	(335)	-	(828)	-	(2,500)	**(3,663)**
Other changes	198	-	-	-	-	**198**
31/12/12	**492**	**-**	**9,563**	**416**	**5,000**	**15,471**

Patents and intellectual property rights

The item *Patents and intellectual property rights* includes what capitalized in technical software applications for design/management of television networks.

Licenses

The item *Licenses*, with a balance at December 31, 2012 equal to Euro 9,563 thousand includes investments related to the rights to use optical fiber networks for signal transport.

Other intangible assets

The increase in Other 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 the Group for a three-year period. The increase referable to the agreement is equal to Euro 7,500 thousand.

5.4 Equity investments

This item is detailed as follows:

Equity investments in subsidiaries:

	31/12/12		31/12/11		
	Stake	Book value	Business combination	Stake	Book value
Towertel S.p.A.	100%	213,020	42,005	0.00%	-
Total		**213,020**	**42,005**		**-**

The amount recorded refers to the 100% equity share capital of the company Towertel S.p.A. acquired through the merger of DMT S.p.A. effective from an accounting point of view from January 1, 2012.
The carrying value of the equity investment equal to Euro 42,005 thousand increased by Euro 171,015 thousand following the integral allocation of the merger goodwill.
As required by IAS 36, for financial assets classified as subsidiaries (IAS 27), measures were taken to verify their recorded value in order to ensure that they were not posted at a value higher than recoverable value. Recoverable value is the greater of fair value net of selling costs and value of use determined using estimates of future cash flows when the entity specifies that these come from operations. In particular, an equity investment with a posted book value greater than equity at December 31, 2012 was subject to a specific impairment test to support the book value.
The rate used to discount future cash flows was determined by calculating the weighted average cost of capital taking into account the financial structure, the current market assessment of the cost of money for the plan period considered, and assuming a risk free rate equal to the average annual return on ten-year government debt securities in Italy, and a premium for long-term stock risk equal to5%.

These assessments have been carried out by utilising an actuarial base rate, corresponding to the weighted average cost of capital net of taxes of 7.4% and a growth rate, used to extrapolate cash flows over the plan period prudentially of 1%.

These assessments confirmed the recoverability of the posted book values subjected to impairment tests of the equity investment. For the assessment summarised above, sensitivity analyses were also carried out with respect to the financial parameters used for the determination of value in use. The discount rate was allowed to fluctuate in a range of +/-20% relative to the base figure, and the perpetual growth rate in a range of 0-2%; in addition, sensitivity analyses have been carried out changing EBITDA in a range of 0 and -20% and WACC in a range of +/- 15%. All sensitivity analyses confirmed that recoverable value for the equity investment was greater than the book value.

It should be noted that the WACC which makes the value in use of the equity investment equal to the book value is 11.7%, considering a growth rate to extrapolate cash flows over the plan timeframe equal to 1%.

Equity investments in associates companies:

	31/12/12		31/12/11	
	Stake	Book value	Stake	Book value
Beigua S.r.l.	**24.5%**	28	24.5%	28
Total		**28**		**28**

The amount recorded refers to the equity investment quota in Beigua S.r.l., owner of a single tower. The carrying value of the investment is considered adequate to book value.

5.5 Non-current receivables and financial assets

This item includes medium/long-term receivables and is broken down as follows at year end:

	31/12/12				Business combination	31/12/11
		Due				
	Total	within 1 year	from 1 to 5 years	over 5 years		
Security deposits paid	267	-	-	267	112	235
Consortium fees	32			32		
Total	**299**	**-**	**-**	**299**	**112**	**235**

Escrow account amounted to Euro 266 thousand and mainly refer to deposits paid for leases and utility; consortium fees amounted to Euro 32 thousand and refer to the investment quota in “Consorzio Cefriel”.

5.6 Deferred tax assets

The item amounted to Euro 2,231 thousand at December 31, 2012. The amount indicated in the table corresponds to the balance sheet amount related to the credit for deferred tax charges determined on the basis of temporary

differences between balance sheet amounts reported in the financial statements and the corresponding values recognised for tax purposes.
Deferred tax assets are determined on the basis of tax rates in effect that correspond to those that will be applied at the time these differences are reversed.

	31/12/12	31/12/11
Beginning balance	**1,931**	**-**
Tax recognized to Income Statement	(352)	(29)
Tax charged to Equity	373	42
Business unit contribution	-	1,918
Business combination	279	-
Final balance	**2,231**	**1,931**

The following table provides details on changes in deferred tax assets during the period concerned:

	31/12/2012	
	Amount of temporary differences	**Tax effect**
Assets for advance taxes on:		
Compensation to directors	136	37
Provision for future risks	156	49
Tax burden	146	40
Inventory obsolescence allowance	2,263	706
Maintenance exceeding 5%	32	9
IAS 16 - Public contribution	137	43
Actuarial reseves - Employee severance indemnity	2,229	613
Provision for depreciation of plants and machinery Gap Filler	1,207	332
Provisions for other bad debts - Sabatini Law on bills	834	229
Provision for bad trade debts	627	173
Total assets	**7,767**	**2,231**

	31/12/2011	
	Amount of temporary differences	Tax effect
Assets for advance taxes on:		
Compensation to directors	12	4
Provision for future risks	156	49
Tax burden	142	39
Inventory obsolescence allowance	2,774	867
Depreciation allowance cables	5	1
Depreciation allowance other light constructions	17	5
IAS 16 - Public contribution	192	60
Actuarial reseves - Employee severance indemnity	874	240
Provision for depreciation of plants and machinery Gap Filler	1,947	535
Trade receivables	6	2
Provision for bad debt	470	129
Total assets	**6,595**	**1,931**

6. Current assets

6.1 Inventories

This item could be broken down as follows:

	Gross value at 31/12/12	Net value at 31/12/11
Raw and ancillary materials, consumables	5,394	6,755
Work in progress and semi-finished products	-	202
Provision for devalued raw and ancillary materials, consumables	(2,263)	(2,774)
Net inventories	**3,131**	**4,183**

	Value at 31/12/2011	Allocations	Uses	Value at 31/12/2012
Provision for devalued raw and ancillary materials, consumables	(2,774)	(330)	841	(2,263)

Raw materials, ancillary materials and consumables include spare parts and accessories for the maintenance and installation of transmission plants.

The measurement of final inventories at FIFO values did not cause any difference compared to measuring at average production costs.

The provision relates to materials with slow turnover for which, after an attentive analysis of turnover indexes, an impairment has been carried out depending on their estimated market value. It should be noted that the provision decreased in the year following the scrapping of spare parts integrally devalued for a value of Euro 841 thousand.

6.2 Trade receivables

This item was made up as follows:

	31/12/12				31/12/11
		Due			
	Total	within 1 year	from 1 to 5 years	over 5 years	
Receivables from customers	8,376	6,011	2,365	-	8,447
Provision for bad debts	(871)	(871)	-	-	(600)
Total net receivables from customers	**7,505**	**5,140**	**2,365**	**-**	**7,848**
Receivables from associates	390	390	-	-	376
Receivables from subsidiaries	12,206	8,906	3,300	-	-
Receivables from parent companies	1,485	1,485	-	-	7,974
Total	**21,586**	**15,921**	**5,665**	**-**	**16,197**

Provision for Bad Debts	Balance at 1/1	Other changes	Allocation for the year	Uses for the year	Changes in the consolidation area	Balance at 31/12
2012	600		175		96	871
2011	65		554	-19		600

Receivables from customers

Receivables from customers relate to receivables from normal sales, mainly to national customers.

The main credit exposure amounted to Euro 4,551 thousand and refers to the amount due from Prima TV S.p.A., of which Euro 2,186 thousand expiring within the year and Euro 2,365 thousand from one to five years.

The provision for bad debts described above reflects the adjustment of value of receivables to the estimated realizable value.

The *"fair value"* of receivables from customers is close to the realizable value.

Trade receivables from associates

Trade receivables from associates described above consist of:

- Euro 219 thousand from Videotime S.p.A. for the supply of different services;
- Euro 171 thousand from "Consorzio Colle Maddalena" for hosting sites.

Trade receivables from subsidiaries

Trade receivables from subsidiaries refer to trade receivables from the subsidiary Towertel S.p.A. and consist of:

- Euro 11,213 thousand related to invoices issued to Towertel S.p.A. for the supply of Holding services; non-current receivables from Towertel S.p.A. amounted to Euro 3,300 thousand and are subordinated and postponed with respect to bank debts according to financial contracts and cannot be reimbursed before June 30, 2014.
- Euro 993 thousand related to invoices to be issued to the Company Towertel S.p.A., of which Euro 722 thousand for charges of holding services and Euro 272 thousand for hosting sites.

Trade receivables from parent companies

Trade receivables from parent companies amounted to Euro 1,485 thousand and refer to trade receivables from the following Companies:

- Elettronica Industriale S.p.A. for Euro 1,058 thousand from transmission equipment installation services, Euro 154 thousand for repair services of goods and equipment and for Euro 91 thousand for leases;

- RTI S.p.A. for Euro 20 thousand for the corresponding amount charged for site rentals at local offices.

6.3 Tax credits

This item is broken down as follows:

	31/12/12	31/12/11
Other receivables from tax authorities	1,976	15
Total	**1,976**	**15**

The item *Receivables from tax authorities* amounted to Euro 1,976 thousand and consist of:

- receivables for "Group's VAT" from monthly VAT payments in accordance with the group taxation with the Company Towertel S.p.A. and amounted to Euro 1,066 thousand;
- receivables for IRAP from the previous years following the merger with Digital Multimedia Technologies S.p.A., for an amount equal to Euro 138 thousand;
- receivables for 2010 VAT, for Euro 513 thousand, recoverable in 2013 as a consequence of the refund request issued with the VAT statement on February 28, 2013;
- receivables for VAT from business transactions with deferred collectibility according to Law no. 2 dated January 28, 2009 for Euro 13 thousand.
- Other receivables from tax authorities related to receivables for Ires from previous years connected to the refund request ex Legislative Decree 16/2012, for an amount equal to Euro 202 thousand.

6.4 Other receivables and current assets

This item can be broken down as follows:

	31/12/12	31/12/11
Receivables from employees	202	196
Advances	141	68
Receivables from social security institutions	30	22
Other receivables	456	62
Other receivables from subsidiaries	15,532	-
Other receivables from parent companies	61	912
Accrued income	441	315
Pre-paid expenses	713	656
Roundings	1	1
Total	**17,577**	**2,232**

Receivables from employees

The item, equal to Euro 202 thousand, includes advances paid for business trips to employees for an amount equal to Euro 188 thousand and reimbursements for advances on accidents equal to Euro 13 thousand.

Advances

Advances to suppliers amounted to Euro 141 thousand and refer to payments made to suppliers for services supplied, but not yet invoiced.

Other receivables

The item *Other receivables* net of the related provision is equal to Euro 456 thousand and mainly consists of receivables for Insurance policies concerning the Mandate Termination Treatment of the ex-Chairman and Chief Executive Officer of DMT S.p.A..

Other receivables from subsidiaries

The item *Other receivables from subsidiaries* refer to receivables, recorded in the balance sheet, from the subsidiary Towertel S.p.A. which consist of:

- Euro 8,675 thousand, related to monthly VAT payments for 2012 according to Group's VAT taxation;
- Euro 6,550 thousand related to receivables from group taxation for the current year;
- Euro 307 thousand for receivables from personnel transfer and advance financial expenses.

Accrued income

Accrued income at December 31, 2012 amounted to Euro 441 thousand and refer to intersts from delay of payment from Prima TV S.p.A.

Pre-paid expenses

Pre-paid expenses amounted to Euro 713 thousand and refer for Euro 475 thousand to costs for leases invoiced in advance (of which Euro 245 thousand after 12 months) and for Euro 28 thousand to costs for different insurance premium.

6.5 Cash and cash equivalents

Here follows the breakdown of this item:

	31/12/12	31/12/11
Bank and postal deposits	12,934	-
Cash in hand and cash equivalents	12	9
Total	**12,946**	**9**

The item Bank and postal deposits relates to credit balance of bank current accounts.

The item Cash in hand and cash equivalents represents cash on hand at the reference data at the haedquarter or local offices.

An analysis of the changes in cash flow will be found in the Consolidated Cash Flow Statement.

COMMENTS ON MAIN EQUITY LIABILITY ITEMS

(Euro in thousands)

7. Shareholders' equity

Below are comments on the main categories that make up equity and the related changes.

		Merger				
Euro in thousands	31/12/2011	Shareholders' Equity Merging Company 31/12/2011	Merger deficit	Other changes	Allocation of profit	31/12/2012
Share capital	1,130	-	1,696			2,826
Share-premiun reserve	89,278	55,944	61,318			206,540
Reserve for treasury shares	-	(5,091)	-	3,246		(1,845)
Valuation reserve	17	2,188	-	(3,034)		(828)
Legal reserve	-	288	-	-	260	548
Extraordinary reserve		53	-	-	4,926	4,978
Other reserves	209,070	1,130	108,001	(1,078)		317,123
Profit (loss) for previous years		(17,292)	-			(17,292)
Profit (loss) for year 2011	5,185				(5,185)	-
Profit (loss) for the period				15,256		15,256
Shareholders' equity	**304,680**	**37,221**	**171,015**	**14,391**	**-**	**527,307**

The reverse merger has been splitted in the table above showing the net equity of the merging company equal to Euro 37,221 thousand, separately compared to the merger deficit, equal to Euro 171,015 thousand, which represents the surplus of the consideration of net acquired assets compared to the values of the net Equity.

With reference to the other movements, the 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 accounting acquiree; 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 118 thousand of the current year and decrease of Euro 2,168), of actuarial losses on defined benefit plans (decrease of Euro 984 thousand).

7.1 Share capital

At December 31, 2012 the Share Capital of the Company was fully subscribed and paid up. It is made up of 28,262,377 ordinary shares with a nominal value of 0.10 Euros each, and a total value of Euro 2,826 thousand. It should be noted that on January 2, 2012 no. 16,957,602 shares have been converted, in relation to the reverse merger (described at Explanatory Note no. 4), in favor of Elettronica Industriale S.p.A., against no.199,999,953 shares on total no. 200.000.000 shares of the merged company owned.

7.2 Share-premiun reserve

At December 31, 2012 the Share-premiun reserve amounted to Euro 206,540 thousand, of which Euro 117,262 thousand correlated to the effects of the merger.

7.3 Reserve for treasury shares

This item includes shares, the acquisition of which was authorised time by time by resolutions of the General Meetings of Shareholders of the company DMT S.p.A.. The Meeting of EI Towers S.p.A. with resolution dated April 11, 2012, finally authorised the Board of Directors to purchase share of the company till the maximum number allowed by law. This power is valid till the approval of the financial statements at December 31, 2012 and however for a period not longer than 18 months from the date of the Meeting's resolution.

During 2012, the Reserve for treasury shares increased by Euro 3,246 thousand following the free assignment of treasury shares to the beneficiaries of stock grant plans of DMT S.p.A.; the other reserves decreased by the same amount.

Treasury share have not been purchased in 2012. The carrying value of shares at December 31, 2012 amounted to Euro 1,845 thousand.

7.4 Other reserves

	31/12/2012	31/12/2011
Legal reserve	548	
Extraordinary reserve	4,978	
Shareholders' payment in capital account	10,200	
Other reserves	306,924	209,069
Total other reserves	**322,650**	**209,069**

Legal reserve

At December 31, 2012 this reserve totalled Euro 548 thousand, including Euro 288 thousand deriving from the business combination and increased in 2012 with 2011 profit allocation as decided by the Meeting dated April 11, 2012.

Extraordinary reserve

At December 31, 2012 this reserve totalled Euro 4,978 thousand, including Euro 53 thousand deriving from the business combination and increased in 2012 with 2011 profit allocation as decided by the Meeting dated April 11, 2012.

Other reserves

At December 31, 2012 the item Other reserves amounted to Euro 317,123 thousand, of which Euro 108,001 thousand connected to the effects of the capital increase and the goodwill coming from the higher considerationcom-pared to the book value of net acquired assets.

The item Other reserves decreased in 2012 following the free assignment of treasury shares to the beneficiaries of stock grant plans (Euro 3,246 thousand); contextually the stock option reserve increased by Euro 2,168 thousand.

7.5 Valuation reserves

	31/12/12	Business combination	31/12/11
Reserve for stock option plans	245	2,168	127
Reserve for actuarial gains and losses	(1,073)	20	(111)
Total	**(828)**	**2,188**	**17**

The *Reserve for stock option plans* includes the contra-entry of the amount accruing at December 31, 2012, determined in accordance with IFRS 2, for the three-year stock option plans granted by the parent company Mediaset to the employees of companies directly and indirectly controlled during 2007, 2008, 2009, 2010 and 2011.

The *Reserve for actuarial gains and losses* with a negative balance equal to Eu-ro 1,073 thousand (negative balance of Euro 111 thousand at December 31, 2011) includes, net of deferred taxes, the actuarial components relating to the valuation of defined benefit schemes, booked directly in Net Equity.

7.6 Retained earnings

The item had a negative balance of Euro 17,292 thousand, equal to the losses carried forward of the merging company.

As required by regulations concerning corporate law, the following table provides a detailed breakdown of equity items indicating whether it is possible to use and distribute reserves.

Description	Amount	Possibility of utilization	Amount to distribute	Summing-up utilization made in the previous three years	
				to cover losses	for other reasons
Share capital	2,826	=	=		
Share-premium reserve	206,540	A B C	206,523		
Treasury share BuyBack	(1,845)	=			
Legal reserve	548	B			
Extraordinary reserve	4,978	A B C	4,978		
Other reserves - Shareholders' payment in capital account	10,200	A	=		
Other available reserves	306,924	A B C	306,924		
Valuation reserves	(828)	=	=		
Profit (loss) for previous years	(17,292)	=	=		
	-				
Total	**512,051**		**518,425**		

Legend:
- = not available
- A - for an increase in share capital
- B - to cover losses
- C - for distributions to shareholders

7.7 Profit for the period

This item reflects the profit for the period of Euro 15,256 thousand.

8. Non-current liabilities

8.1 Post-employment benefit plans

Benefits to employees who qualify for Employee Leaving Indemnity (Italian TFR) under Italian legislation are considered under IAS 19 as post-employment benefits of the "defined benefit" type and thus they are subject to valuation using the actuarial methodology called "Projected Unit Credit Method".

The procedure for determining the Group's obligations to its employees was carried out by an independent actuary, according to the following steps:

- Projection of the Employee Leaving Indemnity already accrued at the valuation date and of future portions which will accrue up until the point in the future when the contract of employment will terminate, or the when the accrued amounts are partially paid as advances on Employee Leaving Indemnity;

- Discounting, at the valuation date, of the cash flows the Company will pay to its employees in the future.

The valuation of Employee Leaving Indemnity according to IAS 19 is conducted "ad personam" with a closed population, i.e. detailed calculations were made for each employee without taking into account any employees who may be taken on in the future.

The actuarial valuation model is based on "technical bases" which are the demographic, economic and financial assumptions relating to the calculation parameters.

The assumptions are summarised below:

EMPLOYEE LEAVING INDEMNITY - DEMOGRAPHIC, ECONOMIC-FINANCIAL ASSUMPTIONS	
Demographic assumptions	
Death probability	ISTAT survival table, divided by age and gender, 2009
Probability of leaving the Group	Percentages for retirement, resignation/dismissal, contract expiry have been taken from the observation of company data.The probabilities of an employee leaving adopted were separated by age, gender and contract qualification (office workers, middle managers, managers). Concerning permanent staff, the timeframe considered is till the contractual expiry date, supposing no advance leaving. Actuarial valuation took into consideration la date when the post-employment plan becomes effective according to the Legislative Decree no.201 dated December 6, 2011 "*Disposizioni urgenti per la crescita, l'equità e il consolidamento dei conti pubblici*", and the adjustment of the requirements to access post-employment plans in accordance with life expectancy, according to article no. 12 of the Legislative Decree dated May 31, 2010, no. 78, amended by law no. 122, dated July 30, 2010.
TFR advance	Frequencies of advances and average percentage of TFR requested in advance have been taken from the observation of historical data for the company.
Supplementary retirement scheme	Those who entirely pay their TFR to supplementary schemes relieve the Company from any commitments with respect to TFR and are not assessed. For other employees, their position has been assessed by considering their actual choices updated at December 31, 2012
Economic-financial assumptions	
Inflation rate	Inflation scenario had been deducted from the document "*Nota di Aggiornamento del Documento di Economia e Finanza 2012*" adopting a rate equal to the programmed inflationof 1.5%.
Discount rates	According to IAS 19, the discounting rate adopted has been determined regarding bond market yield of top companies at the valuation date. In this respect, the curve of "Composite" interest rates of securities issued by Corporate issuers rating A "Investment Grade" Euro area class (source: Bloomberg) has been used at December 31, 2012.

As already indicated in the section on valuation criteria, following revisions introduced by Law 296 of December 27, 2006 ("2007 Finance Law") and by subsequent implementation decrees and regulations, the portions of TFR accrued up until December 31, 2006 will remain in the company in the form of a defined benefit plan (the obligation for accrued benefits is subject to an actuarial valuation). At the same time, based on decisions made by employees during the year, amounts accrued and accruing starting January 1, 2007 will be converted to various forms of supplementary pensions or transferred by the company to the treasury fund managed by INPS, and will be configured, starting at the time at which the decision is formalised by the employee, as defined contribution plans (that are no longer subject to actuarial valuations).

Based on the actuarial valuation, the value of the TFR reserve related to 536 employees of the company was Euro 10,601 thousand at December 31, 2012.
During the year, the reserve changed as follows:

Provision at 01/01/12	**8,863**
Business combination	146
Employee severance pre-payments for the period	(248)
Employee severance indemnities paid during the year	(231)
Actuarial gains/(losses)	1,355
Reserve transferred from subsidiaries, affiliated and associates companies	501
Amount accrued and charged to income statement	216
Provision at 31/12/12	**10,601**

As previously indicated, the Company relies on the option provided for under IAS 19 (para. 93.A-D) recognising the actuarial profits and losses directly under Net Equity.

8.2 Deferred tax liabilities

The amount of Euro 1,378 thousand corresponds to the balance sheet amount related to the payable for deferred taxes determined on the basis of temporary differences between balance sheet amounts reported in the financial statements and the corresponding amounts recognized for tax purposes.

Deferred taxes are determined on the basis of tax rates in effect that correspond to those that will be applied at the time these differences are reversed.

	31/12/12	31/12/11
Beginning Balance	**1,337**	**-**
Business unit contribution	-	1,320
Tax recognized to Income Statement	36	17
Business combination	302	-
Other changes	(297)	-
Final balance	**1,378**	**1,337**

The following table provides details on changes in deferred taxes during the period concerned:

	31/12/2012	
	Amount of temporary differences	**Tax effect**
Liabilities for deferred taxes on:		
Tax amortisation	1,993	548
Post-employment benefit plans	3,019	830
Total liabilities	**5,012**	**1,378**

	31/12/2011	
	Amount of temporary differences	**Tax effect**
Liabilities for deferred taxes on:		
Tax amortisation	1,997	549
Post-employment benefit plans	2,864	788
Total liabilities	**4,861**	**1,337**

8.3 Provisions for risks and charges

The item includes for Euro 156 thousand the non-current portion of the amount allocated for trade disputes.

	Beginning balance at 01/01/12	Business combination	Provisions	Utilization	Financial charges	Other changes	Final balance at 31/12/12
Provisions for risks	156	297	6	6	-	-	453
Total	**156**	**297**	**6**	**6**	**-**	**-**	**453**

The increase related to Business Combination refers to the Termination Treatment of the ex-Chairman and Chief Executive Officer of DMT S.p.A.

9. *CURRENT LIABILITIES*

9.1 Payables to banks

	31/12/12	31/12/11
Credit lines	15,023	-
Loans	49,935	-
Total	**64,957**	**-**

The item Credit lines refer to the uses, including accrued interests, of the bank revolving credit line granted by Banca Popolare di Sondrio for Euro 15,023 thousand.

The item Loans includes the loan granted by Banca Popolare di Milano for Euro 49,935 thousand in favor of EI Towers S.p.A.

9.2 Trade payables

		31/12/12			31/12/11
			Due		
	Total	within 1 year	from 1 to 5 years	over 5 years	
Down payments	6	6	-	-	-
Payables to suppliers	28,560	28,560	-	-	33,888
Payables to subsidiaries	142	142	-	-	-
Payables to associated companies	211	211	-	-	308
Payables to parent companies	1,207	1,207	-	-	412
Roundings	(1)	(1)	-	-	(1)
Total	**30,125**	**30,125**	**-**	**-**	**34,607**

Below are comments on the composition of the items making up this grouping.

Supplier payables

The item Payables to suppliers amounted to Euro 28,560 thousand and mainly refers to purchases concerning the supply of goods (spare parts and accessories) and services.

We believe that the payables' fair value approximates their book value.

Subsidiaries payables

Payables to subsidiaries amounted to Euro 142 thousand and relate for Euro 99 thousand to payables for hosting service at Towertel S.p.A. sites and for Euro 21 thousand for the charge for other services.

Associates payables

Payables to Associated companies consist of :

- Euro 129 thousand to the Company Videotime S.p.A. for other services;
- Euro 77 thousand to the Company Promoservice Italia s.r.l. for Christmas gifts to employees.
- Euro 4 thousand to the "Consorzio Emittenti Radio Televisive (CERT)" for site renatl service.

Parent companies payables

Payables to parent companies, recorded in the balance sheet at December 31, 2012 for a total value of Euro 1,207 thousand, are related to trade payables to:

- the indirect parent company R.T.I. S.p.A for Euro 1,118 thousand related to information technology services (Euro 590 thousand); technical services (Euro 264 thousand); information technology material purchasing (Euro 143 thousand); other services (Euro 121 thousand)
- the indirect parent company Mediaset S.p.A, for Euro 89 thousand as charge of insurance and other services.

9.3 Tax Payables

This item can be broken down as follows:

	31/12/12	31/12/11
Tax payables for IRES from tax consolidation	8,745	-
Withholdings on employee wages and salaries	1,178	1,004
Withholdings on freelance staff fees	24	14
Tax payables for IRAP to tax authorities	1,367	978
Roundings	-	1
Total	**11,314**	**1,997**

The main item is represented by the Ires payables from the tax consolidation.

9.4 Intercompany financial payables

This item can be broken down as follows:

	31/12/12	31/12/11
Mediaset S.p.A.	61,789	113,882
Total	**61,789**	**113,882**

This item reflects current account relationships maintained with the parent company Mediaset S.p.A. described in the Directors' Report on Operations.

Net financial position

The breakdown of the Net Financial Position is given below as provided for by the Consob communication no. 6064293 of July 28, 2006 showing the current and non-current net financial debt of the Company.
Below is a breakdown of certain financial position items. As necessary, please refer to individual financial statement items for comments on the main changes in these items.

	31/12/12	Business combination	31/12/11
Cash in hand and cash equivalents	12		9
Bank and postal deposits	12,936	317	-
Total liquidity	**12,948**	**317**	**9**
Current payables due to banks	(64,958)	(17,527)	-
Financial payables due to parent company	(61,789)	-	(113,882)
Current financial debt	**(126,747)**	**(17,527)**	**(113,882)**
Current net financial position	**(133,799)**	**(17,210)**	**(113,872)**
Payables and other non-current financial liabilities	-	-	-
Non-current financial debt	**-**	**-**	**-**
Net financial position	**(113,799)**	**(17,210)**	**(113,872)**

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

Current payables due to banks include the use of the credit lines described above, including accrued interests for the period.

The item Financial payables due to parent company includes the negative balance of the intra-group current account towards Mediaset S.p.A., including accrued interest for the fourth quarter.

9.5 Other current liabilities

	31/12/12	31/12/11
Due to employees for wages and salaries, accrued holiday pay and expenses	2,421	1,811
Due to insurance companies	140	38
Due to Social Security institutions	1,445	1,217
Due to Directors	136	-
Due to Statutory Auditors	201	21
Other liabilities due to third parties	5,986	332
Other liabilities due to subsidiaries	103	-
Due to parent companies	36	2,198
Accrued expenses	1	-
Deferred income	171	248
Roundings	(1)	1
Total	**10,639**	**5,866**

Due to employees for wages and salaries, accrued holiday pay and expenses

Due to employees for wages and salaries, accrued holiday pay and expenses amounted to Euro 2,421 thousand and consist of due to employees for bonus and related contributions for Euro 949 thousand, due to directors for management by objectives bonus for Euro 798 thousand, due to employees for overtime and contributions for Euro 312 thousand, accrued holiday pay and contributions for Euro 259 thousand, due to employees for ordinary wages and salaries for Euro 58 thousand as allocation of lay-off incentives, other liabilities to employees for Euro 26 thousand and liabilities for other expense accounts equal to Euro 26 thousand.

Due to insurance companies

Due to insurance companies amounted to Euro 1,445 thousand and include payables to pension institutes for amounts owed in relation to December 2012 salaries and collaboration.

Other current liabilities

The Other liabilities due to third parties item mainly refers to the payable related to the non- compete agreement signed with the previous Chief Executive Officer amounting to Euro 5,000 thousand; payables to employees for supplementary allowance for Euro 210 thousand.

Accrued expenses and deferred income

The most significant items relate, for Euro 138 thousand, to the portion of contributions in capital account pertaining to future years, granted by the Ministry of Industry, Trade and Crafts according to Law 64/86 and for Euro 21 thousand to the advance invoicing of hosting services for transmission equipment to third party customers.

COMMENTS ON MAIN INCOME STATEMENT ITEMS

(Euro in thousands)

10. Revenues

10.1 Revenues from sales and services

Below is a breakdown of these revenues with the main categories highlighted:

	2012	2011
Revenues from hosting and contract services	169,306	77,201
Revenues from plant installation and restoration	7,874	5,652
Revenues from sale of materils	-	1,570
Total	**177,180**	**84,423**

Revenues from hosting and contract services mainly included revenues for hosting, assistance and maintenance services, logistics and use of transmission infrastructure, head end and design. It should be noted that the subject item consists of revenues from the parent company Elettronica Industriale amounting to 161,075 thousand.

The item Revenues from plant installation and restoration included revenues for the management of equipment installation and restoration. It should be noted that the subject item consists of revenues from the parent company Elettronica Industriale amounting to 7,481 thousand.

10.2 Other revenues and income

Other revenues amounted to Euro 262 thousand and mainly refer to insurance refund for Euro 60 thousand, building leases for Euro 53 thousand and contributions charged to the profit & loss for 55 thousand.

11. Costs

11.1 Personnel expenses

The following table shows the number of employees at December 31, 2012:

	Employees at 31/12/12	Year average 2012	Employees at 31/12/11
Executives	20	17	6
Middle managers	42	42	35
Office-workers	474	473	455
	536	**532**	**496**

The increase in personnel is due to staff engaged by companies of the Mediaset Group and to the business combination.

Personnel expenses shown in the table below are equal to Euro 40,137 thousand and consist of "wages and salaries" for Euro 28,760 thousand, and of "social security charges" for Euro 9,311 thousand.

	2012	2011
Wages and salaries	28,760	12,351
Social security charges	9,311	4,060
Post-employment benefit plans	12	-
Other personnel expenses	1,922	806
Ancillary personnel expenses	818	331
Out of period (income)/costs on personnel expenses	(5)	(2)
Recovery on personnel expenses	(681)	(22)
Roundings	-	(1)
Total	**40,137**	**17,523**

Other personnel expenses amounted to Euro 1,922 thousand and are represented by expenses for the realignment of Employee leaving indemnity for Euro 1,506 thousand, by compensation paid to directors employed by the company for Euro 193 thousand, by costs for stock option plans for Euro 120 thousands and by reduction in employees for Euro 103 thousand.

Ancillary personnel expenses, equal to Euro 818 thousand, refer to canteen services for Euro 431 thousand, to company cars to directors for Euro 272 thousand, to gifts to employees for Euro 77 thousand and to medical assistance for Euro 26 thousand.

11.2 Purchases, services and other costs

This item can be broken down as follows:

	2012	2011
Purchases	**3,478**	**3,286**
Changes in the inventories of raw materials, semifinished and finished goods	**1,052**	**161**
Increase for internal work	**(8,090)**	**(7,190)**
Cost for professional, technical and administrative services	2,634	2,050
Travelling expenses and bill of charges	1,456	677
Consumption	11,107	6,063
Maintenance	14,820	3,715
Bank and insurance services	637	283
Other services	6,223	9,642
Total services	**36,877**	**22,430**
Leases and rentals	**39,176**	**19,502**
Other operating costs	**1,629**	**562**
Total	**74,122**	**38,751**

The item Purchases mainly includes purchases for raw materials, spare parts and accessories and amounted to Euro 3,130 thousand.

The item Increase for internal work includes lower costs for the capitalization of additional charges for the installation of plants (ancillary materials and third party production) and amounted to Euro 8,090 thousand.

The item Other services includes charges for vigilance and surveillance at the head-offices and local offices amounting to Euro 1,492 thousand, company information system service supplied by the indirect parent company R.T.I. S.p.A. for Euro 1,950 thousand; transport, storage and porter charges for Euro 1,595 thousand, cleaning and waste disposal charges for Euro 637 thousand.

The item Leases and rentals includes charges for the rent of satellite segments for television broadcasting signal for a total amount of Euro 28,528 thousand; rental of lands and hosting on third party towers amounting to Euro 7,551 thousand; other rentals mainly related to the offices located in Lissone and other secondary offices for Euro 1,465 thousand.

With reference to 2011 data, it should be noted that a cost reclassification equal to Euro 14,246 thousand has been carried out for rent, lease and similar costs in accordance with data shown in year 2012.

The item Other operating costs includes charges, taxes and government licenses, local taxes (first of all IMU – the Italian tax on buildings) amounting to Euro 932 thousand, capital losses from sale of tangible assets for Euro 224 thousand; corporate contributions for Euro 84 thousand.

11.3 Amortisation, depreciation and write-downs

This item includes the amortisation of intangible assets and depreciation of tangible assets:

	2012	2011
Amortisation of tangible assets	31,503	15,854
Amortisation of other intangible assets	3,663	559
Wtite-downs/(Reversal) of fixed assets	-	1,346
Write-downs of current assets	174	535
Roundings	-	1
Total	**35,340**	**18,295**

Amortisation amounted to Euro 31,503 thousand for tangible assets and Euro 3,663 thousand for intangible assets.

It should be noted that the effect of the redefinition of the useful life of towers caused lower depreciation of tangible assets for the period amounting to Euro 330 thousand.
Write-downs of current assets amounted to Euro 174 thousand and represents the amount allocated for the provision for bad debts.

12. (Expenses)/income from financial investments

12.1 Financial expenses

	2012	2011
Interests due on Mediaset c/a tw parent company	2,099	1,122
Interests due on loans and credit lines	1,065	
Other charges	244	80
Total	**3,409**	**1,301**

This item mainly consists of interest expenses charged by the parent company Mediaset S.p.A. related to the current account relationship held with the same.

In addition, it should be noted interest expenses related to credit lines granted by Banca popolare di Milano recorded at amortized cost equal to Euro 800 thousand, interest expenses related to short-term credit for Euro 265 thousand.

The item Other charges mainly includes interests on Employee Leaving Indemnity according to IAS valuation for an amount of Euro 204 thousand and interest expenses on payables to the national revenue for Euro 6 thousand.

12.2 Financial income

	2012	2011
Interest income on bank c/a	52	-
Financial income different from the foregoing	248	201
Roundings	1	-
Total	**301**	**201**

The item "*Financial income different from the foregoing*" is attributable to interests charged to the customer Prima TV S.p.A. for delays of payment for Euro 248 thousand.
The following table reports finance income and costs with a breakdown of the categories required by IAS 39.

December 31, 2012

IAS 39 categories	From interests	At Fair Value	From Fair Value Reserve	Profit/(loss) on exchanges	Net profit/(loss)
Liabilities at amortised cost	(2,899)	-	-	-	**(2,899)**
Receivables and loans	247	-	-	-	**247**
Total IAS 39 categories					**(2,652)**
Other financial income and charges	(252)	(204)	-	-	**(456)**
Total					**(3,108)**

December 31, 2011

IAS 39 categories	From interests	At Fair Value	From Fair Value Reserve	Profit/(loss) on exchanges	Net profit/(loss)
Liabilities at amortised cost	(1,221)	-	-	-	**(1,221)**
Receivables and loans	201	-	-	-	**201**
Total IAS 39 categories					**(1,020)**
Other financial income and charges	(3)	(77)	-	-	**(80)**
Total					**(1,100)**

13. Income taxes for the year

	2012	2011
Provision for Ires	102	-
Charges/(proceeds) for IRES from tax consolidation	6,706	2,780
Provision for Irap	2,284	978
Total current taxes	**9,092**	**3,758**
Provision for deferred tax liabilities	399	76
Use of provision for deferred tax liabilities	(363)	(58)
Total deferred tax liabilities	**36**	**17**
Utilization of credit from deferred tax assets	577	553
Deferred tax assets	(226)	(524)
Total deferred tax assets	**352**	**29**
Roundings	-	(1)
Total	**9,479**	**3,804**

Income taxes for the period amounted to Euro 9,092 thousand and consist of:

- Provision for IRES from tax consolidation for the year for Euro 6,706 thousand;
- Provision for IRES for previous years for Euro 102 thousand;
- Provision for IRAP for the year for Euro 2,284 thousand;
- Provision for deferred tax liabilities for Euro 36 thousand and utilization of credit from deferred tax assets for Euro 352 thousand.

It should be noted that an income from Ires reimbursement amounting to Euro 75 thousand has been recorded in 2012 following the request issued according to the Legislative Decree 16/2012.

December 31, 2012

I.Re.S.	**31/12/2012**
Ordinary applicable tax rate	**27.50%**
Effect of increase (decrease) differences	
against ordinary tax rate	
Vehicles	1.43%
Other	0.33%
Actual tax rate	**29.26%**

December 31, 2011

I.Re.S.	**31/12/2011**
Ordinary applicable tax rate	**27.50%**
Effect of increase (decrease) differences	
against ordinary tax rate	
Vehicles	1.82%
Other	1.15%
Actual tax rate	**30.47%**

December 31, 2012

IRAP	**31/12/2012**
Theoretical tax burden	**3.90%**
Other permanent differences:	
Other personnel expenses	2.15%
Other permanent changes	2.99%
Tax gains/losses difference	-
Non-deductible taxes	-
Actual tax rate	**9.04%**

December 31, 2011

IRAP	31/12/2011
Theoretical tax burden	**3.90%**
Other permanent differences:	
Other personnel expenses	0.03%
Other permanent changes	0.33%
Tax gains/losses difference	-
Non-deductible taxes	0.02%
Actual tax rate	**4.28%**

14. Additional information on financial instruments and risk management policies

EI Towers defined the policies for the management of the financial risks aimed at reducing its exposure to exchange rate, interest rate and liquidity risks: this activity is carried out directly referring to the company with positions subject to risk.

EI Towers, when necessary, provides for related risk hedges.

The choice of financial counterparts focuses on those with high credit standing guaranteeing at the same time a limited concentration of exposure towards them.

Categories of financial assets and liabilities

Here below is a breakdown of financial assets and liabilities for the period according to IFRS 7 in the categories laid down by IAS 39. Hierarchic levels are not shown as provided for by IFRS 7R being the phenomenon not significant in the Company.

December 31, 2012

	IAS 39 categories					
BALANCE SHEET ITEMS	Financial instruments at fair value held for trading	Receivables and loans	Financial instruments held to maturity	Financial instruments held for sale	Book value	Notes
NON CURRENT ASSETS						
Other financial assets						
Financial receivables	-	267	-	-	267	5.6
CURRENT ASSETS						
Trade receivables						
from customers	-	7,505	-	-	7,505	6.2
from subsidiaries	-	12,206	-	-	12,206	
from parent companies	-	1,546	-	-	1,546	6.2
from Mediaset Group companies	-	219	-	-	219	6.2
Cash and cash equivalents						
Bank and postal deposits	-	12,948	-	-	12,948	6.7
TOTAL FINANCIAL ASSETS	-	34,691	-	-	34,691	

December 31, 2011

	IAS 39 categories				
BALANCE SHEET ITEMS	**Financial instruments at fair value held for trading**	**Receivables and loans**	**Financial instruments held to maturity**	**Financial instruments held for sale**	**Book value**
NON CURRENT ASSETS					
Other financial assets					
Financial receivables	-	203	-	-	203
CURRENT ASSETS					
Trade receivables					
from customers	-	7,847	-	-	7,847
from parent companies	-	7,974	-	-	7,974
from Mediaset Group companies	-	376	-	-	376
Cash and cash equivalents					
Bank and postal deposits	-	9	-	-	9
TOTAL FINANCIAL ASSETS	-	16,409	-	-	16,409

December 31, 2012

	IAS 39 categories			
BALANCE SHEET ITEMS	**Financial instruments held for trading**	**Liabilities at amortised cost**	**Book value**	**Notes**
CURRENT LIABILITIES				
Payables due to banks				
Loans	-	49,935	49,935	10.1
Tarde payables				
to suppliers	-	28,560	28,560	10.2
to parent companies	-	1,243	1,243	10.2
to Mediaset Group companies	-	206	206	10.2
to EIT Group subsidiaries	-	142	142	
Other financial liabilities				
Intercompany financial payables - parent company	-	61,789	61,789	10.5
TOTAL FINANCIAL LIABILITIES	-	141,875	141,875	

December 31, 2011

BALANCE SHEET ITEMS	IAS 39 categories: Financial instruments held for trading	IAS 39 categories: Liabilities at amortised cost	Book value
CURRENT LIABILITIES			
Tarde payables			
to suppliers	-	33,888	33,888
to parent companies	-	412	412
to Mediaset Group companies	-	308	308
Other financial liabilities			
Intercompany financial payables - parent company	-	113,882	113,882
TOTAL FINANCIAL LIABILITIES	-	148,490	148,490

Fair value – calculation models used

The amounts of the fair values of the classes of financial instruments that are split based on the methodologies and calculation models used to calculate them, for both this and the previous fiscal year, are given below.

December 31, 2012

	Book value	Mark to Market	Mark to Model: Black&Scholes' model	Mark to Model: Binomial model	Mark to Model: DCF Model	Total fair value	Notes
Non- current payables due to banks	-	-	-	-	-	-	
Medium-long term receivables	4,550	-	-	-	4,532	4,532	6.2
Payables to suppliers	-	-	-	-	-	-	
Securities	-	-	-	-	-	-	
Non hedge derivatives	-	-	-	-	-	-	
Hedge derivatives	-	-	-	-	-	-	

December 31, 2011

	Book value	Mark to Market	Mark to Model: Black&Scholes' model	Mark to Model: Binomial model	Mark to Model: DCF Model	Total fair value
Non- current payables due to banks	-	-	-	-	-	-
Medium-long term receivables	6,421	-	-	-	6,309	6,309
Payables to suppliers	-	-	-	-	-	-
Securities	-	-	-	-	-	-
Non hedge derivatives	-	-	-	-	-	-
Hedge derivatives	-	-	-	-	-	-

Equity management

The goals of the company, with regard to its capital management, are aimed at safeguarding the Company's ability to continue, contemporaneously, to ensure profitability for the shareholders, to protect the interests of the stakeholders, as well as maintaining an optimal capital structure

Type of financial risks and the linked hedging activities

Exchange rate risk

EI Towers S.p.A. is not subject to the exchange rate risk since payables in a currency different from Euro are not significant.

Interest rate risk

The Company is not exposed to this risk since its debt rating has an average expiry lower than 12 months.

	Financial debt	Change b.p.	through Profit and Loss	through Equity	Total Shareholders' Equity
2012	**211,199.18**	100	-2,112		-2,112
	211,199.18	-10	211		211,0

Credit risk

With regard to the counterparts EI Towers S.p.A. does not have any significant concentrations of either a liquidity risk or a solvency risk since its portfolio mainly consists of receivables from the parent company Elettronica Industriale S.p.A. and from the Network Operator Prima TV S.p.A..

December 31, 2012

RECEIVABLES							
CLASSES	Total net receivables	Net overdue amount					Bad debt
		0-30dd	30-60dd	60-90dd	Over	Total	
Trade receivables							
Other receivables	7,505	226	(24)	18	2,272	2,492	871
Receivables due from associated companies	390						
Receivables due from EIT Group	12,206						
Receivables due from Mediaset Group	1,485		78			78	
Total	**21,586**	**226**	**54**	**18**	**2,272**	**2,570**	**871**
Financial receivables							
Financial receivables	267						
Bank and postal deposits	12,948						
Total	**13,215**						

December 31, 2011

RECEIVABLES							
CLASSES	Total net receivables	Net overdue amount					Bad debt
		0-30dd	30-60dd	60-90dd	Over	Total	
Trade receivables							
Other receivables	8,447	276	475	69	1,091	1,911	600
Receivables due from Mediaset Group	8,350		78			78	
Total	**16,797**	**276**	**553**	**69**	**1,091**	**1,989**	**600**
Financial receivables							
Financial receivables	203						
Bank and postal deposits	9						
Total	**212**						

The Bad Debts Reserve at December 31, 2012 amounted to Euro 871 thousand.

Liquidity risk

The liquidity risk is related to the difficulty of procuring the funds to be able to cover financial commitments.
This may be due to the unavailability of sufficient funds to face financial commitments in accordance with the established terms and expiry dates in case of sudden revocation of uncommitted credit lines or in the event that the company must honour its financial liabilities before their natural maturity.

Thanks to its careful and prudent financial management, which is reflected in the relevant policy, and the constant monitoring of the ratio between the approved credit lines granted and their use, as well as the balance between short-term debt and medium/long term debt, the EI Towers has put in place sufficient credit lines, both in terms of quantity and quality, to face the current crisis.

The management of the liquidity risk implies:

- The maintenance of a substantial balance between the committed and uncommitted credit lines in order to avoid liquidity crises in the event of requests for reimbursement by the lenders;
- Average financial exposure during the year did not exceed 80% of the total credit given by the banks;
- The availability of financial assets that can be quickly turned into cash to meet any cash requirements.

The table below shows the Company's financial obligations, by contract maturity date, considering the so-called worst case scenario and at undiscounted values, considering the neatest date when the Company may be asked to make payment and showing the relative Financial Statements notes for each class.

December 31, 2012

Item of balance	Book value	Time Band					Total cash flows	Notes
		from 0 to 3 months	from 4 to 6 months	from 7 to 12 months	from 1 to 5 years	Over 5 years		
Financial liabilities								
Non-current due to banks			-	-	-	-	-	10.1
Current due to bank	15,023	15,023	-	-	-	-	15,023	10.1
Due to other suppliers	28,565	28,565	-	-	1		28,566	10.2
Other debt and financial liabilities	1,418	1,418	-	-	-	-	1,418	9.3/10.1 10.2/10.6
Payables due to EIT-TWT Group subsidiaries	142	142	-	-	-	-	-	
Payables due to Mediaset Group companies	1,418	1,418	-	-	-	-	-	10.2
Intercompany financial payables - parent companies	61,789	61,789	-	-	-	-	61,789	10.5
Total	**108,355**	**108,355**	**-**	**-**	**1**	**-**	**108,356**	

December 31, 2011

Item of balance	Book value	Time Band					Total cash flows	Notes
		from 0 to 3 months	from 4 to 6 months	from 7 to 12 months	from 1 to 5 years	Over 5 years		
Financial liabilities								
Due to other suppliers	33,887	30,600	3,286	-	1		33,887	10.2
Other debt and financial liabilities	593	720	-	-	-	-	720	9.3/10.1
Intercompany financial payables - parent company	113,882	113,882	-	-	-	-	113,882	10.2/10.6
Total	**148,362**	**145,202**	**3,286**	**-**	**1**	**-**	**148,489**	**10.5**

The fair value on trade receivables and payables expiring within the year has not been calculated being their carrying value close to it.

Commitments and guarantees

EI Towers S.p.A. rents the land on which it has constructed its clients broadcasting towers from which it gains its revenues. These contracts are long-term and generally include clauses of advance withdrawal and of period adjustment of rent as a consequence of inflation.

In addition, EI Towers S.p.A. has contract commitments for the use of satellite capacity, optical fibre, infrastructure maintenance and other rentals.

Total commitments described above amounted to approximately Euro 188,095 thousand.

EI Towers S.p.A. issued guarantees for commercial and financial commitments for about Euro 305 million.

With respect to the business combination described in Directors' Report, EI Towers S.p.A. assumed the commitment to pay the previous President and CEO the amount of Euro 7.5 million as consideration for the obligation not to carry out activities in competition with EI Towers Group. This obligation starts from January 2, 2012, for three years and the payment is expected in three annual instalments of the same amount during years 2012, 2013 and 2014. The first two instalments, at the date of the financial statements, have been duly paid.

It should be noted that EI Towers S.p.A. assumed the commitment to compensate the third buyer of the companies of the Technology business unit, disposed on October 13, 2011, up to a maximum of Euro 4 million, for possible extraordinary losses or other liabilities which could come out with reference to the companies DMT System S.p.A. in liquidation, Asteroide S.r.l. and DMT Service S.r.l. in liquidation, and attributable to the period they operated before their disposal. As of today, no elements which could create liabilities referring to EI Towers S.p.A. came out.

EI Towers S.p.A. has counterguaranteed two bank guarantees for a total amount of Euro 4.2 million issued in the favor of the Internal Revenue Service for DMT System S.p.A. in liquidation and DMT Service S.r.l. in liquidation, disposed on October 13, 2011, for VAT receivables used by da EI Towers S.p.A. when the two companies were within the group taxation.

OTHER INFORMATION ACCORDINGTO ART.2428 OF THE CIVIL CODE

Transactions with subsidiaries, parent companies and related parties

Past and existing economic and financial relationships with Companies of the Mediaset Group and the Fininvest Group, regulated under normal market conditions, are shown below.

The main economic and financial relationships occurred in 2012 with *related parties* according to IAS 24 are shown in the following statements.

(Euro in thousands)

RECEIVABLES AND FINANCIAL ASSETS	Receivables and non-current financial assets	Trade receivables	Other receivables and current assets	Intercompany financial assets	Other current financial assets
Fininvest Group parent companies					
Mediaset Group parent companies					
R.T.I. - Reti Televisive Italiane S.p.A.		20			
Elettronica Industriale S.p.A.		1,465	61		
EI Towers Group subsidiaries					
Towertel S.p.A.		12,206	15,532		
Mediaset Group subsidiaries					
Mediaset Group associates					
Videotime S.p.A.		219			
Consorzio Colle Maddalena		171			
Fininvest Group associates					
Other related parties					
Mediafond			-		

(Euro in thousands)

PAYABLES AND FINANCIAL LIABILITIES	Payables and non-current financial liabilities	Trade payables	Other payables and current liabilities	Intercompany financial liabilities	Other current financial liabilities
Fininvest Group parent companies					
Mediaset Group parent companies					
R.T.I. - Reti Televisive Italiane S.p.A.		1,117	5		
Mediaset S.p.A.		88		61,789	
Elettronica Industriale S.p.A.		2	30		
EI Towers Group subsidiaries					
Towertel S.p.A.		120	103		
Tecno Impianti S.a.s.		22			
Mediaset Group associates					
Videotime S.p.A.		129			
Promoservice Italia S.r.l.		77			
Fininvest Group associates					
Other related parties					
Mediafond			204		

(Euro in thousands)

REVENUES AND COSTS	Operating revenues	Operating costs	Financial charges	Financial income	(Charges)/Income from equity investments
Fininvest Group parent companies					
Mediaset Group parent companies					
R.T.I. - Reti Televisive Italiane S.p.A.	289	3,083			
Mediaset S.p.A.		84	2,099		
Elettronica Industriale S.p.A.	168,556	1			
EI Towers Group subsidiaries					
Towertel S.p.A.	1,080	121			
Tecno Impianti S.a.s.		24			
Mediaset Group associates					
Videotime S.p.A.	1,085	495			
Publitalia '80 S.p.A.	25	-			
Promoservice Italia S.r.l.		69			
Consorzio Colle Maddalena	340				
Fininvest Group associates					
Mediobanca S.p.A.		**45**			
Other related parties					
Other related parties		45			

For the Board of Directors

The Chairman

ATTACHMENTS

The following attachment contains additional information that was not given in the Explanatory Notes of which they form an additional part.

- Summary table of the last financial statements of the subsidiaries included in the consolidation.
- List of equity investments in subsidiary and affiliated companies at December 31, 2012 (art. 2427 para. 5 of the Civil Code).

Summary table of the last financial statements of the subsidiaries included in the consolidation

TOWERTEL S.P.A.

Towertel SpA	Financial statements as at December 31, 2012
Euro in thousands	
Assets	
B) Fixed assets	144,003
C) Current assets	26,720
D) Accrued income and pre-paid expenses	1,359
Total assets	172,082
Liabilities	
A) Shareholders' equity	36,193
B) Provision for risk and charges	10,001
C) Employees termination indemnity	762
D) Payables	120,285
E) Accrued expenses and deferred income	4,841
Total liabilities and shareholders' equity	172,082
Income statement	
A) Operating value	56,074
B) Operating costs	39,290
C) Financial income and charges	-2,437
E) Extraordinary income and charges	-269
Income taxes	6,926
Profit for the year	7,152

List of the equity investments in subsidiary, associated and and joint control companies at December 31, 2012 (Article 2427 n° 5 of the Italian Civil Code)

				Shareholders' equity		Result for the year						Differences	
Name	Head office	Share capital	Face value per share	Total amount	Pro-quota amount	Total amount	Pro-quota amount	% held	Number of shares held	Book value	Value as per art.2426 n° 4 c.c.	B-A	B-C
					(A)					(B)	(C)		
Subsidiaries													
(*) Towertel S.p.A.	Lissone - Via Zanella 21	22,000,000	1	36,192,752	36,192,752	7,151,775	7,151,775	100.00%	22,000,000	213,020,000	-	176,827,248	-
					-		-					-	
(*) Tecno Impianti S.a.s.	Trento - Via Barbacovi 40	4,131	-	4,131	-	49,504	-	50.00%	-	160,000	-	160,000	-
					-		-					-	
Associates													
(*) Beigua S.r.l.	Roma - Via Della P.Sacchetti, 229	51,480	12,613	150,447	36,860	(268)	(66)	24.50%	1	27,639	-	(9,221)	-

2012 Annual Report

Certification of the Financial Statements pur-
suant to Article 154-bis,
of the Legislative Decree 58/98

Attestation of the Financial Statements pursuant to article 154, part two, of the Legislative Decree 58/98

1. The undersigned Guido Barbieri, Chief Executive Officer, and Fabio Caccia, the Assigned Executive for the drafting of the company accounting documents of EI Towers S.p.A., attest, also taking into account what is lead down by article 154, part two, paragraphs 3 and 4 of the Legislative Decree of February 24, 1998 no. 58:

   - to the adequacy relative to the characteristics of the Group and
   - the effective application

   of the administrative and accounting procedures for building up the Financial Statements, during the financial year 2012.

2. The evaluation of the adequacy of the administrative and accounting procedures for building up the Financial Statements as at December 31, 2012 was carried out based on the rules and methodologies defined by EI Towers S.p.A. in line with the model *Internal Control – Integrated Framework* issued by the *Committee of sponsoring Organizations of the Treadway Commission* which represents a body of general reference principles for the system of internal controls that is generally accepted at international level.

3. Furthermore, it is also attested that:

3.1 The Financial Statements:

a) are drawn up in conformity with the applicable International Accounting Standards recognised within the European Community, pursuant to the regulation (EC) no. 1606/2002 of the European Community and Council of July 19, 2002 as well as with the measures issued to actuate article 9 of the Legislative Decree no. 38/2005;
b) reflect the balances in the books and the accounting postings;
c) are suitable and appropriate in order to give a true and fair view of the Balance Sheet, Income Statement and Financial situations of the Issuer.

3.2 The Directors' Report on Operations contains a trustworthy analysis of the progress and result of operations, as well as of the situation of the Issuer, together with the description of the main risks and uncertainties to which they are exposed.

March 21, 2013

For the Board of Directors The Chief Executive Officer	The Assigned Executive for the drafting of the company accounting documents
(Guido Barbieri)	(Fabio Caccia)

2012 Annual Report

Report of the Statutory Auditors and External Auditors

AUDITORS 'REPORT TO THE SHAREHOLDERS PURSUANT TO LEGISLATIVE LGS N. 58/98 AND ART. 2429 of the Civil Code about THE FINANCIAL YEAR ENDED 31 DECEMBER 2012 AND THE CONSOLIDATED FINANCIAL STATEMENTS

to the the shareholders of the Company

EI TOWERS S.p.A.

Shareholders,

The separate financial statements and the Group's consolidated financial statements at December 31, 2012, accompanied by the respective explanatory notes and the Directors' Report, there have been delivered to us on 20th March 2013, and were approved by the Board of Directors on 21st March 2013.

In the Notes, which contain all the information required by art. 2427 of the Civil Code, are among other things, discussed the principles and valuation criteria adopted in the preparation of the financial statements and the consolidated financial statements. The Directors' Report summarizes the principal risks and uncertainties and an outlook is given. In particular, the Auditors acknowledges that the Separate and Consolidated Financial Statements have been prepared in accordance with "International Financial Reporting Standards" and related SIC / IFRIC interpretations adopted by the European Commission, under the procedure referred to in Article. 6 of Regulation (EC) n. 1606/2002 of the European Parliament and of the Council of the European Union of 19 July 2002.

It has not been delegated to the Auditors the analytical control of the content of the financial statements and the consolidated financial statements, and for that reason the Auditors have verified the general approach thereof and their compliance with the law regarding their formation and structure. In this regard, we have no specific comments to make.

During the year ended December 31, 2012 we carried out the monitoring activities required by law, in accordance with the standards of conduct of the Auditors, recommended by the National Council of Chartered Accountants, of which we refers in this report, taking into account the recommendations issued by Consob Communication no. 1025564 of 6 April 2001 and subsequent updates.

The Board of Auditors has acquired during the year, the information for the performance of its functions both through meetings with corporate structures and through what was reported in the meetings of the Board of Directors and the Audit Committee and Risk Committee the Remuneration Committee.

The institutional activities of the Board of Auditors was held in the terms set out below. In particular it is acknowledged to have:

- Participated in the meetings of shareholders;

- Participated in the meetings of the Audit Committee and Risk of Remuneration Committee and acquired by the Supervisory Board (SB) periodically reports on its activities;

- Participated in all meetings of the Board of Directors and obtained information from the Directors on the activities and most significant economic and financial transactions carried out by the Company, in particular, in 2012 the Board of Directors met 13 (thirteen) times to examine and vote on resolutions regarding, among other things, the approval of the quarterly reports and interim reports, the management and coordination pursuant to article. 2497 of the Civil Code, the examination of the 2012 budget, assessing the independence of directors, the establishment of committees and officers' appointments (Control and Risk Committee, the Remuneration Committee), the appointment of the Director responsible for the system of internal control and risk management, the appointment of the Manager responsible for preparing corporate accounting documents, the appointment of the Supervisory Board, the adoption of a new procedure for transactions with related parties, the adoption of a new version of Organizational Model pursuant to Legislative Decree 231/2001, approval of the new Guidelines of the system of internal control and risk management, to evaluate the adequacy of the organizational, administrative and accounting procedures and system of internal control and risk management;

- Completed the verification required by law, at least quarterly, taking part in eight (8) board meetings;

- Acquired knowledge and verified, to the best of their competence, the adequacy of the organizational structure of the Company and the compliance with the principles of fairness;

- Administration, through direct observation, of the collection of information from the heads of the organizational and through meetings with the officials in charge;

- Verified the adequacy of the system of internal control and accounting system, as well as the reliability of the latter in correctly representing management, by obtaining information from the heads of the respective departments and the examination of business documents; the Supervisory Board advises that the Board of Directors of the Company on December 14, 2012, evaluated the organizational, administrative and accounting system as consistent and appropriate with the work performed and the characteristics of the group and suitable to provide an overall effective management system of internal control and risk management of EI Towers SpA;

- Gave a positive assessment of the organizational choices of the Company in relation to its internal audit function, with reference to which is described in the Annual Report on Corporate Governance and Ownership Structure;

- Met, also in accordance with the provisions of art. 19 of Legislative Decree no. 39/2010, the leaders of Ernst & Young SpA, a company responsible for the statutory audit of the financial statements and the consolidated financial statements, to monitor the implementation of audit activities and be updated about the carrying out the same, both for ensure, as required by art. 17 of the above mentioned Law. 39, its independence about which the Auditors has no reserves and to operate the exchange of information on their activities;

- Met with the members of the Board of the subsidiary Towertel SpA to exchange information on its activities, in accordance with paragraphs 1 and 2 of art. 151 of Legislative Decree no. 58/98;

- Carried out the necessary assessments to confirm the independence requirements of each auditor;

- Assessed the suitability and compliance with the Company's intercompany transactions with related parties, the characteristics of which, the parties involved and their effects are adequately explained in the financial statements, which the Board refers;

- in particular, with reference to the above, the Board has monitored the implementation of the Regulation issued by Consob regarding transactions with related parties, and the compliance of the procedure adopted by the Company. About it the Board noted that during the meeting of 31 October 2012, the Board of Directors of EI Towers, with the favorable opinion of the Audit Committee and Risk on October 26, 2012, pursuant to art. 4, paragraph 3, of Consob Regulation 17221/2010, decided to adopt the new "Procedure for transactions with related parties." Adoption of the new procedure has been disclosed to the public in a press release issued on October 31, 2012. With regard to intra-group transactions with related parties, the Board has verified the compliance with the procedure. A description of these transactions can be found in the Report on Operations 2012 Financial Statements and the notes to the financial statements 2012;

- Monitored the implementation of the corporate governance rules contained in the Code of Conduct for listed companies promoted by the Italian Stock Exchange, which the Company has adopted; in this regard the Board of Auditors carried out controls required by law;

- confirmed that the Company has given to its subsidiaries directions necessary to comply with the disclosure requirements of art. 114, paragraph 2, of Legislative Decree 58/1998.. The provisions are adequate as required by law;

- Verified the adequacy of the method to perform an impairment test on the Tower business unit; in particular we can say that the value in use is higher than the net invested capital on the cash-generating unit;

- Verified the adequacy of the method in terms of process implemented to perform an impairment test on participation in Towertel SpA; in particular the value in use exceeds the book value of the investment;

- Verified that the Directors' Report on operations for 2012 is consistent with the applicable laws and regulations, consistent with the resolutions and the facts represented by the

Separate Financial Statements and the Consolidated Financial Statements. The report specified, as indicated above, the relations between related parties.

During the supervisions of the Board, carried out in the manner described above, no significant facts have emerged as to require reporting to the control bodies.

The members of the Board have complied with the number of positions in art. 144 Terdecies of Consob Regulation n. 11971 with the relevant disclosure obligations to Consob and the public. The Board advises that due to Consob Resolution no. 18079 of 20 January 2012, the system of calculation of offices contained in the Regulations for Issuers and their disclosure obligations to Consob, relating to positions held or terminated, and other information subject to disclosure are applicable only to the members of the supervisory bodies that are in a more of a listed issuer.

The task of auditing and the audit for the financial years 2007/2012, pursuant to art. 156 of Legislative Decree no. N. 58/98, was given by the Shareholders' Meeting on April 27, 2007 to the auditing firm Ernst & Young SpA, as well as the task of verifying the proper maintenance of accounting records in accordance with art. 155 of Legislative Decree no. N. 58/98.

The Board also noted that with the approval of the financial statements at December 31, 2012 the appointment of statutory audit Reconta Ernst & Young SpA by the shareholders of DMT S.p.A. March 22, 2004 and then extended by the shareholders on 27 April 2007, for a maximum total of nine years, shall expire.
The Statutory Auditors of EI TOWERS S.p.A. thereupon drafted a proposal to the Shareholders about the statutory audit of EI Towers SpA for the years 2013-2021, made public in accordance with the law.

The independent auditors did not report to the Board of Statutory Auditors omissions, irregularities or reprehensible facts; today they have issued its reports to the Financial Statements and the Consolidated Financial Statements without qualifications or limitations.

The Report certified that the Financial Statements and Consolidated Financial Statements at 31 December 2012, complies with International Financial Reporting Standards as adopted by the European Union, as well as the regulations issued to implement article. 9 of Legislative Decree no. n. 38/2005; they are therefore drawn up clearly and give a true and fair view of the financial position, results of operations and cash flows of the Company and the Group. The Report gives evidence that the Management Report and the information referred to in Article. 123-bis, paragraph 4, of Legislative Decree no. n. 58/98 contained in the Annual Report on Corporate Governance, are consistent with the separate financial statements of the company and the consolidated financial statements.

In the exercise of its functions, the Board of Statutory Auditors, in particular, monitored:

- Compliance with the law and articles of association and the principles of good governance, ensuring that all transactions approved and implemented by the Board of

Directors were in compliance with the law and the articles of association and were not manifestly imprudent or reckless;

- The activities of the Group's compliance with Law 262/2005 on insider dealing and market manipulation.

The Board of Statutory Auditors, in accordance with law and statute, has expressed its favorable opinion on:

- The appointment of the Manager in charge of art. 154-bis of Legislative Decree no. 58/1998;

- The compensation paid to directors with special powers.

The Board of Auditors acknowledges that, even considering the DL n. 5 of 9 February 2012 (published in Ordinary Supplement no. 27th to the Official Gazette. 33 of 09.02.2012) which abolished the obligation to prepare the Security Policy Document (DPS), the Company has maintained in force for the year Reference DPS previously adopted by the Company.

There are no difficulties to report about the activity carried out by the Supervisory Board during 2012

The Board acknowledges that, on March 21, 2013, the Board of Directors has approved the Annual Report of Corporate Governance, which includes, among other things, the information required by. 123 bis of the Consolidated Finance Act, renewed by Legislative Decree no. 173/08.

On the same date, the Board of Directors, in accordance with art. 84 quater of the Issuers' Regulations, as amended by Resolution no. 18049 of 23 December 2011, and art. 123-ter of Legislative Decree 58/1998., Approved the Report on remuneration includes the Policy on Remuneration of Directors and Executives with strategic responsibilities defined by the Board of Directors at the proposal of the Remuneration Committee.

The Company declares that, out of a total of seven members of the Board of Directors, 3 are executive Directors and 4 are independent in accordance with the current legislation and the Code of Conduct of the Italian Stock Exchange. In accordance with the provisions of Article 3 (paragraph 3.C.5) of the Code of Conduct, which the Company shall respect, the Board of Statutory Auditors verified the correct application of the criteria and procedures adopted by the Board of Directors for evaluating the independence of its members. The composition of the Board is also consistent with the measures determined by the Competition and Market Authority on the independence of the Directors (in this sense refers to the decision of 14 December 2011 with which the Authority has approved the Merger).

The Company, in compliance with the provisions of Law 262/2005, dated March 7, 2012 appointed Mr. Fabio Caccia "Manager responsible for preparing corporate accounting documents" which will remain in charge until the expiry of the mandate of the entire Board of Directors, while the stay in its corporate office. In respect of that appointment, as mentioned above, the Auditors have issued a favorable opinion.

The manager responsible Fabio Caccia oversaw the preparation of administrative, accounting and financial communications and, together with the Chief Executive Officer Guido Barbieri, issued during the year certifications on the financial statements, and consolidated financial statements, annual and interim financial statements, in accordance with the requirements of art. 154-bis, paragraph 5, of Legislative Decree 58/1998.

With reference to the facts of particular importance for the year 2012, while referring to what is stated in the relevant section of the Report, the Auditors noted that:

- From 1 January 2012 came into effects the accounting effects of the merger by incorporation of EI Towers SpA, the transferee of the business on the business "Tower" of the Mediaset Group and is 100% owned by Elettronica Industriale SpA in society Digital Multimedia Technologies SpA, the holding company of the Group DMT, which as a result of the merger was renamed EI Towers SpA;
- The transaction, in accordance with International Accounting Standards (IFRS 3) is configured as a reverse acquisition, for as a result Elettronica Industriale SpA acquired control of DMT SpA, now EI Towers SpA;
- The amount of net assets acquired, determined in accordance with the provisions of IFRS 3, amounted to EUR 208.2 million;
- Compared to the comparison between that price and the net book value of assets acquired (net of goodwill already recorded), has resulted in a higher value of € 248.3 million that was preliminarily allocated to goodwill;
- The Company, as required by IFRS 3, has made the process of Purchase Price Allocation (PPA) for the description of the PPA process and its impact on the profit and consolidated financial statements, please refer to the information contained in the Report on management and in the Notes to Financial Statements.

With respect to events subsequent to the end of 2012, while referring to what is stated in the relevant section of the Report, the Board noted that the Board of Directors of EI Towers SpA, on March 21, 2013, has resolved to proceed to the issuance of a bond, the company's first on the Eurobond market, only intended for qualified investors within December 31, 2013. The bonds will have a maximum nominal amount of Euro 250 million. The final terms of the offering will be determined at the time of pricing based on market conditions and announced once determined.

The Board acknowledges that EI Towers SpA, with effect from January 2, 2012, art. 2497 et seq. of the Civil Code, is subject to management and coordination by Mediaset SpA, in this regard, the Board acknowledges that, pursuant to art. 39 of the Market Regulation informed the Consob and the public of full compliance with the provisions of art. 37 of Consob Market Regulations. In particular, EI Towers:

• has met regularly and fulfills the requirements established by art. 2497-bis of the Civil Code,

• has autonomous powers in relations with customers and suppliers,

• has an Audit Committee and Risk, which also performs the functions of the Related Parties Committee, and a Compensation Committee composed entirely of independent directors in accordance with the criteria laid down in Article 148, paragraph 3, of the Consolidated Finance, the Corporate Governance Code of Borsa Italian SpA and the said Article 37 Consob Market Regulations. EI Towers also has a Board of Directors consisting of a majority of independent directors.

EI Towers S.p.A. exercises direction and coordination of its subsidiary Towertel SpA

The Board notes that, on 27 February 2013, the Board of Directors approved the proposed amendments of some articles of the Bylaws that will be submitted to the Assembly in extraordinary session. These proposals concern the amendment of the statute according to the changes introduced by Legislative Decree no. n. 91 of 18 June 2012, regarding the rights of shareholders in listed companies, the statutory provisions in order to ensure compliance with gender balance in the composition of the board of directors and the supervisory board, the introduction of provisions on transactions with related parties, resulting from the choices made by the company in its relevant procedure on emergency operations and transactions of greater importance. The Audit Committee and Risk stated, in that matter, a favorable opinion.

The Board also notes that since the Company has complied with the measures laid down by a decision of 14 December 2011 authorizing of the merger EI Towers - DMT prescribed by the Competition and Market Authority.

The Board has also no observations with respect to the proposal made by the Board of Directors regarding the destination of the profit for the year, or other proposals with regard to the financial statements, its approval and other matters within its competence.

***

The specific information to be provided in this report are listed below in the order provided for in the aforementioned Consob April 6, 2001 and subsequent updates.

1. We obtained information on the most significant economic, financial and patrimonial during the year, also through subsidiaries, in order to verify that their implementation has taken place in accordance with the law and the statute and that they were not imprudent. You can find the illustration of the major initiatives undertaken during the year in the Report of the Directors, and we here certify that, to the best of our knowledge, these have been based on the principles of good management and issues related to potential or possible conflicts of interest have been the subject of careful consideration.

2. The information in our possession, did not show the existence of atypical and / or unusual transactions during the year, including intercompany or related party transactions.

The operations carried out in the normal course intercompany or related parties, as well as their main economic impacts are shown in the Directors' Report and in the Notes to the Consolidated Financial Statements and Separate. On the basis of the information gathered, the Board has determined that such transactions comply with the law and the statutes, are responsive to corporate interests and are not likely to give rise to doubts as to the correctness and completeness of the disclosures in the financial statements, the existence of conflicts of interest, the safeguarding of assets and the protection of minority shareholders.

3. In the report and in the notes specific kit is the separate financial statements and the consolidated financial statements, the Directors have reported and explained the operations of the Company. In particular, we believe satisfactory the information provided by the Directors in their report pursuant to Art. 2428 cc. The Board acknowledges that he supervised the compliance of the adopted procedures and compliance with the same and about has nothing to report to the Shareholders' Meeting called to approve the financial statements at December 31, 2012.

4. The Independent Auditors Ernst & Young SpA, with which in the course of the year, the Board held regular meetings, issued today its reports relating to the Financial Statements and the Consolidated Financial Statements at 31 December 2012, which include the judgment consistency art. 123-bis, paragraph 4 of Legislative Decree no. 58/1998. The reports do not contain remarks.

5. Did not receive any complaints by shareholders according to art. 2408 of the Civil Code.

6. Did not receive any complaints or reports..

7. During the year the Company has given Ernst & Young SpA, in addition to his statutory audit, the following duties:

- Preparation of the report on the compliance of the prospectus of determining the price for ICT services to represent the costs chargeable to EI Towers SpA by R.T.I. SpA, for which it was intended an amount of € 18,000 plus expenses;

- Preparation of the report on the compliance of the prospectus of determining the price for ICT services to represent the costs chargeable to EI Towers SpA by R.T.I. S.p.A. (In order to update the fee for the year 2013), for which it was intended an amount of € 15,000 plus expenses.

During the year, as previously reported, even in respect of those positions, there were no critical issues concerning the independence of the independent auditors considering the provisions of Legislative Decree no. N. 39/2010.

8. During the year the Company has not granted to parties linked on an ongoing basis at Ernst & Young SpA any assignment.

9. During the year the Board of Auditors issued a binding opinion pursuant to art. 154-bis, paragraph 1, of Legislative Decree no. N. 58/1998 for the appointment of the Manager responsible for preparing the company's financial reports and the opinions required in accordance with the provisions of Civil Code (in particular art. 2389 of the Civil Code and 2386 of the Civil Code).

10. During the year, were held thirteen meetings of the Board of Directors, eight meetings of the Board, five meetings of the Audit Committee and Risk, three meetings of the Remuneration Committee. These meetings were attended by at least one member of the Board of Auditors.

11. We have no particular observations to make on the principles of good administration. In particular, on the basis of the findings made during the meetings with the external auditors and members of the Board of Statutory Auditors of the main companies of the Group, the principles of good governance are being constantly observed.

12. We have no observations to make on the adequacy of the organizational structure, which we have found it suitable to meet the needs of management and control on business operations.

13. The internal control system appeared to be adequate to the dimensional characteristics and management of the Company, as determined also in the meetings of the Audit Committee and Risk, which was attended by the Statutory Auditors.

In particular, the Board acknowledges that the Board of Directors on December 14, 2012, with the favorable opinion of the Audit Committee and Risk, defined the new Guidelines of the system of internal control and risk management of the Group EI Towers . These guidelines to which the Company shall execute, identify the Enterprise Risk Management (ERM) as a reference model for the identification, measurement, management and monitoring of the main risk factors of the Group EI Towers. The ERM model is designed to better guard the main areas of corporate risks in relation to development strategies, the typicality of its operating segment and its own organizational structure.

On March 31, the Board of Directors with the approval of the Audit Committee and Risk and on the base on the activities carried out by the Administrator in charge, has identified the strategic objectives of the Group EI Towers and established the model of risk assessment and strategic process associated with them.

14. The Board has no surveys to be carried out concerning the adequacy of the accounting system and its reliability in correctly representing management and, in general, the financial reporting process. With reference to the statements contained in the Annual Report and Consolidated Financial Statements at December 31, 2012, we note that the statement was made by the manager in charge of preparing the corporate accounting documents in accordance with art. 154-bis of Legislative Decree no. N. 58/1998. The Board has determined that adequate rules and processes to oversee the process of "training" and "dissemination" of financial information, the Board expresses, therefore, an assessment of the adequacy of the process of preparing financial information and believes there is no findings to be submitted to.

15. We have no comments to make on the adequacy of the information made by the subsidiary Towertel SpA the parent company aimed at ensuring the timely fulfillment of obligations established by law.

16. During the regular meetings held by the Board of Auditors by the Company's independent auditors, in accordance with Article also. 150, paragraph 3, of Legislative Decree no. N. 58/1998, there were no issues that should be highlighted in this report.

17. The Company has adopted the Code of Conduct for listed companies promoted by the Italian Stock Exchange and has presented his model of corporate governance in the "Annual Report on Corporate Governance and Ownership Structure" in art. 123-bis of Legislative Decree no. N. 58/1998, approved on March 21, 2013. The Board has completed successfully the verification of the requirements of independence for its members, and oversaw the proper application of procedures and criteria adopted by the Board of Directors to evaluate the independence of its members.

18. Our supervisory activity has been held during the year ended December 31, 2012 with normal character and it did not reveal omissions, or irregularities should be noted in this Report.

19. A compendium of the supervisory activities carried out in we proposals to be made pursuant to art. 153, paragraph 2, of Legislative Decree no. N. 58/1998, in order to separate financial statements, their approval and the subjects of our responsibility, as we have nothing to be observed on proposed allocation of the profit for the year.

20. On 11 April 2012, the Shareholders' Meeting decided to authorize the purchase, until the meeting approving the financial statements at 31 December 2012, of its own shares to the extent of profits and reserves from the last approved financial statements being set up,

in accordance with art. 2357 of the Civil Code, a restricted reserve equal to the amount of treasury stock purchased from time to time, which must be maintained until the shares are transferred. In the period between the date of the April 11, 2012 and March 21, 2013, the date of approval of the draft Financial Statements by the Board of Directors did not purchase its own shares and it was therefore necessary to provide members with information in the third and fourth paragraph of Art. 144 bis of the Issuers' Regulations. The Company owns at the date of approval of this report, no. 62,526 shares, representing 0.22% of the share capital, of which 6,000 shares are loaned to Mediobanca - Banca SpA Financial Credit for the conduct of the Specialist pursuant to art. 2.2.3, paragraph 4 of the Rules of the Markets organized and managed by Borsa Italiana. With reference to the above actions, the right of vote is suspended pursuant to art. 2357 of the Civil Code. The subsidiaries do not hold any shares of the Company.

21. The Company has no current plans involving share-based incentive increases, including free of its share capital. Following the merger, the Company took over the company acquired the stock option plans for the part relating to their employees beneficiaries, granted by Mediaset SpA in the years 2007,2008,2009, 2010 and 2011.

Lissone, March 27, 2013

THE BOARD OF AUDITORS

Dr. Francesco Vittadini

Dr. Marco Armarolli Marco Armarolli

Dr. Anna Girello Anna Girello

Reconta Ernst & Young S.p.A.
Via della Chiusa, 2
20123 Milano

Tel. (+39) 02 722121
Fax (+39) 02 72212037
www.ey.com

Independent auditors' report
pursuant to art. 14 and 16 of Legislative Decree n. 39 dated 27 January 2010
(Translation from the original Italian text)

To the Shareholders
of EI Towers S.p.A.

1. We have audited the financial statements of EI Towers S.p.A. as of 31 December 2012 and for the year then ended, comprising the statement of financial position, the statement of income, the statement of comprehensive income, the statement of cash flows, the statement of changes in shareholders' equity and the related explanatory notes. The preparation of these financial statements in compliance with International Financial Reporting Standards as adopted by the European Union and with art. 9 of Legislative Decree n. 38/2005 is the responsibility of EI Towers S.p.A.'s Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with auditing standards recommended by CONSOB (the Italian Stock Exchange Regulatory Agency). In accordance with such standards, we planned and performed our audit to obtain the information necessary to determine whether the financial statements are materially misstated and if such financial statements, taken as a whole, may be relied upon. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, as well as assessing the appropriateness of the accounting principles applied and the reasonableness of the estimates made by Directors. We believe that our audit provides a reasonable basis for our opinion.

   The financial statements present for comparative purposes the financial statements of the merged entity (the acquirer for accounting purposes) as of 31 December 2011. The financial statements of the merged entity have been audited by us and reference should be made to our report dated 20 March 2012.

3. In our opinion, the financial statements of EI Towers S.p.A. at 31 December 2012 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with art. 9 of Legislative Decree n. 38/2005; accordingly, they present clearly and give a true and fair view of the financial position, the results of operations and the cash flows of EI Towers S.p.A. for the year then ended.

4. The Directors of EI Towers S.p.A. are responsible for the preparation, in accordance with the applicable laws and regulations, of the Report on Operations and the Report on Corporate Governance and the Company's Ownership Structure published in the section "Governance / Governance system" of EI Towers S.p.A.'s website. Our responsibility is to express an opinion on the consistency with the financial statements of the Report on Operations and of the information presented in compliance with art. 123-bis of Legislative Decree n. 58/1998, paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b) in the Report on Corporate Governance and the Company's Ownership Structure, as required by law. For this purpose, we have performed the procedures required under Auditing Standard 001 issued by the Italian Accounting Profession (CNDCEC) and recommended by CONSOB. In our opinion, the Report on Operations and the information presented in compliance with art. 123-bis of Legislative Decree n. 58/1998, paragraph 1, letters c), d), f), l), m) and paragraph 2), letter b) in the Report on Corporate Governance and the Company's Ownership Structure, are consistent with the financial statements of EI Towers S.p.A. at 31 December 2012.

Milan, 27 March 2013

Reconta Ernst & Young S.p.A.
Signed by: Alberto Coglia, partner

This report has been translated into the English language solely for the convenience of international readers.

Reconta Ernst & Young S.p.A.
Sede Legale: 00198 Roma - Via Po, 32
Capitale Sociale € 1.402.500,00 i.v.
Iscritta alla S.O. del Registro delle Imprese presso la C.C.I.A.A. di Roma
Codice fiscale e numero di iscrizione 00434000584
P.I. 00891231003
Iscritta all'Albo Revisori Contabili al n. 70945 Pubblicato sulla G.U. Suppl. 13 - IV Serie Speciale del 17/2/1998
Iscritta all'Albo Speciale delle società di revisione
Consob al progressivo n. 2 delibera n.10831 del 16/7/1997