EI TOWERS GROUP

ANNUAL REPORT 2013

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.

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2014 Shareholders' Annual Ordinary General Meeting

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NOTICE OF CONVOCATION

Notice of Ordinary Meeting of the Shareholders

The persons entitled to participate and to exercise the voting right are invited to the ordinary 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 24, 2014, for deliberation upon the following:

Meeting Agenda

1. Approval of the financial statements as of December 31, 2013; 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 31,2013.

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

3. Nomination of members of the Board of Statutory Auditors and of the Chairman.

4. Establishment of remuneration for the Board of Statutory Auditors.

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

The share capital subscribed and paid is equal to € 2,826,237.70, subdivided into 28,262,377 common shares, with face value of € 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 legitimation 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 11, 2014 (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. For this purpose, the proxy form 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) can be used. 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, issued by an intermediary entitled according to the applicable regulations 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 22, 2014. 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, on the Company's Internet site www.eitowers.it (Governance section -

Shareholders' meetings) and at Borsa Italiana S.p.A. (www.borsaitaliana.it) in accordance with the terms and conditions provided by prevailing laws and regulations.

In particular, the reports about points 3, 4 and 5 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 31, 2014.

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

The Articles of Incorporation of the Company are available on the Company's website www.eitowers.it (in the section Governance – Governance System).

With reference to point 3 of the meeting agenda, as per article 18 of the company statute, a Board of Statutory Auditors, consisting of 3 (three) active members and of 3 (three) substitute members is entrusted with monitoring the Company.

All the Statutory Auditors must be inscribed in the Register set up within the law and must have carried out the legal auditing of accounts for a period of not less than three years. Furthermore, the Statutory Auditors must possess the necessary requisites laid down by the relative legislation and regulations that are currently in force.
The Statutory Auditors are appointed on the basis of lists presented by the General Meeting. In particular, lists are presented comprising two sections: one for the appointment of the standing auditors and the other for the appointment of the alternate auditors. The lists must contain a minimum number of candidates equal to the number of candidates to elect, listed by means of a progressive number. Candidates of different gender must be included at the top of the lists in the section of both standing auditors and alternate auditors.
Each candidate can only be present on one list; otherwise they will be ineligible for election.
Shareholders have a right to present a list if they represent, alone or together with other shareholders, at least 2.5 % (in accordance with the percentage of shares established in Consob Resolution no. 18775/2014 and the share established in the Articles of Incorporation) of the shares entitled to vote at the Ordinary General Meeting.
Each shareholder may not present either individually or together with other shareholders more than one list nor vote for more than one list, either through a third party or through a trust company. Shareholders belonging to the same

group – meaning a parent company, subsidiary company or jointly controlled company – and shareholders that are part of a shareholders group as defined in article 122 of Legislative Decree 58/1998 with the objective of company shares cannot present or join in presenting more than one list nor vote for more than one list, either through a third party or through a trust company.

The lists, underwritten by the shareholders presenting the individual lists, must also be accompanied by the relative information concerning their identity, with an indication of the total portion of the share capital held and a curriculum vita for each of the candidates containing extensive information about the personal and professional characteristics of each candidate, and must either be deposited at the company's registered office (Ufficio Affari Societari, open 9:00 – 18:00 weekdays and 9:00 – 13:00 on Saturday, March 29, 2014), or sent by email to the certified electronic mail address das.eitowers@legalmail.it or by fax to no. +39 039 2432390, by March 30, 2014. In the event that on the expiry date for the deposit of the lists, only one list is deposited, or only lists submitted by shareholders that are connected with each other pursuant to current laws and regulations are deposited, it will be possible to submit additional lists within the third day following such expiry date; in such case, the threshold for the submission of the lists will be reduced by a half.

Ownership of the aforesaid minimum shareholding requirement necessary to present the lists is calculated taking into account the shares registered in the shareholders' name as at the date when the lists are lodged at the Company's registered offices. In order to prove ownership of the number of shares necessary for presentation of the lists, a copy of the relevant certificate issued by a broker authorised by law, must be presented and/or sent, at least within the due date for the presentation of lists by the Company. When presenting the lists, they must also be accompanied by the relative information concerning the identity of the shareholders presenting the individual lists, with an indication of the total portion of the share capital held. Shareholders who do not hold either personally or collectively a controlling share or majority share must in addition present the declaration required by law stating the absence of relations with those shareholders who do hold such shares. Together with each list, in accordance with the terms referred to above, individual candidates must deposit a declaration accepting the candidacy and stating that no instances of ineligibility or incompatibility as defined by law exists with regard to them and that they have not exceeded the current legal limit on accumulating positions of responsibility and that they fulfil the requisites demanded by current laws, regulations and the company statute for members of the Board of Statutory Auditors, together with any other document required by regulations in force.

Shareholders who intend to present lists containing nominations for the Bard of Statutory Auditors are invited to take into account the contents of Consob recommendation DEM/9017893 of 26 February 2009.

Any lists presented that do not comply with the provisions referred to above will not be submitted for voting.

The lists will be made available to the general public at the company's registered office, at the offices of Borsa Italiana S.p.A. (www.borsaitaliana.it) and on the company website at www.eitowers.it (in the Corporate Governance/Shareholders' Meetings section) at least 21 days before the date set aside for the Shareholders' Meeting, in this instance by April 3, 2014.

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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 14, 2014

The Chairman
of the Board of Directors
(Alberto Giussani)

2013 Annual Report

2013 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	Deloitte & Touche S.p.A.

Key Consolidated Financial Results

Euro in millions	2013	2012
Revenues	231.6	232.6
EBITDA (*) before non-recurring items	106.0	95.2
EBITDA (*)	105.6	94.6
Operating profit (EBIT)	58.4	44.5
Profit before tax	50.5	38.4
Net profit	32.9	23.6

Key Consolidated Balance Sheet and Financial Data

Euro in millions	December 31, 2013	December 31, 2012
Net invested capital	687.7	724.9
Shareholders' equity	556.5	535.7
Net financial position	(131.2)	(189.2)

Personnel

	31 dicembre 2013	*31 dicembre 2012*
N. Dipendenti	588	591

Core Ratios

	2013	2012
EBITDA (*) before non-recurring items/Revenues	45.8%	40.9%
EBITDA (*)/Revenues	45.6%	40.7%
EBIT/Revenues	25.2%	19.1%
Profit before tax/Revenues	21.8%	16.5%
Net profit/Revenues	14.2%	10.2%
Earning per share (Euro per share)	1.17	0.84
Diluted earning per share (Euro per share)	1.17	0.84

(*) Corresponding to the difference between revenues and operating costs, gross of non-monetary costs related to depreciations, amortizations and write-downs (net of possible revaluation) of current and non-current assets. EBITDA is a measure used by the Group management to monitor and evaluate the Company performance and it is not applied as an accounting measure within the IFRS standards (“Non GAAP Measure”).

DIRECTORS' REPORT ON OPERATIONS

Dear Shareholders,

In 2013 EI Towers Group consolidated the results achieved in 2012, the first year of the new industrial operations coming from the aggregation of the tower business of Mediaset Group and DMT Group, mainly devoted to the management of the network infrastructure and the management of the signal contribution to and from the production centers, continuing to implement the plan of operational synergies started immediately after the merger.

In particular, revenues in 2013 were stable compared to the previous year; the almost total absence of revenues for services provided to TV operators for activities related to the process of digitization of TV signals (so-called "switch-off") and the reduction of revenues from local TV operators following the reallocation of related frequencies to telecom operators, have been offset by an increase of volumes for hosting and signal management services for the parent company Elettronica Industriale S.p.A. for the increase of coverage after the switch-off. New contracts for hosting, mainly for mobile telecom operators and Wi-fi/Wi-Max players, have also been signed.

The different mix of revenues, together with the reduction of operating costs, resulted in a significant increase in profitability.

During the year, the Group's refinancing through the issuance of a bond on the Eurobond market took place, allowing the company to completely repay the indebtness with the banking system and with the indirectly controlling company Mediaset S.p.A. and, at the same time, providing the Group with a significant financial flexibility.

The reduction in investments versus the previous year, thanks to the lack of capex related to the switch-off, and an efficient working capital management resulted in a sound cash flow generation and a consequent significant reduction in net debt compared to the end of 2012.

A summary of 2013 economic and financial results is reported below; concerning 2012 comparative data, reference should be made to the following paragraph Analysis of consolidated figures.

- In 2013 consolidated net revenues amounted to € 231.6m;
- Gross operating margin (EBITDA), excluding non-recurring items equal to € 0.4m, amounted to € 106m (45.8% of revenues);

- Gross operating margin (EBITDA) amounted to € 105.6m (45.6% of revenues);
- Operating profit (EBIT) amounted to € 58.4m, net of amortizations, depreciations and write-downs, for € 47.3m;
- Operating profitability (EBIT/Consolidated Net Revenues) amounted to 25.2%;
- Pre-tax profit is positive for € 50.5m;
- Consolidated net profit amounted to € 32.9m, equal to 14.2% of revenues;
- Net invested capital of the Group amounted to € 687.7m, Shareholders' equity amounted to € 556.5m and Net financial position amounted to € 131.2m;
- Free Cash Flow for the year amounted to about € 58m;
- The parent company EI Towers S.p.A. ends with a profit for the year of € 21.3m.

GENERAL ECONOMIC DEVELOPMENTS

The main economic indicators gradually recorded in 2013 the stabilization of a slight recovery phase of the world economy. The process trend was characterized by a still restrained rhythm, different in the various geographical and monetary areas.

In the United States the decision to maintain the expansionary monetary policy favored the preservation of a moderate GDP growth rate estimated on an annual basis at +1.9% (decreasing compared to +2.8% recorded in 2012) and a gradual improvement of the labour market. The major emerging economies, on the contrary, showed a slowdown in their expansive cycle.

The GDP in the euro-area, after six consecutive quarters of recession, recorded positive signs starting from the third quarter of the year, ending 2013 with an annual growth of 0.3%. That was favored by gradually loosen fiscal restrictions and by a moderate growth in world demand. This last effect was contained by the high euro's value due to capital flows to peripheral euro-area countries.

A positive institutional evolution has been recorded in 2013 with progresses during the approach phases to the implementation of a community-wide integrated financial framework. Asset Quality Review and stress test methodologies, necessary to start a single supervisory mechanism of the banking system, are taking shape. These elements point towards a strengthening of the monetary union and together with the recovery of growth rates after two year of recession triggered the reduction in long-term yields of peripheral government securities. Starting from the second half of the year, the long-term interest spread compared to Germany decreased in all the countries of the area most affected by the sovereign debt crisis, favored by the supporting action of the ECB, where the key issue is that of facing the deflation risk mainly supporting the increase of the flow of credit to companies and therefore to the real economy.

Concerning economic trends in Italy, the fall in GDP, persisting from the third quarter of 2011, stopped starting from the third quarter of 2013. Also the fourth quarter showed slight positive signs (0.1%) compared to the previous quarter, supported by a slow recovery in the manufacturing industry, while service and construction continued to experience problems. Italian GDP recorded however on an annual basis a still significant fall of -1.9% (which follows on from the fall of -2.6% recorded in 2012), remaining slightly lower than in 2000. The contraction in both final consumption (-2.2%) and gross fixed investments (-4.7%, which follows on from -8% of the previous year) were involved in that change, while the foreign demand (+0.8%) provided a positive contribution. In particular, trends in final consumption recorded a wide contraction in volumes (-2.6%) to add to an even more accentuated contraction recorded in 2012 (-4%). Contraction in goods was particularly noticeable (-4%), while expenses for services decreased by 1.2%. The persistent weakness in consumption brought to a decrease in inflation which amounted to 1.2%, despite the increase in VAT rate occurred in October. Employment newly fell in the last part of the year pushing the unemployment rate up to 12.7%. The slow way out of the recession of the Italian economy and the hard process of rebalancing the public finances came in 2013 with the gradual reduction in the interest spread between Italian 10-year government bonds and the equivalent German *bund.* The spread, even discounting some uncertainty phases connected to the evolution of the political situation, revolved at historically low levels around 200 points.

EI TOWERS SHARES ON THE STOCK MARKET

The Italian Stock Market recorded an increase of 13.5% in 2013.

A weak performance was recorded in the beginning of the year, with a loss of 8.0% in the first quarter, affected by the uncertain outcome of political elections in February, which took the yield spread between BTP and Bund over 340bps.

The reduction in this variable, together with some signs of recovery in the European economy, pushed then the FTSEMIB up, in particular in the third quarter.

In the fourth quarter the stock market had a positive performance, in particular at the beginning of the period. However, from the end of November the growing nervousness due to a foreseeable stiffening of the US monetary policy made indexes enter negative territory for about half a month and then go back near the end of the year.

In 2013, eighteen (18) companies entered the Italian Stock Market, for a total collection of about €1.4b.

Italy's *blue chip* FTSE MIB index rose by 12.3%, while FTSE MID Cap index increased by 45%.

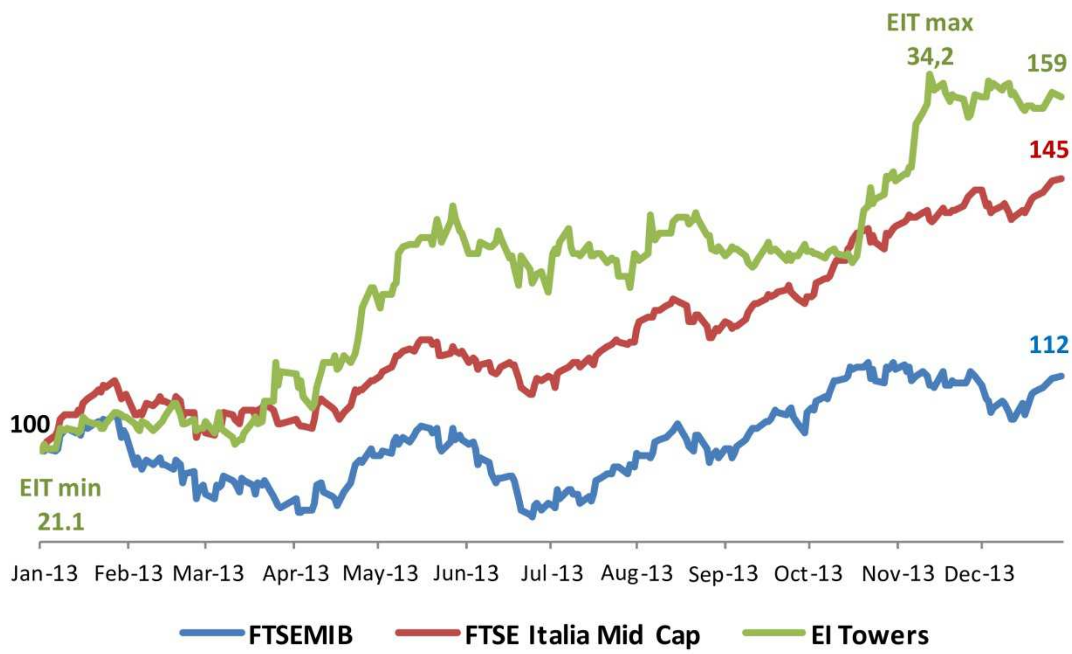
EI Towers shares recorded a positive performance from the beginning of the year, ending 2013 with a rise of about +58.8% and a capitalization of € 945m (€ 595m at the beginning of 2012).

The main data for 2013 are reported below (source: Bloomberg).

EI Towers share price in 2013

Average price (Euro)	27.12
Maximum price (Euro)	34.20 *November 13th*
Minimum price (Euro)	21.07 *January 2nd*
Opening price (January 2, 2013, Euro)	21.07
Closing price (December 28, 2013, Euro)	33.45
Performance	58.8%
Average volumes	33,840
Minimum volumes	506 *July 19th*
Maximum volumes	437,863 *November 8th*
Capitalization at the beginning of the year (Euro/m)	595
Capitalization at the end of the year (Euro/m)	945

THE TREND OF EI TOWERS SHARE IS REPORTED IN CHART BELOW COMPARED WITH THE MAJOR MARKET INDEXES IN 2013



MAIN CORPORATE OPERATIONS AND EQUITY INVESTMENTS

The Board of Directors of the parent company EI Towers S.p.A decided on March 21, 2013 to proceed with the issue of a bond on the Eurobond market destined only to qualified investors for a maximum face value of Euro 250 million and finalized to total refinancing and general operations management of the Group.
On April 10, 2013 Fitch Ratings has assigned EI Towers S.p.A. a Long-term Issuer Default Rating (IDR) of 'BBB' with a stable outlook. The rating agency also assigned a 'BBB(EXP)' senior unsecured rating to EIT's planned bond issuance.
Fitch Ratings has underlined the quasi-utility nature of EI Towers, with a vital role in the transmission of a significant portion of Italy's free-to-air television signals. The rating reflects the company's highly visible, non-cyclical and inflation linked revenue streams. These are underpinned by long-term contracts to rent space on its towers for radio and TV broadcast and telecoms transmission equipment.
On April 18, 2013 EI Towers successfully completed Euro 230 million five-year bond issuance with an issue price at 99.444 and a coupon of 3.875%. The settlement date for the bond issue was April 26, 2013. Requests from institutional investors of almost 10 times the offer came from ca. 280 investors from 27 countries.
The bonds have been listed on the Irish stock exchange.
Banca IMI, BNP Paribas, Mediobanca and Unicredit acted as Joint Lead Managers while Banca Akros had a role as Co-manager.
On April 24, 2013 Fitch Ratings has assigned the bond issuance a final rating of 'BBB' with a stable outlook.
By using the cash from the bond issuance EI Towers provided for the total reimbursement of current banking facilities and the use of the intra-group current account with the parent company Mediaset S.p.A. and, in addition, gave the subsidiary Towertel S.p.A., through the opening of an intra-company current account, the necessary financial means for the total reimbursement of its bank exposure.

On July 30, the project of partial demerger of Towertel S.p.A. into EI Towers S.p.A. has been approved by the respective Boards of Directors. The demerger is finalized to a better operating integration of the Group, concentrating in Towertel S.p.A. the infrastructures devoted to "Telecom" operators and de-merging in the favor of EI Towers S.p.A. the infrastructures devoted to "Broad-cast" operators. The deed of partial demerger has been signed on December 16, 2013. The demerger shall be effective from January 1, 2014.

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.

PERFORMANCE OF OPERATIONS

As is well known, EI Towers Group is the major national operator in the sector of electronic communications network infrastructures, carrying out its activity in favor of TV and mobile telecom operators through long-term contracts.

In particular, the Group provides 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.

Last year, as already outlined, has been characterized by two opposing factors which lead to a confirmation of revenues recorded in 2012.

The almost total absence of revenues for services provided to TV operators for the switch-off of the analogue signal and the reduction of revenues from local TV operators following the reallocation of related frequencies have been offset by an increase of volumes for hosting services for the parent company Elettronica Industriale S.p.A. and mobile telecom operators.

The core business is not subject to seasonal phenomena and relatively uncorrelated with respect 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 clients, being essential for broadcasting transmission.

ANALYSIS OF CONSOLIDATED FIGURES

The consolidated Financial Statement figures are analyzed below.

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/o5-178b).

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*	2013		2012	
Revenues from sales of goods and services	**231,601**	**100.0%**	**232,600**	**100.0%**
Other income and revenues	1,629		1,219	
Total revenues	**233,230**		**233,819**	
Operating costs	127,203		138,662	
EBITDA, before non-recurring items	**106,027**	**45.8%**	**95,157**	**40.9%**
Non-recurring items	(379)		(590)	
Gross operating margin (EBITDA)	**105,648**	**45.6%**	**94,567**	**40.7%**
Amortisation, depreciation write-downs and provisions	47,274		50,035	
Operating result (EBIT)	**58,374**	**25.2%**	**44,532**	**19.1%**
Financial charges, net	(7,433)		(6,094)	
Income/(expense) from equity investments	(393)		-	
Pre-tax result (EBT)	**50,548**	**21.8%**	**38,438**	**16.5%**
Income taxes	(17,610)		(14,794)	
Net income	**32,938**	**14.2%**	**23,644**	**10.2%**

Revenues from sales of goods and services amounted to € 231,601k in 2013, and refer for € 178,464k to the use of transmission infrastructure and assistance and maintenance services, logistics, Head end, design and ancillary services towards the parent company Elettronica Industriale S.p.A. and for the remaining to contracts of use of the infrastructure and supply of services towards other broadcast and wireless telecom operators.
Total other income and revenues amount to € 1,629k and mainly refer to extraordinary income and other income.
Total operating costs amount to € 127,203k and mainly consist of personnel costs for € 42,251k, net of € 379k related to lay-off incentives for employees and reclassified as non-recurring items, costs for leased assets of third parties for € 43,318k and costs for services and other operating costs for € 41,634k.
Gross operating margin (EBITDA), excluding non-recurring charges described above, amounted to € 106,027k, with an incidence on revenues equal to 45.8%.
EBITDA including non-recurring items amounted to € 105,648k (45.6% of revenues).
Total amortisation, depreciation and write-downs amounted to € 47,274k and refer for € 36,337k to tangible assets, € 9,468k to intangible assets and € 1,469k to write-downs of receivables of uncertain collection.

Operating profit (EBIT) amounted to € 58,374k; 25.2% operating profitability.
Net financial charges amounted to € 7,433k and included € 6,618k related to the existing bond loan measured at amortized cost and financial income for € 1,683k, largely related to the remuneration of liquidity.
Equity investments were negative for € 393k and refer to capital losses related to the disposal of some minority interests in non-core companies.
Pre-tax result amounted to € 50,548k (21.8% of revenues).
Total income taxes for the period amounted to € 17,610k, with an effective income tax rate of 34.8%.
The year ended with a net profit of 32,938k, equal to 14.2% of revenues.

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, 2013		December 31, 2012	
Net working capital	(33,402)	-4.9%	(31,745)	-4.4%
Goodwill	454,231		454,130	
Other non-current assets	325,196		361,940	
Non-current liabilities	(58,320)		(59,414)	
Non-current capital	721,107	104.9%	756,656	104.4%
Net invested capital	**687,705**	**100.0%**	**724,911**	**100.0%**
Net financial position	**131,247**	**19.1%**	**189,247**	**26.1%**
Shareholders' equity	**556,458**	**80.9%**	**535,664**	**73.9%**
Financial position and shareholders' equity of the Group	687,705	100.0%	724,911	100.0%

Consolidated net invested capital at December 31, 2013 amounted to € 687,705k, and consists of non-current assets for € 779,427k, of which € 454,231k related to goodwill, non-current liabilities for € 58,320k and net working capital negative for € 33,402k.
The decrease in Net invested capital compared to the 2012 year-end is mainly due to depreciation for the period, considerably higher than investments made.
Shareholders' equity at December 31, 2013 amounted to € 556,458k, equal to 80.9% of Net invested capital, and Net Financial Position at December 31, 2013 amounted to € 131,247k.

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

CASH FLOW STATEMENT *Euro in thousands*	2013	2012
Cash flow generated (absorbed) by operating activities	78,527	72,834
Cash flow generated (absorbed) by investing activities	(8,096)	(25,391)
Cash flow generated (absorbed) by financing activities	8,955	(25,765)
Net cash flow for the period	79,386	21,678

Cash flow generated by operating activities includes € 13,196k of current income taxes paid in the period; it should be noted that, within the group taxation regime with the indirect parent company Mediaset S.p.A., no IRES advance payments have been made in the period.

The net flow absorbed by investing activities mainly refers to investments in tangible assets (€ 9,186k), in intangible assets for € 316k of which € 280k related to customer relations concerning the business unit acquired and € 101k related to the goodwill acquired from the aforesaid the business unit.

Financing activities generated net cash flow of € 8,955k resulting from an increase in financial liabilities for € 231,826k related to the bond issue carried out in the year and measured at amortized cost and a corresponding decrease in financial liabilities for € 210,440k referring to the reimbursement of bank debts and of the use of the intercompany current account existing with Mediaset S.p.A. through the liquidity from the aforesaid bond loan, dividends distributed to shareholders for € 11,844k and net interests paid for € 587k.

PARENT COMPANY'S RESULTS

Financial results

The summary statement of income of the parent company EI Towers S.p.A. for 2013 is set out below compared with previous year's figures.

INCOME STATEMENT *Euro in thousands*	2013		2012	
Revenues from sales of goods and services	**178,303**	**100.0%**	**177,179**	**100.0%**
Other income and revenues	228		262	
Total revenues	**178,531**		**177,441**	
Operating costs	104,173		114,155	
EBITDA, before non-recurring items	**74,359**	**41.7%**	**63,286**	**35.7%**
Non-recurring items	(379)		(103)	
Gross operating margin (EBITDA)	**73,980**	**41.5%**	**63,183**	**35.7%**
Amortisation, depreciation write-downs and provisions	35,281		35,340	
Operating result (EBIT)	**38,698**	**21.7%**	**27,843**	**15.7%**
Financial charges, net	(5,375)		(3,108)	
Pre-tax result (EBT)	**33,324**	**18.7%**	**24,735**	**14.0%**
Income taxes	(12,005)		(9,479)	
Net income	**21,318**	**12.0%**	**15,256**	**8.6%**

Revenues from sales of goods and services amounted to € 178,303k in 2013, and refer for € 170,145k to the use of transmission infrastructure and assistance and maintenance services, logistics, Head end, design and ancillary services towards the parent company Elettronica Industriale S.p.A., and for the remaining to contracts of use of the infrastructure and supply of services towards wireless telecom operators.

Total operating costs mainly consist of personnel costs for € 38,633k, net of € 379k related to lay-off incentives for employees and reclassified as non-recurring items, costs for leased assets of third parties for € 35,633k and costs for services and other operating costs for € 29,906k.

Gross operating margin (EBITDA), excluding non-recurring charges described above, amounted to € 74,359k, with an incidence on revenues equal to 41.7%.

EBITDA including non-recurring items amounted to € 73,980k (41.5% of revenues).

Total amortization, depreciation and write-downs amounted to € 35,281k and refer for € 30,858k to tangible assets, € 3,671k to intangible assets and € 752k to write-downs of receivables of uncertain collection.
Operating profit (EBIT) amounted to € 38,698k; 21.7% operating profitability.
Net financial charges, equal to € 5,375k, include financial charges for € 6,618k related to the existing bond loan measured according to the cost approach.
Pre-tax result amounted to € 33,324k (18.7% of revenues).
Total income taxes for the period amounted to ad € 12,005k, with an effective income tax rate of 36%.
The year ended with a net profit of € 21,318k, equal to 12% 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, 2013		December 31, 2012	
Net working capital	(30,364)	-4.5%	(7,808)	-1.2%
Goodwill	255,772		255,671	
Interests in subsidiaries	213,020		213,020	
Other non-current assets	247,773		192,656	
Non-current liabilities	(13,172)		(12,433)	
Non-current capital	703,393	104.5%	648,914	101.2%
Net invested capital	**673,029**	**100.0%**	**641,106**	**100.0%**
Net financial position	**136,521**	**20.3%**	**113,799**	**17.8%**
Shareholders' equity	**536,508**	**79.7%**	**527,307**	**82.2%**
Financial position and shareholders' equity of the Group	673,029	100.0%	641,106	100.0%

Net invested capital at December 31, 2013 amounted to € 673,029k, and consists of Goodwill for € 255,772k, Interests in the wholly owned subsidiary Towertel S.p.A. for € 213,020k, Other non-current assets for € 247,773k of which € 80,582k related to receivables from Towertel S.p.A., Non-current liabilities for € 13,172k and Net working capital for € 30,364k.
The decrease in Net invested capital compared to the 2012 year-end is mainly due to depreciation for the period, considerably higher than investments made.
Shareholders' equity at December 31, 2013 amounted to € 536,508k, equal to 79.7% of Net invested capital, Net Financial Position at December 31, 2013 amounted to € 136,521k.

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 thousands*	2013	2012
Cash flow generated (absorbed) by operating activities	75,952	45,416
Cash flow generated (absorbed) by investing activities	(6,534)	(24,953)
Cash flow generated (absorbed) by financing activities	13,372	(7,524)
Net cash flow for the period	82,789	12,939

Cash flow generated by operating activities includes € 12,024k of current income taxes paid in the period; it should be noted that, within the group taxation regime with the indirect parent company Mediaset S.p.A., no IRES advance payments have been made in the period.

The net flow absorbed by investing activities mainly refers to investments in tangible assets (€ 8,173k), in intangible assets for € 316k of which € 280k related to customer relations concerning the business unit acquired and € 101k related to the goodwill acquired from the aforesaid business unit.

Financing activities generated net cash flow of € 13,372k resulting from an increase in financial liabilities for € 231,826k related to the bond issue carried out in the year and measured at amortized cost and a corresponding decrease in financial liabilities for € 125,595k referring to the reimbursement of bank debts and of the use of the intercompany current account existing with Mediaset S.p.A. through the liquidity from the aforesaid bond loan, an increase in financial receivables from the subsidiary Towertel S.p.A. for € 80,582k, dividends distributed to shareholders for € 11,844k and net interests paid for € 433k.

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

(CONSOB Communication 6064293 of July 27, 2006)

(Euro in thousands)

	Shareholders' equity at Dec.31, 2013	Net Profit Dec.31, 2013	Shareholders' equity at Dec.31, 2012	Net Profit Dec.31, 2012
As per balance sheet and income statement of EI Towers S.p.A.	**536,508**	**21,035**	**527,307**	**14,294**
Excess of shareholders'equity, including gross income for the period over book value of investments in subsidiary and affiliated companies	(113,522)	14,463	(127,985)	11,195
Higher values recorded as assets of subsidiary and affiliated companies	133,738	(2,918)	(136,656)	(2,914)
Other consolidation adjustments	(266)	50	(314)	51
Total	**556,458**	**32,630**	**535,664**	**22,626**
Profit/(loss) attributable to minority interests	-	-	-	-
As per consolidated financial statements	**556,458**	**32,630**	**535,664**	**22,626**

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.

For further information about the risk management system adopted by EI Towers Group, please refer to the Report on Corporate Governance and the ownership structure available on the website www.eitowers.it in the section Governance/Governance 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 90% of total revenues achieved in 2013 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 77% 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, the persisting stagnation in the advertising market and the developments in TV, offering more channels as a consequence of the migration to the digital TV, caused a worsening of the economic and financial situation of local TV operators, which in the medium term could bring some clients of the Group out from the market.

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 through the acquisition of small tower portfolios without using further debt instruments, thus preserving its financial strength.

The Group's consolidated financial debt structure is represented only by the fixed rate Eurobond issued in April and expiring April 2018. It should also be noted the existence of a line of credit with the indirect parent company Mediaset S.p.A., which can be used as a current account overdraft.

More detailed information regarding financial risk management policies 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 organizational 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.

HUMAN RESOURCES (GROUP)

Staff composition

The EI Towers Group had 588 employees at the end of 2013 (585 of them in permanent posts).

Number of employees (permanent staff)	2013	Average 2013	2012
Managers	22	22	24
Middle managers	58	57	54
Office workers	504	507	509
Industry workers	4	4	4
Total	**588**	**590**	**591**

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	Dec.31, 2013		Dec.31,2012	
	Staff	**%**	**Staff**	**%**
Lissone	208	36%	210	36%
Other offices	377	64%	380	64%
Total	**585**	**100**	**590**	**100**

Age and length of service

Employees	Dec.31, 2013		Dec.31, 2012
	Age	**Seniority**	**Age**
Managers	48	18	49
Middle managers	51	22	50
Office workers	48	22	47
Industry workers	46	18	45
Average age	**49**	**22**	**48**

Permanent employees by grade and gender

Grade	Dec.31, 2013		Dec.31, 2012	
	Staff	**% Women**	**Staff**	**% Women**
Managers	22	5%	24	4%
Middle managers	58	9%	54	7%
Office workers	501	19%	508	19%
Industry workers	4	-	4	1%
Total	**585**	**17%**	**590**	**17%**

Training initiatives

Total hours of training by type of initiative

Training hours	2013	2012
Managerial skills development	66	-
Professional update	18	220
Legal duty	7,222	168
Foreign language courses	41	22
Total	**7,347**	**410**

HUMAN RESOURCES (EI TOWERS S.P.A.)

Staff composition

EI Towers S.p.A. had 545 employees at the end of 2013 (542 of them in permanent posts).

Number of employees (permanent staff)	2013	Average 2013	2012
Managers	21	20	20
Middle managers	49	47	42
Office workers	475	476	474
Industry workers	-	-	
Total	**545**	**543**	**536**

Geographical distribution of permanent employees

The staff in Italy is found throughout the country; 35% of all employees work in the Lissone offices and the remaining 65% in different local offices.

Offices	Dec.31, 2013		Dec.31, 2012	
	Staff	**%**	**Staff**	**%**
Lissone	189	35%	188	34%
Other offices	353	65%	355	66%
Total	**542**	**100**	**535**	**100**

Age and length of service

Employees	Dec.31, 2013		Dec.31, 2012
	Age	**Seniority**	**Age**
Managers	48	19	48
Middle managers	51	24	51
Office workers	49	23	48
Average age	**49**	**23**	**48**

Permanent employees by grade and gender

Grade	Dec.31, 2013		Dec.31, 2012	
	Staff	%Women	Staff	% Women
Managers	21	5%	20	5%
Middle managers	49	8%	42	7%
Office workers	472	18%	473	17%
Industry workers	-	-	-	-
Total	**542**	**16%**	**535**	**16%**

Training initiatives

Employee-hours for each type of training

Training hours	2013	2012
Managerial skills development	66	-
Professional update	18	206
Legal duty	5,884	105
Foreign language courses	41	22
Total	**6,009**	**333**

DISCLOSURES UNDER ARTICLE 2428 OF THE ITALIAN CIVIL CODE

Research and development activities

R&D operations carried on 2013 mainly concerned the definition of the network architecture and the selection of the equipment to be used.

A summary of the main subjects follows:

Contribution networks and television broadcasting transmission

- definition of new broadcasting parameters for DVB-S2 based technology satellite transmission networks;
- preliminary assessment studies aiming at understanding the architecture and the integrated system capabilities to be implemented in the next IP based technology evolution of the network infrastructure;
- assessment of specific IP based technology apparatus for contribution and transmission networks;
- assessment of "test&monitoring" apparatus necessary to understand the proper functioning of the network infrastructure, by placing special emphasis on those oriented to the IP protocol.

DTT (Digital Terrestrial Television)

Within the consolidation of Head-End infrastructures for the Digital Terrestrial Television the activities related to the change and the definition of DTT multiplex configurations continued.

Following the standardization of the new coding scheme for television signals, called HEVC, studies and preliminary checks have been done on the efficiencies that this audio/video coding system can introduce with the use of the DTT multiplex broadcasting capacity.

Studies of technical feasibility for DAB networks (Digital Audio Broadcasting)

New developments in digital terrestrial broadcasting (DVB-T2)

DVB-T2, that is the second generation of digital terrestrial television, became a reality both as regards standards and the first significant implementation.

A series of activities have been carried out aiming at:

- assessing the apparatus available for DVB-T2 generation, transmission and diffusion and the aspects of the system connected to their use, including operational compatibility among apparatus of different contractors;
- defining the transmission modes of T2-MI signals in the existing network infrastructure, by placing special emphasis on the transmission of signals destined to a DVB-T2 network in SFN modality with single frequency and current DVB-T networks,
- identifying possible future options for transmission parameters to be used on DVB-T2 networks, to gain in term of useful bit/rate or of general radio-electric coverage quality compared to the current technology.

For this purpose, a series of field trials have been carried out in the areas of Milan and of the Po valley, in Lombardy and Veneto, in an area with more than five million inhabitants potentially served, using 3 SFN transmitters with different T2 transmission modes.

<u>National and international regulatory committees</u>

National and international bodies continued participating in the works for the standardization and regulation of digital technologies concerning TV signal, acquiring and supplying important elements related to planning and design of digital networks and their possible future developments.

The activities of DVB, BNE consortium (Broadcast Network Europe - European association of broadcast network operators), DigiTAG, of Ministerial working groups, of the Competition Authority and of DGTVi consortium continued, with active participation and supplying contribution.

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" of the Company 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/Related parties 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 are highlighted as transactions of extreme relevance that were finalized during the period by EI Towers S.p.A..:

1) Contract of Intra-group current account EI Towers S.p.A. - Towertel S.p.A.
- counterpart: Towertel S.p.A., indirect subsidiary company of EI Towers S.p.A.;
- subject: The contract regulates in particular:
a) methods of presentation of financial statements by EI Towers S.p.A.;
b) organization and management by EI Towers 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 120 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 300 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 150 base points.

2) Contract of Intra-group current account EI Towers S.p.A. – Mediaset S.p.A.

In relation to this Contract of Intra-group current account with Mediaset S.p.A., indirect parent company of EI Towers S.p.A., in February 2013 the parties, maintaining the top fixed limit to the use of € 140m, 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 (previously 50 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 (previously 200 base points).

The parties agreed in August 2013 to complete the Contract considering the option for EI Towers S.p.A. to credit on the Intra-group Current Account amounts of money, in accordance with the aforesaid limit to the use, with deposit obligation up to a maximum of three months to be agreed each time by the parties ("Integration for Term Deposits"). With reference to these term deposits, the recognition of a specific and different rate of interest receivable, corresponding to Euribor rates (one or two weeks, one, two or three months, depending on the interest term chosen), quoted based on the values at the beginning date of the interest period plus a margin equal to 200 (two hundred) base points p.a., was provided for by Mediaset S.p.A. in the favor of EI Towers S.p.A.

These changes to the Intra-group Current Account EI Towers S.p.A. – Mediaset S.p.A. have been approved by the Company using the exclusion provided for by article 13, para. 3 letter c) of the Consob Regulation no. 17221 dated March 12, 2010 and by article 7 letter e) of the Procedure for transactions with related parties of EI Towers S.p.A. communicated to Consob according to the Regulation.

EI Towers S.p.A. and Mediaset S.p.A. agreed in March 2014 to rescind the Integration for Term Deposits effective from March 25, 2014. All the other terms and conditions of the Intra-group Current Account will remain the same as amended in the meantime.

Group taxation

EI Towers S.p.A. and its subsidiary Towertel S.p.A., as consolidated companies, exercised the option to adhere, for three fiscal years (starting from 2013), to the national group taxation, regulated by article 117 and subsequent of the Decree by the President of the Republic no. 917/1986 and the Ministerials Decree dated June 9, 2004, with Mediaset S.p.A. as consolidating company. According to that option, credit and debt position of EI Towers S.p.A. and Towertel S.p.A. to the National Revenue concerning IRES is transferred at the face value to Mediaset S.p.A. and regulated according to the agreements between the parties.

Treasury shares held by controlled subsidiaries

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

2008, 2009, 2010 Stock Option Plan

Allocation of Stock option on Mediaset S.p.A shares is as follows:

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
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

No. 100,000 options assigned in 2007 expired in 2013.

Share-based payments

At December 31, 2013 for the purposes of IFRS 2, there were posted the assigned stock option plans for the financial years 2008/2009/2010, 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 2008	Stock Option Plan 2009	Stock Option Plan 2010
Grant date	23/06/2008	29/09/2009	22/06/2010
Vesting Period	from 01/01/2008 to 23/06/2011	from 01/01/2009 to 29/09/2012	from 01/01/2010 to 22/06/2013
Exercise Period	from 24/06/2011 to 23/06/2014	from 30/09/2012 to 29/09/2015	from 23/06/2013 to 22/06/2016
Fair Value	0.30 euro	1.35 euro	0.68 euro
Exercise Price	4.86 euro	4.72 euro	4.92 euro

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

- Stock Option Plan 2008: 0.30 € for options;
- Stock Option Plan 2009: 1.35 € for options;
- Stock Option Plan 2010: 0.68 € 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;
- Euro rate curve;
- the exit rate of the stock option holders as zero.

OTHER INFORMATION

Privacy: policy document on data security

With respect to measures to protect and supervise the handling of personal data, according to the Legislative Decree of June 30, 2003, No. 196 and called Privacy Code, the designated Data Controller hereby reports that a general review process of the Privacy Management System of EI Towers Group started in 2013. Upon completion of the process a new DPS will be in case adopted by the Group.

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

Comitato Controllo e Rischi (e parti correlate)	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

On January 1, 2014 the partial demerger of the subsidiary Towertel S.p.A. (broadcasting business unit) into EI Towers S.p.A., approved in 2013 by both Board of Directors, became effective. For further information please refer to the disclosures notified to the market and to the documentation published on the website www.eitowers.it in the section Governance/Regulated Information.

The Ministry of Economic Development signed on February 7, 2014 the call for tender and the tender rules for the awarding of new rights to use national television frequencies for DVB-T, following an auction procedure based on economic offers with competitive relaunch.

The call for tender, prepared in accordance with AGCOM and the indications from the European Commission, has been published in the Official Gazette of February 12, 2014. Bids may be submitted within 60 days from the date of publication.

The frequencies of the three national digital terrestrial TV networks will be auctioned with a twenty-year right of use non-transferable for the first three years (Lots L1, L2, L3).

Only new entrants or small operators can compete for all three lots (i.e. those holding only one multiplex), owners of two DVB-T multiplexes can apply for two lots (L1 and L3); while integrated operators, active on other platforms with more than 50% share of the pay-TV market (Sky) can only compete for Lot L1.

Excluded from participation are operators who hold three or more multiplexes (Mediaset, Rai and Telecom Italia Media Broadcasting); the auction winners are required to achieve 51% coverage (provided that it includes 10% of the population of each region) within 5 years, in a phased manner.

The auction base is about € 30m per Lot.

The frequency assignment process is expected to be completed during the third quarter of 2014.

The purchase of 100% of Società Assistenza Ripetitori Televisivi S.r.l., which controls 9 towers and related assets and liabilities, was finalized on February 28, 2014.

The provisional consideration of about € 4m is subject to price adjustments to be defined within the first half of 2014, on the base of parameters under examination

FORESEEABLE DEVELOPMENTS

The recent significant decrease, compared to historical averages, recorded by inflation in 2014 will result in a lower contribution to organic growth in revenues and operating profitability, since only a portion of the operating costs is indexed to inflation.

The main lines of organic development will continue to be based on the offer of new hosting services to mobile telecommunication operators and highest-standing televisions and radios, also in order to offset the reduction of services offered to the local operators.

With regard to the allocation of new frequencies to national TV operators, currently expected in the third quarter of this year, positive impacts for the current year on the group's activities are not expected.

In relation to costs, even in the current year the activity aimed at finding operational efficiencies will continue: the objective of the Group is to more than offset the decline of inflation rate, thanks to the further optimization of costs that are not contractually indexed.

The combination of the trend of a slight increase in revenues and costs reduction will drive the forecast of EBITDA growth of €3-4m compared to the previous year, despite a current macroeconomic environment characterized by no-growth and inflation rate at historic lows since the second postwar period.

The EBITDA trend, together with the forecast of recurrent investments slightly higher than the previous year (maximum €15m), would result in a solid cash flow generation to be utilised in projects of external growth or, alternatively, to be distributed to the shareholders.

BOARD OF DIRECTORS REPORT TO THE SHAREHOLDERS' MEETING OF APRIL 24, 2014:

1. **Approval of the Financial Statements as of December 31, 2013; 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, 2013**

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, 2013, will meet with your approval.

Especially, we submit for your attention the approval of the Financial Statements as of December 31, 2013, as explained above, and of the Directors' Report on Operations.

We propose to allocate the profit for the period € 21,318,389.78 to the Extraordinary Reserve.

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 members of the Board of Statutory Auditors and of the Chairman

Dear Shareholders,

we inform you that the mandate of the Board of Statutory Auditors, as conferred by resolution of the General Meeting of May 6, 2011, expires with the General Meeting to approve the financial statements at December 31, 2013.

We therefore invite you to vote on the appointment of the members of the supervisory body according to the laws and the Articles of Incorporation. In particular, we remind you that a Board of Statutory Auditors, consisting of three active members and three substitute members, is entrusted with monitoring the Company. Statutory Auditors remain in office three years and are re-eligible. All the Statutory Auditors must be inscribed in the Register set up within the law and must have carried out the legal auditing of accounts for a period of not less than three years. Furthermore, the Statutory Auditors must possess the necessary requisites laid down by the relative legislation and regulations that are currently in force. The appointment of the members of the Board of Statutory Auditors occurs according to article 18 letter D) of the Articles of Incorporation.

4. Establishment of remuneration for the Board of Statutory Auditors

Dear Shareholders,

we inform you that the General Meeting is called upon to establish the remuneration of the Board of Statutory Auditors.

We therefore invite you to vote in this regard according to the laws and the Articles of Incorporation.

5. 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, 2013.

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 write-down, 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 write-down, 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, 2014.

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, 2014.

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.

FOR THE BOARD OF DIRECTORS

The Chairman

Alberto Giussani

EI TOWERS GROUP

Consolidated Financial Statements

and Explanatory Notes

Consolidated Statement of Financial Position (*)

(values in thousands of Euros)

	Notes	31/12/2013	31/12/2012
ASSETS			
Non current assets			
Property, plant and equipment	6.1	216,066	243,217
Goodwill	6.2	454,231	454,130
Other intangible assets	6.3	102,632	111,784
Investments in associates/joint control companies	6.4	28	28
Other financial assets	6.5	558	1,092
Deferred tax assets	6.6	5,912	5,819
TOTAL NON CURRENT ASSETS		**779,427**	**816,070**
Current assets			
Inventories	7.1	3,105	3,227
Trade receivables	7.2	17,856	23,629
Current financial assets	7.3	4,851	6,014
Cash and cash equivalents	7.4	101,073	21,687
TOTAL CURRENT ASSETS		**126,885**	**54,557**
TOTAL ASSETS		**906,312**	**870,627**

(*)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 (*)

(values in thousands of Euros)

	Notes	31/12/2013	31/12/2012
SHAREHOLDERS' EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital	8.1	2,826	2,826
Share premium reserve	8.2	194,220	206,533
Treasury shares	8.3	(1,845)	(1,845)
Other reserves	8.4	320,723	320,833
Valuation reserve	8.5	(1,218)	(883)
Retained earnings	8.6	8,814	(15,444)
Net profit for the period	8.7	32,938	23,644
TOTAL SHAREHOLDERS' EQUITY	**8**	**556,458**	**535,664**
Non current liabilities			
Post-employment benefit plans	9.1	11,409	11,315
Deferred tax liabilities	6.6	43,636	45,481
Financial liabilities and payables	9.2	225,208	66,119
Provisions for non current risks and charges	9.3	3,275	2,618
TOTAL NON CURRENT LIABILITIES		**283,528**	**125,533**
Current liabilities			
Financial payables	10.1	432	82,987
Trade payables	10.2	30,003	37,081
Provisions for risks and charges		0	75
Current tax liabilities	10.3	15,666	10,112
Other financial liabilities	10.4	6,680	61,828
Other current liabilities	10.5	13,545	17,347
TOTAL CURRENT LIABILITIES		**66,326**	**209,430**
TOTAL LIABILITIES		**349,854**	**334,963**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**906,312**	**870,627**

(*)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 (*)

(values in thousands of Euros)

	Notes	2013	2012
Sales of goods and services	11.1	231,601	232,600
Other revenues and income	11.2	1,629	1,219
TOTAL REVENUES		**233,230**	**233,819**
Personnel expenses	11.3	42,630	45,038
Purchases, services, other costs	11.4	84,952	94,214
Amortisation, depreciation and write-downs	11.5	47,274	50,035
TOTAL COSTS		**174,856**	**189,287**
EBIT		**58,374**	**44,532**
Financial expenses	11.6	(9,116)	(6,539)
Fianancial income	11.7	1,683	445
Income/(expense) from equity investments	11.9	(393)	-
EBT		**50,548**	**38,438**
Income taxes	11.10	17,610	14,794
NET PROFIT FOR THE PERIOD	**11.11**	**32,938**	**23,644**
Earnings per share (Euro):	11.12		
- Basic		1.17	0.84
- Diluted		1.17	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.

Consolidated Statement of Comprehensive Income

(values in thousands of Euros)

	Notes	2013	2012
CONSOLIDATED NET PROFIT/(LOSS)(A):		**32,938**	**23,644**
Statement of comprehensive gains/(losses):		**-**	**-**
Effective portion of gains/(losses) on hedging instruments (cash flow hedge)		-	52
Actuarial gains/(losses) on defined benefit plans		**-**	**52**
Other comprehensive gains/(loss)	8.5	(426)	(1,471)
Tax effect related to other gains/(losses)	8.5	118	401
TOTAL OTHER COMPREHENSIVE INCOME /(LOSS) NET OF TAX EFFECTS (B)		**(308)**	**(1,018)**
TOTAL COMPREHENSIVE INCOME (A+B)		**32,630**	**22,626**

Consolidated Cash Flow Statement

(values in thousands of Euros)

	Notes	2013	2012
CASH FLOW FROM OPERATING ACTIVITIES:			
Operating profit		58,374	44,532
+ Depreciation and amortisation		47,274	50,035
+ Change in trade receivables		4,304	4,950
+ Change in trade payables		(7,078)	(15,021)
+ Change in other assets and liabilities		(11,151)	(2,583)
- Income tax paid		(13,196)	(9,079)
Net cash flow from operating activities [A]	12	**78,527**	**72,834**
CASH FLOW FROM FINANCING ACTIVITIES:			
Investments in tangible assets		(9,186)	(28,047)
Investments in intangible assets		(316)	(8,481)
Goodwill		(101)	
Changes in payables for investing activities		1,617	8,709
(Increases)/decreases in other financing activities		(110)	182
Business combinations net of cash acquired		-	2,246
Net cash flow from investing activities [B]	12	**(8,096)**	**(25,391)**
CASH FLOW FROM FINANCING ACTIVITIES:			
Changes in financial liabilities		21,386	(20,418)
Dividend payment		(11,844)	-
Interests (paid)/received		(587)	(5,347)
Net cash from financing activities [C]	12	**8,955**	**(25,765)**
CHANGE IN CASH AND CASH EQUIVALENTS [D=A+B+C]		**79,386**	**21,678**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD [E]		**21,687**	**9**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD [F=D+E]		**101,073**	**21,687**

Consolidated Statement of Changes in Shareholders' Equity

(values in thousands of Euros)

	Share capital	Share premium reserve	Legal reserve and other reserves	Treasury shares	Actuarial valuation reserve	Valuation reserve	Retained earnings (accumulated losses)	Profit/ (loss) for the period	TOTAL SHAREHOLDERS' EQUITY
Balance at Dec.31, 2011	**1,130**	**89,278**	**209,070**	**-**	**(58)**	**75**	**-**	**5,185**	**304,680**
Changes in consolidation area	-	62,281	25,478	(5,091)	-	-	(15,444)	-	67,224
Business combinations	1,696	54,974	84,346	-	-	-	-	-	141,016
Balance (A) + (B) + (C)	**2,826**	**206,533**	**318,894**	**(5,091)**	**(58)**	**75**	**(15,444)**	**5,185**	**512,920**
Allocation of 2011 net profit	-	-	5,185	-	-	-	-	(5,185)	-
(Purchase)/sale of treasury shares	-	-	(3,246)	3,246	-	-	-	-	-
Stock option	-	-	-	-	-	118	-	-	118
Comprehensive income/(loss)	-	-	-	-	(1,070)	52	-	23,644	22,626
Balance at Dec.31, 2012	**2,826**	**206,533**	**320,833**	**(1,845)**	**(1,128)**	**245**	**(15,444)**	**23,644**	**535,664**
Balance at Jan.1, 2013	**2,826**	**206,533**	**320,833**	**(1,845)**	**(1,128)**	**245**	**(15,444)**	**23,644**	**535,665**
Coverage previous losses as per Meeting Resolution	-	(12,314)	(4,977)	-	-	-	17,292	-	-
Allocation of 2012 net profit	-		4,834	-	-	-	6,966	(11,800)	-
Dividends paid	-	-	-	-	-	-	-	(11,844)	(11,844)
Stock option	-	-	33	-	-	(27)	-	-	7
Comprehensive income/(loss)	-	-	-	-	(308)	-	-	32,938	32,630
Balance at Dec.31, 2013	**2,826**	**194,220**	**320,723**	**(1,845)**	**(1,436)**	**218**	**8,814**	**32,938**	**556,458**

Consolidated Statement of Financial Position according to Consob Resolution no. 15519 dated July 27, 2006

(values in thousands of Euros)

	Notes	31/12/2013	of which vs. Related parties (note 15)	% weight	31/12/2012	of which vs. Related parties (note 15)	% weight
ASSETS							
Non current assets							
Property, plant and equipment	6.1	216,066			243,217		
Goodwill	6.2	454,231			454,130		
Other intangible assets	6.3	102,632			111,784		
Investments in associates/joint control companies	6.4	28			28		
Other financial assets	6.5	558			1,092		
Deferred tax assets	6.6	5,912			5,819		
TOTAL NON CURRENT ASSETS		**779,427**			**816,070**		
Current assets							
Inventories	7.1	3,105			3,227		
Trade receivables	7.2	17,856	1,051	6%	23,629	2,230	9%
Current financial assets	7.3	4,851			6,014		
Cash and cash equivalents	7.4	101,073	94,479	93%	21,687		
TOTAL CURRENT ASSETS		**126,885**			**54,557**		
TOTAL ASSETS		**906,312**			**870,627**		

Consolidated Statement of Financial Position according to Consob Resolution no. 15519 dated July 27, 2006

(values in thousands of Euros)

	Notes	31/12/2013	of which vs. Related parties (note 15)	% weight	31/12/2012	of which vs. Related parties (note 15)	% weight
SHAREHOLDERS' EQUITY AND LIABILITIES							
Share capital and reserves							
Share capital	8.1	2,826			2,826		
Share premium reserve	8.2	194,220			206,533		
Treasury shares	8.3	(1,845)			(1,845)		
Other reserves	8.4	320,723			320,833		
Valuation reserve	8.5	(1,218)			(883)		
Retained earnings	8.6	8,814			(15,444)		
Net profit for the period	8.7	32,938			23,644		
TOTAL SHAREHOLDERS' EQUITY	**8**	**556,458**			**535,664**		
Non current liabilities							
Post-employment benefit plans	9.1	11,409			11,315		
Deferred tax liabilities	6.6	43,636			45,481		
Financial liabilities and payables	9.2	225,208			66,119		
Provisions for non current risks and charges	9.3	3,275			2,618		
TOTAL NON CURRENT LIABILITIES		**283,528**			**125,533**		
Current liabilities							
Financial payables	10.1	432			82,987		
Trade payables	10.2	30,003	1,582	5%	37,081	1,478	4%
Provisions for risks and charges		0			75		
Current tax liabilities	10.3	15,666	15,458	99%	10,112		
Other financial liabilities	10.4	6,680			61,828	61,789	100%
Other current liabilities	10.5	13,545	441	3%	17,347	234	1%
TOTAL CURRENT LIABILITIES		**66,326**			**209,430**		
TOTAL LIABILITIES		**349,854**			**334,963**		
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**906,312**			**870,627**		

Consolidated Statement of Income according to Consob Resolution no. 15519 dated July 27, 2006

(values in thousands of Euros)

	Notes	2013	of which vs. Related parties (note 15)	% weight	2012	of which vs. Related parties (note 15)	% weight
Sales of goods and services	11.1	231,601	180,312	78%	232,600	178,484	77%
Other revenues and income	11.2	1,629	14	1%	1,219	37	3%
TOTAL REVENUES		**233,230**			**233,819**		
Personnel expenses	11.3	42,630	1,072	3%	45,038	77	0%
Purchases, services, other costs	11.4	84,952	3,485	4%	94,214	3,957	4%
Amortisation, depreciation and write-downs	11.5	47,274			50,035		
TOTAL COSTS		**174,856**			**189,287**		
EBIT		**58,374**			**44,532**		
Financial expenses	11.6	(9,116)	(406)	4%	(6,539)	(2,117)	32%
Fianancial income	11.7	1,683	725	43%	445		
Income/(expense) from equity investments	11.9	(393)			-		
EBT		**50,548**			**38,438**		
Income taxes	11.10	17,610			14,794		
NET PROFIT FOR THE PERIOD	**11.11**	**32,938**			**23,644**		
Earnings per share (Euro):	11.12						
- Basic		1.17			0.84		
- Diluted		1.17			0.84		

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

These Financial Statements have been drawn up with a going concern approach, because the Directors have checked that there do not exist any uncertainties as defined in the Paragraph 25 of IAS 1 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, 2013 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 and IFRS 13, 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 thousands of Euros.

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.

Estimates are based on the current status of information available, examined periodically and effects are reflected in income statement. Given the current macroeconomic context, still destabilized by the effects of the persistent financial crisis, the estimates have been made on the basis of assumptions relating to a highly uncertain future. However, it is possible that actual events over the next year may have a different outcome to those forecasted, causing adjustments to the carrying amounts of each single item that are not foreseeable today.
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.

It is also reported that, starting from the this year the discount rate used to measure post-employment benefit liabilities is the rate of the composite interest rate curve of securities issued by Corporate issuers rating AA instead of the one related to A-rated issuers.

3. SUMMARY OF THE ACCOUNTING STANDARDS AND VALUATION CRITERIA

Accounting standards, amendments and interpretations effective from January 1, 2013

The Group applied the following accounting standards, amendments and interpretations starting from January 1, 2013.

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) are 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.

IAS 1 Presentation of Financial Statements – Clarification of requirements for comparative information

The amendment clarifies the difference between voluntary additional comparative information and the minimum required comparative information Generally, the minimum required comparative period is the previous period.

In addition, the standard clarifies that when an entity changes accounting policies, or makes retrospective restatements or reclassifications, it is necessary to present the opening statement of financial position also at the beginning of the required comparative period, while the related notes are not required to accompany this opening statement of financial position, except for information related to involved items.

IAS 16 Property, Plant and Equipment – Classification of *Servicing Equipment*

This amendment clarifies that major spare parts and servicing equipment, that meet the definition of property, plant and equipment are not inventory. These amendments had no impact on the Group.

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 most significant change concerning the cancellation of the corridor method has no impacts on the Group since at the *First Time Adoption* the option provided for by para. 93 A-D of IAS 19 with profit and loss recognized directly in Equity, has been chosen.

IAS 32 Financial Instruments: Presentation

This amendment clarifies that income taxes arising from distribution to equity holders are accounted for in accordance with IAS 12 *Income taxes*.

IFRS1 First-time Adoption of International Financial Reporting Standards

This amendment 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. These amendments had no impact on the Group.

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. 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.

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 did not carry out in 2013 hedging activities which may require the use of derivatives.

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, following the same methodology as the Group's internal reporting and in line with the

prevailing international practices in the sector, 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 amortization, 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. Items that would be reclassified to profit or loss at future point of time are presented separately from items that will never be reclassified. 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, as well as dividends paid, 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;
- purchase and sale 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 treatment of purchases and sales of minority interests in subsidiary companies, as long as they do not result in a loss of control, are dealt with as transactions with shareholders. Consequently, the difference between the fair value of the price paid, or received, regarding these transactions and the adjustment made to minority interests must be posted with the other side of the entry going to the item *Other comprehensive gains and losses* of the Parent Company's Net Equity. Similarly, also the ancillary costs arising from these operations must be posted, in accordance with IAS 32, in the Net Equity.

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

Towers, 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% -3%
- Towers	5%
- Plant and machinery	10%- 20%
- Equipment	12% - 16%
- Office forniture and electronic machines	8% - 20%
- Motor vehicles and other means of transport	10% - 25%

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.

Intangible fixed assets with a defined useful life are amortized 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*.

Intangible assets concerning ***customer relations*** relate to the valuation of contracts in force on the basis of economic-financial projections and depreciated at a constant rate based on a useful life of 20 years, The contracts relative to local television networks are amortized at a constant rate over a period of 3 years.

Goodwill and the **other non-current assets with undefined useful life or not available for use** are not subject to amortization on a straight-line basis but subject to an *impairment test*.

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.

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.

Any successive differences compared to the initial estimates, ***contingent considerations***, must be posted to the Income Statement, unless arising from additional information existing at the purchase date; in this case they are adjustable within 12 months from the date of purchase. Similarly any rights to receive back some parts of the price paid if certain conditions arise must be classified as assets by the purchaser.

The ***transaction costs*** relative to business combinations in the accounting period when they are incurred, with the exception of those incurred relative to issues of debt securities or shares that have to be posted according to what is laid down by IAS 32 and 39;

In the case of the ***purchase of controlling interests that are less than 100%*** of the capital, the interest of minorities can either, for each individual business combination, be valued at the fair value with the corresponding posting of the goodwill, i.e. the *Full goodwill method*, or with the method based on the proportional amount of the fair value of the identifiable net assets acquired (i.e. *Partial goodwill*).

The valuation method can be chosen each time for each transaction.

In the case of the ***step-up controlling interest acquisitions***, the purchaser must treat the previously owned interest, up till that time, accounted for according to the specific case and following what is laid down by IAS 39 - *Financial Instruments: Recognition and Measurement*, according to IAS 28 - *Accounting for Investments in Associates*, or according to IAS 31 - *Interests in Joint Ventures*, just as if it had been sold and reacquired at the date when control was acquired, recalculation the fair value at the date of "sale" and posting any gains or losses arising from that valuation to the Income Statement. Furthermore, in these circumstances any value previously posted to the Net Equity as *Other comprehensive gains and losses* must be reclassified to the Income Statement.

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.

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 value in use of the asset.

The value in use 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.

A single Cash Generating Unit attributable to the activity of Tower operator has been identified at the date of the financial statements in line with the organisational and business structures of the Group.

In the case of impairment the cost is posted to the Income Statement 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 amortized 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. Receivables originating in non-EMU currencies are valued at the year-end spot rates issued by the European Central Bank.

Sale of receivables

The recognition of the sale of receivables is subject to the measures laid down by IAS 39 regarding the 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 amortized cost, according to the actual interest rate method, net of write-downs made to reflect impairment.

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.

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, 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, with the exception of those regarding companies with less than 50 employees, according to the choices made by the employees, 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".

From an accounting point of view, through the actuarial valuation, there is input to the Income Statement in the item "Financial Incomes/Charges" *the interest cost*, which constitutes the theoretical charge that the company would have to incur if it asked the market for a loan of the amount equal to the ELI fund and in the item "personnel costs" the current service cost that defines the amount of the rights accrued by the employees during the fiscal year but only for those companies of the Group with less than 50 employees and who, therefore, have not transferred to supplementary pension schemes the amounts accrued from January 1, 2007. 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 amortized 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.

Non-current financial liabilities

The Non-current financial liabilities are shown at their amortized 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, 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 in the various countries, 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.

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 27 Consolidated and Separate Financial Statements (amended in 20112011)

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, 2014.

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 application of this standard had no effect on the Group choosing to use the equity method to measure investments in jointly controlled entities as an alternative to the proportionate consolidation.

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 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, 2014. 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, 2014. From a preliminary assessment no significant effects are expected on the Group.

IFRS 12 Disclosure of Interests in other Entities

IFRS12 indicates 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. The new standard provides all requirements about disclosure of information relating to the interests an entity has in subsidiaries, jointly controlled entities, associates and structured entities introducing new disclosure case than in the past. 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, 2014.

4. MAIN CORPORATE OPERATIONS AND CHANGES IN THE CONSOLIDATION AREA

The Board of Directors of the parent company EI Towers S.p.A decided on March 21, 2013 to proceed with the issue of a bond on the Eurobond market destined only to qualified investors for a maximum face value of Euro 250 million and finalized to total refinancing and general operations management of the Group.

On April 10, 2013 Fitch Ratings has assigned EI Towers S.p.A. a Long-term Issuer Default Rating (IDR) of 'BBB' with a stable outlook. The rating agency also assigned a 'BBB(EXP)' senior unsecured rating to EIT's planned bond issuance.

Fitch Ratings has underlined the quasi-utility nature of EI Towers, with a vital role in the transmission of a significant portion of Italy's free-to-air television signals. The rating reflects the company's highly visible, non-cyclical and inflation linked revenue streams. These are underpinned by long-term contracts to rent space on its towers for radio and TV broadcast and telecoms transmission equipment.

On April 18, 2013 EI Towers successfully completed Euro 230 million five-year bond issuance with an issue price at 99.444 and a coupon of 3.875%. The settlement date for the bond issue was April 26, 2013. Requests from institutional investors of almost 10 times the offer came from ca. 280 investors from 27 countries.

The bonds have been listed on the Irish stock exchange.

Banca IMI, BNP Paribas, Mediobanca and Unicredit acted as Joint Lead Managers while Banca Akros had a role as Co-manager.

On April 24, 2013 Fitch Ratings has assigned the bond issuance a final rating of 'BBB' with a stable outlook.

By using the cash from the bond issuance EI Towers provided for the total reimbursement of current banking facilities and the use of the intra-group current account with the parent company Mediaset S.p.A. and, in addition, gave the subsidiary Towertel S.p.A., through the opening of an intra-company current account, the necessary financial means for the total reimbursement of its bank exposure.

On July 30, the project of partial demerger of Towertel S.p.A. into EI Towers S.p.A. has been approved by the respective Boards of Directors. The demerger is finalized to a better operating integration of the Group, concentrating in Towertel S.p.A. the infrastructures devoted to "Telecom" operators and demerging in the favor of EI Towers S.p.A. the infrastructures devoted to "Broadcast" operators". The deed of partial demerger has been signed on December 16, 2013. The demerger shall be effective from January 1, 2014.

No changes in the consolidation area occurred in the year.

5. BUSINESS COMBINATIONS

The purchase of a business unit pertaining to two towers located in Tuscany and related hosting and lease contracts was finalized on December 20, 2012 for a total consideration of € 400k.
The Purchase Price Allocation to net acquired assets has been carried out at the date when these Consolidated Financial Statements were authorized for issue. The following table summarizes the consideration paid, the fair value of acquired assets and assumed liabilities at the transaction date.

Value in thousands of Euros	
Net acquired assets	5
Allocation of the consideration paid to customer relations	295
Residual allocation of the consideration paid to goodwill	101
Total consideration	**401**

The purchase of 100% of Società Assistenza Ripetitori Televisivi S.r.l., which controls 9 towers and related assets and liabilities, was finalized on February 28, 2014.

The provisional consideration of about € 4m is subject to price adjustments to be defined within the first half of 2014, on the base of parameters under examination.

NOTES ON MAIN ASSETS ITEM

6. NON CURRENT ASSETS

Below are tables showing changes occurring over the last two years for original cost, accumulated amortization 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 01/01/2012	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	2,294	11,881	2,995	1,160	8,891	28,045
Disposals	(7)	(203)	(2,702)	(717)	(248)	(89)	(3,966)
Closing Balance 31/12/2012	48,480	151,812	244,443	43,106	24,560	16,551	528,952
Changes in the consolidation area	-	-	-	-	-	-	-
Reclassification	(375)	375	-	-	-	(395)	(395)
Other changes	755	3,993	8.708	1,274	1,803	(16,533)	-
Acquisitions	171	35	2	-	-	10,015	10,223
Disposals	(75)	(124)	(4.459)	(817)	(566)	(357)	(6,398)
Depreciation and write-downs	-	-	-	-	-	(465)	(465)
Closing Balance 31/12/2013	48,956	156,091	248,694	43,563	25,797	8,816	531,917

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 01/01/2012	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
Closing Balance 31/12/2012	16,060	70,890	150,871	28,936	18,978	-	285,736
Changes in the consolidation area	-	-	-	-	-	-	-
Reclassification	(25)	25	18	8	-	-	26
Other changes	-	-	-	-	-	-	-
Disposals	(71)	(92)	(4.404)	(782)	(434)	-	(5,783)
Amortisation	1,742	6,316	22.026	3,471	2,131	-	35,686
Depreciation and write-downs	145	41	-	-	-	-	186
Closing Balance 31/12/2013	17,851	77,180	168,512	31,633	20,675	-	315,851

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 01/01/2012	38,899	-	99,323	20,515	5,766	15,001	180,503
Changes in the consolidation area	60,055	-	91	550	461	2,019	72,176
Reclassification	(76,380)	82,926	-	(6,546)	-	-	-
Other changes	812	2,214	5,527	345	471	(9,271)	98
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)
Closing Balance 31/12/2012	32,420	80,922	93,572	14,170	5,582	16,551	243,216
Changes in the consolidation area	-	-	-	-	-	-	-
Reclassification	(350)	350	(18)	(8)	-	(395)	(421)
Other changes	755	3,993	8,708	1,274	1,803	(16,533)	-
Acquisitions	171	35	2	-	-	10,015	10,223
Disposals	(4)	(32)	(55)	(35)	(132)	(357)	(615)
Amortisation	(1,742)	(6,316)	22,026	(3,471)	(2,131)	-	(35,686)
Depreciation and write-downs	(145)	(41)	-	-	-	(465)	(651)
Closing Balance 31/12/2013	31,105	78,911	80,183	11,930	5,122	8,816	216,066

The main changes during the period were for:

- Increases in tangible assets under formation and advances for € 10,015k mainly for towers and infrastructures classified under the item Towers and plants and equipment related to Towers classified under the items Plant and machinery and Technical and commercial equipment;
- Increases in plant and machinery for € 8,710k and increases in Towers for € 4,028k mainly attributable to transfers of tangible assets under formation during previous years completed in 2013.

The write-downs of 2013 amounted to € 651k and relate for € 465k to plants considered obsolete from a technological point of view, for € 145k to a building and for € 41k to Towers no longer used and under disposal.

6.2 Goodwill

	Total
Beginning Balance 01/01/2012	**255,671**
Changes in the consolidation area	198,459
Closing Balance at 31/12/2012	**454,130**
Other changes	101
Net Closing Balance at 31/12/2013	**454,231**

The increase in Goodwill compared to the previous year is due to the implementation of the Purchase Price Allocation process, in accordance with IFRS 3, related to the acquisition of the business unit.

At December 31, 2013 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 to 5%.

These assessments have been carried out by utilising an actuarial base rate, corresponding to the weighted average cost of capital net of taxes of 6.26% 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%. 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 11.18%, considering a growth rate to extrapolate cash flows over the plan timeframe equal to1%.

At comparable exchange rates, the reduction in cash flows expected which makes the value in use of the CGU equal to the book value is equal to 44.8%.

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 01/01/2012	7,705	-	-	12,032	-	-	19,737
Changes in the consolidation area	1,905	115,467	-	-	33	8,816	126,221
Reclassification	-	-	-	-	-	-	-
Other changes	209	-	-	-	-	(755)	(546)
Acquisitions	398	-	-	200	416	7,500	8,514
Disposals	-	-	-	-	(33)	-	(33)
Closing Balance 31/12/2012	10,217	115,467	-	12,232	416	15,561	153,893
Changes in the consolidation area		-	-	-	-	-	-
Reclassification	67	295	-	2	(416)	-	(52)
Other changes	-	-	-	-	-	-	-
Acquisitions	11	-	-	-	357	-	368
Disposals	-	-	-	-	-	-	-
Closing Balance 31/12/2013	10,295	115,762	-	12,234	357	15,561	154,209

AMORTISATION AND DEPRECIATION	Patents and intellectual property rights	Customer relations	Trademarks	Licences	Intangible assets in progress and advances	Other intangible assets	Total
Beginning Balance 01/01/2012	7,511	-	-	1,842	-	-	9,353
Changes in the consolidation area	1,847	13,548	-		-	8,280	23,675
Reclassification	-	-	-	-	-	-	-
Other changes	13	-	-	-	-	(416)	(403)
Disposals	-	-	-	-	-	-	-
Amortisation	343	5,715	-	827	-	2,599	9,484
(Depreciation), (write-downs)/write-ups	-	-	-	-	-	-	-
Closing Balance 31/12/2012	9,714	19,263	-	2,669	-	10,463	42,109
Changes in the consolidation area	-	-	-	-	-	-	-
Reclassification	-	-	-	-	-	-	-
Other changes	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
Amortisation	339	5,726	-	828	-	2,575	9,468
(Depreciation), (write-downs)/write-ups	-	-	-	-	-	-	-
Closing Balance 31/12/2013	10,053	24,989	-	3,497	-	13,038	51,577

NET BOOK VALUE	Patents and intellectual property rights	Customer relations	Trademarks	Licences	Intangible assets in progress and advances	Other intangible assets	Total
Beginning Balance 01/01/2012	194	-	-	10,190	-	-	10,384
Changes in the consolidation area	58	101,919	-	-	33	536	102,546
Reclassification	-	-	-	-	-	-	-
Other changes	196	-	-	-	-	(339)	(143)
Acquisitions	398	-	-	200	416	7,500	8,514
Disposals	-	-	-	-	(33)	-	(33)
Amortisation	(343)	(5,715)	-	(827)	-	(2,599)	(9,484)
(Depreciation), (write-downs)/write-ups	-	-	-	-	-	-	-
Closing Balance 31/12/2012	503	96,204	-	9,563	416	5,098	111,784
Changes in the consolidation area	-	-	-	-	-	-	-
Reclassification	67	295	-	2	(416)	-	(52)
Other changes	-	-	-	-	-	-	-
Acquisitions	11	-	-	-	357	-	368
Disposals	-	-	-	-	-	-	-
Amortisation	(339)	(5,726)	-	(828)	-	(2,575)	(9,468)
(Depreciation), (write-downs)/write-ups	-	-	-	-	-	-	-
Closing Balance 31/12/2013	243	90,773	-	8,737	357	2,523	102,632

The item Customer relations increased by € 295k due to the allocation of goodwill following the Purchase Price Allocation related to the acquisition of the business unit.

The item Intangible assets in progress and advances increased by € 357k as a consequence of the project, being implemented, related to the adoption by Towertel S.p.A. of EI Towers S.p.A.'s Sap ERP and to the development of a new SAP module for the management of the active and passive billing of the Group's companies.

The item Licences includes investments related to the rights for the use of the optical fiber network for signal transport.

The item Other intangible assets includes for € 2,500k the non-compete agreement signed with the previous Chairman and CEO of DMT S.p.A. ante business combination with EI Towers S.p.A., which provides for the obligation not to carry out activities in competition with the Group for a three-year period.

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.

	31/12/2013		31/12/2012	
	Stake	Book value	Stake	Book value
Beigua S.r.l.	**24.5%**	28	24.5%	28
Total		**28**		**28**

6.5 Other financial assets

	31/12/2013	31/12/2012
Other investments	43	685
Guarantee deposits	345	407
Other financial assets	170	-
Total	**558**	**1,092**

The item Other Financial assets amounted to € 170k and included the consideration paid out for the purchase option of the shares representing the total share capital of Società Assistenza Ripetitori Televisivi S.r.l.

The item Other investments is detailed as follows:

	31/12/2013		31/12/2012	
	Stake	Book value	Stake	Book value
Alto Adige TV	**-**	-	**8.33%**	50
TCA Group (GET srl, Trentuno srl)	**-**	-	**8.33%**	559
Investments in Joint Ventures		43		76
Total		**43**		**685**

The decrease relates to the disposal of the shares held in the companies Alto Adige TV S.r.l., GET S.r.l. and Trentuno S.r.l. undertaken in 2013.

6.6 Deferred tax assets and liabilities

	31/12/2013	31/12/2012
Deferred tax assets	5,912	5,819
Deferred tax liabilities	(43,636)	(45,481)
Net position	**(37,724)**	**(39,662)**

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 are accounted directly in the income statement and no deferred tax assets are recorded in the balance sheet.

DEFERRED TAX ASSETS	Balance at 1/1	Through Income Statement	Through Shareholders' Equity	Business combinations / Changes in consolidation area	Other changes	Balance at 31/12
2012	1,931	(115)	401	3,568	34	5,819
2013	5,819	(24)	117	-	-	5,912

DEFERRED TAX LIABILITIES	Balance at 1/1	Through Income Statement	Through Shareholders' Equity	Business combinations / Changes in consolidation area	Other changes	Balance at 31/12
2012	(1,337)	2,178	-	(46,296)	(26)	(45,481)
2013	(45,481)	1,845	-	-	-	(43,636)

The item Deferred tax assets amounted to Euro 5,912k and corresponds to deferred tax assets determined based on temporary differences between the value recorded in the balance sheet and corresponding values recognized for fiscal purposes.

The item Deferred tax liabilities amounted to Euro 43,636 thousands and corresponds to deferred tax liabilities determined based on temporary differences between the value recorded in the balance sheet and corresponding values recognized for fiscal purposes.

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

	Temporary gap	Tax effect 31/12/2013	Temporary gap	Tax effect 31/12/2012
Deferred tax assets related to:				
Property, plant and equipment	2,927	886	2,988	891
Provision for receivables write-off	9,780	2,689	11,047	3,038
Provisions for risks and charges	684	215	156	49
Post-employment benefit plans	2,757	758	2,330	641
Inventories	2,455	765	2,440	761
Other temporary differences	1,329	599	1,530	439
TOTAL	**19,932**	**5,912**	**20,490**	**5,819**

It should be noted that, among the most significant components of deferred tax assets, the tax effect related to the Provision for receivables write-off amounted to € 2,689k, the effect related to tangible assets amounted to € 886k and was from the depreciation of assets and from the recovery of Towers and the effect related to depreciation of inventories amounted to € 765k.

	Temporary gap	Tax effect 31/12/2013	Temporary gap	Tax effect 31/12/2012
Deferred tax liabilities related to:				
Property, plant and equipment	24,929	7,763	26,619	8,252
Non current intangible assets	106,942	33,580	111,341	34,961
Post-employment benefit plans	3,228	887	3,136	861
Other temporary differences	4,262	1,406	4,262	1,407
TOTAL	**139,361**	**43,636**	**145,358**	**45,481**

The tax effect for € 33,580k mainly attributable to Customer relations recorded as intangible asset and the effect related to the allocation of gains generated from acquisitions carried out in previous years for € 7,763k, are among the main significant components of deferred tax liabilities.

7 CURRENT ASSETS

7.1 Inventories

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

	Balance at 31/12/2013	Balance at 31/12/2012
Raw materials, ancillary materials and consumables	5,522	5,559
Goods	-	-
Finished goods	39	109
Total	5,561	5,668
Provision for devalued raw materials, ancillary materials and consumables	(2,452)	(2,395)
Provision for devalued finished goods	(4)	(46)
Total inventories	**3,105**	**3,227**

The changes in the provision for devalued inventory occurred in 2013 are reported below.

	Value at 31/12/2012	Allocated	Uses	Value at 31/12/2013
Provision for devalued raw materials	(2,395)	(369)	312	(2,452)
Provision for devalued finished goods	(46)	-	42	(4)
Total	**(2,441)**	**(369)**	**354**	**(2,456)**

Raw materials, ancillary materials and consumables for a net value of € 3,070k include spare parts and accessories for the maintenance and installation of transmission plants. Inventories of finished goods amounted to € 35k and refer to technical equipment.

The provision for devalued raw materials amounted to € 2,452k 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 increased in 2013 due to provisions amounting to € 369k and decreased mainly due to the use for the scrapping of spare parts totally depreciated for € 312k.

The provision for devalued finished goods decreased by € 42k mainly due to the use for the scrapping of technical equipment.

7.2 Trade receivables

Trade receivables were made up as follows:

	Balance at 31/12/2013		Balance at 31/12/2012
	Total	Due within 1 year	
Receivables from customers	16,805	12,989	21,399
Receivables from related parties	1,051	1,051	2,230
Total	**17,856**	**14,040**	**23,629**

Receivables from customers have been recorded net of a provision for receivables write-off of € 9,247k.

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

	Value at 31/12/2012	Allocated	Uses	Value at 31/12/2013
Provision for receivables write-off	9,303	1,479	(1,536)	9,247

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 € 3,816k and mainly refer to the extension granted to the client Prima TV S.p.A.

7.3 Other receivables and current assets

	31/12/2013	31/12/2012
Other receivables	2,864	3,546
Prepayments and accrued income	1,987	2,468
Total	**4,851**	**6,014**

The item Other receivables, recorded net of depreciation for € 1,484k, decreased compared to the previous year mainly due to the recovery of VAT receivables for € 513k as a consequence of the request for a VAT refund dated February 28, 2013.

Other receivables mainly included:

- VAT receivable for the Group's VAT amounting to € 1,184k;

- 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 € 202k;
- Advance payments to suppliers amounting to € 396k;
- Advance payments to employees for business trips amounting to € 220k;
- Other receivables amounting to € 531k.

Prepayments and accrued income decreased compared to the previous year mainly due to the redefinition of the repayment plan with the client Prima TV S.p.A.

Prepayments and accrued income related to prepayments on rent paid for € 1,515k and long-term prepayments for € 472k related to rent paid for the portion over 12 months.

7.4 Cash and cash equivalents

Here follows the breakdown of this item:

	31/12/2013	31/12/2012
Cash in hand	14	13
Cash and cash equivalents	101,059	21,674
Total	**101,073**	**21,687**

The item Cash in hand represents cash on hand at the reference date at the haedquarter or local offices.

The item Cash and cash equivalents consists for € 6,580k of credit balance of bank current accounts of the companies of the Group and for € 94,479k of credit balance, including accrued interest, of the intra-group current account with Mediaset S.p.A.

An analysis of the changes in cash flow will be found in the Consolidated Cash Flow Statement.

NOTES ON THE MAIN LIABILITIES ITEMS

8. SHAREHOLDERS' EQUITY

8.1 Share Capital

At December 31, 2013 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 € 2.826k.

No changes occurred during the year.

8.2 Share-premium reserve

At December 31, 2013 the Share-premium reserve amounted to € 194,220k (€ 206,533k at December 31, 2012). The decrease, compared to the previous year, equal to € 12,314k, is due to the fact that the reserve was used to cover previous losses, according to the meeting's resolution dated April 18, 2013.

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. The Meeting of EI Towers S.p.A. with resolution dated April 18, 2013, 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, 2013 and however for a period not longer than 18 months from the date of the Meeting's resolution.

	2013		2012	
	Number of shares	**Book value (euro/000)**	**Number of shares**	**Book value (euro/000)**
Beginning Balance	62,526	1,845	-	-
Additions	-	-	-	-
Disposals			(110,000)	(3,246)
Changes in the consolidation area	-	-	172,526	5,091
Closing Balance	**62,526**	**1,845**	**62,526**	**1,845**

No changes occurred during the year.

8.4 Other reserves

The item Other reserves at December 31, 2013 amounted to € 320,723k (€ 320,833k at December 31, 2012).

The item decreased in 2013 due to the coverage of past losses according to the meeting's resolution dated April 18, 2013 and to the allocation, in part, of the profit for 2012.

It should be noted that the increase for € 33k as a consequence of the expiration of a stock option plan is no longer be exercised.

8.5 Valuation reserves

	31/12/2013	31/12/2012
Stock option plans	218	245
Actuarial Gains/(Losses)	(1,436)	(1,128)
Total	**(1,218)**	**(883)**

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

Valuation reserves	Balance at 1/1	Increase/ (Decrease)	Through Profit and Loss Account	Opening balance adjustments of the hedged item	Fair Value adjustments	Deferred tax effect	Balance at 31/12
Stock option plans	245	(36)	-	-	9	-	218
Actuarial Gains/(Losses) on defined benefit plans	(1,128)	(426)	-	-	-	118	(1,436)
Total	**(883)**	**(462)**	**-**	**-**	**9**	**118**	**(1,218)**

The Reserve for stock option plans includes the contra-entry of the amount of costs accruing at December 31, 2013, determined in accordance with IFRS 2, for the three-year stock option plans granted by Mediaset during 2008, 2009, 2010 for the quota related to the EI Towers Group's employees.

The Reserve for actuarial gains and losses, with a negative balance of € 1,436k, includes the actuarial components relating to the valuation of defined benefit schemes, booked directly in Net Equity.

8.6 Retained earnings

	31/12/2013	31/12/2012
Retained earnings	8,814	(15,444)
Total	**8,814**	**(15,444)**

The item increased mainly due to the coverage of past consolidated losses according to the meeting's resolution dated April 18, 2013.

8.7 Profit (Loss) for the year

The item includes the net result for the year amounting to € 32,938k.

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, 2010
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, 2013

Economic-financial assumptions	
Inflation rate	Inflation scenario had been deducted from the document "*Nota di Aggiornamento del Documento di Economia e Finanza 2013*" 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, 2013.

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

	2013	2012
Balance at the beginning	**11,315**	**8,863**
Service Cost	19	12
Actuarial (gains)/losses	426	1,457
Interest Cost	75	218
Indemnities paid	(479)	(488)
Other changes	53	300
Changes in the consolidation area	-	953
Balance at 31/12	**11,409**	**11,315**

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

A sensitivity analysis was carried out on the main assumptions used in the measurement model in accordance with IAS 19.

In particular, it is reported that:

- a change in discount rates of +/-50 basis points leads to a change in the provision for employee termination indemnity provision of about € 570k;
- a change in inflation rate of +/-50 basis points leads to a change in the provision for employee termination indemnity provision of about € 378k;
- a change in the probability of termination of the employment relationship of +/-50% leads to a change in the provision for employee termination indemnity provision of about € 143k.

9.2 Payables and financial liabilities

	31/12/2013	31/12/2012
Bond loan	225,208	-
Due to banks	-	66,119
Total	**225,208**	**66,119**

The item Bond loan refers to the non-current portion of the Eurobond issued by EI Towers S.p.A. on April 18, 2013 with a term of 5 years and total nominal value of € 230m. This bond was recorded in financial statements using the amortized cost method based on an internal rate of return of 4.35%.

Bank loans pertaining to the subsidiary Towertel S.p.A. included, for the tranche over 12 months, in the item Due to banks at December 31, 2012, were paid off during the year by using the liquidity from the bond issue described above.

9.3 Provisions for risks and charges

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

	2013	2012
Balance at 1/1	**2,693**	**156**
Provisions	1,058	56
Uses	(489)	(69)
Other changes	13	(1,021)
Changes in the consolidation area	-	3,571
Balance at 31/12	**3,275**	**2,693**
Of which:		
current	-	75
non-current	3,275	2,618
Total	**3,275**	**2,693**

Provisions for risks are due to charges for recovery of sites hosting Group's infrastructures where there are legal or implicit obligations for € 1,781k and for the remaining amount mainly to provisions for contractual risks.

The item Uses mainly refers to the payment of the end of mandate indemnity to a previous Chief Executive Officer.

10 CURRENT LIABILITIES

10.1 Payables to banks

	31/12/2013	31/12/2012
Loans	-	67,916
Credit lines	-	15,071
Bank overdraft	432	-
Total	**432**	**82,987**

Loans and credit lines were totally reimbursed in 2013 with the liquidity from the bond issue already described.

The item Bank overdraft refers to the temporary negative balance of a bank current account.

10.2 Supplier payables

	Balance at 31/12/2013			Balance at 31/12/2012
	Total	Due		
		Within 1 year	After 1 year	
Due to suppliers	28,421	28,421	-	35,601
Due to related parties	1,582	1,582	-	1,480
Total	**30,003**	**30,003**	**-**	**37,081**

The item Due to suppliers 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 € 15,666k represents the debt of the companies of the Group in respect of IRES and Irap for the year.

EI Towers S.p.A. and the subsidiary Towertel S.p.A., exercised in 2013, as consolidated companies, the option to adhere to the national group taxation with Mediaset S.p.A. as consolidating company.

10.4 Other financial liabilities

	31/12/2013	31/12/2012
Bond loan	6,618	-
Due to Group's companies	-	61,789
Other fiancial liabilities	62	39
Total	**6,680**	**61,828**

The item Bond loan refers to the current portion of the Eurobond issued by EI Towers S.p.A. already described.

The change in the item Due to Group's companies, which at December 31, 2012 included the negative balance of the current account relationship held with the parent company, is due to the use of the liquidity from the aforesaid bond issue.

10.5 Other current liabilities

	31/12/2013	31/12/2012
Due to social security institutions	1,825	1,621
Other payables	7,718	10,713
Accrued and deferred income	4,002	5,013
Total	**13,545**	**17,347**

The item Due to social security institutions includes payables due to social security institutions related to the portion of salary and collaboration of December 2013.

The Other payables item mainly refers to the payable of € 2,500k related to the non- compete agreement signed with the previous Chairman and Chief Executive Officer of DMT S.p.A. ante business combination with EI Towers S.p.A., payables to employees for € 2,811k (summer bonus and related contributions, overtime payables and contributions and production bonus), payables to directors and auditors for € 438k, payables for deductions for € 1,337k, payables to third parties for supplementary contribution for € 221k.

The item Accrued and deferred income includes deferred income due to revenues over the year amounting to € 3,999k.

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.

	31/12/2013	31/12/2012
Cash in hand	14	13
Other cash equivalents	101,059	21,674
Securities and other current financial assets	-	-
Liquidity	**101,073**	**21,687**
Current financial receivables	-	-
Current payables due to banks	(432)	(65,005)
Current portion of non-current financial debt	(6,618)	(17,982)
Payables and other current financial liabilities	(62)	(61,828)
Current financial debt	**(7,112)**	**(144,815)**
Current Net Financial Position	**93,961**	**(123,128)**
Non-current payables due to banks	-	(66,119)
Bond loan	(225,208)	-
Payables and other non-current financial liabilities	-	-
Non-current financial debt	**(225,208)**	**(66,119)**
Net Financial Position	**(131,247)**	**(189,247)**

The item Cash in hand refers to the cash on hand at the reference date at the haedquarter or local offices.

The item Other cash equivalents consists for € 6,580k of the credit balances of the bank current accounts of the Group's companies and for € 94,479k of the credit balance, including accrued interests, of the intra-group current account with Mediaset S.p.A.

The item Current payables due to banks refers to the temporary negative balance of a bank current account.

The Current portion of non-current financial debt includes the share for the period of the interests on the bond loan measured at amortized cost.

The item Payables and other current financial liabilities includes leasing debts and other financial debts.

The item Bond loan includes the measurement at amortized cost of the Eurobond already described.

The Net financial position at December 31, 2013 increased by € 58,000k compared to December 31, 2012 thanks to the cash flow generated during the year.

STATEMENT OF INCOME

11.1 Revenues from sales and services

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

	2013	2012
Revenues from hosting and contract services	230,246	224,014
Revenues from plant installation and restoration	1,296	8,393
Revenues from sale of materials	59	193
Total	**231,601**	**232,600**

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 S.p.A. for € 177,927k. The increase in this item compared to the previous year is attributable to the contractual increase in hosting, assistance and maintenance services, logistics and use of transmission infrastructure, Head-End and design provided to Elettronica Industriale S.p.A. and to new hosting and service contracts with telephone operators and wireless internet service providers (Wifi and Wi-Max operators).

The item Revenues from plant installation and restoration included revenues for the management of equipment installation and restoration and includes revenues for restoration services to the parent company Elettronica Industriale S.p.A. for € 537k. The decrease in this item compared to the previous year is attributable to the reduction in services offered to television clients as a consequence of the completion of the digitization process of the TV signal ended in 2012 with the complete switch off of the analogue signal (so-called switch off).

The percentage of revenues from the parent company Elettronica Industriale on the total revenues of the Group was 77%.

11.2 Other revenues and income

This item mainly includes extraordinary income for € 1,244k and costs rebilled to clients for € 156k.

11.3 Personnel costs

	2013	2012
Ordinary pay	23,374	24,135
Overtime	593	1,067
Special benefits	2,603	3,430
Additional salary period (13th and 14th salary period)	3,221	3,201
Accrued holiday pay	(230)	95
Total wages and salary	**29,561**	**31,928**
Social security contributions	9,740	10,140
Employee leaving indemnity	19	12
Retirement pay	7	7
Other expenses	3,303	2,951
Total personnel expenses	**42,630**	**45,038**

The decrease in the variable component of personnel costs compared to the previous year is attributable to the completion in 2012 of the activities connected to the digitization of the TV signal (so-called switch off).

Special additional salaries, special benefits, provision for holidays and related contributions were the cost components which mainly decreased compared to the previous year due to the event described above.

The item Other expenses amounted to € 3,303k and mainly includes expenses for the realignment of Employee leaving indemnity according to IAS 19 (€ 1,749k) and short-term benefits for employees including medical assistance, company cars, canteen services and other goods and services offered free or at a reduced price. The item also includes lay-off incentives for employees for € 379k and fees paid to the directors employed by Group companies amounting to € 225k.

11.4 Purchases, services and other costs

	2013	2012
Purchases	**2,571**	**3,699**
Change in the inventories of raw materials, work in progress, semifinished and finished goods	**122**	**1,201**
Increase for internal work	**(1,596)**	**(8,090)**
Cost for professional, technical and administrative services	3,562	4,220
Seconded personnel, travelling expenses and bill of charges	1,221	1,591
Consumption	13,953	14,800
Maintenance	12,326	19,391
Bank and insurance services	910	980
Other services	4,274	6,366
Total services	**36,246**	**47,348**
Leasing and rentals	**43,318**	**46,816**
Provisions for risks	**958**	**(13)**
Other operating costs	**3.333**	**3,253**
Total purchases, service and other costs	**84,952**	**94,214**

The total decrease in the item Purchases, services and other costs is due to the completion in 2012 of the activities connected to the digitization of the TV signal (so-called switch off) and to the cost rationalization process.

The item Purchases mainly includes purchases for raw materials, spare parts and accessories and amounted to € 2,296k.

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 € 1,596k.

The item Other services includes charges for vigilance and surveillance at the head-offices and local offices amounting to € 1,215k, company information system service supplied by the indirect parent company R.T.I. S.p.A. for € 1,700k, transport, storage and porter charges for € 458k, cleaning and waste disposal charges for € 606k.

The item Rent, lease and similar costs includes charges for the rent of satellite segments for a total amount of € 24,815k, rental of lands and hosting on third party towers amounting to € 15,085k, other rentals mainly related to the offices located in Lissone and other secondary offices for € 1,723k.

The item Provisions for risks reflects the assessment of directors with relation to the risks of the Group.

The item Other operating costs includes charges, taxes and government licenses, local taxes (first of all IMU – the Italian tax on buildings) amounting to € 1,093k, capital losses from sale of tangible assets for € 168k, bad debts for € 361k, adjustment of revenues and costs related to previous years for € 1,153k.

11.5 Amortization, depreciation and write-downs

	2013	2012
Amortisation of tangible assets	35,686	36,962
Amortisation of intangible assets	9,468	9,485
Write-downs of fixed assets	651	122
Write downs of receivables	1,469	3,466
Total amortisation, depreciation and write-downs	**47,274**	**50,035**

Amortisation amounted to € 35,686k for tangible assets and € 9,468k for intangible assets.

The item Write-downs of fixed assets, net of the use recorded in the Income Statement for € 39k, relates to provisions for bad debts.

Write-downs carried out in 2013 amounted to € 651k and related for € 465k to plants obsolete from an electronic point of view, for € 145k to a building and for € 41k to Towers no longer used or under disposal.

11.6 Financial charges

	2013	2012
Interests on financial liabilities	(8,769)	(6,204)
From derivative instruments	-	(77)
Other financial losses	(345)	(253)
Foreign exchange losses	(2)	(5)
Total financial losses	**(9,116)**	**(6,539)**

The variance compared to the previous year is mainly attributable to the Bond loan followed by the redemption of preexisting loans.

The item Interests on financial liabilities includes:

- interest expenses for € 6,618k related to the Bond loan measured at the amortized cost;
- interest expenses for € 445k related to the pool loan of Towertel S.p.A. paid off on April 30, 2013 and € 592k related to charges recorded for the accounting closing of the loan accounted according to depreciated cost measurement;
- interest expenses for € 547k related to the loan disbursed by Banca Popolare di Milano in the favor of the parent company EI Towers S.p.A. paid off on April 29, and € 65k related to financial charges recorded for the accounting closing of the loan accounted according to depreciated cost measurement;
- interest expenses for € 93k related to short-term lines of credit disbursed by Banca Popolare di Sondrio and reimbursed April 2013;
- interest expenses for € 397k related to the current account relationship held with Mediaset S.p.A.;
- other interest expenses for € 11k.

The item Other financial losses includes the financial charges for € 175k related to the advanced closing of the loan disbursed by Banca Popolare di Milano, € 95k related to guarantee charges and € 75k to financial charges for the discounting of the Employee Termination Indemnity.

11.7 Financial income

	2013	2012
Interests on financial assets	1,683	445
Total financial gains	**1,683**	**445**

The item Interests on financial assets increased compared to the previous year due to the liquidity generated by the bond issue described above and the operational management of the Group.

This item includes:

- interest income amounting to € 725k, related to the credit balance of the intra-group current account with Mediaset S.p.A.;
- interest income for the period related to bank and postal deposits amounting to € 361k;
- interest income for payment extension for € 592k;
- Interest income on financial receivables equal to € 5k.

11.8 Financial income/charges recognised according to IAS 39

The table below summarises the gains and losses recorded 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.

	2013	2012
Liabilities evaluated with amortized cost method	7,210	(6,204)
Financial assets held to maturity	-	(77)
Loans and receivables	53	445
Financial assets available for sale	-	-
Other financial income/(losses)	170	(258)
Total financial income/(losses)	**7,433**	**(6,094)**

The item Other income/(losses) mainly includes guarantee charges and charges relating to the discounting of employee termination indemnity.

11.9 Profit/(Loss) from equity investments

	2013	2012
Capital loss from transfer of investments	(369)	-
Other investment write-down	(24)	-
Total	(393)	**-**

The item Capital loss from transfers of investments is attributable to the disposal occurred on December 16, 2013, by the company Towertel S.p.A. of the shares owned in the company Alto Adige Tv s.r.l., Gruppo Editoriale Trentino s.r.l., Trentuno s.r.l. (stake of 8.33% in each company).

The item Other investment write-down relates to the write-down of shares held in joint ventures.

11.10 Income taxes

	2013	2012
Ires tax	15,521	13,423
IRAP tax	3,911	3,434
Advanced taxes	23	115
Deferred taxes	(1,845)	(2,178)
Total	**17,610**	**14,794**

The change in the current taxes belonging to the financial year, compared to those for 2012 is caused by the increase in the taxable base for IRES and Irap purposes, relative to the performance of the financial results achieved in the financial year by the Group companies.

The item deferred taxes takes in the financial movements for the year relative to the posting and/or usage that is generated by the impact of the progress of the timing differences between the fiscally allowed and the statutory values of assets and liabilities.

The following is a reconciliation of the tax rate in force in Italy (corporate income tax) for the years 2013 and 2012, and the Group's actual rate:

	2013	2012
Current tax rate	31.4%	31.4%
IRAP tax non deductible expenses	3.74%	4.73%
Deferred and advanced taxes	-3.60%	-4.78%
Non deductible expenses and consolidation adjustment with no tax effect	3.28%	7.14%
Actual tax rate	**34.82%**	**38.49%**

The main change in the report on the reconciliation compared to the previous year relates to the decrease in the item Non-deductible expenses according to the regulations in force.

11.11 Profit for the year and proposed dividend

The consolidated net result as at December 31, 2013 amounted to € 32,938k. The Board proposed to the Meeting of Shareholders not to pay dividends.

11.12 Earnings per share

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

	December 31, 2013	December 31, 2012
Net profit for the year (millions of euro)	**32,938**	**23,644**
Weighted average number of ordinary shares (without own shares)	28,199,851	28,199,851
Basic EPS	**1.17**	**0.84**
Weighted average number of ordinary shares for the diluted EPS computation	28,199,851	28,199,851
Diluted EPS	**1.17**	**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.

CASH FLOW STATEMENT

12. CASH FLOW STATEMENT

Cash flow generated by operating activities includes € 13,196k of current income taxes paid in the period; it should be noted that, within the group taxation regime with the indirect parent company Mediaset S.p.A., no IRES advance payments have been made in the period.

The net flow absorbed by investing activities mainly refers to investments in tangible assets (€ 9,186k), in intangible assets for € 316k of which € 280k related to customer relations concerning the business unit acquired and € 101k related to the goodwill acquired from the aforesaid the business unit.

Financing activities generated net cash flow of € 8,955k resulting from an increase in financial liabilities for € 231,826k related to the bond issue carried out in the year and measured at amortized cost and a corresponding decrease in financial liabilities for € 210,440k referring to the reimbursement of bank debts and of the use of the intercompany current account existing with Mediaset S.p.A. through the liquidity from the aforesaid bond loan, dividends distributed to shareholders for € 11,844k and net interests paid for € 587k.

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 at December 31, 2013.

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	-	-	71	-	-	**71**
receivables from parent company	-	-	-	-	-	-
receivables from subsidiaries/associated companies	-	-	-	-	-	-
CURRENT ASSETS						
receivables from customers	-	-	16,805	-	-	**16,805**
trade receivables from parent companies	-	-	735	-	-	**735**
trade receivables from associated companies	-	-	274	-	-	**274**
trade receivables from related parties	-	-	42	-	-	**42**
receivables from parent company	-	-	-	-	-	-
receivables from subsidiaries/associated companies	-	-	-	-	-	-
bank and postal deposits	-	-	101,059	-	-	**101,059**
cash and cash equivalent	-	-	14	-	-	**14**
TOTAL FINANCIALS ASSETS	**-**	**-**	**119,000**	**-**	**-**	**119,000**

ITEM OF BALANCE	Financials instruments 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	-	-	-	-
bond loan	-	-	225,208	225,208
CURRENT LIABILITIES				
payables to banks	-	-	432	432
bond loan	-	-	6,618	6,618
payables to suppliers	-	-	28,421	28,421
trade payables to associated companies	-	-	1,582	1,582
trade payables to other related parties	-	-	-	-
other financial liabilities (current portion)	-	-	62	62
TOTAL FINANCIAL LIABILITIES	**-**	**-**	**262,323**	**262,323**

Here below is a breakdown of the book value of financial assets and liabilities in the categories laid down by IAS 39 at December 31, 2012.

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	-	-	**713**
receivables from parent company	-	-	-	-	-	-
receivables from subsidiaries/associated companies	-	-	-	-	-	-
CURRENT ASSETS						
receivables from customers	-	-	21,399	-	-	**21,399**
trade receivables from parent companies	-	-	1,765	-	-	**1,765**
trade receivables from associated companies	-	-	219	-	-	**219**
trade receivables from related parties	-	-	246	-	-	**246**
receivables from parent company	-	-	-	-	-	-
receivables from subsidiaries/associated companies	-	-	-	-	-	-
bank and postal deposits	-	-	21,674	-	-	**21,674**
cash and cash equivalent	-	-	13	-	-	**13**
TOTAL FINANCIALS ASSETS	**-**	**-**	**46,029**	**-**	**-**	**46,029**

ITEM OF BALANCE	Financials instruments 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	66,119
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	82,987
payables to suppliers	-	-	35,602	35,602
trade payables to parent companies	-	-	1,243	1,243
trade payables to associated companies	-	-	206	206
trade payables to other related parties	-	-	29	29
other financial liabilities (current portion)	-	-	-	-
financial liabilities to parent companies	-	-	61,789	61,789
financial liabilities to associated companies	-	-	-	-
TOTAL FINANCIAL LIABILITIES	**-**	**-**	**247,975**	**247,975**

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, at December 31, 2013 and 2012 respectively.

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.

December 31, 2013

	BOOK VALUE	Mark to Market	Mark to Model			TOTALE FAIR VALUE
			Black&Scholes' Model	Binominal model	DCF Model	
Mediun-long term trade receivables	3,816	-	-	-	3,816	**3,816**
Current payables to banks	-	-	-	-	-	-
Non-current payables to banks	-	-	-	-	-	-
Bond loan	231,826	244,164	-	-	-	**244,164**

December 31, 2012

	BOOK VALUE	Mark to Market	Mark to Model			TOTALE FAIR VALUE
			Black&Scholes' Model	Binominal model	DCF Model	
Mediun-long term trade receivables	4,550	-	-	-	4,550	**4,550**
Current payables to banks	49,934	-	-	-	51,590	**51,590**
Non-current payables to banks	84,101	-	-	-	86,113	**86,113**

The fair value of stocks listed on an active market is based on market prices at the closing date of the Financial Statements. Market prices used are bid/ask prices according to the relevant assets or liabilities position held.

The fair value of the bond listed on the Irish Stock Exchange has been re-determined using the mean listed price at December 30, 2013 equal to € 103.281.

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.

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, for 2013 and 2012 respectively, showing, for each of them, the nature of these charges and incomes.

December 31, 2013

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	**-**	**-**	**-**	**-**	**-**
- derivative instruments	-	-	-	-	**-**
Financials instrument held for trading	**-**	**-**	**-**	**-**	**-**
Liabilities at amortized cost	**(7,210)**	**-**	**-**	**-**	**(7,210)**
- intra-group financial liabilities	-	-	-	-	**-**
- other liabilities at amortized cost	(7,210)			**-**	**(7,210)**
Financial instruments held to maturity					**-**
Loans and receivables	**(53)**	**-**	**-**	**-**	**(53)**
Income on receivables	592	-	-	-	592
- intra-group financial assets/liabilities	328	-	-	-	328
Loans	(976)	-	-	-	(976)
- other assets at amortized cost	-	-	-	-	-
Other income and charges	5			(2)	3
Financials instruments available for sale					**-**
Total IAS 39 Categories	**(7,263)**	**-**	**-**	**(2)**	**(7,263)**
Interest cost	-	(75)	-	-	(75)
Financial guarantees	(95)	-	-	-	(95)
Provisions discounting	-	-	-	-	**-**
Receivables discounting	-	-	-	-	**-**
Payables discounting	-	-	-	-	**-**
Other income and charges	-	-	-	-	**-**
Total financial instrument not within IAS 39 categories	(95)	(75)	-	-	**(170)**
				TOTALE	**(7,433)**

December 31, 2012

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)**	**-**	**-**	**-**	**(77)**
- derivative instruments	(77)	-	-	-	(77)
Financials instrument held for trading	**-**	**-**	**-**	**-**	**-**
Liabilities at amortized cost	**(2,627)**	**-**	**-**	**-**	**(2,627)**
- intra-group financial liabilities	(2,099)	**-**	**-**	**-**	(2,099)
- other liabilities at amortized cost	(528)	**-**	**-**	**-**	(528)
Financial instruments held to maturity					**-**
Loans and receivables	**280**	**-**	**-**	**-**	**280**
- intra-group financial assets/liabilities	-	**-**	**-**	**-**	**-**
- other assets at amortized cost	**165**	**-**	**-**	**-**	**165**
Financials instruments available for sale					**-**
Total IAS 39 Categories	**(2,259)**	**-**	**-**	**-**	**(2,259)**
Interest cost	-	(218)	-	-	(218)
Provisions discounting	-	**-**	**-**	**-**	-
Receivables discounting	-	**-**	**-**	**-**	-
Payables discounting	-	**-**	**-**	**-**	-
Other income and charges	(3,617)	**-**	**-**	**-**	(3,617)
Total financial instrument not within IAS 39 categories	(3,617)	(218)	-	-	**(3,835)**
				TOTALE	**(6,094)**

Equity management

The Group's objectives regarding the management its equity are aimed at protecting the Group's ability to ensure shareholders' yields and interests and maintain 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 by operating companies.

The interest rate risk is not significant to this day since debt exposure consists only of the fixed rate bond loan issued during the year.

Sensitivity analysis

No sensitivity analysis has been carried out in 2013 since at the date of these financial statements there are no financial instruments exposed to interest rate risk.

For further information the sensitivity analysis carried out in 2012 is reported. 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	(1,531)	-	(1,531)
	211,199	-10	153	-	153

Liquidity risk

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

This risk 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.

In general, 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, respectively at December 31, 2013 and 2012, 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.

ITEM OF BALANCE AS AT DECEMBER 31, 2013	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	-	-	-	-	-	-	-
Current due to bank	432	432	-	-	-	-	432
Current bond loan	6,618	-	8,912	-	-	-	8,912
Non current bond loan	225,208	-	-	-	265,675	-	266,675
Financial due to parent company	-	-	-	-	-	-	-
Financial due to associated companies	-	-	-	-	-	-	-
Financial due to other related parties	-	-	-	-	-	-	-
Due to other suppliers	-	-	-	-	-	-	-
Due to parent company	1,385	1,385	-	-	-	-	1,385
Due to associated companies	196	196	-	-	-	-	196
Due to other related parties	-	-	-	-	-	-	-
Intra-group financial liabilities	-	-	-	-	-	-	-
Other debt and financial liabilities	62	62	-	-	-	-	62
Total	**233,901**	**2,075**	**8,912**	**-**	**265,675**	**-**	**276,662**

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	-	-	-	67,207	-	67,207
Current due to bank	82,987	15,580	9,910	60,097	-	-	85,587
Financial due to parent company	-	-	-	-	-	-	-
Financial due to associated companies	-	-	-	-	-	-	-
Financial due to other related parties	-	-	-	-	-	-	-
Due to other suppliers	-	-	-	-	-	-	-
Due to parent company	1,243	1,243	-	-	-	-	1,243
Due to associated companies	206	206	-	-	-	-	206
Due to other related parties	29	29	-	-	-	-	29
Intra-group financial liabilities	61,789	61,789	-	-	-	-	61,789
Other debt and financial liabilities	-	-	-	-	-	-	-
Total	**212,373**	**78,847**	**9,910**	**60,097**	**67,207**	**-**	**216,061**

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 Broadcast plants (radio and television) and mobile communication.

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 at December 31, 2013 and 2012.

RISK CLASSES as at DECEMBER 31, 2013	Gross receivables	Net matured				Total net matured	Provision for bad debts	Total to mature	Total at December 31, 2013
		0-30days	30-60days	60-90days	further				
RECEIVABLES FROM THIRD PARTY									
Customers	26,052	900	1,237	1,113	13,100	16,350	(9,247)	9,702	26,052
RECEIVABLES FROM PARENT AND ASSOCIATED COMPANIES									
Customers	1,051	-	32	-	79	111	-	982	1,051
TOTAL TRADE RECEIVABLES	**27,103**	**900**	**1,269**	**1,113**	**13,179**	**16,461**	**(9,247)**	**10,684**	**27,103**

RISK CLASSES as at DECEMBER 31, 2012	Gross receivables	Net matured				Total net matured	Provision for bad debts	Total to mature	Total at December 31, 2012
		0-30days	30-60days	60-90days	further				
RECEIVABLES FROM THIRD PARTY									
Customers	30,702	1,549	1,041	1,326	15,305	19,221	(9,303)	11,481	30,702
RECEIVABLES FROM PARENT AND ASSOCIATED COMPANIES									
Customers	2,155	-	10	-	81	91	-	2.064	2,155
TOTAL TRADE RECEIVABLES	**32,857**	**1,549**	**1,051**	**1,326**	**15,386**	**19,312**	**(9,303)**	**13,545**	**32,857**

With reference to the main category of trade receivables it should be noted that in terms of concentration, the top 10 customers reached about 90% of turnover, while the top 100 customers reached 97% 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 31/12/2012	Allocated	Uses	value at 31/12/2013
Provision for receivables write-off	9,303	1,479	(1,536)	9,247

14. SHARE-BASED PAYMENTS

At December 31, 2013, for the purposes of IFRS 2, there were posted the assigned stock option plans for the financial years 2008, 2009, 2010 relative to the assignment of option rights to EI Towers employees over the Mediaset S.p.A. ordinary shares. It should be noted that No. 100,000 options assigned in 2007 expired in 2013.

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

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

- Stock Option Plan 2008: 0.30 € for options;
- Stock Option Plan 2009: 1.35 € for options;
- Stock Option Plan 2010: 0.68 € 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.	-	(65)	319	-	(20)	79,021
R.T.I. S.p.A.	313	(2,689)	-	79	(987)	-
Elettronica Industriale S.p.A.	178,464	(182)	-	655	(378)	-
Total controlling entities	**178,777**	**(2,936)**	**319**	**734**	**(1,385)**	**79,021**
AFFILIATED ENTITIES						
Publitalia '80 S.p.A.	61	-	-	1	-	-
Videotime S.p.A.	743	(481)	-	81	(131)	-
MedioBanca S.p.a.	-	(45)	-	-	-	-
Milan Entertainment S.r.l.		(10)				
Monradio S.r.l.	473	-	-	3	-	-
Promoservice		(58)			(65)	
Total affiliated entities	**1,277**	**(594)**	**-**	**85**	**(196)**	**-**
EXECUTIVES WITH STRATEGIC RESPONSIBILITIES		**(1,014)**			**-**	**(210)**
PENSION FUNDS (Mediafond)	**-**	**-**	**-**	**-**	**-**	**(231)**
OTHER RELATED PARTIES	**272**	**(13)**	**-**	**232**	**-**	**-**
TOTAL RELATED PARTIES	**180,326**	**(4,557)**	**319**	**1,051**	**(1,582)**	**78,580**

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.

In the item Other receivables/payables from and to Mediaset S.p.A. are included the credit balance of the intra-company current account including the accrued interests for € 94,479k and Ires payables from group taxation for € 15,458k

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

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 € 216m.

The Group issued guarantees for commercial and financial commitments for about €7.5m.

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 4m, 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 4.2m 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.

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, 2013

(Euro in thousands)

Companies consolidated on a line-by-line basis	Registered Office	Currency	Share capital sociale	% held by the Group (*)
Tow ertel 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 sociale	% held by the Group
Beigua s.r.l.	Roma	euro	51.0	24.50%

(*) Shares of the Group calculated w ithout considering treasury shares held by associated companies

Disclosure pursuant to article 149, part twelve, of the Consob Issuers Regulations

values in Euro

Service	Entity supplying the service	Beneficiary	Fees 2013
Account auditing	Deloitte & Touche S.p.A.	Parent company-EI Towers S.p.a.	110,750
Account auditing	Deloitte & Touche S.p.A.	Subsidiary companies	36,750
Attestation services	Deloitte & Touche S.p.A.	Parent company-EI Towers S.p.a. (1)	1,000
Attestation services	Deloitte & Touche S.p.A.	Subsidiary companies(1)	1,000
Total			**149,500**

(1) Attestation services Tax Return and Form 770

2013 Annual Report

Certification of the 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 2013.

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.

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 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 19, 2014

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

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

2013 Annual Report

Report of the External Auditors

Deloitte & Touche S.p.A.
Via Tortona, 25
20144 Milano
Italia

Tel: +39 02 83322111
Fax: +39 02 83322112
www.deloitte.it

AUDITORS' REPORT PURSUANT TO ART. 14 AND 16 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010

To the Shareholders of
EI TOWERS S.p.A.

1. We have audited the consolidated financial statements of EI Towers S.p.A. and subsidiaries (the "EI Towers Group"), which comprise the consolidated statement of financial position as of December 31, 2013, and the consolidated statement of income, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes. These consolidated financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree n° 38/2005 are the responsibility of the Company's Directors. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

2. We conducted our audit in accordance with the Auditing Standards recommended by CONSOB, the Italian Commission for listed Companies and the Stock Exchange. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

   For the opinion on the prior year's consolidated financial statements, whose data are presented for comparative purposes, reference should be made to the auditors' report issued by other auditors on March 27, 2013 .

3. In our opinion, the consolidated financial statements give a true and fair view of the financial position of EI Towers Group as of December 31, 2013, and of the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree n° 38/2005.

4. The Directors of EI Towers S.p.A. are responsible for the preparation of the report on operations in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the report on operations and of the specific section on corporate governance with reference to the information reported in compliance with art. 123-bis of Italian Legislative Decree n. 58/1998, paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b) in the annual report on corporate governance, with the consolidated financial statements, as required by law. For this purpose, we have performed the procedures required under Auditing Standard n. 001 issued by the Italian Accounting Profession (CNDCEC) and recommended by CONSOB. In our opinion, the report on operations and the information reported in compliance with art. 123-bis of Italian Legislative Decree n. 58/1998 paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b) included in the specific section on corporate governance are consistent with the consolidated financial statements of the EI Towers Group as of December 31, 2013.

DELOITTE & TOUCHE S.p.A.

Signed by
Patrizia Arienti
Partner

Milan, Italy
March 28, 2014

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

EI TOWERS S.p.A.

2013 Annual Report

Financial Statements and Explanatory Notes

EI TOWERS S.p.A.

Statement of Financial Position at December 31, 2013

(values in Euros)

ASSETS	Notes	31/12/2013	31/12/2012
Non-current assets	**9**		
Property, plant and equipment	9.1	151,941,023	174,626,447
Goodwill	9.2	255,771,817	255,6710,52
Other intangible assets	9.3	12,116,380	15,471,784
Investments	9.4		
in subsidiaries		213,020,353	213,020,353
in associates and joint control companies		27,639	27,639
Total		213,047,992	213,047,992
Receivables and othe non-current financial assets	9.5	81,027,272	299,165
Deferred tax assets	9.6	2,660,484	2,230,600
Total non-current assets		**716,564,968**	**661,347,040**
Current assets	**10**		
Inventories	10.1	2,911,095	3,130,974
Trade receivables	10.2		
from customers		6,119,250	7,504,698
from associates		273,619	390,212
from subsidiaries		1.806.621	12,206,306
from parent companies		734,309	1,484,845
Total		8,933,799	21,586,061
Other receivables and current asset	10.3	2,908,756	19,552,652
Cash and cash equivalents	10.4	95,736,438	12,947,414
Total current assets		**110,490,088**	**57,217,101**
Non-current assets held for sale		**-**	**-**
TOTAL ASSETS		**827,055,056**	**718,564,141**

EI TOWERS S.p.A.

Statement of Financial Position at December 31, 2013

(values in Euros)

LIABILITIES AND SHAREHOLDERS' EQUITY	Notes	31/12/2013	31/12/2012
Shareholders' equity	**11**		
Share capital	11.1	2,826,238	2,826,238
Share premium reserve	11.2	194,226,797	206,540,354
Treasury shares	11.3	(1,844,878)	(1,844,878)
Other reserves	11.4	321,119,219	322,649,337
Valuation reserve	11.5	(1,137,817)	(828,027)
Retained earnings	11.6	-	(17,291,540)
Profit (loss) for the period	11.7	21,318,389	15,255,690
TOTAL SHAREHOLDERS' EQUITY		**536,507,948**	**527,307,174**
Non-current liabilities	**12**		
Post-employment benefit plans	12.1	10,897,682	10,601,545
Deferred tax liabilities	12.2	1,590,630	1,378,324
Payables and financial liabilities	12.3	225,207,956	-
Provisions for risks and charges	12.4	683,917	453,000
Total non-current liabilities		**238,380,185**	**12,432,869**
Current liabilities	**13**		
Financial payables	13.1	431,588	64,957,284
Trade payables	13.2		
to suppliers		24,388,572	28,565,549
to subsidiaries		408,939	119,736
to associates and joint control companies		-	21,529
to associates		194,955	211,477
parent companies		1,385,248	1,206,778
Total		26,377,714	30,125,069
Tax payables	13.3	9,561,756	11,313,647
Intercompany financial payables	13.4		
to parent companies		-	61,788,924
Total		-	61,788,924
Other financial liabilities	13.5	6,617,540	-
Other current liabilities	13.6	9,178,326	10,639,174
Total current liabilities		**52,166,923**	**178,824,098**
Non-current liabilities related to assets held for sale		**-**	**-**
TOTAL LIABILITIES		**290,547,108**	**191,256,967**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**827,055,056**	**718,564,141**

EI TOWERS S.p.A.

Statement of Income at December 31, 2013

(values in Euros)

INCOME STATEMENT	Note	2013	2012
Revenues	**14**		
Sales of goods and services	14.1	178,303,009	177,179,478
Other revenues and income	14.2	228,190	262,301
Total revenues		**178,531,199**	**177,441,779**
Costs	**15**		
Personnel expenses	15.1	39,012,260	40,136,718
Purchases, services, other costs	15.2	65,539,304	74,121,648
Amortisation, depreciation and write-downs	15.3	35,281,378	35,340,239
Total costs		**139,832,942**	**149,598,605**
Gains/(losses) from disposals of non-current assets		**-**	**-**
EBIT		**36,698,257**	**27,843,174**
(Expenses)/income from financial investments	**16**		
Financial expenses	16.1	(8,058,977)	(3,408,755)
Financial income	16.2	2,684,423	300,702
Total (expenses)/income from financial investments		**(5,374,554)**	**(3,108,053)**
EBT		**33,323,703**	**24,735,121**
Income taxes for the year	**17**		
current taxes	17	12,115,585	9,091,615
deferred taxes	17	(110,271)	387,816
Total income taxes for the year		**12,005,314**	**9,479,431**
Net profit form continuing operations		**21,318,389**	**15,255,690**
Net gains/(losses) from discontinued operations		**-**	**-**
Net profit (loss) for the period		**21,318,389**	**15,255,690**

Statement of Comprehensive Income at December 31, 2013

(values in Euros)

	Notes	2013	2012
PROFIT (LOSS) FOR THE PERIOD (A)		**21,318,389**	**15,255,690**
Total comprehensive gains/(losses) recognized in the income statement		**-**	**-**
Effective portion of gains/(losses) on hedging instruments (cash flow hedge)		-	-
Total comprehensive gains/(losses) not recognized in the income statement		-	**-**
Actuarial gains/(losses) on defined benefit plans	11.5	(390,208)	(1,334,274)
Tax effects	11.5	107,307	372,554
TOTAL COMPREHENSIVE INCOME/(LOSSES) NET OF TAX EFFECTS (B)		**(282,901)**	**(961,720)**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR (A+B)		**21,035,488**	**14,293,970**

EI TOWERS S.p.A.

Statement of Cash Flows at December 31, 2013

(values in thousands of Euros)

	Notes	2013	2012
CASH FLOW FROM OPERATING ACTIVITIES:			
Operating profit		38,698	27,843
+ Depreciation and amortisation		35,281	35,340
+ changes in trade receivables		12,652	15,122
+ changes in trade payables		(3,747)	(15,622)
+ changes in other assets and liabilities		5,091	(9,780)
- Income tax paid		(12,024)	(7,488)
Net cash flow from operating activities [A]	**18**	**75,952**	**45,416**
CASH FLOW FROM INVESTING ACTIVITIES:			
Investments in tangible assets		(8,173)	(25,162)
Investments in intangible assets		(316)	(8,712)
Goodw ill		(101)	-
Changes in payables for investing activities		2,165	8,555
(Increases)/decreases in other financing activities		(101)	48
Business combinations net of cash acquired		-	317
Net cash flow from investing activities [B]	**18**	**(6,534)**	**(24,953)**
CASH FLOW FROM FINANCING ACTIVITIES:			
changes in financial liabilities		98.893	(4,662)
dividend payment		(11,844)	-
net change in other financial assets/liabilities		(74,111)	-
interests (paid)/received		433	(2,862)
Net cash flow from financing activities [C]	**18**	**13,372**	**(7,524)**
		-	
CHANGE IN CASH AND CASH EQUIVALENTS [D=A+B+C]		**82,789**	**12,938**
		-	
CHANGE IN CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD [E]		**12,947**	**9**
CHANGE IN CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD [F=D+E]		**95,736**	**12,947**

EI TOWERS S.p.A.

Statement of Changes in Shareholders' Equity for periods ended December 31, 2013 and 2012

(values in thousands of Euros)

	Share capital	Share premium reserve	Treasury share reserve	Legal reserve	Extraordinary reserve	Other reserves	Actuarial valuation reserve	Other valuation reserves	Previous years' profits	Net Income (loss) for the period	Total Shareholders' equity
Balance at 31/12/2011	**1,130**	**89,278**	**-**	**-**	**-**	**209,070**	**(110)**	**127**	**-**	**5,185**	**304,680**
Business combination	1,696	117,262	(5,091)	288	53	109,131	21	2,168	(17,292)	-	208,236
Allocation of 2011 net income as per Meeting of April 11, 2012	-	-	-	260	4,926	-	-	-	-	(5,185)	259
Changes in Share premium reserve	-	-	-	-	-	-	-	-	-	-	-
Changes in Stock Grant	-	-	3,246	-	-	(1,078)	-	(2,168)	-	-	-
Changes ine Stock Optio s	-	-	-	-	-	-	-	118	-	-	118
Changes in Actuarial reserve	-	-	-	-	-	-	(22)	-	-	-	(22)
Total net income/(loss) for the period	-	-	-	-	-	-	(962)	-	-	15,255	14,294
Balance at 31/12/2012	**2,826**	**206,540**	**(1,845)**	**548**	**4,979**	**317,123**	**(1,073)**	**245**	**(17,292)**	**15,256**	**527,306**
Coverage of previous losses as per Meeting of April 18, 2013	-	(12,314)	-	-	(4,978)	-	-	-	17,292	-	-
Allocation of 2012 net income as per Meeting of April 18, 2013	-	-	-	17	3,393	-	-	-	-	(3,411)	-
Allocation of dividends	-	-	-	-	-	-	-	-	-	(11,844)	(11,844)
Changes in Share premium reserve	-	-	-	-	-	-	-	-	-	-	-
Changes ine Stock Options	-	-	-	-	-	36	-	(27)	-	-	9
Changes in Actuarial reserve	-	-	-	-	-	-	-	-	-	-	-
Total net income/(loss) for the period	-	-	-	-	-	-	(282)	-	-	21,318	21,035
Balance at31/12/2013	**2,826**	**194,227**	**(1,845)**	**565**	**3,394**	**317,159**	**(1,355)**	**218**	**-**	**21,319**	**536,508**

Consolidated Statement of Financial Position according to Consob Resolution no. 15519 dated July 27, 2006

(values in Euros)

ASSETS	Notes	31/12/2013	of which vs. Related parties (nota 21)	% weight	31/12/2012	of which vs. Related parties (nota 21)	% weight
Non-current assets	**9**						
Property, plant and equipment	9.1	151,941,023			174,626,447		
Goodwill	9.2	255,771,817			255,671,052		
Other intangible assets	9.3	12,116,380			15,471,784		
Investments	9.4						
in subsidiaries		213,020,353			213,020,353		
in associates and joint control companies		27,639			27,639		
Total		213,047,992			213,047,992		
Receivables and othe non-current financial assets	9.5	81,027,272	80,581,642	99%	299,165		
Deferred tax assets	9.6	2,660,484			2,230,600		
Total non-current assets		**716,564,968**			**661,347,040**		
Current assets	**10**						
Inventories	10.1	2,911,095			3,130,974		
Trade receivables	10.2						
from customers		6,119,250			7,504,698		
from associates		273,619	273,619	100%	390,212	390,212	100%
from subsidiaries		1,806,621	1,806,621	100%	12,206,306	12,206,306	100%
from parent companies		734,309	734,309	100%	1,484,845	1,484,845	100%
Total		8,933,799			21,586,061		
Other receivables and current asset	10.3	2,908,756			19,552,652	15,592,920	80%
Cash and cash equivalents	10.4	95,736,438	94,478,871	99%	12,947,414		
Total current assets		**110,490,088**			**57,217,101**		
Non-current assets held for sale		**-**			**-**		
TOTAL ASSETS		**827,055,056**			**718.564.141**		

LIABILITIES AND SHAREHOLDERS' EQUITY	Notes	31/12/2013	of which vs. Related parties (nota 21)	% weight	31/12/2012	of which vs. Related parties (nota 21)	% weight
Shareholders' equity	**11**						
Share capital	11.1	2,826,238			2,826,238		
Share premium reserve	11.2	194,226,797			206,540,354		
Treasury shares	11.3	(1,844,878)			(1,844,878)		
Other reserves	11.4	321,119,219			322,649,337		
Valuation reserve	11.5	(1,137,817)			(828,027)		
Retained earnings	11.6	-			(17,291,540)		
Profit (loss) for the period	11.7	21,318,389			15,255,690		
TOTAL SHAREHOLDERS' EQUITY		**536,507,948**			**527,307,174**		
Non-current liabilities	**12**						
Post-employment benefit plans	12.1	10,897,682			10,601,545		
Deferred tax liabilities	12.2	1,590,630			1,378,324		
Payables and financial liabilities	12.3	225,207,956			-		
Provisions for risks and charges	12.4	683,917			453,000		
Total non-current liabilities		**238,380,185**			**12,432,869**		
Current liabilities	**13**						
Financial payables	13.1	431,588			64,957,284		
Trade payables	13.2						
to suppliers		24,388,572			28,565,549		
to subsidiaries		408,939	408,939	100%	119,736	119,736	100%
to associates and joint control companies		-			21,529	21,529	100%
to associates		194,955	194,955	100%	211,477	211,477	100%
parent companies		1,385,248	1,385,248	100%	1,206,778	1,206,778	100%
Total		26,377,714			30,125,069		
Tax payables	13.3	9,561,756	9,252,628	97%	11,313,647		
Intercompany financial payables	13.4						
to parent companies		-			61,788,924	61,788,924	100%
Total		-			61,788,924		
Other financial liabilities	13.5	6,617,540			-		
Other current liabilities	13.6	9,178,326	431,320	5%	10,639,174	137,931	1%
Total current liabilities		**52,166,923**			**178,824,098**		
Non-current liabilities related to assets held for sale		**-**			**-**		
TOTAL LIABILITIES		**290,547,108**			**191,256,967**		
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**827,055,056**			**718,564,141**		

EI TOWERS S.p.A.

Consolidated Statement of Income according to Consob Resolution no. 15519 dated July 27, 2006

(values in Euros)

INCOME STATEMENT	Notes	2013	of which vs. Related parties (nota 21)	% weight	2012	of which vs. Related parties (nota 21)	% weight
Revenues	**14**						
Sales of goods and services	14.1	178,303,009	173,133,515	97%	177,179,478	171,375,000	97%
Other revenues and income	14.2	228,190	14,185	6%	262,301		
Total revenues		**178,531,199**			**177,441,779**		
Costs	**15**						
Personnel expenses	15.1	39,012,260	1,067,726	3%	40,136,718		
Purchases, services, other costs	15.2	65,539,304	3,799,999	6%	74,121,648	3,967,000	5%
Amortisation, depreciation and write-downs	15.3	35,281,378			35,340,239		
Total costs		**139,832,942**			**149,598,605**		
Gains/(losses) from disposals of non-current assets		**-**			**-**		
EBIT		**36,698,257**			**27,843,174**		
(Expenses)/income from financial investments	**16**						
Financial expenses	16.1	(8,058,977)	(405,837)	5%	(3,408,755)	(2,098,920)	62%
Financial income	16.2	2,684,423	2,103,378	78%	300,702		
Total (expenses)/income from financial investments		**(5,374,554)**			**(3,108,053)**		
EBT		**33,323,703**			**24,735,121**		
Income taxes for the year	**17**						
current taxes	17	12,115,585			9,091,615		
deferred taxes	17	(110,271)			387,816		
Total income taxes for the year		**12,005,314**			**9,479,431**		
Net profit form continuing operations		**21,318,389**			**15,255,690**		
Net gains/(losses) from discontinued operations		**-**			**-**		
Net profit (loss) for the period		**21,318,389**			**15,255,690**		

EI TOWERS S.p.A.

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

These Financial Statements have been drawn up with a going concern approach, because the Directors have checked that there do not exist any uncertainties as defined in the Paragraph 25 of IAS 1 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, 2013 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 and IFRS 13, 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 tables in the Explanatory Notes are shown in amounts of thousand Euros.

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.

Estimates are based on the current status of information available, examined periodically and effects are reflected in income statement. Given the current macroeconomic context, still destabilized by the effects of the persistent financial crisis, the estimates have been made on the basis of assumptions relating to a highly uncertain future. However, it is possible that actual events over the next year may have a different outcome to those forecasted, causing adjustments to the carrying amounts of each single item that are not foreseeable today.

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.

It is also reported that, starting from the this year the discount rate used to measure post-employment benefit liabilities is the rate for the composite interest rate curve of securities issued by Corporate issuers rating AA instead of the one issued by A-rated issuers.

Comparison with previous year' financial statements

In order to provide a better representation, we considered it appropriate to reclassify some amounts presented for comparative purposes compared with the data published, without altering equity and result at December 31, 2012. Specifically, with regard to the Statement of financial position the item "Tax receivables" was grouped together the item "Other receivables and current assets".

4. Summary of the accounting standards and evaluation criteria

Accounting standards, amendments and interpretations effective from January 1, 2013

The Company applied the following accounting standards, amendments and interpretations starting from January 1, 2013.

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) are 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.

IAS 1 Presentation of Financial Statements – Clarification of requirements for comparative information

The amendment clarifies the difference between voluntary additional comparative information and the minimum required comparative information Generally, the minimum required comparative period is the previous period.

In addition, the standard clarifies that when an entity changes accounting policies, or makes retrospective restatements or reclassifications, it is necessary to present the opening statement of financial position also at the beginning of the required comparative period, while the related notes are not required to accompany this opening statement of financial position, except for information related to involved items.

IAS 16 Property, Plant and Equipment – Classification of *Servicing Equipment*

This amendment clarifies that major spare parts and servicing equipment, that meet the definition of property, plant and equipment are not inventory. These amendments had no impact on the Company.

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 most significant change concerning the cancellation of the corridor method has no impacts on the Company since at the First Time Adoption the option provided for by para. 93 A-D of IAS 19 with profit and loss recognized directly in Equity, has been chosen.

IAS 32 Financial Instruments: Presentation

This amendment clarifies that income taxes arising from distribution to equity holders are accounted for in accordance with IAS 12 *Income taxes*.

IFRS1 First-time Adoption of International Financial Reporting Standards

This amendment 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. These amendments had no impact on the Company.

IFRS 1 Governement 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. 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.

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 did not carry out in 2013 hedging activities which may require the use of derivatives.

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, following the same methodology as the Company's internal reporting and in line with the prevailing international practices in the sector, 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 amortization, 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.

Items that would be reclassified to profit or loss at future point of time are presented separately from items that will never be reclassified. 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, as well as dividends paid, 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 Company to minority shareholders;
- breakdown of the comprehensive profit/loss;
- amounts relative to transactions with the shareholders;
- purchase and sale 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

Towers, 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% -3%
Towers	5%
Plant and machinery	10%- 20%
Equipment	12% - 16%
Office forniture and electronic machines	8% - 20%
Motor vehicles and other means of transport	10% - 25%

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.

Government contribution

Government 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.

Intangible fixed assets with a defined useful life are amortized 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*.

Intangible assets concerning *customer relations* relate to the valuation of contracts in force on the basis of economic-financial projections and depreciated at a constant rate based on a useful life of 20 years. The contracts relative to local television networks are amortized at a constant rate over a period of 3 years.

Goodwill and the *other non-current assets with undefined useful life or not available for use* are not subject to amortization on a straight-line basis but subject to an *impairment test*).

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.

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 Company 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.

Any successive differences compared to the initial estimates, *contingent considerations*, must be posted to the Income Statement, unless arising from additional information existing at the purchase date; in this case they are adjustable within 12 months from the date of purchase. Similarly any rights to receive back some parts of the price paid if certain conditions arise must be classified as assets by the purchaser.

The *transaction costs* relative to business combinations in the accounting period when they are incurred, with the exception of those incurred relative to issues of debt securities or shares that have to be posted according to what is laid down by IAS 32 and 39.

In the case of the *purchase of controlling interests that are less than 100%* of the capital, the interest of minorities can either, for each individual business combination, be valued at the fair value with the corresponding posting of the goodwill, i.e. the *Full goodwill method*, or with the method based on the proportional amount of the fair value of the identifiable net assets acquired (i.e. *Partial goodwill*).

The valuation method can be chosen each time for each transaction.

In the case of the *step-up controlling interest acquisitions*, the purchaser must treat the previously owned interest, up till that time, accounted for according to the specific case and following what is laid down by IAS 39 – *Financial Instruments: Recognition and Measurement*, according to IAS 28 – *Accounting for Investments in Associates*, or according to IAS 31 – *Interests in Joint Ventures*, just as if it had been sold and reacquired at the date when control was acquired, recalculation the fair value at the date of "sale" and posting any gains or losses arising from that valuation to the Income Statement. Furthermore, in these circumstances any value previously posted to the Net Equity as *Other comprehensive gains and losses* must be reclassified to the Income Statement.

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.

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 value in use of the asset.

The value in use 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.

A single Cash Generating Unit attributable to the activity of Tower operator has been identified at the date of the financial statements in line with the organizational and business structures of the Company, which includes the Company and its wholly owned subsidiary Towertel S.p.A.

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 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 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 Financial Statements.

When there are losses belonging to the Company 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 amortized 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. Receivables originating in non-EMU currencies are valued at the year-end spot rates issued by the European Central Bank.

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 amortized cost, according to the actual interest rate method, net of write-downs made to reflect impairment.

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.

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, 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, with the exception of those regarding companies with less than 50 employees, according to the choices made by the employees, 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 amortized 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.

Non-current financial liabilities

The Non-current financial liabilities are shown at their amortized 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, 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 in the various countries, 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 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.

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 of the Company 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 27 Consolidated and Separate Financial Statements (amended in 20112011)

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, 2014.

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 application of this standard had no effect on the Company choosing to use the equity method to measure investments in jointly controlled entities as an alternative to the proportionate consolidation.

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 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, 2014. From a preliminary assessment no significant effects are expected on the Company.

5. Main corporate operations

The Board of Directors of the Company decided on March 21, 2013 to proceed with the issue of a bond on the Eurobond market destined only to qualified investors for a maximum face value of € 250m.

On April 10, 2013 Fitch Ratings has assigned the Company a Long-term Issuer Default Rating (IDR) of 'BBB' with a stable outlook. The rating agency also assigned a 'BBB(EXP)' senior unsecured rating to EIT's planned bond issuance.

Fitch Ratings has underlined the quasi-utility nature of the Company, with a vital role in the transmission of a significant portion of Italy's free-to-air television signals. The rating reflects the company's highly visible, non-cyclical and inflation linked revenue streams. These are underpinned by long-term contracts to rent space on its towers for radio and TV broadcast and telecoms transmission equipment.

On April 18, 2013 the Compaany successfully completed € 230m five-year bond issuance with an issue price at 99.444 and a coupon of 3.875%. The settlement date for the bond issue was April 26, 2013. Requests from institutional investors of almost 10 times the offer came from ca. 280 investors from 27 countries.

The bonds have been listed on the Irish stock exchange.

Banca IMI, BNP Paribas, Mediobanca and Unicredit acted as Joint Lead Managers while Banca Akros had a role as Co-manager.

On April 24, 2013 Fitch Ratings has assigned the bond issuance a final rating of ‘BBB’ with a stable outlook.

By using the cash from the bond issuance the Company provided for the total reimbursement of current banking facilities and the use of the intra-group current account with the parent company Mediaset S.p.A. and, in addition, gave the subsidiary Towertel S.p.A., through the opening of an intra-company current account, the necessary financial means for the total reimbursement of its bank exposure.

On July 30, the project of partial demerger of Towertel S.p.A. into EI Towers S.p.A. has been approved by the respective Boards of Directors. The demerger is finalized to a better operating integration of the Group, concentrating in Towertel S.p.A. the infrastructures devoted to “Telecom” operators and demerging in the favor of EI Towers S.p.A. the infrastructures devoted to “Broadcast” operators. The deed of partial demerger has been signed on December 16, 2013. The demerger shall be effective from January 1, 2014.

6. Business combinations

The purchase of a business unit pertaining to two towers located in Tuscany and related hosting and lease contracts was finalized on December 20, 2012 for a total consideration of € 400k.

The Purchase Price Allocation to net acquired assets has been carried out at the date when these Consolidated Financial Statements were authorized for issue. The following table summarizes the consideration paid, the fair value of acquired assets and assumed liabilities at the transaction date.

Value in thousands of €s	
Net acquired assets	5
Allocation of the consideration paid to customer relations	295
Residual allocation of the consideration paid to goodwill	101

Total consideration	**401**

7. 2008, 2009, 2010 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
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

It is highlighted that no. 100,000 options assigned in 2007 expired in 2013.

Share-based payments

At December 31, 2013, for the purposes of IFRS 2, there were posted the assigned stock option plans for the financial years 2008/2009/2010, 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 2008	Stock Option Plan 2009	Stock Option Plan 2010
Grant date	23/06/2008	29/09/2009	22/06/2010
Vesting Period	from 01/01/2008 to 23/06/2011	from 01/01/2009 to 29/09/2012	from 01/01/2010 to 22/06/2013
Exercise Period	from 24/06/2011 to 23/06/2014	from 30/09/2012 to 29/09/2015	from 23/06/2013 to 22/06/2016
Fair Value	0.30 euro	1.35 euro	0.68 euro
Exercise Price	4.86 euro	4.72 euro	4.92 euro

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

- Stock Option Plan 2008: 0.30 Euros for option;
- Stock Option Plan 2009: 1.35 Euros for option;
- Stock Option Plan 2010: 0.68 Euros for option;

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.

8. 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	31/12/2012	31/12/2011
Non-current assets		
Property, plant and equipment	4,715	4,750
Goodwill and other intangible assets	-	12
Investments and other non-current financial assets	1,499,506	1,948,965
Deferred tax assets	27,753	2,837
Total non-current assets	**1,531,974**	**1,956,564**
Current assets		
Trade receivables	768	5,996
Tax receivables	43,832	4,865
Intercompany financial receivables	2,472,229	3,053,878
Receivables and other current assets	59,149	88,108
Cash and cash equivalents	32,536	34,340
Total current assets	**2,608,514**	**3,187,187**
Non-current assets held for sale	**-**	**-**
TOTAL ASSETS	**4,140,488**	**5,143,751**

LIABILITIES AND SHAREHOLDERS' EQUITY	31/12/2012	31/12/2011
Shareholders' equity		
Share capital	614,238	614,238
Share-premium reserve	275,237	275,237
Treasury shares	(416,656)	(416,656)
Other reserves	1,159,034	1,785,603
Profit (loss) for the period	198,786	156,261
TOTAL SHAREHOLDERS' EQUITY	**1,830,639**	**2,414,683**
Non-current liabilities		
Post-employment benefit plans	1,669	3,811
Deferred tax liabilities	423	456
Other non-current liabilities	1,144,899	1,202,254
Total non-current liabilities	**1,146,991**	**1,206,521**
Current liabilities		
Financial payables	605,250	639,948
Trade payables	3,196	4,035
Tax payables	451	4,309
Intercompany financial payables	419,963	410,346
Payables and other current liabilities	133,998	463,909
Total current liabilities	**1,162,858**	**1,522,547**
Non-current liabilities related to assets held for sale	**-**	**-**
TOTAL LIABILITIES	**2,309,849**	**2,729,068**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**4,140.488**	**5,143,751**

INCOME STATEMENT	2012	2011
Revenues	4,552	5,852
Costs	41,641	55,704
Gains/(losses) from disposals of non-current assets	-	-
EBIT	**(37,089)**	**(49,852)**
(Expenses)/income from financial investments	231,121	195,033
EBT	**194,032**	**145,181**
Income taxes for the year	(4,754)	(11,080)
Net profit from continuing operations	**198,786**	**156,261**
Net gains/(losses) from discontinued operations	-	-
Net profit (loss) for the period	**198,786**	**156,261**

Group taxation

The Company exercised the option to adhere, for three fiscal years (starting from 2013), to the national group taxation, regulated by article 117 and subsequent of the Decree by the President of the Republic no. 917/1986 and the Ministerial Decree dated June 9, 2004, with Mediaset S.p.A. as consolidating company. According to that option, credit and debt position to the National Revenue concerning IRES is transferred at the face value to Mediaset S.p.A. and regulated according to the agreements between the parties.

COMMENTS ON MAIN ASSET ITEMS

9. Non-current assets

9.1 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
01/01/2012	**56,875**	**-**	**227,442**	**52,655**	**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)**
31/12/2012	**45,380**	**30,225**	**242,790**	**41,523**	**23,245**	**14,698**	**(397,851)**
Reclassification	(375)	375				(55)	**(55)**
Other changes	750	2,011	8,697	1,274	1,793	(14,525)	**-**
Acquisitions	10	35	2	-	-	8,678	**8,725**
Disposals	(4)	(25)	(4,456)	(752)	(242)	(357)	**(5,836)**
(Depreciation and write-downs)	-	-	-	-	-	(465)	**(465)**
31/12/2013	**45,762**	**32,621**	**247,033**	**42,045**	**24,796**	**7,974**	**400,220**

Amortisation and depreciation	Land and building	Towers	Plant and machinery	Technical and commercial equipment	Other tangible assets	Tangible assets under formation	Total
01/01/2012	**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)	-	-	-	-	-		
31/12/2012	**15,764**	**12,624**	**149,245**	**27,704**	**17,901**		**223,237**
Reclassification	(25)	25	18	8	-	-	**26**
Other changes	-	-	-	-	-	-	**-**
Disposals		(21)	(4,403)	(717)	(227)	-	**(5,368)**
Amortisation	1,605	1,340	22,019	3,353	2,076	-	**30,393**
(Depreciation and write-downs)	-	-	-	-	-	-	**-**
31/12/2013	**17,344**	**13,968**	**166,879**	**30,348**	**19,750**	**-**	**248,288**

Net book value	Land and building	Towers	Plant and machinery	Technical and commercial equipment	Other tangible assets	Tangible assets under formation	Total
01/01/2012	**39,900**	**-**	**99,324**	**20,514**	**5,765**	**15,001**	**180,503**
Business combination	324	-	48	6	87	-	**465**
Reclassification	(10,222)	16,768	-	(6,546)	-	-	**-**
Other changes	485	880	5,526	336	489	(7,938)	**(221)**
Disposals	800	1,207	14,420	3,428	1,279	7,635	**28,769**
Amortisation	(1,670)	(1,254)	(25,772)	(3,919)	(2,277)	-	**(34,891)**
(Depreciation and write-downs)	-	-	-	-	-	-	**-**
31/12/2012	**29,616**	**17,601**	**93,546**	**13,819**	**5,344**	**14,698**	**174,624**
Other changes	750	2,011	8,697	1,274	1,793	(14,525)	**-**
Reclassification	(350)	350	(18)	(8)	-	(55)	**(81)**
Acquisitions	10	35	2	-	-	8,678	**8,725**
Disposals	(4)	(4)	(53)	(35)	(15)	(357)	**(468)**
Amortisation	(1,605)	(1,340)	(22,019)	(3,353)	(2,076)	-	**(30,393)**
(Depreciation and write-downs)	-	-	-	-	-	(465)	**(465)**
31/12/2013	**28,418**	**18,653**	**80,155**	**11,697**	**5,046**	**7,974**	**151,942**

The main changes during the period were for:

- Increases in tangible assets under formation and advances for € 8,678k mainly for towers and infrastructures classified under the item Towers and plants and equipment related to Towers classified under the items Plant and machinery and Technical and commercial equipment.
- Increases in plant and machinery for € 8,699k and increases in Towers for € 2,046k mainly attributable to transfers of tangible assets under formation during previous years completed in 2013.

The write-downs of 2013 amounted to € 465k relate to plants considered obsolete from a technological point of view.

9.2 Goodwill

	Total
Beginning balance 01/01/2012	**255,671**
Closing balance 31/12/2012	**255,671**
Other changes	101
Net final balance 31/12/2013	**255,772**

The increase in Goodwill compared to the previous year is due to the implementation of the Purchase Price Allocation process, in accordance with IFRS 3, related to the acquisition of the business unit.

At December 31, 2013 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 to 5%.

These assessments have been carried out by utilising an actuarial base rate, corresponding to the weighted average cost of capital net of taxes of 6.26% 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%. All sensitivity analyses confirmed that recoverable value for the CGU was greater than the book value.

9.3 Other intangible assets

Historical cost	**Patents and intellectual property rights**	**Customer relations**	**Trademarks**	**Licences**	**Intangible assets in progress and advances**	**Other intangible assets**	**Total**
01/01/2012	**7,705**	**-**	**-**	**12,032**	**-**	**-**	**19,737**
Business combination	704	-	-	-	-	-	**704**
Reclassification		-	-	-	-	-	**-**
Other changes	198	-	-	-	-	-	**198**
Acquisitions	398	-	-	200	416	7,500	**8,514**
Disposals	-	-	-	-	-	-	**-**
31/12/2012	**9,005**	**-**	**-**	**12,232**	**416**	**7,500**	**29,153**
Reclassification	79	295	-	2	(416)	-	**(40)**
Other changes	-	-	-	-	-	-	**-**
Acquisitions	-	-	-	-	357	-	**357**
Disposals	-	-	-	-	-	-	**-**
31/12/2013	**9,003**	**295**	**-**	**12,234**	**357**	**7,500**	**29,470**

Amortisation and depreciation	Patents and intellectual property rights	Customer relations	Trademarks	Licences	Intangible assets in progress and advances	Other intangible assets	Total
01/01/2012	**7,512**	**-**	**-**	**1,842**	**-**	**-**	**9,353**
Business combination	666	-	-	-	-	-	**666**
Reclassification	-	-	-	-	-	-	**-**
Other changes	-	-	-	-	-	-	**-**
Disposals	-	-	-	-	-	-	**-**
Amortisation	335	-	-	828	-	2,500	**3,663**
(Depreciation), (write-downs)	-	-	-	-	-	-	**-**
31/12/2012	**8,513**	**-**	**-**	**2,669**	**-**	**2,500**	**13,682**
Reclassification	-	-	-	-	-	-	**-**
Other changes	-	-	-	-	-	-	**-**
Disposals	-	-	-	-	-	-	**-**
Amortisation	328	15	-	828	-	2,500	**3,671**
(Depreciation), (write-downs)	-	-	-		-	-	**-**
31/12/2013	**8,841**	**15**	**-**	**3,497**	**-**	**5,000**	**17,353**

Net book value	Patents and intellectual property rights	Customer relations	Trademarks	Licences	Intangible assets in progress and advances	Other intangible assets	Total
01/01/2012	**194**	**-**	**-**	**10,190**	**-**	**-**	**10,384**
Business combination	38	-	-	-	-	-	38
Reclassification	-	-	-	-	-	-	**-**
Other changes	198	-	-	-	-	-	198
Acquisitions	398	-	-	200	416	7,500	8,514
Amortisation	(335)	-	-	(828)	-	(2,500)	(3,663)
							-
31/12/2012	**492**	**-**	**-**	**9,563**	**416**	**5,000**	**15,471**
Reclassification	79	295	-	2	(416)	-	**(40)**
Other changes	-	-	-	-	-	-	**-**
Acquisitions	-	-	-	-	357	-	**357**
Amortisation	(328)	(15)	-	(828)	-	(2,500)	**(3,671)**
31/12/2013	**243**	**280**	**-**	**8,737**	**357**	**2,500**	**12,116**

Customer relations

The item *Customer relations* increased by € 295k due to the allocation of goodwill following the Purchase Price Allocation related to the acquisition of the business unit.

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* includes investments related to the rights to use optical fiber networks for signal transport.

Intangible assets in progress and advances

The item *Intangible assets in progress and advances* increased by € 357k as a consequence of the project, being implemented, related to the adoption and to the development of a new SAP module for the management of the active and passive billing.

Other intangible assets

The item *Other intangible assets* includes for € 2,500k the non-compete agreement signed with the previous Chairman and CEO of DMT S.p.A. ante business combination with the Company, which provides for the obligation not to carry out activities in competition with the EI Towers Group for a three-year period.

9.4 Equity investments

This item is detailed as follows:

Equity investments in subsidiaries

	31/12/2013		31/12/2012	
	stake	book value	stake	book value
Towertel S.p.A.	100%	213,020	100%	213,020
Total		**213,020**		**213,020**

As required by IAS 36, for financial assets classified as subsidiaries (IAS 27), measures were taken in 2013 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.

An equity investment with a posted book value greater than equity at December 31, 2013 was subject to a specific impairment test to support the book value in the wider context of tests carried out in relation to Tower CGU already described (see Paragraph Goodwill).

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 to 5%.

These assessments have been carried out by utilising an actuarial base rate, corresponding to the weighted average cost of capital net of taxes of 6.26% 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 test. 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%. All sensitivity analyses confirmed that recoverable value for the equity investment was greater than the book value.

Equity investments in associates 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.

	31/12/2013		31/12/2012	
	stake	book value	stake	book value
Beigua S.r.l.	**24.5%**	28	24.5%	28
Total		**28**		**28**

9.5 Non-current receivables and financial assets

This item includes medium/long-term receivables and is broken down as follows at year end:

	31/12/2013			31/12/2012
		Due		
	Total	from 1 to 5 years	over 5 years	
Security deposits paid	243	-	243	267
Other financial assets	170	170	-	-
Consortium fees	32	-	32	32
Towertel S.p.A. - C/A Subsidiary	80,137	80,137	-	-
Towertel S.p.A. - C/A Subsidiary for invoices to be issued	445	445	-	-
Total	**81,027**	**80,752**	**275**	**299**

Security deposits refers to deposits paid for leases and utility; consortium fees refer to the investment quota in “Consorzio Cefriel”.

The item Other Financial assets included the consideration paid out for the purchase option of the shares representing the total share capital of Società Assistenza Ripetitori Televisivi s.r.l.

Total Non-current financial assets amounted to € 80,582k and related to the credit balance, including accrued interest for € 445k, of the intra-group current account with the subsidiary Towertel S.p.A.

9.6 Deferred tax assets

	31/12/13	31/12/12
Beginning balance	**2,231**	**1,931**
Tax recognized to Income Statement	322	(352)
Tax charged to Equity	107	373
Business combination	-	279
Final balance	**2,660**	**2,231**

The item 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.

It is highlighted that all deferred tax assets are recorded in the balance sheet.

The following table provides details on changes in deferred tax assets during the period concerned:

	31/12/2013		31/12/2012	
	Amount of temporary differences	**Tax effect**	**Amount of temporary differences**	**Tax effect**
Assets for advance taxes on:				
Compensation to directors	155	43	136	37
Provision for future risks	684	215	156	49
Tax burden	101	28	146	40
Provision for inventory obsolescence	2,452	765	2,263	706
Maintenance exceeding 5%	124	33	32	9
IAS 16 - Public contribution	83	26	137	43
Actuarial reseves - Employee termination indemnity	2,619	720	2,229	613
Provision for depreciation of plants and machinery Gap Filler	857	236	1,207	332
Provision for receivables write-off - Bills Sabatini Law	834	229	834	229
Provision for bad debts	1,327	365	627	173
Total assets	**9,236**	**2,660**	**7,767**	**2,231**

It should be noted that, among the most significant components of deferred tax assets, the tax effect related to the Provision for inventory obsolescence amounted to € 765k, the effect related to the Provisions for bad debts and receivables write-off amounted to € 594k, the effect related to the discounting of the Employee Termination Indemnity amounted to € 720k.

10. Current assets

10.1 Inventories

This item could be broken down as follows:

	31/12/2013	31/12/2012
Raw materials, ancillary materials and consumables	5,363	5,394
Provision for devalued raw materials, ancillary materials and consumables	(2,452)	(2,263)
Net inventories	**2,911**	**3,131**

	31/12/2012	Allocations	Uses	31/12/2013
Provision for devalued raw materials, ancillary materials and consumables	(2,263)	(369)	180	(2,452)

Raw materials, ancillary materials and consumables for a net value of € 2,911k include spare parts and accessories for the maintenance and installation of transmission plants.

The provision for devalued raw materials, ancillary materials and consumables relates to materials with slow turnover for which, after an attentive analysis of turnover indexes, impairment has been carried out depending on their estimated market value. This provision increased in 2013 due to provisions amounting to € 369k and decreased mainly due to the use for the scrapping of spare parts totally depreciated for € 180k.

10.2 Trade receivables

This item was made up as follows:

	31/12/2013	31/12/2013			31/12/2012
		Due			
	Total	within 1 year	from 1 to 5 years	over 5 years	
Receivables from customers	7,743	4,060	1,602	2,081	8,376
Provision for bad debts	(1,623)	(1,623)	-	-	(871)
Total net receivables from customers	**6,119**	**2,436**	**1,602**	**2,081**	**7,505**
Receivables from associates	274	274	-	-	390
Receivables from subsidiaries	1,807	1,807	-	-	12,206
Receivables from parent companies	734	734	-	-	1,485
Total	**8,934**	**5,251**	**1,602**	**2,081**	**21,586**

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
2013	871	-	752	-	-	**1,623**
2012	600	-	175	-	96	**871**

Receivables from customers

Receivables from customers relate to receivables from normal sales, mainly to national customers.

The main credit exposure amounted to € 4,022k and refers to the amount due from the company Prima TV S.p.A. amounts invoiced in relation to hosting and network maintenance contracts, of which € 339k expiring within the year, € 1,602k from one to five years and € 2,081k over 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 consist of:

- € 192k from Consorzio Colle Maddalena for hosting sites;
- € 81k from Videotime S.p.A. for the supply of different services.

Trade receivables from subsidiaries

Trade receivables from subsidiaries refer to trade receivables and consist of:

- € 1,768k related to invoices to be issued to Towertel S.p.A., of which € 790k for charges of holding services and € 978k for hosting sites;
- € 39k related to other receivables from the company Tecno Impianti S.a.s.

Trade receivables from parent companies

Trade receivables from parent companies amounted to € 734k, and mainly refer to trade receivables from the following companies:

- Elettronica Industriale S.p.A. for € 436k related to the disposal of TV equipment, € 128k for repair services of goods and equipment, € 35k for leases, € 24k for other financial receivables and € 16k for recovery of costs;

- RTI S.p.A. for € 61k for the corresponding amount charged for site rentals at local offices and € 18k for recovery of costs.

10.3 Other receivables and current assets

This item can be broken down as follows:

	31/12/2013	31/12/2012
Receivables from employees	198	202
Advances	117	141
Receivables from social security institutions	30	30
Receivables from Revenue	1,567	1,976
Other receivables	235	456
Other receivables from subsidiaries	-	15,532
Other receivables from parent companies	-	61
Accrued income	-	441
Pre-paid expenses	761	713
Total	**2,909**	**19,553**

The item Receivables from employees includes advances paid for business trips to employees for an amount equal to € 157k, € 29k for advances related to prepaid cards and reimbursement for advances on accidents equal to € 11k.

Advances to suppliers amounted to Euro 117 thousand and refer to payments made to suppliers for services supplied, but not yet invoiced.

The item Receivables from the Revenue included:

- Receivables from monthly VAT payments in accordance with Group's VAT with Towertel S.p.A. for € 1,184k.
- Other receivables from the Revenue mainly related to Ires receivables of previous years connected to the request for reimbursement ex Legislative Decree 16/2012, for an amount of € 202k.
- Receivables from IRES refund and 10% Irap deduction, according to the Legislative Decree 185/08 awaiting reimbursement from the Revenue for € 139k.
- Receivables from VAT payments related to past years recoverable through compensation for € 42k.

The item Other receivables from subsidiaries decreased compared to the previous year for € 15,532k due to the reimbursement from the subsidiary Towertel S.p.A. of receivables to the Company related to Group's VAT, Group taxation and other receivables. The regularization of the subject receivables occurred by using as a counter-entry the intra-group current account between the Company and Towertel S.p.A.

The item accrued income decreased compared to the previous year mainly due to the redefinition of the repayment plan with the client Prima TV S.p.A.

Pre-paid expenses amounted to € 761k and refer for € 509k to costs for leases invoiced in advance (of which € 231k over 12 months) and for € 252k to costs for different insurance premium.

10.4 Cash and cash equivalents

Here follows the breakdown of this item:

	31/12/2013	31/12/2012
Cash in hand	11	12
Cash and cash equivalents	95,725	12,934
Total	**95,736**	**12,947**

The item Cash in hand represents cash on hand at the reference date at the haedquarter or local offices.

The item Cash and cash equivalents consists for € 1,246k of credit balance of bank current accounts and for € 94,479k of credit balance, including accrued interest, of the intra-group current account with Mediaset S.p.A.

An analysis of the changes in cash flow will be found in the Consolidated Cash Flow Statement.

COMMENTS ON MAIN EQUITY LIABILITY ITEMS

11. Shareholders' equity

Below are comments on the main categories that make up equity and the related changes

11.1 Share Capital

At December 31, 2013 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 € 2.826k.

11.2 Share-premium reserve

At December 31, 2013 the Share-premium reserve amounted to € 194,227k (€ 206,540k at December 31, 2012).

The decrease, compared to the previous year is due to the fact that the reserve was used to cover previous losses, according to the meeting's resolution dated April 18, 2013.

11.3 Treasury shares

This item includes the Company's 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 18, 2013, 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, 2013 and however for a period not longer than 18 months from the date of the Meeting's resolution.

Treasury share have not been purchased in 2013.

At December 31, 2013 the Company held no. 62,526 shares with a carrying value of € 1,845k.

11.4 Other reserves

The item consists of:

	31/12/2013	31/12/2012
Legal reserve	565	548
Extraordinary reserve	3,394	4,978
Shareholders' payment in capital account	10,200	10,200
Other reserves	306,960	306,924
Total other reserves	**321,119**	**322,650**

Legal reserve

This reserve increased in 2013 by € 17k with partial 2012 profit allocation as decided by the Meeting dated April 18, 2013.

Extraordinary reserve

The extraordinary reserve decreased by € 4,978k due to the coverage of past losses and increased by € 3,394k following with 2012 profit allocation as decided by the Meeting dated April 18, 2013.

The current increase in the item Other reserves for € 36k is due to the expiration of a stock option plan which can no longer be exercised.

11.5 Valuation reserves

	31/12/2013	31/12/2012
Reserve for stock option plans	218	245
Reserve for actuarial gains and losses	(1,355)	(1,073)
Total	**(1,138)**	**(828)**

The *Reserve for stock option plans* decreased in 2013 by € 36k due to the expiration of a stock option plan which can no longer be exercised and included the contra-entry accruing at December 31, 2013, equal to € 9k, 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 2008, 2009 e 2010.

The change in the Reserve for actuarial gains and losses, with a negative balance of € 1,355k, is due the actuarial components relating to the valuation of defined benefit schemes, booked directly in Net Equity for € 390k and to related deferred taxes for € 107k.

11.6 Retained earnings

This item increased in 2013 by € 17,292k due to the total coverage of previous losses through the use of the extraordinary reserve and the share-premium reserve according to the meeting's resolution dated April 18, 2013.

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	194,227	A B C	194,227	12,314	-
Treasury share BuyBack	(1,845)	=	=	-	-
Legal reserve	565	B	565	-	-
Extraordinary reserve	3,394	A B C	3,394	4,977	-
Other reserves - Shareholders' payment in capital	10,200	A	=	-	-
Other available reserves	306,960	A B C	306,960	-	-
Valuation reserves	(1,138)	=	=	-	-
Profit (loss) for previous years	-	=	=	-	-
Total	**(515,190)**		**505,146**	-	

Legend:

=	not available
A	- for an increase in share capital
B	- to cover losses
C	- for distributions to shareholders

11.7 Profit for the period

This item reflects the profit for the period of € 21,318k.

It is reported that in 2013 the Company paid dividends to the shareholders for an amount of € 11,844k according to the meeting's resolution dated April 18, 2013.

12. Non-current liabilities

12.1 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 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 Company.

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:

Demographic assumptions	
Death probability	ISTAT survival table, divided by age and gender, 2010
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, 2013.

Economic-financial assumptions	
Inflation rate	Inflation scenario had been deducted from the document "*Nota di Aggiornamento del Documento di Economia e Finanza 2013*" 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, 2013.

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 10,898 thousand at December 31,2013.

During the year, the reserve changed as follows:

Provision at 01/01/13	**10,601**
Employee severance pre-payments for the period	(303)
Employee severance indemnities paid during the year	(177)
Actuarial gains/(losses)	390
Reserve transferred from subsidiaries, affiliated and associates companies	295
Amount accrued and charged to income statement	91
Provision at 31/12/13	**10,898**

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.

A sensitivity analysis was carried out on the main assumptions used in the measurement model in accordance with IAS 19.

In particular, it is reported that:

- a change in discount rates of +/-50 basis points leads to a change in the provision for employee termination indemnity provision of about € 547k;
- a change in inflation rate of +/-50 basis points leads to a change in the provision for employee termination indemnity provision of about € 363k;
- a change in the probability of termination of the employment relationship of +/-50% leads to a change in the provision for employee termination indemnity provision of about € 136k.

12.2 Deferred tax liabilities

The amount of Euro 1,591 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.

	31/12/2013	31/12/2012
Beginning Balance	**1,378**	**1,337**
Tax recognized to Income Statement	213	36
Business combination	-	302
Other changes	-	(297)
Final Balance	**1,591**	**1,378**

The following table provides details on changes in deferred taxes during the period concerned:

	31/12/2013		31/12/2012	
	Amount of temporary differences	**Tax effect**	**Amount of temporary differences**	**Tax effect**
Liabilities for deferred taxes on:				
Tax amortisation	2,672	735	1,993	548
Post-employment benefit plans	3,112	856	3,019	830
Total liabilities	**5,784**	**1,591**	**5,012**	**1,378**

12.3 Payables and financial liabilities

	31/12/2013	31/12/2012
Bond loan - Non current portion	225,208	-
Total	**225,208**	**-**

The item Payables and financial liabilities refers to the non-current portion of the Eurobond issued by the Company on April 18, 2013 with a term of 5 years and total nominal value of € 230m. This bond was recorded in financial statements using the amortized cost method based on an internal rate of return of 4.35%.

12.4 Provisions for risks and charges

	Beginning balance at 01/01/13	Provisions	Uses	Final balance at 31/12/13
Provisions for risks	453	528	(297)	684
Total	**453**	**528**	**(297)**	**684**

Provisions for risks are mainly due to provisions for contractual risks.

The item Uses mainly refers to the payment of the end of mandate indemnity to a previous Chairman and Chief Executive Officer of DMT S.p.A. ante business combination with the Company.

13. Current liabilities

13.1 Payables to banks

	31/12/2013	31/12/2012
Credit lines	-	15,023
Loans	-	49,935
Current account overdraft	432	-
Total	**432**	**64,957**

Loans and credit lines were totally reimbursed in 2013 with the liquidity from the bond issue already described.

The item Current account overdraft refers to the temporary negative balance of a bank current account.

13.2 Trade payables

	31/12/2013	31/12/2013			31/12/2012
		Due			
	Total	within 1 year	from 1 to 5 years	over 5 years	
Down payments	-		-	-	6
Payables to suppliers	24,389	24,389	-	-	28,560
Payables to subsidiaries	409	409	-	-	142
Payables to associated companies	195	195	-	-	211
Payables to parent companies	1,386	1,386	-	-	1,207
Roundings	-	-	-	-	(1)
Total	**26,378**	**26,378**	**-**	**-**	**30,125**

Payables to suppliers mainly refer to purchases concerning the supply of goods (spare parts and accessories) and services.

We believe that the payables' fair value approximates their book value.

Payables to subsidiaries relate to the consideration due for hosting services to the company’s clients at Towertel S.p.A.’s towers.

Payables to Associated companies consist of:

- € 131k to the Company Videotime S.p.A. for rental service;

- € 61k to the Company Promoservice Italia s.r.l. for Christmas gifts to employees.

Payables to parent companies are related to trade payables to:

- the indirect parent company R.T.I S.p.A. for total € 987k related to information technology services (€ 519k), administrative services (€ 303k), information technology material purchasing (€ 18k), professional services for insurance advice, supplier certification and voice services (€ 117k) and other services (€ 27k);
- the direct parent company Elettronica Industriale S.p.A. for € 311k related to purchase of assets and tower and site lease;
- the indirect parent company Mediaset S.p.A. for € 20k as charge of professional services and fees on guarantees.

13.3 Tax Payables

This item can be broken down as follows:

	31/12/2013	31/12/2012
Tax payables for IRES from tax consolidation	9,253	8,745
Withholdings on employee wages and salaries	-	1,178
Withholdings on freelance staff fees	-	24
Tax payables for IRAP to tax authorities	309	1,367
Total	**9,562**	**11,314**

This item represents the debt in respect of IRES and Irap for the year.

The Company exercised in 2013 the option to adhere to the national group taxation with Mediaset S.p.A. as consolidating company.

13.4 Intercompany financial payables

This item can be broken down as follows:

	31/12/2013	31/12/2012
Mediaset S.p.A.	-	61,789
Total	**-**	**61,789**

This item included at December 31, 2012 the negative balance of the current account relationship held with the parent company Mediaset S.p.A., reimbursed in 2013 through the use of the liquidity from the aforesaid bond issue.

13.5 Other current financial liabilities

	31/12/2013	31/12/2012
Bond loan - current portion	6,618	-
Total	**6,618**	**-**

The item Bonds refers to the current portion of the Eurobond issued by the Company on April 18, 2013 with a term of 5 years and total nominal value of € 230m. This bond was recorded in financial statements using the amortized cost method based on an internal rate of return of 4.35%.

13.6 Other current liabilities

	31/12/2013	31/12/2012
Due to employees for wages and salaries, accrued holiday pay and expenses	2,735	2,421
Due to insurance companies	37	140
Due to social security institutions	1,700	1,445
Due to Revenue	1,257	136
Due to Directors	155	-
Due to Statutory Auditors	200	201
Other liabilities due to third parties	2,854	5,986
Other liabilities due to subsidiaries	-	103
Due to parent companies	-	36
Accrued expenses	-	1
Deferred income	240	171
Roundings	-	(1)
Total	**9,178**	**10,640**

Due to employees for wages and salaries, accrued holiday pay and expenses amounted to € 2,735k and mainly consist of due to employees for bonus and related contributions for € 947k, due to directors for management by objectives bonus for € 1,283k, due to employees for overtime and contributions for € 318k.

Due to insurance companies amounted to € 1,700k and included payables to pension institutes for amounts owed in relation to December 2013 salaries and collaboration.

The item Other payables mainly refers to the payable of € 2,500k related to the non-compete agreement signed with the previous Chairman and Chief Executive Officer of DMT S.p.A. ante business combination with the Company and payables supplementary contribution to employees for € 221k.

The item deferred income includes for € 154k the advance invoicing of hosting services for transmission equipment to third party customers 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.

13.7 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.

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.

	31/12/2013	**31/12/2012**
Cash in hand	11	12
Other cash equivalents	95,725	12,936
Total liquidity	**95,736**	**12,948**
Current financial receivables	**-**	**-**
Payables due to banks	(432)	(64,958)
Current portion of non-current debt	(6,618)	-
Financial payables due to parent company	-	(61,789)
Current financial debt	**(7,050)**	**(126,747)**
Current net financial position	**88,686**	**(113,799)**
Bond loan	(225,208)	-
Non-current financial debt	**(225,208)**	**-**
Net financial position	**(136,522)**	**113,799**

The item Cash in hand refers to the cash on hand at the reference date at the haedquarter or local offices.

The item Other cash equivalents consists for € 1,246k of the credit balances of the bank current accounts and for € 94,479k of the credit balance, including accrued interests, of the intra-group current account with Mediaset S.p.A.

The item Payables due to banks refers to the temporary negative balance of a bank current account.

The Current portion of non-current debt includes the share for the period of the interests on the bond loan measured at amortized cost.

The item Bond loan includes the measurement at amortized cost of the Eurobond already described.

COMMENTS ON MAIN INCOME STATEMENT ITEMS

14. Revenues

14.1 Revenues from sales and services

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

	2013	2012
Revenues from hosting and contract services	177,165	169,306
Revenues from plant installation and restoration	1,111	7,874
Revenues from sale of materials	27	-
Total	**178,303**	**177,180**

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 S.p.A. for € 169,608k. The increase in this item compared to the previous year is attributable to the contractual increase in hosting, assistance and maintenance services, logistics and use of transmission infrastructure, Head-End and design provided to Elettronica Industriale S.p.A.

The item Revenues from plant installation and restoration included revenues for the management of equipment installation and restoration and includes revenues for restoration services to the parent company Elettronica Industriale S.p.A. for € 537k. The decrease in this item compared to the previous year is attributable to the reduction in services offered to television clients as a consequence of the completion of the digitization process of the TV signal ended in 2012 with the complete switch off of the analogue signal (so-called switch off).

14.2 Other revenues and income

Other revenues amounted to € 228k and mainly refer to capital gains from transfers of tangible assets for € 68k, insurance refund for € 40k, building leases for € 53k and contributions charged to the profit & loss for € 55k.

15. Costs

15.1 Personnel expenses

The following table shows the number of employees at December 31, 2013:

	Employees at 31/12/2013	Year average 2013	Employees at 31/12/2012
Executives	21	20	20
Middle managers	49	47	42
Office-workers	475	476	474
	545	**543**	**536**

	2013	2012
Wages and salaries	27,491	28,760
Social security charges	9,098	9,311
Post-employment benefit plans	19	12
Other personnel expenses	2,222	1,922
Ancillary personnel expenses	836	818
Out of period (income)/costs on personnel expenses	110	(5)
Recovery on personnel expenses	(763)	(681)
Total	**39,012**	**40,137**

The decrease in the variable component of personnel costs compared to the previous year is attributable to the completion in 2012 of the activities connected to the digitization of the TV signal (so-called switch off).

Special additional salaries, special indemnities, provision for holidays and related contributions were the cost components which mainly decreased compared to the previous year due to the event described above.

The item Other expenses amounted to € 2,222k and mainly includes expenses for the realignment of Employee leaving indemnity according to IAS 19 (€ 1,608k) and short-term benefits for employees including medical assistance, company cars, canteen services and other goods and services offered free or at a reduced price. The item also includes lay-off incentives for employees for € 379k and fees paid to the directors employed by Group companies amounting to € 225k.

15.2 Purchases, services and other costs

This item can be broken down as follows:

	2013	2012
Purchases	**2,412**	**3,478**
Changes in the inventories of raw materials, semifinished and finished goods	**220**	**1,052**
Increase for internal work	**(1,596)**	**(8,090)**
Cost for professional, technical and administrative services	2,498	2,634
Travelling expenses and bill of charges	1,131	1,456
Consumption	10,355	11,107
Maintenance	8,257	14,820
Bank and insurance services	638	637
Other services	3,913	6,223
Total services	**26,792**	**36,877**
Leases and rentals	**35,633**	**39,176**
Net provisions for risks	**528**	**-**
Other operating costs	**1,550**	**1,629**
Total	**65,539**	**74,122**

The total decrease in the item is due to the completion in 2012 of the activities connected to the digitization of the TV signal (so-called switch off) and to the cost rationalization process.

The item Purchases mainly includes purchases for raw materials, spare parts and accessories and amounted to € 2,171k.

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 € 1.596k.

The item Other services includes charges for vigilance and surveillance at the head-offices and local offices amounting to € 1,215k, company information system service supplied by the indirect parent company R.T.I. S.p.A. for € 1,700k, transport, storage and porter charges for € 453k, cleaning and waste disposal charges for € 598k.

The item Leases and rentals includes charges for the rent of satellite segments for the transmission of TV signal for a total amount of € 24,815k, rental of lands and hosting on third party towers amounting to € 7,599k, other rentals mainly related to the offices located in Lissone and other secondary offices for € 1,592k.

The item Net provisions for risks reflects the assessment of directors with relation to the risks of the Company.

The item Other operating costs includes charges, taxes and government licenses, local taxes (first of all IMU - the Italian tax on buildings) amounting to € 957 €k, capital losses from sale of tangible assets for € 86k, corporate contributions for € 52k.

15.3 Amortisation, depreciation and write-downs

	2013	2012
Amortisation of tangible assets	30,393	31,503
Amortisation of other intangible assets	3,670	3,663
Wtite-downs/(Reversal) of fixed assets	465	-
Write-downs of current assets	752	174
Total	**35,281**	**35,340**

Amortisation of tangible assets equal to € 465k represents the amount granted for the depreciation of plants obsolete from a technological point of view.

Write-downs of current assets amounted to Euro € 752k and represents the amount allocated for the provision for bad debts.

16. (Expenses)/income from financial investments

16.1 Financial expenses

	2013	2012
Interest expenses on Mediaset c/a tw parent company	397	2,099
Interest expenses on loans and credit lines	706	1,065
Interest expenses on bond loan	6,618	-
Ancillary charges on loans	175	-
Other charges	164	244
Totale	**8,059**	**3,409**

The variance compared to the previous year is mainly attributable to the Bond loan followed by the redemption of preexisting loans.

The item Financial expenses includes:

- interest expenses for € 397k related to the use of the current account relationship held with Mediaset S.p.A. before the bond issue already described;
- interest expenses on loans and credit lines for € 706k, related to the loan disbursed by Banca Popolare di Milano paid off in April for € 547k, to financial charges recorded for the accounting closing of the loan accounted according to depreciated cost measurement for € 65k, to short-term lines of credit disbursed by Banca Popolare di Sondrio and reimbursed April 2013 for € 93k;

- interest expenses for € 6,618k related to the Bond loan measured at the amortized cost;
- financial charges for € 175k related to the advanced closing of the loan disbursed by Banca Popolare di Milano;
- other charges for € 164k related to guarantee charges for € 88k, to financial charges for the discounting of the Employee Termination Indemnity for € 71k, to other charges for € 5k.

16.2 Financial income

	2013	2012
Interest income on EI Towers c/a from subsidiary companies	1,378	-
Interest income on Mediaset c/a from parent company	725	-
Interest income on bank c/a	304	52
Financial income different from the foregoing	276	248
Roundings	-	1
Total	**2,684**	**301**

The item Interests on financial assets increased compared to the previous year due to remuneration of the liquidity generated by the bond issue described above and the operational management.

This item includes:

- interest income amounting to € 1,378k related to the credit balance of the intra-group current account with the subsidiary Towertel S.p.A.;
- interest income amounting to € 725k, related to the credit balance of the intra-group current account with Mediaset S.p.A.;
- interest income for the period related to bank and postal deposits amounting to € 304k;
- interest income for payment extension for € 276k.

The following table reports finance income and costs with a breakdown of the categories required by IAS 39:

December 31, 2013

IAS 39 categories	From interests	At Fair Value	From Fair Value Reserve	Profit/(loss) on exchanges	Net profit/(loss)
Liabilities at amortised cost	(6,618)	-	-	-	**(6,618)**
Income on receivables	271	-	-	-	**271**
Intragroup financial income and liabilities	1,706	-	-	-	**1,706**
Receivables and loans	(580)	-	-	-	**(580)**
Other financial income and charges	5	-	-	(2)	**3**
Total IAS 39 categories	**(5,216)**	**-**	**-**	**(2)**	**(5,218)**
Other financial income and charges	(88)	(71)	-	-	**(159)**
Total	**(5,304)**	**(71)**	**-**	**(2)**	**(5,377)**

December 31, 2012

IAS 39 categories	From interests	At Fair Value	From Fair Value Reserve	Profit/(loss) on exchanges	Net profit/(loss)
Income on receivables	245	-	-	-	**245**
Intragroup financial income and liabilities	(2,099)	-	-	-	**(2,099)**
Receivables and loans	(1,055)	-	-	-	**(1,065)**
Other financial income and charges	47	-	-	(5)	**42**
Total IAS 39 categories	**(2,872)**	-	-	**(5)**	**(2,877)**
Other financial income and charges	(28)	(204)	-	-	**(232)**
Total	**(2,900)**	**(204)**	**-**	**(5)**	**(3,109)**

17. Income taxes for the year

	2013	2012
Provision for Ires	-	102
Charges/(proceeds) for Ires from tax consolidation	9,350	6,706
Provision for Irap	2,765	2,284
Total current taxes	**12,116**	**9,092**
Provision for deferred tax liabilities	334	399
Use of provision for deferred tax liabilities	(121)	(363)
Total deferred tax liabilities	**212**	**36**
Utilization of credit from deferred tax assets	372	577
Deferred tax assets	(695)	(226)
Total deferred tax assets	**(323)**	**352**
Total	**12,005**	**9,479**

The change in the current taxes belonging to the financial year, compared to those for 2012 is caused by the increase in the taxable base for IRES and Irap purposes, relative to the performance of the financial results achieved in the financial year.

Income taxes for the period amounted to € 12,116k and consist of:

- Provision for IRES from group taxation for the year for € 9,350k;
- Provision for IRAP for the year for € 2,765k;

- Provision for deferred tax liabilities for € 212k and deferred tax assets for € 323k.

The item deferred taxes takes in the financial movements for the year relative to the posting and/or usage that is generated by the impact of the progress of the timing differences between the fiscally allowed and the statutory values of assets and liabilities.

The following is a reconciliation of IRES and Irap tax rate in force for the years 2013 and 2012 and the Company's actual rate:

I.Re.S.	**31/12/2013**	**31/12/2012**
Ordinary applicable tax rate	**27.50%**	**27.50%**
Effect of increase (decrease) differences		
against ordinary tax rate		
Vehicles	1.38%	1.43%
Other	-0.77%	0.33%
Actual tax rate	**28.11%**	**29.26%**

IRAP	**31/12/2013**	**31/12/2012**
Theoretical tax burden	**4.05%**	**3.90%**
Other permanent differences:		
Other personnel expenses	3.19%	2.15%
Other permanent changes	0.86%	2.99%
Tax gains/losses difference		
Non-deductible taxes	0.04%	0.00%
Actual tax rate	**8.14%**	**9.04%**

CASH FLOW STATEMENT

18. Cash Flow Statement

Cash flow generated by operating activities includes € 12,024k of current income taxes paid in the period; it should be noted that, within the group taxation regime with the indirect parent company Mediaset S.p.A., no IRES advance payments have been made in the period.

The net flow absorbed by investing activities mainly refers to investments in tangible assets (€ 8,173k), in intangible assets for € 316k of which € 280k related to customer relations concerning the business unit acquired and € 101k related to the goodwill acquired from the aforesaid the business unit.

Financing activities generated net cash flow of € 13,372k resulting from an increase in financial liabilities for € 231,826k related to the bond issue carried out in the year and measured at amortized cost and a corresponding decrease in financial liabilities for € 125,595k referring to the reimbursement of bank debts and of the use of the intercompany current account existing with Mediaset S.p.A. through the liquidity from the aforesaid bond loan, an increase in financial receivables from the subsidiary Towertel S.p.A. for € 80,582k, dividends distributed to shareholders for € 11,844k and net interests paid for € 433k.

19. Additional information on financial instruments and risk management policies

The Company defined the policies for the management of the financial risks aimed at reducing its exposure to exchange rate, interest rate and liquidity risks.
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 at December 31, 2013 and December 31, 2012.

IAS 39 categories					December 31, 2013
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	-	80,582	-	-	80,582
CURRENT ASSETS					
Trade receivables					
from customers	-	6,119	-	-	6,119
from subsidiary companies	-	1,768	-	-	1,768
from affiliated companies	-	39	-	-	39
from parent companies	-	735	-	-	735
from associated companies	-	274	-	-	274
Cash and cash equivalents					
Bank and postal deposits	-	95,725	-	-	95,725
Cash in hand	-	11	-	-	11
TOTAL FINANCIAL ASSETS	-	185,253	-	-	185,253

IAS 39 categories					December 31, 2013
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	-	267	-	-	267
CURRENT ASSETS					
Trade receivables					
from customers	-	7,505	-	-	7,505
from subsidiary companies	-	12,206	-	-	12,206
from parent companies	-	1,546	-	-	1,546
from associated companies	-	219	-	-	219
Cash and cash equivalents					
Bank and postal deposits	-	12,948	-	-	12,948
TOTAL FINANCIAL ASSETS	-	34,691	-	-	34,691

IAS 39 categories		December 31, 2013	
BALANCE SHEET ITEMS	Financial instruments held for trading	Liabilities at amortised cost	Book value
NON-CURRENT LIABILITIES			
Payables and financial liabilities			
Bond loan	-	225,208	225,208
CURRENT LIABILITIES			
Payables due to banks			
Current account liabilities	-	432	432
Payables and financial liabilities			
Bond loan	-	6,618	6,618
Trade payables			
to suppliers	-	24,386	24,386
to parent companies	-	1,386	1,386
to associated companies	-	196	196
to affiliated companies	-	409	409
TOTAL FINANCIAL LIABILITIES	-	258,635	258,635

IAS 39 categories			December 31, 2013	
BALANCE SHEET ITEMS	Financial instruments held for trading	Passività per strumenti al fair value per designazione	Liabilities at amortised cost	Book value
CURRENT LIABILITIES				
Payables due to banks				
Loans	-	-	49,935	49,935
Trade payables		-		
to suppliers	-	-	28,560	28,560
to parent companies	-	-	1,243	1,243
to associated companies	-	-	206	206
to affiliated companies	-	-	142	142
Other financial liabilities				
Intercompany financial payables - parent company	-	-	61,789	61,789
TOTAL FINANCIAL LIABILITIES	-	-	141,875	141,875

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, 2013

	Book value	Mark to Market	Mark to Model			Total fair value
			Black&Scholes' model	Binomial model	DCF Model	
Non- current payables due to banks	**-**	-	-	-	-	**-**
Bond loan	**231,826**	244,164	-	-	-	**244,164**
Medium-long term receivables	**3,682**	-	-	-	3,682	**3,682**

December 31, 2012

	Book value	Mark to Market	Mark to Model			Total fair value
			Black&Scholes' model	Binomial model	DCF Model	
Non- current payables due to banks	**-**	-	-	-	-	**-**
Medium-long term receivables	**4,550**	-	-	-	**4,550**	**4,550**

The fair value of stocks listed on an active market is based on market prices at the closing date of the Financial Statements. Market prices used are bid/ask prices according to the relevant assets or liabilities position held.

The fair value of the bond listed on the Irish Stock Exchange has been re-determined using the mean listed price at December 30, 2013 equal to € 103.281.

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 the Company.

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.

Equity management

The goals of the Company, with regard to its capital management, are aimed at safeguarding the 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

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

Interest rate risk

The interest rate risk is not significant to this day since debt exposure consists only of the fixed rate bond loan issued during the year.

Sensitivity analysis

No sensitivity analysis has been carried out in 2013 since at the date of these financial statements there are no financial instruments exposed to interest rate risk.

For further information the sensitivity analysis carried out in 2012 is reported. 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:

Year	Financial debt	Change b.p.	through Profit and Loss	through Equity	Total Shareholders' Equity
2012	**64,958**	100	-471	-	-471
	64,958	-10	47	-	47

Liquidity risk

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

This risk 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.

In general, 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, respectively at December 31, 2013 and 2012, 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, 2013

Item of balance	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	Over 5 years	
Financial liabilities							
Current due to bank	432	432	-	-	-	-	432
Current bond loan	6,618	-	8,912	-	-	-	8,912
Non-current bond loan	225,208	-	-	-	265,675	-	265,675
Due to other suppliers	24,307	24,307	-	-	-	-	24,307
Due to suppliers for professionals	79	79	-	-	-	-	79
Due to subsidiary companies	409	409	-	-	-	-	409
Due to parent companies	1,385	1,385					1,385
Due to associated companies	196	196	-	-	-	-	196
Total	**258,634**	**26,808**	**8,912**	**-**	**265,675**	**-**	**368,602**

December 31, 2012

Item of balance	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	Over 5 years	
Financial liabilities							
Due to other suppliers	28,565	28,565	-	-	-		28,565
Other debt and financial liabilities	1,418	1,418	-	-	-	-	1,418
Due to subsidiary companies	142	142	-	-	-	-	-
Due to associated companies	1,418	1,418	-	-	-	-	-
Intercompany financial payables - parent companies	61,789	61,789	-	-	-	-	61,789
Total	**108,355**	**108,355**	**-**	**-**	**-**	**-**	**108,355**

The Company 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

With regard to the counterparts, the Company 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.

December 31, 2013

RECEIVABLES							
CLASSES	Total net receivables	Net matured					Provision for bad debts
		0-30days	30-60days	60-90days	Further	Total	
Trade receivables							
Other receivables	6,119	110	80	3	583	776	1,623
Receivables to associated companies	274	-	32	-	76	108	-
Receivables to subsidiary companies	1,807	-	-	-	-	-	-
Receivables to parent companies	735	-	-	-	3	3	-
Total	**8,935**	**110**	**112**	**3**	**662**	**887**	**1,623**
Financial receivables							
Financial receivables	413	-	-	-	-	-	-
Bank and postal deposits and equivalents	95,725	-	-	-	-	-	-
Cash in hand	11	-	-	-	-	-	-
Intragroup financial liabilities	80,582	-	-	-	-	-	-
Total	**176,731**	-	-	-	-	-	-

December 31, 2012

RECEIVABLES							
CLASSES	Total net receivables	Net matured					Provision for bad debts
		0-30days	30-60days	60-90days	Further	Total	
Trade receivables							
Other receivables	7,505	202	-	18	2,272	2,492	871
Receivables to associated companies	390	-	-	-	-	-	-
Receivables to subsidiary companies	12,206	-	-	-	-	-	-
Receivables to parent companies	1,485	-	78			78	-
Total	**21,586**	**202**	**78**	**18**	**2,272**	**2,570**	**871**
Financial receivables							
Financial receivables	267	-	-	-	-	-	-
Bank and postal deposits and equivalents	12,948	-	-	-	-	-	-
Total	**13,215**	-	-	-	-	-	-

The Bad Debts Reserve at December 31, 2013 amounted to € 1,623k.

20. Investment Commitments and guarantees

The Company 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 Company has contract commitments for the use of satellite capacity, optical fibre, infrastructure maintenance and other rentals.

Total commitments described above amounted to approximately € 142,255k.

The Company issued guarantees for commercial and financial commitments for about € 7,500k.

It should be noted that the Company 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 € 4m, 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 the Company came out.

The Company 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 the Company when the two companies were within the group taxation.

OTHER INFORMATION ACCORDINGTO ART.2428 OF THE CIVIL CODE

21. 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 2013 with related parties according to IAS 24 are shown in the following statements.

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.	-	79	-	-	-
Mediaset SpA	-	-	-	94,479	-
Elettronica Industriale S.p.A.	-	655	-	-	-
EI Towers Group subsidiaries					
Towertel S.p.A.	80,582	1,768	-	-	-
Tecnoimpianti s.a.s.	-	39	-	-	-
Mediaset Group associates					
Videotime S.p.A.	-	81	-	-	-
Publitalia '80 S.p.A.	-	1	-	-	-
Fininvest Group associates					
Other related parties	-	192	-	-	-

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.	-	987	-	-	-
Mediaset S.p.A.	-	20	9,253	-	-
Elettronica Industriale S.p.A.	-	378	-	-	-
EI Towers Group subsidiaries					
Towertel S.p.A.	-	409	-	-	-
Tecno Impianti S.a.s.	-	-	-	-	-
					-
Mediaset Group associates					
Videotime S.p.A.	-	131	-	-	-
Promoservice Italia S.r.l.	-	65	-	-	-
Executives with strategic responsibilities	-	-	210	-	-
Other related parties	-	-	222	-	-

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.	313	2,689	-	-	-
Mediaset S.p.A.	-	65	406	725	-
Elettronica Industriale S.p.A.	170,145	180	-	-	-
EI Towers Group subsidiaries					
Towertel S.p.A.	1,614	317	-	1,378	-
Tecno Impianti S.a.s.	-	-	-	-	-
Mediaset Group associates					
Videotime S.p.A.	743	481	-	-	-
Publitalia '80 S.p.A.	61	-	-	-	-
Promoservice Italia S.r.l.	-	54	-	-	-
Fininvest Group associates					
Mediobanca S.p.A.	-	45	-	-	-
Milan Entertainment srl	-	10	-	-	-
Executives with strategic responsibilities		1,014	-	-	-
Other related parties	272	13	-	-	-

For the Board of Directors

The Chairman

The following attachment contains additional information that was not given in the Explanatory Notes of which they form an additional part.

- Summary table of economic and financial data of subsidiary companies included in the consolidation.
- List of equity investments in subsidiary, associated and joint control companies at December 31, 2012 (Article 2427 para. 5 of the Italian Civil Code).
- Disclosure pursuant to article 149, part twelve, of the Consob Issuers Regulations

Summary table of economic and financial data of subsidiary companies included in the consolidation.

Towertel SpA *Euro in thousands*	Financial statements as at December 31, 2013
Assets	
B) Fixed assets	132,748
C) Current assets	19,800
D) Accrued income and pre-paid expenses	1,228
Total assets	153,776
Liabilities	
A) Shareholders' equity	46,624
B) Provision for risk and charges	9,735
C) Employees termination indemnity	531
D) Payables	93,125
E) Accrued expenses and deferred income	3,761
Total liabilities and shareholders' equity	153,776
Income statement	
A) Operating value	54,612
B) Operating costs	35,342
C) Financial income and charges	-1,822
D) Adjustments on financial assets	-100
E) Extraordinary income and charges	137
Income taxes	7,055
Profit for the year	10,430

List of equityinvestments included in subsidiary, associated and joint control companies at December 31, 2013 (Art. 2427 para. 5 c.c.)

(values in euro)

				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 ex art. 2426 no. 4 c.c.	B-A	B-C
					(A)					(B)	(C)		
Subsidiaries													
(*) Towertel S.p.A.	Lissone - Via Zanella 21	22,000,000	1	46,623,684	46,623,684	10,430,932	10,430,932	100.00%	22,000,000	213,020,000	-	166,396,316	-
(*) Tecno Impianti S.a.s.	Trento - Via Barbacovi 40	4,131	-	4,131	-	49,064	-	50.00%	-	84,000	-	84,000	-
Associates													
(*) Beigua S.r.l.	Roma - Via Della P.Sacchetti, 229	51,480	12,613	156,530	38,350	6,083	1,490	24.50%	1	27,639	-	(10,711)	-

Disclosure pursuant to article 149, part twelve, of the Consob Issuers Regulations

values in Euro

Service	Entity supplying the service	Beneficiary	Fees 2013
Account auditing	Deloitte & Touche S.p.A.	Parent company-EI Towers S.p.a.	110,750
Attestation services	Deloitte & Touche S.p.A.	Parent company-EI Towers S.p.a. (1)	1,000
Total			**111,750**

(1) Attestation services Tax Return and Form 770

Reports 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 2013 AND THE CONSOLIDATED FINANCIAL STATEMENTS

to 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, 2013, with the respective explanatory notes and the Directors' Report, have been given to us the 17th March 2014, and have been approved from the Board of directors the 19th March 2014.

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.

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 report.

During the year ended December 31, 2013 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 in charge has been named by the Assembly of 6 May 2011 and will finish the mandate within the Assembly of approval of the Company financial statement at December 31, 2013, which will be called to appoint the supervisory board following the new statutory norms (art. 18) approved by the Assembly Shareholders the April 18, 2013.

With the Assembly of the Shareholders of April 18, 2013 it has expired, according to law, the legal assignment of account audit given to Reconta Ernst & Young Spa. The same Assembly, on motivated proposal of the Board of auditors, has given to Deloitte & Touche S.p.A the legal assignment of accounts audit (auditing of accounts of the balance sheet and the consolidated financial statement and limited auditing of accounts of the semiannual relation) of EI Towers S.p.A for years 2013 to 2021.

***

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 activity of the Board of auditors has been carried out in the terms below indicated.
In details we:

- Took part to the meetings of shareholders;
- Took part to the meetings of the Audit and Risk Committee, of the Remuneration Committee and acquired periodically reports on its activities by the Supervisory Board (SB);
- Tooked part to 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 detail, in 2013 the Board of Directors met 10 (ten) times to examine and vote on resolutions regarding, among other things, the approval of the quarterly reports and interim reports, the 2013 budget, the approval of the audit plan for 2013, the risk management, the first bond issue, the partial spin-off of Towertel spa in EI Towers, the assessment of the independence of Directors, the self-assessment of the Board, to evaluate the adequacy of the organizational, administrative and accounting procedures and system of internal control and risk management;
- Took part, along with the Administrators, to the initiatives finalized to understand better the business of the Company, the field in which the same work and the normative picture of reference. In detail, in date 26 July 2013 Administrators and Auditors, along with company executive, have visited one of the main sites of television and radio transmission of the North Italy (Valcava – LC), deepening the operating, technical and managerial aspects related to EI Towers' infrastructures. After that, the 15th November 2013, another meeting was held about the market and the normative picture of reference, inside the Group which EI Towers Belongs to;

- carried out the checks provided by law with at least quarterly cadence, participating to 12 (twelve) collegiate reunions;

- 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, through direct observation, and gathering information from the heads of the organization 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 about 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 periodically along with the Audit and Risk Committee, the internal audit responsible, receiving information about the audit scheduled and periodic report about the suitability of the system of internal control and risk management.

- Noted the report by the Administrator in charge of the internal control system and risk management on the assessment and management procedures of the main risks and strategic business process of EI Towers Group;

- Met, also in accordance with the provisions of art. 19 of Legislative Decree no. 39/2010, the Deloitte & Touche S.p.A. auditors, as the company is 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 doubt, 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 of 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 detail, 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. During 2013, also related to Consob recommendation in the Communication of the 24 September 2010 n. DEM/10078683, the Company has carried out assessments and appraisals on the Procedure approved, and, with the previous consent of the Audit and Risks Committee, has decided not to modify the procedure. With respect to the intra-group or related parts negotiations, the Board od Auditors has verified the respect of the Procedure; for the details of those negotiations we refer to the management report to the financial statement 2013 and notes to the financial statements 2013;

- 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.

In the course of the activity of vigilance of the College, carried out second the described modalities over, are not emerged made meaningful to demand of the signalling to the Supervisory bodies.

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 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 2013, 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 his activity, the Board of Statutory Auditors, in detail, monitored:

- the compliance to 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 Group's compliance with Law 262/2005.

The Board of auditors, according to law, has received the Report on the main issues released from Reconta Ernst & Young S.p.A expressing its own opinion. No comment was made to the Board of directors.

The Board of auditors, with reference to the measures of protection and guarantee adopted in matter of treatment of personal data according to D. Lgs. 30 june 2003, n. 196 and called Code in matter of protection of the personal data, acknowledge that during 2013 started a process of total review of the system as showed in the Financial Statement.

From the activity carried out from the Supervisory body in 2013 no criticalities occurred.

The College acknowledges that, the 19th March 2014, the Board of directors has approved of the Corporate Governance Annual Report, that contains, among other things, the information asked by art. 123 second of the TUF, modified by the D.lgs. 173/08.

On the same date the Board of directors, in compliance with art. 84 quater of Issuer regulations, as modified with Deliberation n. 18049 of 23rd December 2011, and art. 123-ter of the D.Lgs. 58/1998, have approved of the Report about Politics in matter of Emolument of the Administrators and the Managers with defined strategic responsibility as decided by the Board of directors as proposed from the remuneration Committee.

In compliance with article 3 (paragraph 3.C.5) of the Code of Self-discipline, to which the Company adheres, the Board of auditors, the 12 june 2013, has verified the correct application of the criteria and the procedures of assessment adopted from the Board of directors in order to estimate independence of its own members in the meeting of the 9th May 2013. The composition of the Boars answers, also, to the measures previewed from the Guarantor Authority of the Competition and the Market in matter of independence of the Administrators (for that matter we refer to the provision of the 14 December 2011 with which the Authority has authorized EI Towers S.p.A. – DMT S.p.A. merger).

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 2013, while referring to what is stated in the relevant section of the Report, the Auditors noted that:

- the 21st March the Board of Directors of EI Towers S.p.A has approved the issuance of a bond on the Eurobond market, for qualified investors only, for a maximum nominal amount of euro 250 million and to refinancing totally the Company.
The 18th April the issue of the Eurobond has been done successfully for 230 million euros with a 5 year duration with offer price of 99,444 and coupon of 3.875%.
The regulations of the bond have happened the 26 April. The bonds are listed into the Irish stock exchange. The emerging liquidity from bond emission has been used in order to reimburse the bank financial debits integrally and the outstanding on the bank account with the mother company Mediaset S.p.A and has moreover supplied the controlled Towertel S.p.A., through the opening of a bank account intercompany, necessary financial means to the integral reimbursement of his debt exposure towards the bank system;

- The 16th Decembers 2013 the spin off Towertel S.p.A in EI Towers S.p.A., took place but its effects pass from 1° January 2014.

With reference to the events occurred after the end 2013, also referring to what exposed in the management report, the auditors refers that:

-the 7th February 2014 the Ministry of the Economic Development has signed the ban and regulation of a contest for the allocation of new rights of use for national television frequencies in DVB-T, through an auction with economic offers;

-the 28th February 2014 the company purchase the 100% of the Società Assistenza Ripetitori Televisivi S.r.l., company that has 9 broadcasting stations and related contracts assets and liabilities, for a fixed fee around euro 4 million and subject to adjustments of price within the first semester of 2014, on the base of parameters under verification.

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 details, 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 subsidiaries Towertel SpA and SART S.R.L. which was acquired on February 2014.

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 Deloitte and Touche S.p.a., 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 2013, 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 not given Deloitte And Touche SpA, any other duty.

During the year the Company has given Ernst & Young SpA, whose appointment has expired with the assembly fro the approval of 2012 Financial Statement, in addition to his statutory audit, the duty for the 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 updating the one for 2012) for which it was intended an amount of € 15,000 plus expenses;

8. During the year the Company has not granted to parties linked on an ongoing basis at Deloitte and Touche SpA any assignment.

9. During 2013 the Board of Auditors has delivered its opinion on the report on the key issues by the auditing firm Reconta Ernst and Young spa. No comment was made to the Board of Directors.

10. During the year, were held ten meetings of the Board of Directors, twelve meetings of the Board, eight 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 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 refers that the system of internal control and risk management of the Group EI Towers 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 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.

14. The Board of auditors had no comments about the adequacy of the accounting system and its reliability in correctly representing management in general as well as the financial reporting process. With reference to the figures contained in financial and consolidated statements 2013 we confirm that the declaration was made by the Manager responsible for preparing the corporate accounting management pursuant to art. 154-bis of Legislative Decree 58 /. The Board has verified the existence of appropriate standards and processes to oversee the process of "training" and "dissemination" of financial information, the Board is, therefore, an assessment of the adequacy of the process of preparing financial information and believes there is no relief from submitted to the shareholders.

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 18 April 2013, the Shareholders' Meeting decided to authorize the purchase, until the meeting approving the financial statements at 31 December 2013, 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 18, 2013 and March 19, 2014, 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 and 2010.

Lissone, March 28, 2014

THE BOARD OF AUDITORS

Dr. Francesco Vittadini

Dr. Marco Armarolli

Dr. Anna Girello

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AUDITORS' REPORT
PURSUANT TO ART. 14 AND 16 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010

To the Shareholders of
EI TOWERS S.p.A.

1. We have audited the consolidated financial statements of EI Towers S.p.A., which comprise the statement of financial position as of December 31, 2013, and the income statement, the statement of comprehensive income, the statement of changes in equity and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes. These financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree n° 38/2005 are the responsibility of the Company'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 the Auditing Standards recommended by CONSOB, the Italian Commission for listed Companies and the Stock Exchange. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

   For the opinion on the prior year's financial statements, whose data are presented for comparative purposes, reference should be made to the auditors' report issued by other auditors on March 27, 2013.

3. In our opinion, the financial statements give a true and fair view of the financial position of EI Towers S.p.A. as of December 31, 2013, and of the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree n° 38/2005.

4. The Directors of EI Towers S.p.A. are responsible for the preparation of the report on operations in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the report on operations and of the specific section on corporate governance with reference to the information reported in compliance with art. 123-bis of Italian Legislative Decree n. 58/1998, paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b) in the annual report on corporate governance, with the financial statements, as required by law. For this purpose, we have performed the procedures required under Auditing Standard n. 001 issued by the Italian Accounting Profession (CNDCEC) and recommended by CONSOB. In our opinion, the report on operations and the information reported in compliance with art. 123-bis of Italian Legislative Decree n. 58/1998 paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b) included in the specific section on corporate governance are consistent with the financial statements of the EI Towers S.p.A. as of December 31, 2013.

DELOITTE & TOUCHE S.p.A.

Signed by
Patrizia Arienti
Partner

Milan, Italy
March 28, 2014

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

Certification of the Financial Statements pursuant 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 Company and
   - the effective application

   of the administrative and accounting procedures for building up the Yearly Financial Statements, during the financial year 2013.

2. The evaluation of the adequacy of the administrative and accounting procedures for building up the Yearly 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 Yearly 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 it is exposed.

March 19, 2014

For the Board of Directors
The Chief Executive Officer

(Guido Barbieri)

The Assigned Executive for the drafting
of the company accounting documents

(Fabio Caccia)