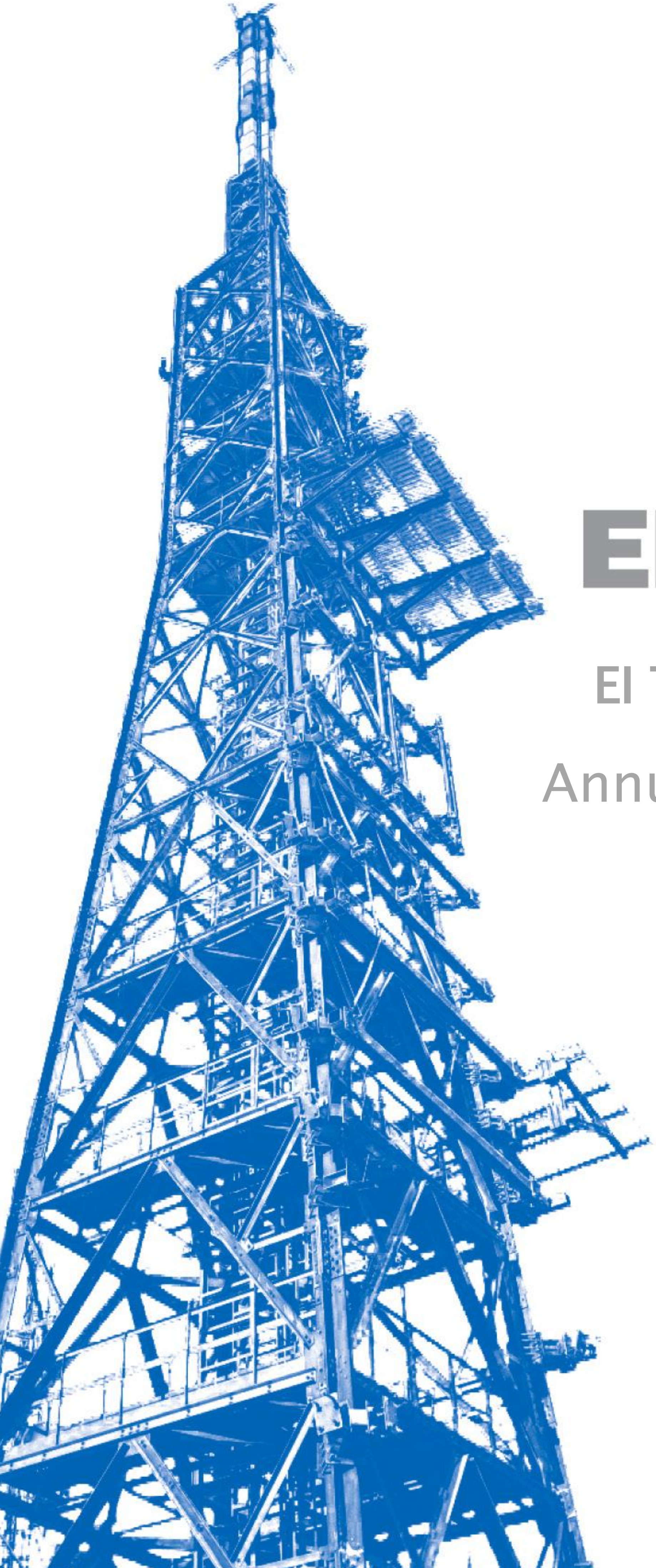


EI TOWERS Group

Annual Report 2014

EI TOWERS S.p.A.

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

TABLE OF CONTENTS

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

Explanatory Notes

EI Towers S.p.A. 2014 Annual Report

Financial Statements

2015 SHAREHOLDERS' ANNUAL ORDINARY GENERAL MEETING

Notice of Convocation

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 21, 2015, for deliberation upon the following:

MEETING AGENDA

1. *Approval of the Financial Statements as of December 31, 2014; 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, 2014.*

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

3. *Establishment of the number of members of the Board of Directors.*

4. *Establishment of the duration of the mandate of Directors.*

5. *Appointment of the Board of Directors.*

6. *Appointment of the Chairman of the Board of Directors.*

7. *Establishment of remuneration for the Board of Directors.*

8. *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 Banca di Credito

Finanziario 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 10, 2015 (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 website 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 website: 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 18, 2015. 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 website www.eitowers.it (Governance section - Shareholders' Meetings - Documents), on the website of Borsa Italiana S.p.A. (www.borsaitaliana.it) and on the website of authorised storage device www.1info.it, in accordance with the terms and conditions provided by prevailing laws and regulations.

In particular, the following reports and documentation will be made available to the public:

as of the date of this meeting notice, the reports on points 3, 4, 5, 6, 7 of the meeting agenda;

as from March 20, 2015, the report on point 8 of the meeting agenda;

as from March 30, 2015, the documentation in relation to points 1 and 2 on the meeting agenda, including the report on corporate governance and the shareholders.

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 Association of the Company are available on the Company's website www.eitowers.it (Governance section - Governance System).

With reference to the appointment of the Board of Directors, as per Article 13 of the Articles of Association, the Company is managed by a Board of Directors consisting of a minimum of 5 (five) to a maximum of 21 (twenty-one) members, shareholders or non-shareholders, who will remain in office for a period, determined by the Shareholders' Meeting, which cannot exceed 3 (three) fiscal years and may be re-elected.

The Directors are appointed by the Shareholders' Meeting on the basis of lists in which the candidates will be listed by means of a progressive number. Each candidate may appear on only one list; otherwise they will be ineligible for election. The lists that contain a number of candidates equal to or above three shall include at least one fifth (with rounding off to the higher in the case of a fraction) of members belonging to the less represented gender.

Shareholders have a right to present a list if they represent, alone or together with other shareholders, at least 1 % of the shares entitled to vote at the Ordinary General Meeting (in accordance with the percentage of shares established in Consob Resolution no. 19109 of January 28, 2015).

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 a declaration by the candidates that they are in possession of the requisites for independent directors, must either be deposited at the company's registered office (Ufficio Affari Societari, open 9:00 – 18:00 weekdays), or sent by email to the certified electronic mail address das.eitowers@legalmail.it or by fax to no. +39 039 2432390, by March 27, 2015. 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 are in possession of the requisites required by law and by the regulations for members of the Board of Directors.

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 by the Shareholders, 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 specified in the regulations for the presentation of lists by the Issuer, namely by March 31, 2015.

Without prejudice to the right to present a certificate proving ownership of the shareholding within the period prescribed in the previous paragraph, when presenting the lists, information concerning the identity of the shareholders presenting the individual lists shall be provided, 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.

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

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

Shareholders are also invited, with a view to submission of applications, to take into account the requirements expressed by the company regarding the maximum accumulation of administration and control offices, pursuant to the Corporate Governance Code for listed companies, disclosed in the Annual Report on Corporate Governance available on the Company's website www.eitowers.it (Governance section – Governance System).
The lists submitted by the Shareholders will be made available to the general public at the company's registered office, on the Company's website www.eitowers.it (Governance section – Shareholders' Meetings – Documents), on the website of Borsa Italiana S.p.A. (www.borsaitaliana.it) and on the website of authorised storage device www.1info.it, by March 31, 2015.

***

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 12, 2015

The Chairman

of the Board of Directors

(Alberto Giussani)

2014 Annual Report

2014 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	Antonio Aristide Mastrangelo
Standing Auditors	Anna Girello
	Francesco Vittadini

Independent Auditors	Deloitte & Touche S.p.A.

Key Consolidated Financial Results

Euro in millions	2014	2013
Revenues	234.5	231.6
EBITDA (*) before non-recurring items	110.8	106.0
EBITDA (*)	108.8	105.6
Operating profit (EBIT)	65.8	58.4
Profit before tax	58.2	50.5
Net profit	37.8	32.9

Key Consolidated Balance Sheet and Financial Data

Euro in millions	December 31, 2014	December 31, 2013
Net invested capital	691.6	687.7
Shareholders' equity	593.0	556.5
Net financial position	(98.6)	(131.2)

Personnel

	December 31, 2014	*December 31, 2013*
No. of employees	585	588

Core Ratios

	2014	2013
EBITDA (*) before non-recurring items/Revenues	47.2%	45.8%
EBITDA (*)/Revenues	46.4%	45.6%
EBIT/Revenues	28.1%	25.2%
Profit before tax/Revenues	24.8%	21.8%
Net profit/Revenues	16.1%	14.2%
Earning per share (Euro per share)	1.34	1.17
Diluted earning per share (Euro per share)	1.34	1.17

(*) 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 2014 EI Towers took part in the competitive sale process of part of Wind Telecomunicazioni S.p.A.'s tower portfolio, subject to a spin-off in a newco (Galata S.p.A.), in which EI Towers had to compete with major international industrial operators and with Italian and international infrastructure funds.

EI Towers' participation in that process, initiated by the seller in August, had the clear objective to take an active part in the start of consolidation in the field of towers in Italy, attempting to increase its industrial role and rigorously analyzing and monitoring potential returns.

Last March 2, Wind announced that it had reached agreement for the sale of an infrastructure of 7,377 TLC Towers ending up in Galata with Abertis Telecom, Spanish tower operator, sole tower infrastructure operator in tower sector in its country of origin.

The decision to promote the Tender and Exchange Offer on all the ordinary shares of Rai Way S.p.A., communicated last February 24, and described in the section related to Subsequent Events is based on the conviction that the tower sector should be subject to rationalization, consolidation, search for greater efficiency, in the field of both wireless telecommunications and broadcast.

Another major event during the period was the conclusion of a preliminary agreement (Term Sheet), which resulted in the first quarter of 2015 in the signature of two final contracts, with Cairo Network S.r.l., a company wholly owned by Cairo Communication S.p.A.. As detailed in this Director's Report on Operations, the two contracts deal, respectively, with the design and the construction of a new transmission network (so-called *Mux*) on the frequencies recently assigned to Cairo Network and the subsequent management in *full service* (hosting, assistance and maintenance, use of the transmission infrastructure, etc.).

That agreement is evidence of the recognition of EI Towers Group' capacity to provide high-level integrated services to radio and TV operators, in line with the approach of opening its infrastructure to fair, transparent and non-discriminatory market conditions.

Significant revenues and the consequent profitability related to the new contract will contribute to achieve the objectives set by the new business plan presented to the financial community in September 2014.

Two small companies offering hosting services mainly to telecommunication and mobile operators have been acquired during the year, part of a diversification of the business, which is currently more weighted towards broadcast operators and in line with the aforesaid business plan.

In 2014 EI Towers Group's operating result saw an improvement over 2013, despite the presence of a still critical economic context in our country that continues to have an impact on reference customers, mainly on local TV operators.

In particular, in the presence of slightly increasing revenues over the past year, the reduction in operating costs determined a more than proportional increase in EBITDA and operating result, despite the incidence of non-recurring charges in part related also to the extraordinary acquisition (not finalized) of Wind Telecomunicazioni's infrastructure.

Concerning financial and economic results, in consideration of the substantial profit for the year and cash flow generated, the Group shows at the end of 2014 an extreme sound position, both in terms of Shareholders' equity and Net financial position, and Leverage, which allows a larger financial flexibility for extraordinary acquisition operations, even of a substantial nature, or distribution of dividends to shareholders.

A summary of 2014 economic and financial results is reported below; concerning 2013 comparative data, reference should be made to the following paragraph Analysis of consolidated figures.

- In 2014 consolidated net revenues amounted to € 234.5m;
- Gross operating margin (EBITDA), excluding non-recurring items equal to € 2m, amounted to € 110.8m (47.2% of revenues);
- Gross operating margin (EBITDA) amounted to € 108.8m (46.4% of revenues);
- Operating profit (EBIT) amounted to € 65.8m, net of amortizations, depreciations and write-downs, for € 43m;
- Operating profitability (EBIT/Consolidated Net Revenues) amounted to 28.1%;
- Pre-tax profit is positive for € 58.2m;
- Consolidated net profit amounted to € 37.8m, equal to 16.1% of revenues;

- Net invested capital of the Group amounted to € 691.6m, Shareholders' equity amounted to € 593m and Net financial position was negative for € 98.6m;
- The parent company EI Towers S.p.A. ends with revenues amounting to € 213.1m, operating profit (EBIT) amounting to € 56m and a profit for the year of € 31.2m.

GENERAL ECONOMIC DEVELOPMENTS

The world economy recorded in 2014 an average growth rate around 3% in line with the previous year. The development of the international economic cycle was still very irregular and fragmented through various geographical and monetary areas.

In particular, the further acceleration of the US economy (+2.4%), which benefited from the further extension of the expansionary phase of the American Central Bank's monetary policy, contrasted with a still modest growth in EMU (+0.8%), a substantial stagnation in Japan, while the dynamics in the major emerging economies, with the exception of India, suffered an overall slowdown.

Economic trends in Italy recorded for a third consecutive year in 2014 a negative sign, with a GDP trend of -0.4% on an annual basis, showing however slight recovery signals compared to the previous year, when the GDP reduced by 1.7%. The Italian economy still faces, after seven years of crisis, a high climate of uncertainty to firms and families. Despite an inflation rate at historically low levels (0.2% compared to +1.2% average recorded in 2013), expansionary effects on final consumption induced by fiscal policies implemented in 2014 and contained in the 2015 Stability Law, remained, after all, limited, being mainly focused on support to disposable income to the detriment of expenses towards investments, which decreased by 3.3%.

In 2014 household final consumption expenditure progressively showed a slight increase (0.3% on an annual basis), with a moderate recovery compared to a significant decrease in 2013 (-2.9%), while after seven years of downturn also the real estate market was back to growth (+1.8% compared to 2013).

This context was also negatively affected by the extreme caution with regard to the credit granted by the banking system, which was impacted by not too favourable outcome deriving from monitoring and supervisory activities (Comprehensive Assessment) started in November by the ECB on major Italian Bank Groups.

Slight recovery signals gradually consolidated during the last quarter of the year, resulting in a zero change in GDP, supported by a drop in oil prices, the ECB's announcement relating to the start from March 2015 of the sovereign debt purchase plan in Euro area countries (so-called Quantitative Easing) and the exchange rate depreciation. All these elements should encourage a further decline in interest rates, freeing up more resources available to start from 2015 a gradual recovery.

EI TOWERS SHARES ON THE STOCK MARKET

The Italian Stock Market recorded an increase of 0.4% in 2014.

The early months of 2014 were strongly positive for the Italian stock market and in particular for the Mid Cap sector. The interest from institutional investors on peripheral European countries has progressively increased with particularly visible effects on sovereign debt yields. This is reflected in a yield spread reduction between BTP and Bund from 213 bps on January 2, to 171 bps on March 31, and in a marked increase of 15.45% in the FTSE MID from 26,401.33 to 30,481.3 in the first three months of the year.

In the first quarter EI Towers shares outperformed the FTSE MID index by 10.39% from € 34.09 to € 42,9 € with a performance of 25.84%, supported by the fundamentals, which were better than expected by the market.

In the following months, the global macro scenario showed a tendency to reallocate investment flows. Investment funds reduced over time their exposure to peripheral European countries, including Italy, as proven by main stock exchange indicators. This was influenced also by the progressive reduction of the American Quantitative Easing, a phenomenon which came to an end during the fourth quarter. The lack of structural reforms, which should have supported the economic recovery of the old continent, contributed in some cases to accentuate the trend just explained. These macro phenomena caused high market volatility.

At year-end the Mid Cap index dropped to 25,228.74, a contraction of 4.4% on an annual basis.

EI Towers recorded over 12 months a performance of 21.4% to close at € 41.37 compared to € 34.09 € at the beginning of the period, reaching maximum peak at € 44 on March 26.

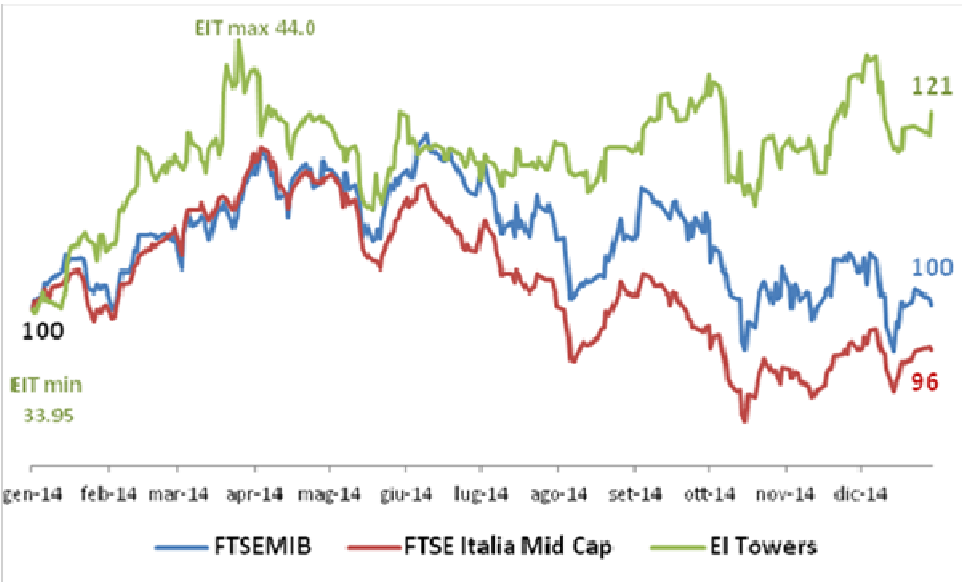
Italy's *blue chip* FTSE MIB index slightly increased by 0.4%, while FTSE MID Cap index increased by 4.44%.

EI Towers shares recorded a positive performance from the beginning of the year, ending 2014 with a rise of about +21.4% and a capitalization of € 1,169m (€ 963m at the beginning of 2014).

The main data for 2014 are reported below (source: Bloomberg).

EI Towers share price in 2014	
Average price (Euro)	39,80
Maximum price (Euro)	44,00 *March 26th*
Minimum price (Euro)	33,95 *January 3rd*
Opening price (January 2, 2014, Euro)	34,09
Closing price (December 30, 2014, Euro)	41,37
Performance	21,4%
Average volumes	88.676
Minimum volumes	3.407 *September 1st*
Maximum volumes	6.957.434 *April 4th*
Capitalization at the beginning of the year (Euro/m)	963
Capitalization at the end of the year (Euro/m)	1.169

THE TREND OF EI TOWERS SHARE IS REPORTED IN CHART BELOW COMPARED WITH THE MAJOR MARKET INDEXES IN 2014



MAIN CORPORATE OPERATIONS AND EQUITY INVESTMENTS

The partial demerger of the subsidiary Towertel S.p.A. (broadcasting business unit) into EI Towers S.p.A., approved in 2013 by the respective Boards of Directors, became effective on January 1, 2014. As a result of the demerger, Towertel S.p.A. holds the infrastructure asset of the Group dedicated to "Telecom" operators.

During the first months of the year, the subsidiary Towertel S.p.A. finalized the following transactions:

- On January 22, Towertel S.p.A. withdrew from the capital of the company Tecnoimpianti Sas, formerly held for the 50%, through the partial, non-proportional demerger of the aforesaid Tecnoimpianti Sas;
- On January 28, Towertel S.p.A. purchased 100% of SART S.r.l., subsequently merged into Towertel S.p.A. with statutory effects from July 1, 2014.

On June 13, EI Towers S.p.A. has signed with Cairo Network S.r.l., a company wholly owned by Cairo Communication S.p.A., a Term Sheet for the subsequent construction and multiannual technical management in full service (hosting, assistance and maintenance, use of the transmission infrastructure, etc.) of a new television network operating on the national frequency with UHF technology.

The signing of final agreements took place on January 27, 2015, as reported in the section Subsequent Events, to which reference should be made.

On July 23, EI Towers S.p.A. signed a framework agreement for the acquisition of Hightel S.p.A., a company which operates towers mainly located in the South of Italy hosting mobile telecommunications operators. The agreement provided for the simultaneous acquisition of 35% of the target company's share capital, carried out by the subsidiary Towertel S.p.A., while the acquisition of the remaining 65% has been completed on October 31, 2014. Hightel S.p.A. held 100% of the share capital of Torre di Nora S.r.l., subsequently merged into Hightel S.p.A., effective from January 1, 2015.

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., which in turn owns 100% of Hightel S.p.A.

PERFORMANCE OF OPERATIONS

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 an agreement with Cairo Group for the design and construction of a new television network (so-called *Mux*) and for the subsequent management of this network in full service; that agreement highlights the recognition by the market of the EI Towers Group's ability to provide high level integrated services in favour of broadcast 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.

In this regard, it should be highlighted that, despite an ongoing negative economic situation in Italy over recent years, the Group was able to steadily increase business volumes and profitability.

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, 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 July 28, 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*	2014		2013	
Revenues from sales of goods and services	**234,512**	**100.0%**	**231,601**	**100.0%**
Other income and revenues	471		1,629	
Total revenues	**234,983**		**233,230**	
Operating costs	124,210		127,203	
EBITDA, before non-recurring items	**110,773**	**47.2%**	**106,027**	**45.8%**
Non-recurring items	(2,023)		(379)	
Gross operating margin (EBITDA)	**108,750**	**46.4%**	**105,648**	**45.6%**
Amortisation, depreciation write-downs and provisions	42,912		47,274	
Operating result (EBIT)	**65,838**	**28.1%**	**58,374**	**25.2%**
Financial charges, net	(7,650)		(7,433)	
Income/(expense) from equity investments	0		(393)	
Pre-tax result (EBT)	**58,188**	**24.8%**	**50,548**	**21.8%**
Income taxes	(20,368)		(17,610)	
Net income	**37,820**	**16.1%**	**32,938**	**14.2%**

Revenues from sales of goods and services amounted to € 234,512k in 2014, and refer for € 179,509k 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. Compared to the previous year, the increase was of 1.3%.

It should be noted that the revenues from the two acquisitions described in the previous section relating to the main operations in the year amounted to € 1,164k.

Total other income and revenues amount to € 471k and mainly refer to extraordinary income and other income.

Total operating costs amount to € 124,210k and mainly consist of personnel costs for € 42,628k, net of € 664k related to lay-off incentives for employees included in non-recurring items, costs for leased assets of third parties for € 42,287k and costs for services and other operating costs for € 39,295 k (net of € 1,359k relating to M&A operations, largely attributable to costs incurred for the acquisition, not realized, of the transferee company of part of Wind Telecomunicazioni S.p.A.'s infrastructure and reclassified as non-recurring items).

Gross operating margin (EBITDA), excluding non-recurring charges described above, amounted to € 110,773k, with an incidence on revenues equal to 47.2% and a growth compared to the previous year of 4.5%.
EBITDA including non-recurring items amounted to € 108,750k (46.4% of revenues).
Total amortisation, depreciation and write-downs amounted to € 42,912k and refer for € 33,217k to tangible assets, € 9,607k to intangible assets and € 88k to write-downs of receivables of uncertain collection.
Operating profit (EBIT) amounted to € 65,838k, an increase of 12.8% compared to 2013; 28.1% operating profitability.
Net financial charges amounted to € 7,650k (in line with the previous year) and included € 9,863k related to the existing bond loan measured at amortized cost and financial income for € 2,384k, largely related to the remuneration of liquidity.
Pre-tax result amounted to € 58,118k (24.8% of revenues), a significant increase (+15.1%) compared to 2013.
Total income taxes for the period amounted to € 20,368k, with an effective income tax rate of 35%, in line with the previous year.
The year 2014 ended with a net profit of 37,820k, equal to 16.1% 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, 2014		December 31, 2013	
Net working capital	(26,149)	-3.8%	(33,402)	-4.9%
Goodwill	476,221		454,231	
Other non-current assets	300,499		325,196	
Non-current liabilities	(58,997)		(58,320)	
Non-current capital	717,723	103.8%	721,107	104.9%
Net invested capital	**691,574**	**100.0%**	**687,705**	**100.0%**
Net financial position	**98,579**	**14.3%**	**131,247**	**19.1%**
Shareholders' equity	**592,995**	**85.7%**	**556,458**	**80.9%**
Financial position and shareholders' equity of the Group	691,574	100.0%	687,705	100.0%

The increase in net working capital compared to December 31, 2013 (€ 7,253k) is basically due to the following effects:
- increase in trade receivables of € 3,099k;
- increase in accrued income and prepaid expenses of € 1,111k;
- increase in other receivables of a miscellaneous nature of € 1,610k;
- increase in trade payables of € 2,557k;
- increase in other current liabilities of € 8,723k, resulting from an increase of € 10,028k in relation to the debt for the acquisition of Hightel S.p.A. and of its subsidiary Torre di Nora S.r.l.; decrease of € 2,500k for the payment of the last tranche of the non-compete agreement with the former Chairman and CEO of DMT S.p.A. and other changes with a net increase of € 1,195k;
- decrease in net tax payables of € 13,146k, mainly due to the payment of the balance of income taxes for 2013 and the advance payment for 2014.

The increase in goodwill is basically a consequence of the allocation of a part of the consideration for the acquisition of Sart S.r.l. (€ 1,357k) and of the provisional allocation of € 20,594k of the consideration for the acquisition of Hightel S.p.A. and its subsidiary Torre di Nora S.r.l.

In the latter case, according to IFRS 3, a specific analysis of the consideration paid will be carried out within 12 months of the acquisition date in order to determine the fair value of net assets acquired and liabilities assumed.

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

The decrease in other non-current assets is a consequence of the depreciation of tangible and intangible assets accounted for the period, which were higher than the investments made.

Shareholders' equity at December 31, 2014 amounted to € 592,995k, equal to 85.7% of Net invested capital, and Net Financial Position at December 31, 2014 amounted to € 98,579k, an improvement of € 32,668k compared to December 31, 2013.

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*	2014	2013
Cash flow generated (absorbed) by operating activities	67,766	78,527
Cash flow generated (absorbed) by investing activities	(27,877)	(8,096)
Cash flow generated (absorbed) by financing activities	(7,045)	8,955
Net cash flow for the period	32,844	79,386

Cash flow generated by operating activities includes € 35,613k of current income taxes paid in the period compared to € 13,196k in 2013; that increase is due to the fact that in 2013, being the Group's companies within the group taxation regime with the indirect parent company Mediaset S.p.A., no IRES advance payments were made. These advance payments were then paid in 2014 (together with the balance and the advance payments provided for the year) following the exit from the aforesaid group taxation regime.

The net flow absorbed by investing activities mainly refers to investments in tangible assets (€ 10,741k compared to € 9,186k in 2013), in intangible assets for € 286k (in line with 2013) and business combinations net of cash acquired equal to € 17,073 related to the acquisition of the company described above.

Cash flow related to financing activities is basically due to the payment of the coupon of the existing bond loan made in the period, net of interests received relating to liquidity held in banks.

PARENT COMPANY'S RESULTS

Financial results

The summary statement of income of the parent company EI Towers S.p.A. for 2014 is set out below compared with previous year's figures.

INCOME STATEMENT *Euro in thousands*	2014		2013	
Revenues from sales of goods and services	**213,136**	**100.0%**	**178,303**	**100.0%**
Other income and revenues	220		228	
Total revenues	**213,356**		**178,531**	
Operating costs	117,068		104,173	
EBITDA, before non-recurring items	**96,288**	**45.2%**	**74,358**	**41.7%**
Non-recurring items	(1,645)		(379)	
Gross operating margin (EBITDA)	**94,643**	**44.4%**	**73,979**	**41.5%**
Amortisation, depreciation write-downs and provisions	38,681		35,281	
Operating result (EBIT)	**55,962**	**26.3%**	**38,698**	**21.7%**
Financial charges, net	(7,254)		(5,375)	
Pre-tax result (EBT)	**48,708**	**22.9%**	**33,323**	**18.7%**
Income taxes	(17,484)		(12,005)	
Net income	**31,224**	**14.6%**	**21,318**	**12.0%**

Revenues from sales of goods and services amounted to € 213,136k in 2014, and refer for € 179,509k 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 broadcast and wireless telecom operators.

Total other income and revenues, equal to € 220k, mainly refer to extraordinary income and to other income.

Total operating costs, amounting to € 117,068k, mainly consist of personnel costs for € 41,571k, net of € 664k related to lay-off incentives for employees and included in non-recurring items, costs for leased assets of third parties for € 37,446k and costs for services and other operating costs for € 38,051k (net of € 981k relating to M&A operations, largely attributable to costs incurred for

the acquisition, not realized, of the transferee company of part of Wind Telecomunicazioni S.p.A.'s infrastructure and reclassified as non-recurring items).
Gross operating margin (EBITDA), excluding non-recurring charges described above, amounted to € 96,288k, with an incidence on revenues equal to 45.2%.
EBITDA including non-recurring items amounted to € 94,643k (44.4% of revenues).
Total amortization, depreciation and write-downs amounted to € 38,681k and refer for € 31,784k to tangible assets, € 6,810k to intangible assets and € 88k to write-downs of receivables of uncertain collection.
Operating profit (EBIT) amounted to € 55,962k; 26.3% operating profitability.
Net financial charges, equal to € 7,254k, include financial charges for € 9,863k related to the existing bond loan measured according to the amortised cost approach and financial income for € 2,741k, mainly related to the remuneration for liquidity.
Pre-tax result amounted to € 48,708k (22.9% of revenues).
Total income taxes for the period amounted to ad € 17,484k, with an effective income tax rate of 35.9%.
The year ended with a net profit of € 31,224k, equal to 14.6% of revenues.

Balance sheet and financial position

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

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

RECLASSIFIED BALANCE SHEET *Euro in thousands*	December 31, 2014		December 31, 2013	
Net working capital	(18,084)	-2.7%	(30,364)	-4.5%
Goodwill	361,901		255,772	
Interests in subsidiaries	94,423		213,020	
Other non-current assets	269,331		247,773	
Non-current liabilities	(36,434)		(13,172)	
Non-current capital	689,220	102.7%	703,393	104.5%
Net invested capital	**671,137**	**100.0%**	**673,029**	**100.0%**
Net financial position	**104,679**	**15.6%**	**136,521**	**20.3%**
Shareholders' equity	**566,458**	**84.4%**	**536,508**	**79.7%**
Financial position and shareholders' equity of the Group	671,137	100.0%	673,029	100.0%

Net invested capital at December 31, 2014 amounted to € 671,137k, and consists of Goodwill for € 361,901k, Interests in the wholly owned subsidiary Towertel S.p.A. for € 94,423k, Other non-current assets for € 269,331k, Non-current liabilities for € 36,434k and Net working capital for € 18,084k.

The increase in Goodwill and the decrease in the item Interests in subsidiaries are mainly due to accounting for the aforesaid demerger. Against goodwill, included in the elements acquired through the demerger, the value of the interest held in Towertel S.p.A. was properly decreased.

The increase in other non-current assets is mainly attributable to contribution from demerger.

Shareholders' equity at December 31, 2014 amounted to € 566,458k, equal to 84.4% of Net invested capital, while Net Financial Position at December 31, 2014 was negative for € 104,679k, an improvement of € 31,842k compared 2013 year-end.

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*	2014	2013
Cash flow generated (absorbed) by operating activities	68,863	75,952
Cash flow generated (absorbed) by investing activities	(29,410)	(6,534)
Cash flow generated (absorbed) by financing activities	(7,091)	13,372
Net cash flow for the period	32,362	82,789

Cash flow generated by operating activities includes € 22,310k of current income taxes paid in the period compared to € 12,024k in 2013; that increase is due to the fact that in 2013, being the Group's companies within the group taxation regime with the indirect parent company Mediaset S.p.A., no IRES advance payments were made, then paid in 2014 (together with the balance and the advance payments provided) following the exit from the aforesaid group taxation regime.

The net flow absorbed by investing activities mainly refers to investments in tangible assets (€ 10,084k compared to € 8,173k in 2013), in intangible assets for € 161k (€ 316k in 2013), increases in financing activities of € 18,619k related to financing operations for the subsidiary Towertel S.p.A. to carry out the acquisitions of Sart S.r.l. and Hightel S.p.A., and to the latter after the acquisition to reimburse the financial debt in effect on the acquisition date.

Cash flow related to financing activities is basically due to the payment of the coupon of the existing bond loan made in the period, net of interests received relating to liquidity held in banks.

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

(CONSOB Communication 6064293 of July 27, 2006)

	Shareholders' equity at Dec.31, 2014	Net Profit Dec.31, 2014	Shareholders' equity at Dec.31, 2013	Net Profit Dec.31, 2013
As per balance sheet and income statement of EI Towers S.p.A.	**566,458**	**29,950**	**536,508**	**21,035**
Excess of shareholders'equity, including gross income for the period over book value of investments in subsidiary and affiliated companies	(53,069)	7,685	(113,522)	14,463
Higher values recorded as assets of subsidiary and affiliated companies	79,867	(1,088)	133,738	(2,918)
Consolidation adjustments arising from:				
Dividend elimination				
Elimination of unrealised intra-group gains/losses				
Other consolidation adjustments	(261)	(12)	(226)	50
Total	**592,995**	**36,535**	**556,458**	**32,630**
Profit/(loss) attributable to minority interests	-	-	-	-
As per consolidated financial statements	**592,995**	**36,535**	**556,458**	**32,630**

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".

The Board of Directors of EI Towers S.p.A. issued the guidelines for the Internal Control and Risk Management System of the Group. Such guidelines identify the Enterprise Risk Management (ERM), as reference model for the protection of this System.

For the implementation of the above mentioned Guidelines, the Director responsible has issued the "Policy Enterprise Risk Management", approved by the Board of Directors on November 5, 2014, which describes the ERM Model adopted and the elements making up the Internal Control and Risk Management System, defining roles, responsibilities and main activities carried out in this connection by actors involved and related coordination procedures.

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. The ongoing low-inflation or deflation environment could lead to a stagnation or reduction in revenues covered by contract and in 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 2014 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 adhered to 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 585 employees at the end of 2014 (584 of them in permanent posts).

Number of employees (permanent staff)	2014	Average 2014	2013
Managers	22	22	22
Middle managers	57	58	58
Office workers	506	509	504
Industry workers	-	-	4
Total	**585**	**589**	**588**

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, 2014		Dec.31,2013	
	Staff	**%**	**Staff**	**%**
Lissone	210	36%	208	36%
Other offices	374	64%	377	64%
Total	**584**	**100**	**585**	**100**

Age and length of service

Employees	Dec.31, 2014		Dec.31, 2013
	Age	**Seniority**	**Age**
Managers	49	19	48
Middle managers	50	21	51
Office workers	47	17	48
Industry workers	-	-	46
Average age	**48**	**19**	**48**

Permanent employees by grade and gender

Grade	Dec.31, 2014		Dec.31, 2013	
	Staff	% Women	Staff	% Women
Managers	22	5%	22	5%
Middle managers	57	8%	58	9%
Office workers	505	19%	501	19%
Industry workers	-	-	4	-
Total	**584**	**17%**	**585**	**17%**

Training initiatives

Total hours of training by type of initiative

Training hours	2014	2013
Managerial skills development	-	66
Professional update	370	18
Legal duty	1,242	7,222
Foreign language courses	21	41
Total	**1,633**	**7,347**

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

Staff composition

EI Towers S.p.A. had 580 employees at the end of 2014 (579 of them in permanent posts).

Number of employees (permanent staff)	2014	Average 2014	2013
Managers	22	22	21
Middle managers	55	56	49
Office workers	503	506	475
Industry workers	-	-	
Total	**580**	**584**	**545**

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, 2014		Dec.31, 2013	
	Staff	**%**	**Staff**	**%**
Lissone	205	35%	189	35%
Other offices	374	65%	353	65%
Total	**579**	**100**	**542**	**100**

Age and length of service

Employees	Dec.31, 2014		Dec.31, 2013
	Age	**Seniority**	**Age**
Managers	49	19	48
Middle managers	52	24	51
Office workers	49	23	49
Average age	**50**	**22**	**49**

Permanent employees by grade and gender

Grade	Dec.31, 2014		Dec.31, 2013	
	Staff	%Women	Staff	% Women
Managers	22	5%	21	5%
Middle managers	55	7%	49	8%
Office workers	503	19%	472	18%
Industry workers	-	-	-	-
Total	**580**	**16%**	**542**	**16%**

Training initiatives

Employee-hours for each type of training

Training hours	2014	2013
Managerial skills development	-	66
Professional update	364	18
Legal duty	1,210	5,884
Foreign language courses	21	41
Total	**1,595**	**6,009**

DISCLOSURES UNDER ARTICLE 2428 OF THE ITALIAN CIVIL CODE

Research and development activities

R&D operations carried on 2014 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 technical specifications of modulators and receivers for DVB-S2 based technology satellite transmission networks;
- definition of technical specifications of source signal coding equipment for IP based technology contribution networks;
- definition of technical specifications of microwave radio transport apparatus, IP based technology, for contribution networks;
- assessment of some emerging technologies in audio-visual signal compression for contribution networks
- assessment and definition of technical specifications of "test&monitoring" apparatus necessary to understand the proper functioning of the network infrastructure.

DTT (Digital Terrestrial Television)

Within the consolidation of Head-End infrastructures for the Digital Terrestrial Television, in addition to the usual activities related to the change and the definition of DTT multiplex configurations, benchmarking activities have been carried out to comprehend the current state of Head-End apparatus that is currently manufactured at major specialized vendors.

In addition, assessments of emerging, proprietary technologies that can be potentially used to optimize bandwidth resources of DTT multiplex were performed.

At the same time, preliminary activities aimed at testing the efficiency of the coding scheme for television signals, called HEVC, standardised in 2013, continued by monitoring the current state of solutions available both among encoders and decoders.

An important and significant contribution has been provided by the Technical Annex which defines the details of DVB-T network to be realised on behalf of Cairo Communication.

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

Upon conclusion of activities already undertaken to define the technical features of DAB networks with regional and national coverage, a Technical Annex has been prepared in 2014 with full detail of a possible DAB network infrastructure in Trentino Alto Adige. That Technical Annex has been presented by some clients to participate in a ministerial tender for the assignment of a digital audio broadcasting (DAB) frequency.

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, started in 2013, 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.

In that regard, in 2014, in the context of Confindustria Radio-TV and HD-Forum, EI Towers actively participated in the definition of the requirements which future DVB-T2 receivers for end-users will have to comply with.

National and international regulatory committees

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 Confindustria Radio-TV 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.
In relation to the contract of Intra-group current account with Towertel S.p.A., a wholly owned subsidiary of EI Towers S.p.A., the parties, maintaining the top fixed limit to the use of € 120m and the other terms and conditions provided, 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 by a spread of 50 base points (previously 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., the parties, maintain-

ing the top fixed limit to the use of € 140m and the other terms and conditions provided, 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 by a spread of 50 base points (previously 150 base points).
The transaction was concluded 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.
As described in the previous annual Directors' Report on Operations, EI Towers S.p.A. and Mediaset S.p.A mutually agreed in the course of the year to rescind the Integration to the Intra-group current account for Term Deposits signed in 2013.

Group taxation

EI Towers S.p.A. exercised the option to adhere, for three fiscal years (starting from 2014), 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 EI Towers S.p.A. as consolidating company and the subsidiary Towertel S.p.A. as consolidated company. The exercise of the option is regulated according to the agreements between the parties.
Previously, as reported in the Half-Year Report as of June 30, 2014, EI Towers S.p.A. and Towertel S.p.A. left the national group taxation and the centralized VAT system with Mediaset S.p.A. as consolidating company.

Treasury shares held by controlled subsidiaries

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

2009 e 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
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 2008 expired in 2014.

Share-based payments

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

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

- 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. Upon completion of the process in September 2014, a new DPS was 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 wholly owned subsidiaries Towertel S.p.A. and Hightel 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. For further details on the Organizational Model and the Supervisory and Control Body reference is made to the Corporate Governance and Share Ownership Report published on the website **www.eitowers.it** in the section Governance/Governance System.

Consob Communication DAC/RM97001574 of 20/02/1997

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

Chairman	
Alberto Giussani	The Chairman is authorized to represent the Company under the Articles of Association.
Chief Executive Officer	
Guido Barbieri	Powers and responsibilities related to the Corporate Management of the Company, with all routine administrative powers subject to a maximum of euro 2,500,000.00 in any single transaction, but with the exception of actions reserved to the Board of Directors. Under the Articles of Association, the Chief Executive Officer is authorized to represent the Company within the limits of the powers granted.
Chief Executive Officer	
Valter Gottardi	Powers and responsibilities related to the Business Management of the Company, with all routine administrative powers subject to a maximum of euro 2,500,000.00 in any single transaction and all non-routine administrative powers subject to a maximum of euro 500,000.00 in any single transaction, but with the exception of actions reserved to the Board of Directors. Under the articles of Association, the Chief Executive Officer is authorized to represent the Company within the limits of the powers granted.
Directors	Manlio Cruciatti Richard Hurowitz Piercarlo Invernizzi Michele Pirotta

Control and Risks Commitee (and related parties)	Michele Pirotta (Chairman) Manlio Cruciatti Alberto Giussani
Remuneration Committee	Alberto Giussani (Chairman) 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 website www.eitowers.it in the 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, 2013, the Board of Directors on December 14, 2013 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

Following the preliminary agreement (Term Sheet) signed on June 13, 2014, on January 27, 2015 EI Towers S.p.A. signed with Cairo Network S.r.l., a company wholly owned by Cairo Communication S.p.A., two final agreements, respectively related to: (i) design and construction of a new national multiplex in DTT operating on the national frequency with UHF technology (lot L3), for which Cairo Network S.r.l. was assigned the associated rights of use (the "MUX") by the Ministry of Economic Development; (ii) subsequent multiannual technical management in full service (hosting, assistance and maintenance, use of the transmission infrastructure, etc.).

The agreements envisage:

- a transitional phase, during which construction, commissioning and first years of operation of the MUX will take place, which will run from the date of signature until December 31, 2017, and a phase of the MUX management at regime with a length of 17 years (from 2018 to 2034);
- the right of free withdrawal for Cairo since January 1, 2025;
- a guaranteed coverage at regime at least equal to 94% of the population, aligned to national MUXs with the highest coverage.
- Set of technical annexes, KPI, SLA ("Service Level Agreements") and criteria to calculate penalties, consistent with the service levels guaranteed.

On March 2, 2015, the subsidiary Torre di Nora S.r.l. was merged into its direct subsidiary Hightel S.p.A. with statutory effects from the date of the last Inscription in the Enterprises Register and accounting and fiscal effects from January 1, 2015.

On February 24, 2015 EI Towers S.p.A. promoted a tender and exchange offer on 100% of Rai Way S.p.A. ordinary shares, listed on the Italian Stock Exchange in Milan (MTA).

The offer provides that for each Rai Way ordinary share tendered in the context of the Offer, EI Towers S.p.A. will pay to the relevant shareholders a consideration comprised of (a) a cash component, equal to € 3.13 (corresponding to approximately 69% of the aggregate valuation of each Rai Way ordinary share), and (b) a share component, represented by no. 0.03 newly issued EI Towers ordinary shares (corresponding to approximately 31% of the aggregate valuation of each Rai Way ordinary share).

The aggregate counter-value of the Offer, in case of full acceptance, will be approximately equal to € 1,225.3m, of which about (*a*) € 851.3m with respect to the cash component of the Consideration and about (*b*) € 374 with respect to the share component of the Consideration.

The Offer is subject to the occurrence of each of the following conditions precedent:

- the Italian Competition Authority (Autorità Garante della Concorrenza e del Mercato) to have unconditionally approved the acquisition of the control over Rai Way by EI Towers within the second trading day preceding the payment date of the consideration;

- Extraordinary Shareholders' Meeting of EI Towers called on March 27, 2015 to have approved the proposal of Share Capital Increase for the purpose of the offer;

- EI Towers to have acquired a shareholding at least equal to 66.67% of Rai Way's share capital;

- the Ministry of Economic Development to have authorized RAI - Radiotelevisione Italiana S.p.A. to continue to carry out its activities concerning the provisions of public services through Rai Way also following the acquisition of control over Rai Way by EI Towers, within the fifth trading day preceding the conclusion of the offer period, including any extension thereof. For such purpose, EI Towers undertakes to agree upon adequate contractual instruments aimed at ensuring and granting RAI full entitlement to the resources and the means instrumental to the provision of such public service activities reserved to RAI;

- as of the payment date of the consideration, the non-occurrence of extraordinary circumstances or events or material adverse changes in the financial, economic, currency, legal or market situation on a national or international level, or other events which may materially prejudice the Offer or the asset, financial and economic condition of Rai Way.

EI Towers may waive one or more of the above conditions precedent to the Offer as well as amend them, in whole or in part, as provided by applicable law.

The Offer has been notified to the Italian Competition Authority (Autorità Garante della Concorrenza e del Mercato) pursuant to Article 16, paragraph 5 of Law no. 287 of October 10, 1990.

The consideration for the offer, together with the possible refinancing of the existing net financial debt, will be financed by means of a new bank loan. The leverage (Net financial debt / EBITDA) as of the transaction settlement will be 5 times.

For further details on the offer reference should be made to the documents already disclosed to the market.

FORESEEABLE DEVELOPMENTS

For the year 2015 we expect economic and financial results in line with the Industrial Plan disclosed to the financial community, which foresees lines of organic development based on the offer of new hosting services to mobile telecommunication operators and highest-standing televisions and radios, and the finalization of some acquisitions of small tower companies which operate mainly in the mobile telecom business.

In relation to costs, even in the current year the activity aimed at finding operational efficiencies will continue.

Therefore 2015 EBITDA should be in line with the plan's target and come to around €114m, excluding non-recurring items such as, for example, costs for extraordinary transactions.

The EBITDA trend, together with the forecast of recurrent investments slightly higher than the previous year (maximum €12m), would result in a solid operating cash flow generation.

It should be noted that, should the voluntary tender and exchange offer on Rai Way S.p.A. have a positive outcome, the economic and financial results, as well as the financial ratios of the Group, will change significantly, with particular reference to the Net Financial Position/EBITDA ratio which should come to around 5 times at the settlement of the transaction.

As a consequence, in case of positive outcome of the offer, within a time horizon to be defined after its finalization, a new Industrial Plan shall be disclosed. This plan will take into account the business integration of the two companies as well as the new financial structure.

BOARD OF DIRECTORS REPORT TO THE SHAREHOLDERS' MEETING OF APRIL 21, 2015

1. **Approval of the Financial Statements as of December 31, 2014; 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, 2014**

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, 2014, will meet with your approval.

Especially, we submit for your attention the approval of the Financial Statements as of December 31, 2014, as explained above, and of the Directors' Report on Operations.

We propose to allocate the profit for the period € 31,223,755.88 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.

The following proposed resolution is brought to your attention:

"The Shareholders' Meeting, taken note of the Compensation Report pursuant to Article 123-ter of the Legislative Decree no. 58/1998 and the provisions issued by Consob,

resolves

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. Establishment of the number of members of the Board of Directors.

Dear Shareholders,

we inform you that the mandate of the Board of Directors, as conferred by resolution of the General Meeting of February 29, 2012, expires with the General Meeting to approve the financial statements at December 31, 2014.

It should be noted that, pursuant to Article 13, letter A) of the Articles of Association, the Company is managed by a Board of Directors composed of a minimum of 5 (five) to a maximum of 21 (twenty-one) members, appointed by the Shareholders' Meeting, which also decides the number of directors.

It should also be noted that, in accordance with the Corporate Governance Code of listed companies, which EI Towers S.p.A. complies with, the Board of Directors, within the annual self-assessment process, has expressed, with a view to the renewal of the board of Directors, an opinion regarding the size of the Board, pointing out to the Shareholders the possible extension of the number of Directors.

The Board of Directors asks therefore the Shareholders' Meeting to establish the number of members of the Board of Directors in compliance with the law and the Articles of Association.

4. Establishment of the duration of mandate.

Dear Shareholders,

Article 13, letter A) of the Articles of Association provides that the Board of Directors of the Company is appointed for a period, determined by the Shareholders' Meeting, not exceeding three years and is re-eligible.

The Shareholders' Meeting is therefore asked to establish, within the limit referred to in the Articles of Association, the duration of mandate of the Board of Directors.

5. Appointment of the Board of Directors.

Dear Shareholders,

we inform you that the mandate of the Board of Directors, as conferred by resolution of the General Meeting of February 29, 2012, expires with the General Meeting to approve the financial statements at December 31, 2014.

In this regard, we remind you that according to the law and the Articles of Association, directors are appointed by the Shareholders' Meeting on the basis of lists submitted by shareholders representing, alone or with other shareholders, at least 1% of the shares with voting rights at an ordinary shareholders' meeting (shareholding determined in accordance with the Consob Resolution no. 19109 of January 28, 2015).

With specific reference to the terms and conditions for the presentation of lists for the appointment of the Board of Directors please refer to the Notice of calling of the Shareholders' Meeting published in accordance with the law. We would also like to remind you that the election of the members of the Board of Directors shall be made in accordance with Article 13, letter F) of the Articles of Association.

It should also be noted that, in accordance with the Corporate Governance Code of listed companies, which EI Towers S.p.A. complies with, the Board of Directors, within the annual self-assessment process, has expressed, with a view to the renewal of the board of Directors, an opinion regarding the composition of the Board, with the hope that Shareholders, when presenting the lists, maintain a similar level of quality of the Board in terms of competences and experiences represented, taking into account also gender characteristics of candidates. In this respect, in order to further enrich personality/professionalism and knowledge in the Board, directors have also expressed their opinion regarding the size of the new Board of Directors, described in the report on item 3 in the Meeting's agenda.

6. Appointment of the Chairman of the Board of Directors.

Dear Shareholders,

we inform you that the General Meeting is called upon to decide on the appointment of the Chairman of the Board of Directors in compliance with the law and the Articles of Association.

7. Establishment of remuneration for the Board of Directors

Dear Shareholders,

we inform you that the General Meeting is called upon to establish the remuneration of the Board of Directors in accordance with Article 13 letter E) of the Articles of Association.

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

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

Dear Shareholders,

We note that the power of the Board of Directors of your Company (hereinafter referred to as the "Company") to purchase treasury shares will expire upon the approval of the Financial Statements as of December 31, 2014.

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 (hereinafter referred to as the "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 for the purchase of treasury shares 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, 2015.

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.

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 market practices 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.

That said, we submit for your approval the following resolution:

"The Shareholders' Meeting, accepting the proposals formulated by the Board of Directors in accordance with the terms provided in the report,

resolves

- *to authorise the purchase of shares of the Company, in one or more tranches, up to the maximum legal limit, taking account of the treasury shares held directly and any that might be held by subsidiaries and untill the approval of the financial statements for the year ending on December 31, 2015; purchases may be made within the limits of distributable profits and reserves as reported in the last approved Annual Report.*

Purchases shall be made according to the following methods:

the purchase price of the shares shall be established from time to time according to the chosen method for carrying out the operation and in full compliance with regulatory requirements, regulations and accepted market practices, within a minimum and a maximum range according to the following criteria:

- *the minimum purchase price shall not be less than 20% of the reference price of the shares as traded on the Stock Exchange on the day prior to each operation;*

- the maximum purchase price shall not in any case exceed 20% of the reference price of the shares traded on the Stock Exchange on the day prior to each operation.

In the event of purchases of shares being made in conformity with market practices no. 1 and 2 and in view of additional limits established by Consob Resolution 16839/2009, the price of offers to purchase should not exceed the higher price between the price of the last independent trade and the current price of the proposed independent purchase in the market in which the proposals are made.

- *to authorize, on one or more occasions, to utilise shares purchased pursuant to this resolution or already held by the company, even before having reached the maximum number permitted and to buy back shares up to the limit established by the authorisation, subject to the resolutions relating to any remuneration plan whether for reward or free, to directors, employees and associates of the issuer, or to directors, employees and employees of subsidiaries of the issuer, as well as eventual plans for the allocation of free shares to shareholders and the resulting provisions of the plans*

With the exception of plans for the distribution, whether paid or free, of share options or shares, which will be effected at prices determined by the plans themselves, for any other transaction for the sale of shares the price will be determined by the Board of Directors, with the authority to delegate to one or more directors, at not more than 10% less than the reference price of the shares on the trading session on the day prior to each operation.

Should the sale of treasury shares be conducted in conformity with the practices outlined in paragraph 1 above, and in view of additional limits established by Consob Resolution 16839/2009, the price of offers to sell shall not exceed the lower price between the price of the last independent trade and the current price of the proposed independent purchase in the market in which the proposals are made.

If shares are traded, exchanged, transferred or conferred in any other manner other than in cash, the economic terms will be determined according to the nature and characteristics of the transaction, also taking into account the market performance of EI Towers shares.

Shares may be used in the way considered most appropriate in the interests of the company, and in any case in full compliance with applicable laws and accepted market practices. Share options or shares to *be allocated under distribution plans will be allocated in the manner and the terms indicated by the regulations of the plans themselves;*

- *to grant to the Board of Directors and, on its behalf, to the Chief Executive Officers, separately, all necessary powers to execute in a full and concrete way the resolutions stated in previous points in compliance with the applicable law."*

FOR THE BOARD OF DIRECTORS

The Chairman

Alberto Giussani

EI TOWERS GROUP

Consolidated Financial Statements

and Notes

Consolidated Statement of Financial Position (*)

(values in thousands of Euros)

	Notes	31/12/2014	31/12/2013
ASSETS			
Non current assets			
Property, plant and equipment	6.1	196,885	216,066
Goodwill	6.2	476,221	454,231
Other intangible assets	6.3	96,648	102,632
Investments in associates/joint control companies	6.4	28	28
Other financial assets	6.5	604	558
Deferred tax assets	6.6	6,334	5,912
TOTAL NON CURRENT ASSETS		**776,720**	**779,427**
Current assets			
Inventories	7.1	2,553	3,105
Trade receivables	7.2	20,955	17,856
Tax receivables	7.3	119	-
Other receivables and current assets	7.4	7,572	4,851
Current financial assets	7.5	280	-
Cash and cash equivalents	7.6	133,917	101,073
TOTAL CURRENT ASSETS		**165,396**	**126,885**
TOTAL ASSETS		**942,116**	**906,312**

(*)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	31/12/2014	31/12/2013
SHAREHOLDERS' EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital	8.1	2,826	2,826
Share premium reserve	8.2	194,220	194,220
Treasury shares	8.3	(1,845)	(1,845)
Other reserves	8.4	352,488	320,723
Valuation reserve	8.5	(2,518)	(1,218)
Retained earnings	8.6	10,004	8,814
Net profit for the period	8.7	37,820	32,938
TOTAL SHAREHOLDERS' EQUITY		**592,995**	**556,458**
Non current liabilities			
Post-employment benefit plans	9.1	12,745	11,409
Deferred tax liabilities	6.6	42,910	43,636
Financial liabilities and payables	9.2	226,193	225,208
Provisions for non current risks and charges	9.3	3,342	3,275
TOTAL NON CURRENT LIABILITIES		**285,190**	**283,528**
Current liabilities			
Financial payables		-	432
Trade payables	10.1	32,560	30,003
Current tax liabilities	10.2	2,520	15,666
Other financial liabilities	10.3	6,583	6,680
Other current liabilities	10.4	22,268	13,545
TOTAL CURRENT LIABILITIES		**63,931**	**66,326**
TOTAL LIABILITIES		**349,121**	**349,854**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**942,116**	**906,312**

(*)With reference to Consob decision n. 15519 dated July 27, 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	2014	2013
Sales of goods and services	11.1	234,512	231,601
Other revenues and income	11.2	471	1,629
TOTAL REVENUES		**234,983**	**233,230**
Personnel expenses	11.3	43,292	42,630
Purchases, services, other costs	11.4	82,941	84,952
Amortisation, depreciation and write-downs	11.5	42,912	47,274
TOTAL COSTS		**169,145**	**174,856**
EBIT		**65,838**	**58,374**
Financial expenses	11.6	(10,034)	(9,116)
Fianancial income	11.7	2,384	1,683
Income/(expense) from equity investments		0	(393)
EBT		**58,188**	**50,548**
Income taxes	11.9	20,368	17,610
NET PROFIT FOR THE PERIOD	**11.10**	**37,820**	**32,938**
Earnings per share (Euro):	11.11		
- Basic		1.34	1.17
- Diluted		1.34	1.17

(*)With reference to Consob decision n. 15519 dated July 27, 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	2014	2013
CONSOLIDATED NET PROFIT/(LOSS)(A):		**37,820**	**32,938**
Statement of comprehensive gains/(losses):			
Effective portion of gains/(losses) on hedging instruments (cash flow hedge)		-	-
Actuarial gains/(losses) on defined benefit plans		-	-
Other comprehensive gains/(loss)	8.5	(1,540)	(426)
Tax effect related to other gains/(losses)	8.5	255	118
TOTAL OTHER COMPREHENSIVE INCOME /(LOSS) NET OF TAX EFFECTS (B)		**(1,285)**	**(308)**
TOTAL COMPREHENSIVE INCOME (A+B)		**36,535**	**32,630**

EI TOWERS GROUP

Consolidated Cash Flow Statement

(values in thousands of Euros)

	Notes	2014	2013
CASH FLOW FROM OPERATING ACTIVITIES:			
Operating profit		65,838	58,374
+ Depreciation and amortisation		42,912	47,274
+ Change in trade receivables		(3,829)	4,304
+ Change in trade payables		2,157	(7,078)
+ Change in other assets and liabilities		(3,699)	(11,151)
- Income tax paid		(35,613)	(13,196)
Net cash flow from operating activities [A]	12	**67,766**	**78,527**
CASH FLOW FROM FINANCING ACTIVITIES:			
Investments in tangible assets		(10,741)	(9,186)
Investments in intangible assets		(286)	(316)
Goodw ill		-	(101)
Changes in payables for investing activities		269	1,617
(Increases)/decreases in other financing activities		(46)	(110)
Business combinations net of cash acquired		(17,073)	-
Net cash flow from investing activities [B]	12	**(27,877)**	**(8,096)**
CASH FLOW FROM FINANCING ACTIVITIES:			
Changes in financial liabilities		-	21,386
Dividend payment		-	(11,844)
Interests (paid)/received		(7,045)	(587)
Net cash from financing activities [C]	12	**(7,045)**	**8,955**
CHANGE IN CASH AND CASH EQUIVALENTS [D=A+B+C]		**32,844**	**79,386**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD [E]		**101,073**	**21,687**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD [F=D+E]		**133,917**	**101,073**

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 01/01/2013	**2,826**	**206,533**	**320,833**	**(1,845)**	**(1,128)**	**245**	**(15,444)**	**23,644**	**535,664**
Coverage previous losses as per Meeting Resolution	-	(12,314)	(4,977)	-	-	-	17,292	-	0
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 31/12/2013	**2,826**	**194,220**	**320,723**	**(1,845)**	**(1,436)**	**218**	**8,814**	**32,938**	**556,458**
Balance 01/01/2014	**2,826**	**194,220**	**320,723**	**(1,845)**	**(1,436)**	**218**	**8,814**	**32,938**	**556,458**
Allocation of 2013 net profit	-	-	31,750	-	-	-	1,188	(32,938)	-
Stock option	-	-	15	-	-	(15)	-	-	-
Comprehensive income/(loss)	-	-	-	-	(1,285)	-	-	37,820	36,535
Balance 31/12/2014	**2,826**	**194,220**	**352,488**	**(1,845)**	**(2,721)**	**203**	**10,004**	**37,820**	**592,995**

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

(values in thousands of Euros)

	Notes	31/12/2014	of which vs. Related parties (note 15)	% weight	31/12/2013	of which vs. Related parties (note 15)	% weight
ASSETS							
Non current assets							
Property, plant and equipment	6.1	196,885			216,066		
Goodwill	6.2	476,221			454,231		
Other intangible assets	6.3	96,648			102,632		
Investments in associates/joint control companies	6.4	28			28		
Other financial assets	6.5	604			558		
Deferred tax assets	6.6	6,334			5,912		
TOTAL NON CURRENT ASSETS		**776,720**			**779,427**		
Current assets							
Inventories	7.1	2,553			3,105		
Trade receivables	7.2	20,955	759	4%	17,856	1,051	6%
Tax receivables	7.3	119			-		
Other receivables and current assets	7.4	7,572			4,851		
Current financial assets	7.5	280			-		
Cash and cash equivalents	7.6	133,917	37	0%	101,073	94,479	93%
TOTAL CURRENT ASSETS		**165,396**			**126,885**		
TOTAL ASSETS		**942,116**			**906,312**		

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

(values in thousands of Euros)

	Notes	31/12/2014	of which vs. Related parties (note 15)	% weight	31/12/2013	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			194,220		
Treasury shares	8.3	(1,845)			(1,845)		
Other reserves	8.4	352,488			320,723		
Valuation reserve	8.5	(2,518)			(1,218)		
Retained earnings	8.6	10,004			8,814		
Net profit for the period	8.7	37,820			32,938		
TOTAL SHAREHOLDERS' EQUITY		**592,995**			**556,458**		
Non current liabilities							
Post-employment benefit plans	9.1	12,745			11,409		
Deferred tax liabilities	6.6	42,910			43,636		
Financial liabilities and payables	9.2	226,193			225,208		
Provisions for non current risks and charges	9.3	3,342			3,275		
TOTAL NON CURRENT LIABILITIES		**285,190**			**283,528**		
Current liabilities							
Financial payables		-			432		
Trade payables	10.1	32,560	1,073	3%	30,003	1,582	5%
Current tax liabilities	10.2	2,520			15,666	15,458	99%
Other financial liabilities	10.3	6,583			6,680		
Other current liabilities	10.4	22,268	388	2%	13,545	441	3%
TOTAL CURRENT LIABILITIES		**63,931**			**66,326**		
TOTAL LIABILITIES		**349,121**			**349,854**		
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**942,116**			**906,312**		

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

(values in thousands of Euros)

	Notes	2014	of which vs. Related parties (note 15)	% weight	2013	of which vs. Related parties	% weight
Sales of goods and services	11.1	234,512	180,966	77%	231,601	180,312	78%
Other revenues and income	11.2	471			1,629	14	1%
TOTAL REVENUES		**234,983**			**233,230**		
Personnel expenses	11.3	43,292	1,094	3%	42,630	1,072	3%
Purchases, services, other costs	11.4	82,941	3,380	4%	84,952	3.485	4%
Amortisation, depreciation and write-downs	11.5	42,912			47,274		
TOTAL COSTS		**169,145**			**174,856**		
EBIT		**65,838**			**58,374**		
Financial expenses	11.6	(10,034)	(1)	0%	(9,116)	(406)	4%
Fianancial income	11.7	2,384	1,114	47%	1,683	725	43%
Income/(expense) from equity investments		-			(393)		
EBT		**58,188**			**50,548**		
Income taxes	11.9	20,368			17,610		
NET PROFIT FOR THE PERIOD	**11.10**	**37,820**			**32,938**		
Earnings per share (Euro):	11.11						
- Basic		1.34			1.17		
- Diluted		1.34			1.17		

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, 2014 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, in continuity with the previous 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

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.*

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 IFRS 11, 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.

As envisaged by IAS 16, the value of fixed assets also includes charges for restoration of sites where towers are located.

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 business combinations carried out in phases, the interest previously held in the acquiree is subject to revaluation at fair value at the date when control was acquired and any resulting gains or losses are recognised in the Income Statement in the year in which the transaction is completed.

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 fair value less costs to sell and the value in use of the asset because according to IAS 36 recoverable amount is defined as the higher of the fair value of an asset or a Cash Generating Unit less costs to sell and its value in use. The usage value is generally calculated by discounting the cash flows expected from the usage of the asset or the Cash Generating Units and also by the value expected 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 but, first of all, reducing the goodwill and then posting the excess amount, proportionately to the value of the other assets of the specific CGU. With the exception of the goodwill and the assets with an undefined useful life reinstatements of the values of the other assets are allowed when the conditions that brought about the write-down change. In this case the book value of the asset can be increased within the limits of the new estimated value but not over the value that would have been calculated, where there were no preceding write-downs.

Equity investments in associated companies and joint ventures

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

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

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

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

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

Non-current financial assets

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

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

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

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

The receivables are posted at their 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”.

Through the actuarial valuation, there is input to the Income Statement in the item “Financial Incomes/Charges” of 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" of 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.

It should be noted that EI Towers S.p.A. exercised the option to adhere, for three fiscal years, starting from 2014, 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 EI Towers S.p.A. as consolidating company.

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.

Accounting standards, amendments and interpretations effective from January 1, 2014

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

IFRS 10 – Consolidated Financial Statements

IFRS 10 replaces IAS 27 – Consolidated and Separate Financial Statements, for the part relating to the consolidated financial statements, and SIC-12 Consolidation – Special Purpose Entities (vehicle companies). The previous IAS 27 has been renamed Separate financial statements and only governs the accounting of investments in the separate financial statements. The main changes introduced by the new standard related to consolidated financial statements are as follows:

- IFRS 10 establishes a single control model that applies to all entities. That change removes the inconsistences between the previous IAS 27 (focused on control) and SIC 12 (focused on risks and rewards);
- IFRS 10 includes a more robust definition of control that contains simultaneously three elements: (a) power over an investee; (b) exposure , or rights, to variable returns from its involvement with the investee; (c) ability to use its power over the investee to affect the amount of the investor's return;
- IFRS 10 requires an investor, in order to determine its control on an investee, to focus on the activities that significantly affect the returns of the investee (concept of relevant activities);
- IFRS 10 requires only voting rights need to be considered in assessing control, that is those exercisable when significant decisions on the investee need to be made ;
- IFRS 10 provides additional application guidance regarding situations in which the existence of control is difficult to assess, including de facto control, potential voting rights, structured entities, situations in which the investor with decision-making rights needs to determine whether it is acting as principal or agent, etc.

In general terms, the application of IFRS 10 requires a significant level of opinion on a certain number of application aspects.
The standard is effective retrospectively for annual periods beginning on or after January 1, 2014 and did not impact the consolidation area of the Group.

IFRS 11 – Joint Arrangements

IFRS 11 replaces IAS 31 – Interests in Joint Venture and SIC-13 – Jointly Controlled Entities – Transfer in kind by parties participating in control. The new standard, without prejudice to the criteria to determine whether joint control exists, outlines the accounting criteria by entities that jointly control an arrangement depending on the rights and obligations arising from the arrangement rather than on the legal form of the entity, distinguishing such arrangements between joint venture and joint operation. Under IFRS 11, unlike the previous IAS 31, the existence of a separate vehicle is not a sufficient condition for a joint arrangement to be classified as a joint venture. Concerning joint ventures, whereby the parties have rights only to the net assets relating to the arrangement, the standard establishes as single method of accounting in the consolidated financial statements the net equity method. Concerning joint operations, whereby the parties have rights to the assets and obligations for the liabilities relating to the arrangement, the standard establishes that the pro rata share of the assets, liabilities, expenses and revenue arising from a joint operation is recognized directly in the consolidated financial statements (and in the separate financial statements).

In general terms, the application of IFRS 11 requires a significant level of opinion in certain corporate sectors concerning the distinction between joint venture and joint operation.

The new standard is effective retrospectively for annual periods beginning on or after January 1, 2014.

Following the issuance of the new standard IFRS 11, IAS 28 – Investments in associates and joint ventures has been amended to include within its application, from the date the standard is effective, also investments in joint ventures. The adoption of this new standard did not impact the Group's consolidation area.

IFRS 12 – Disclosure of Interests in other Entities

IFRS 12 is a new and complete standard on additional disclosures required in consolidated financial statements for each type of investment, including subsidiary companies, joint ventures, associate companies, special purpose companies and other non-consolidated vehicle companies. The standard is effective retrospectively for annual periods beginning on or after January 1, 2014. The adoption of this new standard did not impact the information provided in the explanatory note to the Group's consolidated financial statements.

Amendments to IAS 32 "Offsetting of financial assets and financial liabilities", aim to clarify the application of necessary criteria for offsetting financial assets and liabilities in the financial statements (i.e. an entity must have a currently enforceable legal right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously). These amendments are effective retrospectively for annual periods beginning on or after January 1, 2014. The adoption of these amendments did not impact the Group's consolidated financial statements.

Amendments to IAS 36 - "Impairment of assets - Recoverable amount disclosures for non-financial assets".

The changes resulted from the decision to require additional disclosures about the measurement of the recoverable amount of assets, including goodwill, or cash-generating units subjected to impairment tests, with a recoverable amount based on fair value less costs of disposal, only for assets or cash-generating units for which an impairment loss was recognized or reversed during the year. In that event, adequate disclosure should be provided on the hierarchy of fair value the recoverable amount falls into and on valuation techniques and assumptions used (in the case of level 2 or 3). The changes are effective retrospectively for annual periods beginning on or after January 1, 2014. The introduction of this new standard did not impact the Group's consolidated financial statements disclosure because the recoverable amount of assets is defined by its value in use.

Amendments to IAS 39 "Financial instruments: recognition and measurement - Novation of derivatives and continuation of hedge accounting".

The objective of the proposed amendments is to introduce a narrow scope exception to the requirements for the discontinuation of hedge accounting in IAS 39. Specifically, they propose an exception in circumstances when an existing hedging derivative is required to be novated to a Central Counterparty (CCP) as a consequence of newly introduced laws or regulations. The changes are effective retrospectively for annual periods beginning on or after January 1, 2014. The adoption of these amendments did not impact the Group's consolidated financial statements.

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

Standards already issued but not yet having come into force at the date of drafting of the Group's consolidated financial statements are outlined below. The list applies to standards and interpretations that the Group expects to be reasonably applicable at a future date. The Group intends to adopt these standards when they come into force.

On May 20, 2013 **interpretation IFRIC 21 - Levies** has been published, The interpretation clarifies when an entity should recognize a liability to pay a levy imposed by governments, other than income taxes, in its financial statements. The standard addresses both the accounting for liabilities to pay levies that are within the scope of IAS 37 - Provisions, Contingent Liabilities and Contingent Assets, as well as for liabilities whose timing and amount is certain. This interpretation is effective retrospectively for annual periods beginning on or after June 17, 2014. The Directors do not expect that the adoption of this new interpretation will impact the Group's consolidated financial statements.

On December 12, 2013 the IASB published the document "***Annual Improvements to IFRSs: 2010-2012 Cycle***" and "***Annual Improvements to IFRSs: 2011-2013 Cycle***" incorporating the amendments to some standards, within the scope of the annual improvement process.

The changes are effective at the latest for annual periods beginning on or after February 1, 2015. The Directors do not expect that the adoption of the aforesaid changes will impact the Group's consolidated financial statements.

On November 21, 2013 the IASB published the amendment to IAS 19 "Defined Benefit Plans: Employee Contributions", which proposes to recognize contributions (linked solely to the employee's service rendered in the year) from employees or third parties to defined benefit plans as a reduction in the service cost in the period in which that contribution is paid. The need for this proposal arose with the introduction of the new IAS 19 (2011), where it is considered that these contributions are part of a post-employment benefit, rather than a short-term benefit and, therefore, that this contribution should be attributed to periods of service of employees. The changes are effective at the latest for annual periods beginning on or after February 1, 2015. The Directors do not expect that the adoption of these changes will impact the Group's consolidated financial statements.

IFRS accounting standards, amendments and interpretations not yet approved by the European Union

Up to the time of the present annual report, the competent bodies of the European Union had not yet completed the approval process necessary for the application of the above amendments and standards.

- On May 28, 2014 the IASB published the standard IFRS 15 – Revenue from Contracts with Customers which is intended to replace the standards IAS 18 – Revenue and IAS 11 - Construction Contracts, and the interpretations IFRIC 13 -

Customer Loyalty Programmes, IFRIC 15 – Agreements for the Construction of Real Estate, IFRIC 18 – Transfers of Assets from Customers and SIC 31 – Revenues-Barter Transactions Involving Advertising Services. The standard sets out a new framework for revenue recognition, that will apply to all contracts with customers except for those that fall within the scope of other IAS/IFRS standards as leases, insurance contracts and financial instruments. The key steps in accounting revenues according to the new framework are:

- Identify the contract(s) with a customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contract;
- Recognize revenue when (or as) the entity satisfies a performance obligation.

The standard is effective for annual reporting periods beginning on or after January 1, 2017. Earlier application is permitted.

The application of IFRS 15 is expected to impact the amounts entered by way of revenues and the disclosure provided in the consolidated financial statements of the Group, at the moment subject to examination.

- On July 24, 2014 the IASB published the final version of IFRS 9 – Financial Instruments. This document brings together the Classification and measurement, Impairment and Hedge accounting phases of the IASB's project to replace IAS 39. The new standard, which replaces the previous versions of IFRS 9, is effective for annual reporting periods beginning on or after January 1, 2018.
  Possible effects of the introduction of these changes on the Group's consolidated financial statements are being evaluated.

- On September 25, 2014 the IASB published the document "Annual Improvements to IFRSs: 2012-2014 Cycle", which partly integrates existing standards. The changes introduced by the document are effective for annual reporting periods beginning on or after January 1, 2016. These changes and integrations will not significantly impact the Group's consolidated financial statements.

4. MAIN CORPORATE OPERATIONS AND CHANGES IN THE CONSOLIDATION AREA

The partial demerger of the subsidiary Towertel S.p.A. (broadcasting business unit) into EI Towers S.p.A., approved in 2013 by the respective Boards of Directors, became effective on January 1, 2014. As a result of the demerger, Towertel S.p.A. holds the infrastructure asset of the Group dedicated to "Telecom" operators.

During the first months of the year, the subsidiary Towertel S.p.A. finalized the following transactions:

- On January 22, Towertel S.p.A. withdrew from the capital of the company Tecnoimpianti Sas, formerly held for the 50%, through the partial, non-proportional demerger of the aforesaid Tecnoimpianti Sas;
- On January 28, Towertel S.p.A. purchased 100% of SART S.r.l., subsequently merged into Towertel S.p.A. with statutory effects from July 1, 2014.

On June 13, EI Towers S.p.A. has signed with Cairo Network S.r.l., a company wholly owned by Cairo Communication S.p.A., a Term Sheet for the subsequent construction and multiannual technical management in full service (hosting, assistance and maintenance, use of the transmission infrastructure, etc.) of a new television network operating on the national frequency with UHF technology.

The signing of final agreements took place on January 27, 2015, as reported in the section Subsequent events, to which reference should be made.

On July 23, EI Towers S.p.A. signed a framework agreement for the acquisition of Hightel S.p.A., a company which operates towers mainly located in the South of Italy hosting mobile telecommunications operators. The agreement provided for the simultaneous acquisition of 35% of the target company's share capital, carried out by the subsidiary Towertel S.p.A., while the acquisition of the remaining 65% has been completed on October 31, 2014. Hightel S.p.A. held 100% of the share capital of Torre di Nora S.r.l., subsequently merged into Hightel S.p.A., effective from January 1, 2015.

5. BUSINESS COMBINATIONS

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 consideration was defined for € 4,559k including the earn-out provisional share.

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 fair value of acquired assets and assumed liabilities at the transaction date.

Value in thousands of Euros	
Net acquired assets	972
Allocation of the consideration paid to customer relations	3,251
Tax effect	(1,021)
Residual allocation of the consideration paid to goodwill	1,357
Total consideration	**4,559**

The acquisition consideration was subject to price adjustments and included on earn-out of € 300k, the payment of which was considered probable at the acquisition date. The conditions in which the Company should have paid that earn-out have ceased to exist; therefore, that financial debt has been cancelled being not due. It should also be noted that the merger of Sart S.r.l. into the acquirer Towertel S.p.A. has been signed on June 24, 2014.

On October 31, 2014 Towertel S.p.A. completed the acquisition of the entire share capital of Hightel S.p.A., a company that manages a total of 216 sites mostly located in the South of Italy hosting mobile and wifi - wimax operators, including 135 sites owned by the operators themselves. The final acquisition price amounted to € 15,450k; an earn-out provisional share amounting to € 4,037k was defined as increase in the total price and the transfer of credit, including securities and bonds, when collected, amounted to € 1,769k. Finally, it should be noted that Hightel S.p.A. holds 100% of the share capital of Torre di Nora S.r.l..

The Purchase Price Allocation has not yet been completed at the date of authorization for the publication of these consolidated financial statements. The allocation has been provisionally recognized as goodwill in the total amount of € 20,594k (including € 19,534k related to Hightel S.p.A. and € 1,060k related to the subsidiary Torre di Nora S.r.l.).

The following table shows the consideration paid, the fair value of assets and liabilities acquired at the acquisition date

Value in thousands of Euros	
Consideration contractually agreed	17,219
Estimated Earn-out	4,037
Total consideration	**21,256**
Of which paid in 2014	11,228

Accounting at December 31, 2014:

Net acquired assets	662
Provisional allocation to goodwill	20,594
Total consideration	**21,256**

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 01/01/2013	**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**
Changes in the consolidation area	573	4,880	-	42	6	254	5,755
Reclassification	(145)	-	-	-	-	(167)	(312)
Other changes	139	121	2,709	137	388	(3,494)	-
Acquisitions	377	450	2,434	289	282	6,909	10,741
Disposals	(232)	(355)	(4,616)	(118)	(458)	(218)	(5,997)
Depreciation and write-downs	-	-	-	-	-	-	-
Closing Balance 31/12/2014	**49,668**	**161,187**	**249,221**	**43,913**	**26,015**	**12,100**	**542,104**

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 01/01/2013	**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**
Changes in the consolidation area	-	1,917	-	41	6	-	1,964
Reclassification	(145)	-	-	-		-	(145)
Other changes	-	-	-	-	-	-	-
Disposals	(231)	(280)	(4,604)	(113)	(440)	-	(5,667)
Amortisation	1,598	6,248	20,370	3,092	1,725	-	33,033
Depreciation and write-downs	-	184	-	-	-	-	184
Closing Balance 31/12/2014	**19,073**	**85,249**	**184,278**	**34,653**	**21,966**	**-**	**345,219**

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 01/01/2013	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
Changes in the consolidation area	573	2,963	-	1	-	254	3,791
Reclassification	-	-	-	-	-	(167)	(167)
Other changes	139	121	2,709	137	388	(3,494)	-
Acquisitions	377	450	2,434	289	282	6,909	10,741
Disposals	(1)	(75)	(12)	(5)	(18)	(218)	(330)
Amortisation	(1,598)	(6,248)	(20,370)	(3,092)	(1,725)	-	(33,033)
Depreciation and write-downs	-	(184)	-	-	-	-	(184)
Closing Balance 31/12/2014	30,595	75,938	64,943	9,260	4,049	12,100	196,885

The main changes during the period were for:

- Increases in tangible assets under formation and advances for € 6,909k 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 Towers for € 3,534k mainly attributable to the changes in the consolidation area determined by the acquisition of Hightel S.p.A. and SART S.r.l.;
- Increases in plant and machinery for € 5,143k attributable for € 2.709k to transfers of tangible assets under formation during previous years completed in 2014.

The write-downs of 2014 amounted to € 184k and relate Towers no longer used and under disposal.

6.2 Goodwill

	Total
Beginning Balance 01/01/2013	**454,130**
Other changes	101
Closing Balance 31/12/2013	**454,231**
Changes in the consolidation area	21,951
Reclassification	40
Other changes	-
Increases	-
Disposals	-
(Depreciation and write-downs)	-
Net Closing Balance 31/12/2014	**476,221**

The increase in Goodwill, mainly attributable to the changes in the consolidation area equal to € 21,951 k, includes:

- for € 1,357k the completion of the Purchase Price Allocation, in accordance with IFRS3, related to the acquisition of Società Assistenza Ripetitori Televisivi S.r.l.;
- for € 20,594k the provisional allocation of a part of the consideration for the acquisition of Hightel S.p.A. and its indirect subsidiary Torre di Nora S.r.l.. According to IFRS 3, a specific analysis of the consideration paid will be carried out within 12 months of the acquisition date in order to determine the fair value of net assets acquired and liabilities assumed. If at the end of the evaluation period tangible and intangible assets with defined useful lives are identified, an adjustment of provisional amounts recorded at the acquisition will be carried out with retroactive effect from the acquisition date.

At December 31, 2014 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 5.5%.

These assessments have been carried out by utilising an actuarial base rate, corresponding to the weighted average cost of capital net of taxes of 5.78% and a growth rate, used to extrapolate cash flows over the plan period prudentially of 1.2%.

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 11.47%, considering a growth rate to extrapolate cash flows over the plan timeframe equal to1.2%.

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 50,1%.

6.3 Other intangible assets

HISTORICAL COST	Patents and intellectual property rights	Customer relations	Trademarks	Licences	Intangible assets in progress and advances	Other intangible assets	Total
Beginning Balance 01/01/2013	**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**
Changes in the consolidation area		3,251	-	-	-	75	3,326
Reclassification	167	1	-	-	(40)	(23)	105
Other changes	(895)	-	-	-	(317)	(8,038)	(9,250)
Acquisitions	113	84	-	7	42	-	246
Disposals	(21)	-		-	-	-	(21)
Closing Balance 31/12/2014	**9,659**	**119,097**	**-**	**12.241**	**42**	**7,575**	**148,614**

AMORTISATION AND DEPRECIATION	Patents and intellectual property rights	Customer relations	Trademarks	Licences	Intangible assets in progress and advances	Other intangible assets	Total
Beginning Balance 01/01/2013	**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**
Changes in the consolidation area	-	-	-	-	-	33	33
Reclassification	-	(1)	-	-	-	-	(1)
Other changes	(1,212)	-	-	-	-	(8,038)	(9,250)
Disposals	-	-	-	-	-	-	-
Amortisation	409	5,867	-	828	-	2,503	9,607
(Depreciation), (write-downs)/write-ups	-	-	-	-	-	-	-
Closing Balance 31/12/2014	**9,250**	**30,855**	**-**	**4,325**	**-**	**7,536**	**51,966**

NET BOOK VALUE	Patents and intellectual property rights	Customer relations	Trademarks	Licences	Intangible assets in progress and advances	Other intangible assets	Total
Beginning Balance 01/01/2013	**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**
Changes in the consolidation area	-	3,251	-	-	-	42	3,293
Reclassification	167	2	-	-	(40)	(23)	106
Other changes	317	-	-	-	(317)	-	-
Acquisitions	113	84	-	7	42	-	246
Disposals	(21)	-	-	-	-	-	(21)
Amortisation	(409)	(5,867)	-	(828)	-	(2,503)	(9,607)
(Depreciation), (write-downs)/write-ups	-	-	-	-	-	-	-
Closing Balance 31/12/2014	**409**	**88,242**	**-**	**7,916**	**42**	**39**	**96,648**

The item Customer relations increased by € 3,251k due to the allocation of goodwill following the Purchase Price Allocation related to the acquisition of Sart S.r.l.

The increase in Item Patents and intellectual property rights amounted to € 597k including € 428k relating to the completion of the project 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.

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.

	31/12/2014		31/12/2013	
	Stake	**Book value**	**Stake**	**Book value**
Beigua S.r.l.	24.5%	28	24.5%	28
Total		**28**		**28**

6.5 Other financial assets

	31/12/2014	**31/12/2013**
Other investments	46	43
Guarantee deposits and Other financial assets	558	515
Total	**604**	**558**

The item Guarantee deposits and Other financial assets amounted to € 558k and included amounts paid as a deposit for lease agreements of lands on which towers are located and for € 130k the consideration paid out for the purchase options of the shares representing the total share capital of the Companies Monte Massa Martano s.r.l. (€ 80k) and Das Immobiliare s.r.l. (€ 50k).

The item Other investments is detailed as follows:

	31/12/2014		31/12/2013	
	Stake	**Book value**	**Stake**	**Book value**
Investments in Joint Ventures		46		43
Total		**46**		**43**

The item Investments in Joint Ventures mainly includes interests in the two joint ventures “Consorzio Vedetta” and “Consorzio Cefriel”.

6.6 Deferred tax assets and liabilities

	31/12/2014	31/12/2013
Deferred tax assets	6,334	5,912
Deferred tax liabilities	(42,910)	(43,636)
Net position	**(36,576)**	**(37,724)**

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
2013	5,819	(24)	117	-	-	5,912
2014	5,912	(55)	256	-	221	6,334

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
2013	(45,481)	1,845	-	-	-	(43,636)
2014	(43,636)	1,970	-	(1,021)	(223)	(42,910)

The item Deferred tax assets amounted to Euro 6,334k 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 42,910 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.

Changes in the consolidation area include the recognition of the tax effect amounting to € 1,021k of the allocation to Customer relations of part of the consideration of Società Assistenza Ripetitori televisivi s.r.l., while Other changes include certain compensation between advance and deferred taxes.

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

	Temporary gap	Tax effect 31/12/2014	Temporary gap	Tax effect 31/12/2013
Deferred tax assets related to:				
Property, plant and equipment	823	239	1,146	327
Provision for receivables write-off	9,802	2,695	9,780	2,689
Provisions for risks and charges	3,304	1,038	2,465	774
Post-employment benefit plans	5,073	1,394	2,757	758
Inventories	2,722	850	2,455	765
Other temporary differences	426	118	1,329	599
TOTAL	**22,150**	**6,334**	**19,932**	**5,912**

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 € 2,695k, the effect related to the Provision for risks and charges amounted to € 1,038k and was from the Provision for restoration of Towers and from the Provision for contractual risks, and the effect related to depreciation of inventories amounted to € 850k.

	Temporary gap	Tax effect 31/12/2014	Temporary gap	Tax effect 31/12/2013
Deferred tax liabilities related to:				
Property, plant and equipment	26,747	8,302	24,929	7,763
Non current intangible assets	101,919	32,033	106,942	33,580
Post-employment benefit plans	4,250	1,169	3,228	887
Other temporary differences	4,262	1,406	4,262	1,406
TOTAL	**137,178**	**42,910**	**139,361**	**43,636**

The tax effect for € 32,033k 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 € 8,302k, 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 31/12/2014	Balance at 31/12/2013
Raw materials, ancillary materials and consumables	5,275	5,522
Goods	-	-
Finished goods	-	39
Total	5,275	5,561
Provision for devalued raw materials, ancillary materials and consumables	(2,722)	(2,452)
Provision for devalued finished goods	-	(4)
Total inventories	**2,553**	**3,105**

The changes in the provision for devalued inventory occurred in 2014 are reported below.

	Value at 31/12/2013	Changes in the consolidation area	Allocated	Uses	Other changes	Value at 31/12/2014
Provision for devalued raw materials	(2,452)	-	(267)	-	(4)	(2,722)
Provision for devalued finished goods	(4)	-	-	-	4	-
Total	**(2,456)**	**-**	**(267)**	**-**	**-**	**(2,722)**

Raw materials, ancillary materials and consumables for a net value of € 2,553k include spare parts and accessories for the maintenance and installation of transmission plants.

The provision for devalued raw materials amounted to € 2,722k 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 2014 due to provisions amounting to € 267k.

7.2 Trade receivables

Trade receivables were made up as follows:

	Balance at 31/12/2014		Balance at 31/12/2013
	Total	Due within 1 year	
Receivables from customers	20,196	15,219	16,805
Receivables from related parties	759	759	1,051
Total	**20,955**	**15,978**	**17,856**

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 31/12/2013	Allocated	Uses	Other changes	Value at 31/12/2014
Provision for receivables write-off	9,247	88	(88)	-	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 € 4,977k and mainly refer to the extension granted to the client Prima TV S.p.A..

7.3 Tax receivables

The item tax receivables, which totals € 119k included net Irap (regional tax) credit at December 31, 2014 of Towertel S.p.A..

7.4 Other receivables and current assets

	31/12/2014	31/12/2013
Other receivables	4,474	2,864
Prepayments and accrued income	3,098	1,987
Total	**7,572**	**4,851**

The item Other receivables, shown net of depreciation for € 1,468k, increased compared to the previous year mainly due to greater VAT receivables for € 801k, greater advance payments to suppliers for € 226k and for an amount equal to € 651k resulting from changes in the consolidation area related to the acquisition of Hightel S.p.A..

Other receivables mainly included:

- VAT receivable from tax authorities amounting to € 1,985k;
- Other tax receivables amounting to € 580k mainly related to IRES receivables connected to the request for reimbursement ex Legislative Decree 185/2008 and Legislative Decree 201/2011 for a total amount of € 340k, IVA receivables relating to prior years amounting to € 90k, IRES receivables amounting to € 82k and other receivables amounting to € 68k.
- Advance payments to suppliers amounting to € 622k;
- Advance payments to employees for business trips amounting to € 208k;
- Other receivables amounting to € 1,079k including € 610k related to Hightel S.p.A. that arose before the acquisition of that company.

Prepayments and accrued income increased compared to the previous year by € 577k due to the changes in the consolidation area referable to the acquisition of Hightel S.p.A. and Torre di Nora S.r.l. and by an amount equal to € 260k due to higher long-term deferred income referable to leases.

7.5 Current financial assets

	31/12/2014	31/12/2013
Securities	280	-
Total	**280**	**-**

This item included in the amount of € 250k unlisted shares of Banca Popolare di Vicenza and in the amount € 30k bonds issued by Banca Popolare di Vicenza expiring on August 9, 2018 and with possibility of premature pay off from August 9, 2015. Securities concerned are included in the changes in the consolidation area referable to the acquisition of Hightel S.p.A..

It should be noted that after December 31, the shares of Banca Popolare di Vi-cenza were sold for a value corresponding to the book value.

7.6 Cash and cash equivalents

Here follows the breakdown of this item:

	31/12/2014	31/12/2013
Cash in hand	10	14
Cash and cash equivalents	133,907	101,059
Total	**133,917**	**101,073**

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 € 43,275k of credit balance of bank current accounts of the companies of the Group and for € 37k of credit balance, including accrued interest, of the intra-group current account with Mediaset S.p.A. and for € 90,595k of short-time time deposit at the banking system including interest accrued.

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, 2014 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, 2014 the Share-premium reserve amounted to € 194,220k.

No changes occurred during the year.

8.3 Treasury shares

This item includes EI Towers S.p.A. shares, the acquisition of which was authorised by resolutions of the General Meetings of Shareholders. The Meeting of EI Towers S.p.A. with resolution dated April 24, 2014, 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, 2014 and however for a period not longer than 18 months from the date of the Meeting's resolution.

	2014		2013	
	Number of shares	**Book value**	**Number of shares**	**Book value**
Beginning Balance	62,526	1,845	62,526	1,845
Additions	-	-	-	-
Disposals	-	-	-	-
Changes in the consolidation area	-	-	-	-
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, 2014 amounted to € 352,488k (€ 320,723k at December 31, 2013).

The item increased in 2014 due to the allocation of the profit for 2013 according to the meeting's resolution dated April 24, 2014.

It should be noted that the increase for € 15k as a consequence of the expiration of a stock option plan is no longer be exercised.

8.5 Valuation reserves

	31/12/2014	31/12/2013
Stock option plans	203	218
Actuarial Gains/(Losses)	(2,721)	(1,436)
Total	**(2,518)**	**(1,218)**

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	218	(15)	-	-	-	-	203
Actuarial Gains/(Losses) on defined benefit plans	(1,436)	(1,540)	-	-	-	255	(2,721)
Total	**(1,218)**	**(1,555)**	**-**	**-**	**-**	**255**	**(2,518)**

The Reserve for stock option plans includes the contra-entry of the amount of costs accruing at December 31, 2014, determined in accordance with IFRS 2, for the three-year stock option plans granted by Mediaset during 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 € 2,721k, includes the actuarial components relating to the valuation of defined benefit schemes, booked directly in Net Equity.

8.6 Retained earnings

	31/12/2014	31/12/2013
Retained earnings	10,004	8,814
Total	**10,004**	**8,814**

The item increased mainly due to the allocation of the net profit according to the resolution of the Shareholders' Meeting of EI Towers dated April 24, 2014.

8.7 Profit (Loss) for the year

The item includes the net result for the year amounting to € 37.820k.

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, as of 2012
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, 2014

Economic-financial assumptions	
Inflation rate	Inflation scenario had been deducted from the document "*Nota di Aggiornamento del Documento di Economia e Finanza 2014*" adopting a rate equal to the programmed inflation of 1%.
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, 2014.

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

	2014	2013
Balance at the beginning	**11,409**	**11,315**
Service Cost	19	19
Actuarial (gains)/losses	1,538	426
Interest Cost	45	75
Indemnities paid	(281)	(479)
Other changes	15	53
Changes in the consolidation area	-	-
Balance at 31/12	**12,745**	**11,409**

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 € 639k;
- a change in inflation rate of +/-50 basis points leads to a change in the provision for employee termination indemnity provision of about € 390k;
- 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 € 49k.

9.2 Payables and financial liabilities

	31/12/2014	31/12/2013
Bond loan	226,193	225,208
Due to banks		
Total	**226,193**	**225,208**

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%.

9.3 Provisions for risks and charges

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

	2014	2013
Balance at 1/1	**3,275**	**2,693**
Provisions	902	1,058
Uses	(497)	(489)
Other changes	(376)	13
Changes in the consolidation area	38	-
Balance at 31/12	**3,342**	**3,275**
Of which:		
current	-	-
non-current	3,342	3,275
Total	**3,342**	**3,275**

Provisions for risks are due to charges for recovery of sites hosting Group's infrastructures where there are legal or implicit obligations for € 1,645k and for the remaining amount mainly to provisions for contractual risks.

The items Uses and Other changes mainly refer to the settlement of contingent liabilities and to the redefinition of aforesaid restoration charges.

10 CURRENT LIABILITIES

10.1 Supplier payables

	Balance at 31/12/2014			Balance at 31/12/2013
	Total	Due		
		Within 1 year	After 1 year	
Due to suppliers	31,487	31,487	-	28,421
Due to related parties	1,073	1,073	-	1,582
Total	**32,560**	**32,560**	**-**	**30,003**

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).

10.2 Tax payables

This item, amounting to € 2,520k represents the debt, net of tax prepayments, of the companies of the Group in respect of IRES and Irap for the year.

It should be noted that on April 4, 2014, Mediaset S.p.A. announced the placement on the market of 25% of the share capital of EI Towers S.p.A. by the wholly owned subsidiary Elettronica Industriale S.p.A.. Following this disposal, Mediaset S.p.A., through the subsidiary Elettronica Industriale S.p.A., has passed from a situation of by-law control to a situation of de facto control on EI Towers S.p.A. and, therefore, the latter and its subsidiary Towertel S.p.A., starting from 2014, left the national group taxation and the centralized VAT system with Mediaset S.p.A. as consolidating company. On June 9, 2014, EI Towers S.p.A. exercised the option to adhere, for three fiscal years, starting from 2014, 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 EI Towers S.p.A. as consolidating company and the subsidiary Towertel S.p.A. as consolidated company. The exercise of the option is regulated according to the agreements between the parties.

Consequently, in light of the preceding remarks, in 2014 the Group took steps to make payment of advance taxes separately in relation to the parent company Mediaset S.p.A..

10.3 Other financial liabilities

	31/12/2014	31/12/2013
Bond loan	6,583	6,618
Due to Group's companies	-	-
Other fiancial liabilities	-	62
Total	**6,583**	**6,680**

The item Bond loan refers to the current portion of the Eurobond issued by EI Towers S.p.A. on April 18, 2013 for a book value of € 230m.

10.4 Other current liabilities

	31/12/2014	31/12/2013
Due to social security institutions	1,766	1,825
Advance payments	150	-
Other payables	16,177	7,718
Accrued and deferred income	4,175	4,002
Total	**22,268**	**13,545**

The item Due to social security institutions includes payables due to social security institutions related to the portion of salary and collaboration of December 2014.

The item Advance payments includes the advance payment made in the amount of € 150k related to the preliminary agreement for the sale of the offices in Ascoli.

The Other payables item mainly refers to the payable, including the earn-out estimated share, for the acquisition of Hightel S.p.A. and its direct subsidiary Torre di Nora S.r.l. in an amount equal to € 10,028k; payables to employees for € 2,766k (summer bonus and related contributions, overtime payables and contributions and production bonus), payables to directors and auditors for € 313k, payables for deductions for € 1,252k, payables to third parties for supplementary contribution for € 243k. It should be noted that this item decreased compared to the previous year by € 2,500k related to the payment of the last tranche of the non- compete agreement signed with the previous Chairman and Chief Executive Officer of DMT S.p.A.

The item Accrued and deferred income includes deferred income due to revenues over the year amounting to € 4,161k.

10.5 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.

	31/12/2014	31/12/2013
Cash in hand	10	14
Other cash equivalents	133,907	101,059
Securities and other current financial assets	280	-
Liquidity	**134,197**	**101,073**
Current financial receivables	-	-
Current payables due to banks	-	(432)
Current portion of non-current financial debt	(6,583)	(6,618)
Payables and other current financial liabilities	-	(62)
Current financial debt	**(6,583)**	**(7,112)**
Current Net Financial Position	**127,614**	**93,961**
Non-current payables due to banks	-	-
Bond loan	(226,193)	(225,208)
Payables and other non-current financial liabilities	-	-
Non-current financial debt	**(226,193)**	**(225,208)**
Net Financial Position	**(98,579)**	**(131,247)**

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 € 43,275k of the credit balances of the bank current accounts of the Group's companies and for € 37k of the credit balance, including accrued interests, of the intra-group current account with Mediaset S.p.A. and for € 90,595k of the short-term time deposit including accrued interest.

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

The Net financial position at December 31, 2014 increased by € 32,668k compared to December 31, 2013 thanks to the cash flow generated during the year.

NOTES ON THE MAIN INCOME STATEMENT ITEMS

11. INCOME STATEMENT

11.1 Revenues from sales and services

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

	2014	2013
Revenues from hosting and contract services	233,683	230,246
Revenues from plant installation and restoration	826	1,296
Revenues from sale of materials	3	59
Total	**234,512**	**231,601**

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 € 178,903k. The increase in this item compared to the previous year is attributable in the amount of € 1,164k to the changes in the consolidation area following the acquisition of the company Hightel S.p.A. and SART S.r.l., to new hosting and service contracts and to the indexation of long-term hosting and maintenance contracts.

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 € 606k.

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

The item includes € 300k related to the adjustment made to the earn-out share estimated upon acquisition of Società Assistenza Ripetitori Televisivi S.r.l. as a result of new developments subsequently occurred which resulted in the non-payment of the aforesaid amount to the selling party.

11.3 Personnel costs

	2014	2013
Ordinary pay	23,110	23,374
Overtime	610	593
Special benefits	2,872	2,603
Additional salary period (13th and 14th salary period)	3,478	3,221
Accrued holiday pay	(19)	(230)
Total wages and salary	**30,051**	**29,561**
Social security contributions	9,805	9,740
Employee leaving indemnity	19	19
Retirement pay	-	7
Other expenses	3,417	3,303
Total personnel expenses	**43,292**	**42,630**

The increase in this Item is mainly attributable to non-recurring charges related to lay-off incentives for employees amounting to € 664k with an increase compared to the previous year of € 285k, and to the dynamics of the provision for holidays.

The item Other expenses amounted to € 3,417k and mainly includes expenses for the Employee leaving indemnity transferred to pension funds (€ 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 € 664k and fees paid to the directors employed by Group companies amounting to € 250k.

11.4 Purchases, services and other costs

	2014	2013
Purchases	**2,249**	**2,571**
Change in the inventories of raw materials, work in progress, semifinished and finished goods	**553**	**122**
Increase for internal work	**(2,273)**	**(1,596)**
Cost for professional, technical and administrative services	5,026	3,562
Seconded personnel, travelling expenses and bill of charges	1,132	1,221
Consumption	14,392	13,953
Maintenance	12,460	12,326
Bank and insurance services	801	910
Other services	4,289	4,274
Total services	**38,100**	**36,246**
Leasing and rentals	**42,287**	**43,318**
Provisions for risks	**405**	**958**
Other operating costs	**1,620**	**3,333**
Total purchases, service and other costs	**82,941**	**84,952**

The item Purchases mainly includes purchases for raw materials, spare parts and accessories.

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 € 2,273k.

The increase in item Cost for professional, technical and administrative services is mainly attributable to non-current charges related to company acquisition transactions carried out during the year for an amount of € 1,359k.

The item Other services includes charges for vigilance and surveillance at the head-offices and local offices amounting to € 1,165k, company information system service supplied by the indirect parent company R.T.I. S.p.A. for € 1,610k, transport, storage and porter charges for € 425k, cleaning and waste disposal charges for € 553k.

The item Rent, lease and similar costs includes charges for the rent of satellite segments for a total amount of € 23,270k, rental of lands and hosting on third party towers amounting to € 15,715k, other rentals mainly related to the offices located in Lissone and other secondary offices for € 1,659k.

The item Provisions for risks reflects the assessment 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 € 1,198k, charges related to the conclusion of litigations amounting to € 239k.

11.5 Amortization, depreciation and write-downs

	2014	2013
Amortisation of tangible assets	33,033	35,686
Amortisation of intangible assets	9,607	9,468
Write-downs of fixed assets	184	651
Write downs of receivables	88	1,469
Total amortisation, depreciation and write-downs	**42,912**	**47,274**

Amortisation amounted to € 33,033k for tangible assets and € 9,607k for intangible assets. The increase in intangible assets compared to the previous year is mainly attributable to the allocation to Customer relations of the goodwill arising from the Purchase Price Allocation related to the acquisition of SART S.r.l. which determined higher amortisation of Customer relations in the amount of approximately € 135k.

The item Write-downs of fixed assets relates to provisions for bad debts.

Write-downs carried out in 2014 amounted to € 184k and related to Towers no longer used or under disposal.

11.6 Financial charges

	2014	2013
Interests on financial liabilities	(9,880)	(8,769)
Other financial losses	(150)	(345)
Foreign exchange losses	(4)	(2)
Total financial losses	**(10,034)**	**(9,116)**

The item Interests on financial liabilities is attributable to the interest charges measured at the amortized cost related to the bond loan. In 2013 the item included the same interests as from the date of the bond loan setting up (April 23, 2013) and additional charges for the repayment of the previous debt.

The item Other financial losses includes € 88k related to guarantee charges, € 45k related to financial charges for the discounting of the Employee Termination Indemnity and net financial charges for € 17k mainly related to the advanced closing of the loan with the company Hightel S.p.A. acquired during the year.

11.7 Financial income

	2014	2013
Interests on financial assets	2,384	1,683
Total financial gains	**2,384**	**1,683**

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 € 1,114k, related to the intra-group current account relationship with Mediaset S.p.A.;
- interest income for the period related to bank and postal deposits amounting to € 762k;
- interest income for payment extension for € 482k;
- Interest income on financial receivables and other income equal to € 26k.

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.

	2014	2013
Liabilities evaluated with amortized cost method	9,863	7,210
Financial assets held to maturity	-	-
Loans and receivables	(2,346)	53
Financial assets available for sale	-	-
Other financial income/(losses)	133	170
Total financial income/(losses)	**7,650**	**7,433**

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

11.9 Income taxes

	2014	2013
Ires tax	18,179	15,521
IRAP tax	4,104	3,911
Advanced taxes	55	23
Deferred taxes	(1,970)	(1,845)
Total	**20,368**	**17,610**

The change in the current taxes belonging to the financial year, compared to those for 2014 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 2014 and 2013, and the Group's actual rate:

	2014	2013
Current tax rate	31.4%	31.4%
IRAP tax non deductible expenses	3.77%	3.74%
Deferred and advanced taxes	-3.29%	-3.60%
Non deductible expenses and consolidation adjustment with no tax effect	3.12%	3.28%
Actual tax rate	**35.00%**	**34.82%**

11.10 Profit for the year and proposed dividend

The consolidated net result as at December 31, 2014 amounted to € 37,820k. The Board proposed to the Meeting of Shareholders not to pay dividends.

11.11 Earnings per share

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

	December 31, 2014	December 31, 2013
Net profit for the year (millions of euro)	**37,820**	**32,938**
Weighted average number of ordinary shares (without own shares)	28,199,851	28,199,851
Basic EPS	**1.34**	**1.17**
Weighted average number of ordinary shares for the diluted EPS computation	28,199,851	28,199,851
Diluted EPS	**1.34**	**1.17**

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.

NOTES ON THE MAIN CASH FLOW STATEMENT ITEMS

12. CASH FLOW STATEMENT

Cash flow generated by operating activities includes € 35,613k of current income taxes paid in the period compared to € 13,196k in 2013; that increase is due to the fact that in 2013, being the Group's companies within the group taxation regime with the indirect parent company Mediaset S.p.A., no IRES advance payments were made. These advance payments were then paid in 2014 (together with the balance and the advance payments provided for the year) following the exit from the aforesaid group taxation regime.

The net flow absorbed by investing activities mainly refers to investments in tangible assets (€ 10,741k compared to € 9,186k in 2013), in intangible assets for € 286k (in line with 2013) and business combinations net of cash acquired equal to € 17,073 related to the acquisition of the company described above.

Cash flow related to financing activities is basically due to the payment of the coupon of the existing bond loan made in the period, net of interests received relating to liquidity held in banks.

OTHER INFORMATION

13. ADDITIONAL DISCLOSURES 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, 2014.

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	-	-	74	-	-	**74**
Receivables	-	-	558	-	-	**0**
receivables from parent company	-	-	-	-	-	-
receivables from subsidiaries/associated companies	-	-	-	-	-	-
CURRENT ASSETS						
receivables from customers	-	-	20,196	-	-	**20,196**
trade receivables from parent company	-	-	246	-	-	**246**
trade receivables from associated companies	-	-	304	-	-	**304**
trade receivables from related parties	-	-	209	-	-	**209**
receivables from parent company	-	-	-	-	-	-
receivables from subsidiaries/associated companies	-	-	-	-	-	-
bank and postal deposits	-	-	133,870	-	-	**133,870**
cash and cash equivalent	-	-	10	-	-	**10**
Securities	-	-	-	-	280	**280**
TOTAL FINANCIALS ASSETS	**-**	**-**	**155,467**	**-**	**280**	**155,189**

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	-	-	226,193	226,193
CURRENT LIABILITIES				
payables to banks	-	-	-	-
Bond loan	-	-	6,583	6,583
payables to suppliers	-	-	31,487	31,487
trade payables to parent company	-	-	894	894
trade payables to associated companies	-	-	179	179
trade payables to other related parties	-	-	-	-
other financial liabilities (current portion)	-	-	-	-
TOTAL FINANCIAL LIABILITIES	**-**	**-**	**265,336**	**265,336**

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 company	-	-	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**

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, 2014 and 2013 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, 2014

	BOOK VALUE	Mark to Market	Mark to Model			TOTALE FAIR VALUE
			Black&Scholes' Model	Binominal Model	DCF Model	
Mediun-long term trade receivables	4,977	-	-	-	4,903	**4,903**
Current payables to banks	-	-	-	-	-	-
Non-current payables to banks	-	-	-	-	-	-
Bond loan	232,776	255,004	-	-	-	**255,004**

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**

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 31, 2014 equal to € 106.583.

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

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 2014 and 2013 respectively, showing, for each of them, the nature of these charges and incomes.

December 31, 2014

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	**(9,863)**	**-**	**-**	**-**	**(9,863)**
- intra-group financial liabilities	-	-	-	-	**-**
- other liabilities at amortized cost	(9,863)			**-**	**(9,863)**
Financial instruments held to maturity					**-**
Loans and receivables	**2,346**	**-**	**-**	**(4)**	**2,346**
Income on receivables	483	-	-	-	483
- intra-group financial assets/liabilities	1,114	-	-	-	1,114
Loans	(13)	-	-	-	(13)
Bank and postal deposits	762	-	-	-	762
Other income and charges	4			(4)	-
Financials instruments available for sale	-	**-**	**-**	-	**-**
Total IAS 39 Categories	**(7,517)**	**-**	**-**	**(4)**	**(7,517)**
Interest cost	-	(45)	-	-	(45)
Financial guarantees	(88)	-	-	-	(88)
Provisions discounting	-	-	-	-	**-**
Receivables discounting	-	-	-	-	**-**
Payables discounting	-	-	-	-	**-**
Other income and charges	-	-	-	-	**-**
Total financial instrument not within IAS 39 categories	**(88)**	**(45)**	**-**	-	**(133)**
				TOTALE	**(7,650)**

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)**

Equity management

The Group's objectives regarding equity management 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 2014 since at the date of these financial statements there are no financial instruments exposed to interest rate risk.

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 debt profile broadly consistent with cash flows generated by operating activities.
- 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, 2014 and 2013, the Group's financial obligations, by contract maturity date, considering the so-called worst case scenario and at undiscounted values, considering the nearest 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, 2014	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	-	-	-	-	-	-	-
Current bond loan	6,583	-	8,912	-	-	-	8,912
Non current bond loan	226,193	-	-	-	256,762	-	256,762
Financial due to parent company	-	-	-	-	-	-	-
Financial due to associated companies	-	-	-	-	-	-	-
Financial due to other related parties	-	-	-	-	-	-	-
Due to other suppliers	-	-	-	-	-	-	-
Due to parent company	-	-	-	-	-	-	-
Due to associated companies	-	-	-	-	-	-	-
Due to other related parties	-	-	-	-	-	-	-
Intra-group financial liabilities	-	-	-	-	-	-	-
Other debt and financial liabilities	-	-	-	-	-	-	-
Total	**232,776**	**-**	**8,912**	**-**	**256,762**	**-**	**265,674**

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	-	265,675
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**

The Group expects to face these obligations through the realisation of its financial assets and with the liquidity generated by operating 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, 2014 and 2013.

RISK CLASSES as at DECEMBER 31, 2014	Gross receivables	Net matured				Total net matured	Provision for bad debts	Total to mature	Total at December 31, 2014
		0-30days	30-60days	60-90days	over				
RECEIVABLES FROM THIRD PARTY									
Customers	29,443	930	528	1,379	13,537	16,374	(9,247)	13,069	29,443
RECEIVABLES FROM PARENT AND ASSOCIATED COMPANIES									
Customers	759	73	-	-	-	73	-	686	759
TOTAL TRADE RECEIVABLES	**30,202**	**1,003**	**528**	**1,379**	**13,537**	**16,447**	**(9,247)**	**13,755**	**30,202**

RISK CLASSES as at DECEMBER 31, 2013	Gross receivables	Net matured 0-30days	30-60days	60-90days	over	Total net matured	Provision for bad debts	Total to mature	Total at December 31, 2013
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**

With reference to the main category of trade receivables it should be noted that in terms of concentration, the top 10 customers reached about 91% of turnover, while the top 100 customers reached 98% 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 31/12/2013	Allocated	Uses	value at 31/12/2014
Provision for receivables write-off	9,247	88	(88)	9,247

14. SHARE-BASED PAYMENTS

At December 31, 2014, for the purposes of IFRS 2, there were posted the assigned stock option plans for the financial years 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 2008 expired in 2014.

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

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

- 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 statements 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 beginning of these Financial Statements.

	Revenues	Operating costs	Financial income/ (charges)	Trade receivables	Trade payables	Other receivables/ (payables)
CONTROLLING ENTITIES						
Mediaset S.p.A.	-	(65)	1,113	-	(22)	37
R.T.I. S.p.A.	300	(2,651)	-	61	(691)	-
Elettronica Industriale S.p.A.	179,509	(123)	-	185	(180)	-
Total controlling entities	**179,809**	**(2,839)**	**1,113**	**246**	**(893)**	**37**
AFFILIATED ENTITIES						
Publitalia '80 S.p.A.	55	-	-	1	-	-
Videotime S.p.A.	342	(484)	-	175	(132)	-
MedioBanca S.p.a.	-	(45)	-	-	-	-
Milan Entertainment S.r.l.	-	(4)	-	-	-	5
AC Milan S.p.A.	-	(1)	-	-	-	-
Monradio S.r.l.	487	-	-	153	-	-
Promoservice	-	(42)	-	-	(48)	-
Total affiliated entities	**884**	**(575)**	**-**	**329**	**(180)**	**5**
EXECUTIVES WITH STRATEGIC RESPONSIBILITIES	**-**	**(1,052)**	**-**	**-**	**-**	**(147)**
PENSION FUNDS (Mediafond)	**-**	**-**	**-**	**-**	**-**	**(246)**
OTHER RELATED PARTIES	**273**	**(7)**	**-**	**183**	**-**	**-**
TOTAL RELATED PARTIES	**180,966**	**(4,473)**	**1,113**	**759**	**(1,073)**	**(351)**

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 income refer to the intercompany financing from Mediaset S.p.A..

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

Revenues and trade receivables from associates are relative to hosting and maintenance services to Monradio S.r.l. and leases of equipped areas at the regional offices towards Videotime S.p.A.; costs and trade payables due to associates are mainly attributable to leases (Videotime S.p.A.) and to specialist services on the Italian market (MTA - Mercato Telematico Azionario) provided by Mediobanca S.p.A..

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

16. COMMITMENTS

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 € 169m.

The Group issued guarantees for commercial and financial commitments for about €8.5m. Within those guarantees it should be noted that 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.

It should also 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 € 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.

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, 2014

(Euro in thousands)

Companies consolidated on a line-by-line basis	Registered Office	Currency	Share capital	% held by the Group (*)
Towertel s.p.a.	Lissone	euro	22,000.0	100.00%
Hightel s.p.a.	Rome	euro	2,000.0	100.00%
Torre di Nora s.r.l.	Rome	euro	10.0	100.00%

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

(*) Shares of the Group calculated without 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 2014
Account auditing	Deloitte & Touche S.p.A.	Parent company-EI Towers S.p.a.	113,463
Account auditing	Deloitte & Touche S.p.A.	Subsidiary companies	83,289
Account auditing	Deloitte & Touche S.p.A.	Parent company-EI Towers S.p.a. (1) (2)	2,500
Account auditing	Deloitte & Touche S.p.A.	Subsidiary companies(1)	1,000
Total			**200,252**

(1) Attestation services Tax Return and Form 770

(2) Attestation services related to the bond loan

2014 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:
   - 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 2014.

2. The evaluation of the adequacy of the administrative and accounting procedures for building up the Consolidated Financial Statements as at December 31, 2014 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, 2015

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 Statutory Auditors and External Auditors

Deloitte.

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

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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. and subsidiaries (the "EI Towers Group"), which comprise the consolidated statement of financial position as of December 31, 2014, 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 our auditors' report issued on March 28, 2014.

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, 2014, 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, 2014.

DELOITTE & TOUCHE S.p.A.

Signed by
Patrizia Arienti
Partner

Milan, Italy
March 24, 2015

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

EI TOWERS S.p.A.

2014 Annual Report

Financial Statements and Explanatory Notes

EI TOWERS S.p.A.

Statement of Financial Position at December 31, 2014

(values in Euro)

ASSETS	Notes	31/12/2014	31/12/2013
Non-current assets	**9**		
Property, plant and equipment	9.1	178,176,744	151,941,023
Goodwill	9.2	361,900,759	255,771,817
Other intangible assets	9.3	53,965,633	12,116,380
Investments	9.4		
in subsidiaries		94,422,942	213,020,353
in associates and joint control companies		27,639	27,639
Total		94,450,581	213,047,992
Receivables and othe non-current financial assets	9.5	31,541,853	81,027,272
Deferred tax assets	9.6	5,619,081	2,660,484
Total non-current assets		**725,654,650**	**716,564,968**
Current assets	**10**		
Inventories	10.1	2,552,240	2,911,095
Trade receivables	10.2		
from customers		16,549,862	6,119,250
from associates		303,382	273,619
from subsidiaries		717,525	1,806,621
from affiliates and joint control companies		178,826	-
from parent companies		245,238	734,309
Total		17,994,833	8,933,799
Other receivables and current asset	10.3	4,196,541	2,908,756
Cash and cash equivalents	10.4	128,097,747	95,736,438
Total current assets		**152,841,361**	**110,490,088**
Non-current assets held for sale		**-**	**-**
TOTAL ASSETS		**878,496,011**	**827,055,056**

EI TOWERS S.p.A.

Statement of Financial Position at December 31, 2014

(values in Euro)

LIABILITIES AND SHAREHOLDERS' EQUITY	Notes	31/12/2014	31/12/2013
Shareholders' equity	**11**		
Share capital	11.1	2,826,238	2,826,238
Share premium reserve	11.2	194,226,797	194,226,797
Treasury shares	11.3	(1,844,878)	(1,844,878)
Other reserves	11.4	342,452,523	321,119,219
Valuation reserve	11.5	(2,426,867)	(1,137,817)
Retained earnings		-	-
Profit (loss) for the period	11.6	31,223,756	21,318,389
TOTAL SHAREHOLDERS' EQUITY		**566,457,568**	**536,507,948**
Non-current liabilities	**12**		
Post-employment benefit plans	12.1	12,634,547	10,897,682
Deferred tax liabilities	9.6	21,817,083	1,590,630
Payables and financial liabilities	12.2	226,193,312	225,207,956
Provisions for risks and charges	12.3	1,982,780	683,917
Total non-current liabilities		**262,627,721**	**238,380,185**
Current liabilities	**13**		
Financial payables		400	431,588
Trade payables	13.1		
to suppliers		28,691,591	24,388,572
to subsidiaries		-	408,939
to affiliates and joint control companies		-	-
to associates		179,232	194,955
to parent companies		893,151	1,385,248
Total		29,763,973	26,377,714
Tax payables	13.2	5,916,798	9,561,756
Intercompany financial payables			
to parent companies		-	-
Total		-	-
Other financial liabilities	13.3	6,583,000	6,617,540
Other current liabilities	13.4	7,146,551	9,178,326
Total current liabilities		**49,410,722**	**52,166,923**
Non-current liabilities related to assets held for sale		**-**	**-**
TOTAL LIABILITIES		**312,038,443**	**290,547,108**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**878,496,011**	**827,055,056**

EI TOWERS S.p.A.

Statement of Income at December 31, 2014

(values in Euro)

INCOME STATEMENT	Notes	2014	2013
Revenues	**14**		
Sales of goods and services	14.1	213,136,048	178,303,009
Other revenues and income	14.2	219,682	228,190
Total revenues		**213,355,730**	**178,531,199**
Costs	**15**		
Personnel expenses	15.1	42,235,176	39,012,260
Purchases, services, other costs	15.2	76,477,662	65,539,304
Amortisation, depreciation and write-downs	15.3	38,681,205	35,281,378
Total costs		**157,394,043**	**139,832,942**
Gains/(losses) from disposals of non-current assets		**-**	**-**
EBIT		**55,961,688**	**38,698,257**
(Expenses)/income from financial investments	**16**		
Financial expenses	16.1	(9,994,169)	(8,058,977)
Financial income	16.2	2,740,573	2,684,423
Total (expenses)/income from financial investments		**(7,253,595)**	**(5,374,554)**
EBT		**48,708,092**	**33,323,703**
Income taxes for the year	**17**		
current taxes	17	18,648,423	12,115,585
deferred taxes	17	(1,164,087)	(110,271)
Total income taxes for the year		**17,484,336**	**12,005,314**
Net profit form continuing operations		**31,223,756**	**21,318,389**
Net gains/(losses) from discontinued operations		**-**	**-**
Net profit (loss) for the period		**31,223,756**	**21,318,389**

Statement of Comprehensive Income at December 31, 2014

(values in Euro)

	Notes	2014	2013
PROFIT (LOSS) FOR THE PERIOD (A)		**31,223,756**	**21,318,389**
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	(1,525,169)	(390,208)
Tax effects	11.5	251,033	107,307
TOTAL COMPREHENSIVE INCOME/(LOSSES) NET OF TAX EFFECTS (B)		**(1,274,136)**	**(282,901)**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR (A+B)		**29,949,620**	**21,035,488**

EI TOWERS S.p.A.

Statement of Cash Flows at December 31, 2014

(values in thousands of Euro)

	Notes	2014	2013
CASH FLOW FROM OPERATING ACTIVITIES:			
Operating profit		55,962	38,698
+ Depreciation and amortisation		38,681	35,281
+ changes in trade receivables		(3,539)	12,652
+ changes in trade payables		975	(3,747)
+ changes in other assets and liabilities		(906)	5,091
- Income tax paid		(22,310)	(12,024)
Net cash flow from operating activities [A]	**18**	**68,863**	**75,952**
CASH FLOW FROM INVESTING ACTIVITIES:			
Investments in tangible assets		(10,084)	(8,173)
Investments in intangible assets		(161)	(316)
Goodwill		-	(101)
Changes in payables for investing activities		(416)	2,165
(Increases)/decreases in other financing activities		(18,619)	(110)
Investments/Disposals of equity interests		(130)	-
Net cash flow from investing activities [B]	**18**	**(29,410)**	**(6,534)**
CASH FLOW FROM FINANCING ACTIVITIES:			
changes in financial liabilities		-	98,893
dividend payment		-	(11,844)
net change in other financial assets/liabilities		-	(74,111)
interests (paid)/received		(7,091)	433
Net cash flow from financing activities [C]	**18**	**(7,091)**	**13,372**
			-
CHANGE IN CASH AND CASH EQUIVALENTS [D=A+B+C]		**32,362**	**82,789**
			-
CHANGE IN CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD [E]		**95,736**	**12,947**
CHANGE IN CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD [F=D+E]		**128,098**	**95,736**

Statement of Changes in Shareholders' Equity for periods ended December 31, 2014 and 2013

(values in thousands of Euro)

	Share capital	Share premium reserve	Legal reserve and other reserves	Treasury shares	Actuarial reserve	Other valuation reserves	Retained earnings (accumulated losses)	Nel income (loss) for the period	**TOTAL SHAREHOLDERS' EQUITY**
Balance at 01/01/2013	**2,826**	**206,540**	**322,650**	**(1,845)**	**(1,073)**	**245**	**(17,292)**	**15,256**	**527,306**
Coverage of previous losses as per Meeting	-	(12,314)	(4,978)	-	-	-	17,292	-	-
Allocation of 2012 net income	-	-	3,411				-	(3,411)	-
Allocation of dividends			-	-	-	-	-	(11,844)	(11,844)
Stock option	-	-	36	-		(27)	-		9
Total net income/(loss) for the period	-	-	-	-	(282)	-	-	21,318	21,036
Balance at 31/12/2013	**2,826**	**194,227**	**321,119**	**(1,845)**	**(1,355)**	**218**	**-**	**21,319**	**536,508**
Balance at 01/01/2014	**2,826**	**194,227**	**321,119**	**(1,845)**	**(1,355)**	**218**	**-**	**21,319**	**536,508**
Allocation of 2013 net income	-	-	21,319	-	-	-	-	(21,319)	-
Stock option	-	-	15	-	-	(15)	-	-	-
Total net income/(loss) for the period	-	-	-	-	(1,274)	-	-	31,224	29,950
Balance at 31/12/2014	**2,826**	**194,227**	**342,453**	**(1,845)**	**(2,630)**	**203**	**-**	**31,224**	**566,458**

EI TOWERS S.p.A.

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

(values in Euro)

ASSETS	Notes	31/12/2014	of which vs. Related parties (note 21)	% weight	31/12/2013	of which vs. Related parties (note 21)	% weight
Non-current assets	**9**						
Property, plant and equipment	9.1	178,176,744			151,941,023		
Goodwill	9.2	361,900,759			255,771,817		
Other intangible assets	9.3	53,965,633			12,116,380		
Investments	9.4						
in subsidiaries		94,422,942			213,020,353		
in associates and joint control companies		27,639			27,639		
Total		94,450,581			213,047,992		
Receivables and othe non-current financial assets	9.5	31,541,853	31,037,671	98%	81,027,272	80,581,642	99%
Deferred tax assets	9.6	5,619,081			2,660,484		
Total non-current assets		**725,654,651**			**716,564,968**		
Current assets	**10**						
Inventories	10.1	2,552,240			2,911,095		
Trade receivables	10.2						
from customers		16,549,862			6,119,250		
from associates		303,382	303,382	100%	273,619	273,619	100%
from subsidiaries		717,525	717,525	100%	1,806,621	1,806,621	100%
from associates and joint control companies		178,826	178,326	100%	-		
from parent companies		245,238	245,238	100%	734,309	734,309	100%
Total		17,994,834			8,933,799		
Other receivables and current asset	10.3	4,196,541			2,908,756		
Cash and cash equivalents	10.4	128,097,747	36,694	0%	95,736,438	94,478,871	99%
Total current assets		**152,841,362**			**110,490,088**		
Non-current assets held for sale		**-**			**-**		
TOTAL ASSETS		**878,496,012**			**827.055.056**		

LIABILITIES AND SHAREHOLDERS' EQUITY	Notes	31/12/2014	of which vs. Related parties (note 21)	% weight	31/12/2013	of which vs. Related parties (note 21)	% weight
Shareholders' equity	**11**						
Share capital	11.1	2,826,238			2,826,238		
Share premium reserve	11.2	194,226,797			194,226,797		
Treasury shares	11.3	(1,844,878)			(1,844,878)		
Other reserves	11.4	342,452,523			321,119,219		
Valuation reserve	11.5	(2,426,867)			(1,137,817)		
Retained earnings		-			-		
Profit (loss) for the period	11.6	31,223,756			21,318,389		
TOTAL SHAREHOLDERS' EQUITY		**566,457,569**			**536,507,948**		
Non-current liabilities	**12**						
Post-employment benefit plans	12.1	12,634,547			10,897,682		
Deferred tax liabilities	9.6	21,817,083			1,590,630		
Payables and financial liabilities	12.2	226,193,312			225,207,956		
Provisions for risks and charges	12.3	1,982,780			683,917		
Total non-current liabilities		**262,627,721**			**238,380,185**		
Current liabilities	**13**						
Financial payables	13.1	400			431,588		
Trade payables	13.1						
to suppliers		28,691,591			24,388,572		
to subsidiaries		-			408,939	408,939	100%
to associates		179,232	179,232	100%	194,955	194,955	100%
to parent companies		893,151	893,151	100%	1,385,248	1,385,248	100%
Total		29,763,973			26,377,714		
Tax payables	13.2	5,916,798	3,517,364	59%	9,561,756	9,561,756	100%
Intercompany financial payables		-					
to parent companies		-			-		
Total		-			-		
Other financial liabilities	13.3	6,583,000			6,617,540		
Other current liabilities	13.4	7,146,551	389,988	5%	9,178,326	431,320	5%
Total current liabilities		**49,410,722**			**52,166,923**		
Non-current liabilities related to assets held for sale		**-**			**-**		
TOTAL LIABILITIES		**312,038,443**			**290,547,108**		
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**878,496,012**			**827,055,056**		

EI TOWERS S.p.A.

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

(values in Euro)

INCOME STATEMENT	Notes	2014	of which vs. Related parties (note 21)	% weight	2013	of which vs. Related parties (note 21)	% weight
Revenues	**14**						
Sales of goods and services	14.1	213,136,048	184,018,000	86%	178,303,009	173,133,515	97%
Other revenues and income	14.2	219,682	79,000	36%	228,190	14,185	6%
Total revenues		**213,355,730**			**178,531,199**		
Costs	**15**						
Personnel expenses	15.1	42,235,176	1,093,000	3%	39,012,260	1,067,726	3%
Purchases, services, other costs	15.2	76,477,662	3,517,000	5%	65,539,304	3,799,999	6%
Amortisation, depreciation and write-downs	15.3	38,681,205			35,281,378		
Total costs		**157,394,043**			**139,832,942**		
Gains/(losses) from disposals of non-current assets		**-**			**-**		
EBIT		**55,961,688**			**38,698,257**		
(Expenses)/income from financial investments	**16**						
Financial expenses	16.1	(9,994,169)	(2,000)	0%	(8,058,977)	(405,837)	5%
Financial income	16.2	2,740,573	1,567,499	57%	2,684,423	2,103,378	78%
Total (expenses)/income from financial investments		**(7,253,595)**			**(5,374,554)**		
EBT		**48,708,092**			**33,323,703**		
Income taxes for the year	**17**						
current taxes	17	18,648,423			12,115,585		
deferred taxes	17	(1,164,087)			(110,271)		
Total income taxes for the year		**17,484,336**			**12,005,314**		
Net profit form continuing operations		**31,223,756**			**21,318,389**		
Net gains/(losses) from discontinued operations		**-**			**-**		
Net profit (loss) for the period		**31,223,756**			**21,318,389**		

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 Company'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, 2014 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.

4. Summary of the accounting standards and evaluation criteria

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 furniture 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.

As envisaged by IAS 16, the value of fixed assets also includes charges for restoration of sites where towers are located.

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.

Impairment of assets

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

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

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

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. and its indirect subsidiaries Hightel S.p.A. and Torre di Nora S.r.l..

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.

Accounting standards, amendments and interpretations effective from January 1, 2014

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

IFRS 11 – Joint Arrangements

IFRS 11 replaces IAS 31 - Interests in Joint Venture and SIC-13 - Jointly Controlled Entities - Transfer in kind by parties participating in control. The new standard, without prejudice to the criteria to determine whether joint control exists, outlines the accounting criteria by entities that jointly control an arrangement depending on the rights and obligations arising from the arrangement rather than on the legal form of the entity, distinguishing such arrangements between joint venture and joint operation. Under IFRS 11, unlike the previous IAS 31, the existence of a separate vehicle is not a sufficient condition for a joint arrangement to be classified as a joint venture. Concerning joint ventures, whereby the parties have rights only to the net assets relating to the arrangement, the standard establishes as single method of accounting the net equity method. Concerning joint operations, whereby the parties have rights to the assets and obligations for the liabilities relating to the arrangement, the standard establishes that the pro rata share of the assets, liabilities, expenses and revenue arising from a joint operation is recognized directly in the separate financial statements (and in the consolidated financial statements).

In general terms, the application of IFRS 11 requires a significant level of opinion in certain corporate sectors concerning the distinction between joint venture and joint operation.

The new standard is effective retrospectively for annual periods beginning on or after January 1, 2014.

Following the issuance of the new standard IFRS 11, IAS 28 – Investments in associates and joint ventures has been amended to include within its application, from the date the standard is effective, also investments in joint ventures. The adoption of this new standard did not impact the Company's financial statements.

IFRS 12 – Disclosure of Interests in other Entities

IFRS 12 is a new and complete standard on additional disclosures required in financial statements for each type of investment, including subsidiary companies, joint ventures, associate companies, special purpose companies and other non-consolidated vehicle companies. The standard is effective retrospectively for annual periods beginning on or after January 1, 2014. The adoption of this new standard did not impact the information provided in the explanatory note to the Company's financial statements.

Amendments to IAS 32 "Offsetting of financial assets and financial liabilities", aim to clarify the application of necessary criteria for offsetting financial assets and liabilities in the financial statements (i.e. an entity must have a currently enforceable legal right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously). These amendments are effective retrospectively for annual periods beginning on or after January 1, 2014. The adoption of these amendments did not impact the Company's financial statements.

Amendments to IAS 36 - "Impairment of assets - Recoverable amount disclosures for non-financial assets".

The changes resulted from the decision to require additional disclosures about the measurement of the recoverable amount of assets, including goodwill, or cash-generating units subjected to impairment tests, with a recoverable amount based on fair value less costs of disposal, only for assets or cash-generating units for which an impairment loss was recognized or reversed during the year. In that event, adequate disclosure should be provided on the hierarchy of fair value the recoverable amount falls into and on valuation techniques and assumptions used (in the case of level 2 or 3). The changes are effective retrospectively for annual periods beginning on or after January 1, 2014. The introduction of this new standard did not impact the Company's financial statements disclosure because the recoverable amount of assets is defined by its value in use.

Amendments to IAS 39 "Financial instruments: recognition and measurement - Novation of derivatives and continuation of hedge accounting".

The objective of the proposed amendments is to introduce a narrow scope exception to the requirements for the discontinuation of hedge accounting in IAS 39. Specifically, they propose an exception in circumstances when an existing hedging derivative is required to be novated to a Central Counterparty (CCP) as a consequence of newly introduced laws or regulations. The changes are effective retrospectively for annual periods beginning on or after January 1, 2014. The adoption of these amendments did not impact the Company's financial statements.

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

Standards already issued but not yet having come into force at the date of drafting of the Company's financial statements are outlined below. The list applies to standards and interpretations that the Company expects to be reasonably applicable at a future date. The Company intends to adopt these standards when they come into force.

On May 20, 2013 **interpretation IFRIC 21 – Levies** has been published, The interpretation clarifies when an entity should recognize a liability to pay a levy imposed by governments, other than income taxes, in its financial statements. The standard addresses both the accounting for liabilities to pay levies that are within the scope of IAS 37 – Provisions, Contingent Liabilities and Contingent Assets, as well as for liabilities whose timing and amount is certain. This interpretation is effective retrospectively for annual periods beginning on or after June 17, 2014. The adoption of this new interpretation is not expected to impact the Company's financial statements.

On December 12, 2013 the IASB published the document "***Annual Improvements to IFRSs: 2010-2012 Cycle***" and "***Annual Improvements to IFRSs: 2011-2013 Cycle***" incorporating the amendments to some standards, within the scope of the annual improvement process.

The changes are effective at the latest for annual periods beginning on or after February 1, 2015. The adoption of the aforesaid changes is not expected to significantly impact the Company's financial statements.

On November 21, 2013 the IASB published the amendment to IAS 19 "Defined Benefit Plans: Employee Contributions", which proposes to recognize contributions (linked solely to the employee's service rendered in the year) from employees or third parties to defined benefit plans as a reduction in the service cost in the period in which that contribution is paid. The need for this proposal arose with the introduction of the new IAS 19 (2011), where it is considered that these contributions are part of a post-employment benefit, rather than a short-term benefit and, therefore, that this contribution should be attributed to periods of service of employees. The changes are effective at the latest for annual periods beginning on or after February 1, 2015. The adoption of these changes is not expected to significantly impact the Company's financial statements.

IFRS accounting standards, amendments and interpretations not yet approved by the European Union

Up to the time of the present annual report, the competent bodies of the European Union had not yet completed the approval process necessary for the application of the above amendments and standards.

- On May 28, 2014 the IASB published the standard IFRS 15 – Revenue from Contracts with Customers which is intended to replace the standards IAS 18 – Revenue and IAS 11 – Construction Contracts, and the interpretations IFRIC 13 – Customer Loyalty Programmes, IFRIC 15 – Agreements for the Construction of Real Estate, IFRIC 18 – Transfers of Assets from Customers and SIC 31 – Revenues-Barter Transactions Involving Advertising Services. The standard sets out a new framework for revenue recognition, that will apply to all contracts with customers except for those that fall within the scope of other IAS/IFRS standards as leases, insurance contracts and financial instruments. The key steps in accounting revenues according to the new framework are:
    - Identify the contract(s) with a customer;
    - Identify the performance obligations in the contract;
    - Determine the transaction price;
    - Allocate the transaction price to the performance obligations in the contract;
    - Recognize revenue when (or as) the entity satisfies a performance obligation.

  The standard is effective for annual reporting periods beginning on or after January 1, 2017. Earlier application is permitted.

  The application of IFRS 15 is expected to impact the amounts entered by way of revenues and the disclosure provided in the financial statements of the Company, at the moment subject to examination.

- On July 24, 2014 the IASB published the final version of IFRS 9 – Financial Instruments. This document brings together the Classification and measurement, Impairment and Hedge accounting phases of the IASB's project to replace IAS 39. The new standard, which replaces the previous versions of IFRS 9, is effective for annual reporting periods beginning on or after January 1, 2018.

  Possible effects of the introduction of these changes on the Company's financial statements are being evaluated.

- On September 25, 2014 the IASB published the document "Annual Improvements to IFRSs: 2012-2014 Cycle", which partly integrates existing standards. The changes introduced by the document are effective for annual reporting periods beginning on or after January 1, 2016. These changes and integrations will not significantly impact the Company's financial statements.

5. Main corporate operations

On December 16, 2013 the partial and proportional demerger of Towertel S.p.A. (wholly-owned subsidiary- demerged company) was finalised in favour of Ei Towers S.p.A (beneficiary company). Through that operation, with effect for accounting and tax purposes from January 1, 2014, all Broadcast Business Unit assets, comprising infrastructures mainly dedicated to hosting and ancillary services towards radio-TV customers, were assigned to the beneficiary company, while infrastructures dedicated to hosting and ancillary services towards mobile telecommunication customers remain the competence of the merged company Towertel S.p.A.. All existing legal and contractual relationships concerning the assigned assets described above are included in the assignment in this demerger.

6. Business combinations

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

The following table shows the breakdown of the items subject to demerger:

Description	Value in thousands of Euro
Goodwill	56,272
Other intangible assets	14,349
Land, building and Towers	47,289
Plant and machinery	28
Technical and commercial equipment	233
Other assets	58
Fixed assets in progress and advances	738
Security deposits	79
Inventories	195
Receivables from customers	6,891
Receivables form subsidiaries	3
Deferred tax assets	2,470
Other receivables	30
Cash and cash equivalents	0
Accrued income and pre-paid expenses	395
deferred tax liabilities	(10,666)
Other provisions for risks	(968)
Employee termination indemnity	(415)
Payables to third party suppliers	(3,328)
payables to parent companies	(68,104)
Other payables	(44)
Accrued expenses and deferred income	(280)
Net assets relating to the demerger	**45,225**

The demerger did not involve financial disbursements since no cash and cash equivalents have been transferred and it has been settled through the transfer of financial payables to the parent company EI Towers S.p.A..

This transaction can be classified as Business combination under common control and results in a corporate reorganization. Therefore it has been recognised on the basis of the carrying amounts with respect to what is shown in the consolidated financial statements of EI Towers Group.

The accounting effects of this transaction on the value of the total investment held in Towertel S.p.A. are as follows:

- Decrease corresponding to the net assets relating to the demerger of € 45,225 k (see the table above);

- Further decrease, so as to represent in EI Towers S.p.A.'s financial statements part of the allocations carried out in the consolidated financial statements and relating to the items object of the demerger, for an amount of € 73,374k, recording goodwill in the total amount of € 49,819k, customer relations of € 34,042 k and related deferred taxes of € 10,487k.

7. 2009, 2010 Stock Option Plan

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

Year 1/1 - 31/12	Number of participants 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
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 2008 expired in 2014.

Share-based payments

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

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

- 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	31/12/2013	31/12/2012
Non-current assets		
Property, plant and equipment	4,679	4,715
Goodwill and other intangible assets	-	-
Investments and other non-current financial assets	1,470,440	1,499,506
Deferred tax assets	24,027	27,753
Total non-current assets	**1,499,146**	**1,531,974**
Current assets		
Trade receivables	361	768
Tax receivables	35,138	43,832
Intercompany financial receivables	2,283,675	2,472,229
Receivables and other current assets	91,129	59,149
Cash and cash equivalents	51,718	32,536
Total current assets	**2,462,021**	**2,608,514**
Non-current assets held for sale	**-**	**-**
TOTAL ASSETS	**3,961,167**	**4,140,488**

LIABILITIES AND SHAREHOLDERS' EQUITY	31/12/2013	31/12/2012
Shareholders' equity		
Share capital	614,238	614,238
Share-premium reserve	275,237	275,237
Treasury shares	(416,656)	(416,656)
Other reserves	1,359,642	1,159,034
Profit (loss) for the period	(16,502)	198,786
TOTAL SHAREHOLDERS' EQUITY	**1,815,959**	**1,830,639**
Non-current liabilities		
Post-employment benefit plans	1,320	1,669
Deferred tax liabilities	420	423
Other non-current liabilities	1,092,800	1,144,899
Total non-current liabilities	**1,094,540**	**1,146,991**
Current liabilities		
Financial payables	325,150	605,250
Trade payables	2,966	3,196
Tax payables	-	-
Intercompany financial payables	559,092	419,963
Payables and other current liabilities	163,460	134,449
Total current liabilities	**1,050,668**	**1,162,858**
Non-current liabilities related to assets held for sale	**-**	**-**
TOTAL LIABILITIES	**2,145,208**	**2,309,849**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**3,961,167**	**4,140,488**

INCOME STATEMENT	2013	2012
Revenues	1,144	4,552
Costs	44,177	41,641
Gains/(losses) from disposals of non-current assets	-	-
EBIT	**(43,033)**	**(37,089)**
(Expenses)/income from financial investments	34,375	231,121
EBT	**(8,658)**	**194,032**
Income taxes for the year	7,844	(4,754)
Net profit from continuing operations	**(16,502)**	**198,786**
Net gains/(losses) from discontinued operations	-	-
Net profit (loss) for the period	**(16,502)**	**198,786**

Group taxation

EI Towers S.p.A. as consolidating company and the subsidiary Towertel S.p.A. as consolidated company adhere 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.

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
01/01/2013	**45,380**	**30,225**	**242,790**	**41,523**	**23,245**	**14,698**	**397,860**
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**	**400,229**
Contribution fom Towertel demerger	2,471	92,258	1,370	1,518	755	738	**99,111**
Reclassification	-	-	-	-	-	(168)	**(168)**
Other changes	138	121	2,710	137	388	(3,494)	**-**
Acquisitions	377	407	2,434	289	282	6,295	**10,084**
Disposals	(5)	(64)	(4,582)	(118)	(262)	(219)	**(5,250)**
(Depreciation and write-downs)	-	-	-	-	-	-	**-**
31/12/2014	**48,743**	**125,344**	**248,964**	**43,871**	**25,958**	**11,127**	**504,006**

Amortisation and depreciation	Land and building	Towers	Plant and machinery	Technical and commercial equipment	Other tangible assets	Tangible assets under formation	Total
01/01/2013	**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**
Contribution fom Towertel demerger	190	47,251	1,342	1,285	697	-	**50,765**
Reclassification	-	-	-	-	-		
Other changes	-	-	-	-	-	-	**-**
Disposals	(3)	(61)	(4,569)	(113)	(260)	-	**(5,007)**
Amortisation	1,525	4,979	20,370	3,091	1,723	-	**31,689**
(Depreciation and write-downs)	-	95	-	-	-	-	**95**
31/12/2014	**19,055**	**66,232**	**184,021**	**34,611**	**21,910**	**-**	**325,829**

Net book value	Land and building	Towers	Plant and machinery	Technical and commercial equipment	Other tangible assets	Tangible assets under formation	Total
01/01/2013	**29,616**	**17,601**	**93,546**	**13,819**	**5,344**	**14,698**	**174,624**
Reclassification	(350)	350	(18)	(8)	-	(55)	**(81)**
Other changes	750	2,011	8,697	1,274	1,793	(14,525)	**-**
Acquisition	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**	**151,941**
Contribution fom Towertel demerger	2,281	45,008	28	233	58	738	**48,346**
Reclassification	-	-	-	-	-	(168)	**(168)**
Other changes	138	121	2,710	137	388	(3,494)	**-**
Acquisition	377	407	2,434	289	282	6,295	**10,084**
Disposals	(2)	(3)	(13)	(5)	(2)	(219)	**(243)**
Amortisation	(1,525)	(4,979)	(20,370)	(3,091)	(1,723)	-	**(31,689)**
(Depreciation and write-downs)	-	(95)	-	-	-	-	**(95)**
31/12/2014	**29,688**	**59,112**	**64,944**	**9,260**	**4,049**	**11,127**	**178,177**

The increase in tangible assets compared to the previous year is mainly attributable to the demerger of the Broadcast Business Unit of Towertel S.p.A. in favour of EI Towers S.p.A. which resulted in a net increase in tangible assets as detailed in the above table amounting to € 48,346 k (see also chapter 6 Business Combinations).

The main additional changes during the period were for:

- Increases in tangible assets under formation and advances for € 6,295k mainly for towers and infrastructures classified under the item Towers, plants and equipment related to Towers classified under the items Plant and machinery and Technical and commercial equipment;
- Increases in Plant and machinery for € 5,144k attributable to transfers of tangible assets under formation during previous years completed in 2014;
- Increases in Towers for 528k attributable for € 121k to transfers of tangible assets under formation during previous years completed in 2014.

The write-downs of 2014 amounted to € 95k and relate Towers no longer used and under disposal.

9.2 Goodwill

	Total
Beginning balance 01/01/2013	**255,671**
Other changes	101
Disposals	-
(Depreciation and write-downs)	-
Closing balance 31/12/2013	**255,772**
Contribution from Towertel demerger	106,091
Reclassification	40
Increases	-
Other changes	(2)
Disposals	-
(Depreciation and write-downs)	-
Net final balance 31/12/2014	**361,901**

The increase in Goodwill compared to the previous year is attributable to the demerger of the Broadcast Business Unit of Towertel S.p.A. in favour of EI Towers S.p.A. which resulted in a net increase in this item amounting to € 106,091 k (see also chapter 6 Business Combinations).

At December 31, 2014 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 5.5%.

These assessments have been carried out by utilising an actuarial base rate, corresponding to the weighted average cost of capital net of taxes of 5.78% and a growth rate, used to extrapolate cash flows over the plan period prudentially of 1.2%.

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
01/01/2013	**9,005**	**-**	**-**	**12,232**	**416**	**7,500**	**29,153**
Reclassification	79	295	-	2	(416)	-	**(40)**
Other changes	-	-	-	-	-	-	**-**
Acquisitions	-	-	-	-	357	-	**357**
Disposals	-	-	-	-	-	-	**-**
31/12/2013	**9,083**	**295**	**-**	**12,234**	**357**	**7,500**	**29,470**
Contribution from Towertel demerger	-	60,816	-	-	-	-	**60,816**
Reclassification	168	-	-	-	(40)	-	**128**
Other changes	317	-	-	-	(317)	-	-
Acquisitions	112	-	-	7	42	-	**161**
Disposals	(21)	-	-	-	-	-	**(21)**
31/12/2014	**9,659**	**61,111**	**-**	**12,241**	**42**	**7,500**	**90,554**

Amortisation and depreciation	Patents and intellectual property rights	Customer relations	Trademarks	Licences	Intangible assets in progress and advances	Other intangible assets	Total
01/01/2013	**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**
Contribution from Towertel demerger	-	12,425	-	-	-	-	**12,425**
Reclassification	-	-	-	-	-	-	**-**
Other changes	-	-	-	-	-	-	**-**
Disposals	-	-	-	-	-	-	**-**
Amortisation	409	3,073	-	828	-	2,500	**6,810**
(Depreciation), (write-downs)	-	-	-		-	-	**-**
31/12/2014	**9,250**	**15,512**	**-**	**4,325**	**-**	**7,500**	**36,588**

Net book value	Patents and intellectual property rights	Customer relations	Trademarks	Licences	Intangible assets in progress and advances	Other intangible assets	Total
01/01/2013	**492**	**-**	**-**	**9,563**	**416**	**5,000**	**15,471**
Reclassification	79	295	-	2	(416)	-	**(40)**
Other changes	-	-	-	-	-	-	-
Acquisitions	-	-	-	-	357	-	357
Disposals	-	-	-	-	-	-	-
Amortisation	(328)	(15)	-	(828)	-	(2,500)	(3,671)
							-
31/12/2013	**243**	**280**	**-**	**8,737**	**357**	**2,500**	**12,117**
Business combination	-	-	-	-	-	-	**-**
Contribution from Towertel demerger	-	48,391	-	-	-	-	48,391
Reclassification	168	-	-	-	(40)	-	128
Other changes	317	-	-	-	(317)	-	-
Acquisitions	112	-	-	7	42	-	161
Disposals	(21)	-	-	-	-	-	(21)
Amortisation	(409)	(3,073)	-	(828)	-	(2,500)	(6,810)
31/12/2014	**410**	**45,599**	**-**	**7,916**	**42**	**-**	**53,966**

Customer relations

The increase in the item Customer relations compared to the previous year is attributable to the demerger of the Broadcast Business Unit of Towertel S.p.A. in favour of EI Towers S.p.A. which resulted in a net increase in this item amounting to € 48,391 k (see also chapter 6 Business Combinations).

Patents and intellectual property rights

The increase in Item Patents and intellectual property rights amounted to € 597k including € 429k relating to the completion of the project 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.

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.

9.4 Equity investments

This item is detailed as follows:

Equity investments in subsidiaries

	31/12/2014		31/12/2013	
	stake	book value	stake	book value
Towertel S.p.A.	100%	94,423	100%	213,020
Total		**94,423**		**213,020**

The accounting effects of the demerger of the Broadcast Business Unit in favour of di EI Towers S.p.A. on the value of the total investment held in Towertel S.p.A. are as follows:

- Decrease corresponding to the net assets relating to the demerger of € 45,225 k (see the table in chapter 6 Business Combinations);
- Further decrease, so as to represent in EI Towers S.p.A.'s financial statements part of the allocations carried out in the consolidated financial statements and relating to the items object of the demerger, for an amount of € 73,374k, recording goodwill in the total amount of € 49,819k, customer relations of € 34,042 k and related deferred taxes of € 10,487k.

As required by IAS 36, for financial assets classified as subsidiaries (IAS 27), measures were taken in 2014 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, 2014 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 5.5%.

These assessments have been carried out by utilising an actuarial base rate, corresponding to the weighted average cost of capital net of taxes of 5.78%

and a growth rate, used to extrapolate cash flows over the plan period prudentially of 1.2%.

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 associated 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.

	31/12/2014		31/12/2013	
	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:

	31/12/2014			Contribution from Towertel demerger	31/12/2013
		Due			
	Total	from 1 to 5 years	over 5 years		
Security deposits paid	342	-	342	79	243
Other financial assets	130	-	-		170
Consortium fees	32	-	32		32
C/A Subsidiary - Towertel S.p.A.	27,173	27,173	-	(68,104)	80,137
C/A Subsidiary - HIGHTEL S.p.A.	3,699	3,699	-		-
C/A Subsidiary for invoices to be issued	166	166	-		445
Total	**31,542**	**31,038**	**374**	**(68,025)**	**81,027**

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

The item Other Financial assets included the considerations paid out for the purchase option of the shares representing the total share capital of the companies Das Immobiliare s.r.l. and Monte Massa Martano S.r.l..

Total Non-current financial assets amounted to € 31,038k and related to the credit balance, including accrued interest of the intra-group current account respectively with the subsidiary Towertel S.p.A. of € 27,326 k and with the indirect subsidiary Hightel S.p.A. of € 3,712 k.

The decrease in the balance of the current account opened for the benefit of the subsidiary Towertel S.p.A. is attributable to the demerger of the Broadcast Business Unit of Towertel S.p.A. in favour of EI Towers S.p.A. (see also chapter 6 Business Combinations).

9.6 Deferred tax assets and liabilities

	31/12/2014	31/12/2013
Deferred tax assets	5,619	2,660
Deferred tax liabilities	(21,817)	(1,591)
Net position	**(16,198)**	**1,069**

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	Contribution from Towertel demerger	Other changes	Balance at 31/12
2013	2,231	322	107	-	-	2,660
2014	2,660	(181)	251	2,470	419	5,619

DEFERRED TAX LIABILITIES	Balance at 1/1	Through Income Statement	Through Shareholders' Equity	Contribution from Towertel demerger	Other changes	Balance at 31/12
2013	(1,378)	(213)	-	-	-	(1,591)
2014	(1,591)	1,345	-	(21,152)	(419)	(21,817)

The main change in deferred tax assets and liabilities is attributable to the demerger of the Broadcast Business Unit of Towertel S.p.A. in favour of EI Towers S.p.A. (see also chapter 6 Business Combinations).
The item Deferred tax assets amounted to Euro 5,619k 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 21,817 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.

Other changes include certain compensation between advance and deferred taxes.

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

	Temporary gap	Tax effect 31/12/2014	Temporary gap	Tax effect 31/12/2013
Deferred tax assets related to:				
Property, plant and equipment	525	144	981	269
Provision for receivables write-off	9,090	2,499	2,161	594
Provisions for risks and charges	1,983	623	684	215
Post-employment benefit plans	5,059	1,391	2,619	720
Inventories	2,722	850	2,452	765
Other temporary differences	401	112	339	97
TOTAL	**19,780**	**5,619**	**9,236**	**2,660**

It should be noted that, among the most significant components of deferred tax assets, the tax effect related to the Provisions for receivables write-off amounted to € 2,499k, the effect related to the Provision for inventory obsolescence amounted to € 850k, the effect related to the discounting of the Employee Termination Indemnity amounted to € 1,391k.

	Temporary gap	Tax effect 31/12/2014	Temporary gap	Tax effect 31/12/2013
Deferred tax liabilities related to:				
Property, plant and equipment	12,504	3,835	2,672	735
Non current intangible assets	53,553	16,815	-	-
Post-employment benefit plans	4,241	1,167	3,112	856
Other temporary differences	-	-	-	-
TOTAL	**70,298**	**21,817**	**5,784**	**1,591**

The tax effect for € 16,815k 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 of € 3,835k, are among the main significant components of deferred tax liabilities.

10. Current assets

10.1 Inventories

This item could be broken down as follows:

	Balance at 31/12/2014	Balance at 31/12/2013
Raw materials, ancillary materials and consumables	5,275	5,363
Goods	-	-
Finished goods	-	-
Total	5,275	5,363
Provision for devalued raw materials, ancillary materials and consumables	(2,722)	(2,452)
Provision for devalued finished goods	-	-
Net inventories	**2,552**	**2,911**

	31/12/2013	Allocations	Uses	31/12/2014
Provision for devalued raw materials, ancillary materials and consumables	(2,452)	(270)	-	(2,722)

Raw materials, ancillary materials and consumables for a net value of € 2,552k 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 2014 due to provisions amounting to € 270k.

10.2 Trade receivables

This item was made up as follows:

	31/12/2014	31/12/2014			Contribution from Towertel demerger	31/12/2013
		Due				
	Total	within 1 year	from 1 to 5 years	over 5 years		
Receivables from customers	25,077	20,764	2,703	1,610	13,795	7,743
Provision for bad debts	(8,527)	(8,527)	-	-	(6,904)	(1,623)
Total net receivables from customers	**16,550**	**12,237**	**2,703**	**1,610**	**6,891**	**6,119**
Receivables from associates	482	482	-	-	3	274
Receivables from subsidiaries	718	718	-	-	-	1,807
Receivables from parent companies	245	245	-	-	-	734
Total	**17,995**	**13,682**	**2,703**	**1,610**	**6,894**	**8,934**

Provision for Bad Debts	Balance at 1/1	Other changes	Allocation for the year	Uses for the year	Contribution from Towertel demerger	Balance at 31/12
2014	1,623	-	88	(88)	6,904	8,527
2013	871	-	752	-	-	1,623

Receivables from customers

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

The main credit exposure amounted to € 3,683k 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 € 363k expiring within the year, €1,710k from one to five years and € 1,610k 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:

- € 154k from Consorzio Colle Maddalena for hosting sites;
- € 149k from Monradio S.r.l. for hosting sites;
- € 175 k from Videotime S.p.A. mainly due to recharge of equipped areas at local offices supply of different services.

Trade receivables from subsidiaries

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

- € 718k related to invoices to be issued to Towertel S.p.A. for charges of holding services.

Trade receivables from parent companies

Trade receivables from parent companies amounted to € 245k, and mainly refer to trade receivables from the following companies:

- Elettronica Industriale S.p.A. for € 141k for repair services of goods and equipment, € 43k for leases of equipped areas at local offices.
- RTI S.p.A. for € 61k for the corresponding amount charged for site rentals at local offices.

10.3 Other receivables and current assets

This item can be broken down as follows:

	31/12/2014	31/12/2013
Receivables from employees	207	198
Advances	187	117
Receivables from social security institutions	-	30
Receivables from Revenue	1,882	1,567
Other receivables	416	235
Accrued income	-	-
Pre-paid expenses	1,503	761
Total	**4,197**	**2,909**

The item Receivables from employees includes advances paid for business trips to employees for an amount equal to € 171k, € 22k for advances related to prepaid cards and reimbursement for advances on accidents equal to € 12k.

Advances to suppliers amounted to € 187k and refer to payments made to suppliers for services supplied, but not yet invoiced.

The item Receivables from the Revenue included:

- VAT receivable from tax authorities amounting to € 1,454 k;
- Other tax receivables amounting to € 429k mainly related to IRES receivables connected to the request for reimbursement ex Legislative Decree 185/2008 and Legislative Decree 201/2011 for a total amount of € 340k, IVA receivables relating to prior years amounting to € 43k and to other receivables amounting to € 46k.

Pre-paid expenses amounted to € 1,503k and refer for € 1,237 k to costs for site and/or land leases invoiced in advance and land surface rights (including € 464k over 12 months), for € 40k to costs for different insurance premium and for € 226k to pre-paid expenses for other operating charges.

10.4 Cash and cash equivalents

Here follows the breakdown of this item:

	31/12/2014	**31/12/2013**
Cash in hand	9	11
Cash and cash equivalents	128,089	95,725
Total	**128,098**	**95,736**

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 € 37,457k of credit balance of the Company's bank current accounts and for € 37k of credit balance, including accrued interest, of the intra-group current account with Mediaset S.p.A. and for € 90,595k of short-time time deposit at the banking system including interest accrued.

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

COMMENTS ON THE MAIN NET EQUITY AND LIABILITIES 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, 2014 the Share Capital of the Company was fully subscribed and paid up. It is made up of 28,262,377 ordinary shares with a nominal value of 0.10 Euros each, and a total value of € 2,826k.

11.2 Share-premium reserve

At December 31, 2014 the Share-premium reserve amounted to € 194,227 k.

No changes occurred during the year.

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 24, 2014, 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, 2014 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 2014.

At December 31, 2014 the Company held no. 62,526 shares with a carrying value of € 1,845k.

11.4 Other reserves

The item consists of:

	31/12/2014	31/12/2013
Legal reserve	565	565
Extraordinary reserve	24,713	3,394
Shareholders' payment in capital account	10,200	10,200
Other reserves	306,975	306,960
Total other reserves	**342,453**	**321,119**

Legal reserve

At December 31, 2014 the Legal reserve amounted to € 565k.

No changes occurred during the year.

Extraordinary reserve

The extraordinary reserve increased by € 21,319k due to profit allocation as decided by the Meeting dated April 24, 2014.

The current increase in the item Other reserves for € 15k is due to the expiration of a stock option plan which can no longer be exercised.

11.5 Valuation reserves

	31/12/2014	31/12/2013
Reserve for stock option plans	203	218
Reserve for actuarial gains and losses	(2,630)	(1,355)
Total	**(2,427)**	**(1,138)**

The Reserve for stock option plans decreased in 2014 by € 15k due to the expiration of a stock option plan which can no longer be exercised.

The change in the Reserve for actuarial gains and losses, with a negative balance of € 2,630k, is due the actuarial components relating to the valuation of defined benefit schemes, booked directly in Net Equity for € 1,525k and to related deferred taxes for € 251k.

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	24,713	A B C	24,713	4,977	-
Other reserves - Shareholders' payment in capital	10,200	A	=	-	-
Other available reserves	306,975	A B C	306,975	-	-
Valuation reserve	(2,427)	=	=	-	-
Profit (loss) for previous years	-	=	=	-	-
Total	**535,234**		**526,480**	-	

Legend:

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

11.6 Profit for the period

This item reflects the profit for the period of € 31,224k.

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:

EMPLOYEE LEAVING INDEMNITY - DEMOGRAPHIC, ECONOMIC-FINANCIAL ASSUMPTIONS	
Demographic assumptions	
Death probability	ISTAT survival table, divided by age and gender, as of 2012
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, 2014.

Economic-financial assumptions	
Inflation rate	Inflation scenario had been deducted from the document "*Nota di Aggiornamento del Documento di Economia e Finanza 2014*" adopting a rate equal to the programmed inflationof 1%.
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, 2014.

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 580 employees of the Company was Euro 12,635 thousand at December 31, 2014.

During the year, the reserve changed as follows:

Provision at 01/01/14	**10,898**
Contribution from Towertel demerger	415
Employee severance pre-payments for the period	(196)
Employee severance indemnities paid during the year	(85)
Actuarial gains/(losses)	1,509
Reserve transferred from subsidiaries, affiliated and associates companies	29
Amount accrued and charged to income statement	64
Provision at 31/12/14	**12,635**

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 of about € 635k;
- a change in inflation rate of +/-50 basis points leads to a change in the provision for employee termination indemnity of about € 388k;
- a change in the probability of termination of the employment relationship of +/-50% leads to a change in the provision for employee termination indemnity of about € 49k.

12.2 Payables and financial liabilities

	31/12/2014	31/12/2013
Bond loan - Non current portion	226,193	225,208
Total	**226,193**	**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%.

12.3 Provisions for risks and charges

	Beginning balance at 01/01/14	Provisions	Uses	Other changes	Contribution from Towertel demerger	Final balance at 31/12/14
Provisions for risks	684	652	(108)	(213)	968	1,983
Total	**684**	**652**	**(108)**	**(213)**	**968**	**1,983**

Provisions for risks are due to charges for recovery of sites hosting Group's infrastructures where there are legal or implicit obligations for € 926k and for the remaining amount mainly to provisions for contractual risks.

The items Uses and Other changes mainly refer to the settlement of contingent liabilities.

The contribution amounting to € 968k resulting demerger of the Broadcast Business Unit of Towertel S.p.A. in favour of EI Towers S.p.A. (see also chapter 6 Business Combinations) is shown separately.

13. Current liabilities

13.1 Trade payables

	31/12/2014	31/12/2014 Due			Contribution from Towertel demerger	31/12/2013
	Total	within 1 year	from 1 to 5 years	over 5 years		
Down payments	-		-	-	-	-
Payables to suppliers	28,692	28,692	-	-	3,329	24,389
Payables to subsidiaries	-	-	-	-	-	409
Payables to associated companies	179	179	-	-	-	195
Payables to parent companies	893	893	-	-	-	1,386
Roundings	-	-	-	-	-	-
Total	**29,764**	**29,764**	**-**	**-**	**3,329**	**26,378**

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

Payables to associated companies consist of:

- € 132k to the Company Videotime S.p.A. for rental service;
- € 47k 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 € 692k related to information technology services (€ 464k), administrative services (€ 93k), professional services for insurance advice, supplier certification and voice services and other services for € 135k;
- the direct parent company Elettronica Industriale S.p.A. for € 180k related to purchase of assets and tower and site lease;
- the indirect parent company Mediaset S.p.A. for € 21k as charge of professional services and fees on guarantees.

13.2 Tax Payables

This item can be broken down as follows:

	31/12/2014	31/12/2013
Tax payables for IRES from tax consolidation	1,589	9,253
Payables to subsidiaries for I.RE.S. from tax consolidation	3,517	-
Withholdings on employee wages and salaries	-	-
Withholdings on freelance staff fees	-	-
Tax payables for IRAP to tax authorities	811	309
Total	**5,917**	**9,562**

EI Towers S.p.A. as consolidating company and its subsidiary Towertel S.p.A. adhere to the national group taxation regulated by article 117 and subsequent of the Tuir.

Tax payables for Ires from tax consolidation represent the debt to the tax authorities in respect of Ires due to the national group taxation.

Payables to the subsidiary Towertel S.p.A. of € 3,517 represents the debt arising from consolidation agreements.

13.3 Other current financial liabilities

	31/12/2014	31/12/2013
Bond loan - current portion	6,583	6,618
Total	**6,583**	**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%.

13.4 Other current liabilities

	31/12/2014	31/12/2013
Due to employees for wages and salaries, accrued holiday pay and expenses	**2,748**	2,735
Due to insurance companies	**138**	37
Advances from customers	**150**	
Due to social security institutions	**1,741**	1,700
Due to Revenue	**1,237**	1,257
Due to Directors	**154**	155
Due to Statutory Auditors	**93**	200
Other liabilities due to third parties	**484**	2,854
Accrued expenses	**9**	-
Deferred income	**393**	240
Total	**7,147**	**9,178**

Due to employees for wages and salaries, accrued holiday pay and expenses amounted to € 2,748k and mainly consist of due to employees for bonus and related contributions for € 1,091k, due to directors for management by objectives bonus for € 992k, due to employees for overtime and contributions for € 318k.

Due to insurance companies amounted to € 1,741k and included payables to pension institutes for amounts owed in relation to December 2014 salaries and collaboration.

The item Due to Revenue, amounting to € 1,237k, includes the amounts owed to the tax authorities for taxes withheld from compensation paid to employees and independent contractors in December 2014.

The item Other liabilities due to third parties decreased in the period as a consequence of the payment, amounting to € 2,500k, of the last tranche of the non-compete agreement signed with the previous Chairman and Chief Executive Officer of DMT S.p.A. ante business combination with the Company.

The item Deferred income refers for € 313k, including € 82k beyond one year, to the advance invoicing of hosting services for transmission equipment to third party customers, for € 52k to the invoicing of interest income from recovery plans, while for € 28k to the portion of contributions in capital account pertaining to future years, granted by the Ministry of Industry, Trade and Crafts according to Law 64/86.

13.5 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.

	31/12/2014	**31/12/2013**
Cash in hand	9	11
Other cash equivalents	128,089	95,725
Total liquidity	**128,098**	**95,736**
Current financial receivables	**-**	**-**
Payables due to banks	0	(432)
Current portion of non-current debt	(6,583)	(6,618)
Financial payables due to parent company	-	-
Current financial debt	**(6,583)**	**(7,050)**
Current net financial position	**121,515**	**88,686**
Bond loan	(226,193)	(225,208)
Non-current financial debt	**(226,193)**	**(225,208)**
Net financial position	**(104,678)**	**(136,522)**

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 € 37,457k of the credit balances of the bank current accounts of the Group's companies and for € 37k of the credit balance, including accrued interests, of the intra-group current account with Mediaset S.p.A. and for € 90,595k of the short-term time deposit including accrued interest.

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 THE MAIN ITEMS IN THE INCOME STATEMENTS

14. Revenues

14.1 Revenues from sales and services

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

	2014	2013
Revenues from hosting and contract services	212,318	177,165
Revenues from plant installation and restoration	815	1,111
Revenues from sale of materials	3	27
Total	**213,136**	**178,303**

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 € 178,902k.

The increase in the item Revenues compared to the previous year is attributable to the already mentioned demerger of the Broadcast Business Unit of Towertel S.p.A. in favour of EI Towers S.p.A. (see also chapter 6 Business Combinations).

The item Revenues from plant installation and restoration included revenues for the management of equipment installation and restoration and includes revenues for services to the parent company Elettronica Industriale S.p.A per € 606k.

14.2 Other revenues and income

Other revenues amounted to € 220k and mainly refer to the use of the provision for risks for € 108k, contributions charged to the profit & loss for € 55k, capital gains from transfers of tangible assets for € 16k, insurance refund for € 9 k, other income for € 32k.

15. Costs

15.1 Personnel expenses

The following table shows the number of employees at December 31, 2014:

Number of employees (permanent staff)	2014	Average 2014	2013
Executives	22	22	21
Middle managers	55	56	49
Office-workers	503	506	475
Industry workers	-	-	-
Total	**580**	**584**	**545**

	2014	2013
Wages and salaries	29,784	27,491
Social security charges	9,717	9,098
Post-employment benefit plans	19	19
Other personnel expenses	2,623	2,222
Ancillary personnel expenses	812	836
Out of period (income)/costs on personnel expenses	(19)	110
Recovery on personnel expenses	(700)	(763)
Total	**42,235**	**39,012**

The total increase in personnel expenses is mainly attributable to the demerger of the Broadcast Business Unit of Towertel S.p.A. resulting in the transfer to EI Towers S.p.A. of 38 employees previously with Towertel S.p.A..
The item Other expenses amounted to € 2,623k and mainly includes expenses for the Employee leaving indemnity transferred to pension funds (€ 1,732k) 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 € 664k and fees paid to the directors employed by Group companies amounting to € 227k.

15.2 Purchases, services and other costs

This item can be broken down as follows:

	2014	2013
Purchases	**2,245**	**2,412**
Changes in the inventories of raw materials, semifinished and finished goods	**553**	**220**
Increase for internal work	**(2,273)**	**(1,596)**
Cost for professional, technical and administrative services	4,156	2,498
Travelling expenses and bill of charges	1,117	1,131
Consumption	14,294	10,355
Maintenance	12,352	8,257
Bank and insurance services	691	638
Other services	3,789	3,913
Total services	**36,399**	**26,792**
Leases and rentals	**37,446**	**35,633**
Net provisions for risks	**652**	**528**
Other operating costs	**1,456**	**1,550**
Total	**76,478**	**65,539**

The total increase in this item compared to the previous year is mainly attributable to the already mentioned demerger of the Broadcast Business Unit of Towertel S.p.A. in favour of EI Towers S.p.A..
The item Purchases mainly includes purchases for raw materials, spare parts and accessories and amounted to € 1,938k.

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 € 2,273k.

The item Other services includes charges for vigilance and surveillance at the head-offices and local offices amounting to € 1,165k, company information system service supplied by the indirect parent company R.T.I. S.p.A. for € 1,610k, transport, storage and porter charges for € 424k, cleaning and waste disposal charges for € 552k.

The item Leases and rentals includes charges for the rent of satellite segments for the transmission of TV signal for a total amount of € 23,275k, rental of lands and hosting on third party towers amounting to € 11,024k, other rentals mainly related to the offices located in Lissone and other secondary offices for € 1,570k.

The item Net provision 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 € 1,078 €k, other costs for € 378k, including € 236k related to transactions with suppliers.

15.3 Amortisation, depreciation and write-downs

	2014	2013
Amortisation of tangible assets	31,689	30,393
Amortisation of other intangible assets	6,810	3,670
Wtite-downs/(Reversal) of fixed assets	95	465
Write-downs of current assets	88	752
Total	**38,681**	**35,281**

The increase in the item Amortisation of tangible and intangible assets is attributable to the demerger of the Broadcast Business Unit of Towertel S.p.A. in favour of EI Towers S.p.A. (see also chapter 6 Business Combinations).

Write-downs of fixed assets equal to € 95k represents the amount granted for the depreciation of towers being disposed.

Write-downs of current assets amounted to Euro € 88k and represents the amount allocated for the provision for bad debts.

16. (Expenses)/income from financial investments

16.1 Financial expenses

	2014	2013
Interest expenses on Mediaset c/a tw parent company	-	397
Interest expenses on loans and credit lines	-	706
Interest expenses on bond loan	9,863	6,618
Ancillary charges on loans	-	175
Other charges	131	164
Totale	**9,994**	**8,059**

Interests on financial liabilities at December 31, 2014 are attributable to the interest charges measured at the amortized cost related to the bond loan. At December 31, 2013 the item included the same interests as from the date of the bond loan setting up (April 26, 2013) and additional charges for the repayment of the previous debt.

The item Other charges includes € 79k related to guarantee charges, € 45k related to financial charges for the discounting of the Employee Termination Indemnity and other financial charges for € 7k.

16.2 Financial income

	2014	2013
Interest income on EI Towers c/a from subsidiary companies	454	1,378
Interest income on Mediaset c/a from parent company	1,114	725
Interest income on bank c/a	747	304
Financial income different from the foregoing	426	276
Total	**2,741**	**2,684**

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 € 454k related to the intra-group current account relationship with the subsidiaries Towertel S.p.A. and Hightel S.p.A..
- interest income amounting to € 1,114k, related to the intra-group current account relationship with Mediaset S.p.A.;
- interest income for the period related to bank and postal deposits amounting to € 747k;
- interest income for payment extension for € 426k;

December 31, 2014

IAS 39 categories	From interests	At Fair Value	From Fair Value Reserve	Profit/(loss) on exchanges	Net profit/(loss)
Financial instruments designated at Fair Value	-	-	-	-	-
Financial assets held for trading	-	-	-	-	-
Liabilities at amortised cost	(9,863)	-	-	-	(9,863)
Financial assets held to maturity	-	-	-	-	-
Loans and receivables	747	-	-	-	747
Income on receivables	426	-	-	-	426
Intragroup financial income and liabilities	1,568	-	-	-	1,568
Receivables and loans		-	-	-	-
Other financial income and charges	(2)	-	-	(4)	(6)
Financial assets available for sale	-	-	-	-	-
Total IAS 39 categories	**(7,124)**	**-**	**-**	**(4)**	**(7,128)**
Other financial income and charges	(80)	(45)	-	-	(125)
Total	**(7,204)**	**(45)**	**-**	**(4)**	**(7,253)**

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)**

17. Income taxes for the year

	2014	2013
Provision for Ires	-	-
Charges/(proceeds) for Ires from tax consolidation	14,949	9,350
Provision for Irap	3,700	2,765
Total current taxes	**18,648**	**12,116**
Provision for deferred tax liabilities	393	334
Use of provision for deferred tax liabilities	(1,739)	(121)
Total deferred tax liabilities	**(1,346)**	**212**
Utilization of credit from deferred tax assets	557	372
Deferred tax assets	(376)	(695)
Total deferred tax assets	**182**	**(323)**
Total	**17,484**	**12,005**

The change in the current taxes belonging to the financial year, compared to those for 2013 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 € 18,648k and consist of:

- Provision for IRES from group taxation for the year for € 14,949k;
- Provision for IRAP for the year for € 3,700k;
- Net use for deferred tax liabilities for € 1,346k and deferred tax assets for € 182k.

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 2014 and 2013 and the Company's actual rate:

I.Re.S.	**31/12/2014**	**31/12/2013**
Ordinary applicable tax rate	**27.50%**	**27.50%**
Effect of increase (decrease) differences		
against ordinary tax rate:		
Vehicles	1.03%	1.38%
Other	2.16%	-0.77%
Actual tax rate	**30.69%**	**28.11%**

IRAP	**31/12/2014**	**31/12/2013**
Theoretical tax burden	**4.05%**	**4.05%**
Other permanent differences:		
Other personnel expenses	2.41%	3.19%
Other permanent changes	1.14%	0.86%
Tax gains/losses difference	-	-
Non-deductible taxes	-	0.04%
Actual tax rate	**7.60%**	**8.14%**

NOTES ON THE MAIN CASH FLOW STATEMENT ITEMS

18. Cash Flow Statement

Cash flow generated by operating activities includes € 22,310k of current income taxes paid in the period compared to € 12,024k in 2013; that increase is due to the fact that in 2013, being the Group's companies within the group taxation regime with the indirect parent company Mediaset S.p.A., no IRES advance payments were made. These advance payments were then paid in 2014 (together with the balance and the advance payments provided for the year), following the exit from the aforesaid group taxation regime.

The net flow absorbed by investing activities mainly refers to investments in tangible assets (€ 10,084k compared to € 8,173k in 2013), in intangible assets for € 161k (€ 316k in 2013) and increases in other financial assets equal to € 18,619k related to the loans to the subsidiaries Towertel S.p.A., to carry out the acquisitions of Sart S.r.l. and Hightel S.p.A., and to the latter, after the acquisition, to reimburse the existing financial debt at the acquisition date.

Cash flow related to financing activities is basically due to the payment of the coupon of the existing bond loan made in the period, net of interests received relating to liquidity held in banks.

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.

December 31, 2014

	IAS 39 categories				
BALANCE SHEET ITEMS	**Financial instruments at fair value held for trading**	**Receivables and loans**	**Financial instruments held to maturity**	**Financial instruments held for sale**	**Book value**
NON CURRENT ASSETS					
Other financial assets					
Equity investments	-	-	-	-	-
Financial receivables	-	31,542	-	-	31,542
CURRENT ASSETS					
Trade receivables					
from customers	-	16,549	-	-	16,549
from subsidiary companies	-	718	-	-	718
from affiliated companies	-	179	-	-	179
from parent companies	-	245	-	-	245
from associated companies	-	304	-	-	304
Cash and cash equivalents					
Bank and postal deposits	-	128,089	-	-	128,089
Cash in hand	-	9	-	-	9
TOTAL FINANCIAL ASSETS	-	177,635	-	-	177,635

December 31, 2013

BALANCE SHEET ITEMS	IAS 39 categories: 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

December 31, 2014

BALANCE SHEET ITEMS	IAS 39 categories: Financial instruments held for trading	Liabilities at amortised cost	Book value
NON-CURRENT LIABILITIES			
Payables and financial liabilities	-	-	-
Bond loan	-	226,193	226,193
CURRENT LIABILITIES			
Payables due to banks			
Current account liabilities	-	-	-
Payables and financial liabilities			
Bond loan	-	6,583	6,583
Trade payables			
to suppliers	-	28,692	28,692
to parent companies	-	894	894
to associated companies	-	179	179
to affiliated companies	-	-	-
TOTAL FINANCIAL LIABILITIES	-	262,541	262,541

December 31, 2013

BALANCE SHEET ITEMS	Categorie IAS 39		
	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

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, 2014

	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	232,776	255,004	-	-	-	255,004
Medium-long term receivables	4,313	-	-	-	4,240	4,240

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

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, 2014 equal to 106,583.

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 2014 since at the date of these financial statements there are no financial instruments exposed to interest rate risk.

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 debt profile broadly consistent with cash flows generated by operating activities;
- 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, 2014 and 2013, 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, 2014

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	-	-	-	-	-	-	-
Current bond loan	6,583	-	8,912	-	-	-	8.912
Non-current bond loan	226,193	-	-	-	256,761	-	256,761
Due to other suppliers	28,483	28,487	-	-	-	-	28,487
Due to suppliers for professionals	209	209	-	-	-	-	209
Due to subsidiary companies	-	-	-	-	-	-	-
Due to parent companies	894	894	-	-	-	-	894
Due to associated companies	179	179	-	-	-	-	179
Total	**262,541**	**29,769**	**8,912**	**-**	**256,761**	**-**	**295,442**

December 31, 2013

Item of balance	Book value	Time Band from 0 to 3 months	from 4 to 6 months	from 7 to 12 months	from 1 to 5 years	Over 5 years	Total cash flows
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**

The Company expects to face these obligations through the realisation of its financial assets and with the liquidity generated by operating 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).

The Company, 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, 2014 and 2013.

December 31, 2014

RECEIVABLES							
CLASSES	Total net receivables	Net matured					Provision for bad debts
		0-30days	30-60days	60-90days	Further	Total	
Trade receivables							
Other receivables	25,076	322	635	679	12,721	14,357	8,527
Receivables to associated companies	304	72	-	-	-	72	-
Receivables to subsidiary companies	897	-	-	-	-	-	-
Receivables to parent companies	245	1	-	-	-	1	-
Total	**26,522**	**395**	**635**	**679**	**12,721**	**14,430**	**8,527**
		0-30days	**30-60days**	**60-90days**	**Further**	**Total**	
Financial receivables							
Financial receivables	472	472	-	-	-	472	-
Securities	-	-	-	-	-	-	-
Non-convertible bonds	-	-	-	-	-	-	-
Bank and postal deposits and equivalents	128,089	128,052	-	-	-	128,052	-
Cash in hand	9	9	-	-	-	9	-
Hedge derivatives towards third parties	-	-	-	-	-	-	-
Non-hedge derivatives towards third parties	-	-	-	-	-	-	-
Non-hedge derivatives towards subsidiaries		-	-	-	-	-	-
Intragroup financial liabilities	31,038	31,075	-	-	-	31,075	-
Total	**159,608**	**159,608**	**-**	**-**	**-**	**159,608**	**-**

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**	**-**	**-**	**-**	**-**	**-**	**-**

The Bad Debts Reserve at December 31, 2014 amounted to € 8,527k.

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, which contain clauses of advance withdrawal.

Total commitments described above amounted to approximately € 136m.

The Company issued guarantees for commercial and financial commitments for about € 8m. Within these guarantees, it should be noted that EI Towers S.p.A. has counterguaranteed two bank guarantees for a total amount of Euro 4.2 million issued in the favor of the Internal Revenue Service for DMT System S.p.A. in liquidation and DMT Service S.r.l. in liquidation, disposed on October 13, 2011, for VAT receivables used by EI Towers S.p.A. when the two companies were within the group taxation.

It should be noted that EI Towers S.p.A. assumed the commitment to compensate the third buyer of the companies of the Technology business unit, disposed on October 13, 2011, up to a maximum of € 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.

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 2014 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					
Milan Entertainment srl					5
Mediaset Group parent companies					
R.T.I. - Reti Televisive Italiane S.p.A.	-	61	-	-	-
Mediaset SpA	-	-	-	37	-
Elettronica Industriale S.p.A.	-	185	-	-	-
EI Towers Group subsidiaries					
Towertel S.p.A.	27,326	718	-	-	-
Hightel S.p.A.	3,712	-	-	-	-
Mediaset Group associates					
Videotime S.p.A.	-	175	-	-	-
Publitalia '80 S.p.A.	-	1	-	-	-
Fininvest Group associates					
Monradio s.r.l.		153			
Other related parties	-	153	-	-	-

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.	-	691	-	-	-
Mediaset S.p.A.	-	22	-	-	-
Elettronica Industriale S.p.A.	-	180	-	-	-
EI Towers Group subsidiaries					
Towertel S.p.A.	-	-	3,517	-	-
					-
Mediaset Group associates					
Videotime S.p.A.	-	132	-	-	-
Promoservice Italia S.r.l.	-	47	-	-	-
Executives with strategic responsibilities	-	-	147	-	-
Other related parties	-	-	242	-	-
Mediafond					

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.	300	2,651	-	-	-
Mediaset S.p.A.	-	65	2	1,114	-
Elettronica Industriale S.p.A.	179,508	123	-	-	-
EI Towers Group subsidiaries					
Towertel S.p.A.	3,132	140	-	441	-
Hightel S.p.A.	-	-	-	12	-
Mediaset Group associates					
Videotime S.p.A.	342	484	-	-	-
Publitalia '80 S.p.A.	55	-	-	-	-
Promoservice Italia S.r.l.	-	41	-	-	-
Fininvest Group associates					
Mediobanca S.p.A.	-	45	-	-	-
Milan Entertainment srl	-	1	-	-	-
A C Milan S.p.A.		4			
Monradio s.r.l.	487				
Executives with strategic responsibilitie	-	1,052	-	-	-
Other related parties	273	4	-	-	-
Other related parties	-	-	-	-	-

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 and associated companies at December 31, 2014 (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

EI Towers S.p.A.

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

(values in euro)

ASSETS	**Towertel S.p.A.**	**Hightel S.p.A.**	**Torre di Nora Srl**
Non-current assets			
Property, plant, equipment and other tangible assets	15,609,112	3,103,701	428,664
Goodwill and other intangible assets	68,428,804	7,631	29,329
Investments and other non-current financial assets	21,270,295	1,620,793	-
Other non-current assets	85,710	520	-
Deferred tax assets	714,580	299	-
Total non-current assets	**106,108,501**	**4,732,944**	**457,993**
Current assets			
Inventories	-	-	-
Trade receivables	2,679,500	782,527	256,212
Tax receivables	3,636,777	11,448	-
Other receivables and current assets	2,137,182	1,167,228	61,424
Intragroup financial receivables	-	-	-
Current financial assets	0	280,267	-
Cash and cash equivalents	5,144,337	524,151	150,735
Total current assets	**13,597,796**	**2,765,621**	**468,371**
Non-currents assets held for sale	-		
TOTAL ASSETS	**119,706,297**	**7,498,565**	**926,364**

EI Towers S.p.A.

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

(values in euro)

SHAREHOLDERS' EQUITY AND LIABILITIES	**Towertel S.p.A.**	**Hightel S.p.A.**	**Torre di Nora Srl**
Shareholders' Equity			
Share capital	22,000,000	2,000,000	10,000
Share premium reserve	-	-	-
Treasury shares	-	-	-
Other reserves	24,623,684	133,093	522,938
Valuation reserve	(9,509)	-	-
Retained earnings (accumulated losses)	7,665,589	(272,485)	-
Net profit (loss) for the period	7,723,795	(122,338)	66,887
TOTAL SHAREHOLDERS' EQUITY		**1,738,270**	**599,825**
Non-current liabilities			
Post-employment benefit plans	109,885	-	-
Deferred tax liabilities	12,489,069	-	-
Financial liabilities and payables	27,325,912	3,711,758	-
Provisions for non-current risks and charges	1,320,608	37,983	-
Total non-current liabilities	**41,245,474**	**3,749,741**	**-**
Current liabilities			
Financial payables	166	-	-
Trade payables	2,961,294	511,464	38,432
Provision for current risks and charges	-	-	-
Current tax liabilities	-	154,232	70,993
Intragroup financial payables	-	33,346	8,331
Other financial liabilities	-	-	-
Other current liabilities	13,495,804	1,311,512	208,783
Total current liabilities	**16,457,264**	**2,010,554**	**326,539**
Non-current liabilities directly relating to assets held for sale	-		
TOTAL LIABILITIES		**5,760,295**	**326,539**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**7,498,565**	**926,364**

EI Towers S.p.A.

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

(values in euro)

INCOME STATEMENT	Towertel S.p.A.	Hightel S.p.A.	Torre di Nora Srl
Revenues			
Sales of goods and services	23,295,780	808,842	151,970
Other revenues and income	803,401	36,088	13,882
Total revenues	**24,099,181**	**844,930**	**165,852**
Costs			
Personnel expenses	413,575	-	-
Purchases, services, other costs	9,658,535	785,534	59,182
Amortisation, depreciation and write-downs	2,624,303	91,139	9,327
Impairment losses (reversals) of assets	-		
Total costs	**12,696,413**	**876,673**	**68,509**
Gains/(losses) from disposals of non-current assets	-		
EBIT	**11,402,768**	**(31,743)**	**97,343**
Financial (expenses)/income			
Financial expenses	(448,181)	(58,759)	-
Financial income	96,407	6	3
Income/(expenses) from equity investments	-		
Total (expenses)/income from financial investments	**(351,774)**	**(58,753)**	**3**
EBT	**11,050,994**	**(90,496)**	**97,346**
Income taxes	3,327,199	31,842	30,459
Net profit from continuing operations	**7,723,795**	**(122,338)**	**66,887**
Net gains/(losses) from discontinued operations	-		
Net profit (loss) for the period	**7,723,795**	**(122,338)**	**66,887**

List of equityinvestments included in subsidiary, associated and joint control companies at December 31, 2014 (Art. 2427 para. 5 c.c.)

(amounts 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	62,003,559	62,003,559	7,723,795	7,723,795	100.00%	22,000,000	94,422,942	-	32,419,383	-
Associates													
(*) Beigua S.r.l.	Rome - Via Della P.Sacchetti, 229	51,480	12,613	154,731	37,909	(1,799)	(441)	24.50%	1	27,639	-	(10,270)	-

(*) Financial Statements figures at December 31, 2014

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

values in Euro

Service	Entity supplying the service	Beneficiary	Fees 2014
Account auditing	Deloitte & Touche S.p.A.	Parent company-EI Towers S.p.a.	113,463
Attestation services	Deloitte & Touche S.p.A.	Parent company-EI Towers S.p.a. (1) (2)	2,500
Total			**115,963**

(1) Attestation services Tax Return and Form 770

(2) Attestation services related to the Bond Loan

Reports of the Statutory Auditors and External Auditors

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

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 2014 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, 2014, accompanied by the respective explanatory notes and the Directors' Report, have been approved and delivered to us on 19th March 2015, with our waiver to the terms set out by the law.
In the Notes, which contain all the information required by art. 2427 of the Civil Code, are among other things, discussed the principles and valuation criteria adopted in the preparation of the financial statements and the consolidated financial statements. The Directors' Report summarizes the principal risks and uncertainties and an outlook is given.

In particular, the Auditors acknowledges that the Separate and Consolidated Financial Statements have been prepared in accordance with "International Financial Reporting Standards" and related SIC / IFRIC interpretations adopted by the European Commission, under the procedure referred to in Article. 6 of Regulation (EC) n. 1606/2002 of the European Parliament and of the Council of the European Union of 19 July 2002.

The analytical control of the content of the financial statements and the consolidated financial statements has not been assigned to the Auditors, and for that reason the Auditors have verified the general approach thereof and the compliance with the law regarding their formation and structure. In this regard, we have no specific comments to make.

During the year ended December 31, 2014 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.

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The Board of Auditors in charge (as follows also the "Board") was named by the Assembly of shareholders held the 24th April 2014 and will finish his mandate by the Assembly of shareholders for the approval of the financial statement for the 31st December 2016.

To Deloitte & Touche S.p.A is assigned the legal review of the EI Towers S.p.A accounts (accounting of the balance sheet and the consolidated financial statement and limited auditing of accounts of the semi-annual relation) for years from 2013 to 2021

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The Board of Auditors has collected 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 Control and Risk Committee and the Remuneration Committee.

The institutional activities of the Board of Auditors was held in the terms set out below. In particular it is acknowledged to have:

- Participated in the meetings of shareholders;

- Participated in the meetings of the Control and Risk Committee and of Remuneration Committee and acquired by the Supervisory Board (SB), pursuant to Legislative Decree no. 231/2001, periodically reports on its activities;

- Participated in all meetings of the Board of Directors and obtained information from the Directors on the activities and most significant economic and financial transactions carried out by the Company; during 2014 the Board of Directors met 11 (eleven) times to examine and vote on resolutions regarding, among other things, the approval of the quarterly reports and semiannual reports, the examination of the 2014 budget, the approval of the audit plan for 2014, the risk management policy, assessing the independence of directors, to evaluate the adequacy of the organizational, administrative and accounting procedures and system of internal control and risk management;

- participated, along with the Directors, to initiatives finalized to the deepening the knowledge of the Company business, the field in which the same work and of the normative picture of reference. In fact the 24th September 2014, managers and advisors of the company have visited the “Broadcasting Center” at Cologno Monzese, where the activities of management and realization of the television connections for the customers of the Group is held. Between the aspects faced also the technological and normative evolution of the EI Towers Network and the economic ones of the business activity towards the same customers.

- Completed the verification required by law, at least quarterly, taking part in ten (10) board meetings;

- Acquired knowledge and verified, to the best of their competence, the adequacy of the organizational structure of the Company and the compliance with the principles of fairness, through directed observations, collection of information from the managers of the organizational function and through meeting with 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 November 5, 2014, evaluated the organizational, administrative and accounting system as consistent and appropriate with the work performed and the characteristics of the group;

- Found adequate the organizational choices of the Company in relation to its internal audit function, that uses also the support of external advisors, with reference to which is described in the Annual Report on Corporate Governance and Ownership Structure;

- Met periodically, with the Committee Control and Risks, the responsible for the internal audit, receiving information about the audit activity planned for the period and receiving Reports about the suitability of the system of internal control and management of the risks;

- Have seen the report prepared by the manager in charge of the system of internal control and management of risks about the risk assessment and the suggestion for managing the ones for the main business, strategic risks and the one of process, for EI Towers Group;

- Met, in accordance with the provisions of art. 19 of Legislative Decree no. 39/2010, the partners of Deloitte & Touche S.p.A., a company responsible for the statutory audit of the financial statements and the consolidated financial statements, to monitor the implementation of audit activities and be updated about the carrying out the same, both for ensure, as required by art. 17 of the above mentioned Law. 39, its independence about which the Auditors has no reserves and to operate the exchange of information on their activities;

- Met with the members of the Board of Auditors of the subsidiary Towertel S.p.A. and Hightel S.p.A. to exchange information on its activities, in accordance with paragraphs 1 and 2 of art. 151 of Legislative Decree no. 58/98;

- Carried out the necessary assessments to confirm the independence requirements of each auditor;

- Assessed the suitability and compliance with the Company's intercompany transactions and with related parties, the characteristics of which, the parties involved and their effects are adequately explained in the financial statements, which the Board refers;

- in particular, with reference to the above, the Board has monitored the implementation of the Regulation issued by Consob regarding transactions with related parties, and the compliance of the procedure adopted by the Company;

- Monitored the implementation of the corporate governance rules contained in the Code of Conduct for listed companies promoted by the Italian Stock Exchange (as follows also “Corporate Governance Code”), which the Company has adopted;

- verified that the Company has given directions to its subsidiaries 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 both the CGU Tower business unit; and 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 2014 is consistent with the applicable laws and regulations, consistent with the resolutions and the facts represented by the Separate Financial Statements and the Consolidated Financial Statements. The report specified, as indicated above, the relations between related parties.

During the supervisions of the Board, carried out in the manner described above, no significant facts have emerged as to require reporting to the control bodies.

The members of the Board have complied with the number of positions in art. 144 Terdecies of Consob Regulation n. 11971 with the relevant disclosure obligations to Consob and the public. The Board advises that due to Consob Resolution no. 18079 of 20 January 2012, the system of calculation of offices contained in the Regulations for Issuers and their disclosure obligations to Consob, relating to positions held or terminated, and other information subject to disclosure, are applicable only to the members of the supervisory bodies that are in a more of a listed issuer.

The independent auditors did not report to the Board of Statutory Auditors omissions, irregularities or reprehensible facts; and the 24th march 2015 they have issued its reports to the Financial Statements and the Consolidated Financial Statements without qualifications or limitations. In the Report to the Financial Statements there is only a emphasis concerning the partial and proportional spin off of Towertel SpA (spinned off company) in favor of EI Towers S.p.A. (beneficiary): the independent auditors refers for the description of its purpose, terms and effect to the wide description of the transaction contained in the Notes and the Board Management Report.

The Reports certified that the Financial Statements and Consolidated Financial Statements at 31 December 2014, 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, economic results and cash flows of the Company and the Group. The Reports give 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.

Fulfilling its tasks, the Board of Statutory Auditors, in particular, monitored:

- Compliance with the law and articles of association and the principles of good governance, ensuring that all transactions approved and implemented by the Board of Directors were in compliance with the law and the bylaws and were not manifestly imprudent or reckless;

- The activities of the Group's compliance with Law 262/2005.

The Board of auditors, according to law, has received the Relation on the fundamental issues released from Deloitte & Touche S.p.A expressing own opinion. No observation is formulated 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 in 2014 as an outcome of the process of total review of the system of management of the privacy of Group EI Towers, it is proceeded to the adoption of a new DPS of group.

There are no difficulties to report about the activity carried out by the Supervisory Board during 2014

The Board acknowledges that, on March 19, 2014 the Board of Directors has approved the Annual Report of Corporate Governance, which includes, among other things, the information required by. 123 bis of the Consolidated Finance Act, renewed by Legislative Decree no. 173/08.

On the same date, the Board of Directors, in accordance with art. 84 quater of the Issuers' Regulations, as amended by Resolution no. 18049 of 23 December 2011, and art. 123-ter of Legislative Decree 58/1998., approved the Report on remuneration which includes the Compensation Policy for Directors and Executives with strategic responsibilities defined by the Board of Directors following the proposal of the Remuneration Committee.

In compliance with the article 3 (paragraph 3.C.5) of the Corporate Governance Code , which was adopted by the Company, the Board of Auditors, the 7th May 2014, has verified the right application of the criteria and the procedures of assessment adopted from the Board of Directors in order to estimate independence of its own members. The composition of the Council answers, also, to the measures previewed from the Guarantor Authority of the Competition and the Market in matter of independence of the Administrators (in such sense is sent back to the provision of the 14 December 2011 with which the Authority has authorized the merger EI Towers S.p.A. – DMT S.p.A.).

The manager responsible Fabio Caccia together with the Chief Executive Officer Guido Barbieri, supervised the preparation of administrative, accounting and financial communications and, issued during the year certifications on the financial statements, and consolidated financial statements, annual and semiannual financial statements, in accordance with the requirements of art. 154-bis, paragraph 5, of Legislative Decree 58/1998.

With reference to the significant events for the year 2014, described in the same section of the Board Report, the Auditors noted that:

- On January 1, 2014 took effect the partial spin-off of the subsidiary Towertel Spa which holds the Group assets dedicated to Telecom operators;
- On 13 June 2014, the company signed with Cairo Network Ltd. a term sheet for the subsequent implementation of the agreements and technical management of a new multi-year television network designed to operate on the national UHF technology;
- On July 23, 2014 the subsidiary Towertel Spa, has acquired an initial 35% stake in the share capital of the company Hightel Spa (company that manages transmission sites located mainly in southern Italy that host mobile telecommunication operators). On October 31, 2014 was completed the acquisition of the remaining 65%.

With respect to the first event of 2015, while referring to what is stated in the relevant section of the Board Management Report, the Board noted that :

- On 27th January 2015, following the preliminary agreement (Term Sheet) signed the 13th June 2014, Ei Towers Spa signed with Cairo Network Srl two definitive agreements relating to:
  i) the design and construction of a new national digital terrestrial multiplex intended for operations on the national frequency UHF technology (lot L3) for which the company Cairo Network has obtained from the Ministry of Economic Development the assignment of related rights of use;
  ii) the next multi-year technical management of the same in full service mode;

  - The 24th February 2015, the company proposed a takeover bid and exchange of 100% of the ordinary shares of Ray Way Spa listed on the Milan Stock Exchange in Milan. The total offered, in the event of full subscription will be approximately 1.225,3 billion euro, of which about 851,3 with reference to the cash portion of the consideration, and about 374 million euro in relation to the equity component of the consideration. This offer is subject to conditions detailed in the Board Management Report.

  - March 2nd, 2015, the subsidiary Torre di Nora Srl was merged into its parent Hightel Spa with fiscal and statutory effect from January 1st, 2015.

The Board acknowledges that EI Towers Spa, with effect from January 2, 2012, art. 2497 et seq. of the Civil Code, is subject to management and coordination by Mediaset Spa, in this regard, the Board acknowledges that, pursuant to art. 39 of the Market Regulation informed the Consob and the public of full compliance with the provisions of art. 37 of Consob Market Regulations.

In particular, EI Towers:

• has met regularly and fulfills the requirements established by art. 2497-bis of the Civil Code,

• has autonomous powers in relations with customers and suppliers,

• has a Control and Risk Committee, 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 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 fully owned subsidiaries Towertel Spa and Hightel S.p.A.

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, in accordance with art. 153 co 2 D.Lgs 58/1998.

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The specific information to be provided in this report are listed below in the order provided for in the Consob recommendation of 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 ordinary administration operations carried out 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, in particular evidence is given, among other things, to:

- The nature of revenues and claims on the parent entity, whose main part consists of hospitality services, support and maintenance, logistics, infrastructure transmission, Head - End and design as well as revenues for the service of installation of transmission equipment;

- the financial income related to the checking account with Mediaset Spa;

- the costs and debts of the parent entity, mostly due to use of services: EDP, personnel administration, and other various locations;

- the revenues and receivables from affiliated entities related to hospitality services and maintenance and lease of spaces equipped;

- the costs and debts of the entities associated mainly relating to leases and services stockbroker MTA.

On the basis of the information gathered, the Board has determined that such transactions comply with the law and the Bylaws, 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 Board Management 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 of the Civil Code. 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, 2014.

4. The Independent Auditors Deloitte and Touche Spa, with which in the course of the year, the Board held regular meetings, issued on the 24th March its reports relating to the Financial Statements and the Consolidated Financial Statements at 31 December 2014, 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 in addition to his statutory audit and to the certifications better described in the Explanatory Notes in the paraghaph “Informations given according to art. 149 duodecies Consob Issuers Regulations”.

During 2014, the Company, with the approval of the Board of Auditors, give to Ernst & Young Spa, the auditing firm whose assignment, as already stated, expired with the approval of the financial statements at 31 December 2012, the job to prepare the report on the compliance of the pricing prospectus for IT services to represent the costs chargeable to EI Towers Spa by R.T.I. S.p.A. (in order to update the fee for the year 2014), for which it was agreed a € 13,500 fee of plus expenses.

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

9. During the year, the Board of Auditors also expressed the following opinions according with what requested by the Code of Conduct which the Company adheres: i) opinion on the assignment of the support of external advisors to the Internal Audit function of EI Towers SpA; ii) opinion on the Internal Audit Work Plan 2014 and the endowment, the same function, of an adequate financial availability. During the year the Board of Auditors has given its opinion on the Report on the fundamental questions issued by the audit firm Deloitte & Touche SpA. No comment was made to the Board of Directors.

11. During the year, were held eleven (11) meetings of the Board of Directors, ten meetings of the Board of Auditors, seven meetings of the Control and Risk Committee, four meetings of the Remuneration Committee. These meetings were attended by at least one member of the Board of Auditors.

12. We have no particular observations to make on the principles of good management. 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.

13. 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.

14. 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 Control and Risk Committee, which was attended by the Statutory Auditors.

These guidelines to which the Company shall execute, identify the Enterprise Risk Management (ERM) as a reference model for the identification, measurement, management and monitoring of the main risk factors of the Group EI Towers. The ERM model is designed to better guard the main areas of corporate risks in relation to development strategies, the typicality of its operating segment and its own organizational structure.

With particular reference to the system of risk management, the evaluation process, and the management of the main business risks, strategic risks and process risks of EI Towers Group, are carried out in accordance with the Enterprise Risk Management methodology. The considerations that came out from the process of detection and evaluation of business risks highlighted, as a whole, that the enterprise risks is today managed properly.

15. The Board of Auditors has no observations concerning the adequacy of the accounting system and its reliability in correctly representing management and, in general, the financial reporting process. With reference to the statements contained in the Annual Report and Consolidated Financial Statements at December 31, 2014, we note that the statement was made by the manager in charge of preparing the corporate accounting documents in accordance with art. 154-bis of Legislative Decree no. N. 58/1998. The Board has determined that adequate rules and processes to oversee the process of "training" and "diffusion" of financial information, the Board, therefore, evaluate adequate the process of preparing financial information and believes there is no findings to be submitted to the Shareholder's meeting.

16. We have no comments about the adequacy of the information flow by the subsidiaries Towertel Spa and Hightel S.p.A. to the parent company aimed at ensuring the timely fulfillment of obligations established by law.

17. 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.

18. 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" pursuant to art. 123-bis of Legislative Decree no. N. 58/1998, approved on March 19, 2015. The Board has completed successfully the verification of the requirements of independence for its members, and monitored the proper application of procedures and criteria adopted by the Board of Directors to evaluate the independence of its members.

19. Our supervisory activity has been held during the year ended December 31, 2014 regularly and it did not reveal omissions, or irregularities that should be noted in this Report.

20. 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.

21. On 24th April 2014, the Shareholders' Meeting decided to authorize the purchase, until the meeting approving the financial statements at 31 December 2014, 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 24, 2014 and March 19, 2015, 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 di Credito Finanziario Spa 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. With the approval of the financial statements at December 31, 2014 will expire the power granted to the Board of Directors to purchase own shares. Therefore, the Board of Directors decided to ask to shareholders the renewal of the authorization to purchase own shares where appropriate to achieve the objectives contained in the Report of the Board of Directors on the specific item on the agenda.

22. The Company has no current plans involving share-based incentive increases, including also the one for free, of its share capital. As an effect of the merger, EI Tower S.p.A. – DMT S.p.A. the Company took over from the company acquired the stock option plans for the part relating to their employees beneficiaries, granted by Mediaset Spa in the years 2007,2008,2009, 2010 and 2011. In the financial year 2014, expired the n. 100,000 options granted in 2008.

Lissone, March 27th 2015

THE BOARD OF AUDITORS

Dott. Antonio Aristide Mastrangelo

Dott. Francesco Vittadini

Dott. 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 financial statements of EI Towers S.p.A., which comprise the statement of financial position as of December 31, 2014, 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the 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 our auditors' report issued on March 28, 2014.

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, 2014, 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. On January 1, 2014 the partial demerger of Towertel S.p.A. (wholly-owned subsidiary-demerged company) into EI Towers S.p.A. (beneficiary company) became effective. Reference should be made to the explanatory notes and to the report on operations, where the purposes, terms and significant effects on the financial statements of the above mentioned partial demerger are described

5. 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, 2014.

DELOITTE & TOUCHE S.p.A.

Signed by
Patrizia Arienti
Partner

Milan, Italy
March 24, 2015

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

2014 Financial Statements

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 Group and
    - the effective application

    of the administrative and accounting procedures for building up the Consolidated Financial Statements, during the financial year 2014.

2. The evaluation of the adequacy of the administrative and accounting procedures for building up the Consolidated Financial Statements as at December 31, 2014 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 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, 2015

For the Board of Directors
The Chief Executive Officer

(Guido Barbieri)

The Assigned Executive for the drafting
of the company accounting documents

(Fabio Caccia)