EI TOWERS S.p.A.

DIRECTORS' REPORT

AND FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2011

EI TOWERS S.p.A. (formerly DIGITAL MULTIMEDIA TECHNOLOGIES S.p.A.)
Via Zanella, 21 - 20851 Lissone (MB)
Fiscal Code and Company's Register Office
at Monza and Brianza: 12916980159
VAT Number: 01055010969
www.dmtonline.com

CONTENTS

This document contains an unofficial English language translation, which is provided for information only and for ease of reference and should not be relied upon. In the event of any ambiguity about the meaning of certain translated terms or of any discrepancy between the Italian document and the Translation, the Italian document shall prevail.

CORPORATE INFORMATION

Company Name	EI Towers Società per Azioni
Share Capital	Euro 2,826,237.70 fully paid-in
Fiscal Code and Company's Register Office at Monza and Brianza	No. 12916980159
VAT number	No. 01055010969
Registered Office	Via Zanella, 21 – Lissone (MB)
Board of Directors:	
Chairman	Alberto Giussani
CEOs	Guido Barbieri Valter Gottardi
Directors	Manlio Cruciatti Richard Adam Hurowitz Piercarlo Invernizzi Michele Pirotta
Board of Statutory Auditors:	
Chairman	Francesco Vittadini
Standing Auditors	Marco Armarolli Anna Girello

DIRECTORS' REPORT

Dear Shareholders,

In compliance with the provisions of article 2428 of the Civil Code, we present the balance sheet and financial position of the Parent Company of EI Towers Group and the operational performance for the year 2011.

BUSINESS PROFILE

During 2011, as in previous years, the Company mainly carried out services in the favor of the companies of the Group.

Services consist of activities of management, organisation, strategic co-ordination, finance and treasury, investor relations, corporate affairs, human resources, legal affairs, IT services, administration and accounting, management control and M&A.

The past year has been characterized by the industrial integration of the assets respectively owned by Mediaset Group and by DMT Group in the electronic communications network infrastructure, through a merger by incorporation into the Company of EI Towers S.p.A., a newly established company wholly owned by Elettronica Industriale S.p.A. (which, in turn, is indirectly wholly owned by Mediaset S.p.A.). Effective June 30, 2011, Elettronica Industriale S.p.A. contributed to EI Towers S.p.A. the business unit relating to the planning, creating and managing of electronic communications networks and to the providing of related services..

As a consequence of the merger, effective January 1, 2012, the Company has been renamed EI Towers S.p.A. and, consequently, the DMT Group has become EI Towers Group.

The transaction has created a leader in Italy in the business of electronic communications network infrastructure and related services and is designed to create key synergies between the respective businesses, aimed to increase value for all shareholders.

The main steps of the transaction can be summarized as follows:

- On March 30, 2011 the Company and Elettronica Industriale S.p.A. jointly communicated the beginning of an exclusive negotiation for the definition of an integration project of the assets respectively owned in the business of broadcasting and wireless towers.

- On July 28, 2011, at the end of the due diligence and of the negotiation of the merger agreement, the board of directors approved the merger project with a related report illustrating the merger and determined the exchange ratio, on which, on September 13, 2011 the expert appointed by the Court issued a fairness opinion as provided by current regulations on the matter.

- On September 29, 2011 the Company made available to the public an information document issued according to the current Issuers' Regulations in order to give to the shareholders and to the market a comprehensive and detailed information on the merger.

- On October 6, 2011 the subsidiary Towertel S.p.A. signed with Banca IMI S.p.A., as loan agent, an amendment on syndicated financing agreements, in which financing banks waived the right to declare the aforesaid Towertel S.p.A. breaching the term, to rescind anticipately or to terminate the financing contracts, and any other right or remedy provided as a consequence of the merger and the consequent change of control of the Company.

- On October 13, 2011, following the agreements reached within the extraordinary transaction with the Mediaset Group, the Company transferred to a third party, its total interests held, directly or indirectly, in the following companies: Tower Service S.p.A. in liquidation, DMT System S.p.A. in liquidation, Asteroide S.r.l., DMT Service S.r.l. in liquidation, DMT Limited and DMT USA, Inc. These companies were accounted as discontinued operations according to international accounting standards (IFRS 5).

- On October 14, 2011 the extraordinary shareholders' meeting approved the merger and the related capital increase.

- On December 14, 2011, at the end of the procedure started on October 5, 2011, and consulting the Authority for Communications, the Antitrust Authority decided to authorize the merger prescribing some measures provided for by the same provision.

- On December 30, 2011 an information document has been made available to the public resuming and integrating the one already published; on the same day a merger act has been underwritten with legal effects starting from the latest registration in the Registry of Companies according to current regulations. The transactions of the merged company are recorded on the financial statement of the merging company effective on the first day of the fiscal year in which the merger takes effect; on the same date the merger shall become effective for tax purposes. As described in the paragraph "Subsequent events at December 31, 2011 and business outlook" the latest registration occurred on January 2, 2012, therefore the merger is effective from January 1, 2012.

Group Results

The reclassified consolidated results of 2011 and of the previous year are summarised in the table below.

CONDENSED CONSOLIDATED INCOME STATEMENT [1]

Euro in thousands	2011		2010	
Revenues from sales of goods and services	58,461	100.0%	58,822	100.0%
Other income and revenues	3,150		1,108	
Operating costs	(33,540)		(31,878)	
EBITDA, excluding non-recurring economic items	28,071	48.0%	28,052	47.7%
Non-recurring economic items	(8,914)		(1,396)	
EBITDA	19,157	32.8%	26,656	45.3%
Amortisation, depreciation, write-downs and provisions	(15,320)		(13,126)	
EBIT	3,837	6.6%	13,530	23.0%
Net financial charges	(4,918)		(5,606)	
Non-recurring net financial charges	(700)		-	
EBT	(1,781)	-2.8%	7,924	13.5%
Income taxes	(1,079)		(3,724)	
Net income from continuing operations	(2,860)	-4.9%	4,200	7.1%
Net income from discontinued operations	(8,646)		(5,902)	
Net income for the period	(11,506)		(1,702)	

In 2011 operating revenues related to continuing operations amounted to Euro 58,461 thousand, with a decrease of 0.6% (Euro 361 thousand) if compared to 2010 (Euro 58,822 thousand) as a consequence of variance already described.

Other income and revenues were at Euro 3,150 thousand (Euro 1,108 thousand in 2010) related for Euro 1,171 thousand to the capital gain from the sale of a building, where a branch office of Towertel S.p.A. was located and for the remaining part to extraordinary income and service chargeback to third parties.

The organic growth of the core revenues on the like-for-like portfolio of towers managed at December 31, 2010 was about 1%.

Consolidated EBITDA for 2011 before non-recurring costs amounted to Euro 28,071 thousand, equal to 48% of revenues, in line with the previous year despite a higher incidence of structure costs of the parent company, which in 2010 were partially recharged (Euro 2,710 thousand) to the Technology Business Unit. In addition, Euro 739 thousand related to the stock-based compensation plan described in the Explanatory Notes (Euro 70 thousand in 2010) have been recorded as operating costs.

Non-recurring economic items, equal to Euro 8,914 thousand, refer to costs connected to the business combination already described (Euro 7,961 thousand), costs related to the acceleration of the stock grant plan as a consequence of the change of control of EI Towers S.p.A. within the same transaction (Euro 868 thousand) and for the remaining part (Euro 85 thousand) to lay-off incentives for employees. In the

[1] In order to have a comprehensive definition of alternative performance indicators, see the definitions contained in the paragraph "Alternative Performance Indicators" of this document.

previous year non-recurring costs (Euro 1,396 thousand) were exclusively related to lay-off incentives for employees.

EBITDA for the year net of non-recurring costs was Euro 19,157 thousand compared to Euro 26,656 thousand in the previous year.

Total depreciation and amortisation charged to income statement in 2011 amounted to Euro 10,303 thousand (Euro 9,667 thousand in 2010), while provisions and write-downs amounted to Euro 5,017 thousand (Euro 3,459 thousand in the previous year) largely related to receivables of uncertain collection.

EBIT net of non-recurring charges was Euro 3,837 thousand (Euro 13,530 thousand in 2010).

Net financial charges totalled Euro 5,618 thousand, in line with the previous year (Euro 5,606 thousand) despite the parent company EI Towers S.p.A. took over in the period the debt previously referring to Technology business unit and accounted in discontinued operation, which caused higher financial charges for Euro 256 thousand; in addition, a it has been accounted a non-recurring financial charge for Euro 700 thousand related to the renegotiation of financing agreements of Towertel S.p.A. within the business combination already described..

Pre-tax result from continuing operations was negative for Euro 1,781 thousand (profit of Euro 7,924 thousand in 2010) while net loss, after recording income taxes for Euro 1,079 thousand (Euro 3,724 thousand in the previous year) amounts to Euro 2,860 thousand, compared to a net profit of Euro 4,200 thousand in 2010.

Net result of discontinued operations was negative for Euro 8,646 thousand, compared to the net loss of Euro 5,902 thousand accounted in 2010; the loss is due to the write-off of deferred tax assets previously recognized in the financial statement (Euro 3.2 million), which would have been recovered only if the companies of the Technology business unit remained within the perimeter of the group and to the write-down of other assets considering the values of the disposal of the companies of the business unit occurred on October 13, 2011, within the extraordinary transaction with the Mediaset Group.

Application of International Accounting Standards

The statements presented below and commented upon in the Directors' Report were prepared based on the financial statements for the year ended December 31, 2011 to which reference should be made.

In compliance with European Regulation No. 1606 of July 19, 2002, from 2005 the Group has adopted the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") in the preparation of the financial statements, in compliance with art. 9 of the Law no.38/2005.

Financial Results of EI Towers S.p.A.

The results of the Company relevant to 2011 and 2010 are summarised in the table below.

CONDENSED INCOME STATEMENT[2]

Euro in thousand	2011		2010	
Revenues from sales of goods and services	1,324	100%	8,069	100%
Other income and revenues	770		575	
Operating costs	(13,720)		(7,131)	
Non-recurring operating costs	(8,829)		(915)	
EBITDA	(20,455)	n.s.	598	7.4%
Amortisation, depreciation, write-downs and provisions	(527)		(2,413)	
EBIT	(20,982)	n.s.	(1,814)	-22.5%
Financial income (charges), net	(236)		91	
Adjustment in equity interest value	-		(6.141)	
EBT	(21,218)		(7,864)	
Income taxes	3,926		(263)	
Net income	(17,292)		(8,127)	

The table below shows the breakdown of revenues by activity and other revenues and income.

Euro in thousand	2011	2010
Revenues from services	1,324	8,069
Sales	-	-
Total revenues	1,324	8,069

Euro in thousand	2011	2010
Damage compensation	1	-
Gain on disposal of fixed assets	-	2
Other income	769	573
Total other income and revenues	770	575

[2] In order to have a comprehensive definition of alternative performance indicators, see the definitions contained in the paragraph "Alternative Performance Indicators" of this document.

The loss for the period of Euro 17.3 million is mainly due to the total fees incurred for the merger previously described (Euro 8.8 million), of which Euro 7.9 million related to financial and legal advisors which assisted the Company in the negotiation with the Mediaset Group and in the preparation of the documents related to the transaction, including information documents published on September 28, and December 30, 2011, fairness opinions regarding the exchange ratio etc…

The result was also affected by the accounting of the whole cost of the stock grant plan (Euro 1.6 million), of which Euro 0.9 million as a consequence of the change of control of the Company and therefore related to the merger, and charges for Euro 6.5 million as a consequence of the disposal of the companies related to the Technology business unit within the described business combination.

During the year provisions for Euro 318 thousand have been carried out to cover uncollectable receivables.

Financial charges refer to the bank facilities used to reimburse financial debt of the companies of Technology business unit before the disposal.

Revenues are referred to services to Towertel S.p.A.; other income and revenues mostly relate to services carried out by the assignee company of the business unit of DMT System S.p.A. in liquidation.

Reclassified statement of financial position of EI Towers S.p.A.

The reclassified statement of financial position as of December 31, 2011 and December 31, 2010, is summarised in the table below:

RECLASSIFIED STATEMENT OF FINANCIAL POSITION

Euro in thousands	Dec.31, 2011		Dec.31, 2010	
Net working capital	7,846	14.4%	22,855	43.8%
Non-current assets	*47,868*		*46.276*	
Employment termination indemnity, provision for risks and charges, non-current liabilities	*(1,282)*		*(16,955)*	
Non-current capital	46,586	85.6%	29,321	56.2%
Net invested capital	54,430	100.0%	52,176	100.0%
Net financial position: (liquidity) / debt	17,209	31.6%	(719)	-1.3%
Shareholders' equity	37,221	68.4%	52,895	101.3%
Financial position and shareholders' equity	54,430	100.0%	52,176	100.0%

The reduction in net working capital is due to the write-off of receivables towards the companies of Technology business unit, with as counterpart the use of the provision for risks and charges, before their disposal.

Non-current assets are basically represented by total interests held in Towertel S.p.A and by receivables included in the fixed asset towards the same company.

Net financial position includes a short-term bank liability used to reimburse the debt of the Technology business unit.

Reconciliation of the Net Result and Net Equity of the Parent Company EI Towers S.p.A. and of the Group

The reconciliation of the shareholders' equity and net profit of the Parent Company and of the Group as per Consob Communication No. 6064293 of July 28, 2006 is shown below.

Euro in thousands	Net equity at Dec. 31, 2011	Net profit 2011
Financial Statements of EI Towers S.p.A.	37,221	(17,292)
Elimination of the adjustments of the value of the investments	4,625	4,625
Elimination of the values of the investments consolidated in the financial statements of EI Towers S.p.A.	(42,005)	-
Contribution to the Group from Subsidiaries	68,513	1,161
Group consolidated financial statements	68,354	(11,506)

Net Financial Position and Cash Flow for the Year

The net financial position at December 31, 2011 is as follows.

Euro in thousands	Dec.31, 2011	Dec.31, 2010
Cash	-	1
Other liquid assets, bank accounts	317	718
Securities	-	-
Cash and cash equivalents	*317*	*719*
Current financial receivables	-	-
Bank liabilities – current portion	(17,527)	-
Current portion of non-current debt		
Other current financial liabilities		
Finance lease	-	-
IRS – Interest rate swap	-	-
Current debt	-	-
Net current financial liquidity/(debt)	*(17,209)*	*719*
Bank liabilities – non-current portion	-	-
Bonds issued	-	-
Other non-current financial liabilities		
Finance lease	-	-
IRS – Interest rate swap	-	-
Non-current financial liquidity/(debt)	-	-
Net financial liquidity/(debt)	*(17,209)*	*719*

The cash flow statement is summarised below:

CASH FLOW STATEMENT *Euro in thousands*	2011	2010
Cash flow generated (absorbed) by operating activities	(19,467)	(8,732)
Cash flow generated (absorbed) by investing activities	(80)	3,226
Cash flow generated (absorbed) by financing activities	19,145	53
Net cash flow for the period	(402)	(5,453)

Transactions with Related Parties

No transactions of an extraordinary or unusual nature took place with respect to the normal business.

The transactions with companies of the Group are part of the normal activities of the holding company and principally related to services for management, organisation, strategic co-ordination, finance and treasury, investor relations, corporate affairs, human resources, legal affairs, IT services, administration and accounting, management control and management of holdings.

Inter-company transactions have been developed in accordance with related contractual relationships and related costs are charged to the subsidiary according to contract conditions defined.

The transactions with other companies of the Group in 2011 are summarised below.

Euro in thousands	Non-current receivables	Current receivables	Current payables	Revenues from services	Other income	Other charges
Towertel S.p.A.	3,300	17,178	2,523	1,320	4	62
Total	3,300	17,178	2,523	1,320	4	62

Non-current receivables from Towertel S.p.A are subordinated and postponed to bank debt according to the financing agreement and could not be reimbursed before June 30, 2014.

Current receivables vs Towertel S.p.A. mainly refer to charging of holding services and to fiscal receivables referring the intercompany group taxation. Current payables mainly refer to termination indemnity of transferred employees.

Revenues from services refer to charge of holding services offered during the year.

In compliance with the provisions of article 2391 bis of the Civil Code, introduced by Legislative Decree 310 of December 28, 2004, the Company has implemented rules that ensure transparency and correctness in the procedures in relation to related party transactions.

The following procedures are of particular note:

- definition of "related parties" in accordance with International Accounting Standard 24 – Related Party Disclosures;
- maintaining and updating of the list of related parties, on the basis of the information provided by the parties concerned, by the "Corporate Affairs" office;
- each department director and office manager informs the Chairman with specific regard to atypical and unusual operations in a timely manner on the nature of their correlation and the conditions and valuations of the operation.
- prior approval by the Board of Directors of atypical and unusual operations with related parties.

Information relating to Stock Option and Stock Grant Plans

On September 28, 2007 the Board of Directors approved the regulations of a stock option plan with the aim of providing incentives to employees, direct consultants and directors of the companies of EI Towers Group.

The plan provides for the free allotment of options not transferable to underwrite 100,000 new issued shares; each option gives the right to underwrite a new share issue.

The plan is structured in two allotments of options corresponding to 50,000 shares each, the first allotted during the meeting when the rules have been approved at a price of Euro 52.60; the second allotment took place jointly during the Board of Directors held on March 28, 2008. The strike price of the second allotment has been fixed at Euro 22.06.

On November 14, 2008, the Board of Directors decided that the assignees are no longer required, at an intermediary chosen by the Company, to be invested in company shares for an amount not inferior to the difference between the value of the shares at the allotment and the amount paid (without selling or giving the shares optioned in excess as collateral) for a period not shorter than five years after the exercise of the options (the "Lock up period").

During the year all residual options have been canceled as a consequence of the abandonment of the beneficiary or non-exercise within expected terms.

As provided by the resolution dated November 30, 2010, on December 20, 2010 the Board of Directors approved the regulations of a stock grant plan covering three years (2011-2012-2013) granting 110,000 own shares (of which 30% after the end of year 2011, 30% after the end of year 2012 and the remaining 40% after the end of year 2013) if the targets of the plan are respected.

The options were measured at fair value on the basis of the Black and Scholes model applying the following criteria:

Criteria of the measurement model for options	First allotment	Second allotment	Third allotment
Stock option plan 2011-2013			
Strike price of the option (in Euro)	0	0	0
Life of the options (years)	1.6	2.6	3.6
Current price of the underlying share at the allotment date (in Euro)	14.3	14.3	14.3
Volatility of the share price	17%	17%	17%
Risk free rate	1.75%	2.00%	2.50%

Following the business combination described in Directors' Report and the consequent change of control of the Company, according to what provided by the regulations, beneficiaries have acquired the right to receive the stocks. Therefore, in the income statement of the year, in the item "personnel costs", total cost deriving from existing stock-based compensation plans equal to Euro 1,607 thousand (Euro 70 thousand in 2010) has been recognized.

Investments held by Directors, Statutory Auditors and General Directors

At December 31, 2011 directors held, directly or indirectly, 4,057,065 shares of the Company and the statutory auditors held at the same date 830 shares of the Company.

Other Information

The Company doesn't carry out research and development activities, either directly or through its subsidiaries.

The Company and its subsidiaries joined the consolidated fiscal declaration in compliance with the Italian limited company and commercial entities fiscal regime as provided for by TUIR (art. 117 – 128). IRES debts and credits are transferred at the face value to the parent company.

Corporate Governance Report and Ownership Structure Report

According to art.123-bis of the Law 58/1998 and further amendments and changes, as at December 31, 2010:

- the share capital was Euro 1,130,477.50 and composed of No. 11,304,775 common shares at a face value of Euro 0.10 each; no shares different from common shares have been issued.

- No restrictions for the transfer of stocks exist.

- With reference to the significant equity interests, please refer to the Group Corporate Governance Report.

- The Company did not issue stocks with special control rights.

- An incentive stocks participation program with a mechanism for the exercise of the rights to vote does not exist.

- No restrictions related to the terms imposed for the exercise of the rights to vote or financial rights related to stocks, segregated by the ownership of the stocks themselves, exist.

- The Issuer does not know about the existence of relevant agreements, in compliance with art. 122 of TUF, including shares of the Company.

- Pool financing contracts signed by the subsidiary Towertel S.p.A. provide for the right of banks to declare that the borrower lost the benefit of the term and/or withdraw from contracts in case of change of control of the Company.

- Agreements between the Company and its directors, including indemnity in case of resignation or wrongful dismissal/appointment or in case of severance as a consequence of a takeover have not been signed.

- With reference to the procedure required to appoint or substitute the directors, nevertheless to change the Articles of Association, please refer to the contents of the Corporate Governance Report of the Group; the same reference for the power given in compliance with art 2443 C.C. to rule capital increases and the authorization to repurchase own shares.

- The Company implemented a code of conduct with reference to the corporate governance sponsored by Borsa Italiana S.p.A. (Corporate Governance Code 2006) adapting its own corporate governance practices to the content of the Code of Conduct 2006. Yearly the Company issues a specific report, published on the website www.dmtonline.com.

- The main characteristics of the existing risk management and the internal auditing system, the operational mechanism for the General Meeting, its own major powers, the rights of shareholders and the terms for their exercise, nevertheless the composition and operation of the Boards of Directors and Auditors and their committees are mentioned in the Corporate Governance report of the Group.

Alternative Performance Indicators

In the current document, in addition to the conventional schemes and financial indicators as required by IFRS, some reclassified schemes and some alternative indicators of performance are presented, with the aim to allow a better valuation of the economic – financial trend of the Group.

These schemes and indicators shall not be considered substitutive of the conventional ones required by IFRS.

In particular, between the alternative indicators used for the profit and loss description, shall be mentioned:

- EBITDA: corresponds to the operating results including costs of non-monetary nature related to depreciation, amortisation, provision and write-downs. The function of this indicator is to present the operating result situation before the main non-operating items.

- EBITDA excluding non-recurring economic items: corresponds to EBITDA as described above excluding costs related to the extraordinary business combination previously described and considered non-recurring.

- EBIT: corresponds to the operating results.

Among the alternative performance indicators, used to comment the balance sheet, shall be mentioned:

- Net working capital: calculated as sum of the following items included in the scheme of the consolidated Statement of Financial Position:
  - Inventory
  - Trade receivables and payables
  - Other receivables and payables – current
  - Income tax assets and liabilities

- Non-current assets: calculated as sum of the following items included in the scheme of the consolidated Statement of Financial Position:
  - Goodwill
  - Intangible fixed assets
  - Property, plant and equipment
  - Other non-current assets
  - Deferred tax assets

- Non-current capital: includes the sum of non-current assets and employment termination indemnity, provision for risks and charges and non-current liabilities.

- Net invested capital: calculated as the sum of the net working capital and non-current assets.

- Net financial position: calculated as the sum of the followings items:
  - Cash and cash equivalents
  - Current financial assets
  - Non-current assets
  - Current financial liabilities
  - Non-current liabilities

Risks and Uncertainties

With respect to the activity carried out by the Company concerning the management of equity interests in Towertel S.p.A., please refer to the corresponding paragraph of the consolidated Directors' Report, specifying that such risks and uncertainties shall be considered in relation with the activity of management of equity interests and therefore referred to the determination of possible impairment of equity interests.

Policy document on privacy

According to the Legislative Decree dated June 30, 2003 No. 196 (ann. B, rule 26), EI Towers S.p.A. and the companies part of the Group have prepared the policy document on privacy and security (DPS) according to the minimum safety measures required by regulations on the matter.

Subsequent Events and Business Outlook

The business combination between the Tower business previously held by Mediaset Group and by EI Towers Group (formerly DMT Group) was completed on January 2, 2012.

Accounting and fiscal effects of the merger start from January 1, 2012, therefore from that date the Company is part of the Mediaset Group.

Bank liabilities as of December 31, 2011, equal to Euro 17.5 million, have been fully repaid in January 2012. As of today, the Company has no bank liabilities.

Following the merger, the perimeter of activities of the Company increased considerably; as of today, the main expected economic and financial data are in line with those presented to the market and resumed in the information documents published on September 29 and December 30, 2011.

Allocation of the Result for the Year

The Shareholders’ Meeting will be proposed to approve the annual accounts and the Directors’ Report as presented.

A proposal will be made for the allocation of the result for the year as follows:

	Euro in units
Net Loss as at December 31 2011	(17,291,540)
Loss carried forward	(17,291,540)

We thank you for the trust accorded to us.

Guido Barbieri, CEO

EI TOWERS S.p.A.
(formerly DMT S.p.A.)

FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2011

STATEMENT OF FINANCIAL POSITION

in Euro		Notes	December 31, 2011	December 31, 2010
Non-current assets:				
Intangible fixed assets				
- intangible fixed assets		4	38,500	41,192
Tangible fixed assets				
- property, plant and equipment		5	465,309	583,445
Equity investments		6	42,005,371	42,005,439
Receivables from subsidiaries		8	3,300,150	3,300,151
Other non-current assets		9	111,872	119,683
Deferred tax assets		10	1,946,839	226,099
Total non-current assets	(A)		47,868,041	46,276,009
Current assets:				
Trade receivables		11	206,451	120,511
Receivables from subsidiaries		12	17,178,443	39,027,873
Other receivables and current assets		13	1,479,045	1,604,859
Tax receivables		14	1,530,360	-
Other current financial assets			-	-
Cash and cash equivalents		15	317,305	718,697
Total current assets	(B)		20,711,604	41,471,940
Discontinued assets	(C)		-	-
Total assets	(A+B+C)		68,579,645	87,747,949
Shareholders' equity:				
Share capital		16	1,130,478	1,130,478
Reserves		16	36,090,649	51,764,580
Total shareholders'equity	(A)		37,221,127	52,895,058
Non-current liabilities:				
Non-current financial liabilities			-	-
Employee indemnity fund		18	146,270	157,096
Deferred tax liabilities		10	5,263	4,256
Risks and charges liabilities		19	1,130,884	16,793,540
Other payables and non-current liabilities			-	-
Total non-current liabilities	(B)		1,282,417	16,954,892
Current liabilities:				
Current financial liabilities		20	17,526,803	-
Trade payables		21	8,616,875	575,843
Payables to subsidiaries		22	2,522,590	15,457,995
Other payables and current liabilities		23	801,269	816,729
Income tax liabilities		24	608,564	1,047,432
Total current liabilities	(C)		30,076,101	17,897,999
Discontinued liabilities	(D)		-	-
Total liabilities	(E=B+C+D)		31,358,518	34,852,891
Total Shareholders' equity and liabilities	(A+E)		68,579,645	87,747,949

STATEMENT OF INCOME

in Euro	**Notes**	**2011**		**2010**
Revenues from sales and services vs subsidiaries	25	1,324,253		8,069,419
Revenues from sales and services vs affiliates		-		-
Other income and revenues	26	770,020		575,497
Operating costs:	27			
Purchases		(44,424)		(38,324)
Services		(12,173,683)		(4,421,158)
of which non-recurring		*(7,961,098)*		-
Rent, lease and similar costs		(423,454)		(794,468)
Personnel costs		(2,706,317)		(2,352,555)
of which non-recurring		*(868,579)*		*(915,955)*
Other charges		(7,201,563)		(439,598)
Amortisation and depreciation		(208,531)		(716,315)
Provisions and write-downs	28	(318,617)		(1,696,804)
Total operating costs		*(23,076,589)*		*(10,459,222)*
Operating income		*(20,982,316)*		*(1,814,306)*
Financial income	29	20,600		99,138
Financial charges	29	(255,965)		(7,887)
Adjustments to the value of investments		-		(6,140,601)
Pre-tax result from continuing operations		*(21,217,681)*		*(7,863,656)*
Income taxes	30	3,926,141		(263,257)
Net income (loss) from continuing operations		*(17,291,540)*		*(8,126,913)*
Net income (loss) deriving from discontinued operations		-		-
Net income (loss) for the period		*(17,291,540)*		*(8,126,913)*

In accordance with Consob Resolution No. 15519 of July 28, 2006, the effects of transactions with related parties on the balance sheet and income statement of DMT S.p.A. are shown in Note 31, Transactions with related parties.

STATEMENT OF COMPREHENSIVE INCOME

In Euro	2011	2010
Net profit for the period	(17,291,540)	(8,126,913)
Discounting of provision for employees' leaving indemnity	10,559	(1,761)
Other comprehensive income (loss)	10,559	(1,761)
Comprehensive income for the period	**(17,280,981)**	**(8,128,674)**

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Euro in thousands	Share capital	Share prem. reserve	Legal reserve	Other reserves					Net Income (loss) for the period	Total capital and reserves
				Extra. reserve	Act. val. leaving indemn.	Capital incr. reserve	Stock option reserve	Own shares reserve		
Balance at Dec. 31, 2009	1,130	96,847	288	42	22	-	491	(5,091)	(32,776)	60,954
Allocation of net income	-	(32,776)			-	-	-	-	32,776	-
Net income for the period	-	-	-	-	-	-	-	-	-	(8,127)
Other total income (loss)	-	-	-	-	(2)	-	-	-	-	(2)
Total net income for the period	-	-	-	-	(2)	-	-	-	-	(8,129)
Allotment of stock options	-	-	-	-	-	-	70	-	-	70
Balance at Dec. 31, 2010	1,130	64,071	288	42	20	-	561	(5,091)	(8,127)	52,895
Allocation of net income		(8,127)	-	-	-	-	-	-	8,127	-
Net income for the period	-	-	-	-	-	-	-	-	-	(17,292)
Other total income (loss)		-	-	11	-	-	-	-	-	11
Total net income for the period	-	-	-	11	-	-	-	-	-	(17,281)
Stock options	-	-	-	-	-	-	1,607	-	-	1,607
Balance at Dec. 31, 2011	1,130	55,944	288	42	20	-	2,168	(5,091)	-	37,221

CASH FLOW STATEMENT

Euro in thousands	**2011**	**2010**
Cash flow from operating activities:		
Net income (loss) for the period	(17,292)	(8,127)
Adjustments:		
Amortisation and depreciation	208	715
Provisions and write-downs	317	7,835
Net change in deferred tax assets and liabilities	(1,720)	(2)
Changes in current assets and liabilities:		
Trade receivables	(134)	(81)
Inventories	-	-
Trade payables	8,041	(167)
Receivables and payables of subsidiaries	8,915	(13,487)
Other current assets and liabilities	(159)	(656)
Tax payables and receivables	(1,969)	5,193
Change in employee indemnity fund	(11)	(165)
Changes in provision for risks and charges	(15,663)	210
Cash flow generated (absorbed) from operating activities	*(19,467)*	*(8,732)*
Cash flow from investing activities:		
Investments in tangible fixed assets	(45)	2,204
Investments in intangible fixed assets	(43)	(31)
Investments in: - equity investments	-	233
- receivables from subsidiaries	-	830
Investments in other non-current assets	8	(10)
Net change in other non-current debt and liabilities	-	-
Cash flow generated (absorbed) from investing activities	*(80)*	*3,226*
Cash flow from financing activities:		
Net change in short-term financial liabilities	17,527	(15)
Net change in medium/long term financial liabilities	-	
Share buy-back	-	-
Capital increase	-	-
Other changes	1,618	68
Cash flow generated (absorbed) from financing activities	*19,145*	*53*
Cash flow from discontinued/discontinued operations	-	-
Net cash flow for the period	(402)	(5,453)
Cash at the beginning of the year	719	6.172
Total cash flow for the period	(402)	(5,453)
Cash at the end of the period	317	719
Cash at the end of the period:		
Cash	-	2
Bank deposits	317	717
	317	719

NOTES TO THE FINANCIAL STATEMENTS

Note 1. General information

EI Towers S.p.A. (formerly DMT S.p.A.) is the parent company of EI Towers Group.

EI Towers S.p.A., a company registered in Italy as “Società per Azioni”, has its legal headquarter based in Lissone (Monza and Brianza), via Zanella 21.

The Group operates in the broadcast and wireless communication infrastructure sector providing integrated hosting activities for television and telephone operators.

The Company principally undertakes the activities of management, organisation, strategic co-ordination, finance and treasury, investor relator, corporate affairs, human resources, legal affairs, IT services, administration and accounting systems, management control and *M&A* on behalf of Group companies.

EI Towers is listed on the Italian Stock Exchange, in the FTSE Italia Star index.

The publication of the present consolidated financial statements was approved by a Board resolution on March 16, 2012.

Note 2. Form, contents and accounting principles

The financial statements for the year 2011 represent the individual financial statements of the Parent Company EI Towers S.p.A. and were prepared in accordance with IFRS issued by the International Accounting Standards Board (“IASB) and approved by the European Union and with article 9 of the Law 38/2005.

IFRS include all the revised international accounting standards (IAS) and all the interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”) - previously known as the Standing Interpretations Committee (“SIC”) and the regulations related to article 9 of the Law 38/2005.

The financial statements were prepared on the basis of the historical cost criteria, adjusted for the revaluation of some financial instruments.

Note 3. Accounting principles and valuation criteria

‣ PRESENTATION OF THE FINANCIAL STATEMENTS

The financial statements are prepared as follows:

- the statement of financial position reports the current and non-current assets and the current and non-current liabilities separately; an asset (liability) is classified as current when:
    - it is expected it is realized (settled) within the 12 months following the end of the year, or
    - it is held for sale, or
    - it is bound to be realized (settled) in the ordinary course of the business;

- the income statement is presented based on the nature of income and cost items, showing the operating result and pre-tax result;

- the comprehensive income statement includes profit and loss directly charged to the shareholders' equity;

- the cash flow statement is presented according to the indirect method, which shows cash flows from operating activities, investing activities and financial activities, with separate statement of flows related to discontinued operations.

Accounting principles

OTHER INTANGIBLE ASSETS

Intangible assets are accountedat purchase cost, increased for any accessory charges and those direct costs necessary for their utilisation, and net of amortisation, calculated on a straight line basis over the estimated useful life of the assets, and of the losses for permanent impairment in value.

The useful life generally attributed to various categories of intangible assets is as follows:

- industrial patents and intellectual property rights	period of legal protection, not above 4 years
- software	duration of the license, not above 3 years

Amortisation begins when the asset is available for use or when it is in the position and condition necessary for it to operate in the manner intended by the company's management.

The book value of intangible fixed assets is subject to test of any loss in value when events or changes occur indicating that the carrying value can no longer be recovered.

If there is an indication of this type and in the case where the carrying value exceeds the realisable value, the assets must be written down to their realisable value.

When an intangible asset is characterised by an indefinite useful life, it is not amortised, but periodically subject to an analysis in order to evaluate any impairment loss.

TANGIBLE ASSETS

Tangible assets are recorded at historical cost, including direct accessory charges, and are recorded net of the relative accumulated depreciation and any impairment loss.

Ordinary maintenance costs are charged to the income statement in full.

Depreciation, that begins when the asset is available for use, is calculated on a straight line basis over the estimated useful life of the asset and taking into consideration its residual value.

The useful life generally attributed to the various asset categories is as follows:

- sundry equipment, plant and electronic instruments	4 years
- furniture and fittings	8 years
- EDP	5 years
- internal transport vehicles	5 years
- motor vehicles	4 years

The residual value of the asset, the useful life and the methods applied are reviewed on an annual basis and adjusted if necessary at the end of each year.

Leasehold improvements are depreciated over the lower of the residual duration of the rental contract, including any renewal period at the discretion of the lessor, and the useful life of the improvements.

The book value of tangible fixed assets is subject to test of any loss in value when events or changes occur indicating that the carrying value can no longer be recovered.

If there is an indication of this type and in the case where the carrying value exceeds the realisable value, the assets or the cash-generating units must be written down to their realisable value.

Profit and loss from disposal or disinvestment of assets, determined as difference between sale revenue and net book value of the fixed asset, are charged to profit and loss account.

FINANCIAL ASSETS

The financial assets are initially recognised at cost – increased for any purchase accessory charges – that represents the fair value of the amount paid.

After initial recognition, the financial assets are measured in relation to their use:

- financial assets held for trading are measured at fair value with recognition to the income statement of the relative gains or losses;
- financial assets held to maturity are measured at amortised cost using the effective interest rate;
- loans provided and receivables are recognised in accordance with the amortised cost criteria using the effective interest rate method. Gains and losses are recognised in the income statement when the loans and receivables are eliminated or if there is a loss in value, in addition to the amortisation process;
- financial assets available-for-sale are measured at fair value, with the recognition of gains and losses in an equity account until they are sold or when they have incurred a loss in value: in this case, the gains or losses accumulated to that moment are recognised in the income statement.

NON-FINANCIAL ASSET IMPAIRMENT LOSSES (IMPAIRMENT TEST)

At the end of each fiscal year, the Company evaluates the potential impairment loss indicators of the assets. In this situation, or in some situations where a yearly impairment test is required, the Company estimates the value.

The recoverable value is the higher between the fair value of the assets or of the cash flow generator entity, net of the costs of sales and its value in use. The recoverable value has been defined for each single asset, except for the case where this asset generates cash flows not largely independent from the ones generated by other assets or group of assets. If the book value of an asset is higher than its recoverable value, this asset generated an impairment loss and it has been depreciated at the recoverable value.

In the calculation of the value in use, the Company discounts the net present value of the estimated future cash flows applying a discount rate reflecting the market cost of borrowing and the specific asset risks. In the calculation of the fair value net of the cost of sales, a specific valuation model has been applied. These calculations have been completed applying specific valuation multiples, listed companies for the listed subsidiaries and other indicators of the fair value when available.

Impairment losses for operating activities have been reported in profit and loss under cost categories aligned with the asset destination generating the impairment loss. Except for the previous revaluated assets, when the revaluation has been recognized in the net equity. In these cases, the impairment loss has been reported in the net equity until the value is equal to the previous revaluation.

At the end of each fiscal year, the Company evaluates, referring to the assets different from goodwill, the potential cancellation (or reduction) indicators of the impairment losses previously calculated and, in case these indicators exist, estimates the recoverable value.

The value of an asset previously depreciated can be restored only if some changes in the estimates at the base of the recoverable value have been materialised subsequently to the last impairment loss. The revaluation cannot exceed the book value calculated, net of depreciation, as no impairment loss has been recognized in the previous fiscal years. This revaluation has been reported in profit and loss except for the case where the asset has not been accounted at the revaluated value, in this case the revaluation has been treated as a revaluation increase.

EQUITY INVESTMENTS

The investments in subsidiaries, associated companies and joint ventures are measured under the cost method and periodically subject to an impairment test to assess whether any loss in value exists. This test is made annually, or whenever there is an indication of a probable loss in the value of the investments.

The investments in other companies, consisting of non-current financial assets and not for trading activities, are measured at fair value, if this may be determined, and the gains and losses deriving from the changes in the fair value are directly recorded in equity until they are sold or have incurred a loss in value; at that moment, the total gains or losses previously recorded in equity are recorded in the income statement of the period.

The investments in other minor companies where the fair value is not available are recorded at cost less any write-down in value.

Dividends received are recognised in the income statement, when the right to receive the payment is established, only if deriving from the distribution of profits after the acquisition of the investment. Where the dividends derive from the distribution of reserves prior to the acquisition, these dividends are recorded as a reduction in the cost of the investment.

NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

Non-current assets and discontinued operations are classified as held for sale if their carrying amount will be recovered mainly throughout a sale transaction rather than throughout continuing use, according to IFRS 5.

For an asset (or discontinued operation) to be classified as held for sale its sale must be highly probable and the assets must be available for immediate sale in their present condition.

To this extent the appropriate level of management must be committed to a plan to sell the asset (or discontinued operation) and they must identify a plan to locate a buyer and complete the plan initiated.

Assets held for sale and discontinued operations are measured at the lower of its book value and fair value less the costs of sale.

TRADE AND OTHER RECEIVABLES

Trade receivables are recorded at nominal value and written down, in case of impairment loss, by means of a doubtful debt provision.

A provision recorded for impairment loss is recognised when an objective opinion that it is not possible to collect all the amounts due on the basis of the original bill, exists.

The credits under impairment loss are written down when they cannot be fully collected.

TRADE PAYABLES

They are recorded at face value.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents are recorded at face value.

LOANS AND NON-CURRENT FINANCIAL LIABILITIES

Loans are recognised at initial cost, corresponding to the fair value of the amount received, less the accessory charges for the acquisition of the loan.

After initial recognition, loans and other non-current financial liabilities are measured at amortised cost.

TRANSLATION CRITERIA OF FOREIGN CURRENCIES

Foreign currency transactions are recognised, initially, at the exchange rate at the date of the transaction. The differences arising during the year, on receipts and payables in foreign currencies, are recognised in the income statement.

At the closing date of the fiscal year, the assets and liabilities denominated in foreign currencies are translated to the reporting currency at the exchange rate at that date, recognising any exchange differences in the income statement.

The non-monetary accounts expressed in foreign currencies are translated into the functional currency using the exchange rate at the date of the transaction - that is the original historical exchange rate.

PROVISIONS FOR RISKS AND CHARGES

Provisions for risks and charges will cover costs and debts of a determined nature or of certain or possible existence which at the end of the year are not determined in the amount and date they occurred.

These provisions are allocated for current obligations (legal or implicit) deriving from a past event, and represent the best estimate of the amount necessary to extinguish the aforesaid obligations.

EMPLOYEE BENEFITS

The employee benefits paid post-employment (post-employment benefits, included in “defined benefit” category) and the other long-term benefits (“other long-term benefits”) are subject to actuarial valuations.

The liability recognised in the financial statements is representative of the current value of the obligations of the company, less any assets serving the plans.

The Company as permitted by paragraph 93.A of IAS 19, records the actuarial gains and losses in the year in which they occur directly in shareholders’ equity not in the income statement.

SHARE-BASED PAYMENTS (“*STOCK OPTIONS*” AND “*STOCK GRANT*”)

In relation to the stock option e stock grant plans in favor of directors and employees, a fair value measurement has been realised of the options assigned at the grant date that, in accordance with IFRS 2, are considered representative of the fair value of the services received.

This fair value is recognised in the income statement as personnel cost over the vesting period and as a counterpart a special reserve in shareholders’ equity.

The effect of the dilution of options not yet exercised is reflected in the calculation of the earnings per share dilution.

LEASE

The assets acquired under finance lease contracts, through which the risks and rewards related to the ownership are substantially transferred to the Company, are recognised as tangible fixed assets with the recording of a financial debt, according to IAS 17.

The installment cost is divided between its component parts of financial charges, recognised in the income statement, and capital repayments, recorded as a reduction of the debt.

ELIMINATION OF FINANCIAL ASSETS AND LIABILITIES

Financial assets

Financial assets (or, where applicable, part of a financial asset or part of a group of similar financial assets) are eliminated from the financial statements (derecognition) according to IAS 39 when:

- the right to receive the financial flows of the asset terminate;
- the Company retains the right to receive cash flows from the assets, but has a contractual obligation to pay them fully and without delay to a third party;
- the Company has transferred the right to receive the financial flows from the asset and (a) has substantially transferred all the risks and rewards of ownership of the financial asset, or (b) has not substantially transferred all the risks and rewards of the asset, but has transferred the control.

In the case in which the Company has transferred all the rights to receive the financial flows of an asset and has not substantially transferred or withheld all the risks and rewards or has not lost control, the asset is recorded in the financial statements of the Company up to the amount of its residual holding in the asset. Residual involvement that takes the form of a guarantee on the transferred asset is valued at the asset’s initial book value or the maximum consideration that the Company could be required to pay, whichever is less.

Financial liabilities

A financial liability is eliminated from the financial statements when the underlying liability is settled or cancelled.

If an existing financial liability is replaced by another by the same lender but under substantially different conditions, or if the conditions of an existing financial liability have substantially changed, such a swap or change is treated as an elimination of the original liability and the opening of a new liability, with any differences in accounting values recorded in the income statement.

REVENUES AND INCOME

Company revenues basically consist of charges of services in favor of subsidiaries.

Other income and revenues from services are recognised when the real transfer of significant risks and benefits deriving from the disposal of the asset or the execution of the service occurs.

They are recognised at the fair value of the amounts received or due.

In case considerable extensions are granted to clients without interest expiry, the amount collected will be discounted; the difference between the present value and the amount collected is an accrued financial income.

The revenues from services are recognised based on the advancement of the service.

Income of a financial nature is recognised based on the accruals basis.

FINANCIAL CHARGES

Financial charges are recognised on an accrual basis using the effective interest method.

PURCHASE COST OF GOODS AND PROVISION OF SERVICES

They are recognised in the income statement in accordance with the accrual principle.

INCOME TAXES (CURRENT, DEFERRED)

Current income taxes are calculated based on a realistic estimate of the fiscal charge with reference to the legislation currently in force in each country.

Deferred tax assets are determined applying the liability method on the temporary differences between the book value of assets and liabilities and their corresponding value for tax purposes.

The deferred tax liabilities are recorded against all temporary taxable differences, with the exception of:

- when deferred taxes derive from initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, has no effects on the year’s profit calculated for purposes of the financial statements or on profit or loss calculated for tax purposes;
- with reference to temporary taxable differences related to investments in subsidiaries, associated companies and joint ventures, where the temporary differences can be controlled and it is probable that they will not materialise in the foreseeable future.

Deferred tax assets are recorded against all temporary deductible differences and for the fiscal assets and liabilities carried forward, within the limit of the possible existence of adequate future fiscal profits which will result in the utilisation of the temporary deductible differences and of the fiscal assets and liabilities carried forward, except:

- when the deferred tax assets relate to the temporary differences deriving from the initial recognition of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, has no effects on the year's profit calculated for the purposes of the financial statements or on profit or loss calculated for tax purposes;
- with reference to temporary taxable differences related to investments in subsidiaries, associated companies and joint ventures, the deferred tax assets are recognised only when it is possible that the temporary deductible differences will reverse in the immediate future and that there will be adequate fiscal profits against which the temporary differences can be utilised.

The value of deferred tax assets recorded in the financial statements is reviewed at the close of each year and reduced to the extent it is unlikely that sufficient tax profits will be available in the future, so that the asset may be used.

Deferred tax assets not recognised are reviewed annually at the financial statement date and are recorded within the limits in which it is probable that the fiscal profits will be sufficient to permit these deferred tax assets to be recovered.

Deferred tax assets and liabilities are calculated on the basis of the tax rates expected to be applied in the year in which the assets are realised or the amounts are paid, considering the rates in effect and those already issued or substantially issued as at the closing date of the financial statements.

Income taxes for items recorded directly in equity are charged directly to net equity and not to the income statement.

Deferred tax assets and liabilities are compensated if there is a legal right to compensate assets for current taxes with liabilities for current taxes and the deferred taxes refer to the same tax entity and the same tax authority.

Significant non-recurring events and operations

In accordance with Consob Communication No. 6064293 dated July 28, 2006, the Company did not undertake any significant non-recurring operations, that is transactions or facts that don't repeat frequently in the usual execution of activities, which have had impact on the financial situation, on the economic results and on cash flows of the Company, except for the business combination described in the Directors' Report. The transaction caused higher operating costs for Euro 8,829 thousand as separately indicated in the income statement.

Atypical or unusual transactions

In accordance with the aforesaid Consob Communication, the Company did not undertake any atypical and/or unusual operations, whereby for atypical and/or unusual it is intended those operations which for size/importance, nature of the counterparties, nature of the transaction, method in determining the transfer price or time period (close to the year-end) could have given rise to doubts in relation to the correctness/completeness of the information in the financial statements, the conflict of interest, the safeguard of company assets and the defense of minority interests.

Newly Issued But Not Yet Effective Accounting Standards

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

IAS 1 Presentation of Financial Statements – Presentation of items of other comprehensive income
The amendment to IAS 1 changes the grouping of items of other comprehensive income. Items which may be reclassified (or “recycled”) in the income statement in future (e.g., at cancellation or liquidation) should be presented separately with respect to items which will not. The change concerns only the way of presentation and has no impact on the financial position of the Company and on its results. The amendment is applicable to annual periods beginning on or after July 1, 2012.

IAS 12 Deferred Tax – Recovery of underlying assets
The amendment clarifies the measurement of deferred tax on investment properties carried at fair value. The amendment introduces a rebuttable presumption that deferred tax related to investment properties measured using the fair value model according to IAS 40 should be measured on the basis of the fact that the carrying amount will be recovered through sale. In addition, it introduces the request that the calculation of deferred tax on non-amortizable assets, which are measured according to the cost model defined in IAS 16, is always measured on the basis of the asset sale. The amendment is applicable to annual periods beginning on or after January 1, 2012.

IAS 19 Employee Benefits (amendment)
IASB issued several amendments to IAS 19, from radical changes such as the elimination of the corridor approach and of the concept of expected return on plan assets, to simple clarification and terminology. The Company is now assessing the impact of other amendments. The amendments are applicable to annual periods beginning on or after January 1, 2013.

IAS 27 Consolidated and Separate Financial Statements (amended in 2011)
Following new IFRS 10 and IFRS 12, accounting in subsidiaries, jointly controlled entities and associates, in separate financial statements is all that remains of IAS 27. The amendments are applicable to annual periods beginning on or after January 1, 2013.

IAS 28 Investments in Associates (amended in 2011)
Following new IFRS 11 and IFRS 12, IAS 28 has been renamed “Investments in associates and jointly controlled entities”, and describes the use of the equity method for investments in jointly controlled entities, in addition to associates. The amendments are applicable to annual periods beginning on or after January 1, 2013.

IFRS 7 Financial Instruments: Disclosures - Transfers of financial assets
Changes require new disclosures about financial instruments, transferred but not derecognised, to enable users of financial statements to understand the relationship between transferred financial assets that are not derecognised in their entirety and the associated liabilities. In addition, changes require disclosures about continuing involvement in transferred and derecognised assets to enable users of financial statements to evaluate the nature of, and risks associated with the continuing involvement of the entity in such derecognised assets. The amendments are applicable to annual periods beginning on or after July 1, 2011. Changes relate to disclosures about financial statements and have no impact on the financial position of the Company and on its results.

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

IFRS 10 establishes a single principle of control applicable to all entities, including special purpose entities. Changes introduced by IFRS 10 require the management, compared to requirements in IAS 27, significant discretionary assessments to determine whether an entity is controlled and, therefore must be consolidated by the parent entity. This standard is applicable to annual periods beginning on or after January 1, 2013.

IFRS 11 Joint Arrangements
IFRS 11 replaces IAS 31 Interests in Joint Venture and SIC-13 Jointly Controlled Entities – Non-Monetary Contributions by Ventures.
IFRS 11 eliminates the option to account jointly controlled entities using the proportionate consolidation method. Jointly controlled entities respecting the definition of a joint venture must be accounted using the equity method. This standard is applicable to annual periods beginning on or after January 1, 2013.

IFRS 12 Disclosure of Interests in other Entities
IFRS12 includes all requirements about disclosure of information previously included in IAS 27 related to consolidated financial statements, and all requirements about disclosure of information of IAS 31 and IAS 28. This disclosure relates to the interests an entity has in subsidiaries, jointly controlled entities, associates and structured entities. In addition, new disclosure case records are expected. This standard is applicable to annual periods beginning on or after January 1, 2013.

IFRS 13 – Fair Value Measurement
IFRS 13 sets out in a single IFRS a framework for measuring fair value. IFRS 13 does not change the cases in which another IFRS requires fair value measurement, but provides the guidance on the measurement of fair value within IFRS, when the application of fair value is required or permitted. This standard is applicable to annual periods beginning on or after January 1, 2013.

Significant accounting estimates

The preparation of the financial statements and the relative notes in application of IFRS requires that management make estimates and assumptions on the values of the assets and liabilities in the financial statements and on the disclosures relating to the assets and contingent liabilities at the closing date of the fiscal year. Actual results may vary from such estimates.

To determine the fair value of acquired assets and liabilities estimates related to future cash flows are used.

In addition, the estimates are used to value the provisions for risk on receivables, inventory obsolescence, depreciation and amortisation, write-down of assets, employee benefits, income taxes, other provisions and funds. The estimates and assumptions are reviewed periodically and the effects of all variations are immediately recognised in the income statement.

In case of impairment, also assets with a defined useful life are subjected to impairment test during the preparation of financial statements.

The measurement of the estimated break-up value of credits takes into consideration possible break-up prospects, also in the light of collection actions undertaken. We believe that the measurement carried out is the best possible estimate of probability of collecting debts recorded in the financial statements at December 31, 2011.

Amendments and new accounting policies and interpretations

The accounting policies adopted are consistent with those adopted in the previous year, except for the following IFRIC standards and interpretations, new or amended, effective from January 1, 2011:

- IAS 24 – Related Party Disclosures (amended) effective from January 1, 2011;
- IAS 32 – Financial Instruments: Presentation (amended) effective from February 1, 2011;
- IFRIC 14 – Prepayments of a Minimum Funding Requirement (amended) effective from January 1, 2011;
- Improvements IFRS (May 2010)

The adoption of standards and interpretations is described below.

IAS 24 – Related Party Disclosures (amended)

The IASB issued an amendment to IAS 24 which clarifies the definition of a related party. The new definition emphasizes the symmetry in the identification of related parties and defines more clearly in which circumstances an individual or a member with strategic responsibility shall be considered related parties. In the second place, the change introduces an exemption from general disclosure requirements on related parties about transactions with the government and other subsidiaries, under joint control or under significant influence of the government or the entity itself. The adoption of these changes has no impacts on the financial position and the result of the Company.

IAS 32 – Financial Instruments: Presentation (amended)

The amendment includes a change in the definition of financial liability with respect to the classification of rights issues in a foreign currency (and of some options and warrants) as equity instruments provided that they are offered on a pro-rata basis to all existing holders of the same class of equity instruments (other than derivatives) representative of an entity's own equity or to acquire a fixed number of an entity's own equity instruments for a fixed amount of any currency. This change has no impacts on the financial position and the result of the Company, which has not this type of instruments.

IFRIC 14 – Prepayments of a Minimum Funding Requirement (amended)

The change removes an unintended consequence arising when an entity is subject to a minimum funding requirement and makes a prepayment to meet these requirements. The change allows an entity to treat advanced payments related to future minimum contributions as an asset. The Group is not subject to minimum contributions in Europe. This change has no impacts on the financial position and the result of the Group.

Improvements to IFRS

In May 2010 IASB issued a third series of improvements to the standards, to mainly eliminate insubstantialities and clarify terminology. The adoption of the following improvements involved some changes in accounting method, but had no impact on the financial position or performance of the Company.

- IFRS 3 – Business Combinations

Available options for the measurement of non-controlling interests have been changed (NCI). It is possible to measure at fair value or as a proportionate share of the acquiree's net identifiable assets only the components of non-controlling interests representing an effective interest share which guarantees to the holders a proportionate share of the company's net assets in the event of liquidation. All other components must be measured at fair value at the acquisition date.

Changes in IFRS 3 are applicable to annual periods beginning on or after July 1, 2011. However, the Company adopted them beginning on January 1, 2011 and changed its accounting policies consequently, since such changes have been issued to eliminate the consequences which can rise further to the adoption of IFRS 3.

- IFRS 7 - Financial Instruments: Additional Disclosures

The change aims at simplifying and improving disclosure through, respectively, the reduction in the volume of disclosures related to guarantees held and the requirement of higher qualitative disclosures to better contextualize the quantitative part.

- IAS 1 – Presentation of Financial Statements

The change clarifies that the analysis of each element of other comprehensive income shall be presented either in the statement of changes in equity or in the notes to the financial statements.

Other amendments to the following standards, deriving from IFRS improvements process, had no impact on accounting policies, financial position or results of the Group:

- IFRS 3 – Business combinations: contingent consideration from business combinations that occurred before the effective date of IFRS 3 (amended in 2008);
- IFRS 3 – Business combinations: share-based payments voluntarily replaced or un-replaced
- IAS 27 – Consolidated and separate financial statements
- IAS 34 – Interim financial reporting

The following interpretations and amendments had no impact on accounting policies, financial position or results of the Group:

- IFRIC 13 – Customer loyalty programmes: measuring of the fair value of award credits
- IFRIC 19 – Extinguishing Financial Liabilities with Equity Instruments.

Note 4. Intangible assets

December 31, 2011

Euro in thousands	Net value at Jan.1, 2011	Increas.	Decreas.	Reval. (write-downs)	Amort.	Net value at Dec.31, 2011
Patents, indust. rights, licenses	41	42	-	-	(45)	38
Intangible assets	41	42	-	-	(45)	38

Euro in thousands	Historical cost	Amort. fund	Net value at Jan.1, 2011	Historical cost	Amort. fund	Net value at Dec.31, 2011
Patents, indust. rights, licenses	663	(622)	41	705	(667)	38
Other intangible assets	383	(383)	-	383	(383)	-
Intangible assets	1,046	(1,005)	41	1,088	(1,049)	38

December 31, 2010

Euro in thousands	Net value at Jan.1, 2010	Increas.	Decreas.	Reval. (write-downs)	Amort.	Net value at Dec.31, 2010
Patents, indust. rights, licenses	117	32	-	-	(108)	41
Other intangible assets						
	117	32	-	-	(108)	41
Intangible assets	117	32	-	-	(108)	41

Euro in thousands	Historical cost	Amort. fund	Net value at Jan.1, 2010	Historical cost	Amort. fund	Net value at Dec.31, 2010
Patents, indust. rights, licenses	631	(514)	117	663	(622)	41
Other intangible assets	383	(383)	-	383	(383)	-
Intangible assets	1,014	(897)	117	1,046	(1,005)	41

Note 5. Property, plant and equipment

December 31, 2011

Euro in thousands	Net value at Jan.1, 2011	Increas.	Reclass.	Decreas.	Reval. (write-downs)	Amort.	Net value at Dec.31, 2011
Plant and machinery	49	11	-	-	-	(13)	47
Ind. & comm. equipment	-	6	-	-	-	(1)	5
Other assets	128	28	-	-	-	(67)	89
Leasehold improvements	406	-	-	-	-	(82)	324
Tangible assets	583	45	-	-	-	(163)	465

Euro in thousands	Historical cost	Amort. fund	Net value at Jan.1, 2011	Historical cost	Amort. fund	Net value at Dec.31, 2011
Plant and machinery	157	(108)	49	168	(121)	47
Ind. & comm. equipment	2	(2)	-	8	(3)	5
Other assets	438	(310)	128	465	(376)	89
Leasehold improvements	1,281	(875)	406	1,281	(957)	324
Tangible assets	1,878	(1,295)	583	1,922	(1,457)	465

December 31, 2010

Euro in thousands	Net value at Jan.1, 2010	Increas.	Reclass.	Decreas.	Reval. (write-downs)	Amort.	Net value at Dec.31, 2010
Plant and machinery	64					(15)	49
Ind. & comm. equipment	1					(1)	-
Other assets	239	-	-	(62)	-	(49)	128
Leasehold improvements	3,091			(2,142)	-	(543)	406
Tangible assets	3,395			(2,204)		(608)	583

Euro in thousands	Historical cost	Amort. fund	Net value at Jan.1, 2010	Historical cost	Amort. fund	Net value at Dec.31, 2010
Plant and machinery	157	(93)	64	157	(108)	49
Ind. & comm. equipment	2	(1)	1	2	(2)	-
Other assets	500	(261)	239	438	(310)	128
Leasehold improvements	9,188	(6,097)	3,091	1,281	(875)	406
Tangible assets	9,847	(6,452)	3,395	1,878	(1,295)	583

During the year 2011 no significant investments in property, plant and equipment have been carried out.

Note 6. Equity investments

Euro in thousands	Balance at Dec.31, 2011	Balance at Dec.31, 2010
Equity investments		
- subsidiary companies	42,005	42,005
- associated companies	-	-
- other companies	-	-
	42,005	42,005

Equity investments indicated refer to 100% of Towertel S.p.A. share capital.

During the year total investments held directly or indirectly in the following companies have been disposed: Tower Service S.p.A. in liquidation, DMT System S.p.A. in liquidation, Asteroide S.r.l., DMT Service S.r.l. in liquidation, DMT Limited and DMT USA, Inc.

On May 30, 2011 Dubai Airport Free Zone Authority officially announced the cancellation of the company DMT ASIA FZE, controlled 100% by the parent company. Therefore, from that date, DMT ASIA FZE is no longer a subsidiary.

The transactions described above did not impact on the value recorded in the financial statement compared to December 31, 2010 since, already in the previous year, respective carrying values had been totally written-down.

Equity investments in subsidiaries at December 31, 2011 are summarized in the table below.

Company	Headquarters	Share capital	Net Equity at Dec.31, 2011 (*) *(thousands of Euro)*	Net profit (loss) 2011 (*) *(thousands of Euro)*	% held	Net book value *(thousands of Euro)*
Towertel S.p.A.	Lissone (MB)	Euro 22,000,000	29,040	2,626	100%	42,005
Total			29,040	2,626		42,005

(*)The financial statements of Towertel S.p.A. are prepared according to the Civil Code and existing accounted standards applied in Italy.

The amount of the net equity and of the result for the year of Towertel S.p.A. are affected by the amortization of goodwill recorded in its financial statements, prepared according to the regulations of the civil code and existing accounting standards accepted in Italy, and by some credit write-off included in current assets.

Towertel S.p.A. shares are pledged to the lenders of the financing facilities.

EI Towers S.p.A. carried out successfully the impairment test on the carrying value of the equity interest at December 31, 2011, confirming carrying values of equity interests in Towertel S.p.A. Furhter details on assumptions and methods used to carry out the impairment test are described in the following Note 7 "Information related to the impairment test".

Note 7. Information related to the impairment test

For the impairment test at December 31, the recovery value of equity interests in Towertel S.p.A. has been determined on the basis of the use value with cash flow estimates for years 2012-2016 approved by the Board of Directors on July 28, 2011.

The business plan used for the impairment test is limited to the transmission sites managed at the date of the beginning of the plan; it doesn't take into consideration subsequent acquisitions and manufactures.

The main hypothesis, on which the valuation of cash flows has been carried out for the goodwill impairment test, are the following:

- the period of the plan is 5 years; the terminal value assumes a perpetual 1% growth rate over the period of the plan;
- the discount rate applied is the weighted-average cost of invested capital (WACC) of Tower BU, equal to 7.7% in 2011, net of fiscal effect.

The impairment test carried out at December 31, 2011 showed a value in use of the assets subject to the test higher than the correspondent book values related to the equity interest in Towertel S.p.A.

A sensitivity analysis of the value in use resulting from impairment test has been carried out with respect to the basic assumption changes described above; in particular, the assumed changes concerned changes to the growth rate of revenues. Sensitivity analysis confirmed the positive outcome of the impairment test.

Note 8. Receivables from subsidiaries

Euro in thousands	Balance at Dec. 31, 2011	Balance at Dec. 31, 2010
Receivables from subsidiaries	3,300	3,300

The balance at December 31, 2011 consists of receivables from Towertel S.p.A.

Note 9. Other non-current assets

The balance of the other non-current assets is as follows:

Euro in thousands	Balance at Dec. 31, 2011	Balance at Dec. 31, 2010
Guarantee deposits	112	120
Others receivables, over 12 months	-	-
Other non-current assets	112	120

Note 10. Deferred tax assets and liabilities

The balance of deferred tax assets and liabilities is shown in the table below

Euro in thousands	Balance at Dec.31, 2011	Balance at Dec.31, 2010
Intercompany group taxation	1,721	-
Deferred taxes	226	227
Deferred tax assets	1,947	227
Deferred tax liabilities	(5)	(8)
Net deferred taxes	1,942	219

The item "intercompany group taxation" contains deferred tax assets related to fiscal losses generated by the companies of the Group in the previous years. A portion of this asset equal to Euro 1,777 thousand has been used at December 31, 2011 to reduce IRES debt coming out from intercompany group taxation.

Deferred taxes have been calculated on the basis of the amounts set aside in the provision for risks and charges.

Note 11. Trade receivables

Euro in thousands	Balance at Dec.31, 2011	Balance at Dec.31, 2010
Trade receivables	206	121
Total trade receivables	206	121

Trade receivables at December 31, 2011 are shown net of provision for bad debts of Euro 96 thousand.

Note 12. Receivables from subsidiaries

Euro in thousands	Balance at Dec.31, 2011	Balance at Dec.31, 2010
Receivables from subsidiaries	17,178	39,028

The decrease compared to December 31, 2010 is a consequence of the settlement of credit and debit items towards the subsidiaries of Technology business carried out before their disposal.

Receivables from subsidiaries at December 31, 2011 refer to the subsidiary Towertel S.p.A., of which Euro 7.538 thousands as commercial intercompany related to the holding costs and Euro 9.640 thousands as financial costs.

In particular, the Company recognised on December 31, 2011 receivables from Towertel S.p.A. of Euro 6,085 thousand equal to accrued taxes of the subsidiary transferred to the parent company within intercompany group taxation.

Note 13. Other receivables and current assets

Euro in thousands	Balance at Dec.31, 2011	Balance at Dec.31, 2010
Other receivables	1,161	1,334
Prepaid and accrued income	318	271
Total	1,479	1,605

Other receivables, equal to Euro 1,161 thousand, are presented net of a provision for bad debts of Euro 430 thousand and include Euro 297 thousand related to the insurance policy underwritten with respect to pension and similar costs allocated to Directors, Euro 834 thousand related to bad debts of previous years, with a proper provision for risks of the same amount (see Note 19) and Euro 31 thousand related to other receivables.

Note 14. Income tax receivables

The balance at December 31, 2011 include VAT (IVA) tax receivables (Euro 432 thousand) an local taxation (Irap) advance payments (Euro 116).

Note 15. Cash and cash equivalents

The balance of the account is as follows:

Euro in thousands	Balance at Dec.31, 2011	Balance at Dec.31, 2010
Bank deposits	317	717
Cash	-	2
Total	317	719

The deposits are remunerated at a fixed rate or a floating rate linked to Euribor.

Note 16. Shareholders' equity

Shareholders' equity in the year and in the comparative period is described in detail in "Statement of changes in Shareholders' equity".

Share capital at December 31, 2011 consists of No.11,304,775 ordinary shares at a face value of € 0.1 each.

The shares were fully paid-in.

At December 31, 2011 the Company holds No. 172,526 own shares for a total consideration of Euro 5,091 thousand.

During the year the Company didn't acquire or sell own shares.

No dividend has been deliberated or proposed.

<u>Nature and purpose of the other reserves</u>
The nature and purpose of the other equity reserves are as follows:

- Extraordinary reserve: includes the results of previous years which have been allocated to this reserve;
- reserve for actuarial valuation of employee leaving indemnities: includes the difference between the book value of the leaving indemnity provision based on the Italian statutory valuation criteria and the actuarial value based on IAS 19;
- Reserve for future share capital increase: the account relates to the liquidity received against the exercise of stock options up to the moment of recording the share capital increase in the company's register office, in this case the reserve is classified as share capital and share premium reserve;
- Stock option reserve: the account relates to the reserve on the remuneration component of the rights options recorded in accordance with IFRS 2.
- Reserve for own shares: according to IAS 32, own shares bought back are recorded in a reserve as reduction of shareholders' equity.

The analysis of the shareholders' equity accounts as per article 2427 of the Civil Code, number 7 bis is shown below:

Description	Nature	Amount	Poss. of utilisation	Available amount	Summary of utilisations made in the three previous years	
Euro in thousands					to cover losses	for other reasons
Share capital		1,130	-	-	-	-
Share premium reserve	C	55,944	(1) (2) (3)	55,944	40,903	-
Legal reserve	U	288	(2)	-	-	-
Other reserves:						
- extraordinary reserve	U	42	(1) (2) (3)	42	-	-
- reserve for actuarial valuation of employee leaving indemnities	-	20	-	-	-	-
- reserve for increase in share capital	C	-	(1) (2)	-	-	-
- stock option reserve	-	2,168	-	-	-	-
- Reserve for own shares		(5,091)	-	(5,091)	-	-
Total		54,501		50,895	40,903	-
Non distributable quota			(a)	38		
Residual quota distributable				50,857		

Legend:
C: capital reserves
U: profit reserve
(1): for share capital increase
(2): to cover losses
(3): for distribution to shareholders

Notes:

(a) Non-distributable quota to cover intangible assets not yet amortized (intangible assets with definite lives) in accordance with ex article 2426 No.5, Euro 38 thousand.

Note 17. Share-based payments

On September 28, 2007 the Board of Directors of the Company approved a stock option plan regulations with the aim of providing incentives to employees, direct consultants and directors of the companies of the Group.

The plan provides for the free allotment of options not transferable to underwrite 100,000 new issued shares; each option gives the right to underwrite a new share issue.

The plan is structured in two allotments of options corresponding to 50,000 shares each, the first allotted during the meeting when the rules have been approved at a price of Euro 52.60; the second allotment took place jointly during the Board of Directors held on March 28, 2008. The strike price of the second allotment has been fixed at Euro 22.06.

On November 14, 2008, the Board of Directors decided that the assignees, at an intermediary chosen by the Company, are no longer required to be invested in company shares for an amount not inferior to the difference between the value of the shares at the allotment and the amount paid (without selling or giving the shares optioned in excess as collateral) for a period not shorter than five years after the exercise of the options (the "Lock up period")

During the year all residual options have been annulled as a consequence of the abandonment of the beneficiary or non-exercise within expected terms.

As provided by the resolution dated November 30, 2010, on December 20, 2011 the Board of Directors approved the regulations of a stock grant plan covering three years (2011-2012-2013) granting 110,000 own shares (of which 30% after the end of year 2011, 30% after the end of year 2012 and the remaining 40% after the end of year 2013) if the targets of the plan are respected.

Options have been measured at their "*fair value*" on the basis of the Black and Scholes model applying the following criteria:

Criteria of the measurement model for options	First allotment	Second allotment	Third allotment
Stock option plan 2011-2013			
Strike price of the option (in Euro)	0	0	0
Life of the options (years)	1.6	2.6	3.6
Current price of the underlying share at the allotment date (in Euro)	14.3	14.3	14.3
Volatility of the share price	17%	17%	17%
Risk free rate	1.75%	2.00%	2.50%

Following the business combination described in Directors' Report and the consequent change of control of EI Towers S.p.A., according to what provided for by the regulations, beneficiaries have acquired the right to receive granted options. Therefore, in the income statement of the year, in the item "personnel costs", total cost deriving from existing plans equal to Euro 1,607 thousand (Euro 70 thousand in 2010) has been recognized.

Note 18. Employee leaving indemnity fund (TFR)

The employee leaving indemnity fund represents the liability at December 31, 2011 to employees at that date, net of the advances paid. The valuations have been realised applying the actuarial method.

The movements in the year are shown in the table below:

Euro in thousands	
Balance at December 31, 2009	322
Provision	80
Uses and transfer	(243)
Discount adjustment	(2)
Balance at December 31, 2010	157
Provision	56
Uses and transfer	(63)
Discount adjustment	(4)
Balance at December 31, 2011	146

The economic-financial assumptions applied in 2011 were as follows:

Annual discount rate	4.75%
Annual inflation rate	2.0%
Annual increase in employee leaving indemnity	3.0%
Annual frequency of advances	2%
Annual frequency of turnover	2%

From January 1, 2007, the Government Law and relative decrees enacted introduced important amendments in relation to the employee leaving indemnity, among which, the choice given to the employee to determine where the leaving indemnity matured in the period is invested. In particular, the leaving indemnity may be utilised by the employee for their own chosen pension scheme or the employee may choose to leave the leaving indemnity in the company (in this case the company pays the leaving indemnity contributions to an INPS treasury account).

As a consequence of the pension reform approval (Law No.296/06), from January 01, 2007, the projection and actuarial valuation of the indemnity fund as required by IAS 19 is only applied to the fund accrued until matured at December 31, 2006.

Note 19. Provisions for risks and charges

Euro in thousands	Balance at Dec.31, 2011	Balance at Dec.31, 2010
Provision for risks and charges on equity investments	-	15,538
Other provision for risks and charges	834	835
Pensions and similar obligations	297	420
Total provisions for risks and charges	1,131	16,793

Changes in provision for risks and charges on equity investments refer to equity investments held in DMT System S.p.A. in liquidation and DMT Usa Inc. disposed on October 13, 2011.

Provision for risks and charges refers to bad debts shown in item "Other receivables" (see Note 13).

Note 20. Current financial liabilities

Euro in thousands	Balance at Dec.31, 2011	Balance at Dec.31, 2010
Current financial liabilities	17,527	-

During the year the Company has obtained short-term credit lines used to reimburse the debt referring to the companies of Technology business unit within their disposal.

Current bank liabilities at December 31, 2011 have been wholly reimbursed in January 2012. As of today the company has no current bank liabilities.

Note 21. Trade payables

Euro in thousands	Balance at Dec.31, 2011	Balance at Dec.31, 2010
Trade payables	8,617	576

The normal payment conditions are 60-90 days.

The increase compared to the previous year is mainly due to the fact that a significant part of costs incurred for the extraordinary transaction described in the Directors' Report have been invoiced after the finalization of the transaction; related payments will therefore occur during the first half of 2012.

Total trade payables shown in the financial statements at December 31, 2011 expire within the end of the year.

Note 22. Payables to subsidiaries

Euro in thousands	Balance at Dec.31, 2011	Balance at Dec.31, 2010
Payables to subsidiaries	2,523	15,458

Payables to subsidiaries only refer to the company Towertel S.p.A.

The decrease compared to December 31, 2010 is a consequence of the set-off of debit and credit items towards subsidiaries of Technology business unit carried out before their disposal.

Total payables to subsidiaries shown in the financial statements at December 31, 2011 will expire within the end of the year.

Note 23. Other payables and current liabilities

Euro in thousands	Balance at Dec.31, 2011	Balance at Dec.31,2010
Advances	-	-
Payable to social security institutions	60	50
Other payables	740	766
Accrued liabilities and deferred income	1	1
Total other payables and current liabilities	801	817

The item “other payables” relates to payables for fees to directors and statutory auditors.

Note 24. Income Tax liabilities

Euro in thousands	Balance at Dec.31, 2011	Balance at Dec.31, 2010
Tax liabilities	609	1,047
Total tax liabilities	609	1,047

The balance of tax liabilities mainly contains the local taxation (IRES) debt equal to Euro 444 thousand; the item includes the fiscal debt transferred to the subsidiary Towertel S.p.A. within the intercompany group taxation (Euro 6,085 thousand), net of fiscal losses generated during the current year by the Company (Euro 3,864 thousand) and of the use of part of fiscal losses generated in previous periods and recognised as deferred tax assets (Euro 1.777 thousand).

Note 25. Revenues from sales and services

The table below shows the breakdown of revenues by business area:

Euro in thousands	2011	2010
Revenues from services	1.324	8,069
Sales	-	-
Total revenues	1,324	8,069

Revenues are obtained exclusively in Italy in both years and refer to services given to subsidiaries.

Note 26. Other income and revenues

Euro in thousands	2011	2010
Damage compensation	1	-
Capital gain deriving from disposal of fixed assets	-	2
Other revenues and inter-company recharge	-	-
Other income	769	573
	770	575

Other income relates in particular to the recharging of services carried out in the favor of System Engineering Solutions S.r.l., the assignee company of the business unit of DMT System S.p.A. in liquidation.

Note 27. Operating costs

Purchases

Euro in thousands	2011	2010
Raw, ancillary and consumable materials and goods for resale	44	38

Services

Euro in thousands	2011	2010
Maintenance and repairs	174	114
Transport and warehouse costs	207	164
Fees payable to consultants	9,415	1,842
Utilities and logistics	581	558
Advertising & promotions	56	23
Insurance	115	154
Travel expenses	362	337
Other staff related expenses	55	43
BoD. and Stat. Aud. Emoluments	1,199	1,174
Bank expenses	10	12
Total	12,174	4,421

The increase in fees payable to consultants compared to the previous year was determined by advice connected to the extraordinary transaction already described.

The breakdown of consultant and collaborator fees are as follows:

Euro in thousands	2011	2010
Consultants and collaborators:		
legal and notary expenses	866	450
technical services	4	1
administration services	8,225	1,082
EDP services	248	142
commercial services	38	126
other services	34	41
Total	9,415	1,842

Rent, lease and similar costs

Euro in thousands	2011	2010
Building rent	253	650
Equipment hire charges	6	7
Transport hire charges	164	113
Other	-	24
Total	423	794

Personnel costs

Euro in thousands	2011	2010
Salaries and wages	799	962
Social charges	244	323
Employee leaving indemnities	55	80
Pension and similar costs	1	2
Other personnel costs	-	916
Allotment of stock options	1,607	70
Total	2,706	2,353

The number of employees at December 31, 2011 and 2010 and the average number in 2011 are shown in the table below:

	Dec.31, 2011	average 2011	Dec.31, 2010
Executives	5	4,7	4
Managers	2	1	-
Employees	5	6,7	10
Workers	-	-	-
Total	12	12.3	14

Other operating expenses

Euro in thousands	2011	2010
Other operating expenses	7,202	440

The balance at December 31, 2011 mainly consists of expenses that the Company incurred related to the waiver of its credit asset deriving from the set-off of intercompany relations with subsidiaries included in the Technology business unit.

The account includes charges and other taxes in the year, fines, losses, membership fees and accessory charges on supply contracts.

Amortisation & Depreciation

Euro in thousands	2011	2010
Amortisation and depreciation of:		
- intangible assets	45	108
- tangible fixed assets	163	608
Total	208	716

Note 28. Provisions and write-downs

Euro in thousands	2011	2010
Write-down of:		
- Receivables from other companies	-	1,489
- Trade receivables	48	93
- Other receivables	270	115
Total	318	1,697

Note 29. Financial income and charges

Euro in thousands	2011	2010
Financial income:		
Bank interest	7	10
Currency gains	3	193
Other financial income	11	-
	21	203
Financial charges:		
Bank interest	256	8
Currency losses	1	104
Other financial charges	-	-
	257	112
Total financial income (charges)	(236)	(91)

Financial charges refer to the credit lines used during the year to reimburse bank liabilities of the companies of Technology business unit before disposal.

Note 30. Income Taxes

	2011			2010		
Euro in thousands	IRES	IRAP	Total	IRES	IRAP	Total
Current income taxes	-	-	-	(100)	(136)	(236)
Deferred taxes	3.862	-	3,862	-	-	-
	3,862	-	3,862	(100)	(136)	(236)
Previous year taxes			64			(27)
Total			3,926			(263)

The reconciliation between the actual fiscal charge and the theoretical fiscal charge is as follows:

- IRES

	2011			2010		
Euro in thousands		Rate %	IRES		Rate %	IRES
Profit before taxes	(21,218)			(8,127)		
Theoretical tax charge (benefit)		27.5%	(5,834)		27.5%	(2,235)
Permanent differences:						
non-deductible charges						
depreciation of equity interest	4,625	27.5%	1,272	6,141	27.5%	1,689
Other differences	2,545	27.5%	700	2,349	27.5%	646
Total			3,862			100

- IRAP

	2011			2010		
Euro in thousands		Rate %	IRAP		Rate %	IRAP
Operating result	(20,982)			(1,814)		
Personnel costs	2,706			2,353		
Provision for doubtful debts	48			1,697		
Theoretical tax charge	(18,228)	3.9%	-	2,236	3.9%	87
Permanent differences:						
non-deductible charges				-	3.9%	-
Other differences, net				1,256	3.9%	49
Total			-			136

Note 31. Transactions with related parties

During the year there were no transactions of an extraordinary or unusual nature with respect to normal business activities.

The transactions with companies of the Group are part of the normal activities of the holding company.

The principal inter-company activities in 2011, regulated at market prices, were based on contracts agreed and primarily related to services for management, organisation, strategic co-ordination, finance and treasury, investor relations, corporate affairs, human resources, legal affairs, IT services, administration and accounting systems, management control and management of holdings.

In accordance with Consob Communication No. 6064293 of July 28, 2006, the transactions with other companies of the Group in 2011 are summarised below.

Euro in thousands	Non-current receivables	Current receivables	Current payables	Revenues from services	Other income	Other charges
Towertel S.p.A.	3,300	17.178	2.523	1,320	4	62
Total	3,300	17,178	2,523	1.320	4	62

In compliance with the provisions of article 2391 bis of the Civil Code, introduced by Legislative Decree 310 of December 28, 2004, the Company has implemented rules that ensure transparency and correctness in the procedures in relation to related party transactions.
The following procedures are of particular note:
- definition of “related parties” in accordance with International Accounting Standard 24 – Related Party Disclosures, IAS 24;
- maintaining and updating of the list of related parties, on the basis of the information provided by the parties concerned, by the “Corporate Affairs” office;
- each department director and office manager informs the Chairman with specific regard to atypical and unusual operations in a timely manner on the nature of their correlation and the conditions and valuations of the operation.
- prior approval with related parties of atypical and unusual operations by the Board of Directors.

With respect to the business combination described in Directors’ Report, the Company assumed the commitment to pay the previous President and CEO the amount of Euro 7.5 million as consideration for the obligation not to carry out activities in competition with EI Towers Group. This obligation starts from January 2, 2012, for three years and the payment is expected in three annual instalments of the same amount during years 2012, 2013 and 2014.

Note 32. Management of financial risk: objectives and criteria

Short-term financial liabilities of the Company refer to lines of credit used to give the companies of Technology business unit necessary financial means to totally reimburse the bank liabilities they had before the disposal.

- Credit risk

The receivables are principally from the subsidiary Towertel S.p.A.

- Interest rate risk

The interest rate risk principally mainly relates to medium/long-term loans and the use of the liquidity.

The book value of the Company's financial instruments exposed to interest rate risk is as follows:

Euro in thousands		2011	2010
Fixed rate:			
Current assets	Fixed income government securities	-	-
Non-current assets	Fixed income government securities	-	-
Current liabilities	IRS	-	-
Non-current liabilities	IRS	-	-
Variable rate:			
Current assets	Bank deposits	317	717
Non-current liabilities	Payables to banks	17,527	-
	Payables to other lenders	-	-
Current liabilities	Payables to banks	-	-
	Payables to other lenders	-	-

With regard to year 2011, the following table shows the sensitivity of the pre-tax profit of the Company as a consequence of reasonably possible changes in interest rates, in the event the other variables remain constant.

	Net income		Shareholders' equity	
Euro in thousands	-0.5%/-1%	+0.5%/+1%	-0.5%/-1%	+0.5%/+1%
Liquidity	(1)	1	(1)	1
IRS	-	-	-	-
Non-current liabilities	-	-	-	-
Current liabilities	(127)	127	(127)	127
Total	(128)	128	(128)	128

In particular, changes of +/- 1% of market rates have been considered with respect to financial liabilities non-hedged (index-linked to the Euribor), while with respect to liquidity (repaid at fixed rate or index-linked to the Euribor) changes of +/- 0.5% have been considered.

The detail shows that, in the event of changes above described, there isn't any impact on the year net income and shareholders' equity of the Company.

- Exchange rate risk

This risk may be found in the companies operating on the foreign markets as product suppliers or/and as buyers of foreign market products, generating exchange rate flows in currency that cause an exposure to the exchange rate risk.

The exchange risk the Company is subject to is basically void.

- Price risk

The price risk refers to the uncertainty related to the changes in the listed company prices, both connected to the impairment loss of financial assets and liabilities as a consequence of a fluctuation in the commodity prices.

This risk may be found in the companies managing a non-strategic listed shareholding portfolios held not to be in the portfolio in the long term (strategic shareholdings) and in the companies acquiring on the market the raw material for the production process.

The price risk the Company is subject to is basically void.

- Liquidity risk

The following table summarises the time horizon of the financial liabilities of the Group as at December 31, 2011 based on the contractual payments not discounted.

Euro in thousands	At sight	Less than 3 months	From 3 to 12 months	From 1 to 5 years	Over 5 years	Total
Non-current financial liabilities	-	17,527	-	-	-	17,527
Trade payables	1,509	7,099	19	-	-	8,617
Other payables	-	801	-	-	-	801
Income tax liabilities	-	-	609	-	-	609
Total	1,509	25,427	628	-	-	27,554

Note 33. Fair value of financial assets and liabilities

There are no differences between the book value and the fair value of the Company financial instruments.

Note 34. Subsequent events after the year end

The business combination between Tower business previously held by the Mediaset Group and by EI Towers Group (formerly DMT Group) was carried out recording the merger between the companies taking part in the transaction on January 2, 2012.

Accounting and fiscal effects of the merger start from January 1, 2012, therefore from that date the Company (formerly DMT S.p.A.) is part of the Mediaset Group.

Bank liabilities at December 31, 2011, equal to Euro 17.5 million, have been wholly reimbursed in January 2012. As of today, the Company has no bank liabilities.

Note 35. Commitments and risks

The building where the headoffice is located is rented; this contract is valid till December 31, 2014 and provides for the faculty of advance withdrawal.

The future lease commitments on these operating lease contracts at December 31, 2011 are as follows:

Euro in thousands	2011
Within 1 year	117
Over one year and within 5 years	234
Over 5 years	-

As at December 31, 2011 the Company did not have significant investment commitments.

The Company has no significant legal disputes.

The Company issued a guarantee of maximum Euro 300 million in the favor of banks financing Towertel S.p.A. according to acquisition financing contracts signed in 2005 and 2007.

The company assumed the commitment to compensate the third buyer of the companies of Technology business unit, up to a maximum of Euro 4 million, for possible extraordinary losses or other liabilities which could come out with reference to the companies DMT System S.p.A. in liquidation, Asteroide S.r.l. and DMT Service S.r.l. in liquidation, and attributable to the period they operated before their disposal. As of today, no elements which could create liabilities referring to the Company came out.

Note 36. Net financial position

In accordance with CONSOB communication No. 6064293 of July 28, 2006, the following information is provided relating to the Company's net financial debt/liquidity.

Euro in thousands	Dec. 31, 2011	Dec. 31, 2010
A. Cash	-	2
B. Other liquid assets, bank accounts	317	717
C. Securities	-	-
D. Cash and cash equivalents (A+B+C)	*317*	*719*
E. Current financial receivables	-	-
F. Bank liabilities – current portion	(17,527)	-
G. Current portion of non-current debt	-	-
H. Other current financial liabilities		
Finance lease	-	-
IRS – Interest rate swap	-	-
I. Current Net Financial debt (F)+(G)+(H)	*(17,527)*	-
J. Current Net financial liquidity/(debt) (I) – (E) – (D).	*(17,209)*	*719*
K. Bank liabilities – non-current portion	-	-
L. C	-	-
M. Other non-current financial liabilities		
Finance lease	-	-
IRS – Interest rate swap	-	-
N. Non-current liquidity (debt) (K) + (L) + (M)	-	-
O. Net financial liquidity (J) + (L)	*(17,209)*	*719*

Note 37. Other information

Significant non-recurring events and operations

In accordance with Consob Communication No. 6064293 dated July 28, 2006, the Company did not undertake any significant non-recurring operations, that is transactions or facts that don't repeat frequently in the usual execution of activities, which have had impact on the financial situation, on the economic results and on cash flows of the Company, except for the business combination described in the Directors' Report. The transaction caused higher operating costs for Euro 8,829 thousand, as separately indicated in the income statement.

Atypical or unusual transactions

In accordance with the aforesaid Consob Communication, the Company did not undertake any atypical and/or unusual operations, whereby for atypical and/or unusual it is intended those operations which for size/importance, nature of the counterparties, nature of the transaction, method in determining the transfer price or time period (close to the year-end) could have given rise to doubts in relation to the correctness/completeness of the information in the financial statements, the conflict of interest, the safeguard of company assets and the defense of minority interests.

- Remuneration of directors, statutory auditors and general directors

With reference to fees of directors and executives with strategic responsibilities in 2011, emoluments for offices and board attendance in the parent company and in subsidiaries were recorded for Euro 1,203 thousand, bonus and other incentives for Euro 85 thousand, non-monetary benefits for Euro 108 thousand, termination indemnities for Euro 355 thousand, wages Euro 429 thousand.

With reference to the board of statutory auditors, emoluments as per professional fees were equal to Euro 110 thousand.

At the beginning of the year Directors held total 21,000 options related to the stock option plan 2007-2012 already described. As already highlighted, during the year all options expired, therefore at December 31, 2011 Directors didn't hold any option related to that plan.

Note 38. Fees agreed with the Auditing Company

The fees agreed for year 2011 with Ernst & Young S.p.A., the Auditing Company entrusted with DMT S.p.A auditing and its consolidated financial statements, is summarised in the table below.

Service	Entity supplying the service	Beneficiary	Fees (Euro/000)
Account auditing	Parent company’s auditor	Parent company	78
Account auditing	Parent company’s auditor	Subsidiaries	62
Declarations	Parent company’s auditor	Parent company	648
Other services	Parent company’s auditor	Parent company	60
Other services	Parent company’s auditor network	Parent company	200
Total			1,048

FINANCIAL STATEMENTS DECLARATION IN COMPLIANCE WITH ART. 154 bis OF THE LEGISLATIVE DECREE 58/98

1. The undersigned Guido Barbieri, Chief Executive Officer and Fabio Caccia, "Manager in charge of EI Towers S.p.A. legal accounting document preparation" declare that the administrative and accounting procedures for the preparation of the financial statements:

- are consistent with the administrative/accounting system and with the structure of the Company:
- their fairness has been verified;
- have been effectively applied during the period these financial statements refer to.

2. In this respect no significant aspects have emerged.

3. In addition the underwriters declare that:

3.1.
- corresponds to the accounting book evidences and accounting records;
- it has been prepared in compliance with the applicable international accounting standards recognized by the European Community according to Regulation (EC) No. 1606/2002 of the European Parliament and of the Council, dated July 2002;
- it is fit to give a true and fair representation of the patrimonial, economic and financial situation of the Company;

3.2. The Directors' Report includes a reliable analysis on company operations and results, on the situation of the company, in addition to the description of all main risks and uncertainties to which the company is exposed.

On behalf of the Board of Directors	Manager in charge of legal accounting document preparation
Guido Barbieri, Chief Executive Officer	Fabio Caccia