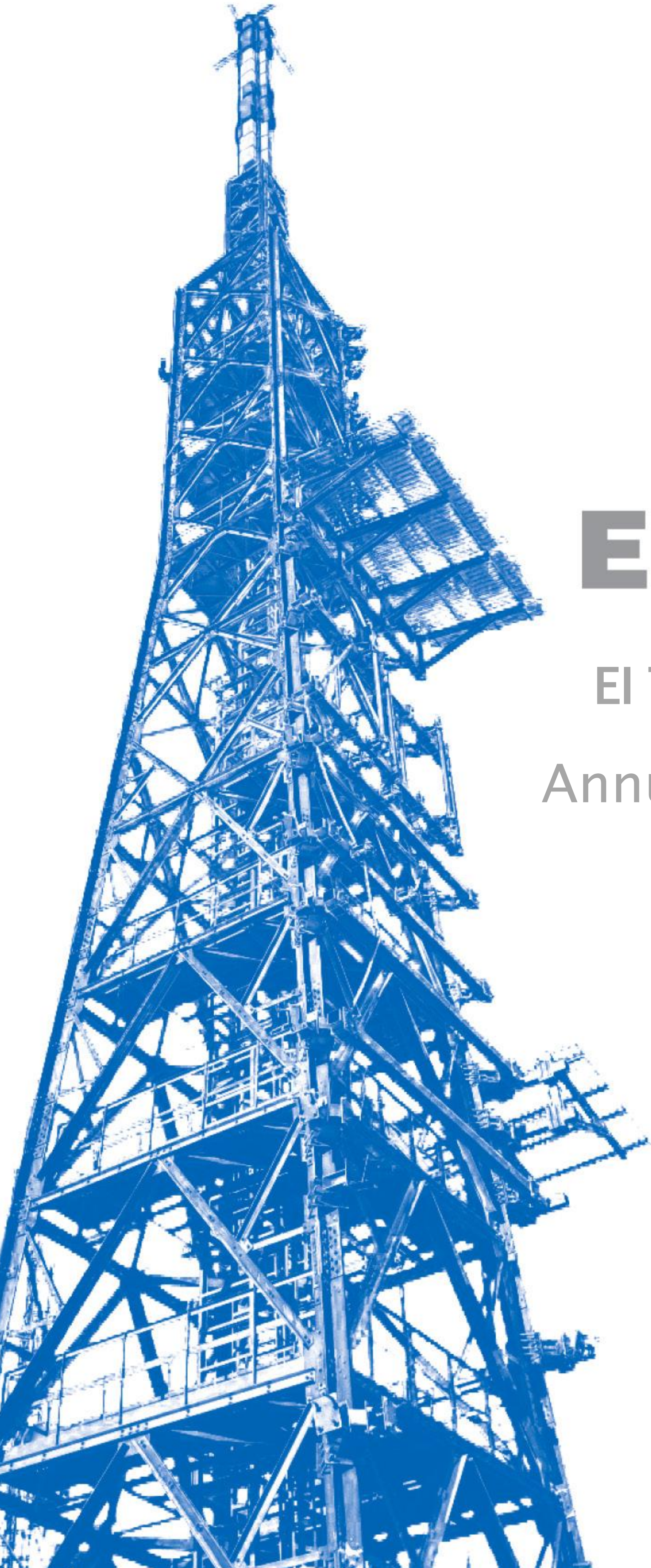

EI TOWERS Group

Annual Report 2015

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

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2016 SHAREHOLDERS' ANNUAL ORDINARY GENERAL MEETING

Notice of Convocation

NOTICE OF CONVOCATION

Notice of Ordinary Meeting of the Shareholders

The persons entitled to participate and to exercise the voting right are invited to the Ordinary Meeting of the Shareholders to be held in a single session at the registered office at Via Zanella no. 21, Lissone, Italy at 11:00 a.m. on April 21, 2016, for deliberation upon the following

MEETING AGENDA

1. *Approval of the Financial Statements as of December 31, 2015; Report of the Board of Directors on Operations, Report of the Independent Auditors and Report of the Board of Statutory Auditors; Presentation of the Consolidated Financial Statements as of December 31, 2015; related and consequent resolutions.*

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

3. *Authorization to the Board of Directors for the purchase and sale of treasury shares; related resolutions.*

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

Pursuant to the law and the Corporate By-laws, the persons authorized to participate in the Shareholders' Meeting are those to whom the voting right accrues and for whom the Company has received the notice released by an authorized intermediary certifying the legitimation on the basis of the evidence coming from the intermediary's accounting records upon the close of the accounts on the seventh open market day preceding the date set for the single session of the Shareholders' Meeting and therefore, April 12, 2016 (Record Date). The registration of debit and credit entries in the accounts subsequent to such date shall not count for the purpose of legitimating the exercise of the voting right during the Shareholders' Meeting. Accordingly, anyone who is the owner of the shares subsequent to such date shall not be entitled to participate in or vote at the Shareholders' Meeting. The notices of the intermediaries to the Company are effected in accordance with prevailing laws and regulations.

Anyone to whom the right of voting accrues may elect to be represented by another person, including a person who is not a shareholder, according to the terms and conditions provided by prevailing laws. For this purpose, the proxy form available through the intermediaries who are depositaries of the shares as well as at the Company's registered office and on the website www.eitowers.it (Governance section - Shareholders' Meetings) can be used. The appointment may be made with a document in an electronic format with a digital signature according to the law. The proxy may be sent to the Company through a registered, return-receipt letter to the registered office, or through electronic notification at the following certified electronic mail address: das.eitowers@legalmail.it. In such cases, the proxy should be received by the Company prior to the start of the meeting. The representative may, in place of the original proxy, deliver or transmit a copy thereof, including on an information support, certifying under the representative's responsibility the conformity of the proxy copy to the original and the identity of the proxy holder. As provided by the corporate by-laws, the Company does not designate the person to whom the shareholder proxies are to be conferred, as referenced in Article 135-undecies of Legislative Decree no. 58/98. Procedures for voting by correspondence or with electronic means are not contemplated.

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

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

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

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

Anyone entitled to vote may pose questions about the matters on the meeting agenda, including prior to the Shareholders' Meeting. The questions need to be submitted in writing via certified electronic mail (das.eitowers@legalmail.it) or via fax EI Towers S.p.A. - Direzione Affari Societari - Via Zanella n. 21, 20851 Lissone (MB) al n. +39 039.2432390, together with certification attesting to the ownership of the shares, by no later than April 18, 2016. The response to any questions received prior to the Shareholders' meeting from legitimate persons which are pertinent to the meeting agenda shall be given at the latest during the Shareholders' Meeting. The Company may supply a single response to questions having the same content.

The documentation on the points included in the agenda of the Shareholders' Meeting, including the Report on Corporate Governance and Ownership Structure, will be available to the public at the Company's registered office, on the

Company's website www.eitowers.it (Governance section – Shareholders' Meetings – Documents), on the website of Borsa Italiana S.p.A. (www.borsaitaliana.it) and on the website of authorised storage device NIS-Storage, at the website address www.emarketstorage.com, in accordance with the terms and conditions provided by prevailing laws and regulations.

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

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

***

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

Lissone – March 21, 2016

The Chairman

of the Board of Directors

(Alberto Giussani)

2015 Annual Report

2015 Annual Report

Directors' Report on Operations

CORPORATE BOARDS

Board of Directors

Chairman	Alberto Giussani
Chief Executive Officers	Guido Barbieri
	Valter Gottardi
Directors	Paola Casali
	Manlio Cruciatti
	Piercarlo Invernizzi
	Rosa Maria Lo Verso
	Michele Pirotta
	Francesco Sironi

Board of Statutory Auditors

Chairman	Antonio Aristide Mastrangelo
Standing Auditors	Anna Girello
	Francesco Vittadini

Independent Auditors	Deloitte & Touche S.p.A.

FINANCIAL HIGHLIGHTS

Key Consolidated Financial Results

Euro in millions	2015	2014
Revenues	241.8	234.5
EBITDA (*) before non-recurring items	117.0	110.8
EBITDA (*)	113.0	108.8
Operating profit (EBIT)	73.7	65.7
Profit before tax	65.0	58.0
Net profit	47.8	37.7

Key Consolidated Balance Sheet and Financial Data

Euro in millions	December 31, 2015	December 31, 2014
Net invested capital	740.2	691.5
Shareholders' equity	609.9	592.9
Net financial position	(130.2)	(98.6)

Personnel

	December 31, 2015	*December 31, 2014*
No. of employees	570	585

Core Ratios

	2015	2014
EBITDA (*) before non-recurring items/Revenues	48.4%	47.2%
EBITDA (*)/Revenues	46.7%	46.4%
EBIT/Revenues	30.5%	28.0%
Profit before tax/Revenues	26.9%	24.7%
Net profit/Revenues	19.8%	16.1%
Earning per share (Euro per share)	1.69	1.34
Diluted earning per share (Euro per share)	1.69	1.34

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

DIRECTORS' REPORT ON OPERATIONS

Dear Shareholders,

In the financial year just ended, a series of events have resulted in a significantly different configuration of the sector in which the EI Towers Group operates.

In particular, after the IPO of Rai Way S.p.A., which took place in 2014, in March 2015 Wind Telecomunicazioni S.p.A. sold part of its tower portfolio, contributed to a newco called Galata S.p.A., to Cellnex Telecom, the tower operator of the Spanish infrastructure group Abertis, which completed in May the IPO process at the Madrid Stock Exchange.

Following the acquisition of Wind towers, Cellnex Telecom manages in Italy about 7,700 towers hosting exclusively mobile telecommunications operators. As already announced, the sale process of Galata involved also EI Towers, which had the target to take an active part in the start of the consolidation in the towers sector in Italy.

Also in March, Telecom Italia S.p.A. contributed approximately 11,500 owned towers, hosting largely radio base stations of Telecom Italia, to a newco called Inwit S.p.A., which was subsequently (June 2015) listed on the Milan Stock Exchange; following the IPO process, Telecom Italia currently holds 60% of the capital of Inwit.

Following the transactions described, the competitive landscape in Italy now sees two listed tower operators (EI Towers and Rai Way) active in both mobile telecommunications (mobile phone services and complementary technologies) and broadcasting (radio and television) sectors, with a significant position in the latter sector, and two listed operators (Inwit and Cellnex Telecom), with a significant presence in the mobile telecommunications sector. With three listed operators and Cellnex Telecom which, despite being listed in Spain holds a significant presence in our country, the Italian market is currently the most important at the European level and one of the most important at the global level concerning wireless telecommunications infrastructures.

The process of rationalization, consolidation and search for greater efficiency in the field of towers includes during the year just ended the Tender and Exchange Offer on all the ordinary shares of Rai Way promoted by EI Towers in February, which has been unsuccessful as described in detail in the section Subsequent Events at December 31, 2014, and the disposal process of an interest in Inwit started by Telecom Italia in November and still ongoing.

The reference sector is therefore undergoing a particularly dynamic phase which is expected to lead to a process of progressive aggregation among tower operators, in which EI Towers acts as a central pivot by virtue of the expertise accumulated over the last decade, initially as DMT, the first listed operator at European level since 2004 and the sole operator genuinely open to the entire telecommunications market. EI Towers still acts in this capacity, as the other entities, in particular Inwit and Cellnex Telecom, operate mainly towards their main client (respectively Telecom Italia and Wind Telecomunicazioni).

Additional evidence of this is the agreement signed with Cairo Network S.r.l., a company wholly owned by Cairo Communication S.p.A., for the design and the construction of a new transmission network and the subsequent management in full service (hosting, assistance and maintenance, use of the transmission infrastructure, etc.). That agreement is evidence of the recognition of EI Towers' capacity to provide high-level integrated services to radio and TV operators, in line with the approach of opening its infrastructure to fair, transparent and non-discriminatory market conditions, underlining its central role on the reference market.

In addition, EI Towers is strengthening its strategic position in the mobile telecommunications sector by acquiring through its subsidiary Towertel S.p.A. towers portfolio hosting mainly operators in the sector. Fifteen companies were acquired during 2015 bringing to almost 1,000 towers Towertel and its subsidiary NewTel Towers S.p.A.'s portfolio, to which shall be added more than 600 towers in EI Towers' portfolio, currently hosting telecommunications and mobile operators.

This strategy will continue over the forthcoming years, by acquiring small tower operators still operating in the mobile telecommunications sector together with those operators in the broadcasting world hosting mainly radio customers, with a view to diversifying its customer range, still focused on TV operators.

Concerning the major customers of tower operators, it should be noted that in August CK Hutchison Holdings Ltd., a company controlling the mobile operator 3 Italia S.p.A. and VimpelCom Ltd., controlling Wind Telecomunicazioni, have announced their intention to enter into an equal stake joint venture jointly managing the 3° and 4° mobile operator's business in Italy. The completion of the transaction, which is subject to the approval by European regulators, is expected by the end of 2016. If the deal is completed, in addition to changing the competitive landscape in the mobile telephone sector (this would indeed create the first operator with a market share of around 36%), some observers do not exclude the possibility that the towers portfolio currently at the disposal of 3 Italia can be in part or in whole sold.

As evidence of EI Towers' innovative and dynamic approach, with a view to anticipating future telecommunications market trends and diversifying the business, it is pointed out that in August, the parent company EI Towers S.p.A. established, together with a minority shareholder, the company Nettrotter S.r.l., which will exclusively develop a Sigfox network on the Italian territory to offer – in subscription mode – connectivity services for the Internet of Things ("IoT") market.

Sigfox, a company based in France, is a leading world-wide operator of cellular networks entirely dedicated to the Internet of Things and the "machine-to-machine" communication; as of today, Sigfox network is active or in the process of being activated in 14 countries throughout the world.

Nettrotter is rapidly developing the new IoT network in the national territory and is already in a position to provide connectivity services to a plurality of customers.

In 2015 EI Towers Group's operating result saw an improvement over 2014, despite the presence of a still critical economic context in our country that continues to have an impact on reference customers, mainly on local TV operators.

In particular, the growth in revenues largely driven by the acquisitions described above determined an increase in EBITDA and operating result, despite the incidence of non-recurring charges mostly related to the extraordinary acquisition (not finalized) of Rai Way and to the acquisitions of companies commented on previously.

Concerning financial and economic results, in consideration of the substantial profit for the year and cash flow generated, the Group shows at the end of 2015 an extreme sound position, both in terms of Shareholders' Equity and Net Financial Position, and Leverage, which allows a larger financial flexibility for extraordinary acquisition operations, even of a substantial nature, or distribution of dividends to shareholders.

A summary of 2015 economic and financial results is reported below; concerning 2014 comparative data, reference should be made to the following paragraph Analysis of Consolidated Figures.

- Consolidated Net Revenues amounted to € 241.8m;
- Gross Operating Margin (EBITDA), excluding non-recurring items equal to € 4.1m, amounted to € 117m (48.4% of Revenues);
- Gross Operating Margin (EBITDA) amounted to € 113m (46.7% of Revenues);
- Operating Profit (EBIT) amounted to € 73.7m, net of amortizations, depreciations and write-downs, for € 39.3m;
- Operating Profitability (EBIT/Consolidated Net Revenues) amounted to 30.5%;
- Pre-tax Profit is positive for € 65m;
- Consolidated Net Profit amounted to € 47.8m, equal to 19.8% of Revenues;
- Net Invested Capital of the Group amounted to € 740.2m, Shareholders' Equity amounted to € 609.9m and Net Financial Position was negative for € 130.2m;
- The Parent Company EI Towers S.p.A. ends with Revenues amounting to € 213.7m, Operating Profit (EBIT) amounting to € 60.3m and a Profit for the year of € 36.8m.

GENERAL ECONOMIC DEVELOPMENTS

The world economy recorded in 2015 an average growth rate around 3% in line with the previous year. The development of the international economic cycle was still very irregular and fragmented through various geographical and monetary areas.

In particular, the USA confirmed to be the driving force of economic growth, while the Eurozone showed the first signals of the start of a positive real economy phase. Also Japan showed weak signs of recovery, while Brazil and Russia are in recession and the economic growth in China experienced a significant slowdown. A situation of weakened import demand from emerging countries together with the strong devaluation of the Chinese currency resulted in the second part of the year in a further sharp drop in oil prices within a context of significant oversupply and in raw materials, thus contributing to generate once again severe turbulence and to increase the volatility of financial markets, which after the correction phase during the summer has since become a structural element of the scenario.

In the US the rise in interest rates by 25 basis points by the Federal Reserve sanctioned, as expected, the start, even prudent, of the normalization phase of the American monetary policy, characterized since 2008 by zero rates and divergences with the ECB which is further intensifying its *Quantitative Easing* strategy to support the economic recovery in Europe.

The recovery in the Italian economy started at the beginning of the year and favored by external conditions including low oil prices and interest rates and a weak euro, gradually reduced in the year, recording in 2015 a GDP annual average growth rate of 0.8% with zero inflation, mainly due to the export performance. The Italian economy records the first signs of improvement in the main confidence indicators, but the crisis in recent years structurally affected consumption patterns and households' propensity to save, making the process of starting a recovery still quite slow and not favored by a context in which credit remains very selective and the demand for capital goods still weak.

EI TOWERS SHARES ON THE STOCK MARKET

The Italian Stock Market (FtseMib40) recorded in 2015 a positive performance of 11.96%. The total return, also considering the distribution of dividends amounted to 15.04%.

The first half of the year was significantly affected by both external factors and corporate events.

Concerning external factors, the decision of the European Central Bank to undertake unconventional expansive monetary policy measures ("Quantitative Easing") had a decisive impact on institutional investors' portfolio allocation choices.

The consequent reduction in the risk premium led investors to prefer risk-taking portfolio allocations, as regards the choice of different asset classes (equity vs bond and cash) and that related to the single sectors (cyclical vs defensive).

At the domestic level, the reform of the co-operative banking system, together with the first positive effects of structural reforms (in particular the so-called "Jobs Act") drew the attention and obtained consent of major institutional investors, which, as a result of not expensive valuations and the expected economic growth profile decided to invest in the Italian market.

The combination of the factors mentioned above put the operators into "risk on" mode. The cyclical market components, in addition to medium and small market capitalizations have therefore outperformed reference indices.

In the second half of the year, the slowdown in emerging economies, as witnessed by the devaluation of the yuan by the Central Bank of the Republic of China, the increase in geopolitical tensions, the persistent decline in oil prices have contributed to frustrate all efforts of ECB to restore the level of prices in line with its mandate (inflation just below 2%).

The sudden change in the economic scenario together with re-emerging deflationary pressures led investors to price the credit risk on the market and to reconsider their investment choices in favor of high cash flow visibility business models, characterized by well-established financial structures. In Italy, furthermore, the management of the resolution of four regional banks, involving not only shareholders but also bondholders, has caused concern among international operators about the potential effects of the bail-in reform on some banks in particular and on the system as a whole.

EI Towers recorded in 2015 a performance equal to 40,68%, outperforming FtseMib by at least 28% and Ftse Italia Mid Cap by 4%.

EI Towers share price in 2015	
Average price (Euro)	53
Maximum price (Euro)	59.55 *December 30th*
Minimum price (Euro)	41.31 *January 12th*
Opening price (January 2, 2015, Euro)	42.33
Closing price (December 30, 2015, Euro)	59.55
Performance	40.7%
Average volumes	48,900
Minimum volumes	6,024 *September 24th*
Maximum volumes	1,228,613 *February 25th*
Capitalization at the beginning of the year (Euro/m)	1,196
Capitalization at the end of the year (Euro/m)	1,683

THE TREND OF EI TOWERS SHARE IS REPORTED IN CHART BELOW COMPARED WITH THE MAJOR MARKET INDEXES IN 2015

MAIN CORPORATE OPERATIONS AND EQUITY INVESTMENTS

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

The agreements envisage a transitional phase, during which construction, commissioning of the MUX and first years of operation, which will run from the date of signature until December 31, 2017, will take place, and a phase of the MUX management at regime with a length of 17 years (from 2018 to 2034).

On March 2, the subsidiary Torre di Nora S.r.l. was merged into its direct parent company Hightel S.p.A. (whose corporate name has been modified in NewTelTowers S.p.A.) with statutory effects from the date of the last inscription in the Companies Register and accounting and fiscal effects from January 1, 2015.

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

For further information on the offer, reference is made to the Directors' Report on Operations of the 2014 Annual Report (Subsequent events at December 31, 2014) and to the communications disclosed to the market during the period.

On April 21, the Shareholders' Meeting of EI Towers S.p.A., as proposed by the majority shareholder Elettronica Industriale S.p.A. and in relation to the developments in the tender and exchange offer promoted on Rai Way S.p.A. ordinary shares, resolved to distribute a dividend of € 1.10 per share through the partial distribution of the net profit achieved in 2014; it should be reminded that the Board of Directors had already proposed to the Shareholders' Meeting to allocate the profit for the year entirely to extraordinary reserve.

Concerning the aforesaid tender and exchange offer, on April 22, the Board of Directors of EI Towers S.p.A., after the analysis of the press release dated April 16, with which RAI S.p.A., controlling shareholder of Rai Way S.p.A., stated that it would have not adhered in any way to the offer, acknowledged therefore that, even before the start of the offering period, there were no conditions to prosecute the Offer.

On July 10, Towertel S.p.A. acquired 100% of the share capital of Tecnorad Italia S.p.A., a company managing 134 towers hosting mainly mobile telecommunications operators, for a total consideration of € 14.8m. On July 24, the Shareholders' Meetings of Towertel S.p.A. and Tecnorad Italia S.p.A. passed resolutions to merge the latter into its immediate parent company. The merger was subsequently completed by notarial deed of November 30.

On July 24, Towertel S.p.A. acquired 100% of the share capital of DAS Immobiliare S.r.l., a company managing 11 towers hosting mainly mobile telecommunications operators, for a total consideration of € 3.6m. On September 8, the administrative bodies of Towertel S.p.A. and DAS Immobiliare S.r.l. passed resolutions to merge the latter into its immediate parent company. The merger was subsequently completed by notarial deed of November 30.

On August 6, the parent company EI Towers S.p.A. established, together with a minority shareholder, the company Nettrotter S.r.l., which will develop a Sigfox network on the Italian territory to offer – in subscription mode – connectivity services for the Internet of Things ("IOT") market.

Between the 27th and the 28th October Towertel S.p.A. acquired 100% of the share capital of 13 companies, which manage a total of 171 towers hosting mainly mobile telecommunications operators, and some lots of land located in Liguria region, for a price of € 40.8m.

On November 5, 2015, the Extraordinary Shareholders' Meeting of Towertel S.p.A. approved the merger of 13 subsidiaries. The merger was subsequently completed by notarial deed of November 20.

THE MAIN GROUP COMPANIES

EI Towers Group consists of EI Towers S.p.A., as the parent company, and the wholly owned subsidiary Towertel S.p.A., which in turn owns 100% of NewTelTowers S.p.A. and of the 95% subsidiary Nettrotter S.r.l.

PERFORMANCE OF OPERATIONS

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

In particular, the Group provides hosting on its infrastructure (transmission "towers" or "sites") and a series of connected services (technical assistance, ordinary and extraordinary maintenance, logistics, design).

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

The core business is not subject to seasonal phenomena and relatively uncorrelated with respect to the economic cycle by virtue of the fact that existing contracts with telecommunications operators for hosting on transmission sites are long term and the service offered is particularly critical for clients, being essential for broadcasting transmission.

In this regard, it should be highlighted that, despite an ongoing negative economic situation in Italy over recent years, the Group was able to constantly increase profitability, as a result of the completion of the acquisitions already mentioned and the plan for the reduction of operating costs.

ANALYSIS OF CONSOLIDATED FIGURES

The consolidated Financial Statement figures are analyzed below.

The form and content of the tables below showing profit and loss, balance sheet and cash flow statements have been reclassified from those in the Financial Statements, so as to show figures for some intermediate levels as well as the capital and financial aggregates regarded as most meaningful for an understanding of the operating performance of the Group. Though these are not mandatory disclosures, descriptions of the criteria adopted in preparing them and the appropriate references to the statutory Notes to the Accounts are nevertheless provided in accordance with the indications of Consob Communication 6064293 of July 28, 2006 and the CESR Recommendation on Alternative Performance Measures ("Non Gaap Measures") of 3 November 2005 (CESR/o5-178b) ESMA October 5, 2015.

Financial Results

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

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

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

CONSOLIDATED INCOME STATEMENT *Euro in thousands*	2015		2014	
Revenues from sales of goods and services	**241,807**	**100.0%**	**234,512**	**100.0%**
Other income and revenues	2,846		471	
Total revenues	**244,653**		**234,983**	
Operating costs	127,617		124,210	
EBITDA, before non-recurring items	**117,036**	**48.4%**	**110,773**	**47.2%**
Non-recurring items	(4,058)		(2,023)	
Gross operating margin (EBITDA)	**112,978**	**46.7%**	**108,750**	**46.4%**
Amortisation, depreciation write-downs and	39,320		43,077	
Operating result (EBIT)	**73,658**	**30.5%**	**65,673**	**28.0%**
Financial charges, net	(8,621)		(7,650)	
Income/(expense) from equity investments	12		0	
Pre-tax result (EBT)	**65,049**	**26.9%**	**58,023**	**24.7%**
Income taxes	(17,290)		(20,314)	
Net income	**47,759**	**19.8%**	**37,709**	**16.1%**
(Profit)/loss pertaining to minority interests	11		0	
Net Group Income	**47,770**	**19.8%**	**37,709**	**16.1%**

Revenues from sales of goods and services amounted to € 241,807k in 2015, and refer for € 179,569k to the use of transmission infrastructure and assistance and maintenance services, logistics, Head end, design and ancillary services towards the parent company Elettronica Industriale S.p.A. and for the remaining to contracts of use of the infrastructure and supply of services towards other broadcast and wireless telecommunications operators. Compared to the previous year, the increase was of 3.1%, mostly due to the change in the consolidation area following the acquisitions made in the period.

Total other income and revenues amount to € 2,846k and refer in the amount of € 2,531k to the fair value redetermination of the earn out liability related to the acquisition of the company NewTelTowers S.p.A. (formerly known as Hightel S.p.A.).

Total operating costs amount to € 127,617k and mainly consist of personnel costs for € 41,758k (net of € 445k related to lay-off incentives for employees included in non-recurring items), costs for leased assets of third parties for € 44,566k and costs for services and other operating costs for € 41,293k (net of € 3,613k relating to charges for M&A operations, attributable in the amount of € 1,724k to costs incurred for the Tender and Exchange Offer, not realized, of Ray Way S.p.A. and € 1,889k to the acquisitions of companies described above, reclassified as non-recurring items).

Gross operating margin (EBITDA), excluding non-recurring charges described above, amounted to € 117,036k, with an incidence on revenues equal to 48.4% and a growth compared to the previous year of 5.7%.
EBITDA including non-recurring items amounted to € 112,978k (46.7% of revenues).
Total amortisation, depreciation and write-downs amounted to € 39,320k and refer for € 31,785k to tangible assets, € 7,388k to intangible assets and € 147k to write-downs of receivables of uncertain collection.
Operating result (EBIT) amounted to € 73,658k, an increase of 12.2% compared to 2014; operating profitability increasing at 30.5%.
Net financial charges amounted to € 8,621k and included € 9,844k related to the existing bond loan measured at amortized cost and financial income for € 1,347k, largely related to the remuneration of liquidity.
Income/(expense) from equity investments, equal to € 12k, refers to the capital gain generated by the sale of the investment held in the company Beigua S.r.l.
Pre-tax result amounted to € 65,049k (26.9% of revenues), an increase (+12.1%) compared to 2014.
With reference to income taxes, it should be noted that assets and liabilities for deferred taxes were recalculated during the year as a consequence of the change in the corporate income tax (Ires) which, starting from January 1, 2017, will decrease from 27.5% to 24%. That recalculation determined a positive net effect equal to € 4,246k which, added algebraically to the other tax, generated a value for the year of €17,290k, lower than 2014 (€ 20,314k) even in the presence of a higher pre-tax result.
Net income was € 47,759k, equal to 19.8% of revenues, including € 47,770k attributable to the Group and a loss of € 11k attributable to minority shareholders and referring to the minority interest in the company Nettrotter S.r.l. established during the year.

Balance Sheet and Financial Position

The Group's summary balance sheet is set out below, restated to bring out the two main aggregates Net Invested Capital and Net Financial Position, the latter being the balance of Gross Financial Debt, Cash and Other Cash Equivalents and Other Financial Assets. Details of the Financial Statement items making up the Net Financial Position are set out in the Explanatory Notes.

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

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

RECLASSIFIED CONSOLIDATED BALANCE SHEET *Euro in thousands*	December 31, 2015		December 31, 2014	
Net working capital	(34,391)	-4.6%	(26,149)	-3.8%
Goodwill	516,198		461,996	
Other non-current assets	316,646		320,168	
Non-current liabilities	(58,261)		(64,552)	
Non-current capital	774,583	104.6%	717,612	103.8%
Net invested capital	**740,192**	**100.0%**	**691,463**	**100.0%**
Net financial position	**130,247**	**17.6%**	**98,579**	**14.3%**
Group shareholders' equity	**609,906**	**82.4%**	**592,884**	**85.7%**
Minority shareholders' equity	**39**	**0.0%**	**0**	**0.0%**
Financial position and shareholders' equity	740,192	100.0%	691,463	100.0%

The change in Net Working Capital compared to December 31, 2014 (€ 8,242k) is basically due to the following effects, partly due also to the acquisitions carried out in the period:

- increase in trade receivables of € 5,162k;
- increase in accrued income and prepaid expenses of € 1,327k;
- increase in other receivables of a miscellaneous nature of € 1,484k;
- increase in trade payables of € 8,782k;
- increase in other current liabilities of € 7,433k, resulting from a net increase of € 7,675k in relation to the change in debt related to the acquisitions of companies and other equity changes with a net decrease of € 242k;

The increase in Goodwill is basically a consequence of the provisional allocation of the consideration for the acquisitions carried out during the year.

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

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

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

Shareholders' Equity at December 31, 2015 amounted to € 609,906k, equal to 82.4% of Net Invested Capital, and Net Financial Position amounted to € 130,247k, worsening by € 31,668k compared to December 31, 2014.

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

CASH FLOW STATEMENT *Euro in thousands*	2015	2014
Cash flow generated (absorbed) by operating activities	85,485	67,766
Cash flow generated (absorbed) by investing activities	(77,019)	(27,877)
Cash flow generated (absorbed) by financing activities	(38,922)	(7,045)
Net cash flow for the period	(30,456)	32,844

Cash flow generated by operating activities includes € 24,612k of current income taxes paid in the period compared to € 35,613k in 2014; that decrease is due to the fact that in 2014, in addition to balances due and advance payments for the year, also IRES advance payments for 2013 were made. Such amounts were not previously paid being the Group's companies within the group taxation regime with the indirect parent company Mediaset S.p.A..

The net flow absorbed by investing activities mainly refers to investments in tangible assets, with an increase (€ 27,283k compared to € 10,741k in 2014) due essentially to the implementation of the network for the Cairo Communication Group and the network of the company Nettrotter, in intangible assets for € 500k (€ 286k in the previous year) and business combinations net of cash acquired equal to € 49,010 related to the acquisitions described above (€ 17,073k in 2014).

Cash flow absorbed by financing activities is due to the payment of the coupon of the existing bond loan made in the period, net of interests received relating to liquidity held in banks, in the amount of € 7,902k (€ 7,045k in 2014) and the distribution of dividends in the amount of € 31,020k (in 2014 no dividends were distributed).

PARENT COMPANY'S RESULTS

Financial Results

The summary statement of income of the parent company EI Towers S.p.A. for 2015 is set out below compared with previous year's figures.

INCOME STATEMENT *Euro in thousands*	2015		2014	
Revenues from sales of goods and services	**213,712**	**100.0%**	**213,136**	**100.0%**
Other income and revenues	298		220	
Total revenues	**214,010**		**213,356**	
Operating costs	116,854		117,068	
EBITDA, before non-recurring items	**97,156**	**45.5%**	**96,288**	**45.2%**
Non-recurring items	(2,225)		(1,645)	
Gross operating margin (EBITDA)	**94,931**	**44.4%**	**94,643**	**44.4%**
Amortisation, depreciation write-downs and	34,614		38,681	
Operating result (EBIT)	**60,317**	**28.2%**	**55,962**	**26.3%**
Financial charges, net	**(7,340)**		**(7,254)**	
Income/(expense) from equity investments	12		0	
Pre-tax result (EBT)	**52,989**	**24.8%**	**48,708**	**22.9%**
Income taxes	(16,158)		(17,484)	
Net income	**36,831**	**17.2%**	**31,224**	**14.6%**

Revenues from sales of goods and services amounted to € 213,712k in 2015, and refer for € 179,569k to the use of transmission infrastructure and assistance and maintenance services, logistics, Head end, design and ancillary services towards the parent company Elettronica Industriale S.p.A., and for the remaining to contracts of use of the infrastructure and supply of services towards broadcast and wireless telecommunications operators.

Total other income and revenues, equal to € 298k, mainly refer to extraordinary income and to other income and are basically in line with the previous year.

Total operating costs, amounting to € 116,854k, mainly consist of personnel costs for € 40,538k (net of € 370k related to lay-off incentives for employees and included in non-recurring items), costs for leased assets of third parties for € 37,686k and costs for services and other operating costs for € 38,630k (net of € 1,855k relating to charges for M&A operations, including € 1,724k incurred for the Tender and Exchange Offer, not realized, of Ray Way and reclassified as non-recurring items).

Gross operating margin (EBITDA), excluding non-recurring charges described above, amounted to € 97,156k, with an incidence on revenues equal to 45.5%.

EBITDA including non-recurring items amounted to € 94,931k (44.4% of revenues).

Total amortization, depreciation and write-downs amounted to € 34,614k and refer for € 30,148k to tangible assets, € 4,268k to intangible assets and € 198k to write-downs of receivables of uncertain collection.

Operating result (EBIT) amounted to € 60,317k; 28.2% operating profitability (26.3% in 2014).

Net financial charges, equal to € 7,340k, include € 9,844k related to the existing bond loan measured according to the amortised cost approach and financial income for € 2,526k, mainly related to the remuneration for liquidity, including € 1,237k concerning financial relations with the companies of the Group.

Income/(expense) from equity investments, equal to € 12k, refers to the capital gain generated by the sale of the investment held in the company Beigua S.r.l.

Pre-tax result amounted to € 52,989k (24.8% of revenues).

With reference to income taxes, it should be noted that assets and liabilities for deferred taxes were recalculated during the year as a consequence of the change in the corporate income tax (Ires) which, starting from January 1, 2017, will decrease from 27.5% to 24%. That recalculation determined a positive net effect equal to € 1,936k which, added algebraically to the other tax, generated a value for the year of €16,158k, lower than 2014 (€ 17,484k) even in the presence of a higher pre-tax result.

The year ended with a net income of € 36,831k, equal to 17.2% of revenues.

Balance Sheet and Financial Position

The table below sets out the Summary Balance Sheet, reclassified in a different layout from that of the Financial Statement which distinguishes current from non-current assets and liabilities so as to bring out the two main aggregates Net Invested Capital and Net Financial Position, the latter being the balance of Cash and Other Cash Equivalents and Other Financial Assets less Gross Financial Debt and Other Current Liabilities.

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

RECLASSIFIED BALANCE SHEET *Euro in thousands*	December 31, 2015		December 31, 2014	
Net working capital	(10,598)	-1.4%	(18,084)	-2.7%
Goodwill	361,901		361,901	
Interests in subsidiaries	95,373		94,423	
Other non-current assets	321,669		269,331	
Non-current liabilities	(34,943)		(36,434)	
Non-current capital	744,000	101.4%	689,221	102.7%
Net invested capital	**733,402**	**100.0%**	**671,137**	**100.0%**
Net financial position	**160,862**	**21.9%**	**104,679**	**15.6%**
Shareholders' equity	**572,540**	**78.1%**	**566,458**	**84.4%**
Financial position and shareholders' equity of the Group	733,402	100.0%	671,137	100.0%

Net Invested Capital at December 31, 2015 amounted to € 733,402k, and consists of Goodwill for € 361,901k, Interests in subsidiaries for € 95,373k, including € 94,423k related to the interest in the wholly owned subsidiary Towertel S.p.A. and € 950k related to the 95% interest in the share capital of Nettrotter S.r.l., Other non-current assets for € 321,669k, Non-current liabilities for € 34,943k and Net Working Capital negative for € 10,598k.

Shareholders’ Equity at December 31, 2015 amounted to € 572,540k, equal to 78.1% of Net invested capital, and Net Financial Position was negative for € 160,862k, worsening by € 56,183k compared to December 31, 2014.

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

CASH FLOW STATEMENT *Euro in thousands*	2015	2014
Cash flow generated (absorbed) by operating activities	70,689	68,863
Cash flow generated (absorbed) by investing activities	(87,063)	(29,410)
Cash flow generated (absorbed) by financing activities	(38,876)	(7,091)
Net cash flow for the period	(55,251)	32,362

The net flow absorbed by investing activities mainly refers to investments in tangible assets, with an increase (€ 23,389k compared to € 10,500k in 2014) due essentially to the implementation of the network for the Cairo Communication Group, investments in intangible assets for € 200k (€ 161k in the previous year), increases in financial assets for € 62,564 thousand, recording a clear growth compared to € 18,619 in 2014 basically by virtue of financial loans granted to Towertel S.p.A. for the acquisitions already commented and to Nettrotter for investment financing.

Cash flow absorbed by financing activities is due to the payment of the coupon of the existing bond loan made in the period, net of interests received relating to liquidity held in banks, in the amount of € 7,856k (€ 7,091k in 2014) and to the distribution of dividends in the amount of € 31,020k (in 2014 no dividends were distributed).

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

(CONSOB Communication 6064293 of July 27, 2006)

	Shareholders' equity at Dec.31, 2015	Net Profit Dec.31, 2015	Shareholders' equity at Dec.31, 2014	Net Profit Dec.31, 2014
As per balance sheet and income statement of EI Towers S.p.A.	**572,540**	**37,102**	**566,458**	**29,950**
Excess of shareholders'equity, including gross income for the period over book value of investments in subsidiary and affiliated companies	(40,681)	11,256	(53,069)	7,685
Higher values recorded as assets of subsidiary and affiliated companies net of the tax effect	78,313	(316)	79,756	(1,199)
Consolidation adjustments arising from:				
Dividend elimination				
Elimination of unrealised intra-group gains/losses				
Other consolidation adjustments	(266)	-	(261)	(12)
Total	**609,906**	**48,042**	**592,884**	**36,424**
Profit/(loss) attributable to minority interests	39	(11)	-	-
As per consolidated financial statements	**609,945**	**48,031**	**592,884**	**36,424**

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

As defined in the Group's Corporate Governance Code, the Internal Controls and Risk Management System is "a set of rules, procedures and organizational structures aimed at maintaining the identification, measurement, management and monitoring of the main risks. This system is integrated in the general organizational and corporate governance structure adopted by the Issuer and take into consideration national and international reference models and best practices".

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

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

For further information about the risk management system adopted by the EI Towers Group, please refer to the Report on Corporate Governance and the Ownership Structure available on the website www.eitowers.it in the section Governance/Governance System.

Main risk factors and uncertainties

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

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

Market risk

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

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

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

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

Following the transactions carried out during the last two years, the companies (Rai Way, Cellnex Telecom and Inwit) previously operating in a "captive" context, are now operating on the market. Although there have not been changes in market competitive scenario so far, it cannot be excluded that in future the aforesaid companies may initiate competitive actions which, in abstract, could affect the Group's ability to renew trade agreements with its customers.

Inflation trend is an important variable for the Group since contracts signed with clients provide for, in almost all cases, a periodic adjustment linked to inflation. The ongoing low-inflation environment could lead to a stagnation in revenues covered by contract and in operating profitability (or a reduction in the event of significant deflation), since only a part of operating costs, in particular those related to rent of sites not owned, is index-linked to inflation.

Operating risk

Revenues related to the first 10 clients are about 91% of total revenues achieved in 2015 by the Group, with a significant concentration in terms of commercial counterparts; in particular, revenues towards the parent company Elettronica Industriale S.p.A. are equal to 74% of total revenues.

This risk is however mitigated by the fact that the Group operates through the signing of lease and long-term service contracts and the main clients are television and telephone operators with high standing (Mediaset Group, Telecom Italia, Vodafone, Wind, etc…).

In addition, historically the Tower business unit showed a high ability to renew expiring contracts, increasing the range of services offered to clients and consequently recording a very low churn rate.

With reference to clients with lower credit standing, the persisting stagnation in the advertising market and the developments in TV, offering more channels as a consequence of the migration to the digital TV, caused a worsening of the economic and financial situation of local TV operators, which in the medium term could bring some clients of the Group out from the market.

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

It should be noted that some sites acquired by the Group have been built in a time frame affected by regulatory changes. That situation requires to undertake procedures for the regularization of these site concessions. In case this regularization is not possible or competent authorities impose adjustment and/or change of some sites, that could involve changes in operating conditions and/or require an increase in investments and/or management costs.

The activity of the Group's clients is carried out in a sector subject to well-structured national and European regulations. In particular, radio-television and mobile communication operators are subject to regulations aimed at protecting people and environment from the exposure to electromagnetic fields. In case of violation of regulations, the operator could be sanctioned also with the interruption of broadcasting activity, with negative consequences on the revenues of the Group.

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

Financial risks

The free cash flow resulting from the core business enabled the Group to rely on its own resources and manage its own growth strategy, both internally and externally through the acquisition of small tower portfolios without using further debt instruments, thus preserving its financial strength.

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

More detailed information regarding financial risk management policies can be found in the specific section of the Explanatory Notes in the Group's Consolidated Financial Statements under "Additional Disclosures about Financial Instruments and Risk Management Policies".

Risks connected with the management of legal disputes

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

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

Risks connected with Governance

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

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

HUMAN RESOURCES (GROUP)

Staff composition

The EI Towers Group had 570 employees at the end of 2015 (569 of them in permanent posts).

Number of emplyees (permanent staff)	2015	Average 2015	2014
Managers	22	22	22
Middle managers	56	56	57
Office workers	492	499	506
Industry workers	-	-	-
Total	**570**	**576**	**585**

Geographical distribution of permanent employees

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

Offices	Dec.31, 2015		Dec.31, 2014	
	Staff	%	Staff	%
Lissone	204	36%	210	36%
Other offices	365	64%	374	64%
Total	**569**	**100**	**584**	**100**

Age and length of service

Employees	Dec.31, 2015		Dec.31, 2014
	Age	Seniority	Age
Managers	50	20	49
Middle managers	52	24	50
Office workers	50	24	47
Industry workers	-	-	-
Average age	**51**	**23**	**48**

Permanent employees by grade and gender

Grade	Dec.31, 2015		Dec.31, 2014	
	Staff	**% Women**	**Staff**	**% Women**
Managers	21	5%	22	5%
Middle managers	56	11%	57	8%
Office workers	492	19%	505	19%
Industry workers	-	-	-	-
Total	**569**	**18%**	**584**	**17%**

Training initiatives

Total hours of training by type of initiative

Training hours	2015	2014
Managerial skills development	-	-
Professional update	498	370
Legal duty	4,730	1,242
Foreign language courses	105	21
Total	**5,333**	**1,633**

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

Staff composition

EI Towers S.p.A. had 566 employees at the end of 2015 (565 of them in permanent posts).

Number of emplyees (permanent staff)	2015	Average 2015	2014
Managers	22	22	22
Middle managers	54	54	55
Office workers	490	495	503
Industry workers			-
Total	**566**	**571**	**580**

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

Offices	Dec.31, 2015		Dec.31, 2014	
	Staff	**%**	**Staff**	**%**
Lissone	200	35%	205	35%
Other offices	365	65%	374	65%
Total	**565**	**100**	**579**	**100**

Age and length of service

Employees	Dec.31, 2015		Dec.31, 2014
	Age	**Seniority**	**Age**
Managers	50	20	49
Middle managers	52	24	52
Office workers	50	24	49
Average age	**51**	**23**	**50**

Permanent employees by grade and gender

Grade	Dec.31, 2015		Dec.31, 2014	
	Staff	**% Women**	**Staff**	**% Women**
Managers	21	5%	22	5%
Middle managers	54	9%	55	7%
Office workers	490	19%	503	19%
Industry workers	-	-	-	-
Total	**565**	**17%**	**580**	**16%**

Training initiatives

Employee-hours for each type of training

Training hours	2015	2014
Managerial skills development	-	-
Professional update	498	364
Legal duty	4,689	1,210
Foreign language courses	105	21
Total	**5,292**	**1,595**

DISCLOSURES UNDER ARTICLE 2428 OF THE ITALIAN CIVIL CODE

Research and development activities

A summary of the main subjects developed by R&D in 2015 follows:

Contribution networks and television broadcasting transmission

- definition and preparation of technical specifications for satellite head-end using H.265 compression technology, commonly known as HEVC;
- studies on network architectures, assessment of audio/video compression apparatus, assessment of technologies and transport apparatus for contribution of sports events in UHD;
- definition and preparation of technical specifications for microwave radio transport apparatus, IP based technology, for contribution networks;
- definition and preparation of technical specifications for M-Tube network evolution from DWDM 10GBE to 100GBE technology;
- assessment and definition of technical specifications of "test&monitoring" apparatus necessary to understand the proper functioning of the network infrastructure.

DTT (Digital Terrestrial Television)

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

An important and significant contribution has been provided for the activities connected to DVB-T network to be realised on behalf of the Cairo Communication Group.

New developments in digital terrestrial broadcasting (DVB-T2)

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

A series of activities have been carried out aiming at:

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

IoT ("Internet of Things")

During 2015 the commitment to realize a IoT network in Italy based on Sigfox technology was concretised.
In this regard, the features of the system and the radio coverage have been studied, so as to enable the network design to be made, including the definition of number and position in the territory of necessary radio base stations.

National and international regulatory committees

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

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

During 2015, ITU's Conference "WRC-2015" was attended. The conference reviewed "Radio Regulations", i.e. the international treaty which rules the use of frequency spectrum and geostationary and non-geostationary satellite orbits.

Finally, within HD Forum Italia there was active participation in the drawing up of the preliminary draft of HD-Book 4.0, which will be completed in 2016.

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

On October 31, 2012 the Board of Directors adopted the current "Procedure for related party transactions" of EI Towers S.p.A. drafted in accordance with the principles prescribed in CONSOB Resolution 17221 "Regulations containing provisions relating to transactions with related parties" of March 12, 2010 and subsequent changes.
The procedure is available on the company's website www.eitowers.it under section Governance/Related parties and lays down rules for identifying, approving, executing and reporting related party transactions by EI Towers S.p.A. itself or its subsidiaries, thus ensuring that such dealings are both transparent and correct in substance and procedure. It also lays down conditions for any exception to the rules' application.
With reference to the periodic disclosure that has to be made by the Issuers, according to the Consob Resolution number 17221 of March 12, 2010 (article 5, paragraph 8, of the Regulations containing measures regarding transactions with related parties), there are no news or updates to that reported in the Annual Report as of December 31, 2014.

Group taxation

EI Towers S.p.A. exercised the option to adhere, for three fiscal years (starting from 2014), to the national group taxation, regulated by article 117 and subsequent of the Decree by the President of the Republic no. 917/1986 and the Ministerial Decree dated June 9, 2004, with EI Towers S.p.A. as consolidating company and the subsidiary Towertel S.p.A. as consolidated company.
Also the newly-established subsidiary Nettrotter S.r.l., as consolidated company (three-year option), adhered in 2015 to the national group taxation of EI Towers S.p.A..
Appropriate agreements between the parties govern the exercise of the option.

Treasury shares held by controlled subsidiaries

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

2010 Stock Option Plan

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

Year 1/1 - 31/12	Number of participant to Plan	Options rights attribuited for the purchase of company shares	Exercise price	Exercise period only allowed in one off solution	Check of compliance with the criteria estabilished by the Board of Directors
2010	2	100,000	4.92	June 23, 2013/June 22, 2016	Rights to exercise

No. 100,000 options assigned in 2009 expired in the year.

Share-based payments

At December 31, 2015 for the purposes of IFRS 2, there were posted the assigned stock option plans for the financial year 2010, relative to the assignment of option rights over the Mediaset S.p.A. ordinary shares. All the plans fall into the equity-settled category, in other words they allow for the allocation of own shares bought back on the market.

Options granted to the beneficiary employees are linked to the achievement by Mediaset S.p.A. of financial performance targets and the employee remaining with the Mediaset Group for a certain length of time.

The characteristics of this stock option plan can be summarised as follows:

	Stock Option Plan 2010
Grant date	June 22, 2010
Vesting Period	from January 1, 2010 to June 22, 2013
Exercise Period	from June 23, 2013 to June 22, 2016
Fair Value	0.68 euro
Exercise Price	4.92 euro

The stock options are entered on the accounts at their fair value equal to € 0.68 for the 2010 plan options.

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

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

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

OTHER INFORMATION

Privacy: policy document on data security

With respect to the provisions set forth by the Legislative Decree of June 30, 2003, No. 196 "Privacy Code", the revision process of the Privacy Management System of the EI Towers Group was completed in the period. Upon completion of the process, training initiatives for data controllers or processors and the publication of the privacy portal, to ensure better information for those concerned, were completed.

Direction and coordination activity

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

Effective from January 2, 2012 EI Towers S.p.A. is subjected to the direction and coordination activity of Mediaset S.p.A.
Also according to article 2.6.2, paragraph 13, of the Regulation of the Markets Organized and Managed by Borsa Italiana S.p.A., we acknowledge the full conformance of EI Towers S.p.A. with the expectations of article 37 of Consob Regulation 16191/2007 since it:

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

EI Towers S.p.A. carries out at present direction and coordination activities towards the wholly owned subsidiaries Towertel S.p.A., NewTelTowers S.p.A. and towards NETTROTTER S.r.l., a newly-established company (held 95% of the share capital).

Supervision and control

Your Company responded to the Corporate Liability Act (Legislative Order 231/2001) by appointing its own "Supervisory and Control Body". That body is fully independent and has the task, with the support of the relevant company departments and outside consultants, of seeing to it that the company applies its chosen "Organizational Model" in full, and reporting to the company's Board of Directors. For further details on the Organizational Model and the Supervisory and Control Body reference is made to the Corporate Governance and Share Ownership Report published on the website **www.eitowers.it** in the section Governance/Governance System.

Consob Communication DAC/RM97001574 of 20/02/1997

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

Chairman

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

Chief Executive Officer

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

Chief Executive Officer

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

Directors	Paola Casali Manlio Cruciatti Piercarlo Invernizzi Rosa Maria Lo Verso Michele Pirotta Francesco Sironi
Control and Risks Commitee (and related parties)	Michele Pirotta (President) Manlio Cruciatti Alberto Giussani
Remuneration Committee	Alberto Giussani (President) Paola Casali Francesco Sironi

Report on Corporate Governance and Company Structure

The Report on Corporate Governance and Company Structure according to article 123-bis of the Finance Consolidation Act has been published on the website **www.eitowers.it** in the section Governance/System of Governance.

Faculty to waive the obligation to issue an information memorandum in the occasion of significant transactions (opt-out)

According to article 3 of Consob Resolution no. 18079 of January 20, 2012, the Board of Directors on December 14, 2012 resolved to adhere to the opt-out regime envisaged by articles 70, para. 8 and 71 para 1/bis of the Regulations for Issuers Consob no. 11971/99 (and subsequent amendments), using the faculty to waive the obligation to issue an information memorandum in the occasion of significant transactions such as merger, corporate capital splitting, capital increase through non-monetary contribution of assets, acquisitions and disposals.

Other information

It should be noted that on May 5, on the initiative of the Public Prosecutor's Office of the District Court of Milan, the Guardia di Finanza began to acquire the documentation concerning the Tender and Exchange Offer on Rai Way S.p.A. ordinary shares.

The assumed offence is envisaged by Art. 185 of the Finance Consolidated Act.

EI Towers S.p.A. has reiterated that the company and its directors have always operated fairly, in full compliance with the laws and ensuring transparency and completeness of information disclosed to the market.

SUBSEQUENT EVENTS AT DECEMBER 31, 2015

No significant events occurred after December 31, 2015.

FORESEEABLE DEVELOPMENTS

For the year 2016 the activity of organic growth, based on the offer of new hosting services to MNOs and to the highest standing television and radio operators, will continue, together with the finalization of some acquisitions of small tower companies which operate mainly in the mobile telecom and radio broadcasting business.

EBITDA 2016, also taking into account an inflation rate lower than the plan's assumptions, should be in line with the analysts' consensus, excluding non-recurring items such as, for example, costs for the finalization of extraordinary transactions.

The EBITDA trend, together with a low Capex to sales ratios, will allow a high operational cash flow generation.

If transformational transactions shouldn't take place, the management's priorities will still be the scouting activity and the possible acquisition of small-medium companies, both in Italy and abroad, operating in the reference business and guaranteeing a good return for the shareholders.

Nettrotter, a start-up operating in the Low Power Wide Area business of Internet of Things, is accelerating the plan to implement the network. The target is to achieve the coverage of the majority of the population within the end of the year. The company already started the sale of the connectivity services.

BOARD OF DIRECTORS REPORT TO THE SHAREHOLDERS' MEETING OF APRIL 21, 2016:

1. **Approval of the Financial Statements as of December 31, 2015; Report of the Board of Directors on Operations, Report of the Independent Auditors and Report of the Board of Statutory Auditors; Presentation of the Consolidated Financial Statements as of December 31, 2015; related and consequent resolutions.**

Dear Shareholders,

We hereby submit the present Report on Operations, trusting that it, together with the layout and criteria adopted in drawing up the Balance Sheet, Income Statement, Comprehensive Income Statement, Statement of Changes in Shareholders' Equity, Cash Flow Statement and Explanatory Notes for the period ended December 31, 2015, will meet with your approval.

Especially, we submit for your attention the approval of the Financial Statements as of December 31, 2015, as explained above, and of the Directors' Report on Operations.

We propose to allocate the profit for the period € 36,831,539.17 to the Extraordinary Reserve.

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

Dear Shareholders,

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

The following proposed resolution is brought to your attention:

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

resolves

to approve the first section of the Report, which outlines the company's policy regarding the compensation of directors and executives, in compliance with the provisions of Article 123-ter of the Finance Consolidated Act."

3. Authorization to the Board of Directors for the purchase and sale of treasury shares; related resolutions

Dear Shareholders,

We note that the power of the Board of Directors of your Company (hereinafter referred to as the "Company") to purchase treasury shares will expire upon the approval of the Financial Statements as of December 31, 2015.

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

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

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

The Board believes it is useful to submit the renewal of the authorization for the purchase of treasury shares to the Shareholders' Meeting since the Board intends to pursue the objectives set out below, including by operating, should the opportunities arise, in accordance with the market practices no. 1 and no. 2 referenced in the Consob Resolution 16839/2009:

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

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

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

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

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

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

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

The authorization for the purchase is to be requested for a period less than the maximum period allowed by prevailing laws and regulations (which is currently 18 months starting from the date of the resolution of the Shareholders' Meeting), and thus we request that the authorization be valid until the meeting of the shareholders that will approve the Financial Statements as of December 31, 2016.

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

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

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

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

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

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

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

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

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

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

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

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

resolves

- *to authorise the purchase of shares of the Company, in one or more tranches, up to the maximum legal limit, taking account of the treasury shares held directly and any that might be held by subsidiaries and until the approval of the financial statements for the year ending on December 31, 2016; purchases may be made within the limits of distributable profits and reserves as reported in the last approved Annual Report.*

Purchases shall be made according to the following methods:

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

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

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

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

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

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

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

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

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

FOR THE BOARD OF DIRECTORS

The Chairman

Alberto Giussani

EI TOWERS GROUP

Consolidated Financial Statements

and Notes

Consolidated Statement of Financial Position (*)

(values in thousands of Euros)

	Notes	Dec.31, 2015	Dec.31, 2014 (**)
ASSETS			
Non current assets			
Property, plant and equipment	6.1	200,025	196,885
Goodwill	6.2	516,198	461,996
Other intangible assets	6.3	110,740	116,317
Investments in associates/joint control companies	6.4	-	28
Other financial assets	6.5	830	604
Deferred tax assets	6.6	5,051	6,334
TOTAL NON CURRENT ASSETS		**832,844**	**782,164**
Current assets			
Inventories	7.1	2,902	2,553
Trade receivables	7.2	26,117	20,955
Tax receivables	7.3	1,078	119
Other receivables and current assets	7.4	9,075	7,572
Current financial assets	7.5	-	280
Cash and cash equivalents	7.6	103,461	133,917
TOTAL CURRENT ASSETS		**142,633**	**165,396**
TOTAL ASSETS		**975,477**	**947,560**

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

(**) Comparative data at December 31, 2014 differ from those published as a result of the definition of the allocation of the purchase price of NewTelTowers S.p.A.. The effects of the changes are fully described in para. 5 Business Combinations, to which reference should be made.

Consolidated Statement of Financial Position (*)

(values in thousands of Euros)

	Notes	Dec. 31, 2015	Dec.31, 2014 (**)
SHAREHOLDERS' EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital	8.1	2,826	2,826
Share premium reserve	8.2	194,220	194,220
Treasury shares	8.3	(1,845)	(1,845)
Other reserves	8.4	360,551	352,488
Valuation reserve	8.5	(2,380)	(2,518)
Retained earnings	8.6	8,764	10,004
Net profit for the period	8.7	47,770	37,709
Total shareholders' equity		**609,906**	**592,884**
Profit/(loss) pertaining to minority interests		(11)	-
Share capital and reserves pertaining to minority interests		50	-
Shareholders' equity pertaining to minority interests		**39**	**-**
TOTAL SHAREHOLDERS' EQUITY	**8**	**609,945**	**592,884**
Non current liabilities			
Post-employment benefit plans	9.1	11,744	12,745
Deferred tax liabilities	6.6	42,356	48,465
Financial liabilities and payables	9.2	226,977	226,193
Provisions for non current risks and charges	9.3	4,161	3,342
TOTAL NON CURRENT LIABILITIES		**285,238**	**290,745**
Current liabilities			
Trade payables	10.1	41,342	32,560
Current tax liabilities	10.2	702	2,520
Other financial liabilities	10.3	6,731	6,583
Other current liabilities	10.4	31,519	22,268
TOTAL CURRENT LIABILITIES		**80,294**	**63,931**
TOTAL LIABILITIES		**365,532**	**354,676**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**975,477**	**947,560**

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

(**) Comparative data at December 31, 2014 differ from those published as a result of the definition of the allocation of the purchase price of NewTelTowers S.p.A.. The effects of the changes are fully described in para. 5 Business Combinations, to which reference should be made.

Consolidated Statement of Income (*)

(values in thousands of Euros)

	Notes	2015	2014 (**)
Sales of goods and services	11.1	241,807	234,512
Other revenues and income	11.2	2,846	471
TOTAL REVENUES		**244,653**	**234,983**
Personnel expenses	11.3	42,203	43,292
Purchases, services, other costs	11.4	89,472	82,941
Amortisation, depreciation and write-downs	11.5	39,320	43,077
TOTAL COSTS		**170,995**	**169,310**
EBIT		**73,658**	**65,673**
Financial expenses	11.6	(9,968)	(10,034)
Financial income	11.7	1,347	2,384
Income/(expense) from equity investments	11.8	12	-
EBT		**65,049**	**58,023**
Income taxes	11.9	17,290	20,314
NET PROFIT FOR THE PERIOD	**11.10**	**47,759**	**37,709**
Attributable to:			
- Parent company		47,770	37,709
- Minority interests		(11)	-
Earnings per share (Euro):	11.11		
- Basic		1.69	1.34
- Diluted		1.69	1.34

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

(**) Comparative data at December 31, 2014 differ from those published as a result of the definition of the allocation of the purchase price of NewTelTowers S.p.A.. The effects of the changes are fully described in para. 5 Business Combinations, to which reference should be made.

Consolidated Statement of Comprehensive Income

(values in thousands of Euros)

	Notes	2015	2014 (**)
CONSOLIDATED NET PROFIT/(LOSS)(A):		**47,759**	**37,709**
Statement of comprehensive gains/(losses):			
Effective portion of gains/(losses) on hedging instruments (cash flow hedge)		-	-
Actuarial gains/(losses) on defined benefit plans		-	-
Other comprehensive gains/(loss)	8.5	375	(1,540)
Tax effect related to other gains/(losses)	8.5	(103)	255
TOTAL OTHER COMPREHENSIVE INCOME /(LOSS) NET OF TAX EFFECTS (B)		**272**	**(1,285)**
TOTAL COMPREHENSIVE INCOME (A+B)		**48,031**	**36,424**
attributable to:			
- Owners of the parent		48,042	-
- Minority interests		(11)	-

(**) Comparative data at December 31, 2014 differ from those published as a result of the definition of the allocation of the purchase price of NewTelTowers S.p.A.. The effects of the changes are fully described in para. 5 Business Combinations, to which reference should be made.

Consolidated Statement of Cash Flows

(values in thousands of Euros)

	Notes	2015	2014(**)
CASH FLOW FROM OPERATING ACTIVITIES:			
Operating profit		73,658	65,673
+ Depreciation and amortisation		39,320	43,077
+ Change in trade receivables		(631)	(3,829)
+ Change in trade payables		2,199	2,157
+ Change in other assets and liabilities		(4,449)	(3,699)
- Income tax paid		(24,612)	(35,613)
Net cash flow from operating activities [A]	12	**85,485**	**67,766**
CASH FLOW FROM FINANCING ACTIVITIES:			
Investments in tangible assets		(27,283)	(10,741)
Investments in intangible assets		(500)	(286)
Goodwill		-	-
Changes in payables for investing activities		-	269
(Increases)/decreases in other financing activities		(226)	(46)
Business combinations net of cash acquired		(49,010)	(17,073)
Net cash flow from investing activities [B]	12	**(77,019)**	**(27,877)**
CASH FLOW FROM FINANCING ACTIVITIES:			
Changes in financial liabilities		-	-
Dividend payment		(31,020)	-
Interests (paid)/received		(7,902)	(7,045)
Net cash from financing activities [C]	12	**(38,922)**	**(7,045)**
CHANGE IN CASH AND CASH EQUIVALENTS [D=A+B+C]		**(30,456)**	**32,844**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD [E]		**133,917**	**101,073**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD [F=D+E]		**103,461**	**133,917**

(**) Comparative data at December 31, 2014 differ from those published as a result of the definition of the allocation of the purchase price of NewTelTowers S.p.A.. The effects of the changes are fully described in para. 5 Business Combinations, to which reference should be made.

Consolidated Statement of Changes in Shareholders' Equity

(values in thousands of Euros)

	Share capital	Share premium reserve	Legal reserve and other reserves	Treasury shares	Actuarial reserve	Other valuation reserves	Retained earnings (accumulated losses)	Nel income (loss) for the period	TOTAL EQUITY OF THE GROUP	TOTAL EQUITY OF MINORITY INTERESTS	TOTAL SHAREHOLDERS' EQUITY
Balance at January 1, 2014	**2,826**	**194,220**	**320,723**	**(1,845)**	**(1,436)**	**218**	**8,814**	**32,938**	**556,458**		**556,458**
Net result for 2013	-	-	31,750	-	-	-	1,188	(32,938)	-		-
Stock option	-	-	15	-	-	(15)	-	-	-		-
Comprehensive income/(loss)	-	-	-	-	(1,285)	-	-	37,820	36,535		36,535
Balance at December 31, 2014	**2,826**	**194,220**	**352,488**	**(1,845)**	**(2,721)**	**203**	**10,004**	**37,820**	**592,995**		**592,995**
PPA EEFECTS RELATED TO ACQUISITIONS IN 2014								**(111)**	**(111)**		**(111)**
Balance at December 31, 2014	**2,826**	**194,220**	**352,488**	**(1,845)**	**(2,721)**	**203**	**10,004**	**37,709**	**592,884**	**-**	**592,884**
Balance at Janaury 1, 2015	**2,826**	**194,220**	**352,488**	**(1,845)**	**(2,721)**	**203**	**10,004**	**37,709**	**592,884**	**-**	**592,884**
Net result for 2014	-	-	7,928	-	-	-	29,781	(37,709)	(0)	-	(0)
Changes in the consolidation area									-	50	50
Dividend distribution							(31,020)		(31,020)	-	(31,020)
Stock option	-	-	135	-	-	(135)	-	-	-	-	-
Comprehensive income/(loss)	-	-	-	-	272	-	-	47,770	48,042	(11)	48,031
Balance at December 31, 2015	**2,826**	**194,220**	**360,551**	**(1,845)**	**(2,448)**	**68**	**8,764**	**47,770**	**609,906**	**39**	**609,945**

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

(values in thousands of Euros)

	Notes	Dec.31, 2015	of which vs. Related parties (note 15)	% weight	Dec.31, 2014 (**)	of which vs. Related parties (note 15)	% weight
ASSETS							
Non current assets							
Property, plant and equipment	6.1	200,025			196,885		
Goodwill	6.2	516,198			461,996		
Other intangible assets	6.3	110,740			116,317		
Investments in associates/joint control companies	6.4	-			28		
Other financial assets	6.5	830			604		
Deferred tax assets	6.6	5,051			6,334		
TOTAL NON CURRENT ASSETS		**832,844**			**782,164**		
Current assets							
Inventories	7.1	2,902			2,553		
Trade receivables	7.2	26,117	687	3%	20,955	759	4%
Tax receivables	7.3	1,078			119		
Other receivables and current assets	7.4	9,075			7,572		
Current financial assets	7.5	-			280		
Cash and cash equivalents	7.6	103,461			133,917	37	0%
TOTAL CURRENT ASSETS		**142,633**			**165,396**		
TOTAL ASSETS		**975,477**			**947,560**		

(**) Comparative data at December 31, 2014 differ from those published as a result of the definition of the allocation of the purchase price of NewTelTowers S.p.A.. The effects of the changes are fully described in para. 5 Business Combinations, to which reference should be made.

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

(values in thousands of Euros)

	Notes	Dec.31, 2015	of which vs. Related parties (note 15)	% weight	Dec.31, 2014 (**)	of which vs. Related parties (note 15)	% weight
SHAREHOLDERS' EQUITY AND LIABILITIES							
Share capital and reserves							
Share capital	8.1	2,826			2,826		
Share premium reserve	8.2	194,220			194,220		
Treasury shares	8.3	(1,845)			(1,845)		
Other reserves	8.4	360,551			352,488		
Valuation reserve	8.5	(2,380)			(2,518)		
Retained earnings	8.6	8,764			10,004		
Net profit for the period	8.7	47,770			37,709		
Total shareholders' equity		**609,906**			**592,884**		
Profit/(loss) pertaining to minority interests		(11)			-		
Share capital and reserves pertaining to minority interets		50			-		
Shareholders' equity pertaining to minority interests		**39**			-		
TOTAL SHAREHOLDERS' EQUITY	**8**	**609,945**			**592,884**		
Non current liabilities							
Post-employment benefit plans	9.1	11,744			12,745		
Deferred tax liabilities	6.6	42,356			48,465		
Financial liabilities and payables	9.2	226,977			226,193		
Provisions for non current risks and charges	9.3	4,161			3,342		
TOTAL NON CURRENT LIABILITIES		**285,238**			**290,745**		
Current liabilities							
Trade payables	10.1	41,342	1,145	3%	32,560	1,073	3%
Current tax liabilities	10.2	702			2,520		
Other financial liabilities	10.3	6,731			6,583		
Other current liabilities	10.4	31,519	491	2%	22,268	388	2%
TOTAL CURRENT LIABILITIES		**80,294**			**63,931**		
TOTAL LIABILITIES		**365,532**			**354,676**		
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**975,477**			**947,560**		

(**) Comparative data at December 31, 2014 differ from those published as a result of the definition of the allocation of the purchase price of NewTelTowers S.p.A.. The effects of the changes are fully described in para. 5 Business Combinations, to which reference should be made.

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

(values in thousands of Euros)

	Notes	2015	of which vs. Related parties (note 15)	% weight	2014 (**)	of which vs. Related parties (note 15)	% weight
Sales of goods and services	11.1	241,807	180,770	75%	234,512	180,966	77%
Other revenues and income	11.2	2,846			471		
TOTAL REVENUES		**244,653**			**234,983**		
Personnel expenses	11.3	42,203	1,047	2%	43,292	1,094	3%
Purchases, services, other costs	11.4	89,472	3,372	4%	82,941	3,380	4%
Amortisation, depreciation and write-downs	11.5	39,320			43,077		
TOTAL COSTS		**170,995**			**169,310**		
EBIT		**73,658**			**65,673**		
Financial expenses	11.6	(9,968)			(10,034)	(1)	0%
Financial income	11.7	1,347			2,384	1,114	47%
Income/(expense) from equity investments	11.8	12			-		
EBT		**65,049**			**58,023**		
Income taxes	11.9	17,290			20,314		
NET PROFIT FOR THE PERIOD	**11.10**	**47,759**			**37,709**		
Attributable to:							
- Parent company		47,770			37,709		
- Minority interests		(11)			-		
Earnings per share (Euro):	11.11						
- Basic		1.69			1.34		
- Diluted		1.69			1.34		

(**) Comparative data at December 31, 2014 differ from those published as a result of the definition of the allocation of the purchase price of NewTelTowers S.p.A.. The effects of the changes are fully described in para. 5 Business Combinations, to which reference should be made.

EXPLANATORY NOTES

1. GENERAL INFORMATION

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

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

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

These Financial Statements have been drawn up with a going concern approach, because the Directors have checked that there do not exist any uncertainties as defined in the Paragraph 25 of IAS 1 of any financial, operational, managerial criticalities or of any other nature that could possibly impact the ability of the Group to face up to its obligations in the foreseeable future. The risks and the uncertainties relative to the business itself are described in the Directors' Report on Operations. The description of how the Group manages its financial risks, among which there are the liquidity and capital ones, is contained in the paragraph called Additional information on financial instruments and the risk management policies contained in these Explanatory Notes.

The Financial Statements at December 31, 2015 have been drawn up according to the IAS/IFRS and the relative interpretations issued by the SIC/IFRIC homologated by the European Commission and in force at the date in question.

The accounting criterion normally used for assets and liabilities is that of historical cost, with the exception of some financial instruments for which, pursuant to what is laid down in IAS 39 and IFRS 13, the fair value is used.

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

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

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

Estimates are based on the current status of information available, examined periodically and effects are reflected in income statement. Given the current macroeconomic context, still destabilized by the effects of the persistent financial crisis, the estimates have been made on the basis of assumptions relating to a highly uncertain future. However, it is possible that actual events over the next year may have a different outcome to those forecasted, causing adjustments to the carrying amounts of each single item that are not foreseeable today.
The main estimates are relative to the calculation of the usage value of the Cash Generating Units to which the goodwill, or other assets with a defined or indefinite useful life are allocated, for the purposes of the periodic check regarding the ability to be able to find the recoverable value of these assets according to the criteria laid down by IAS 36. The calculation of this usage value requires the estimating of the cash flows that are forecasted to be produced by the CGU, as well as the setting of an appropriate discounting rate to be used. The main uncertainties that could influence this estimate are relative to the calculation of the Weighted Average Cost of Capital (WACC), of the growth rates of the flows beyond the forecast horizon (g), as well as the hypotheses made in developing the expected cash flows for the years of the explicit forecast.

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

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

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

3. SUMMARY OF THE ACCOUNTING STANDARDS AND VALUATION CRITERIA

Financial Statements tables and layouts

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

- It is expected that it will be realized, or extinguished, or it is estimated that it will be sold, or used, in the ordinary operating cycle of the Group, or
- it is mainly held for trading, or
- it is expected that it will be realized or extinguished within 12 months from the Financial Statements closing date.

Lacking all three of the above conditions the assets and liabilities are classified as being non-current.

The **Income Statement** is drawn up with the layout of costs by type, following the same methodology as the Group's internal reporting and in line with the prevailing international practices in the sector, showing the intermediate levels of the operating result and the pre-tax result. The *operating result* is the difference between the Net Revenues and the operating costs (these latter include the costs of a non-monetary nature relative to the amortization, depreciation and write-downs of current and non-current assets, net of any reinstatements of value).

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

The **Comprehensive Income Statement** table shows the cost and revenue items, net of tax, which has asked for, or allowed, by the various International Accounting Standards are posted directly among the Balance Sheet reserves. Items that would be reclassified to profit or loss at future point of time are presented separately from items that will never be reclassified. For each one of the significant Balance Sheet reserves that are shown in the table there are given the references to the successive Explanatory Notes, within which there is supplied the relative information and there are detailed the breakdowns and the changes that have taken place since the last fiscal year.

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

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

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

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

Consolidation standards and area

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

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

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

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

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

The accounting treatment of purchases and sales of minority interests in subsidiary companies, as long as they do not result in a loss of control, are dealt with as transactions with shareholders. Consequently, the difference between the fair value of the price paid, or received, regarding these transactions and the adjustment made to minority interests must be posted with the other side of the entry going to the item *Other comprehensive gains and losses* of the

Parent Company's Net Equity. Similarly, also the ancillary costs arising from these operations must be posted, in accordance with IAS 32, in the Net Equity.

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

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

With reference to IFRS 11, a *joint venture* is a contractual agreement with which the Group, together with other participants, undertakes a business activity subject to joint control. For joint control there is meant the contractual sharing of control of a business activity and this only exists when the strategic, financial and operational decisions regarding the business require the unanimous consent of the parties that share control of it.

Buildings, plants and equipment

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

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

- Buildings	2% -3%
- Towers	5%
- Plant and machinery	10%- 20%
- Equipment	12% - 16%
- Office forniture and electronic machines	8% - 20%
- Motor vehicles and other means of transport	10% - 25%

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

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

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

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

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

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

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

Leased assets

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

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

Intangible fixed assets

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Impairment of assets

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

The possible recovery of the posted values is checked by comparing the accounting book value in the Financial Statements with the greater between the fair value less costs to sell and the value in use of the asset because according to IAS 36 recoverable amount is defined as the higher of the fair value of an asset or a Cash Generating Unit less costs to sell and its value in use. The usage value is generally calculated by discounting the cash flows expected from the usage of the asset or the Cash Generating Units and also by the value expected from its disposal at the end of its useful life.

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

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

Equity investments in associated companies and joint ventures

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

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

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

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

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

Non-current financial assets

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

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

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

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

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

Non-current assets available for sale

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

Current Assets

Inventories

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

Trade receivables

The receivables are posted at their fair value, which is generally also their face value, except in the case where, because of significant extended payment terms, it is the same as the value calculated by applying the amortised cost method. Their value at year-end is adjusted to their estimated realisable value and written down in case of impairment. Receivables originating in non-EMU currencies are valued at the year-end spot rates issued by the European Central Bank.

Sale of receivables

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

Current financial assets

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

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

Cash and equivalents

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

Treasury shares

Treasury shares are shown at cost and posted as a reduction of Net Equity.

Employee Benefits

Post-Employment Benefit Plans

The Employee Leaving Indemnity, which is obligatory for Italian companies pursuant to article 2120 of the Italian Civil Code, is a type of deferred remuneration and it is related to the length of the working lives of the employees and the emoluments received.

Due to the Supplementary Pension Reform, the amounts of the Employee Leaving Indemnity accrued until December 31, 2006 shall continue to remain within the company constituting a defined benefit plan, with the obligation of the accrued benefits to that date being subject to an actuarial valuation, while the amounts that accrue from January 1, 2007, with the exception of those regarding companies with less than 50 employees, according to the choices made by the employees, are allocated to supplementary pension funds, or transferred by the company to the treasury fund managed by INPS (Italian National Social Security Institute) starting from the time when the employees formalise their choice, as *defined contribution* plans that are no longer subject to actuarial valuation).

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

Through the actuarial valuation, there is input to the Income Statement in the item "Financial Incomes/Charges" of the *interest cost*, which constitutes the theoretical charge that the company would have to incur if it asked the market for a loan of the amount equal to the ELI fund and in the item "personnel costs" of the current service cost that defines the amount of the rights accrued by the employees during the fiscal year but only for those companies of the Group with less than 50 employees and who, therefore, have not transferred to supplementary pension schemes the amounts accrued from January 1, 2007. The actuarial gains and losses that reflect the impacts coming from the changes in the actuarial hypotheses used are posted directly to the Net Equity, without ever passing to the Income Statement and they are shown in the Comprehensive Income Statement table.

Share-based payments

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

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

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

Trade payables

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

Funds for risks and charges

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

Non-current financial liabilities

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

Revenue recognition

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

The revenues are shown net of returns, discounts, allowances and premiums, as well as of any directly linked tax charges.

Any cost recoveries are shown as a direct reduction of the relative costs.

Income taxes

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

The prepaid and deferred taxes are calculated based on the timing differences between the values attributed to the assets and liabilities in the Financial Statements on a statutory basis and the corresponding values that are recognized for fiscal purposes, on the basis of the tax rates that will be in force at the time when the timing differences will be reversed. When the results are posted directly to Net Equity, the current taxes, the prepaid taxes assets and the deferred taxes liabilities are also posted to Net Equity.

The deferred taxes assets and liabilities are set off when there exists a legal right to be able to set off the current taxes assets and liabilities and when they refer to taxes that are due to the same Tax Authority and the Group intends to settle the current tax assets and liabilities on a net basis.

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

It should be noted that EI Towers S.p.A. exercised the option to adhere, for three fiscal years, starting from 2014, to the national group taxation, regulated by article 117 and subsequent of the Decree by the President of the Republic no. 917/1986 and the Ministerial Decree dated June 9, 2004, with EI Towers S.p.A. as consolidating company.

Dividends

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

Earnings per share

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

Changes in accounting estimates

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

Accounting standards, amendments and interpretations effective from January 1, 2015

The Group applied the following accounting standards, amendments and interpretations for the first time starting from January 1, 2015:

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

- On December 12, 2013 the IASB published the document ***"Annual Improvements to IFRSs: 2011-2013 Cycle"*** incorporating the amendments to some standards, within the scope of the annual improvement process (including: IFRS 3 *Business Combinations – Scope exception for joint ventures*, IFRS 13 *Fair Value Measurement – Scope of portfolio exception*, IAS 40 *Investment Properties – Interrelationship between IFRS 3 and IAS 40*). The changes are effective for annual periods beginning on or after January 1, 2015. The adoption of this new interpretation did not impact the Group's consolidated financial statements.

New accounting standards, interpretations and amendments not yet applicable and not applied in advance by the Group at December 31, 2015

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

The Group did not apply the following Standards, new or amended, issued, but not yet into effect.

- Amendment to IAS 19 *"Defined Benefit Plans: Employee Contributions"* (published on November 21, 2013): related to the recognition of contributions from employees or third parties to defined benefit plans. The change is effective at the latest for annual periods beginning on or after February 1, 2015.
- Amendment to **IFRS 11** *Joint Arrangements – "Accounting for acquisitions of interests in joint operations"* (published on May 6, 2014): related to the accounting for acquisitions of interests in *joint operations* in which the activities of the joint operations constitute *businesses*. The changes are effective for annual periods beginning on or after January 1, 2016. Earlier application is permitted.
- Amendments to **IAS 16** *Property, plant and equipment* and **IAS 41** *Agriculture – "Bearer Plants"* (published on June 30, 2014): *bearer plants,* i.e. fruit trees producing annual harvests (such as grape vines, hazelnut trees) should be accounted for according to the requirements of IAS 16 (rather than of IAS 41). The changes are effective for annual periods beginning on or after January 1, 2016. Earlier application is permitted.
- Amendments to **IAS 16** *Property, plant and Equipment* and to **IAS 38** *Intangibles Assets – "Clarification of acceptable methods of depreciation and amortisation"* (published on May 12, 2014): according to which a revenue-based depreciation method is not considered to be appropriate, since, revenues generated by an activity that includes the use of an asset subject to depreciation generally reflect factors other than consumption of an asset's economic benefits, a requisite required for depreciation. The changes are effective for annual periods beginning on or after January 1, 2016. Earlier application is permitted.
- Amendment to **IAS 1** – "*Disclosure Initiative"* (published on December 18, 2014): the objective of these changes is to provide a clarification on disclosure principles which can be perceived as an impediment to a clear and intelligible presentation of financial statements. The changes are effective for annual periods beginning on or after January 1, 2016. Earlier application is permitted.
- Amendment to *IAS 27 – Equity Method in Separate Financial Statements* (published on August 12, 2014): introduces the option to use the equity method of accounting in measuring investments in subsidiaries, joint ventures and associates in the separate financial statements of an entity. The changes are effective for annual periods beginning on or after January 1, 2016. Earlier application is permitted.

In the Directors' opinion, the adoption of these changes is not expected to have a significant impact on the Group's consolidated financial statements.

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

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

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

  The standard is effective for annual reporting periods beginning on or after January 1, 2018. Earlier application is permitted. In the Directors' opinion, the application of IFRS 15 could impact in particular on disclosure of revenues provided in the consolidated financial statements of the Group. However, it is not possible to make a reasonable estimate of the effects until the Group has completed a detailed analysis of customer relations.

- Final version of IFRS 9 – Financial Instruments (published on July 24, 2014). This document brings together the Classification and measurement, Impairment and Hedge accounting phases of the IASB's project to replace IAS 39:
  - Introduces new requirements for classification and measurement of financial assets and liabilities;

- Concerning the impairment model, the new standard requires that the estimation of credit losses is carried out on the basis of an expected losses impairment model (and not on an incurred losses model provided for by IAS 39) by using supportable information, available without unreasonable changes or efforts which include historical data, both current and future;
- Introduces the new general hedge accounting model (increase in the types of transactions eligible for hedge accounting, change to the accounting method for forward contracts and option when included in an hedging relationship, changes to the effectiveness test)

The new standard, which replaces the previous versions of IFRS 9, is effective for annual reporting periods beginning on or after January 1, 2018.

- On January 13, 2016 the IASB published the standard **IFRS 16 – *Leases*** which will replace the standard IAS 17 – *Leases*, and the interpretations IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases—Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

  The new standard provides a new definition of lease and introduces the criterion based on the right of use of an asset to distinguish between lease contracts and service contracts, identifying as discriminating factors: the identification of the asset, the right of substitution of the asset, the right to obtain substantially all the economic benefits from that use and the right to direct the asset's use underlying the contract.

  The standard establishes a single recognition and measurement model of lease contracts for the lessee providing for the recognition of the leased asset also operating under assets against a financial liability, providing the possibility not to recognize as a lease contracts concerning "*low-value assets*" and leases with a lease term of 12 months or less. On the contrary, this Standard does not include significant changes for lessors.

  The standard is effective for annual periods beginning on or after January 1, 2019. Earlier application is permitted only for the Entities which have applied IFRS 15 – *Revenue from Contracts with Customers* in advance. In the Directors' opinion, the application of IFRS 16 is expected to significantly impact on the accounting of lease contracts and on related disclosure provided in the consolidated financial statements of the Group. However, it is not possible to provide a reasonable estimate of the effects until the Group has completed a detailed analysis of related contracts.

- Document "***Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)***" (published on December 18, 2014), containing changes related to issues that have arisen in the context of applying the consolidation exception for investment entities. The changes introduced by the document are effective for annual periods beginning on or after January 1, 2016. Earlier application is permitted. In the Directors' opinion, the adoption of these changes is not expected to significantly impact on the Group's Consolidated Financial Statements, since the company does not satisfy the definition of investment entity.

On September 11, 2014 the IASB published an amendment to ***IFRS 10 and IAS 28 Sales or Contribution of Assets between an Investor and its Associate or Joint Venture***. This document has been published in order to solve the current conflict between IAS 28 and IFRS 10 related to the recognition of a gain or loss resulting from the sale or contribution of *non-monetary assets* to a *joint venture* or associate in return of an equity stake. The IASB deferred indefinitely the application of this amendment.

4. MAIN CORPORATE OPERATIONS AND CHANGES IN THE CONSOLIDATION AREA

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

The agreements envisage a transitional phase, during which construction, commissioning of the MUX and first years of operation, which will run from the date of signature until December 31, 2017, will take place, and a phase of the MUX management at regime with a length of 17 years (from 2018 to 2034).

On March 2, the subsidiary Torre di Nora S.r.l. was merged into its direct parent company Hightel S.p.A. (whose corporate name has been modified in NewTelTowers S.p.A.) with statutory effects from the date of the last inscription in the Companies Register and accounting and fiscal effects from January 1, 2015.

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

For further information on the offer, reference is made to the Directors' Report on Operations of the 2014 Annual Report (Subsequent events at December 31, 2014) and to the communications disclosed to the market during the period.

On April 21, the Shareholders' Meeting of EI Towers S.p.A., as proposed by the majority shareholder Elettronica Industriale S.p.A. and in relation to the developments in the tender and exchange offer promoted on Rai Way S.p.A. ordinary shares, resolved to distribute a dividend of € 1.10 per share through the partial distribution of the net profit achieved in 2014; it should be reminded that the Board of Directors had already proposed to the Shareholders' Meeting to allocate the profit for the year entirely to extraordinary reserve.

Concerning the aforesaid tender and exchange offer, on April 22, the Board of Directors of EI Towers S.p.A., after the analysis of the press release dated April 16, with which RAI S.p.A., controlling shareholder of Rai Way S.p.A., stated that it would have not adhered in any way to the offer, acknowledged therefore that, even before the start of the offering period, there were no conditions to prosecute the Offer.

On July 10, Towertel S.p.A. acquired 100% of the share capital of Tecnorad Italia S.p.A., a company managing 134 towers hosting mainly mobile telecommunications operators, for a total consideration of € 14.8m. On July 24, the Shareholders' Meetings of Towertel S.p.A. and Tecnorad Italia S.p.A. passed resolutions to merge the latter into its immediate parent company. The merger was subsequently completed by notarial deed of November 30.

On July 24, Towertel S.p.A. acquired 100% of the share capital of DAS Immobiliare S.r.l., a company managing 11 towers hosting mainly mobile telecommunications operators, for a total consideration of € 3.6m. On September 8, the administrative bodies of Towertel S.p.A. and DAS Immobiliare S.r.l. passed resolutions to merge the latter into its immediate parent company. The merger was subsequently completed by notarial deed of November 30.

On August 6, the parent company EI Towers S.p.A. established, together with a minority shareholder, the company Nettrotter S.r.l., which will develop a Sigfox network on the Italian territory to offer - in subscription mode - connectivity services for the Internet of Things ("IOT") market.

Sigfox, a company based in France, is a leading world-wide operator of cellular networks entirely dedicated to the Internet of Things and the "machine-to-machine" communication; as of today, Sigfox network is active or in the process of being activated in 14 countries throughout the world.

Nettrotter is rapidly developing the new IoT network in the national territory in order to provide connectivity services already starting from the second quarter of 2016.

Between the 27th and the 29th October Towertel S.p.A. acquired 100% of the share capital of 13 companies, which manage a total of 171 towers hosting mainly mobile telecommunications operators, and some lots of land located in Liguria region, for a price of € 40.8m.

On November 5, 2015, the Extraordinary Shareholders' Meeting of Towertel S.p.A. approved the merger of 13 subsidiaries. The merger was subsequently completed by notarial deed of November 20.

5. BUSINESS COMBINATIONS

As described previously, on July 10, Towertel S.p.A. completed the acquisition of 100% of the share capital of Tecnorad Italia S.p.A., a company managing 134 towers hosting mainly mobile telecommunications operators, for a price of approximately € 14.8m., on the basis of a net recurring operating profitability estimated to be around € 1.9m including an earn out provisional share of € 535k.

On July 24, the Shareholders' Meetings of Towertel S.p.A. and Tecnorad Italia S.p.A. passed resolutions to merge the latter into its immediate parent company. The merger was subsequently completed by notarial deed of November 30.

The following table summarizes the consideration paid, the fair value of acquired assets and assumed liabilities at the transaction date:

Net acquired assets	Carrying values of the acquired company at the date of acquisition (provisional allocation)
Other intangible assets	-
Tangible assets	3,037
Deferred tax assets/liabilities	-
Other assets/(liabilities)	(2,687)
Financial assets/(liabilities)	160
Total net acquired assets (a)	**510**
Minority shareholders' interests (b)	**-**
Total net assets acquired pro-rata (a-b)	**510**
Total acquisition cost	**14,758**
Goodwill	**14,247**

Cash and cash equivalents acquired	153
Purchase price	14,758
Portion of price not paid at December 31, 2015	2,889
Net cash flows absorbed by the acquisition	**11,716**

As stated in the above table, the Purchase Price Allocation has not yet been completed at the date of authorization for the publication of these consolidated financial statements. The allocation has been provisionally recognized as goodwill in the total amount of € 14,247k.

On July 24, Towertel S.p.A. acquired 100% of the share capital of DAS Immobiliare S.r.l., a company managing 11 towers hosting mainly mobile telecommunications operators, for a price of approximately € 3.6m., on the basis of a net recurring operating profitability estimated to be around € 340k including an earn out provisional share of € 234k.

On September 8, the administrative bodies of Towertel S.p.A. and DAS Immobiliare S.r.l. passed resolutions to merge the latter into its immediate parent company. The merger was subsequently completed by notarial deed of November 30.

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

Net acquired assets	Carrying values of the acquired company at the date of acquisition (provisional allocation)
Other intangible assets	-
Tangible assets	208
Deferred tax assets/liabilities	
Other assets/(liabilities)	181
Financial assets/(liabilities)	15
Total net acquired assets (a)	**404**
Minority shareholders' interests (b)	-
Total net assets acquired pro-rata (a-b)	**404**
Total acquisition cost	**3,567**
Goodwill	**3,163**

Cash and cash equivalents acquired	15
Purchase price	3,567
Portion of price not paid at December 31, 2015	1,765
Net cash flows absorbed by the acquisition	**1,787**

As stated in the above table, the Purchase Price Allocation has not yet been completed at the date of authorization for the publication of these consolidated financial statements. The allocation has been provisionally recognized as goodwill in the total amount of € 3,163k.

Between the 27th and the 28th October Towertel S.p.A. acquired 100% of the share capital of 13 companies, which manage a total of 171 towers hosting mainly mobile telecommunications operators, and some lots of land located in Liguria region, for a price of € 40.8m, including an earn out provisional share of € 1,590k on the basis of a net recurring operating profitability estimated to be around € 3.8m.

On November 20, 2015 the companies have been merged into Towertel S.p.A.

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

Net acquired assets	Carrying values of the acquired company at the date of acquisition (provisional allocation)
Other intangible assets	-
Tangible assets	2,381
Deferred tax assets/liabilities	-
Other assets/(liabilities)	(648)
Financial assets/(liabilities)	2,234
Total net acquired assets (a)	**3,967**
Minority shareholders' interests (b)	-
Total net assets acquired pro-rata (a-b)	**3,967**
Total acquisition cost	**40,759**
Goodwill	**36,792**

Cash and cash equivalents acquired	2,234
Purchase price	40,759
Portion of price not paid at December 31, 2015	7,441
Net cash flows absorbed by the acquisition	**31,084**

DEFINITION OF THE FINAL PURCHASE PRICE ALLOCATION HIGHTEL S.P.A., NOW NEWTELTOWERS S.P.A.

On October 31, 2014 Towertel S.p.A. completed the acquisition of the entire share capital of Hightel S.p.A., now named NewtelTowers S.p.A., a company that manages a total of 216 sites mostly located in the South of Italy hosting mobile telecommunications operators, including 135 sites owned by the operators themselves. The final purchase price amounted to € 15,450k; an earn-out provisional share amounting to € 4,037k was defined as increase in the total price and the transfer of credit, including securities and bonds, when collected, amounted to € 1,769k. It should be noted that also the merger of the 100% subsidiary Torre di Nora S.r.l. into Newtel Towers S.p.A. was completed during 2015.

The Purchase Price Allocation, shown in the table, was completed at the date of authorization for the publication of these consolidated financial statements.

Net acquired assets	**Carrying values of the acquired company at the date of acquisition (provisional allocation)**	**Adjustment as part of the final allocation**	**Carrying values of the acquired company**
Other intangible assets	116	19,834	19,950
Tangible assets	3,592		3,592
Deferred tax assets/liabilities	-	(5,609)	(5,609)
Other assets/(liabilities)	(3,230)		(3,230)
Financial assets/(liabilities)	185		185
Total net acquired assets (a)	**663**	**14,225**	**14,888**
Minority shareholders' interests (b)	-		-
Total net assets acquired pro-rata (a-b)	**663**	**14,225**	**14,888**
Total acquisition cost	**21,256**		**21,256**
Goodwill	**20,593**		**6,368**

The acquisition consideration, as explained, was subject to price adjustments and included on earn-out of € 4,037k, the payment of which was considered probable at the acquisition date. The conditions in which the acquirer should have paid that earn-out have partially ceased to exist; therefore, part (€ 2,531k) of that financial debt has been cancelled being not due.

As envisaged in paragraph 49 of IFRS 3, comparative amounts at December 31, 2014 were redefined in order to reflect the effects of the price allocation process at the acquisition date. The table below shows the changes to the data at December 31, 2014.

	Dec.31, 2014	PPA	Dec.31, 2014 RESTATED
ASSETS			
Non current assets			
Property, plant and equipment	196,885		196,885
Goodwill	476,221	(14,225)	461,996
Other intangible assets	96,648	19,669	116,317
Investments in associates/joint control companies	28		28
Other financial assets	604		604
Deferred tax assets	6,334		6,334
TOTAL NON CURRENT ASSETS	**776,720**	**5,444**	**782,164**
TOTAL CURRENT ASSETS	**165,396**		**165,396**
TOTAL ASSETS	**942,116**	**5,444**	**947,560**

TOTAL SHAREHOLDERS' EQUITY	**592,995**	**(111)**	**592,884**
Non current liabilities			
Post-employment benefit plans	12,745		12,745
Deferred tax liabilities	42,910	5,555	48,465
Financial liabilities and payables	226,193		226,193
Provisions for non current risks and charges	3,342		3,342
TOTAL NON CURRENT LIABILITIES	**285,190**	**5,555**	**290,745**
TOTAL CURRENT LIABILITIES	**63,931**		**63,931**
TOTAL LIABILITIES	**349,121**	**5,555**	**354,676**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**942,116**	**5,444**	**947,560**

The effect on Shareholders' Equity is attributable to the adjustment of the profit for the previous year due to the amortisation of the amount allocated to Customer Relations (€ 165k) net of the related tax effect (€ 54k).

NOTES ON MAIN ASSETS ITEM

6. NON CURRENT ASSETS

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

6.1 Property, plant and equipment

HISTORICAL COST	Land and building	Towers	Plant and machinery	Technical and commercial equipment	Other tangible assets	Tangible assets under formation and advances	Total
Beginning Balance Jan.1, 2014	48,956	156,091	248,694	43,563	25,797	8,816	531,917
Changes in the consolidation area	573	4,880	-	42	6	254	5,755
Reclassification	(145)	-	-	-	-	(167)	(312)
Other changes	139	121	2,709	137	388	(3,494)	-
Acquisitions	377	450	2,434	289	282	6,909	10,741
Disposals	(232)	(355)	(4,616)	(118)	(458)	(218)	(5,997)
Depreciation and write-downs	-	-	-	-	-	-	-
Closing Balance Dec.31, 2014	49,668	161,187	249,221	43,913	26,015	12,100	542,104
Changes in the consolidation area	1,593	9,100	15	1	-	43	10,752
Reclassification	-	54	-	-	-	(269)	(215)
Other changes	36	1,545	4,681	415	766	(7,443)	-
Acquisitions	2,864	1,439	11,830	419	437	12,609	29,598
Disposals	(52)	(237)	(1,671)	(72)	(126)	(21)	(2,179)
Depreciation and write-downs	-	-	-	-	-	-	-
Closing Balance Dec.31, 2015	54,108	173,087	264,076	44,676	27,092	17,019	580,058

AMORTISATION AND DEPRECIATION	Land and building	Towers	Plant and machinery	Technical and commercial equipment	Other tangible assets	Tangible assets under formation and advances	Total
Beginning Balance Jan.1, 2014	17,851	77,180	168,512	31,633	20,675	-	315,851
Changes in the consolidation area	-	1,917	-	41	6	-	1,964
Reclassification	(145)	-	-	-	-	-	(145)
Other changes	-	-	-	-	-	-	-
Disposals	(231)	(280)	(4,604)	(113)	(440)	-	(5,667)
Amortisation	1,598	6,248	20,370	3,092	1,725	-	33,033
Depreciation and write-downs	-	184	-	-	-	-	184
Closing Balance Dec.31, 2014	19,073	85,249	184,278	34,653	21,966	-	345,219
Changes in the consolidation area	47	5,072	6	1	-	-	5,126
Reclassification	-	26	17	1	-	(18)	26
Other changes	-	-	-	-	-	-	-
Disposals	(52)	(231)	(1,649)	(72)	(118)	-	(2,122)
Amortisation	1,205	6,683	19,331	2,731	1,695	-	31,645
Depreciation and write-downs	-	140	-	-	-	-	140
Closing Balance Dec.31, 2015	20,273	96,940	201,983	37,314	23,543	(18)	380,034

NET BOOK VALUE	Land and building	Towers	Plant and machinery	Technical and commercial equipment	Other tangible assets	Tangible assets under formation and advances	Total
Beginning Balance Jan.1, 2014	31,105	78,911	80,183	11,930	5,122	8,816	216,066
Changes in the consolidation area	573	2,963	-	1	-	254	3,791
Reclassification	-	-	-	-	-	(167)	(167)
Other changes	139	121	2,709	137	388	(3,494)	-
Acquisitions	377	450	2,434	289	282	6,909	10,741
Disposals	(1)	(75)	(12)	(5)	(18)	(218)	(330)
Amortisation	(1,598)	(6,248)	(20,370)	(3,092)	(1,725)	-	(33,033)
Depreciation and write-downs	-	(184)	-	-	-	-	(184)
Closing Balance Dec.31, 2014	30,595	75,938	64,943	9,260	4,049	12,100	196,885
Changes in the consolidation area	1,546	4,028	9	-	-	43	5,626
Reclassification	-	28	(17)	(1)	-	(251)	(242)
Other changes	36	1,545	4,681	415	766	(7,443)	-
Acquisitions	2,864	1,439	11,830	419	437	12,609	29,598
Disposals	-	(6)	(22)	-	(8)	(21)	(57)
Amortisation	(1,205)	(6,683)	(19,331)	(2,731)	(1,695)	-	(31,645)
Depreciation and write-downs	-	(140)	-	-	-	-	(140)
Closing Balance Dec.31, 2015	33,835	76,147	62,093	7,362	3,550	17,037	200,025

The main changes during the period were for:

- Increases in tangible assets under formation and advances for € 12,609k attributable in the amount of € 10,352k to towers and infrastructures classified under the item Towers and plants and equipment related to Towers classified under the items Plant and machinery and Technical and commercial equipment (including € 3,853k for plants related to the implementation of the network for the Cairo Communication Group), in the amount of € 2,257k to equipment acquired by Nettrotter S.r.l. for the implementation of the data transmission system;

- Increases in the Item Towers for € 7,040k attributable in the amount of € 3,012k to the acquisition and/or construction of Towers and in the amount of €4,028k to the changes in the consolidation area determined by the acquisition of Tecnorad Italia S.p.A., Das Immobiliare S.r.l. and 13 companies located in Liguria region as better described in the paragraph 5 Business Combinations;

- Increases in the Item Land and building amounting to €4,446k attributable in the amount of € 2,900k to the acquisition of some lots of land on which Towers are located and in the amount of €1,546k to the change in the consolidation area determined by the acquisitions of Tecnorad Italia S.p.A., Das Immobiliare S.r.l. and 13 companies located in Liguria region as better described in the paragraph 5 Business Combinations;

- Increases in Plant and machinery amounting to € 16,520k attributable in the amount of € 4.681k to transfers of tangible assets under formation during previous years completed in 2015, in the amount of € 11,830k to the purchase of plants on towers (including € 8,754k for plants related to the implementation of the network for the Cairo Communication Group inclusive of EI Towers S.p.A.'s personnel costs dedicated to this project amounting to € 943k).

The write-downs of 2015 amounted to € 140k and relate Towers no longer used and under disposal.

6.2 Goodwill

	Total
Beginning Balance Jan.1, 2014	**454,231**
Changes in the consolidation area	21,951
Reclassification	40
Closing Balance Dec.31, 2014	**476,221**
Definition of PPA on Acquisitions in 2014	(14,225)
Closing Balance Dec.31, 2014	**461,996**
Changes in the consolidation area	54,201
Reclassification	-
Other changes	1
Increases	-
Decreases	-
(Depreciation and write-downs)	-
Net Closing Balance Dec.31, 2015	**516,198**

It should be noted that the Purchase Price Allocation process carried out, as provided for in IFRS3, related to the acquisition of the Company NewTelTowers S.p.A. determined a decrease in the item Goodwill amounting to € 14,225k compared to December 31, 2014 allocated in the amount of € 19,834k under intangible assets to the item Customer relations and in the amount of €5,609k to the item Deferred taxes;

The increase in Goodwill in 2015, attributable to the changes in the consolida-tion area equal to € 54,201 k, includes:

- In the amount of € 36,791k the provisional allocation of a part of the consideration for the acquisition of 13 companies in Liguria region;
- In the amount of € 14,247k the provisional allocation of a part of the consideration for the acquisition of Tecnorad Italia S.p.A.;
- In the amount of € 3,163k the provisional allocation of a part of the con-sideration for the acquisition of Das Immobiliare S.r.l.;

As provided for in IFRS 3, a specific analysis of the consideration paid will be carried out within 12 months of the acquisition date in order to determine the fair value of net assets acquired and liabilities assumed. If at the end of the evaluation period tangible and intangible assets with finite useful lives are identified, an adjustment of provisional amounts recorded at the acquisition will be carried out with retroactive effect from the acquisition date.

At December 31, 2015 goodwill was subject to the impairment tests as required by IAS 36.

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

The rate used to discount future cash flows was determined by calculating the weighted average cost of capital taking into account the financial structure, the current market assessment of the cost of money for the plan period considered, and assuming a risk free rate equal to the average annual return on ten-year government debt securities in Italy, and a premium for long-term stock risk equal to 6%.

These assessments have been carried out by utilising an actuarial base rate, corresponding to the weighted average cost of capital net of taxes of 5.23% and a growth rate, used to extrapolate cash flows over the plan period prudentially of 1.1%.

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

It should be noted that the WACC which makes the value in use of the CGU equal to the book value is 12.2%, considering a growth rate to extrapolate cash flows over the plan timeframe equal to1.1%.

At comparable exchange rates, the reduction in cash flows expected which makes the value in use of the CGU equal to the book value is equal to 63.4%.

6.3 Other intangible assets

HISTORICAL COST	Patents and intellectual property rights	Customer relations	Trademarks	Licences	Intangible assets in progress and advances	Other intangible assets	Total
Beginning Balance Jan.1, 2014	10,295	115,762	-	12,234	357	15,561	154,209
Changes in the consolidation area		3,251	-	-	-	75	3,326
Reclassification	167	1	-	-	(40)	(23)	105
Other changes	(895)	-	-	-	(317)	(8,038)	(9,250)
Acquisitions	113	84	-	7	42	-	246
Disposals	(21)	-		-	-	-	(21)
Closing Balance Dec.31, 2014	9,659	119,097	-	12,241	42	7,575	148,614
Definition of PPA on Acquisitions in 2014		19,834					19,834
Closing Balance Dec.31, 2014	9,659	138,931	-	12,241	42	7,575	168,448
Changes in the consolidation area	-	-	-	-	-		-
Reclassification	269	-	-	-		(54)	215
Other changes	5	-	-	-	(5)	-	-
Acquisitions	200	-	1	910	460	-	1,571
Disposals	-	-	-	-	-	-	-
Closing Balance Dec.31, 2015	10,133	138,931	1	13,151	497	7,521	170,234

AMORTISATION AND DEPRECIATION	Patents and intellectual property rights	Customer relations	Trademarks	Licences	Intangible assets in progress and advances	Other intangible assets	Total
Beginning Balance Jan.1, 2014	10,053	24,989	-	3,497	-	13,038	51,577
Changes in the consolidation area	-	-	-	-	-	33	33
Reclassification	-	(1)	-	-	-	-	(1)
Other changes	(1,212)	-	-	-	-	(8,038)	(9,250)
Disposals	-	-	-	-	-	-	-
Amortisation	409	5,867	-	828	-	2,503	9,607
(Depreciation), (write-downs)/write-ups	-	-	-	-	-	-	-
Closing Balance Dec.31, 2014	9,250	30,855	-	4,325	-	7,536	51,966
Definition of PPA on Acquisitions in 2014		165					165
Closing Balance Dec.31, 2014	9,250	31,020	-	4,325	-	7,536	52,131
Changes in the consolidation area	-	-	-	-	-	-	-
Reclassification	-	-	-	-	-	(26)	(26)
Other changes	-	-	-		-	-	-
Disposals	-	-	-	-	-	-	-
Amortisation	367	6,160	-	858	-	3	7,388
(Depreciation), (write-downs)/write-ups	-	-	-	-	-	-	-
Closing Balance Dec.31, 2015	9,617	37,180	-	5,183	-	7,513	59,493

NET BOOK VALUE	Patents and intellectual property rights	Customer relations	Trademarks	Licences	Intangible assets in progress and advances	Other intangible assets	Total
Beginning Balance Jan.1, 2014	243	90,773	-	8,737	357	2,523	102,632
Changes in the consolidation area	-	3,251	-	-	-	42	3,293
Reclassification	167	2	-	-	(40)	(23)	106
Other changes	317	-	-	-	(317)	-	-
Acquisitions	113	84	-	7	42	-	246
Disposals	(21)	-	-	-	-	-	(21)
Amortisation	(409)	(5,867)	-	(828)	-	(2,503)	(9,607)
(Depreciation), (write-downs)/write-ups	-	-	-	-	-	-	-
Closing Balance Dec.31, 2014	409	88,242	-	7,916	42	39	96,648
Definition of PPA on Acquisitions in 2014		19,669					19,669
Closing Balance Dec.31, 2014	409	107,911	-	7,916	42	39	116,317
Changes in the consolidation area	-	-	-	-	-	-	-
Reclassification	269	-	-	-	-	(28)	241
Other changes	5	-	-	-	(5)	-	-
Acquisitions	200	-	1	910	460	-	1,571
Disposals	-	-	-	-	-	-	-
Amortisation	(367)	(6,160)	-	(858)	-	(3)	(7,388)
(Depreciation), (write-downs)/write-ups	-	-	-	-	-	-	-
Closing Balance Dec.31, 2015	515	101,751	1	7,968	497	8	110,740

It should be noted that the Purchase Price Allocation process carried out, as provided for in IFRS3, related to the acquisition of the Company NewTelTowers S.p.A. determined an increase in the item Customer relations amounting to € 19,669k compared to December 31, 2014.

The increase in Item Patents and intellectual property rights amounted to € 474k including € 358k relating to the extension of Auge Remote Control system attributable to the implementation of the network for the Cairo Communication Group and € 116 mainly relating (€ 90k) to the development of Head End and Construction system attributable to the implementation of Cairo network.

The item Licences includes investments made by Nettrotter S.r.l. related to the exclusive right-to-use licence for data transmission and management system.

The increase in the Item Intangible assets in progress mainly concerns investments related to the project called “Banca Dati Postazioni” (Tower Database).

6.4 Equity investments in associated and jointly-controlled companies

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

	Dec.31, 2015		Dec.31, 2014	
	Stake	Book value	Stake	Book value
Beigua S.r.l.		-	24.5%	28
Total		**-**		**28**

On December 22, 2015 EI Towers S.p.A. sold to Persidera S.p.A. its interest equal to 24.5% in Beigua S.r.l.'s share capital for a value € 40k.

6.5 Other financial assets

	Dec. 31, 2015	Dec. 31, 2014
Other investments	46	46
Guarantee deposits and Other financial assets	784	558
Total	**830**	**604**

The item Guarantee deposits and Other financial assets amounted to € 784k and included amounts paid as a deposit for lease agreements of lots of land on which towers are located and for € 210k the consideration paid out for the purchase options of the shares representing the total share capital of the Companies Segit S.r.l. (€ 60k), Artel S.r.l. (€ 40k), SA Oghe S.r.l. (€ 50k), Mantignana (€ 60k).

The item Other investments is detailed as follows:

	Dec. 31, 2015		Dec. 31, 2014	
	Stake	Book value	Stake	Book value
Investments in Joint Ventures		46		46
Total		**46**		**46**

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

6.6 Deferred tax assets and liabilities

	Dec.31, 2015	Dec.31, 2014
Deferred tax assets	5,051	6,334
Deferred tax liabilities	(42,356)	(48,465)
Net position	**(37,305)**	**(42,131)**

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

The tax assets and liabilities relating to actuarial valuations of defined benefit schemes are accounted directly in the income statement and no deferred tax assets are recorded in the balance sheet.

DEFERRED TAX ASSETS	Balance at Jan.1	Through Income Statement	Through Shareholders' Equity	Business combinations / Changes in consolidation area	Other changes	Balance at Dec.31
2014	5,912	(55)	256	-	221	6,334
2015	6,334	(1,202)	(103)	-	22	5,051

DEFERRED TAX LIABILITIES	Balance at Jan.1	Through Income Statement	Through Shareholders' Equity	Business combinations / Changes in consolidation area	Other changes	Balance at Dec.31
2014	(43,636)	2,024	-	(6,630)	(223)	(48,465)
2015	(48,465)	6,259	-	-	(150)	(42,356)

The item Deferred tax assets amounted to € 5,051k and corresponds to deferred tax assets determined based on temporary differences between the value recorded in the balance sheet and corresponding values recognized for fiscal purposes.

It should be noted that the adjustment of deferred tax assets on the basis of the new IRES rate equal to 24% applicable from January 1, 2017 as provided for by law 208/2015 (so-called 2015 Stability Law), determined the recognition of a charge to the income statement amounting to € 463k.

The item Deferred tax liabilities amounted to € 42,356k and corresponds to deferred tax liabilities determined based on temporary differences between the value recorded in the balance sheet and corresponding values recognized for fiscal purposes.

It should be noted that the adjustment of the provision for deferred tax liabilities on the basis of the new IRES rate equal to 24% applicable from January 1, 2017 as provided for by law 208/2015 (so-called 2015 Stability Law), determined the recognition of an income to the income statement amounting to € 4,709k.

Changes in the consolidation area in 2014 include the recognition of the tax effect of the allocation to Customer relations of part of the consideration of

Società Assistenza Ripetitori televisivi s.r.l. and NewTelTowers S.p.a. respectively in the amount of € 1,021k and € 5,609k.

Other changes include certain compensation between deferred tax assets and liabilities.

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

	Temporary gap	Tax effect Dec.31, 2015	Temporary gap	Tax effect Dec.31, 2014
Deferred tax assets related to:				
Property, plant and equipment	630	160	823	239
Provision for receivables write-off	7,324	1,757	9,802	2,695
Provisions for risks and charges	2,971	847	3,304	1,038
Post-employment benefit plans	4,698	1,292	5,073	1,394
Inventories	3,014	841	2,722	850
Other temporary differences	579	154	426	118
TOTAL	**19,216**	**5,051**	**22,150**	**6,334**

It should be noted that, among the most significant components of deferred tax assets, the tax effect related to the Provision for receivables write-off amounted to € 1,757k, the effect related to the Provision for risks and charges amounted to € 847k and was from the Provision for restoration of Towers and from the Provision for contractual risks, and the effect related to depreciation of inventories amounted to € 841k.

	Temporary gap	Tax effect Dec.31, 2015	Temporary gap	Tax effect Dec.31, 2014
Deferred tax liabilities related to:				
Property, plant and equipment	21,556	5,973	26,747	8,302
Non current intangible assets	120,231	33,754	121,588	37,588
Post-employment benefit plans	3,875	1,066	4,250	1,169
Other temporary differences	4,915	1,563	4,262	1,406
TOTAL	**150,577**	**42,356**	**156,847**	**48,465**

The tax effect for € 33,754k mainly attributable to Customer relations recorded as intangible asset and the effect related to the allocation of gains generated from acquisitions carried out in previous years for € 5,973k, are among the main significant components of deferred tax liabilities.

7. CURRENT ASSETS

7.1 Inventories

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

	Balance at Dec.31, 2015	Balance at Dec.31, 2014
Raw materials, ancillary materials and consumables	5,916	5,275
Goods	-	-
Finished goods	-	-
Total	5,916	5,275
Provision for devalued raw materials, ancillary materials and consumables	(3,014)	(2,722)
Provision for devalued finished goods	-	-
Total inventories	**2,902**	**2,553**

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

	Value at Dec.31, 2014	Changes in the consolidation area	Allocated	Uses	Other changes	Value at Dec. 31, 2015
Provision for devalued raw materials	(2,722)	-	(292)	-	-	(3,014)
Total	**(2,722)**	**-**	**(292)**	**-**	**-**	**(3,014)**

Raw materials, ancillary materials and consumables for a net value of € 2,902k include spare parts and accessories for the maintenance and installation of transmission plants.

The provision for devalued raw materials amounted to € 3,014k and relates to materials with slow turnover for which, after an attentive analysis of turnover indexes, an impairment has been carried out depending on their estimated market value.

This provision increased during the year due to provisions amounting to € 292k.

7.2 Trade receivables

Trade receivables were made up as follows:

	Balance at Dec.31, 2015		Balance at Dec.31, 2014
	Total	Due within 1 year	
Receivables from customers	25,430	21,762	20,196
Receivables from related parties	687	687	759
Total	**26,117**	**22,449**	**20,955**

Receivables from customers have been recorded net of a Provision for receivables write-off of € 6,524k.

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

	Value at Dec.31, 2014	Allocated	Uses	Other changes	Value at Dec.31, 2015
Provision for receivables write-off	9,247	198	(51)	(2,870)	6,524

Some credit positions considered to be unrecoverable and already written off in the previous years through a reduction in the provision for receivables write-off were reversed in 2015.

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

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

Receivables due after one year amounted to € 3,668k and mainly refer to the extension granted to the client Prima TV S.p.A., Antenna 3 Nord Est S.p.A. and La 9 S.p.A..

7.3 Tax receivables

The item tax receivables, which totals € 1,078k included net Irap (regional tax) credit at December 31, 2015 of EI Towers S.p.A. (€ 983k) and Towertel S.p.A. (€ 95k).

7.4 Other receivables and current assets

	Dec.31, 2015	Dec.31, 2014
Other receivables	4,650	4,474
Prepayments and accrued income	4,425	3,098
Total	**9,075**	**7,572**

The item Other receivables, shown net of depreciation for € 1,468k, increased compared to the previous year mainly due to greater VAT receivables for € 594k while decreased due to a reduction in the item advance payments to suppliers amounting to € 124k and the collection of other receivables in the amount of € 238k.

Other receivables mainly included:

- VAT receivable from tax authorities amounting to € 2,579k;
- Other tax receivables amounting to € 420k mainly related to IRES receivables connected to the request for reimbursement ex Legislative Decree 185/2008 and Legislative Decree 201/2011 for a total amount of € 340k, IVA receivables relating to prior years amounting to € 43k, IRES receivables amounting to € 37k.
- Advance payments to suppliers amounting to € 498k;
- Advance payments to employees for business trips amounting to € 223k;
- Other receivables amounting to € 930k including € 413k related to NewTelTowers S.p.A. that arose before the acquisition of that company.

Prepayments and accrued income increased compared to the previous year due to the changes in the consolidation area.

7.5 Current financial assets

	Dec.31, 2015	Dec.31, 2014
Securities	-	280
Total	**-**	**280**

This item decreased in 2015 as a consequence of the disposal by NewTelTowers S.p.A., for a price corresponding to the carrying value, of unlisted shares of Banca Popolare di Vicenza in the amount of € 250k and of bonds issued by Banca Popolare di Vicenza in the amount of 30k.

7.6 Cash and cash equivalents

Here follows the breakdown of this item:

	Dec. 31, 2015	Dec. 31, 2014
Cash in hand	32	10
Cash and cash equivalents	103,429	133,907
Total	**103,461**	**133,917**

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

The item Cash and cash equivalents consists of credit balance of bank current accounts of the companies of the Group.

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

NOTES ON MAIN LIABILITIES ITEMS

8. SHAREHOLDERS' EQUITY

8.1 Share Capital

At December 31, 2015 the Share Capital of the Group, the same as that of the Group Parent, was fully subscribed and paid up. It is made up of 28,262,377 ordinary shares with a nominal value of 0.10 Euros each, and a total value of € 2,826k.

No changes occurred during the year.

8.2 Share-premium reserve

At December 31, 2015 the Share-premium reserve amounted to € 194,220k.

No changes occurred during the year.

8.3 Treasury shares

This item includes EI Towers S.p.A. shares, the acquisition of which was authorised time by time by resolutions of the General Meetings of Shareholders (former DMT S.p.A.). The Meeting of EI Towers S.p.A. with resolution dated April 21, 2015, finally authorised the Board of Directors to purchase share of the company till the maximum number allowed by law. This power is valid till the approval of the financial statements at December 31, 2015 and however for a period not longer than 18 months from the date of the Meeting's resolution.

	2015		2014	
	Number of shares	Book value	Number of shares	Book value
Beginning Balance	62,526	1,845	62,526	1,845
Additions	-	-	-	-
Disposals	-	-	-	-
Changes in the consolidation area	-	-	-	-
Closing Balance	**62,526**	**1,845**	**62,526**	**1,845**

No changes occurred during the year.

8.4 Other reserves

The item Other reserves at December 31, 2015 amounted to € 360,551k (€ 352,488k at December 31, 2014).

The item increased in the year due to the allocation of the profit for the year according to the meeting's resolution dated April 21, 2015.

It should be noted that the increase for € 135k as a consequence of the expiration of a stock option plan is no longer be exercisable.

8.5 Valuation reserves

	Dec.31, 2015	Dec.31, 2014
Stock option plans	68	203
Actuarial Gains/(Losses)	(2,448)	(2,721)
Total	**(2,380)**	**(2,518)**

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

Valuation reserves	Balance at Jan.1	Increase/ (Decrease)	Through Profit and Loss Account	Opening balance adjustments of the hedged item	Fair Value adjustments	Deferred tax effect	Balance at Dec.31
Stock option plans	203	(135)	-	-	-	-	68
Actuarial Gains/(Losses) on defined benefit plans	(2,721)	375	-	-	-	(103)	(2,448)
Total	**(2,518)**	**240**	**-**	**-**	**-**	**(103)**	**(2,380)**

The Reserve for stock option plans includes the contra-entry of the amount of costs accruing at December 31, 2015, determined in accordance with IFRS 2, for the three-year stock option plan granted by Mediaset during 2010 for the quota related to the EI Towers Group's employees.

The Reserve for actuarial gains and losses, with a negative balance of € 2,448k, includes the actuarial components relating to the valuation of defined benefit schemes, booked directly in Net Equity.

8.6 Retained earnings

	Dec.31, 2015	Dec.31, 2014
Retained earnings	8,764	10,004
Total	**8,764**	**10,004**

The item increased mainly due to the allocation of the net profit for 2014 and the consequent allocation of dividends according to the resolution of the Shareholders' Meeting of EI Towers dated April 21, 2015.

8.7 Profit (Loss) for the year

The item includes the net result for the year amounting to € 47,770k.

9 NON-CURRENT LIABILITIES

9.1 Post-employment benefit plans

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

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

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

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

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

EMPLOYEE LEAVING INDEMNITY - DEMOGRAPHIC, ECONOMIC-FINANCIAL ASSUMPTIONS	
Demographic assumptions	
Death probability	ISTAT survival table, divided by age and gender, as of 2014
Probability of leaving the Group	Percentages for retirement, resignation/dismissal, contract expiry have been taken from the observation of Company data. Concerning permanent staff, the timeframe considered is till the contractual expiry date, supposing no advance leaving. Actuarial valuation took into consideration the new date when the post-employment plan becomes effective according to the Legislative Decree no. 201 dated December 6, 2011 relating to "Urgent provisions for growth, fairness and the consolidation of public accounts" ("*Disposizioni urgenti per la crescita, l'equità e il consolidamento dei conti pubblici*"), converted with amendments into Law no. 214 of December 22, 2011, and the adjustment of the requirements to access post-employment plans in accordance with life expectancy, according to article no. 12 of the Legislative Decree dated May 31, 2010, no. 78, amended by Law no. 122, dated July 30, 2010.
TFR advance	Frequencies of advances and average percentage of TFR requested in advance have been taken from the observation of historical data for the Company.
Supplementary retirement scheme	Those who entirely pay their TFR to supplementary schemes relieve the Company from any commitments with respect to TFR and are not assessed. For other employees, their position has been assessed by considering their actual choices updated at December 31, 2015.
Severance pay share to remuneration (Qu. I. R.)	The employee's choice of exercising the option concerning an advance on severance pay (TFR) in payroll can be made at any time between March 1, 2015 and June 30, 2018 and is irrevocable. The actuarial assessment has been carried out taking into consideration the choices effectively espressed by employees at the date of the assessment submitted by the Group's Companies, without making any assumption in that regard.
Economic-financial assumptions	
Inflation rate	A rate of 1% has been adopted in 2016 and a rate of 1.5% in the following years, in the medium scenario of expected inflation deducted from the "Update of the Economic and Financial Document 2015" ("*Nota di Aggiornamento del Documento di Economia e Finanza 2015*").
Discount rates	According to IAS 19R, the discounting rate adopted has been determined regarding bond market yield of top companies at the valuation date. In this respect, the curve of "Composite" interest rates of securities issued by Corporate issuers rating A "Investment Grade" Euro area class (source: Bloomberg) has been used at December 31, 2015.

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

	2015	2014
Balance at the beginning	**12,745**	**11,409**
Service Cost	15	19
Actuarial (gains)/losses	(375)	1,538
Interest Cost	17	45
Indemnities paid	(658)	(281)
Other changes	-	15
Changes in the consolidation area	-	-
Balance at Dec.31st	**11,744**	**12,745**

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

In particular, it is reported that:

- a change in discount rates of +/-50 basis points leads to a change in the provision for employee termination indemnity provision of about € 552k;
- a change in inflation rate of +/-50 basis points leads to a change in the provision for employee termination indemnity provision of about € 338k;
- a change in the probability of termination of the employment relationship of +/-50% leads to a change in the provision for employee termination indemnity provision of about € 77k.

9.2 Payables and financial liabilities

	Dec.31, 2015	Dec.31, 2014
Bond loan	226,977	226,193
Due to banks	-	-
Total	**226,977**	**226,193**

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

9.3 Provisions for risks and charges

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

	2015	2014
Balance at Jan.1st	**3,342**	**3,275**
Provisions	1,219	902
Uses	(157)	(497)
Other changes	(243)	(376)
Changes in the consolidation area	-	38
Balance at Dec.31st	**4,161**	**3,342**
Of which:		
current	-	-
non-current	4,161	3,342
Total	**4,161**	**3,342**

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

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

10 CURRENT LIABILITIES

10.1 Supplier payables

	Balance at Dec.31, 2015			Balance at Dec.31, 2014
	Total	Due		
		Within 1 year	After 1 year	
Due to suppliers	40,197	40,197	-	31,487
Due to related parties	1,145	1,145	-	1,073
Total	**41,342**	**41,342**	**-**	**32,560**

The item Due to suppliers mainly refers to purchases concerning the supply of goods and services for the management of infrastructures.

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

10.2 Tax payables

	Dec.31, 2015	Dec.31, 2014
Tax payables for Ires	582	1,684
Tax payables for Irap	120	836
Total	**702**	**2,520**

This item, amounting to € 702k represents the debt, net of tax prepayments, of the companies of the Group in respect of Ires and Irap for the year.

The company EI Towers S.p.A. as consolidating company and the subsidiaries Towertel S.p.A. and Nettrotter S.r.l. as consolidated companies come within the national group taxation, regulated by article 117 and subsequent of the Decree by the President of the Republic no. 917/1986 and the Ministerial Decree dated June 9, 2004. The exercise of the option is regulated according to the agreements between the parties.

10.3 Other financial liabilities

	Dec.31, 2015	Dec.31, 2014
Bond loan	6,731	6,583
Total	**6,731**	**6,583**

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

10.4 Other current liabilities

	Dec. 31, 2015	Dec. 31, 2014
Due to social security institutions	1,672	1,766
Advance payments	176	150
Other payables	24,049	16,177
Accrued and deferred income	5,622	4,175
Total	**31,519**	**22,268**

The item Due to social security institutions includes payables due to social security institutions related to the portion of salary and collaboration of December 2015.

The item Advance payments includes the advance payment made in the amount of € 150k related to the preliminary agreement for the sale of the offices in Ascoli and advances from customers amounting to €26k.

The Other payables item mainly refers to the payable, including the earn-out estimated share, for the acquisitions of Tecnorad Italia S.p.A., Das Immobiliare S.r.l., 13 companies in Liguria region and NewTelTowers S.p.A. in an amount equal to € 17,861k; payables to employees for € 2,594k (summer bonus and related contributions, overtime payables and contributions and production bonus), payables to directors and auditors for € 591k, payables for deductions for € 1,292k, payables to third parties for supplementary contribution for € 243k.

The item Accrued and deferred income includes deferred income due to revenues over the year amounting to € 5,622k. The increase for the period in this Item is mainly due to the change in the consolidation area.

10.5 Net financial position

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

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

	Dec.31, 2015	Dec.31, 2014
Cash in hand	32	10
Other cash equivalents	103,429	133,907
Securities and other current financial assets	-	280
Liquidity	**103,461**	**134,197**
Current financial receivables	-	-
	-	
Current payables due to banks	-	-
Current portion of non-current financial debt	(6,731)	(6,583)
Payables and other current financial liabilities	-	-
Current financial debt	**(6,731)**	**(6,583)**
Current Net Financial Position	**96,730**	**127,614**
Non-current payables due to banks	-	-
Bond loan	(226,977)	(226,193)
Payables and other non-current financial liabilities	-	-
Non-current financial debt	**(226,977)**	**(226,193)**
Net Financial Position	**(130,247)**	**(98,579)**

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

The item Other cash equivalents consists of the credit balances of the bank current accounts of the Group’s companies.

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

The item Bond loan includes the measurement at amortized cost of the Euro-bond already described.

The Net Financial Position at December 31, 2015 decreased by € 31,668k compared to December 31, 2014.

NOTES ON MAIN STATEMENT OF INCOME ITEMS

11. INCOME STATEMENT

11.1 Revenues from sales and services

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

	2015	2014
Revenues from hosting and contract services	240,804	233,683
Revenues from plant installation and restoration	999	826
Revenues from sale of materials	4	3
Total	**241,807**	**234,512**

Revenues from hosting and contract services mainly included revenues for hosting, assistance and maintenance services, logistics and use of transmission infrastructure, head end and design. It should be noted that the subject item consists of revenues from the parent company Elettronica Industriale S.p.A. amounting to € 178,926k. The increase in this item compared to the previous year is attributable in the amount of € 1,429k to the contract for the implementation of the network for the Cairo Communication Group and the remaining part to the changes in the consolidation area and to new hosting and service contracts.

The item Revenues from plant installation and restoration included revenues for the management of equipment installation and restoration and includes revenues for restoration services to the parent company Elettronica Industriale S.p.A. for € 643k.

The percentage of revenues from the parent company Elettronica Industriale on the total revenues of the Group was 74%.

11.2 Other revenues and income

The item includes € 2,531k related to the adjustment made to the earn-out share estimated upon acquisition of the Company NewTelTowers S.p.A. as a result of new developments subsequently occurred which resulted in the non-payment of the aforesaid amount to the selling party.

11.3 Personnel costs

	2015	2014
Ordinary pay	23,012	23,110
Overtime	597	610
Special benefits	2,892	2,872
Additional salary period (13th and 14th salary period)	3,446	3,478
Accrued holiday pay	6	(19)
Total wages and salary	**29,953**	**30,051**
Social security contributions	9,918	9,805
Employee leaving indemnity	15	19
Retirement pay	-	-
Other expenses	3,260	3,417
Gross total personnel expenses	**43,146**	**43,292**
Capitalization of labour costs	(943)	-
Net total personnel expenses	**42,203**	**43,292**

The decrease in this Item is mainly due to the capitalization of EI Towers S.p.A.'s labour costs attributable to the implementation of the network for the Cairo Communication Group amounting to €943k.

The item Other expenses amounted to € 3,260k and mainly includes expenses for the Employee leaving indemnity transferred to pension funds (€ 1,755k) and short-term benefits for employees including medical assistance, company cars, canteen services and other goods and services offered free or at a reduced price. The item also includes lay-off incentives for employees for € 445k (€ 664k in 2014) and fees paid to the directors employed by Group companies amounting to € 251k.

11.4 Purchases, services and other costs

	2015	2014
Purchases	**3,354**	**2,249**
Change in the inventories of raw materials, work in progress, semifinished and finished goods	**(349)**	**553**
Increase for internal work	**(2,940)**	**(2,273)**
Cost for professional, technical and administrative services	7,980	5,026
Seconded personnel, travelling expenses and bill of charges	1,203	1,132
Consumption	14,190	14,392
Maintenance	12,953	12,460
Bank and insurance services	870	801
Other services	4,559	4,289
Total services	**41,755**	**38,100**
Leasing and rentals	**44,566**	**42,287**
Provisions for risks	**1,062**	**405**
Other operating costs	**2,024**	**1,620**
Total purchases, service and other costs	**89,472**	**82,941**

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

The item Increase for internal work includes lower costs for the capitalization of additional charges for the installation of plants (ancillary materials and third party production) and amounted to € 2,940k.

The increase in item Cost for professional, technical and administrative services is mainly attributable to non-current charges related to company acquisition transactions carried out during the year for an amount of € 3,613k (€ 1,359k in the previous year).

The item Other services includes charges for vigilance and surveillance at the head-offices and local offices amounting to € 1,145k, company information system service supplied by the indirect parent company R.T.I. S.p.A. for € 1,230k, transport, storage and porter charges for € 468k, cleaning and waste disposal charges for € 552k.

The item Rent, lease and similar costs includes charges for the rent of satellite segments for a total amount of € 23,277k, rental of lands and hosting on third party towers amounting to € 18,316k, other rentals mainly related to the offices located in Lissone and other secondary offices for € 1,511k. The increase in that item compared to the previous year is mainly due to the change in the consolidation area.

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

The item Other operating costs includes charges, taxes and government licenses, local taxes (first of all IMU - the Italian tax on buildings) amounting to € 1,127k, charges related to the conclusion of litigations amounting to € 112k, membership fees amounting to € 109k.

11.5 Amortisation, depreciation and write-downs

	2015	2014
Amortisation of tangible assets	31,645	33,033
Amortisation of intangible assets	7,388	9,772
Write-downs of fixed assets	140	184
Write downs of receivables	147	88
Total amortisation, depreciation and write-downs	**39,320**	**43,077**

Amortisation amounted to € 31,645k for tangible assets and € 7,388k for intangible assets. The decrease in intangible assets compared to the previous year is attributable in the amount of € 2,500k to the completion, in 2014, of the amortisation related to the three-year non-compete agreement made with the Chairman and Chief Executive Officer of DMT S.p.A. ante business combination with EI Towers S.p.A.

It should be noted that the impact of the allocation to Customer relations of the goodwill arising from the Purchase Price Allocation related to the acquisition of NewTelTowers S.p.A. determined higher amortisation in 2015 in the amount of € 992k (€ 165k in 2014).

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

Write-downs carried out in 2015 amounted to € 140k and related to Towers no longer used or under disposal.

11.6 Financial charges

	2015	2014
Interests on financial liabilities	(9,873)	(9,880)
Other financial losses	(92)	(150)
Foreign exchange losses	(3)	(4)
Total financial losses	**(9,968)**	**(10,034)**

The item Interests on financial liabilities is attributable in the amount of € 9,844k to the interest charges measured at the amortized cost related to the bond loan and in the amount of € 29k to interest charges paid on loans repaid in the period.

The item Other financial losses includes € 17k related to financial charges for the discounting of the Employee Termination Indemnity and net financial charges for € 69k related to the advanced closing of the loans attributable to the change in the consolidation area, € 6k related to other financial charges.

11.7 Financial income

	2015	2014
Interests on financial assets	1,347	2,384
Total financial gains	**1,347**	**2,384**

The item Interests on financial assets increased compared to the previous year due to the trends in interest rates on bank current account deposits.

This item includes:

- interest income for the period related to bank and postal deposits amounting to € 949k;
- interest income for payment extension for € 377k;
- Interest income on financial receivables and other income equal to € 21k.

Financial income/charges recognised according to IAS 39

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

	2015	2014
Liabilities evaluated with amortized cost method	9,844	9,863
Financial assets held to maturity	-	-
Loans and receivables	(1,240)	(2,346)
Financial assets available for sale	-	-
Other financial income/(losses)	17	133
Total financial income/(losses)	**8,621**	**7,650**

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

11.8 Income/(expense) from equity investments

This item equal to € 12k include the gain earned on the sale, finalised on December 22, 2015, of the interest equal to 24.5% in Beigua S.r.l.'s share capital held by EI Towers S.p.A..

11.9 Income taxes

	2015	2014
Ires tax	19,154	18,179
IRAP tax	3,193	4,104
Deferred tax assets	1,202	55
Deferred tax liabilities	(6,259)	(2,024)
Total	**17,290**	**20,314**

The change in Ires belonging to the financial year, compared to those for 2014 is caused by the increase in the taxable base, relative to the performance of the financial results achieved in the financial year by the Group companies.

The reduction in Irap compared to the previous year is mainly determined by the deductibility of labour costs from the taxable base.

The items Deferred tax assets and liabilities comprise in the financial movements for the year relative to the posting and/or usage that is generated by the impact of the progress of the temporary differences between the fiscally allowed and the statutory values of assets and liabilities.

It should be noted that the adjustment of deferred tax assets and the provision for deferred tax liabilities on the basis of the new IRES rate equal to 24% applicable from January 1, 2017 as provided for by law 208/2015 (so-called 2015

Stability Law), determined respectively the recognition of a charge to the income statement amounting to € 463k and an income to the income statement amounting to € 4,709k.

The following is a reconciliation of the tax rate in force in Italy (corporate income tax) for the years 2015 and 2014, and the Group's actual tax rate:

	2015	2014
Current tax rate	31.40%	31.4%
IRAP tax non deductible expenses	4.90%	3.77%
Deferred and advanced taxes	-5.45%	-3.29%
Taxes previous year	-0,01%	0.68%
Non deductible expenses and consolidation adjustment with no tax	-4.26%	2.44%
Actual tax rate	**26.58%**	**35.00%**

11.10 Profit for the year and proposed dividend

The consolidated net result as at December 31, 2015 amounted to € 47,759k. The Board proposed to the Meeting of Shareholders not to pay dividends.

11.11 Earnings per share

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

	December 31, 2015	December 31, 2014
Net profit for the year (millions of euro)	**47,770**	**37,709**
Weighted average number of ordinary shares (without own shares)	28,199,851	28,199,851
Basic EPS	**1.69**	**1.34**
Weighted average number of ordinary shares for the diluted EPS computation	28,199,851	28,199,851
Diluted EPS	**1.69**	**1.34**

The figure for earnings per share is determined by reconciling the Group's net profit with the weighted average number of shares in circulation during the period, net of own shares.

The figure for diluted shares is determined by calculating the number of shares in circulation and the potential diluting effect from the allocation of own shares to the beneficiaries of accrued stock option rights.

NOTES ON MAIN CASH FLOW STATEMENT ITEMS

12. CASH FLOW STATEMENT

Cash flow generated by operating activities includes € 24,612k of current income taxes paid in the period compared to € 35,613k in 2014; that decrease is due to the fact that in 2014, in addition to balances due and advance payments for the year, also IRES advance payments for 2013 were made. Such amounts were not previously paid being the Group's companies within the group taxation regime with the indirect parent company Mediaset S.p.A..

The net flow absorbed by investing activities mainly refers to investments in tangible assets, with an increase (€ 27,283k compared to € 10,741k in 2014) due essentially to the implementation of the network for the Cairo Communication Group and the network of the company Nettrotter, in intangible assets for € 500k (€ 286k in the previous year) and business combinations net of cash acquired equal to € 49,010 related to the acquisitions described above (€ 17,073k in 2014).

Cash flow absorbed by financing activities is due to the payment of the coupon of the existing bond loan made in the period, net of interests received relating to liquidity held in banks, in the amount of € 7,902k (€ 7,045k in 2014) and the distribution of dividends in the amount of € 31,020k (in 2014 no dividends were distributed).

OTHER INFORMATION

13. ADDITIONAL DISCLOSURES ON FINANCIAL INSTRUMENTS AND RISK MANAGEMENT POLICIES

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

Categories of financial assets and liabilities

Here below is a breakdown of the book value of financial assets and liabilities in the categories laid down by IAS 39 at December 31, 2015.

ITEM OF BALANCE	Financial instruments evaluated at fair value held for trading	Instruments evaluated at fair value held for designation	Loans and receivables	Financial instruments held to maturity	Financial instruments available for sale	BOOK VALUE
NON-CURRENT ASSETS						
equity investments	-	-	46	-	-	**46**
Receivables	-	-	784	-	-	**784**
receivables from parent company	-	-	-	-	-	-
receivables from subsidiaries/associated companies	-	-	-	-	-	-
CURRENT ASSETS						
receivables from customers	-	-	25,430	-	-	**25,430**
trade receivables from parent company	-	-	290	-	-	**290**
trade receivables from associated companies	-	-	367	-	-	**367**
trade receivables from related parties	-	-	30	-	-	**30**
receivables from parent company	-	-	-	-	-	-
receivables from subsidiaries/associated companies	-	-	-	-	-	-
bank and postal deposits	-	-	103,429	-	-	**103,429**
cash and cash equivalent	-	-	32	-	-	**32**
Securities	-	-	-	-	-	**0**
TOTAL FINANCIAL ASSETS	**-**	**-**	**130,408**	**-**	**-**	**130,408**

ITEM OF BALANCE	Financial instruments held for trading	Instruments evaluated at fair value held for designation	Liabilities at amortizated cost	BOOK VALUE
NON CURRENT FINANCIAL LIABILITIES AND PAYABLES				
payables to banks	-	-	-	-
Bond loan	-	-	226,977	226,977
CURRENT LIABILITIES				
payables to banks	-	-	-	-
Bond loan	-	-	6,731	6,731
payables to suppliers	-	-	40,197	40,197
trade payables to parent company	-	-	966	966
trade payables to associated companies	-	-	179	179
trade payables to other related parties	-	-	-	-
other financial liabilities (current portion)	-	-	-	-
TOTAL FINANCIAL LIABILITIES	**-**	**-**	**275,050**	**275,050**

Here below is a breakdown of the book value of financial assets and liabilities in the categories laid down by IAS 39 at December 31, 2014.

ITEM OF BALANCE	Financial instruments evaluated at fair value held for trading	Instruments evaluated at fair value held for designation	Loans and receivables	Financial instruments held to maturity	Financial instruments available for sale	BOOK VALUE
NON-CURRENT ASSETS						
equity investments	-	-	74	-	-	**74**
Receivables	-	-	558	-	-	**558**
receivables from parent company	-	-	-	-	-	-
receivables from subsidiaries/associated companies	-	-	-	-	-	-
CURRENT ASSETS						
receivables from customers	-	-	20,196	-	-	**20,196**
trade receivables from parent company	-	-	246	-	-	**246**
trade receivables from associated companies	-	-	304	-	-	**304**
trade receivables from related parties	-	-	209	-	-	**209**
receivables from parent company	-	-	-	-	-	-
receivables from subsidiaries/associated companies	-	-	-	-	-	-
bank and postal deposits	-	-	133,907	-	-	**133,907**
cash and cash equivalent	-	-	10	-	-	**10**
Securities	-	-	-	-	280	**280**
TOTAL FINANCIAL ASSETS	**-**	**-**	**155,504**	**-**	**280**	**155,784**

ITEM OF BALANCE	Financial instruments held for trading	Instruments evaluated at fair value held for designation	Liabilities at amortizated cost	BOOK VALUE
NON CURRENT FINANCIAL LIABILITIES AND PAYABLES				
payables to banks	-	-	-	-
Bond loan	-	-	226,193	226,193
CURRENT LIABILITIES				
payables to banks	-	-	-	-
Bond loan	-	-	6,583	6,583
payables to suppliers	-	-	31,487	31,487
trade payables to parent company	-	-	894	894
trade payables to associated companies	-	-	179	179
trade payables to other related parties	-	-	-	-
other financial liabilities (current portion)	-	-	-	-
TOTAL FINANCIAL LIABILITIES	**-**	**-**	**265,336**	**265,336**

Fair value of financial assets and liabilities and calculation models used

Below is an analysis of the amounts corresponding to the fair value of assets and liabilities broken down by the methodologies and the calculation models used, at December 31, 2015 and 2014 respectively.

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

December 31, 2015

	BOOK VALUE	Mark to Market	Mark to Model			TOTAL FAIR VALUE
			Black&Scholes' Model	Binominal Model	DCF Model	
Mediun-long term trade receivables	3,668	-	-	-	3,621	**3,621**
Current payables to banks	-	-	-	-	-	-
Non-current payables to banks	-	-	-	-	-	-
Bond loan	233,708	255,672	-	-	-	**255,672**

December 31,2014

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

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

The fair value of the bond listed on the Irish Stock Exchange has been re-determined using the mean listed price at December 31, 2015 equal to € 106.882.

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

Financial charges and incomes identified in compliance with IAS 39

Below is an analysis of the net financial charges and incomes generated from financial assets and liabilities broken down pursuant to the categories laid down by IAS 39, for 2015 and 2014 respectively, showing, for each of them, the nature of these charges and incomes.

December 31, 2015

IAS 39 Categories	From interests	From changes in fair value	From equity reserve	Foreign exchange gains/losses	**Net gains/losses**
Financials instrument at Fair Value held for designation	**-**	**-**	**-**	**-**	**-**
- securities	-	-	-	-	**-**
- derivative instruments	-	-	-	-	**-**
Financials instrument held for trading	**-**	**-**	**-**	**-**	**-**
Liabilities at amortized cost	**(9,844)**	**-**	**-**	**-**	**(9,844)**
- intra-group financial liabilities	-	-	-	-	**-**
- other liabilities at amortized cost	(9,844)			-	**(9,844)**
Financial instruments held to maturity					**-**
Loans and receivables	**1,242**	**-**	**-**	**(2)**	**1,240**
Income on receivables	377	-	-	-	377
- intra-group financial assets/liabilities	-	-	-	-	-
Loans	(69)	-	-	-	(69)
Bank and postal deposits	949	-	-	-	949
Other income and charges	(15)			(2)	(17)
Financials instruments available for sale	-	-	-	-	**-**
Total IAS 39 Categories	**(8,602)**	**-**	**-**	**(2)**	**(8,604)**
Interest cost	-	(17)	-	-	(17)
Financial guarantees		-	-	-	-
Provisions discounting	-	-	-	-	**-**
Receivables discounting	-	-	-	-	**-**
Payables discounting	-	-	-	-	**-**
Other income and charges	-	-	-	-	**-**
Total financial instrument not within IAS 39 categories	**-**	**(17)**	**-**	-	**(17)**
				TOTALE	**(8,621)**

December 31, 2014

IAS 39 Categories	From interests	From changes in fair value	From equity reserve	Foreign exchange gains/losses	Net gains/losses
Financials instrument at Fair Value held for designation	**-**	**-**	**-**	**-**	**-**
- derivative instruments	-	-	-	-	-
Financials instrument held for trading	**-**	**-**	**-**	**-**	**-**
Liabilities at amortizated cost	**(9,863)**	**-**	**-**	**-**	**(9,863)**
- intra-group financial liabilities	-	-	-	-	-
- other liabilities at amortized cost	(9,863)			-	**(9,863)**
Financial instruments held to maturity					**-**
Loans and receivables	**2,346**	**-**	**-**	**(4)**	**2,346**
Income on receivables	483	-	-	-	483
- intra-group financial assets/liabilities	1,114	-	-	-	1,114
Loans	(13)	-	-	-	(13)
Bank and postal deposits	762	-	-	-	762
Other income and charges	4			(4)	-
Financials instruments available for sale	-	-	-	-	**-**
Total IAS 39 Categories	**(7,517)**	**-**	**-**	**(4)**	**(7,517)**
Interest cost	-	(45)	-	-	(45)
Financial guarantees	(88)	-	-	-	(88)
Provisions discounting	-	-	-	-	**-**
Receivables discounting	-	-	-	-	**-**
Payables discounting	-	-	-	-	**-**
Other income and charges	-	-	-	-	**-**
Total financial instrument not within IAS 39 categories	**(88)**	**(45)**	**-**	-	**(133)**
				TOTALE	**(7,650)**

Equity management

The Group's objectives regarding equity management are aimed at protecting the Group's ability to ensure shareholders' yields and interests and maintain an optimal equity structure.

Types of financial risks and connected coverage activities

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

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

Exchange rate risk

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

Interest rate risk

The management of the financial resources of the EI Towers Group foresees the centralisation of coordination and direction activities, while the activity of gathering in money from the market is carried out time by time by operating companies.

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

Sensitivity analysis

No sensitivity analysis has been carried out in 2015 since at the date of these financial statements there are no financial instruments exposed to interest rate risk.

Liquidity risk

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

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

In general, the management of the liquidity risk implies:

- the maintenance of a debt profile broadly consistent with cash flows generated by operating activities.
- the availability of financial assets that can be quickly turned into cash to meet any cash requirements.

The table below shows, respectively at December 31, 2015 and 2014, the Group's financial obligations, by contract maturity date, considering the so-called worst case scenario and at undiscounted values, considering the nearest date when the Group may be asked to make payment and showing the relative Financial Statements notes for each class.

ITEM OF BALANCE AS AT DECEMBER 31, 2015	Book Value	Time Band					Total cash flows
		from 0 to 3 months	from 4 to 6 months	from 7 to 12 months	from 1 to 5 years	after 5 years	
FINANCIAL LIABILITIES:							
Non current due to bank	-	-	-	-	-	-	-
Current due to bank	-	-	-	-	-	-	-
Current bond loan	6,731	-	8,912	-	-	-	8,912
Non current bond loan	226,977	-	-	-	247,849	-	247,849
Financial due to parent company	-	-	-	-	-	-	-
Financial due to associated companies	-	-	-	-	-	-	-
Financial due to other related parties	-	-	-	-	-	-	-
Due to other suppliers		-	-	-	-	-	-
Due to parent company	-	-	-	-	-	-	-
Due to associated companies	-	-	-	-	-	-	-
Due to other related parties	-	-	-	-	-	-	-
Intra-group financial liabilities	-	-	-	-	-	-	-
Other debt and financial liabilities	-	-	-	-	-	-	-
Total	**233,708**	**-**	**8,912**	**-**	**247,849**	**-**	**256,761**

ITEM OF BALANCE AS AT DECEMBER 31, 2014	Book Value	Time Band					Total cash flows
		from 0 to 3 months	from 4 to 6 months	from 7 to 12 months	from 1 to 5 years	after 5 years	
FINANCIAL LIABILITIES:							
Non current due to bank	-	-	-	-	-	-	-
Current due to bank	-	-	-	-	-	-	-
Current bond loan	6,583	-	8,912	-	-	-	8,912
Non current bond loan	226,193	-	-	-	256,762	-	256,762
Financial due to parent company	-	-	-	-	-	-	-
Financial due to associated companies	-	-	-	-	-	-	-
Financial due to other related parties	-	-	-	-	-	-	-
Due to other suppliers	-	-	-	-	-	-	-
Due to parent company	-	-	-	-	-	-	-
Due to associated companies	-	-	-	-	-	-	-
Due to other related parties	-	-	-	-	-	-	-
Intra-group financial liabilities	-	-	-	-	-	-	-
Other debt and financial liabilities	-	-	-	-	-	-	-
Total	**232,776**	**-**	**8,912**	**-**	**256,762**	**-**	**265,674**

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

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

Credit risk

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

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

Below is a summary table of the net balances and of the Provision for receivables write-off broken down according to the above-mentioned classes at December 31, 2015 and 2014.

RISK CLASSES as at DECEMBER 31, 2015	Gross receivables	Net matured 0-30days	30-60days	60-90days	over	Total net matured	Provision for bad debts	Total to mature	Total at December 31, 2015
RECEIVABLES FROM THIRD PARTY									
Customers	31,954	752	1,356	1,194	15,477	18,778	(6,524)	13,176	31,954
RECEIVABLES FROM PARENT AND ASSOCIATED COMPANIES									
Customers	687	1	-	78	27	105	-	582	687
TOTAL TRADE RECEIVABLES	**32,641**	**752**	**1,356**	**1,271**	**15,504**	**18,883**	**(6,524)**	**13,758**	**32,641**

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

With reference to the main category of trade receivables it should be noted that in terms of concentration, the top 10 customers reached about 91.4% of turnover, while the top 100 customers reached 98.1% of total sales. These indicators are in line with those of the previous year.

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

	Value at Dec. 31, 2014	Allocated	Uses	Other changes	Value at Dec. 31, 2015
Provision for receivables write-off	9,247	198	(51)	(2,870)	6,524

14. SHARE-BASED PAYMENTS

At December 31, 2015, for the purposes of IFRS 2, there were posted the assigned stock option plans for the financial year 2010 relative to the assignment of option rights to EI Towers employees over the Mediaset S.p.A. ordinary shares. It should be noted that No. 100,000 options assigned in 2009 expired in 2015.

All the plans fall into the equity-settled category, in other words they allow for the allocation of own shares bought back on the market. Options granted to the beneficiary employees are linked to the achievement by Mediaset S.p.A. of financial performance targets and the employee remaining with the Mediaset Group for a certain length of time.

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

	Stock Option Plan 2010
Grant date	June 22, 2010
Vesting Period	from Jan. 1, 2010 to June 22, 2013
Exercise Period	from June 23, 2013 to June 22, 2016
Fair Value	0.68 euro
Exercise Price	4.92 euro

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

- Stock Option Plan 2010: 0.68 € for options.

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

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

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

15. RELATED PARTY TRANSACTIONS

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

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

	Revenues	Operating costs	Financial income/ (charges)	Trade receivables	Trade payables	Other receivables/ (payables)
CONTROLLING ENTITIES						
Mediaset S.p.A.	-	(68)	-	-	(19)	-
R.T.I. S.p.A.	300	(2,323)	-	61	(825)	-
Elettronica Industriale S.p.A.	179,569	(371)	-	229	(123)	-
Total controlling entities	**179,869**	**(2,762)**	**-**	**290**	**(967)**	**-**
AFFILIATED ENTITIES						
Publitalia '80 S.p.A.	49	-	-	-	-	-
Videotime S.p.A.	129	(482)	-	39	(131)	-
MedioBanca S.p.a.	-	(45)	-	-	-	-
Milan Entertainment S.r.l.	-	(10)	-	-	-	5
Monradio S.r.l.	469	-	-	146	(1)	-
Promoservice Italia S.r.l.	-	(40)	-	-	(46)	-
Mediaset Premium SpA	-	(2)	-	-	(2)	-
Total affiliated entities	**647**	**(579)**	**-**	**185**	**(179)**	**5**
EXECUTIVES WITH STRATEGIC RESPONSIBILITIES	**-**	**(1,047)**	**-**	**-**	**-**	**(252)**
PENSION FUNDS	**-**	**-**	**-**	**-**	**-**	**(244)**
OTHER RELATED PARTIES	**254**	**(31)**	**-**	**211**	**-**	**-**
TOTAL RELATED PARTIES	**180,770**	**(4,419)**	**-**	**687**	**(1,145)**	**(491)**

Revenues and trade receivables from parent companies are mainly referable to hosting, assistance and maintenance services, logistics, use of transmission infrastructure, head end and design, and revenues concerning broadcast equipment installation services.

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

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

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

16. COMMITMENTS

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

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

Total commitments described above amounted to approximately € 146m.

The Group issued guarantees for commercial and financial commitments for about €4.4m.

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

17. POTENTIAL LIABILITIES

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

For the Board of Directors

The Chairman

(Alberto Giussani)

LIST OF EQUITY INVESTMENTS INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2015

(Euro in thousands)

Companies consolidated on a line-by-line basis	Registered Office	Currency	Share capital	% held by the Group (*)
Towertel s.p.a.	Lissone	euro	22,000.0	100.00%
New TelTowers s.p.a.	Roma	euro	2,000.0	100.00%
Nettrotter s.r.l.	Lissone	euro	525.0	95.00%

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

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

values in Euro

Service	Entity supplying the service	Beneficiary	Fees 2015
Account auditing	Deloitte & Touche S.p.A.	Parent company-EI Towers S.p.a.	114,670
Account auditing	Deloitte & Touche S.p.A.	Subsidiary companies	81,046
Attestation services	Deloitte & Touche S.p.A.	Parent company-EI Towers S.p.a. (1) (2) (3)	452,501
Attestation services	Deloitte & Touche S.p.A.	Subsidiary companies(2)	2,015
Total			**650,232**

(1) Attestation services on provisional and pro-forma data contained in the prospectus and on the adeguacy of the issue price relating to the capital increase for the Tender and Exchange Offer on Raiway S.p.A.

(2) Attestation services Tax Return and Form 770

(3) Attestation services related to the bond loan

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

Certification of the Group's Consolidated Financial Statements in conformity with Article 154, part two, of Legislative Decree 58/98

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

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

   of the administrative and accounting procedures for building up the Consolidated Financial Statements, during the financial year 2015.

2. The evaluation of the adequacy of the administrative and accounting procedures for building up the Consolidated Financial Statements as at December 31, 2015 was carried out based on the rules and methodologies defined by EI Towers S.p.A. in line with the model *Internal Control – Integrated Framework* issued by the *Committee of sponsoring Organizations* of the *Treadway Commission* which represents a body of general reference principles for the system of internal controls that is generally accepted at international level.

3. Furthermore, it is also attested that:

3.1 The Consolidated Financial Statements:

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

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

March 17, 2016

For the Board of Directors
The Chief Executive Officer

(Guido Barbieri)

The Assigned Executive for the drafting
of the company accounting documents

(Fabio Caccia)

2015 Annual Report

Independent Auditors' Report

Deloitte.

Deloitte & Touche S.p.A.
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INDEPENDENT AUDITORS' REPORT PURSUANT TO ART. 14 AND 16 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010

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

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of EI Towers S.p.A. and its subsidiaries (the "EI Towers Group"), which comprise the consolidated statement of financial position as at December 31, 2015, and the consolidated statement of income, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Directors are responsible for the preparation of these consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree n° 38/2005.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA Italia) issued pursuant to art. 11, n° 3, of Italian Legislative Decree 39/10. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation that give a true and fair view of consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the EI Towers Group as at December 31, 2015, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree n° 38/2005.

Report on Other Legal and Regulatory Requirements

Opinion on the consistency of the report on operations and of certain information included in the report on corporate governance with the consolidated financial statements

We have performed the procedures indicated in the Auditing Standard (SA Italia) n° 720B in order to express, as required by law, an opinion on the consistency of the report on operations and of certain information included in the report on corporate governance required by art. 123-bis, n° 4, of Italian Legislative Decree n° 58/98, which are the responsibility of the Directors of EI Towers S.p.A., with the consolidated financial statements of the EI Towers Group as at December 31, 2015. In our opinion the report on operations and the information included in the report on corporate governance referred to above are consistent with the consolidated financial statements of the EI Towers Group as at December 31, 2015.

DELOITTE & TOUCHE S.p.A.

Signed by
Patrizia Arienti
Partner

Milan, Italy
March 29, 2016

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

EI TOWERS S.p.A.

2015 Annual Report

Financial Statements and Explanatory Notes

EI TOWERS S.p.A.

Statement of Financial Position at December 31, 2015

(values in Euro)

ASSETS	Notes	Dec. 31, 2015	Dec. 31, 2014
Non-current assets	**8**		
Property, plant and equipment	8.1	171,312,425	178,176,744
Goodwill	8.2	361,900,759	361,900,759
Other intangible assets	8.3	50,625,535	53,965,633
Investments	8.4		
in subsidiaries		95,372,942	94,422,942
in associates and joint control companies		-	27,639
Total		95,372,942	94,450,581
Receivables and othe non-current financial assets	8.5	95,342,963	31,541,853
Deferred tax assets	8.6	4,387,883	5,619,081
Total non-current assets		**778,942,507**	**725,654,650**
Current assets	**9**		
Inventories	9.1	2,901,814	2,552,240
Trade receivables	9.2		
from customers		19,907,289	16,549,862
from associates		366,455	303,382
from subsidiaries		3,829,261	717,525
from affiliates and joint control companies		-	178,826
from parent companies		289,037	245,238
Total		24,392,041	17,994,833
Tax receivables	9.3	982,765	-
Other receivables and current asset	9.4	5,268,242	4,196,541
Cash and cash equivalents	9.5	72,845,989	128,097,747
Total current assets		**106,390,852**	**152,841,361**
Non-current assets held for sale		**-**	**-**
TOTAL ASSETS		**885,333,359**	**878,496,011**

EI TOWERS S.p.A.

Statement of Financial Position at December 31, 2015

(values in Euro)

LIABILITIES AND SHAREHOLDERS' EQUITY	Notes	Dec. 31, 2015	Dec. 31, 2014
Shareholders' equity	**10**		
Share capital	10.1	2,826,238	2,826,238
Share premium reserve	10.2	194,226,797	194,226,797
Treasury shares	10.3	(1,844,878)	(1,844,878)
Other reserves	10.4	342,791,531	342,452,523
Valuation reserve	10.5	(2,291,382)	(2,426,867)
Retained earnings		-	-
Profit (loss) for the period	10.6	36,831,539	31,223,756
TOTAL SHAREHOLDERS' EQUITY		**572,539,846**	**566,457,568**
Non-current liabilities	**11**		
Post-employment benefit plans	11.1	11,655,524	12,634,547
Deferred tax liabilities	8.6	20,966,642	21,817,083
Payables and financial liabilities	11.2	226,976,740	226,193,312
Provisions for risks and charges	11.3	2,320,923	1,982,780
Total non-current liabilities		**261,919,830**	**262,627,721**
Current liabilities	**12**		
Financial payables		-	400
Trade payables	12.1		
to suppliers		35,111,403	28,691,591
to subsidiaries		159,643	-
to affiliates and joint control companies		-	-
to associates		178,253	179,232
to parent companies		967,340	893,151
Total		36,416,639	29,763,973
Tax payables	12.2	825,489	5,916,798
Intercompany financial payables			
to parent companies		-	-
Total		-	-
Other financial liabilities	12.3	6,731,000	6,583,000
Other current liabilities	12.4	6,900,556	7,146,551
Total current liabilities		**50,873,684**	**49,410,722**
Non-current liabilities related to assets held for sale		**-**	**-**
TOTAL LIABILITIES		**312,793,513**	**312,038,443**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**885,333,359**	**878,496,011**

EI TOWERS S.p.A.

Statement of Income at December 31, 2015

(values in Euro)

INCOME STATEMENT	Notes	2015	2014
Revenues	**13**		
Sales of goods and services	13.1	213,711,958	213,136,048
Other revenues and income	13.2	298,181	219,682
Total revenues		**214,010,139**	**213,355,730**
Costs	**14**		
Personnel expenses	14.1	40,907,536	42,235,176
Purchases, services, other costs	14.2	78,171,703	76,477,662
Amortisation, depreciation and write-downs	14.3	34,614,378	38,681,205
Total costs		**153,693,618**	**157,394,043**
Gains/(losses) from disposals of non-current assets		**-**	**-**
EBIT		**60,316,521**	**55,961,688**
(Expenses)/income from financial investments	**15**		
Financial expenses	15.1	(9,865,792)	(9,994,169)
Financial income	15.2	2,526,273	2,740,573
Other income/(expenses) from equity investments	15.3	12,361	-
Total (expenses)/income from financial investments		**(7,327,158)**	**(7,253,595)**
EBT		**52,989,363**	**48,708,092**
Income taxes for the year	**16**		
current taxes	16	18,472,985	18,648,423
deferred taxes	16	(2,315,161)	(1,164,087)
Total income taxes for the year		**16,157,824**	**17,484,336**
Net profit form continuing operations		**36,831,539**	**31,223,756**
Net gains/(losses) from discontinued operations		**-**	**-**
Net profit (loss) for the period		**36,831,539**	**31,223,756**

EI TOWERS S.p.A.

Statement of Comprehensive Income at December 31, 2015

(values in Euro)

	Notes	2015	2014
PROFIT (LOSS) FOR THE PERIOD (A)		**36,831,539**	**31,223,755**
Total comprehensive gains/(losses) recognized in the Income Statement			
Effective portion of gains/(losses) on hedging instruments (cash flow hedge)		-	-
Total comprehensive gains/(losses) not recognized in the Income Statement		-	-
Actuarial gains/(losses) on defined benefit plans	10.5	373,206	(1,525,169)
Tax effects	10.5	(102,631)	251,033
TOTAL COMPREHENSIVE INCOME/(LOSSES) NET OF TAX EFFECTS (B)		**270,575**	**(1,274,136)**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR (A+B)		**37,102,114**	**29,949,620**

EI TOWERS S.p.A.

Statement of Cash Flows at December 31, 2015

(values in thousands of Euro)

	Notes	2015	2014
CASH FLOW FROM OPERATING ACTIVITIES:			
Operating profit		60,317	55,962
+ Depreciation and amortisation		34,614	38,681
+ changes in trade receivables		(6,397)	(3,539)
+ changes in trade payables		6,222	975
+ changes in other assets and liabilities		(73)	(906)
- Income tax paid		(23,994)	(22,310)
Net cash flow from operating activities [A]	**17**	**70,689**	**68,863**
CASH FLOW FROM INVESTING ACTIVITIES:			
Investments in tangible assets		(23,389)	(10,500)
Investments in intangible assets		(200)	(161)
Goodwill		-	-
Changes in payables for investing activities		-	-
(Increases)/decreases in other financing activities		(62,564)	(18,619)
Investments/Disposals of equity interests		(910)	(130)
Net cash flow from investing activities [B]	**17**	**(87,063)**	**(29,410)**
CASH FLOW FROM FINANCING ACTIVITIES:			
changes in financial liabilities		-	-
dividend payment		(31,020)	-
net change in other financial assets/liabilities		-	-
interests (paid)/received		(7,856)	(7,091)
Net cash flow from financing activities [C]	**17**	**(38,876)**	**(7,091)**
CHANGE IN CASH AND CASH EQUIVALENTS [D=A+B+C]		**(55,251)**	**32,362**
CHANGE IN CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD [E]		**128,098**	**95,736**
CHANGE IN CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD [F=D+E]		**72,847**	**128,098**

EI TOWERS S.p.A.

Statement of Changes in Shareholders' Equity for periods ended
December 31, 2015 and 2014

(values in thousands of Euro)

	Share capital	Share premium reserve	Legal reserve and other reserves	Treasury shares	Actuarial reserve	Other valuation reserves	Retained earnings (accumulated losses)	Nel income (loss) for the period	TOTAL SHAREHOLDERS' EQUITY
Balance at Jan. 1, 2014	**2,826**	**194,227**	**321,119**	**(1,845)**	**(1,355)**	**218**	**-**	**21,319**	**536,508**
Allocation of 2013 net income	-	-	21,319	-	-	-	-	(21,319)	-
Stock option	-	-	15	-	-	(15)	-	-	-
Total net income/(loss) for the period	-	-	-	-	(1,274)	-	-	31,224	29,950
Balance at Dec. 31, 2014	**2,826**	**194,227**	**342,453**	**(1,845)**	**(2,630)**	**203**	**-**	**31,224**	**566,458**
Balance at Jan. 1, 2015	**2,826**	**194,227**	**342,453**	**(1,845)**	**(2,630)**	**203**	**-**	**31,224**	**566,458**
Allocation of 2014 net income	-	-	204	-	-	-	-	(204)	-
Allocation of dividends	-	-	-	-	-	-	-	(31,020)	(31,020)
Stock option	-	-	135	-	-	(135)	-	-	-
Total net income/(loss) for the period	-	-	-	-	271		-	36,832	37,102
Balance at Dec. 31, 2015	**2,826**	**194,227**	**342,792**	**(1,845)**	**(2,359)**	**68**	**-**	**36,832**	**572,540**

EI TOWERS S.p.A.

Statement of Financial Position as per Consob Resolution no. 15519 dated July 27, 2006

(values in Euro)

ASSETS	Notes	Dec. 31, 2015	of which vs. Related parties (note 21)	% weight	Dec. 31, 2014	of which vs. Related parties (note 21)	% weight
Non-current assets	**8**						
Property, plant and equipment	8.1	171,312,425			178,176,744		
Goodwill	8.2	361,900,759			361,900,759		
Other intangible assets	8.3	50,625,535			53,965,633		
Investments	8.4						
in subsidiaries		95,372,942			94,422,942		
in associates and joint control companies		-			27,639		
Total		95,372,942			94,450,581		
Receivables and othe non-current financial assets	8.5	95,342,963	94,675,932	99%	31,541,853	31,037,671	98%
Deferred tax assets	8.6	4,387,883			5,619,081		
Total non-current assets		**778,942,507**			**725,654,651**		
Current assets	**9**						
Inventories	9.1	2,901,814			2,552,240		
Trade receivables	9.2						
from customers		19,907,289			16,549,862		
from associates		366,455	366,455	100%	303,382	303,382	100%
from subsidiaries		3,829,261	3,829,261	100%	717,525	717,525	100%
from associates and joint control companies		-			178,826	178,326	100%
from parent companies		289,037	289,037	100%	245,238	245,238	100%
Total		24,392,041			17,994,834		
Tax receivables	9.3	982,765			-		
Other receivables and current asset	9.4	5,268,242			4,196,541		
Cash and cash equivalents	9.5	72,845,989	-	0%	128,097,747	36,694	0%
Total current assets		**106,390,852**			**152,841,362**		
Non-current assets held for sale		**-**			**-**		
TOTAL ASSETS		**885,333,359**			**878,496,012**		

LIABILITIES AND SHAREHOLDERS' EQUITY	Notes	Dec. 31, 2015	of which vs. Related parties (note 21)	% weight	Dec. 31, 2014	of which vs. Related parties (note 21)	% weight
Shareholders' equity	**10**						
Share capital	10.1	2,826,238			2,826,238		
Share premium reserve	10.2	194,226,797			194,226,797		
Treasury shares	10.3	(1,844,878)			(1,844,878)		
Other reserves	10.4	342,791,531			342,452,523		
Valuation reserve	10.5	(2,291,382)			(2,426,867)		
Retained earnings		-			-		
Profit (loss) for the period	10.6	36,831,539			31,223,756		
TOTAL SHAREHOLDERS' EQUITY		**572,539,846**			**566,457,569**		
Non-current liabilities	**11**						
Post-employment benefit plans	11.1	11,655,524			12,634,547		
Deferred tax liabilities	8.6	20,966,642			21,817,083		
Payables and financial liabilities	11.2	226,976,740			226,193,312		
Provisions for risks and charges	11.3	2,320,923			1,982,780		
Total non-current liabilities		**261,919,830**			**262,627,721**		
Current liabilities	**12**						
Financial payables		-			400		
Trade payables	12.1						
to suppliers		35,111,403			28,691,591		
to subsidiaries		159,643	159,643	100%	-		
to associates		178,253	178,253	100%	179,232	179,232	100%
to parent companies		967,340	967,340	100%	893,151	893,151	100%
Total		36,416,639			29,763,973		
Tax payables	12.2	825,489	690,324	84%	5,916,798	3,517,364	59%
Intercompany financial payables		-					
to parent companies		-			-		
Total		-			-		
Other financial liabilities	12.3	6,731,000			6,583,000		
Other current liabilities	12.4	6,900,556	494,302	7%	7,146,551	389,988	5%
Total current liabilities		**50,873,684**			**49,410,722**		
Non-current liabilities related to assets held for sale		**-**			**-**		
TOTAL LIABILITIES		**312,793,513**			**312,038,443**		
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**885,333,359**			**878,496,012**		

EI TOWERS S.p.A.

Statement of Income as per Consob Resolution no. 15519 dated July 27, 2006

(values in Euro)

INCOME STATEMENT	Notes	2015	of which vs. Related parties (note 21)	% weight	2014	of which vs. Related parties (note 21)	% weight
Revenues	**13**						
Sales of goods and services	13.1	213,711,958	183,185,000	86%	213,136,048	184,018,000	86%
Other revenues and income	13.2	298,181	46,000	15%	219,682	79,000	36%
Total revenues		**214,010,139**			**213,355,730**		
Costs	**14**						
Personnel expenses	14.1	40,907,536	1,899,103	5%	42,235,176	1,093,000	3%
Purchases, services, other costs	14.2	78,171,703	3,504,000	4%	76,477,662	3,517,000	5%
Amortisation, depreciation and write-downs	14.3	34,614,378			38,681,205		
Total costs		**153,693,618**			**157,394,043**		
Gains/(losses) from disposals of non-current assets		**-**			**-**		
EBIT		**60,316,521**			**55,961,688**	**18,648,423**	
(Expenses)/income from financial investments	**15**						
Financial expenses	15.1	(9,865,792)	-	0%	(9,994,169)	(2,000)	0%
Financial income	15.2	2,526,273	1,238,000	49%	2,740,573	1,567,499	57%
Other (expenses)/income from equity investments	15.3	12,361			-		
Total (expenses)/income from financial investments		**(7,327,158)**			**(7,253,595)**		
EBT		**52,989,363**			**48,708,092**		
Income taxes for the year	**16**						
current taxes	16	18,472,985			18,648,423		
deferred taxes	16	(2,315,161)			(1,164,087)		
Total income taxes for the year		**16,157,824**			**17,484,336**		
Net profit form continuing operations		**36,831,539**			**31,223,756**		
Net gains/(losses) from discontinued operations		**-**			**-**		
Net profit (loss) for the period		**36,831,539**			**31,223,756**		

EI TOWERS S.p.A.

1. General information

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

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

2. Adoption of the International Accounting Standards

Following the coming into force of the Legislative Decree No. 38 of February 28, 2005, which actuated, within the Italian legislation, the European Regulation no. 1606/2002, since 2006 the Company applied the right, in accordance with article 4 of this decree, to draft the equity value according to the IAS/IFRS (International Accounting Standards/International Financial Reporting Standards) issued by the International Accounting Standards Board (IASB) and homologated at EEC level.

The accounting layouts and the disclosures contained in this Annual Report have been drawn up according to IAS 1, as laid down by the CONSOB Communication n° DEM 6064313 of July 28, 2006.

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

These Financial Statements have been drawn up with a going concern approach, because the Directors have checked that there do not exist any uncertainties as defined in the Paragraph 25 of IAS 1 of any financial, operational, managerial criticalities or of any other nature that could possibly impact the ability of the Company to face up to its obligations in the foreseeable future. The risks and the uncertainties relative to the business itself are described in the Directors' Report on Operations. The description of how the Company manages its financial risks, among which there are the liquidity and capital ones, is contained in the paragraph called Additional information on financial instruments and the risk management policies contained in these Explanatory Notes.

The Financial Statements at December 31, 2015 have been drawn up according to the IAS/IFRS and the relative interpretations issued by the SIC/IFRIC homologated by the European Commission and in force at the date in question.

The accounting criterion normally used for assets and liabilities is that of historical cost, with the exception of some financial instruments for which, pursuant to what is laid down in IAS and IFRS 13, the fair value is used.

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

The values of the tables in the Explanatory Notes are shown in amounts of thousand Euros.

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

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

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

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

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

4. Summary of the accounting standards and evaluation criteria

Financial Statements tables and layouts

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

- it is expected that it will be realized, or extinguished, or it is estimated that it will be sold, or used, in the ordinary operating cycle of the Company, or
- it is mainly held for trading, or
- it is expected that it will be realized or extinguished within 12 months from the Financial Statements closing date.

Lacking all three of the above conditions the assets and liabilities are classified as being non-current.

The **Income Statement** is drawn up with the layout of costs by type, following the same methodology as the Company's internal reporting and in line with the prevailing international practices in the sector, showing the intermediate levels of the operating result and the pre-tax result. The *operating result* is the difference between the Net Revenues and the operating costs (these latter include the costs of a non-monetary nature relative to the amortization, depreciation and write-downs of current and non-current assets, net of any reinstatements of value).

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

The **Comprehensive Income Statement** table shows the cost and revenue items, net of tax, which has asked for, or allowed, by the various International Accounting Standards are posted directly among the Balance Sheet reserves. Items that would be reclassified to profit or loss at future point of time are presented separately from items that will never be reclassified. For each one of the significant Balance Sheet reserves that are shown in the table there are given the references to the successive Explanatory Notes, within which there is supplied the relative information and there are detailed the breakdowns and the changes that have taken place since the last fiscal year.

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

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

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

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

Buildings, plants and equipment

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

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

Buildings	2% -3%
Towers	5%
Plant and machinery	10%- 20%
Equipment	12% - 16%
Office furniture and electronic machines	8% - 20%
Motor vehicles and other means of transport	10% - 25%

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

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

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

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

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

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

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

Leased assets

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

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

Government contribution

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

Intangible fixed assets

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

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

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

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

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

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

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

Impairment of assets

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

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

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

A single Cash Generating Unit attributable to the activity of Tower operator has been identified at the date of the financial statements in line with the organi-zational and business structures of the Company, which includes the Company and its wholly owned subsidiary Towertel S.p.A. and its indirect subsidiaries Hightel S.p.A. and Torre di Nora S.r.l..

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

Equity investments in associated companies and joint ventures

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

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

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

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

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

Non-current financial assets

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

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

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

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

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

Non-current assets available for sale

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

Current Assets

Inventories

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

Trade receivables

The receivables are posted at their fair value, which is generally also their face value, except in the case where, because of significant extended payment terms, it is the same as the value calculated by applying the amortised cost method. Their value at year-end is adjusted to their estimated realisable value and written down in case of impairment. Receivables originating in non-EMU currencies are valued at the year-end spot rates issued by the European Central Bank.

Sale of receivables

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

Current financial assets

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

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

Cash and equivalents

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

Treasury shares

Treasury shares are shown at cost and posted as a reduction of Net Equity.

Employee Benefits

Post-Employment Benefit Plans

The Employee Leaving Indemnity, which is obligatory for Italian companies pursuant to article 2120 of the Italian Civil Code, is a type of deferred remuneration and it is related to the length of the working lives of the employees and the emoluments received.

Due to the Supplementary Pension Reform, the amounts of the Employee Leaving Indemnity accrued until December 31, 2006 shall continue to remain within the company constituting a defined benefit plan, with the obligation of the accrued benefits to that date being subject to an actuarial valuation, while the amounts that accrue from January 1, 2007, with the exception of those regarding companies with less than 50 employees, according to the choices made by the employees, are allocated to supplementary pension funds, or transferred by the company to the treasury fund managed by INPS (Italian National Social Security Institute) starting from the time when the employees formalise their choice, as defined contribution plans that are no longer subject to actuarial valuation.

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

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

Share-based payments

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

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

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

Trade payables

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

Funds for risks and charges

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

Non-current financial liabilities

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

Revenue recognition

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

The revenues are shown net of returns, discounts, allowances and premiums, as well as of any directly linked tax charges.

Any cost recoveries are shown as a direct reduction of the relative costs.

Income taxes

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

The prepaid and deferred taxes are calculated based on the timing differences between the values attributed to the assets and liabilities in the Financial Statements on a statutory basis and the corresponding values that are recognized for fiscal purposes, on the basis of the tax rates that will be in force at the time when the timing differences will be reversed. When the results are posted directly to Net Equity, the current taxes, the prepaid taxes assets and the deferred taxes liabilities are also posted to Net Equity.

The deferred taxes assets and liabilities are set off when there exists a legal right to be able to set off the current taxes assets and liabilities and when they refer to taxes that are due to the same Tax Authority and the Company intends to settle the current tax assets and liabilities on a net basis.

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

Dividends

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

Earnings per share

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

Changes in accounting estimates

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

Accounting standards, amendments and interpretations effective from January 1, 2015

Starting from January 1, 2015, the Company applied the following accounting standards, amendments and interpretations.

Accounting standards, amendments and interpretations effective from January 1, 2015

The Company applied the following IFRS accounting standards, amendments and interpretations for the first time starting from January 1, 2015:

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

- On December 12, 2013 the IASB published the document ***"Annual Improvements to IFRSs: 2011-2013 Cycle"*** incorporating the amendments to some standards, within the scope of the annual improvement process (including: IFRS 3 *Business Combinations - Scope exception for joint ventures*, IFRS 13 *Fair Value Measurement - Scope of portfolio exception*, IAS 40 *Investment Properties - Interrelationship between IFRS 3 and IAS 40*). The changes are effective for annual periods beginning on or after January 1, 2015. The adoption of this new interpretation did not impact the Company's consolidated financial statements.

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

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

The Company did not apply the following Standards, new or amended, issued, but not yet into effect.

- Amendment to IAS 19 ***"Defined Benefit Plans: Employee Contributions"*** (published on November 21, 2013): related to the recognition of contributions from employees or third parties to defined benefit plans. The change is effective at the latest for annual periods beginning on or after February 1, 2015.
- Amendment to **IFRS 11** ***Joint Arrangements - "Accounting for acquisitions of interests in joint operations"*** (published on May 6, 2014): related to the accounting for acquisitions of interests in *joint operations* in which the activities of the joint operations constitute *businesses*. The changes are effective for annual periods beginning on or after January 1, 2016. Earlier application is permitted.

- Amendments to IAS 16 *Property, plant and equipment* and IAS 41 *Agriculture – "Bearer Plants"* (published on June 30, 2014): *bearer plants,* i.e. fruit trees producing annual harvests (such as grape vines, hazelnut trees) should be accounted for according to the requirements of IAS 16 (rather than of IAS 41). The changes are effective for annual periods beginning on or after January 1, 2016. Earlier application is permitted.
- Amendments to IAS 16 *Property, plant and Equipment* and to IAS 38 *Intangibles Assets – "Clarification of acceptable methods of depreciation and amortisation"* (published on May 12, 2014): according to which a revenue-based depreciation method is not considered to be appropriate, since, revenues generated by an activity that includes the use of an asset subject to depreciation generally reflect factors other than consumption of an asset's economic benefits, a requisite required for depreciation. The changes are effective for annual periods beginning on or after January 1, 2016. Earlier application is permitted.
- Amendment to IAS 1 – "*Disclosure Initiative"* (published on December 18, 2014): the objective of these changes is to provide a clarification on disclosure principles which can be perceived as an impediment to a clear and intelligible presentation of financial statements. The changes are effective for annual periods beginning on or after January 1, 2016. Earlier application is permitted.
- Amendment to *IAS 27 – Equity Method in Separate Financial Statements* (published on August 12, 2014): introduces the option to use the equity method of accounting in measuring investments in subsidiaries, joint ventures and associates in the separate financial statements of an entity. The changes are effective for annual periods beginning on or after January 1, 2016. Earlier application is permitted.

In the Directors' opinion, the adoption of these changes is not expected to have a significant impact on the Company's financial statements.

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

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

- Standard IFRS 15 – *Revenue from Contracts with Customers* (published on May 28, 2014) which is intended to replace the standards IAS 18 – *Revenue* and IAS 11 – *Construction Contracts*, and the interpretations IFRIC 13 – *Customer Loyal-*

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

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

The standard is effective for annual reporting periods beginning on or after January 1, 2018. Earlier application is permitted. In the Directors' opinion, the application of IFRS 15 could impact in particular on disclosure of revenues provided in the consolidated financial statements of the Group. However, it is not possible to make a reasonable estimate of the effects until the Group has completed a detailed analysis of customer relations.

- Final version of IFRS 9 – Financial Instruments (published on July 24, 2014). This document brings together the Classification and measurement, Impairment and Hedge accounting phases of the IASB's project to replace IAS 39:
  - Introduces new requirements for classification and measurement of financial assets and liabilities;
  - Concerning the impairment model, the new standard requires that the estimation of credit losses is carried out on the basis of an expected losses impairment model (and not on an incurred losses model provided for by IAS 39) by using supportable information, available without unreasonable changes or efforts which include historical data, both current and future;
  - Introduces the new general hedge accounting model (increase in the types of transactions eligible for hedge accounting, change to the accounting method for forward contracts and option when included in a hedging relationship, changes to the effectiveness test).

  The new standard, which replaces the previous versions of IFRS 9, is effective for annual reporting periods beginning on or after January 1, 2018.

- On January 13, 2016 the IASB published the standard **IFRS 16 – *Leases*** which will replace the standard IAS 17 – *Leases*, and the interpretations IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases—Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

  The new standard provides a new definition of lease and introduces the criterion based on the right of use of an asset to distinguish between lease contracts and service contracts, identifying as discriminating factors: the identification of the asset, the right of substitution of the asset, the right to obtain substantially all the economic benefits from that use and the right to direct the asset's use underlying the contract.

  The standard establishes a single recognition and measurement model of lease contracts for the lessee providing for the recognition of the leased asset also operating under assets against a financial liability, providing the possibility not to recognize as a lease contracts concerning "*low-value asset*s" and leases with a lease term of 12 months or less. On the contrary, this Standard does not include significant changes for lessors.

  The standard is effective for annual periods beginning on or after January 1, 2019. Earlier application is permitted only for the Entities which have applied IFRS 15 – *Revenue from Contracts with Customers* in advance. In the Directors' opinion, the application of IFRS 16 is expected to significantly impact on the accounting of lease contracts and on related disclosure provided in the consolidated financial statements of the Group. However, it is not possible to provide a reasonable estimate of the effects until the Group has completed a detailed analysis of related contracts.

- Document "***Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)***" (published on December 18, 2014), containing changes related to issues that have arisen in the context of applying the consolidation exception for investment entities. The changes introduced by the document are effective for annual periods beginning on or after January 1, 2016. Earlier application is permitted. In the Directors' opinion, the adoption of these changes is not expected to significantly impact on the Group's consolidated financial statements, since the company does not satisfy the definition of investment entity.

On September 11, 2014 the IASB published an amendment to ***IFRS 10 and IAS 28 Sales or Contribution of Assets between an Investor and its Associate or Joint Venture***. This document has been published in order to solve the current conflict between IAS 28 and IFRS 10 related to the recognition of a gain or loss resulting from the sale or contribution of *non-monetary assets* to a *joint venture* or associate in return of an equity stake. The IASB deferred indefinitely the application of this amendment.

5. Main corporate operations

On August 6, the parent company EI Towers S.p.A. established, together with a minority shareholder, the company Nettrotter S.r.l., which will develop a Sigfox network on the Italian territory to offer - in subscription mode - connectivity services for the Internet of Things (“IOT”) market.

Sigfox, a company based in France, is a leading world-wide operator of cellular networks entirely dedicated to the Internet of Things and the “machine-to-machine” communication; as of today, Sigfox network is active or in the process of being activated in 14 countries throughout the world.

Nettrotter is rapidly developing the new IoT network in the national territory in order to provide connectivity services already starting from the second quarter of 2016.

6. 2010 Stock Option Plan

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

Year 1/1 - 31/12	Number of participants to Plan	Options rights attribuited for the purchase of company shares	Exercise price	Exercise period only allowed in one off solution	Check of compliance with the criteria estabilished by the Board of Directors
2010	2	100,000	4.92	June 23, 2013/June 22, 2016	Rights to exercise

It is highlighted that no. 100,000 options assigned in 2009 expired in 2015.

Share-based payments

At December 31, 2015, for the purposes of IFRS 2, there were posted the assigned stock option plans for the financial year 2010, relative to the assignment of option rights over the Mediaset S.p.A. ordinary shares. All the plans fall into the equity-settled category, in other words they allow for the allocation of own shares bought back on the market.

Options granted to the beneficiary employees are linked to the achievement by Mediaset S.p.A. of financial performance targets and the employee remaining with the Mediaset Group for a certain length of time.

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

	Stock Option Plan 2010
Grant date	June 22, 2010
Vesting Period	from Jan.1 , 2010 to June 22, 2013
Exercise Period	from June 23, 2013 to June 22, 2016
Fair Value	0.68 euro
Exercise Price	4.92 euro

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

- Stock Option Plan 2010: 0.68 Euros for option;

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

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

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

7. Other information

Direction and coordination activities

According to article 2497-bis para. 4, a summary statement of key data of the last financial statements approved by Mediaset S.p.A., a company carrying out Direction and Coordination activity, is shown below.

ASSETS	Dec.31, 2014	Dec.31, 2013
Non-current assets		
Property, plant and equipment	4,679	4,679
Goodwill and other intangible assets	-	-
Investments and other non-current financial assets	1,474,422	1,470,440
Deferred tax assets	50,119	24,027
Total non-current assets	**1,529,220**	**1,499,146**
Current assets		
Trade receivables	2,036	361
Tax receivables	36,338	35,138
Intercompany financial receivables	1,928,967	2,283,675
Receivables and other current assets	54,313	91,129
Cash and cash equivalents	29,376	51,718
Total current assets	**2,051,030**	**2,462,021**
Non-current assets held for sale	**-**	**-**
TOTAL ASSETS	**3,580,250**	**3,961,167**

LIABILITIES AND SHAREHOLDERS' EQUITY	Dec.31, 2014	Dec.31, 2013
Shareholders' equity		
Share capital	614,238	614,238
Share-premium reserve	275,237	275,237
Treasury shares	(416,656)	(416,656)
Other reserves	1,339,970	1,359,642
Profit (loss) for the period	37,087	(16,502)
TOTAL SHAREHOLDERS' EQUITY	**1,849,876**	**1,815,959**
Non-current liabilities		
Post-employment benefit plans	1,313	1,320
Deferred tax liabilities	424	420
Other non-current liabilities	872,959	1,092,800
Total non-current liabilities	**874,696**	**1,094,540**
Current liabilities		
Financial payables	214,089	325,150
Trade payables	1,912	2,966
Tax payables	820	-
Intercompany financial payables	473,629	559,092
Payables and other current liabilities	165,228	163,460
Total current liabilities	**855,678**	**1,050,668**
Non-current liabilities related to assets held for sale	**-**	**-**
TOTAL LIABILITIES	**1,730,374**	**2,145,208**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**3,580,250**	**3,961,167**

INCOME STATEMENT	2014	2013
Revenues	6,140	1,077
Costs	32,031	44,110
Gains/(losses) from disposals of non-current assets	-	-
EBIT	**(25,891)**	**(43,033)**
(Expenses)/income from financial investments	63,222	34,375
EBT	**37,331**	**(8,658)**
Income taxes for the year	244	7,844
Net profit from continuing operations	**37,087**	**(16,502)**
Net gains/(losses) from discontinued operations	-	-
Net profit (loss) for the period	**37,087**	**(16,502)**

Group taxation

EI Towers S.p.A. as consolidating company and the subsidiaries Towertel S.p.A. and NETTROTTER S.r.l. as consolidated companies adhere to the national group taxation, regulated by article 117 and subsequent of the Decree by the President of the Republic no. 917/1986 and the Ministerial Decree dated June 9, 2004.

COMMENTS ON MAIN ASSETS ITEMS

8. Non-current assets

8.1 Property, plants and equipment

The following table summarises the values for the period of original cost, depreciation and write-downs and the net amount:

Historical cost	**Land and building**	**Towers**	**Plant and machinery**	**Technical and commercial equipment**	**Other tangible assets**	**Tangible assets under formation**	**Total**
Jan.1, 2014	**45,762**	**32,621**	**247,033**	**42,045**	**24,796**	**7,974**	**400,229**
Contribution from Towertel demerger	2,471	92,258	1,370	1,518	755	738	**99,111**
Reclassification	-	-	-	-	-	(168)	**(168)**
Other changes	138	121	2,710	137	388	3,494	**-**
Acquisitions	377	407	2,434	289	282	6,295	**10,084**
Disposals	(5)	(64)	(4,582)	(118)	(262)	(219)	**(5,250)**
(Depreciation and write-downs)	-	-	-	-	-	-	**-**
Roundings	-	-	-	-	-	-	
Dec.31, 2014	**48,743**	**125,344**	**248,964**	**43,871**	**25,958**	**11,127**	**504,006**
Business combinations	-	-	-	-			**-**
Reclassification	-	-	-	-		(269)	**(269)**
Other changes	36	1,244	4,681	415	766	(7,142)	**()**
Acquisitions	150	416	11,830	419	437	10,357	**23,609**
Disposals	(52)	(128)	(1,671)	(72)	(101)	(21)	**(2,045)**
(Depreciation and write-downs)	-						**-**
Dec.31, 2015	**48,877**	**126,876**	**263,805**	**44,631**	**27,061**	**14,053**	**525,302**

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Amortisation and depreciation	**Land and building**	**Towers**	**Plant and machinery**	**Technical and commercial equipment**	**Other tangible assets**	**Tangible assets under formation**	**Total**
Jan.1, 2014	**17,344**	**13,968**	**166,879**	**30,348**	**19,750**	**-**	**248,288**
Contribution from Towertel demerger	190	47,251	1,342	1,285	697	-	**50,765**
Reclassification	-	-	-	-	-		
Other changes	-	-	-	-	-	-	**-**
Disposals	(3)	(61)	(4,569)	(113)	(260)	-	**(5,007)**
Amortisation	1,525	4,979	20,370	3,091	1,723	-	**31,689**
(Depreciation and write-downs)	-	95	-	-	-	-	**95**
Dec.31, 2014	**19,055**	**66,232**	**184,021**	**34,611**	**21,910**	**-**	**325,829**
Business combinations	-	-	-	-	-		**-**
Reclassification	-	-	17	1		(18)	**()**
Other changes	-	-	-	-			**-**
Disposals	(52)	(122)	(1,649)	(72)	(92)		**(1,988)**
Amortisation	1,200	5,085	19,331	2,731	1,695		**30,042**
(Depreciation and write-downs)		106					**106**
Dec.31, 2015	**20,203**	**71,301**	**201,720**	**37,271**	**23,512**	**(18)**	**353,989**

Net book value	Land and building	Towers	Plant and machinery	Technical and commercial equipment	Other tangible assets	Tangible assets under formation	Total
Jan.1, 2014	**28,418**	**18,653**	**80,155**	**11,697**	**5,046**	**7,974**	**151,942**
Contribution from Towertel demerger	2,281	45,008	28	233	58	738	**48,346**
Reclassification	-	-	-	-	-	(168)	**(168)**
Other changes	138	121	2,710	137	388	(3,494)	**-**
Acquisitions	377	407	2,434	289	282	6,295	**10,084**
Disposals	(2)	(3)	(13)	(5)	(2)	(219)	**(243)**
Amortisation	(1,525)	(4,979)	(20,370)	(3,091)	(1,723)	-	**(31,689)**
(Depreciation and write-downs)	-	(95)	-	-	-	-	**(95)**
Dec.31, 2014	**29,688**	**59,112**	**64,944**	**9,260**	**4,049**	**11,127**	**178,177**
Business combinations	-	-	-	-	-	-	**-**
Reclassification	-	-	(17)	(1)	-	(251)	**(268)**
Other changes	36	1,244	4,681	415	766	(7,142)	**()**
Acquisitions	150	416	11,830	419	437	10,357	**23,609**
Disposals	-	(6)	(22)	()	(8)	(21)	**(58)**
Amortisation	(1,200)	(5,085)	(19,331)	(2,731)	(1,695)	-	**(30,042)**
(Depreciation and write-downs)	-	(106)	-	-	-	-	**(106)**
Dec.31, 2015	**28,674**	**55,575**	**62,086**	**7,361**	**3,549**	**14,071**	**171,312**

The main additional changes during the period were for:

- Increases in tangible assets under formation and advances for € 10,357k mainly for towers and infrastructures classified under the item Towers, plants and equipment related to Towers classified under the items Plant and machinery and Technical and commercial equipment (including € 3,853k for plants related to the implementation of the network for the Cairo Communication Group);
- Increases in Towers for 1,660k attributable to the acquisition and/or construction of Towers;
- Increases in the Item Land and building amounting to €186k attributable to the acquisition of some lots of land on which Towers are located;
- Increases in Plant and machinery for € 16,511k attributable in the amount € 4,681k to transfers of tangible assets under formation during previous years completed in 2015, in the amount of € 11,830k to the purchase of plants on towers (including € 8,754k for plants related to the implementation of the network for the Cairo Communication Group inclusive of EI Towers S.p.A.'s personnel costs dedicated to this project amounting to € 943k).

The write-downs of 2015 amounted to € 106k and relate Towers no longer used and under disposal.

8.2 Goodwill

Beginning balance at Jan.1, 2014	**255,772**
Contribution from Towertel demerger	106,091
Reclassification	40
Increases	-
Other changes	(2)
Disposals	-
(Depreciation and write-downs)	-
Closing balance at Dec.31, 2014	**361,901**
Reclassification	-
Increases	-
Other changes	-
Disposals	-
(Depreciation and write-downs)	-
Net final balance at Dec.31, 2015	**361,901**

This item did not change compared to the previous year.

At December 31, 2015 goodwill was subject to the impairment tests as required by IAS 36.

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

The rate used to discount future cash flows was determined by calculating the weighted average cost of capital taking into account the financial structure, the current market assessment of the cost of money for the plan period considered, and assuming a risk free rate equal to the average annual return on ten-year government debt securities in Italy, and a premium for long-term stock risk equal to 6%.

These assessments have been carried out by utilising an actuarial base rate, corresponding to the weighted average cost of capital net of taxes of 5.23% and a growth rate, used to extrapolate cash flows over the plan period prudentially of 1.1%.

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

8.3 Other intangible assets

Historical cost	Patents and intellectual property rights	Customer relations	Trademarks	Licences	Intangible assets in progress and advances	Other intangible assets	Total
Jan.1, 2014	**9,083**	**295**	**-**	**12,234**	**357**	**7,500**	**29,470**
Contribution from Towertel demerger	-	60,816	-	-	-	-	**60,816**
Reclassification	168	-	-	-	(40)	-	**128**
Other changes	317	-	-	-	(317)	-	**()**
Acquisitions	112	-	-	7	42	-	**161**
Disposals	(21)	-	-	-	-	-	**(21)**
Dec.31, 2014	**9,659**	**61,111**	**-**	**12,241**	**42**	**7,500**	**90,554**
Business combinations							**-**
Reclassification	269						**269**
Other changes	5				(5)		**-**
Acquisitions	200				460		**660**
Disposals							**-**
Dec.31, 2015	**10,132**	**61,111**	**-**	**12,241**	**497**	**7,500**	**91,482**

Amortisation and depreciation	Patents and intellectual property rights	Customer relations	Trademarks	Licences	Intangible assets in progress and advances	Other intangible assets	Total
Jan.1, 2014	**8,841**	**15**	**-**	**3,497**	**-**	**5,000**	**17,353**
Contribution from Towertel demerger	-	12,425	-	-	-	-	**12,425**
Reclassification	-	-	-	-	-	-	**-**
Other changes	-	-	-	-	-	-	**-**
Disposals	-	-	-	-	-	-	**-**
Amortisation	409	3,073	-	828	-	2,500	**6,810**
(Depreciation), (write-downs)	-	-	-		-	-	**-**
Dec.31, 2014	**9,250**	**15,512**	**-**	**4,325**	**-**	**7,500**	**36,588**
Business combinations							**-**
Reclassification							**-**
Other changes							**-**
Disposals							**-**
Amortisation	367	3,073		828			**4,269**
(Depreciation), (write-downs)							**-**
Dec.31, 2015	**9,618**	**18,585**	**-**	**5,153**	**-**	**7,500**	**40,856**

Net book value	Patents and intellectual property rights	Customer relations	Trademarks	Licences	Intangible assets in progress and advances	Other intangible assets	Total
Jan.1, 2014	**243**	**280**	**-**	**8,737**	**357**	**2,500**	**12,117**
Contribution from Towertel demerger	-	48,391	-	-	-	-	48,391
Reclassification	168	-	-	-	(40)	-	128
Other changes	317	-	-	-	(317)	-	()
Acquisitions	112	-	-	7	42	-	161
Disposals	(21)	-	-	-	-	-	(21)
Amortisation	(409)	(3,073)	-	(828)	-	(2,500)	(6,810)
Dec.31, 2014	**410**	**45,599**	**-**	**7,916**	**42**	**-**	**53,966**
Business combinations	-	-	-	-	-	-	-
Reclassification	269	-	-	-	-	-	269
Other changes	5	-	-	-	(5)	-	-
Acquisitions	200	-	-	-	460	-	660
Disposals	-	-	-	-	-	-	-
Amortisation	(367)	(3,073)	-	(828)	-	-	(4,269)
Dec.31, 2015	**516**	**42,526**	**-**	**7,087**	**497**	**-**	**50,626**

Patents and intellectual property rights

The increase in Item Patents and intellectual property rights amounted to € 474k including € 358k relating to the extension of Auge Remote Control system attributable to the implementation of the network for the Cairo Communication Group and € 116 mainly relating (€ 90k) to the development of Head End and Construction system attributable to the implementation of Cairo network.

Licenses

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

Intangible assets in progress and advances

The increase in the Item Intangible assets in progress mainly concerns investments related to the project called "Banca Dati Postazioni" (Tower Database).

8.4 Equity investments

This item is detailed as follows:

Equity investments in subsidiaries

	Dec.31, 2015		Dec.31, 2014	
	stake	book value	stake	book value
Towertel S.p.A.	100%	94,423	100%	94,423
Nettrotter S.r.l.	95%	950		
Total		**95,373**		**94,423**

It should be noted that on August 6, EI Towers S.p.A. established, together with a minority shareholder, the company Nettrotter S.r.l., 95% held by EI Towers S.p.a.. The carrying value represents the company shares initially underwritten by EI Towers S.p.A. equal to € 47.5k and subsequent increase in share capital and share premium reserve equal to € 950k underwritten by shareholders in proportion to their holdings on October 27, 2015.

As required by IAS 36, for financial assets classified as subsidiaries (IAS 27), measures were taken in 2014 to verify their recorded value in order to ensure that they were not posted at a value higher than recoverable value. Recoverable value is the greater of fair value net of selling costs and value of use determined using estimates of future cash flows when the entity specifies that these come from operations.

An equity investment with a posted book value greater than equity at December 31, 2015 was subject to a specific impairment test to support the book value in the wider context of tests carried out in relation to Tower CGU already described (see Paragraph Goodwill).

The rate used to discount future cash flows was determined by calculating the weighted average cost of capital taking into account the financial structure, the current market assessment of the cost of money for the plan period considered, and assuming a risk free rate equal to the average annual return on ten-year government debt securities in Italy, and a premium for long-term stock risk equal to 6%.

These assessments have been carried out by utilising an actuarial base rate, corresponding to the weighted average cost of capital net of taxes of 5.23% and a growth rate, used to extrapolate cash flows over the plan period prudentially of 1.1%.

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

Equity investments in associated companies

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

	Dec.31, 2015		Dec.31, 2014	
	stake	book value	stake	book value
Beigua S.r.l.	0.0%	-	24.5%	28
Total		**-**		**28**

On December 22, 2015 EI Towers S.p.A. sold to Persidera S.p.A. its interest equal to 24.5% in Beigua S.r.l. share capital for a value € 40k.

8.5 Non-current receivables and financial assets

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

	Dec.31, 2015				Dec.31,2014
		Due			
	Total	from 1 to 5 years	over 5 years		
Security deposits paid	475	-	475		342
Other financial assets	160	160	-		130
Consortium fees	32	-	32		32
C/A Subsidiary - Towertel S.p.A.	90,770	90,770	-		27,173
C/A Subsidiary - HIGHTEL S.p.A.	2,393	2,393	-		3,699
C/A Subsidiary - Nettrotter S.p.A.	1,000	1,000	-		-
C/A Subsidiary for invoices to be issued	512	512	-		166
Total	**95,343**	**94,836**	**507**	**-**	**31,542**

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

The item Other Financial assets included the considerations paid out for the purchase option of the shares representing the total share capital of the companies Segit S.r.l. (€ 60k), Artel S.r.l. (€ 40k), Mantignana (€ 60k).

Total non-current financial assets amounted to € 94,675k and related to the credit balance, including accrued interest of the intra-group current account respectively with the subsidiary Towertel S.p.A. in the amount of € 91,259k and with the indirect subsidiary NewTelTowers S.p.A. in the amount of € 2,410k and with the subsidiary Nettrotter S.r.l. in the amount of €1,006k.

The increase in the balance of the current account opened for the benefit of the subsidiary Towertel S.p.A. is attributable to the acquisitions carried out in the period.

8.6 Deferred tax assets and liabilities

	Dec.31, 2015	Dec.31, 2014
Deferred tax assets	4,388	5,619
Deferred tax liabilities	(20,967)	(21,817)
Net position	**(16,579)**	**(16,198)**

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

The tax assets and liabilities relating to actuarial valuations of defined benefit schemes are accounted directly in the income statement and no deferred tax assets are recorded in the balance sheet.

DEFERRED TAX ASSETS	Balance at Jan.1st	Through Income Statement	Through Shareholders' Equity	Contribution from Towertel demerger	Other changes	Balance at Dec.31st
2014	2,660	(181)	251	2,470	419	5,619
2015	5,619	(1,134)	(103)		6	4,388

DEFERRED TAX LIABILITIES	Balance at Jan.1st	Through Income Statement	Through Shareholders' Equity	Contribution from Towertel demerger	Other changes	Balance at Dec.31st
2014	(1,591)	1,345	-	(21,152)	(419)	(21,817)
2015	(21,817)	3,448	-		(2,598)	(20,967)

The item Deferred tax assets amounted to € 4,388k and corresponds to deferred tax assets determined based on temporary differences between the value recorded in the balance sheet and corresponding values recognized for fiscal purposes.

It should be noted that the adjustment of deferred tax assets on the basis of the new IRES rate equal to 24% applicable from January 1, 2017 as provided for by law 208/2015 (so-called 2015 Stability Law), determined the recognition of a charge to the income statement amounting to € 394k.

The item Deferred tax liabilities amounted to € 20,967k and corresponds to deferred tax liabilities determined based on temporary differences between the value recorded in the balance sheet and corresponding values recognized for fiscal purposes.

It should be noted that the adjustment of the provision for deferred tax liabilities on the basis of the new IRES rate equal to 24% applicable from January 1, 2017 as provided for by law 208/2015 (so-called 2015 Stability Law), determined the recognition of an income to the income statement amounting to € 2,330k.

Other changes include certain compensation between advance and deferred taxes.

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

	Temporary gap	Tax effect Dec.31, 2015	Temporary gap	Tax effect Dec.31, 2014
Deferred tax assets related to:				
Property, plant and equipment	423	102	525	144
Provision for receivables write-off	6,663	1,599	9,090	2,499
Provisions for risks and charges	1,515	427	1,983	623
Post-employment benefit plans	4,686	1,289	5,059	1,391
Inventories	3,014	841	2,722	850
Other temporary differences	494	130	401	112
TOTAL	**16,795**	**4,388**	**19,780**	**5,619**

It should be noted that, among the most significant components of deferred tax assets, the tax effect related to the Provision for receivables write-off amounted to € 1,599k, the effect related to the Provision for inventory obsolescence amounted to € 841k, the effect related to the discounting of the Employee Termination Indemnity amounted to € 1,289k.

	Temporary gap	Tax effect Dec.31, 2015	Temporary gap	Tax effect Dec.31, 2014
Deferred tax liabilities related to:				
Property, plant and equipment	19,122	5,290	12,504	3,835
Non current intangible assets	52,004	14,613	53,553	16,815
Post-employment benefit plans	3,868	1,064	4,241	1,167
Other temporary differences	-	-	-	-
TOTAL	**74,994**	**20,967**	**70,298**	**21,817**

The tax effect for € 14,613k mainly attributable to Customer relations recorded as intangible asset and the effect related to the allocation of gains generated from acquisitions carried out in previous years of € 5,290k, are among the main significant components of deferred tax liabilities.

9. Current assets

9.1 Inventories

This item could be broken down as follows:

	Balance at Dec.31, 2015	Balance at Dec.31, 2014
Raw materials, ancillary materials and consumables	5,916	5,275
Goods	-	-
Finished goods	-	-
Total	5,916	5,275
Provision for devalued raw materials, ancillary materials and consumables	(3,014)	(2,722)
Provision for devalued finished goods	-	-
Net inventories	**2,902**	**2,552**

	Dec.31, 2014	Allocations	Uses	Dec.31, 2015
Provision for devalued raw materials, ancillary materials and consumables	(2,722)	(292)	-	(3,014)

Raw materials, ancillary materials and consumables for a net value of € 2,902k include spare parts and accessories for the maintenance and installation of transmission plants.

The provision for devalued raw materials, ancillary materials and consumables relates to materials with slow turnover for which, after an attentive analysis of turnover indexes, impairment has been carried out depending on their estimated market value. This provision increased in 2015 due to provisions amounting to € 292k.

9.2 Trade receivables

This item was made up as follows:

	Dec.31, 2015	Dec.31, 2015			Dec.31, 2014
		Due			
	Total	within 1 year	from 1 to 5 years	over 5 years	
Receivables from customers	25,771	22,103	-	3,668	25,077
Provision for bad debts	(5,863)	(5,863)	-	-	(8,527)
Total net receivables from customers	**19,907**	**16,239**	**-**	**3,688**	**16,550**
Receivables from associates	366	366		-	482
Receivables from subsidiaries	3,829	3,829	-	-	718
Receivables from parent companies	289	289	-	-	245
Total	**24,392**	**20,724**		**3,688**	**17,995**

Provision for Bad Debts	Balance at Jan.1st	Other changes	Allocation for the year	Uses for the year	Contribution from Towertel demerger	Balance at Dec.31st
2015	8,527	-	198	(2,861)	-	**5,864**
2014	1,623	-	88	(88)	6,904	**8,527**

Receivables from customers

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

Receivables due after one year amounted to € 3,668k and mainly refer to the extension granted to the client Prima TV S.p.A., Antenna 3 Nord Est S.p.A. and La 9 S.p.A..

The provision for bad debts described above reflects the adjustment of value of receivables to the estimated realizable value.

The fair value of receivables from customers is close to the realizable value.

Trade receivables from associates

Trade receivables from associates consist of:

- € 181k from Consorzio Colle Maddalena for hosting sites;
- € 146k from Monradio S.r.l. for hosting sites;
- € 39 k from Videotime S.p.A. mainly due to recharge of equipped areas at local offices.

Trade receivables from subsidiaries

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

- € 2,945k related to invoices to be issued to Towertel S.p.A. for charges of hosting sites;
- € 16k related to invoices to be issued to Towertel S.p.A. for recovery of personnel costs;
- € 721k related to invoices to be issued to Towertel S.p.A. for charges of holding services;
- € 117k related to invoices to be issued to NewTelTowers S.p.A. for charges of holding services;
- € 30k related to invoices to be issued to Nettrotter S.r.l. for charges of holding services;

Trade receivables from parent companies

Trade receivables from parent companies amounted to € 289k, and mainly refer to trade receivables from the following companies:

- Elettronica Industriale S.p.A. for € 172k for repair services of goods and equipment, € 43k for leases of equipped areas at local offices, € 13k for plant installation.
- RTI S.p.A. for € 61k for the corresponding amount charged for site rentals at local offices.

9.3 Tax receivables

The item tax receivables, which totals € 983k included net Irap (regional tax) credit at December 31, 2015 of EI Towers S.p.A..

9.4 Other receivables and current assets

This item can be broken down as follows:

	Dec.31, 2015	Dec.31, 2014
Receivables from employees	222	207
Advances	138	187
Receivables from social security institutions	-	-
Receivables from Revenue	2,593	1,882
Other receivables	377	416
Accrued income	-	-
Pre-paid expenses	1,939	1,503
Total	**5,268**	**4,197**

The item Receivables from employees includes advances paid for business trips to employees for an amount equal to € 169k, € 36k for advances related to prepaid cards and reimbursement for advances on accidents equal to € 17k.

Advances to suppliers amounted to € 138k and refer to payments made to suppliers for services supplied, but not yet invoiced.

The item Receivables from the Revenue included:

- VAT receivable from tax authorities amounting to € 2,214k;
- Other tax receivables amounting to € 378k mainly related to IRES receivables connected to the request for reimbursement ex Legislative Decree 185/2008 and Legislative Decree 201/2011 for a total amount of € 335k, IVA receivables relating to prior years amounting to € 43k.

Pre-paid expenses amounted to € 1,939k and refer for € 1,729k to costs for site and/or land leases invoiced in advance and land surface rights (including € 853k over 12 months), for € 42k to costs for different insurance premium and for € 168k to pre-paid expenses for other operating charges.

9.5 Cash and cash equivalents

Here follows the breakdown of this item:

	Dec.31, 2015	Dec.31, 2014
Cash in hand	17	9
Cash and cash equivalents	72,829	128,089
Total	**72,846**	**128,098**

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

The item Cash and cash equivalents consists of credit balance of the Company's bank current accounts.

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

NOTES ON MAIN NET EQUITY AND LIABILITIES ITEMS

10. Shareholders' equity

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

10.1 Share Capital

At December 31, 2015 the Share Capital of the Company was fully subscribed and paid up. It is made up of 28,262,377 ordinary shares with a nominal value of 0.10 Euros each, and a total value of € 2,826k.

10.2 Share-premium reserve

At December 31, 2015 the Share-premium reserve amounted to € 194,227k.

No changes occurred during the year.

10.3 Treasury shares

This item includes the Company's shares, the acquisition of which was authorised time by time by resolutions of the General Meetings of Shareholders (former DMT S.p.A.). The Meeting of EI Towers S.p.A. with resolution dated April 21, 2014, finally authorised the Board of Directors to purchase share of the company till the maximum number allowed by law. This power is valid till the approval of the financial statements at December 31, 2015 and however for a period not longer than 18 months from the date of the Meeting's resolution.

Treasury share have not been purchased in 2015.

At December 31, 2015 the Company held no. 62,526 shares with a carrying value of € 1,845k.

10.4 Other reserves

The item consists of:

	Dec.31, 2015	Dec.31, 2014
Legal reserve	565	565
Extraordinary reserve	24,917	24,713
Shareholders' payment in capital account	10,200	10,200
Other reserves	307,110	306,975
Total other reserves	**342,792**	**342,453**

Legal reserve

At December 31, 2015 the Legal reserve amounted to € 565k.

No changes occurred during the year.

Extraordinary reserve

The extraordinary reserve increased by € 204k due to profit allocation as decided by the Meeting dated April 21, 2015.

The increase in the period in the item Other reserves in the amount of € 135k is due to the expiration of the 2009 stock option plan which can no longer be exercised.

10.5 Valuation reserves

	Dec.31, 2015	Dec.31, 2014
Reserve for stock option plans	68	203
Reserve for actuarial gains and losses	(2,359)	(2,630)
Total	**(2,291)**	**(2,427)**

The Reserve for stock option plans decreased in 2015 by € 135k due to the expiration of a stock option plan which can no longer be exercised.

The change in the Reserve for actuarial gains and losses, with a negative balance of € 2,359k, is due the actuarial components relating to the valuation of defined benefit schemes, booked directly in Net Equity for € 373k (decrease) and to related deferred taxes for € 103k (increase).

As required by regulations concerning corporate law, the following table provides a detailed breakdown of equity items indicating whether it is possible to use and distribute reserves.

Description	Amount	Possibility of utilization	Amount to distribute	Summing-up utilization made in the previous three years	
				to cover losses	for other reasons
Share capital	2,826	=	=	-	-
Share-premium reserve	194,227	A B C	194,227	12,314	-
Treasury share BuyBack	(1,845)	=	=	-	-
Legal reserve	565	B	565	-	-
Extraordinary reserve	24,917	A B C	24,917	4,977	-
Other reserves - Shareholders' payment in capital	10,200	A	=	-	-
Other available reserves	307,110	A B C	307,110	-	-
Valuation reserve	(2,291)	=	=	-	-
Profit (loss) for previous years	-	=	=	-	-
Total	**535,709**		**526,819**	-	

Legend:

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

10.6 Profit for the period

This item reflects the profit for the period of € 36,832k.

11. Non-current liabilities

11.1 Post-employment benefit plans

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

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

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

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

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

EMPLOYEE LEAVING INDEMNITY - DEMOGRAPHIC, ECONOMIC-FINANCIAL ASSUMPTIONS

Demographic assumptions	
Death probability	ISTAT survival table, divided by age and gender, as of 2014
Probability of leaving the Group	Percentages for retirement, resignation/dismissal, contract expiry have been taken from the observation of Company data. Concerning permanent staff, the timeframe considered is till the contractual expiry date, supposing no advance leaving. Actuarial valuation took into consideration the new date when the post-employment plan becomes effective according to the Legislative Decree no. 201 dated December 6, 2011 relating to "Urgent provisions for growth, fairness and the consolidation of public accounts" ("*Disposizioni urgenti per la crescita, l'equità e il consolidamento dei conti pubblici*"), converted with amendments into Law no. 214 of December 22, 2011, and the adjustment of the requirements to access post-employment plans in accordance with life expectancy, according to article no. 12 of the Legislative Decree dated May 31, 2010, no. 78, amended by Law no. 122, dated July 30, 2010.
TFR advance	Frequencies of advances and average percentage of TFR requested in advance have been taken from the observation of historical data for the Company.
Supplementary retirement scheme	Those who entirely pay their TFR to supplementary schemes relieve the Company from any commitments with respect to TFR and are not assessed. For other employees, their position has been assessed by considering their actual choices updated at December 31, 2015.
Severance pay share to remuneration (Qu. I. R.)	The employee's choice of exercising the option concerning an advance on severance pay (TFR) in payroll can be made at any time between March 1, 2015 and June 30, 2018 and is irrevocable. The actuarial assessment has been carried out taking into consideration the choices effectively espressed by employees at the date of the assessment submitted by the Group's Companies, without making any assumption in that regard.

Economic-financial assumptions	
Inflation rate	A rate of 1% has been adopted in 2016 and a rate of 1.5% in the following years, in the medium scenario of expected inflation deducted from the "Update of the Economic and Financial Document 2015" (“*Nota di Aggiornamento del Documento di Economia e Finanza 2015*”).
Discount rates	According to IAS 19R, the discounting rate adopted has been determined regarding bond market yield of top companies at the valuation date. In this respect, the curve of "Composite" interest rates of securities issued by Corporate issuers rating A "Investment Grade" Euro area class (source: Bloomberg) has been used at December 31, 2015.

Based on the actuarial valuation, the value of the TFR reserve related to 566 employees of the Company was € 11,656k at December 31, 2015.

During the year, the reserve changed as follows:

Provision at Jan.1, 2015	**12,635**
Contribution from Towertel demerger	-
Employee severance pre-payments for the period	(207)
Employee severance indemnities paid during the year	(431)
Actuarial gains/(losses)	(373)
Reserve transferred from subsidiaries, affiliated and associates companies	-
Amount accrued and charged to income statement	31
Provision at Dec.31, 2015	**11,656**

As previously indicated, the Company relies on the option provided for under IAS 19 (para. 93.A-D) recognising the actuarial profits and losses directly under Net Equity.

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

In particular, it is reported that:

- a change in discount rates of +/-50 basis points leads to a change in the provision for employee termination indemnity of about € 549k;
- a change in inflation rate of +/-50 basis points leads to a change in the provision for employee termination indemnity of about € 337k;
- a change in the probability of termination of the employment relationship of +/-50% leads to a change in the provision for employee termination indemnity of about € 77k.

11.2 Payables and financial liabilities

	Dec.31, 2015	Dec.31, 2014
Bond loan - Non current portion	226,977	226,193
Total	**226,977**	**226,193**

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

11.3 Provisions for risks and charges

	Beginning balance at Jan.1, 2015	Provisions	Uses	Other changes	Final balance at Dec.31, 2015
Provisions for risks	1,983	696	(136)	(222)	2,321
Total	**1,983**	**696**	**(136)**	**(222)**	**2,321**

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

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

12. Current liabilities

12.1 Trade payables

	Dec.31, 2015	Dec.31, 2015 Due			Contribution from Towertel demerger	Dec.31, 2014
	Total	within 1 year	from 1 to 5 years	over 5 years		
Down payments	-		-	-	-	-
Payables to suppliers	35,111	35,111	-	-	-	28,692
Payables to subsidiaries	160	160	-	-	-	-
Payables to associated companies	178	178	-	-	-	179
Payables to parent companies	967	967	-	-	-	893
Roundings	-	-	-	-	-	-
Total	**36,417**	**36,417**	**-**	**-**	**-**	**29,764**

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

Payables to subsidiaries consist of:

- € 160k to the Company Towertel S.p.A. for charges of hosting sites.

Payables to associated companies consist of:

- € 131k to the Company Videotime S.p.A. for rental service;
- € 46k to the Company Promoservice Italia s.r.l. for Christmas gifts to employees.
- € 1k to the Company Mediaset Premium S.p.A. for subscription cards.

Payables to parent companies are related to trade payables to:

- the indirect parent company R.T.I S.p.A. for total € 826k related to information technology services (€ 375k), personnel administrative services (€ 322k), professional services for insurance advice, supplier certification and voice services and other services for € 129k;
- the direct parent company Elettronica Industriale S.p.A. for € 123k mainly attributable to other professional services related to applications for the installation of equipment for the Cairo Communication Group;
- the indirect parent company Mediaset S.p.A. for € 18k as charge of professional services.

12.2 Tax Payables

This item can be broken down as follows:

	Dec.31, 2015	Dec.31, 2014
Tax payables for IRES from tax consolidation	135	1,589
Payables to subsidiaries for I.RE.S. from tax consolidation	690	3,517
Tax payables for IRAP to tax authorities	-	811
Total	**825**	**5,917**

EI Towers S.p.A. as consolidating company and its subsidiaries Towertel S.p.A. and Nettrotter S.r.l. as consolidated companies adhere to the national group taxation regulated by article 117 and subsequent of the Tuir.

Tax payables for Ires from tax consolidation in the amount of € 690k represent the debt to the tax authorities in respect of Ires due to the group taxation, attributable in the amount of € 617k to the debt arising from consolidation agreements towards the subsidiary Towertel S.p.A. and in the amount of € 73k to the debt arising from consolidation agreements towards the subsidiary Nettrotter S.r.l..

12.3 Other current financial liabilities

	Dec.31, 2015	Dec.31, 2014
Bond loan - current portion	6,731	6,583
Total	**6,731**	**6,583**

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

12.4 Other current liabilities

	Dec.31, 2015	Dec.31, 2014
Due to employees for wages and salaries, accrued holiday pay and expenses	**2,582**	2,748
Due to insurance companies	**85**	138
Advances from customers	**150**	150
Due to social security institutions	**1,638**	1,741
Due to Revenue	**1,231**	1,237
Due to Directors	**304**	154
Due to Statutory Auditors	**146**	93
Other liabilities due to third parties	**484**	484
Accrued expenses	**8**	9
Deferred income	**274**	393
Total	**6,901**	**7,147**

Due to employees for wages and salaries, accrued holiday pay and expenses amounted to € 2,582k and mainly consist of due to employees for bonus and related contributions for € 1,071k, due to directors for management by objectives bonus for € 921k, due to employees for overtime and contributions for € 322k.

Due to social security institutions amounted to € 1,638k and included payables to pension institutes for amounts owed in relation to December 2015 salaries and collaboration.

The item Due to Revenue, amounting to € 1,231k, includes the amounts owed to the tax authorities for taxes withheld from compensation paid to employees and independent contractors in December 2015.

The item Other liabilities amounting to € 242k includes liabilities due to third parties for employees' supplementary retirement program and for the remaining part other liabilities.

The item Deferred income refers for € 187k, including € 49k beyond one year, to the advance invoicing of hosting services for transmission equipment to third party customers, for € 87k to the invoicing of interest income from recovery plans.

12.5 Net financial position

The breakdown of the Consolidated Net Financial Position is given below as provided for by the Consob communication no. 6064293 of July 28, 2006 showing the current and non-current net financial debt.

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

	Dec.31, 2015	Dec.31,2014
Cash in hand	17	9
Other cash equivalents	72,829	128,089
Total liquidity	**72,846**	**128,098**
Current financial receivables	**-**	**-**
Payables due to banks	0	0
Current portion of non-current debt	(6,731)	(6,583)
Financial payables due to parent company	-	-
Current financial debt	**(6,731)**	**(6,583)**
Current net financial position	**66,115**	**121,515**
Bond loan	(226,977)	(226,193)
Non-current financial debt	**(226,977)**	**(226,193)**
Net financial position	**(160,862)**	**(104,678)**

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

The item Other cash equivalents consists of the credit balances of the bank current accounts of the Group's companies.

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

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

COMMENTS ON MAIN STATEMENT OF INCOME ITEMS

13. Revenues

13.1 Revenues from sales and services

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

	2015	2014
Revenues from hosting and contract services	212,714	212,318
Revenues from plant installation and restoration	994	815
Revenues from sale of materials	4	3
Total	**213,712**	**213,136**

Revenues from hosting and contract services mainly included revenues for hosting, assistance and maintenance services, logistics and use of transmission infrastructure, head end and design. It should be noted that the subject item consists of revenues from the parent company Elettronica Industriale S.p.A. for € 178,926k.

The item Revenues from plant installation and restoration included revenues for the management of equipment installation and restoration and includes revenues for services to the parent company Elettronica Industriale S.p.A per € 643k.

13.2 Other revenues and income

Other revenues amounted to € 298k and mainly refer to the use of the provision for risks for € 136k, contributions charged to the profit & loss for € 28k, capital gains from transfers of tangible assets for € 3k, insurance refund for € 43 k, other income for € 8k, recovery of costs for € 50k.

14. Costs

14.1 Personnel expenses

The following table shows the number of employees at December 31, 2015:

Number of employees (permanent staff)	2015	Average 2015	2014
Executives	22	22	22
Middle managers	54	54	55
Office-workers	490	495	503
Industry workers			-
Total	**566**	**571**	**580**

	2015	2014
Wages and salaries	29,701	29,784
Social security charges	9,835	9,717
Post-employment benefit plans	14	19
Other personnel expenses	2,358	2,623
Ancillary personnel expenses	846	812
Out of period (income)/costs on personnel expenses	(3)	(19)
Recovery on personnel expenses	(901)	(700)
Capitalization of labour costs	(943)	-
Total	**40,908**	**42,235**

The decrease in this item is mainly due to the capitalization of EI Towers S.p.A.'s labour costs attributable to the implementation of the network for the Cairo Communication Group amounting to € 943k and the reduction, in the amount of € 294k, of lay-off incentives compared to the previous year.

The item Other expenses amounted to € 2,358k and mainly includes expenses for the Employee leaving indemnity transferred to pension funds (€ 1,738k) and short-term benefits for employees including medical assistance, company cars, canteen services and other goods and services offered free or at a reduced price. The item also includes lay-off incentives for employees in the amount of € 370k and fees paid to the directors employed by Group companies amounting to € 250k.

14.2 Purchases, services and other costs

This item can be broken down as follows:

	2015	2014
Purchases	**3,344**	**2,245**
Changes in the inventories of raw materials, semifinished and finished goods	**(349)**	**553**
Increase for internal work	**(2,940)**	**(2,273)**
Cost for professional, technical and administrative services	5,257	4,156
Travelling expenses and bill of charges	1,184	1,117
Consumption	14,002	14,294
Maintenance	12,699	12,352
Bank and insurance services	808	691
Other services	4,129	3,789
Total services	**38,078**	**36,399**
Leases and rentals	**37,686**	**37,446**
Net provisions for risks	**696**	**652**
Other operating costs	**1,657**	**1,456**
Total	**78,172**	**76,478**

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

The item Increase for internal work includes lower costs for the capitalization of additional charges for the installation of plants (ancillary materials and third party production) and amounted to € 2,940k.

The increase in item Cost for professional, technical and administrative services is mainly attributable to non-current charges related to company acquisition transactions carried out during the year for an amount of € 1,855k.

The item Other services includes charges for vigilance and surveillance at the head-offices and local offices amounting to € 1,145k, company information system service supplied by the indirect parent company R.T.I. S.p.A. for € 1,230k, transport, storage and porter charges for € 462k, cleaning and waste disposal charges for € 552k.

The item Leases and rentals includes charges for the rent of satellite segments for the transmission of TV signal for a total amount of € 23,278k, rental of lands and hosting on third party towers amounting to € 11,510k, other rentals mainly related to the offices located in Lissone and other secondary offices for € 1,511k.

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

The item Other operating costs includes charges, taxes and government licenses, local taxes (first of all IMU - the Italian tax on buildings) amounting to € 1,033k, transactions in the amount of € 112k.

14.3 Amortisation, depreciation and write-downs

	2015	2014
Amortisation of tangible assets	30,042	31,689
Amortisation of other intangible assets	4,269	6,810
Wtite-downs/(Reversal) of fixed assets	106	95
Write-downs of current assets	198	88
Total	**34,614**	**38,681**

The decrease in the item Amortisation of intangible assets is attributable in the amount of € 2,500k to the completion, in 2014, of the amortisation related to the three-year non-compete agreement made with the Chairman and Chief Executive Officer of DMT S.p.A. ante business combination with EI Towers S.p.A.. Write-downs of fixed assets equal to € 106k represents the amount granted for the depreciation of towers being disposed.

Write-downs of current assets amounted to Euro € 198k and represents the amount allocated for the Provision for bad debts.

15. (Expenses)/income from financial investments

15.1 Financial expenses

	2015	2014
Interest expenses on Mediaset c/a tw parent company	-	-
Interest expenses on loans and credit lines	-	-
Interest expenses on bond loan	9,844	9,863
Ancillary charges on loans	-	-
Other charges	22	131
Totale	**9,866**	**9,994**

Interests on financial liabilities at December 31, 2015 are attributable to the interest charges measured at the amortized cost related to the bond loan.

The item Other charges includes € 17k related to financial charges for the discounting of the Employee Termination Indemnity and other financial charges for € 5k.

15.2 Financial income

	2015	2014
Interest income on EI Towers c/a from subsidiary companies	1,238	454
Interest income on Mediaset c/a from parent company	-	1,114
Interest income on bank c/a	928	747
Financial income different from the foregoing	340	426
Extraordinary financial income	20	-
Total	**2,526**	**2,741**

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

This item includes:

- interest income amounting to € 1,238k related to the intra-group current account relationship with the subsidiaries Towertel S.p.A., NewTelTowers S.p.A. and Nettrotter S.r.l..
- interest income for the period related to bank and postal deposits amounting to € 928k;
- interest income for payment extension for € 340k.

December 31, 2015

IAS 39 categories	From interests	At Fair Value	From Fair Value Reserve	Profit/(loss) on exchanges	Net profit/(loss)
Financial instruments designated at Fair Value	-	-	-	-	-
Financial assets held for trading	-	-	-	-	-
Liabilities at amortised cost	(9,844)	-	-	-	**(9,844)**
Financial assets held to maturity	-	-	-	-	-
Bank and postal deposits	928	-	-	-	**928**
Income on receivables	340	-	-	-	**340**
Intragroup financial income and liabilities	1,237	-	-	-	**1,237**
Receivables and loans		-	-	-	-
Other financial income/(charges)	18	-	-	(2)	**16**
Financial assets available for sale	-	-	-	-	-
Total IAS 39 categories	**(7,321)**	**-**	**-**	**(2)**	**(7,323)**
Other financial income/(charges)		(17)	-	-	**(17)**
Total	**(7,321)**	**(17)**	**-**	**(2)**	**(7,340)**

December 31, 2014

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

15.3 Income/(expense) from equity investments

This item equal to € 12k includes the gain earned on the sale, finalised on December 22, 2015, of the interest equal to 24.5% in Beigua S.r.l.'s share capital held by EI Towers S.p.A..

16. Income taxes for the year

	2015	2014
Provision for Ires	-	-
Charges/(proceeds) for Ires from tax consolidation	15,912	14,949
Provision for Irap	2,561	3,700
Total current taxes	**18,473**	**18,648**
Provision for deferred tax liabilities	528	393
Use of provision for deferred tax liabilities	(3,976)	(1,739)
Total deferred tax liabilities	**(3,449)**	**(1,346)**
Utilization of credit from deferred tax assets	1,482	557
Deferred tax assets	(349)	(376)
Total deferred tax assets	**1,134**	**182**
Total	**16,158**	**17,484**

The change in Ires belonging to the financial year, compared to those for 2014 is caused by the increase in the taxable base, relative to the performance of the financial results achieved in the financial year.

The reduction in Irap compared to the previous year is mainly determined by the deductibility of labour costs from the taxable base.

Income taxes for the period amounted to € 18,473k and consist of:

- Provision for IRES from group taxation for the year for € 15,912k;
- Provision for Irap for the year for € 2,561k;

- Net use for deferred tax liabilities for € 3,449k and deferred tax assets for € 1,134k.

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

It should be noted that the adjustment of deferred tax assets and provision for deferred tax liabilities on the basis of the new IRES rate equal to 24% applicable from January 1, 2017 as provided for by law 208/2015 (so-called 2015 Stability Law), determined respectively the recognition of a charge to the income statement amounting to € 394k and an income to the income statement amounting to € 2,330.

The following is a reconciliation of IRES and Irap tax rate in force for the years 2015 and 2014 and the Company's actual rate:

I.Re.S.	**Dec.31, 2015**	**Dec.31,2014**
Ordinary applicable tax rate	**27.50%**	**27.50%**
Effect of increase (decrease) differences		
against ordinary tax rate:		
Vehicles	0.92%	1.03%
Other	1.62%	2.16%
Actual tax rate	**30.04%**	**30.69%**

IRAP	**Dec.31, 2015**	**Dec.31, 2014**
Theoretical tax burden	**4.05%**	**4.05%**
Other permanent differences:		
Other personnel expenses	0.00%	2.41%
Other permanent changes	0.87%	1.14%
Tax gains/losses difference	**-**	**-**
Non-deductible taxes	**-**	-
Actual tax rate	**4.92%**	**7.60%**

NOTES ON MAIN CASH FLOW STATEMENT ITEMS

17. Cash Flow Statement

Cash flow generated by operating activities equal € 70,689k, includes € 23,994k of current income taxes paid in the period compared to € 22,310k in 2014.

The net flow absorbed by investing activities mainly refers to investments in tangible assets, with an increase (€ 23,389k compared to € 10,500k in 2014) due essentially to the implementation of the network for the Cairo Communication Group, investments in intangible assets for € 200k (€ 161k in the previous year), increases in financial assets for € 62,564 thousand, recording a clear growth compared to € 18,619 in 2014 basically by virtue of financial loans granted to Towertel S.p.A. for the acquisitions already commented and to Nettrotter for investment financing.

Cash flow absorbed by financing activities is due to the payment of the coupon of the existing bond loan made in the period, net of interests received relating to liquidity held in banks, in the amount of € 7,856k (€ 7,091k in 2014) and to the distribution of dividends in the amount of € 31,020k (in 2014 no dividends were distributed).

18. Additional Information on the Financial Instruments and Risk Management Policies

The Company defined the policies for the management of the financial risks aimed at reducing its exposure to exchange rate, interest rate and liquidity risks.
The choice of financial counterparts focuses on those with high credit standing guaranteeing at the same time a limited concentration of exposure towards them.

Categories of financial assets and liabilities

Here below is a breakdown of financial assets and liabilities for the period according to IFRS 7 in the categories laid down by IAS 39.

December 31, 2015

	IAS 39 categories						
BALANCE SHEET ITEMS	**Financial instruments at fair value held for trading**	**Instruments evaluated at fair value held for designation**	**Receivables and loans**	**Financial instruments held to maturity**	**Financial instruments held for sale**	**Cost**	**Book value**
NON CURRENT ASSETS							
Other financial assets							
Equity investments	-	-	95,405	-	-	-	95,405
Financial receivables	-	-	95,311	-	-	-	95,311
CURRENT ASSETS							
Trade receivables							
from customers	-	-	19,908	-	-	-	19,908
from subsidiary companies	-	-	3,830	-	-	-	3,830
from affiliated companies	-	-	-	-	-	-	-
from parent companies	-	-	289	-	-	-	289
from associated companies	-	-	367	-	-	-	367
Cash and cash equivalents							
Bank and postal deposits	-	-	72,830	-	-	-	72,830
Cash in hand	-	-	17	-	-	-	17
TOTAL FINANCIAL ASSETS	-	-	287,957	-	-	-	287,957

December 31, 2014

	IAS 39 categories						
BALANCE SHEET ITEMS	Financial instruments at fair value held for trading	Instruments evaluated at fair value held for designation	Receivables and loans	Financial instruments held to maturity	Financial instruments held for sale	Cost	Book value
NON CURRENT ASSETS							
Other financial assets							
Equity investments	-		94,483	-	-		94,483
Financial receivables	-	-	31,542	-	-	-	31,542
CURRENT ASSETS							
Trade receivables							
from customers	-	-	16,549	-	-	-	16,549
from subsidiary companies	-	-	718	-	-	-	718
from affiliated companies	-	-	179	-	-	-	179
from parent companies	-	-	245	-	-	-	245
from associated companies	-	-	304	-	-	-	304
from associated companies Fininvest Group and Mediolanum Group	-	-	-	-	-	-	-
Other receivables/current assets	-	-	-	-	-	-	-
Receivables from factoring companies	-	-	-	-	-	-	-
Current financial assets							
Financial assets (amount due within one year)	-	-	-	-	-	-	-
Government securities	-	-	-	-	-	-	-
Non-convertible bonds	-	-	-	-	-	-	-
Hedging derivatives to third party	-	-	-	-	-	-	-
Non-hedging derivatives to third party	-	-	-	-	-	-	-
Non-hedging derivatives - subsidiaries	-	-	-	-	-	-	-
Cash and cash equivalents							
Bank and postal deposits	-	-	128,089	-	-	-	128,089
Cash in hand	-	-	9	-	-	-	9
Intragroup financial receivables - subsidiaries	-	-	-	-	-	-	-
TOTAL FINANCIAL ASSETS	-	-	272,118	-	-	-	272,118

December 31, 2015

	IAS 39 categories		
BALANCE SHEET ITEMS	Financial instruments held for trading	Liabilities at amortised cost	Book value
NON-CURRENT LIABILITIES			
Payables and financial liabilities	-	-	-
Bond loan	-	226,977	226,977
CURRENT LIABILITIES			
Payables due to banks			
Current account liabilities	-	-	-
Payables and financial liabilities			
Bond loan	-	6,731	6,731
Trade payables			
to suppliers	-	35,111	35,111
to parent companies	-	967	967
to associated companies	-	178	178
to affiliated companies	-	160	160
TOTAL FINANCIAL LIABILITIES	-	270,124	270,124

December 31, 2014

BALANCE SHEET ITEMS	IAS 39 categories: Financial instruments held for trading	IAS 39 categories: Liabilities at amortised cost	Book value
NON-CURRENT LIABILITIES			
Payables and financial liabilities	-	-	-
Bond loan	-	226,193	226,193
CURRENT LIABILITIES			
Payables due to banks			
Current account liabilities	-	-	-
Payables and financial liabilities			
Bond loan	-	6,583	6,583
Trade payables			
to suppliers	-	28,692	28,692
to parent companies	-	893	893
to associated companies	-	179	179
to affiliated companies	-	-	-
TOTAL FINANCIAL LIABILITIES	-	262,540	262,540

Fair value – calculation models used

The amounts of the fair values of the classes of financial instruments that are split based on the methodologies and calculation models used to calculate them are given below.

December 31, 2015

	Book value	Mark to Market	Mark to Model			Total fair value
			Black&Scholes' Model	Binomial Model	DCF Model	
Non- current payables due to banks	-	-	-	-	-	-
Bond loan	233,708	255,672	-	-	-	255,672
Medium-long term receivables	3,668	-	-	-	3,621	3,621

December 31, 2014

	Book value	Mark to Market	Mark to Model			Total fair value
			Black&Scholes' Model	Binomial Model	DCF Model	
Non- current payables due to banks	-	-	-	-	-	-
Bond loan	232,776	255,004	-	-	-	255,004
Medium-long term receivables	4,313	-	-	-	4,240	4,240

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

The fair value of the bond listed on the Irish Stock Exchange has been re-determined using the mean listed price at December 30, 2015 equal to 106,882.

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

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

Equity management

The goals of the Company, with regard to its capital management, are aimed at safeguarding the ability to continue, contemporaneously, to ensure profitability for the shareholders, to protect the interests of the stakeholders, as well as maintaining an optimal capital structure.

Type of financial risks and the linked hedging activities

Exchange rate risk

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

Interest rate risk

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

Sensitivity analysis

No sensitivity analysis has been carried out in 2015 since at the date of these financial statements there are no financial instruments exposed to interest rate risk.

Liquidity risk

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

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

In general, the management of the liquidity risk implies:

- the maintenance of a debt profile broadly consistent with cash flows generated by operating activities;
- the availability of financial assets that can be quickly turned into cash to meet any cash requirements.

The table below shows, respectively at December 31, 2015 and 2014, the Company's financial obligations, by contract maturity date, considering the so-called *worst case scenario* and at *undiscounted* values, considering the neatest date when the Company may be asked to make payment and showing the relative Financial Statements notes for each class.

December 31, 2015

Item of balance	Book value	Time Band					Total cash flows
		from 0 to 3 months	from 4 to 6 months	from 7 to 12 months	from 1 to 5 years	Over 5 years	
Financial liabilities							
Current due to bank	-	-	-	-	-	-	-
Current bond loan	6,731	-	8,912	-	-	-	8,912
Non-current bond loan	226,977	-	-	-	247,849	-	247,849
Due to other suppliers	34,974	34,974	-	-	-	-	34,974
Due to suppliers for professionals	143	143	-	-	-	-	143
Due to subsidiary companies	160	160	-	-	-	-	160
Due to parent companies	966	966	-	-	-	-	966
Due to associated companies	179	179	-	-	-	-	179
Other financial liabilities	-	-	-	-	-	-	-
Total	**270,130**	**36,422**	**8,912**	**-**	**247,849**	**-**	**293,183**

December 31, 2014

Item of balance	Book value	Time Band					Total cash flows
		from 0 to 3 months	from 4 to 6 months	from 7 to 12 months	from 1 to 5 years	Over 5 years	
Financial liabilities							
Current due to bank	-	-	-	-	-	-	-
Current bond loan	6,583	-	8,912	-	-	-	8.912
Non-current bond loan	226,193	-	-	-	256,761	-	256,761
Due to other suppliers	28,483	28,487	-	-	-	-	28,487
Due to suppliers for professionals	209	209	-	-	-	-	209
Due to subsidiary companies	-	-	-	-	-	-	-
Due to parent companies	894	894	-	-	-	-	894
Due to associated companies	179	179	-	-	-	-	179
Total	**262,541**	**29,769**	**8,912**	**-**	**256,761**	**-**	**295,442**

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

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

Credit risk

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

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

Below is a summary table of the net balances and of the Provision for receivables write-off broken down according to the above-mentioned classes at December 31, 2015 and 2014.

December 31, 2015

RECEIVABLES								
CLASSES	**Total net receivables**	**Net matured**					**Total falling due**	**Provision for bad debts**
		0-30days	**30-60days**	**60-90days**	**Over**	**Total**		
Trade receivables								
Receivables from third party customers	25,771	472	1,082	604	13,713	15,871	9,900	5,863
Receivables from associated companies	367	1	-	78	26	104	263	-
Receivables from subsidiary companies	3,830	-	-	-	-	-	3,830	-
Receivables from parent companies	289	-	-	-	-	-	289	-
Total	**30,257**	**473**	**1,082**	**682**	**13,739**	**15,975**	**14,282**	**5,863**
		0-30days	**30-60days**	**60-90days**	**Over**	**Total**		
Financial receivables								
Financial receivables	635		-	-	635	635		
Bank and postal deposits and equivalents	72,830	72,830	-	-	-	72,830		
Cash in hand	17	17	-	-	-	17		
Intragroup financial receivables	94,676	-	-	-	94,676	94,676		
Total	**168,158**	**72,847**	**-**	**-**	**-**	**168,158**		

December 31, 2014

RECEIVABLES								
CLASSES	**Total net receivables**	**Net matured**					**Total falling due**	**Provision for bad debts**
		0-30days	**30-60days**	**60-90days**	**Over**	**Total**		
Trade receivables								
Receivables from third party customers	25,076	322	635	679	12,721	14,357	10,719	8,527
Receivables from associated companies	304	72	-	-	-	72	232	-
Receivables from subsidiary companies	897	-	-	-	-	-	897	-
Receivables from parent companies	245	1	-	-	-	1	244	-
Total	**26,522**	**395**	**635**	**679**	**12,721**	**14,430**	**12,092**	**8,527**
		0-30days	**30-60days**	**60-90days**	**Over**	**Total**		
Financial receivables								
Financial receivables	472	472	-	-	-	472		
Securities	-	-	-	-	-	-		
Non-convertible bonds	-	-	-	-	-	-		
Bank and postal deposits and equivalents	128,089	128,089	-	-	-	128,089		
Cash in hand	9	9	-	-	-	9		
Hedging derivatives to third parties	-	-	-	-	-	-		
Non-hedging derivatives to third parties	-	-	-	-	-	-		
Non-hedging derivatives to subsidiaries		-	-	-	-	-		
Intragroup financial receivables	31,075	31,075	-	-	-	31,075		
Total	**159,645**	**159,645**	**-**	**-**	**-**	**159,645**		

The Bad Debts Reserve at December 31, 2015 amounted to € 5,864k.

19. Investment Commitments and guarantees

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

In addition, the Company has contract commitments for the use of satellite capacity, optical fibre, infrastructure maintenance and other rentals, which contain clauses of advance withdrawal.

Total commitments described above amounted to approximately € 119m.

The Company issued guarantees for commercial and financial commitments for about € 4m.

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

DISCLOSURE UNDER ARTICLE 2428 OF THE ITALIAN CIVIL CODE

20. Transactions with subsidiaries, parent companies and related parties

Past and existing economic and financial relationships with Companies of the Mediaset Group and the Fininvest Group, regulated under normal market conditions, are shown below.

The main economic and financial relationships occurred in 2015 with related parties according to IAS 24 are shown in the following statements.

RECEIVABLES AND FINANCIAL ASSETS	Receivables and non-current financial assets	Trade receivables	Other receivables and current assets	Intercompany financial assets	Other current financial assets
Fininvest Group parent companies					
Milan Entertainment srl					5
Mediaset Group parent companies					
R.T.I. - Reti Televisive Italiane S.p.A.	-	61	-	-	-
Mediaset SpA	-	-	-	-	-
Elettronica Industriale S.p.A.	-	228	-	-	-
EI Towers Group subsidiaries					
Towertel S.p.A.	91,259	3,681	-	-	-
NewtelTowers S.p.A.	2,410	117	-	-	-
Nettrotter S.r.l.	1,007	30	-	-	-
Mediaset Group associates					
Videotime S.p.A.	-	39	-	-	-
Publitalia '80 S.p.A.	-	1	-	-	-
Fininvest Group associates					
Monradio s.r.l.		146			
Other related parties	-	181	-	-	-

PAYABLES AND FINANCIAL LIABILITIES	Payables and non-current financial liabilities	Trade payables	Other payables and current liabilities	Intercompany financial liabilities	Other current financial liabilities
Fininvest Group parent companies					
Mediaset Group parent companies					
R.T.I. - Reti Televisive Italiane S.p.A.	-	825	-	-	-
Mediaset S.p.A.	-	19	-	-	-
Elettronica Industriale S.p.A.	-	123	-	-	-
EI Towers Group subsidiaries					
Towertel S.p.A.	-	160	617	-	-
Nettrotter S.r.l.	-	-	74	-	-
					-
Mediaset Group associates					
Videotime S.p.A.	-	131	-	-	-
Promoservice Italia S.r.l.	-	46	-	-	-
Mediaset Premium S.p.A.		2			
Fininvest Group associates					
Monradio s.r.l.		1			
Executives with strategic responsibilities	**-**	-	252	-	**-**
Other related parties	**-**	-	242	-	**-**
Mediafond					

REVENUES AND COSTS	Operating revenues	Operating costs	Financial charges	Financial income	(Charges)/Income from equity investments
Fininvest Group parent companies					
Mediaset Group parent companies					
R.T.I. - Reti Televisive Italiane S.p.A.	300	2,323	-	-	-
Mediaset S.p.A.	-	68	-	-	-
Elettronica Industriale S.p.A.	179,569	371	-	-	-
EI Towers Group subsidiaries					
Towertel S.p.A.	2,462	132	-	1,140	-
NewtelTowers S.p.A.	-	-	-	90	-
Nettrotter S.r.l.	-	-	-	7	-
Mediaset Group associates					
Videotime S.p.A.	129	482	-	-	-
Publitalia '80 S.p.A.	49	-	-	-	-
Promoservice Italia S.r.l.	-	40	-	-	-
Mediaset Premium S.p.A.	-	2	-	-	-
Fininvest Group associates					
Mediobanca S.p.A.	-	45	-	-	-
Milan Entertainment srl	-	10	-	-	-
Monradio s.r.l.	469				
Executives with strategic responsibilities	-	1,047	-	-	-
Other related parties	254	31	-	-	-
Other related parties	-	-	-	-	-

For the Board of Directors

The Chairman

(Alberto Giussani)

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

- Summary table of economic and financial data of subsidiary companies included in the consolidation.
- List of equity investments in subsidiary and associated companies at December 31, 2015 (Article 2427 para. 5 of the Italian Civil Code).
- Disclosure pursuant to article 149, part twelve, of the Consob Issuers' Regulations.

Summary Table of Economic and Financial Data of Subsidiary Companies included in the Consolidation

EI Towers S.p.A.

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

(values in thousands of euro)

ASSETS	Towertel S.p.A.	NewtelTowers S.p.A.	Nettrotter srl
Non-current assets			
Property, plant, equipment and other tangible assets	23,449,511	3,440,528	2,257,150
Goodwill and other intangible assets	121,385,861	976,407	881,012
Investments and other non-current financial assets	21,270,295	-	-
Other non-current assets	149,362	34	-
Deferred tax assets	663,194	299	-
Total non-current assets	**166,918,223**	**4,417,267**	**3,138,162**
Current assets			
Inventories	-	-	-
Trade receivables	4,699,419	1,066,466	-
Tax receivables	711,866	14,874	3,643
Other receivables and current assets	2,832,561	952,409	226
Intragroup financial receivables	-	-	73,799
Current financial assets	-	-	-
Cash and cash equivalents	28,704,606	1,401,289	508,128
Total current assets	**36,948,452**	**3,435,038**	**585,796**
Non-currents assets held for sale	-		
TOTAL ASSETS	**203,866,675**	**7,852,305**	**3,723,958**

EI Towers S.p.A.

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

(values in thousands of euro)

SHAREHOLDERS' EQUITY AND LIABILITIES	Towertel S.p.A.	NewtelTowers S.p.A.	Nettrotter srl
Shareholders' Equity			
Share capital	22,000,000	2,000,000	525,000
Share premium reserve	-	-	475,000
Treasury shares	-	-	-
Other reserves	32,347,479	133,093	-
Valuation reserve	(8,415)	-	-
Retained earnings (accumulated losses)	7,665,589	(394,823)	-
Net profit (loss) for the period	10,324,649	1,108,252	224,895
TOTAL SHAREHOLDERS' EQUITY	**72,329,302**	**2,846,522**	**775,105**
Non-current liabilities			
Post-employment benefit plans	87,727	-	-
Deferred tax liabilities	8,740,040	-	-
Financial liabilities and payables	91,258,628	2,410,201	-
Provisions for non-current risks and charges	1,809,649	30,280	-
Total non-current liabilities	**101,896,044**	**2,440,481**	**-**
Current liabilities			
Financial payables	-	-	-
Trade payables	6,454,322	421,704	1,922,812
Tax payables	38,724	528,385	-
Intragroup financial payables	-	163,937	1,007,102
Other financial liabilities	-	-	-
Other current liabilities	23,148,283	1,451,277	18,939
Total current liabilities	**29,641,329**	**2,565,302**	**2,948,853**
Non-current liabilities directly relating to assets held for sale	-		
TOTAL LIABILITIES	**131,537,373**	**5,005,783**	**2,948,853**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**203,866,675**	**7,852,305**	**3,723,958**

EI Towers S.p.A.

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

(values in thousands of euro)

INCOME STATEMENT	Towertel S.p.A.	NewtelTowers S.p.A.	Nettrotter srl
Revenues			
Sales of goods and services	26,435,909	4,208,124	-
Other revenues and income	2,638,859	42,205	-
Total revenues	**29,074,768**	**4,250,329**	**-**
Costs			
Personnel expenses	394,390	-	-
Purchases, services, other costs	12,336,591	2,241,343	261,531
Amortisation, depreciation and write-downs	2,716,295	218,816	30,380
Impairment losses (reversals) of assets	-		
Total costs	**15,447,276**	**2,460,159**	**291,911**
Gains/(losses) from disposals of non-current assets	-		
EBIT	**13,627,492**	**1,790,171**	**(291,911)**
Financial (expenses)/income			
Financial expenses	(1,242,100)	(90,467)	(7,102)
Financial income	58,573	176	319
(Expenses) /Income from equity investments	-		
Total (expenses)/income from financial investments	**(1,183,527)**	**(90,291)**	**(6,783)**
EBT	**12,443,965**	**1,699,880**	**(298,694)**
Income taxes	2,119,316	591,628	**(73,799)**
Net profit from continuing operations	**10,324,649**	**1,108,252**	**(224,895)**
Net gains/(losses) from discontinued operations	-		
Net profit (loss) for the period	**10,324,649**	**1,108,252**	**(224,895)**

List of equity investments included in subsidiary, associated and joint control companies

(amounts in euro)

Name	Head office	Share capital	Face value per share	Shareholders' equity: Total amount	Shareholders' equity: Pro-quota amount (A)	Result for the year: Total amount	Result for the year: Pro-quota amount	% held	Number of shares held	Book value (B)	Value as per ex art. 2426 no. 4 c.c. (C)	Differences: B-A	Differences: B-C
Subsidiaries													
(*) Towertel S.p.A.	Lissone - Via Zanella 21	22,000,000	1	72,329,302	72,329,302	10,324,649	10,324,649	100.00%	22,000,000	94,422,942	-	22,093,640	-
(*) Nettrotter S.r.l.	Lissone - Via Zanella 21	525,000	1	775,105	736,350	(224,895)	(213,650)	95.00%	498,750	950,000	-	213,650	-

(*) Financial Statements figures at December 31, 2015

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

amounts in Euro

Service	Entity supplying the service	Beneficiary	Fees 2015
Account auditing	Deloitte & Touche S.p.A.	Parent company-EI Towers S.p.a.	114,670
Attestation services	Deloitte & Touche S.p.A.	Parent company-EI Towers S.p.a. (1) (2) (3)	452,501
Total			**567,171**

(1) Attestation services on provisional and pro-forma data contained in the prospectus and on the adeguacy of the issue price relating to the capital increase for the Tender and Exchange Offer on Raiway S.p.A.

(2) Attestation services Tax Return and Form 770

(3) Attestation services related to the Bond Loan

2015 Financial Statements

Certification of the

Financial Statements

pursuant to Article 154-bis

of the Legislative Decree *58/98*

Certification of the Financial Statements pursuant to Article 154 part two, of the Legislative Decree 58/98

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

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

   of the administrative and accounting procedures for building up the Consolidated Financial Statements, during the financial year 2015.

2. The evaluation of the adequacy of the administrative and accounting procedures for building up the Consolidated Financial Statements as at December 31, 2015 was carried out based on the rules and methodologies defined by EI Towers S.p.A. in line with the model Internal Control – Integrated Framework issued by the Committee of sponsoring Organizations of the Treadway Commission which represents a body of general reference principles for the system of internal controls that is generally accepted at international level.

3. Furthermore, it is also attested that:

3.1 Financial Statements:

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

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

March 17, 2016

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

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

Reports of the Statutory Auditors and External Auditors

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

AUDITORS REPORT TO THE SHAREHOLDERS PURSUANT TO LEGISLATIVE DECREE N. 58/98 AND ART. 2429 OF THE CIVIL CODE ABOUT THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 AND THE CONSOLIDATED FINANCIAL STATEMENTS

To the shareholders of the Company

EI TOWERS S.p.A.

Dear Shareholders,

The separate financial statements and the Group's consolidated financial statements as at December 31, 2015, together with the respective explanatory notes and the Directors' Report, were approved and transmitted to us on March 17, 2016 with waiver of the term established by law.

The Notes, which contain all the information required by art. 2427 of the Civil Code, show, among other things, the principles and valuation criteria adopted in the preparation of the financial statements and the consolidated financial statements. The Directors' Report summarizes the principal risks and uncertainties and explains the foreseeable developments.

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

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

During the year ended December 31, 2015 we carried out the auditing activities required by law, in accordance with the standards of conduct of the Auditors, recommended by the National Council of Chartered Accountants, of which we refer in this report, taking into account the recommendations issued by Consob Communication no. 1025564 of April 6, 2001 and subsequent updates.

***

The Board of auditors in charge was appointed by the Shareholders’ Meeting held on April 24, 2014 and will finish its mandate with the approval of the financial statements as at December 31, 2016 by the Shareholders’ Meeting.

The legal review of EI Towers S.p.A. accounts (accounting of the balance sheet and the consolidated financial statement and limited auditing of accounts of the half-year report) was assigned to Deloitte & Touche S.p.A. for years from 2013 to 2021.

***

The Board of Statutory Auditors collected during the year the information for the performance of its functions both through meetings with corporate structures and through what was reported in the meetings of the Board of Directors, of the Control and Risk Committee and the Remuneration Committee.

The institutional activity of the Board of Statutory Auditors was performed in the terms set out below. In particular it is acknowledged that the Board:

- attended the Shareholders' Meetings;

- attended the meetings of the Control and Risk Committee and of the Remuneration Committee and received from the Supervisory Board (SB) periodical reports on its activities;

- attended all meetings of the Board of Directors and obtained information from the Directors on the activities and most significant economic and financial transactions carried out by the Company; during 2015 the Board of Directors met 13 (thirteen) times to examine and vote on resolutions regarding, among other things, the approval of the quarterly reports and half-year reports, the examination of the 2015 budget, the approval of the audit plan for 2015, the risk management policy, the assessment of the independence of directors, the self-assessment of the Board, the assessment of the adequacy of the organizational, administrative and accounting procedures and of the internal control and risk management system;

- took part, along with the Board Members, to initiatives finalized to an in-depth analysis of the Company's business, of the field in which the same operates and of its reference regulatory framework. In particular, on June 24, 2015, the newly appointed Directors and Auditors of the Company took part to an initiative, held in Lissone, with the support of the Company's management, concerning the markets and the regulatory framework in which EI Towers operates, the major network services offered by the company, the network management process and the organizational structure of the Business Division. On November 5, 2015, the Directors and Statutory Auditors, together with the company's management, visited the Network Operating Center (NOC) and the Radioelectric Studies Department of Lissone for an in-depth analysis of the monitoring activities of radio link and optical fiber, of the activities of site planning and of radioelectric studies for the coverage planning and the verification of television networks;

- Completed the verification required by law, at least quarterly, attending thirteen (13) board meetings;

- Acquired knowledge and verified, within its area of responsibility, the adequacy of the organizational structure of the Company and the compliance with the principles of fairness, through direct observations, collection of information from the managers of the organizational function and through meetings with officials in charge;

- Verified the adequacy of the internal control system and of the accounting system, as well as the reliability of the latter to correctly represent management events, by obtaining information from the heads of the respective departments and by examining business documents; the Board of Statutory Auditors reminds that the Board of Directors of the Company evaluated the organizational, administrative and accounting system as consistent and appropriate with the work performed and the characteristics of the group;

- Found adequate the organizational choices of the Company in relation to its internal audit function, that is also supported by external advisors. For details regarding the advisors, please see the Annual Report on Corporate Governance and Ownership Structure;

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

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

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

- Met the members of the Board of Statutory Auditors of the subsidiaries Towertel S.p.A. and NewTelTowers S.p.A. (formerly Hightel S.p.a.) to exchange information on their activities, in accordance with paragraphs 1 and 2 of art. 151 of Legislative Decree no. 58/98;

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

- Assessed if the intercompany transactions and the transactions with related parties are consistent with and responding to the interest of the Company. The characteristics, parties involved and effects of these transactions are adequately explained in the financial statements, to which the Board refers;

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

- Monitored the implementation of the corporate governance rules contained in the Corporate Governance Code for listed companies promoted by the Italian Stock Exchange, which the Company has adopted;

- verified that the Company has given instructions to its subsidiaries to comply with the disclosure requirements of art. 114, paragraph 2, of Legislative Decree 58/1998. The provisions are adequate as required by law;

- Verified the adequacy of the method to perform an impairment test both on the CGU Tower and on participation in Towertel S.p.A.; the related evaluations have confirmed that the recoverable amounts were higher than the accounting amounts; there are still reasons to keep '"goodwill" as an asset.

- Verified that the Directors' Report on operations for 2015 is consistent with the applicable laws and regulations and with the resolutions and the facts represented by the Separate Financial Statements and the Consolidated Financial Statements. The report specifies, as indicated above, the relations between related parties.

During the audit activity of the Board of Statutory Auditors, carried out in the manner described above, there were no significant facts emerging that would require reporting to the control bodies.

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

The Audit Firm on March 29, 2016 issued its reports to the Financial Statements and the Consolidated Financial Statements without qualifications or limitations. The Reports certified that the Financial Statements and Consolidated Financial Statements as at December 31, 2015 comply with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree no. 38/2005; they are therefore drawn up clearly and give a true and fair view of the financial position, economic results and cash flows of the Company and the Group. The Reports give evidence that the Management Report and the information referred to in Article 123-bis, paragraph 4, of Legislative Decree no. n. 58/98 contained in the Annual Report on Corporate Governance, are consistent with the separate financial statements of the company and the consolidated financial statements.

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

- Compliance with the law and articles of association and the principles of good governance, ensuring that all transactions approved and implemented by the Board of Directors were in compliance with the law and the bylaws and were not manifestly imprudent or reckless;
- The compliance of the Group's activities with Law 262/2005.

The Board of Statutory Auditors, in accordance with the law, received the Relation on the fundamental issues released from Deloitte & Touche S.p.A. for 2015. In this regard, the Board of Statutory Auditors has no remarks.

The Board of Statutory Auditors, with reference to the measures of protection and guarantee adopted in matter of treatment of personal data according to Legislative Decree June 30, 2003, n. 196 and called Code in matter of protection of the personal data, acknowledges that in 2015 the process to review the privacy management system of EI Towers Group was concluded. As a result of this process, the training initiatives for Managers and Persons responsible for data processing and the publication of the Privacy Portal, for better information of the subjects therein interested, were completed.

From the activities performed by the Supervisory Board during 2015 there were no critical issues, relevant pursuant to Legislative Decree no. 231/2001, to be reported.

The Board acknowledges that, on March 17, 2016, the Board of Directors approved the Annual Report of Corporate Governance, which includes, among other things, the information required by art. 123 bis of the Consolidated Finance Act, renewed by Legislative Decree no. 173/08.

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

In compliance with the article 3 (paragraph 3.C.5) of the Corporate Governance Code, which was adopted by the Company, the Board of Auditors, on April 22, 2015, verified the right application of the criteria and the procedures of assessment adopted by the Board of Directors in order to assess the independence of its own members. The composition of the Board is consistent with the measures provided for by the Italian Competition Authority in matter of independence of Directors (please refer to the provision of December 14, 2011 with which the Authority authorized the EI Towers S.p.A. – DMT S.p.A. merger).

The manager responsible Fabio Caccia, together with the Chief Executive Officer Guido Barbieri, issued during the year certifications of the Full Year and Half-Year financial statements and consolidated financial statements, in accordance with the requirements of art. 154-bis, paragraph 5, of Legislative Decree 58/1998.

With reference to the significant events for the year 2015, described in the same section of the Management Report, the Auditors noted that:

- On February 24, 2015 EI Towers S.p.A. promoted a public tender and exchange offer for 100% of shares of Rai Way S.p.A., listed on Milan Stock Exchange. With reference to the abovementioned public tender and exchange offer, on April 22, the Board of Directors of EI Towers S.p.A., after examining the press release of April 16, with which RAI S.p.A., Rai Way S.p.A.'s controlling shareholder, said it would not join to any extent the offer, consequently took note that, even before the start of the offer period, there were no conditions for the continuation of the same. About this, the Milan prosecutor's office notified the offense under Article 185 of the Consolidated Finance Act to Board members in office at the time. Notwithstanding the mentioned judicial initiative, the Board of Auditors, considered the facts and complexity of the legal and regulatory framework, has not recognized the existence of elements which might have led to autonomous and specific initiatives;
- On January 27, 2015 EI Towers S.p.A. signed with Cairo Network S.r.l., a company wholly owned by Cairo Communication S.p.A., two final agreements for the design and construction of a new national multiplex in digital terrestrial;
- During the year the acquisition of the entire share capital of Tecnorad Italia S.p.A., DAS Immobiliare S.r.l. and of further 13 companies based in Liguria, all operating in the Telco infrastructure sector, was concluded;
- On August 6, 2015, EI Towers S.p.A. set up, together with a minority shareholder, the company NETTROTTER S.r.l., operating in the business of the Internet of Things ("IOT").

The deadline for the execution of the capital increase of the Company expired on December 31, 2015. The capital increase was resolved by the Extraordinary Shareholders' Meeting on March 27, 2015 for the aforementioned voluntary tender and exchange offer on Rai Way S.p.A.; the capital increase, therefore, did not take place.

As reported in the section of the Management Report, there were no material events subsequent to year end 2015.

* * *

The Board reminds that EI Towers S.p.A., with effect from January 2, 2012, in accordance with art. 2497 et seq. of the Civil Code, is subject to management and coordination by Mediaset S.p.A., in this regard, the Board acknowledges that the company operates in full compliance with the provisions of art. 37 of Consob Market Regulations.

In particular, EI Towers S.p.A.:

• has complied and complies with disclosure requirements provided for by art. 2497-bis of Civil Code,

• has autonomous powers in relations with customers and suppliers,

• has a Control and Risk Committee, which also performs the functions of Related Parties Committee, and a Remuneration Committee composed entirely of independent directors in accordance with the criteria laid down in Article 148, paragraph 3, of the Consolidated Finance Act, in the Corporate Governance Code of Borsa Italiana S.p.A. and the abovementioned Article 37 Consob Market Regulations. EI Towers also has a Board of Directors consisting of a majority of independent directors.

EI Towers S.p.A. exercises direction and coordination of its fully owned subsidiaries Towertel S.p.A. and NewTelTowers S.p.A. (formerly Hightel S.p.A.) and NETTROTTER S.R.L. of which it owns the 95%.

The Board of Statutory Auditors also notes that the Company has complied with the measures laid down by the resolution of December 14, 2011, authorizing the merger EI Towers – DMT, prescribed by the Italian Competition Authority.

The Board has no observations with respect to the proposal made by the Board of Directors regarding the destination of the profit for the year, or other proposals with regard to the financial statements, its approval and other matters within its area of responsibility, in accordance with art. 153 par. 2 of Legislative Decree n.58/1998.

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The specific information to be provided in this report is listed below in the order provided for in the Consob recommendation of April 6, 2001 and subsequent updates.

1. We obtained information on the most significant economic, financial and patrimonial transactions performed during the year, also through subsidiaries, in order to verify that they were carried out in accordance with the law and the Bylaws and that they were not imprudent or risky, inconsistent with the Shareholders' Meeting's resolutions or such as to damage the net assets. You can find the illustration of the major initiatives undertaken during the year in the Directors' Report, and we here certify that, to the best of our knowledge, these have been based on the principles of good management and issues related to potential or possible conflicts of interest have been subject to careful consideration.

2. The information in our possession did not show the existence of atypical and / or unusual transactions during the year, including intercompany or related party transactions.

The ordinary administration operations carried out between companies of the Group or with related parties, as well as their main economic impacts, are shown in the Directors' Report and in the Notes to the Consolidated Financial Statements and Separate, in particular evidence is given, among other things, to:

- The nature of revenues and receivables from parent companies, whose main part consists of hospitality services, support and maintenance services, logistics, infrastructure transmission, Head - End and design as well as revenues from the service of installation of transmission equipment;
- the financial income related to the intercompany bank account;
- the costs and payables to the parent companies, mostly due to use of services: EDP, personnel administration, and other various leases;
- the revenues and receivables from affiliated entities related to supply of services;
- the revenues and receivables from affiliated entities related to hospitality services and maintenance and lease of equipped areas;
- the costs and payables to the entities associated mainly related to leases and to specialist services on the Italian Market.

On the basis of the information gathered, the Board of Statutory Auditors has determined that such transactions comply with the law and the Bylaws, were carried out in the company's interestand are not likely to give rise to doubts as to the correctness and completeness of the disclosures in the financial statements, the existence of conflicts of interest, the safeguarding of assets and the protection of minority shareholders.

3. In the report and in the explanatory notes to the separate financial statements and the consolidated financial statements, the Directors have reported and explained the transactions carried out by the Company. In particular, we believe satisfactory the information provided by the Directors in their report pursuant to Art. 2428 of the Civil Code. The Board acknowledges to have supervised the conformity of the adopted procedures and the compliance with the same procedures and, in this respect, there's nothing to report to the Shareholders' Meeting called to approve the financial statements as at December 31, 2015.

4. The Independent Audit Firm Deloitte and Touche S.p.A., which the Board of Statutory Auditors met regularly during the year, issued on March 29, 2016 its reports relating to the Financial Statements and the Consolidated Financial Statements as at December 31, 2015, which include the judgment consistency pursuant to art. 123-bis, paragraph 4 of Legislative Decree no. 58/1998. The reports do not contain remarks.

5. We did not receive any complaints by shareholders according to art. 2408 of the Civil Code.

6. We did not receive any complaints or reports.

7. During the year the Company didn't assign Deloitte and Touche S.p.A. any other duty in addition to its statutory audit duty and to the certifications better described in the Explanatory Notes in the paraghaph "Information given according to art. 149 duodecies Consob Issuers Regulations".

8. During the year the Company did not grant any assignment to parties linked on an ongoing basis to Deloitte and Touche S.p.A..

9. During the year the Board of Auditors expressed the following opinions in accordance with law and the Corporate Governance Code adopted by the Company: i) Opinion on the distribution of the compensation determined by the Shareholders' Meeting on April 21, 2015 for the Directors, including directors invested with specific responsibilities; ii) opinion about the assignment of the task to support the Internal Audit function of EI Towers S.p.A. for the year; iii) opinion on the Internal Audit Work Plan 2015, and on an adequate financial support provided to the Internal Audit function; iv) opinion on the Report on key matters arising from the statutory audit issued by the auditing firm Deloitte & Touche S.p.A. for the year 2014.

10. During the year, thirteen (13) meetings of the Board of Directors, 13 meetings of the Board of Statutory Auditors, 8 meetings of the Control and Risk Committee, 5 meetings of the Remuneration Committee were held. These meetings were always attended by at least one member of the Board of Auditors.

11. We have no particular observations to make on the principles of good management. In particular, on the basis of the feedbacks from the meetings with the external auditors and members of the Board of Statutory Auditors of the main companies of the Group, the principles of good governance have been constantly observed.

12. We have no observations to make on the adequacy of the organizational structure, which we have found suitable to meet the needs of management and control on business operations.

13. The internal control system appeared to be adequate to the dimensional characteristics and management of the Company, as determined also in the meetings of the Control and Risk Committee, which was attended by the Statutory Auditors.

With particular reference to the system of risk management, the evaluation process, and the management of the main business risks, strategic risks and process risks of EI Towers

Group, are carried out in accordance with the *Enterprise Risk Management* methodology. The considerations that came out from the process of detection and evaluation of business risks highlighted, as a whole, that the enterprise risks is today managed properly.

14. The Board has no observations concerning the adequacy of the accounting system and its reliability in correctly representing management and, in general, the financial reporting process. With reference to the statements contained in the Annual Report and Consolidated Financial Statements as at December 31, 2015, we note that the statement was made by the manager in charge of preparing the corporate accounting documents in accordance with art. 154-bis of Legislative Decree no. N. 58/1998. The Board verified the existence of adequate rules and processes for the "preparation" and "disclosure" of financial information, the Board, therefore, evaluates adequate the process of preparation of the financial information and believes there are no remarks to be submitted to the Shareholder's meeting.

15. We have no comments about the adequacy of the information flow by the subsidiaries Towertel S.p.A. and NewTelTower S.p.A. (formerly Hightel S.p.a.) and NETTROTTER S.r.l. to the parent company aimed at ensuring the timely fulfillment of obligations established by law.

16. During the regular meetings held by the Board of Auditors with the Company's independent auditors, in accordance also with Article 150, paragraph 3, of Legislative Decree no. N. 58/1998, there were no issues that should be highlighted in this report.

17. The Company has adopted the Corporate Governance Code for listed companies promoted by the Italian Stock Exchange and has presented its model of corporate governance in the "Annual Report on Corporate Governance and Ownership Structure", pursuant to art. 123-bis of Legislative Decree no. N. 58/1998, approved on March 17, 2016. The Board has completed successfully the verification of the requirements of independence for its members, and monitored the proper application of procedures and criteria adopted by the Board of Directors to evaluate the independence of its members.

18. Our supervisory activity was held during the year ended December 31, 2015 and it did not reveal omissions, or irregularities that should be noted in this Report.

19. In summarizing the audit activity carried out during the year, we have no proposals to be made, pursuant to art. 153, paragraph 2, of Legislative Decree no. N. 58/1998, with respect to separate financial statements, their approval and the subjects of our responsibility. We also have nothing to be observed on the proposed allocation of the profit for the year.

20. On April 21, 2015, the Shareholders' Meeting resolved to authorize the purchase, until the meeting approving the financial statements as at 31 December 2015, of treasury shares within the limits of distributable profits and reserves as reported in the last approved Annual Report, resulting in the creation, pursuant to Article 2357-ter, third paragraph of the Civil Code, of a restricted reserve equal to the amount of shares purchased from time to time, and which must be maintained until shares are transferred. In the period between April 21, 2015 and March 17, 2016, date of approval of the draft Financial Statements for 2015 by the Board of Directors, no treasury shares were purchased and, therefore, it was not necessary to provide the shareholders with information pursuant to the third and fourth paragraph of Art. 144 bis of the Issuers' Regulations. The Company owns, at the date of approval of this report, no. 62,526 shares, representing 0.22% of the share capital, of which 6,000 shares are loaned to Mediobanca - Banca di Credito Finanziario S.p.A. in its role as Specialist pursuant to art. 2.2.3, paragraph 4, of the Rules of the Markets organized and managed by Borsa Italiana. With reference to the above actions, the right of vote is suspended pursuant to art. 2357 of the Civil Code. The subsidiaries do not hold any shares

of the Company. With the approval of the financial statements as at December 31, 2015 the power granted to the Board of Directors to purchase treasury shares will expire. Therefore, the Board of Directors decided to propose to the shareholders to renew the authorization to purchase treasury shares when appropriate to achieve the objectives contained in the Report of the Board of Directors on the specific item on the agenda.

21. Currently the Company has no stock-based incentive plans entailing capital increases (including free capital increases). As an effect of the merger EI Tower S.p.A. – DMT S.p.A. the Company took over from the acquired company the stock option plans for the part relating to their employees beneficiaries, granted by Mediaset Spa in the years 2007, 2008, 2009 and 2010. In 2015, n. 100,000 options granted in 2009 expired.

Lissone, March 29, 2016

THE BOARD OF STATUTORY AUDITORS

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

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

Report on the Financial Statements

We have audited the accompanying financial statements of EI Towers S.p.A., which comprise the statement of financial position as at December 31, 2015, and the statement of income, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Directors are responsible for the preparation of these financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree n° 38/2005.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA Italia) issued pursuant to art. 11, n° 3, of Italian Legislative Decree 39/10. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation that give a true and fair view of financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of EI Towers S.p.A. as at December 31, 2015, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree n° 38/2005.

Report on Other Legal and Regulatory Requirements

Opinion on the consistency of the report on operations and of certain information included in the report on corporate governance with the financial statements

We have performed the procedures indicated in the Auditing Standard (SA Italia) n° 720B in order to express, as required by law, an opinion on the consistency of the report on operations and of certain information included in the report on corporate governance required by art. 123-bis, n° 4, of Italian Legislative Decree n° 58/98, which are the responsibility of the Directors of EI Towers S.p.A., with the financial statements of EI Towers S.p.A as at December 31, 2015. In our opinion the report on operations and the information included in the report on corporate governance referred to above are consistent with the financial statements of EI Towers S.p.A as at December 31, 2015.

DELOITTE & TOUCHE S.p.A.

Signed by
Patrizia Arienti
Partner

Milan, Italy
March 29, 2016

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