PRESS RELEASE

This press release contains a number of alternative performance indicators not contemplated under IFRS (EBITDA, EBIT, Net Financial Debt). Definitions of these terms are provided in an attachment.

Sale of the 100% Interest in La7 S.r.l. to Cairo Communication Approved

Annual Financial Statements as of 31 December 2012 Examined and Approved

2013-2015 Industrial Plan Approved

Agenda of the forthcoming General Shareholders’ Meeting broadened to include decisions to be taken pursuant to Article 2446 of the Italian Civil Code

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Telecom Italia Media Group:

REVENUES: 222.7 million euro; -15.5 million euro compared to FY 2011 (238.2 million euro)

EBITDA: -44.4 million euro; -71.7 million euro compared to FY 2011 (27.3 million euro)

EBIT: -262.7 million euro; -174.6 million euro compared to FY 2011 (-88.1 million euro)

PROFIT (LOSS): -240.9 million euro; -157.1 million euro compared to FY 2011 (-83.8 million euro)

NET DEBT: 260.1 million euro; +121.4 million euro compared to year-end 2011 (138.7 million euro)

Milan, 4 March 2013

The Board of Directors of Telecom Italia Media S.p.A. met today, chaired by Severino Salvemini, and following a thorough examination of the possible alternatives and the result of the negotiations for the sale of the Company's entire interest in La7 S.r.l. to Cairo Communication S.p.A., excluding the 51% interest in MTV Italia S.r.l., resolved to give a mandate to the Chairman to finalise the agreeement with Cairo Communication S.p.A. and sign the relevant deed documents.
Under the agreement, Telecom Italia Media S.p.A. shall receive a consideration of 1 million euro.

Before transferring the shareholding, La7 S.r.l. will be recapitalized for an amount that will allow the Company to achieve, at that date, a positive net financial position of no less than 88 million euro. Such recapitalization will also help the company to achieve a shareholder equity of 138 million euro as contractually agreed.
The agreements also envisage the signing of a multi-year agreement between La7 S.r.l. and Telecom Italia Media Broadcasting S.r.l.for the supply of broadcasting capacity.
The transaction will allow Telecom Italia Media S.p.A. to stop providing financial support to La7 S.r.l. while at the same time keeping the network operator Telecom Italia Media Broadcasting S.r.l. within the Group.
As part of the transaction, at sale agreement signing, Telecom Italia S.p.A. committed itself to waive its financial receivables due from Telecom Italia Media S.p.A., for a total amount of 100 million euro.
The completion of the transaction will be subject to the receipt of the necessary authorisations pursuant to applicable laws and regulations.

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The Board of Directors also examined and approved the Group's Annual Financial Statements as of 31 December 2012.

The <u>Group's consolidated revenues</u> for the year 2012 amounted to 222.7 million euro, down 15.5 million euro compared to FY 2011 (238.2 million euro).

This result was influenced by: a reduction in La7 revenues (-15.7 million euro), due to both the lack of revenues from the Competence Center activities, which in 2011 amounted to 13.3 million euro, and the lower gross advertising sales of the channels (-3.5%), which however overperformed the sharply declining market (source Nielsen: -15.3% January/December 2012); the lower revenues of the MTV group (-18.6 million euro); the rise in revenues of the TIMB Network Operator (+20.2 million euro).

<u>EBITDA</u> was negative at **44.4 million euro,** worsening by 71.7 million euro compared to 2011 (27.3 million euro), including the 20.5 million euro indemnity for the early termination of the Competence Center agreement. The result was also affected by the significant rise in the costs of the La7 programming, which was enriched by new network specific programmes and faces, and the reduction in MTV's EBITDA.

EBIT and the Net Result were affected by the results of the impairment test made at 31 December 2012, which led to an overall writedown of 156.7 million euro, of which 105.3 million euro on goodwill and 51.4 million euro on the La7 assets. In detail, the TIMB network operator's goodwill was written down for 70.0 million euro, MTV's goodwill for 23.1 million euro, La7's goodwill for 12.2 million euro.

As a result of the goodwill writedown, <u>EBIT</u> amounted to **262.7 million euro**, down by 174.6 million euro compared to 2011 (-88.1 million euro). Like-for-like EBIT was -106.0 million (-51.9 million euro for 2011).

<u>Net Result</u> amounted to **-240.9 million euro**, down by 157.1 million euro compared to 2011 (-83.8 million euro).

<u>Net debt</u> amounted to **260.1 million euro**, up by 121.4 million euro compared to year-end 2011 (138.7 million euro). This change was mainly determined by the requirement for **industrial investments** (**56.9 million euro**), a negative EBITDA of 44.4 million euro, and the working capital, which worsened by 36.5 million euro, partly offset by the collection of the receivable for the National Tax Consolidation scheme of 19.3 million euro and other cash flow items for 2.9 million euro. Moreover, compared to the previous year, the performance was also affected by Cairo's lower revenues as the company had factored receivables at the end of 2011, whereas in 2012 it did not factor any.

As of 30 September 2012, net debt amounted to 224.1 million euro.

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The 2012 results by Business Unit were reported in the press release issued on 7 February 2013.

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<u>RESULTS OF THE PARENT COMPANY TELECOM ITALIA MEDIA S.P.A.</u>

FOREWORD:
Following the contribution, effective 1 September 2012, of the television business units to LA7 S.r.l., the figures reported below include for the 2011 and 2012, respectively, 12 months and 8 months of television activities.

The Parent Company's **revenues** amounted to **80.2 million euro**, down by 59.7 million euro compared to FY 2011 (139.9 million euro).

EBITDA amounted to **-53.8 million euro**, down by 51.6 million euro compared to 2011 (-2.2 million euro).

EBIT amounted to **-98.6 million euro**, including the effect of the 25.4 million euro writedown of the goodwill related to the shareholding in TIMB, down by 30.8 million euro compared to 2011 (-67.8 million euro).

Net Result amounted to **-163.2 million euro**, down by 101.7 million euro compared to 2011 (-61.5 million euro).

In the Financial Statements as of 31 December 2012, equity amounted to 71.1 million euro, whereas subscribed and paid up capital was 212.2 million euro.
Therefore, as of 31 December 2012, figures include the item pursuant to Article 2446 of the Italian Civil Code ("Capital reduction due to losses").

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2013-2015 INDUSTRIAL PLAN

The Telecom Italia Media Group, following the sale of its television business units La7 and La7d, will focus its development strategy on the implementation of initiatives aimed at restoring the Group's efficiency and profitability.

In detail, the new Plan sets the following objectives for **MTV**:

- focus on the FTA sector, after the sale of non-core satellite channels to Viacom in late 2012;
- greater attention to entertainment and significant investments in content and communications, with the aim of increasing audience share results;
- cost control, with the aim of returning to a positive EBITDA.

The new role of **MTV Pubblicità** will be to strengthen its customer portfolio, as has already happened with the subscription of a three-year agreement with De Agostini for advertising sales of a new digital channel, and with Viacom for advertising sales of the channels Nickelodeon and Comedy Central.

With reference to **Telecom Italia Media Broadcasting** the objectives are as follows:

- keeping the present level of bandwidth rental (98%), consolidating its customer base and keeping a high level of customer satisfaction;
- increasing the offer of additional service to its customers;
- cost control and reduction of investments to about 4 million euro per year, given the completion of the digitalisation plan.

Finally, the **holding TI Media** will focus its objectives on efficiency through a major cost cutting plan, mainly based on the containment of external costs and the rationalisation of staff structures.

Based on such assumptions, for the 2013-2015 period the Telecom Italia Media Group expects the following:

- **revenue** increase at an annual average rate of about 11%;
- **EBITDA** increase at an annual average rate of 36% and **EBITDA Margin** of about 33% at the end of 2015;
- a decrease in **investments**: in the three years covered by the Plan they will amount to about 35 million euro;
- cash generation of about 50 million euro for the three years and target **positive net-cash flow** from 2014;
- A reduction of net financial debt.

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Since the Company has found itself in the circumstances regulated by Article 2446 of the Italian Civil Code, the Board of Directors decided to include a new item in the Agenda of the General Shareholders' Meeting already called for 5 April 2013, with notice published on 22 February 2013.

In detail, the Board of Directors resolved to broaden the Agenda to include an item regarding the decisions to be taken pursuant to the above-mentioned Article 2446 of the Italian Civil Code, and to change the item regarding the integration of the Board of Directors due to the resignation of Mauro Giusto from his position as Board Member (cf. press release issued on 27 February 2013).

The relevant integrating notice shall be published in accordance with current applicable regulations.

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The Board of Directors has verified that the Board meets the requirements regarding its composition and that it also has a sufficient number of independent directors, namely Irene Bignardi, Adriano De Maio, Lorenzo Gorgoni, Davide Rampello, Sergio Ristuccia and Fabio Alberto Roversi Monaco.

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Pursuant to sub-section 2, clause 154-*bis* of the Unified Finance Act, the manager in charge of drafting the company's accounting documents, Mr. Luigino Giannini, has declared that the accounting disclosures contained in this press release correspond to the data records, accounting books and accounts entries. Finally, it should be pointed out that the auditing process of the consolidated and separate financial statements of Telecom Italia Media at 31 December 2012 is still underway.

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The Group's results at 31 December 2012 and the 2013-2015 Plan will be illustrated to the financial community during a conference call scheduled for 6:00 PM (CET). Journalists may listen in to the presentation by phone on 800 408 088 (callers from Italy) and +39 06 33 458 042 (international callers). For those who are unable to follow the live conference call, a recorded version of the presentation will be available for 2 days at the number: +39 06 334843 (access code 500866# for the Italian version: 499,755# for the English version).

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Attachments

ALTERNATIVE PERFORMANCE INDICATORS

In this press release on the results for FY 2012, in addition to the conventional financial indicators established by IFRS, certain non-IFRS measures are presented to allow for a better assessment of the operating and financial performance. These indicators, which are also presented in the interim financial statements (Interim Report as of 31 March, Half-year Report as of 30 June and Interim Report as of September 30) should not be construed as a substitute for the conventional ones prescribed by IFRS.

The alternative performance indicators are described below:

- **EBITDA**: Telecom Italia Media uses this indicator as a financial target in internal (business plan) and external (made by analysts and investors) presentations. It provides a useful unit of measurement for assessing the Group's operating performance, both as a whole and at the business unit level, and the performance of the Parent Company Telecom Italia Media S.p.A., in addition to **EBIT**. These indicators are as follows:

Profit (loss) before tax from continuing operations	
+	Financial charges
-	Financial income
+/-	Other charges/(income) from equity investments (1)
+/-	Share of results of equity investments in associates and companies under joint control, accounted for using the equity method (2)
EBIT- Operating Income	
+/-	Impairment losses/(Reversals) of non-current assets
+/-	Capital losses/(Gains) on disposals of non-current assets
+	Depreciation and amortization
EBITDA — Operating result before depreciation and amortization, Capital gains/(losses), and Impairment reversals/(losses) on non-current assets	

(1) Expenses/(income) from equity investments for Telecom Italia Media S.p.A.
(2) Item only regarding the Telecom Italia Media Group.

- **Net Financial Debt**: the Telecom Italia Media Group believes that Net Financial Debt is an accurate indicator of its ability to meet its financial obligations, measured by Gross Financial Debt minus Cash and Cash Equivalents and other Financial assets.

The reclassified Income Statement, Balance Sheet and Cash Flow Statement of the Telecom Italia Media Group and Telecom Italia Media S.p.A. presented below are those reproduced in the Report on Operations included in the 2012 Financial Statements and are consistent with those included in the Consolidated and Separate Financial Statements of Telecom Italia Media for the year ended December 31, 2012.

To such extent, please note that the audit work by our independent auditors on the Telecom Italia Media Consolidated and Separate Financial Statements for the year ended December 31, 2012 as well as the check of consistency of the 2012 Report on Operations with the related Telecom Italia Media Consolidated and Separate Financial Statements have not yet been completed.

FOREWORD
Following the early adoption of IAS 19 (Revised in 2011) – Employee Benefits ("IAS 19R 2011"), which requires a retrospective application, data from FY 2011 used for comparison were reconstructed.

Consolidated Separate Income Statement

(in thousands of euro)	Year 2012 (a)	Year 2011 (Restated) (b)	Change (a-b)	%
Revenues	222,714	238,189	(15,475)	(6.5)
Other income	5,105	26,287	(21,182)	(80.6)
Of wich: proceeds for CC contract resolution	*-*	*20,500*		
Total operating revenues and other income	**227,819**	**264,476**	**(36,657)**	**(13.9)**
Acquisition of goods and services	(196,685)	(167,150)	(29,535)	(17.7)
Employee benefits expenses	(67,432)	(61,457)	(5,975)	(9.7)
Other operating expenses	(8,266)	(8,575)	309	3.6
Changes in inventories	150	9	141	n.a.
Internally made assets	-	-	-	-
OPERATING RESULT BEFORE DEPRECIATION AND AMORTIZATION - EBITDA	**(44,414)**	**27,303**	**(71,717)**	**n.a.**
OPERATING RESULT BEFORE DEPRECIATION AND AMORTIZATION - EBITDA - COMPARABLE	**(44,414)**	**6,803**	**(51,217)**	**n.a.**
Depreciation and amortization	(63,406)	(58,348)	(5,058)	(8.7)
Gains/ (losses) realized on disposals of non-current assets	1,781	(377)	2,158	n.a.
Impairment reversals /(losses) on non-current assets	(156,707)	(56,650)	(100,057)	(176.6)
OPERATING PROFIT (LOSS) - EBIT	**(262,746)**	**(88,072)**	**(174,674)**	**(198.3)**
OPERATING PROFIT (LOSS) - EBIT - COMPARABLE	**(106,039)**	**(51,922)**	**(54,117)**	**(104.2)**
Income/ (expenses) from investments	(188)	(56)	(132)	n.a.
Finance income	494	600	(106)	(17.7)
Finance expenses	(7,755)	(5,326)	(2,429)	(45.6)
PROFIT (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	**(270,195)**	**(92,854)**	**(177,341)**	**(191.0)**
Income tax expense	21,756	8,650	13,106	151.5
PROFIT (LOSS) FROM CONTINUING OPERATIONS	**(248,439)**	**(84,204)**	**(164,235)**	**(195.0)**
Profit (loss) from discontinued operations/Non-current assets held for sale	-	26	(26)	(100.0)
PROFIT (LOSS) FOR THE YEAR	**(248,439)**	**(84,178)**	**(164,261)**	**(195.1)**
Attributable to:				
- Owners of the Parent	**(240,944)**	**(83,827)**	**(157,117)**	**(187.4)**
- Non-controlling interests	(7,495)	(351)	(7,144)	n.a.

	Year 2012	Year 2011 (Restated)
- Basic earnings (loss) per Share:		
- Ordinary shares	(0.1711)	(0.0580)
- Savings shares	(0.1711)	(0.0580)
of which:		
-. from continuing operations		
- Ordinary shares	(0.1711)	(0.0580)
- Savings shares	(0.1711)	(0.0580)
- from discontinued operations/non-current assets held for sale		
- Ordinary shares	0.0000	0.0000
- Savings shares	0.0000	0.0000

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

		Year 2012	Year 2011 (Restated)	Change
Profit (loss) for the year		(248,439)	(84,178)	(164,261)
Other components of the statement of comprehensive income				
° Remeasurement of defined benefit plans				
° Actuarial gains (losses)		(340)	1,206	(1,546)
° Income tax expense		94	(332)	426
	sub-total	(246)	874	(1,120)
Comprehensive profit (loss) for the year		(248,685)	(83,304)	(165,381)
Attributable to:				
- Profit (loss) for the year attributable to equity holders of the Parent Company				
> Income (loss) from continuing operations		(241,182)	(83,025)	(158,157)
> Profit (loss) from discontinued operations/Non-current assets held for sale		-	26	(26)
- Profit (loss) for the year attributable to equity holders of the Parent Company		(241,182)	(82,999)	(158,183)
- Minority interests				
> Income (loss) from continuing operations		(7,503)	(305)	(7,198)
> Profit (loss) from discontinued operations/Non-current assets held for sale				
- Profit (loss) for the year attributable to Minority Interests		(7,503)	(305)	(7,198)

May 2012 witnessed the launch of the corporate restructuring process for the Telecom Italia Media Group, involving, in the same month, the incorporation of LA7 S.r.l., and on 1 September 2012, the Telecom Italia Media S.p.A.'s contribution to the company of the television operations of the channels LA7 and LA7d, in addition to the 51% interest in MTV Italia S.r.l. and other minor companies. Following the above restructuring, the methods of representation of the various business areas' economic results were also revised, and the proforma values for the periods of comparison were reconstructed accordingly.
In further detail:

- **LA7**, the business unit which up to the previous Half-year Report was denominated TI Media – La7, includes the Company's operations relating to the television broadcasters LA7 and LA7d and the Multimedia/Web area (La7.it and La7.tv). In the interest of a better representation of the business unit's activities, and for the purposes of a consistent comparison, the values represented have been drawn up on a proforma basis (as if the corporate contribution transaction had been undertaken effective 1 January 2011), and thus include one year of results of the business unit's television operations; the same procedure was applied in the comparison with 2011 figures;
- **MTV** Group comprises activities carried out by MTV Italia and its subsidiary MTV Pubblicità concerning TV broadcasters MTV and MTV Music, production unit 360° Playmaker, the production of multimedia music platforms and satellite channels, as well as MTV Mobile and Digital (Web);
- **Network Operator (TIMB)** includes the operations of Telecom Italia Media Broadcasting relating to managing the analogue and digital broadcasting networks of La7 and MTV and the Digital Multiplexes operated by the Group, as well as the offer of accessory services and television broadcasting platforms for Group companies and third parties.

(in millions of euro)		LA7	MTV Group	Network Operator	Other operations [1]	Adjustments	Group Total
Revenues	Year 2012	123.6	55.2	75.1	0.8	(32.0)	222.7
	Year 2011	139.3	73.8	54.9	0.6	(30.4)	238.2
	Changes	(15.7)	(18.6)	20.2	0.2	(1.6)	(15.5)
EBITDA	Year 2012	(65.9)	(10.7)	43.2	(11.1)	0.1	(44.4)
	Year 2011	4.7	6.5	22.9	(6.8)		27.3
	Year 2011 (Comparable) [2]	(15.8)	6.5	22.9	(6.8)		6.8
	Changes	(70.6)	(17.2)	20.3	(4.3)	0.1	(71.7)
	Comparable changes [2]	(50.1)	(17.2)	20.3	(4.3)	0.1	(51.2)
EBIT	Year 2012	(159.7)	(38.2)	(53.8)	(11.1)	0.1	(262.7)
	Year 2012 (Comparable) [3]	(96.0)	(15.2)	16.2	(11.1)	0.1	(106.0)
	Year 2011	(22.8)	(13.6)	(44.8)	(6.8)	(0.1)	(88.1)
	Year 2011 (Comparable) [2]	(43.3)	(0.1)	(1.7)	(6.8)		(51.9)
	Changes	(136.9)	(24.6)	(9.0)	(4.3)	0.2	(174.6)
	Comparable changes [2] [3]	(52.7)	(15.1)	17.9	(4.3)	0.1	(54.1)
Industrial investments	Year 2012	30.3	9.1	17.7		(0.2)	56.9
	Year 2011	31.1	4.5	25.8			61.4
	Changes	(0.8)	4.6	(8.1)		(0.2)	(4.5)
(Headcount)							
Personnel	12/31/2012	464	148	47	40		699
	12/31/2011	456	181	50	41		728
	Changes	8	(33)	(3)	(1)		(29)

[1] The amount includes Telecom Italia Media S.p.A.'s operations after the transfer of TV operations to LA7 S.r.l.
[2] The amount does not include the income of 20.5 million euro related to the indemnity for early termination of the Competence Center agreement with Telecom Italia and the goodwill writedown of 56.7 million euro.
[3] The amount does not include the depreciation of fixed assets and goodwill writedown of 156.7 million euro.

Consolidated Statements of Financial Position

(in thousands of euro)	12/31/2012	12/31/2011	CHANGE
ASSETS			
NON-CURRENT ASSETS			
Intangible assets:			
Goodwill	21,230	126,482	(105,252)
Intangible assets with a finite useful life	133,008	179,312	(46,304)
	154,238	**305,794**	**(151,556)**
Tangible assets:			
Property, plant and equipment owned	74,768	87,252	(12,484)
Assets held under finance leases	-	-	-
	74,768	**87,252**	**(12,484)**
Other non-current assets			
Investments in associates and joint ventures accounted for using the equity method	-	-	-
Other investments	1,513	1,129	384
Non-current financial assets	877	897	(20)
Miscellaneous receivables and other non-current assets	42,485	20,422	22,063
Deferred tax assets	9,679	13,063	(3,384)
	54,554	**35,511**	**19,043**
TOTAL NON-CURRENT ASSETS (A)	**283,560**	**428,557**	**(144,997)**
CURRENT ASSETS			
Inventories	1,693	1,544	149
Trade and miscellaneous receivables and other current assets	134,883	122,206	12,677
Current income tax receivables	493	1,378	(885)
Investments		-	-
Current financial assets			
Securities other than investments, financial receivables and other current financial assets	215	269	(54)
Cash and cash equivalents	203	5,345	(5,142)
TOTAL CURRENT ASSETS (B)	**137,487**	**130,742**	**6,745**
TOTAL ASSETS (A+B)	**421,047**	**559,299**	**(138,252)**
EQUITY AND LIABILITIES			
EQUITY			
Equity attributable to equity holders of the Parent Company	(36,970)	204,213	(241,183)
Equity attributable to Minority Interests	4,596	12,099	(7,503)
TOTAL EQUITY (C)	**(32,374)**	**216,312**	**(248,686)**
NON-CURRENT LIABILITIES			
Non-current financial liabilities	21	100,026	(100,005)
Employee benefits	9,714	9,814	(100)
Deferred tax liabilities	21,225	22,548	(1,323)
Provisions	238	335	(97)
Miscellaneous payables and other non-current liabilities	11,675	11,456	219
TOTAL NON-CURRENT LIABILITIES (D)	**42,873**	**144,179**	**(101,306)**
CURRENT LIABILITIES			
Current financial liabilities	261,381	45,164	216,217
Trade and miscellaneous payables and other current liabilities	148,489	153,525	(5,036)
Current income tax payables	678	119	559
TOTAL CURRENT LIABILITIES (E)	**410,548**	**198,808**	**211,740**
TOTAL LIABILITIES (F=D+E)	**453,421**	**342,987**	**110,434**
TOTAL EQUITY AND LIABILITIES (C+F)	**421,047**	**559,299**	**(138,252)**

Consolidated Cash Flows Statements

(in thousands of euro)	Year 2012	Year2011 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit (loss) from continuing operations	(248,439)	(84,204)
Adjustments for:		
Depreciation and amortization	63,406	58,348
Impairment losses/reversals of non-current assets (including investments)	156,923	56,706
Net change in deferred tax assets and liabilities	2,168	(2,028)
Gains/losses realized on disposals of non-current assets (including investments)	(1,781)	377
Share of losses/gains of associates accounted for using the equity method		
Change in employee benefits	(770)	(9)
Change in inventories	(149)	(341)
Change in trade receivables and in net receivables for contract works	(24,222)	18,377
Change in trade payables	(2,022)	(7,193)
Net change in income tax receivables/payables	1,444	(1,262)
Net change in miscellaneous receivables/payables and other assets/liabilities	(246)	1,442
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES (A)	**(53,688)**	**40,213**
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of intangible assets on an accrual basis	(35,953)	(30,610)
Purchase of tangible assets on an accrual basis	(20,988)	(30,765)
Total investments in intangible and tangible assets on an accrual basis	(56,941)	(61,375)
Change in trade payables relating to investing activities	(12,848)	(2,355)
Total purchase of intangible and tangible assets on a cash basis	(69,789)	(63,730)
Acquisition of subsidiaries and businesses, net of cash acquired (II)	-	-
Acquisition of other investments (II)	(600)	(36)
Change in financial receivables and other financial assets (I)	74	(12)
Proceeds from sale of subsidiaries, net of cash disposed of (II)	-	(274)
Proceeds from sale/repayment of tangible, intangible and other non current assets (II)	2,649	656
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES (B)	**(67,666)**	**(63,396)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Change in current financial liabilities and other	(43,804)	25,077
Proceeds from non-current financial liabilities (including current portion)		
Repayments of non-current financial liabilities (including current portion)	-	-
Other changes in non-current financial liabilities	(42)	11
Proceeds from equity instruments	-	-
Amount paid for instruments representing equity		
Dividends paid		
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES (C)	**(43,846)**	**25,088**
CASH FLOWS FROM (USED IN) DISCONTINUED OPERATIONS/NON-CURRENT ASSETS HELD FOR SALE (D)	-	-
AGGREGATE CASH FLOWS (E=A+B+C+D)	**(165,200)**	**1,905**
NET CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR (F)	**5,344**	**3,439**
Net foreign exchange differences on net cash and cash equivalents (G)	-	-
NET CASH AND CASH EQUIVALENTS AT END OF THE YEAR (H=E+F+G)	**(159,856)**	**5,344**

(I) The amount payable for the acquisition also includes any goodwill and is given net of the change in receivables resulting from the relevant acquisition

(II) The amount payable for the acquisition is given net of the change in payables resulting from the relevant acquisition

Other Information on Cash Flows

(in thousands of euro)	Year 2012	Year2011 (Restated)
Income tax expense (paid)/received	21,763	3,308
Interest expense paid	(6,136)	(3,199)
Interest income received	-	-
Dividends received	28	

BREAKDOWN OF NET CASH AND CASH EQUIVALENTS:

(in thousands of euro)	Year 2012	Year2011 (Restated)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR:		
Cash and cash equivalents - from continuing operations	5,345	3,440
Bank overdraft repayable on demand - from continuing operations	(1)	(1)
	5,344	**3,439**
CASH AND CASH EQUIVALENTS AT END OF THE YEAR:		
Cash and cash equivalents - from continuing operations	203	5,345
Bank overdraft repayable on demand - from continuing operations	(160,059)	(1)
	(159,856)	**5,344**

FOREWORD

Following to the contribution, effective 1 September, 2012, of the television assets to LA7 S.r.l., the data given below include 12 and 8 months of activities related to 2011 and 2012, respectively. Furthermore, given that 2011 included 20,500 thousand euro related to the indemnity for early termination of the Competence Center agreement and 38,140 thousand euro for the goodwill writedown (25,420 thousand euro in 2012), in these Financial Statements for the year ended 31 December 2012, earnings results have been presented both in comparable terms, i.e., showing the relevant amounts separately, and in overall terms. Lastly, following the early adoption of IAS 19 (Revised in 2011) – Employee Benefits (“IAS 19R 2011”), which requires a retrospective application, data from FY 2011 used for comparison have been reconstructed.

TELECOM ITALIA MEDIA S.p.A.

Separate Income Statement

	Year 2012	Year 2011 (Reconstructed)	Change	
(in thousands of euro)	(a)	(b)	(a-b)	%
Revenues	80,214	139,867	(59,653)	(42.6)
Other income	5,569	26,408	(20,839)	(78.9)
Of wich: proceeds for CC contract resolution	-	*20,500*		
Total operating revenues and other income	**85,783**	**166,275**	**(80,492)**	**(48.4)**
Acquisition of goods and services	(99,362)	(118,486)	19,124	16.1
Employee benefits expenses	(37,214)	(45,542)	8,328	18.3
Other operating expenses	(3,587)	(4,620)	1,033	22.4
Changes in inventories	535	204	331	162.3
Internally made assets	-	-	-	-
OPERATING RESULT BEFORE DEPRECIATION AND AMORTIZATION - EBITDA	**(53,845)**	**(2,169)**	**(51,676)**	**n.a.**
OPERATING RESULT BEFORE DEPRECIATION AND AMORTIZATION - EBITDA - COMPARABLE	**(53,845)**	**(22,669)**	**(31,176)**	**(137.5)**
Depreciation and amortization	(19,371)	(27,487)	8,116	29.5
Gains/ (losses) realized on disposals of non-current assets	-	1	(1)	n.a.
Impairment reversals /(losses) on non-current assets	(25,420)	(38,140)	12,720	33.4
OPERATING PROFIT (LOSS) - EBIT	**(98,636)**	**(67,795)**	**(30,841)**	**(45.5)**
OPERATING PROFIT (LOSS) - EBIT - COMPARABLE	**(73,216)**	**(50,155)**	**(23,061)**	**(46.0)**
Income/ (expenses) from investments	(81,468)	(56)	(81,412)	n.a.
Finance income	3,315	2,904	411	14.2
Finance expenses	(7,497)	(5,000)	(2,497)	(49.9)
PROFIT (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	**(184,286)**	**(69,947)**	**(114,339)**	**(163.5)**
Income tax expense	21,111	8,472	12,639	149.2
PROFIT (LOSS) FROM CONTINUING OPERATIONS	**(163,175)**	**(61,475)**	**(101,700)**	**(165.4)**
Profit (loss) from discontinued operations/Non-current assets held for sale	-	-	-	-
PROFIT (LOSS) FOR THE YEAR	**(163,175)**	**(61,475)**	**(101,700)**	**(165.4)**

STATEMENT OF COMPREHENSIVE INCOME

Profit (loss) for the year	**(163,175)**	**(61,475)**
Other components of the statement of comprehensive income		
° Redetermination of defined benefits retirement plans		
° Actuarial gain (losses)	(19)	988
° Tax effects	5	(272)
sub-total	(14)	716
Comprehensive profit (loss) for the year	**(163,189)**	**(60,759)**

TELECOM ITALIA MEDIA S.p.A.

Statements of Financial Position

(in thousands of euro)	12/31/2012	12/31/2011	CHANGE
ASSETS			
NON-CURRENT ASSETS			
Intangible assets:			
Goodwill	21,230	70,697	(49,467)
Intangible assets with a finite useful life	-	40,714	(40,714)
	21,230	**111,411**	**(90,181)**
Tangible assets:			
Property, plant and equipment owned	8	11,593	(11,585)
Assets held under finance leases	-	-	-
	8	**11,593**	**(11,585)**
Other non-current assets			
Investments in associates and joint ventures accounted for using the equity method	-	-	-
Other investments	173,716	183,443	(9,727)
Non-current financial assets	234	726	(492)
Miscellaneous receivables and other non-current assets	35,523	22,899	12,624
Deferred tax assets	2,639	6,171	(3,532)
	212,112	**213,239**	**(1,127)**
TOTAL NON-CURRENT ASSETS (A)	**233,350**	**336,243**	**(102,893)**
CURRENT ASSETS			
Inventories	-	1,371	(1,371)
Trade and miscellaneous receivables and other current assets	2,457	68,252	(65,795)
Current income tax receivables	122	27	95
Investments	-	-	-
Current financial assets			
Securities other than investments, financial receivables and other current financial assets	70,071	70,192	(121)
Cash and cash equivalents	55,387	18,128	37,259
TOTAL CURRENT ASSETS (B)	**128,037**	**157,970**	**(29,933)**
TOTAL ASSETS (A+B)	**361,387**	**494,213**	**(132,826)**
EQUITY AND LIABILITIES			
EQUITY			
- Share capital	212,188	212,188	-
- Share premium account	22,027	82,786	(60,759)
Other reserves and retained earnings (accumulated losses), including profit for	(163,076)	(60,674)	(102,402)
TOTAL EQUITY (C)	**71,139**	**234,300**	**(163,161)**
NON-CURRENT LIABILITIES			
Non-current financial liabilities	5	100,021	(100,016)
Employee benefits	441	7,722	(7,281)
Deferred tax liabilities	-	-	-
Provisions	-	-	-
Miscellaneous payables and other non-current liabilities	14,400	14,400	-
TOTAL NON-CURRENT LIABILITIES (D)	**14,846**	**122,143**	**(107,297)**
CURRENT LIABILITIES			
Current financial liabilities	260,212	46,893	213,319
Trade and miscellaneous payables and other current liabilities	15,190	90,758	(75,568)
Current income tax payables	-	119	(119)
TOTAL CURRENT LIABILITIES (E)	**275,402**	**137,770**	**137,632**
TOTAL LIABILITIES (F=D+E)	**290,248**	**259,913**	**30,335**
TOTAL EQUITY AND LIABILITIES (C+F)	**361,387**	**494,213**	**(132,826)**

TELECOM ITALIA MEDIA S.p.A.

Cash Flow Statements

(in thousands of euro)	Year 2012	Year 2011 (Reconstructed)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit (loss) for the year	(163,175)	(61,475)
Adjustments for:		
Depreciation and amortization	19,371	27,487
Impairment losses/reversals of non-current assets (including investments)	106,916	38,196
Net change in deferred tax assets and liabilities	(89)	311
Gains/losses realized on disposals of non-current assets (including investments)	-	(1)
Share of losses/gains of associates accounted for using the equity method		
Change in employee benefits	(322)	(293)
Change in inventories	(535)	(204)
Change in trade receivables and in net receivables for contract works	(6,067)	6,969
Change in trade payables	(16,806)	(3,335)
Net change in income tax receivables/payables	(214)	119
Net change in miscellaneous receivables/payables and other assets/liabilities	(6,263)	13,704
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES (A)	**(67,184)**	**21,478**
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of intangible assets on an accrual basis	(15,969)	(26,701)
Purchase of tangible assets on an accrual basis	(2,674)	(4,399)
Total investments in intangible and tangible assets on an accrual basis	(18,643)	(31,100)
Change in trade payables relating to investing activities	3,383	293
Total purchase of intangible and tangible assets on a cash basis	(15,260)	(30,807)
Acquisition of subsidiaries and businesses, net of cash acquired	(20)	-
Acquisition of other investments	-	-
Change in financial receivables and other financial assets	(1,637)	15
Proceeds from sale of subsidiaries, net of cash disposed of	-	-
Proceeds from sale/repayment of tangible, intangible and other non-current assets	-	501
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES (B)	**(16,917)**	**(30,291)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Change in current financial liabilities and other	(45,090)	25,088
Proceeds from non-current financial liabilities (including current portion)		
Repayments of non-current financial liabilities (including current portion)	-	-
Other changes in non-current financial liabilities	(37)	9
Proceeds from equity instruments	-	-
Amount paid for insturments representing equity		
Dividends paid		-
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES (C)	**(45,127)**	**25,097**
NET CASH AND CASH EQUIVALENTS TRANSFERRED TO LA7 S.r.l.	8,035	-
AGGREGATE CASH FLOWS (E=A+B+C+D)	**(121,193)**	**16,284**
NET CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR (F)	16,397	113
Net foreign exchange differences on net cash and cash equivalents (G)	-	-
NET CASH AND CASH EQUIVALENTS AT END OF THE YEAR (H=E+F+G)	**(104,796)**	**16,397**

Other Information on Cash Flows

(in thousands of euro)	Year 2012	Year 2011 (Reconstructed)
Income tax expense (paid)/received	18,988	17,477
Interest expense paid	(6,101)	(3,197)
Interest income received	3,062	2,775
Dividends received	28	-

BREAKDOWN OF NET CASH AND CASH EQUIVALENTS:

(in thousands of euro)	Year 2012	Year 2011 (Reconstructed)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR:		
Cash and cash equivalents - from continuing operations	18,128	3,379
Bank overdraft repayable on demand - from continuing operations	(1,731)	(3,266)
	16,397	**113**
CASH AND CASH EQUIVALENTS AT END OF THE YEAR:		
Cash and cash equivalents - from continuing operations	55,387	18,128
Bank overdraft repayable on demand - from continuing operations	(160,183)	(1,731)
	(104,796)	**16,397**