FINANCIAL STATEMENTS AND REPORT ON OPERATIONS 2013

Rai Way

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Rai Way

Company name

Share capital

Registered office

Chairman

Managing Director

Directors

Secretary

Chairman

Standing Auditors

Alternate Auditors

Independent Auditors

COMPANY'S NAME, SHARE CAPITAL AND REGISTERED OFFICE

Rai Way S.p.A.

Euro 70,176,000 fully paid-up

Via Teulada 66, 00195 Rome

CORPORATE BODIES

BOARD OF DIRECTORS

Roberto Sergio

Stefano Ciccotti

Luca Balestrieri

Luigi Gubitosi

Camillo Rossotto (from 31 January 2014)

Luigi Rocchi

Corrado Bontempi

BOARD OF STATUTORY AUDITORS

Maria Giovanna Basile

Giovanni Galoppi

Agostino Malsegna

Roberto Munno

Fernando Sbarbati

PricewaterhouseCoopers S.p.A.

DIRECTORS' REPORT ON OPERATIONS 2013

PREAMBLE

In the course of the 2013 financial year, the Company was involved in the completion of the activities related to the digitization of all-digital areas, despite the conclusion of the transition to digital broadcasting that had occurred in the previous financial year, as well as in ordinary operations aimed at maintaining and improving television and radio services. The operations were carried out by insourcing technical activities, where possible, thus confirming the process already started over the past several years.
Again in 2013, following the completion of the digital TV switchover process, the Company launched an investment programme aimed at developing the digital radio service via Digital Audio Broadcasting (DAB). This programme provides for the renewal of the digital radio network and the extension of the covered areas in Italy, through the refurbishment of the existing operating systems and the construction of new systems. With regard to the potential and future growth of digital radio, Rai Way continued to carry out testing activities, in collaboration with Rai radio production, on additional services, such as scrolling texts and slide-shows.
In 2013 the Company was also heavily engaged in various initiatives for the development of its business towards third-party customers, which reported a positive trend in terms of results, despite the impact of the restrictive policies adopted by radio-mobile operators and the contraction in the services delivered in the transmission sector.

RELATIONS WITH THE RAI GROUP

As part of the TV service, the Company continued to necessarily focus on fine tuning operations (aimed at obtaining the final configuration of the network) and on strengthening the new DTT (Digital Terrestrial Television) network. The activities also included the expansion of the areas covered by High Definition signals and the improvement of Mux 1 reception.
With regard to the digital radio broadcasting service, particular mention should be given to the construction of a new broadcasting network based on DAB + technology in Trentino Alto Adige, in accordance with the AgCom (Autorità per le Garanzie nelle Comunicazioni, Authority for Communications) resolutions nos. 180/12 and 383/13 (in the province of Trento and Bolzano respectively), and in Friuli Venezia Giulia. Furthermore, the new broadcasting system based on DAB+ technology was activated on channel 12B in the Rome Monte Mario station, which was assigned exclusively to Rai by the Ministry for Communications. Again with regard to radiophony, some interventions were made on radiant systems, with the objective to improve the reception of the service in Frequency Modulation (FM).
With regard to digital radio, a software platform was designed and developed, which is capable of connecting radio newsrooms with the Rai Way multiplexes for the insertion of slides and texts to be scrolled simultaneously with the music. This

platform allows Rai Way to provide a complete quality service that is able to exploit the full potential of digital radio.
For transmission services, Rai Way supervised the configuration and operation of the broadcasting systems, in addition to the on-site technical assistance at major sporting events, such as the Nordic World Ski Championships in Val di Fiemme and Formula One.

RELATIONS WITH BUSINESS CUSTOMERS

Rai Way closed the 2013 financial year with positive results. These performance levels were achieved in spite of the systemic difficulties emerged in the economic scenario, through actions aimed at developing new commercial proposals and maintaining any existing business relationships.
In fact, the effects of the economic recession continued to lead the operators (including radio-mobile operators) to adopt restrictive policies and to reduce transmissions. The most significant factors that continued to have an impact on the commercial environment of Rai Way within the scope of hosting solutions included the spending review policies imposed by the Public Administrations and the quest for adoption of new standards (LTE - Long Term Evolution) by the Radio mobile operators, aimed at achieving the necessary savings in network costs against lump-sum pricing policies. This situation, in fact, forced the major telephone operators to anticipate the deadline for the renegotiation of each single contract in order to obtain a considerable reduction in the related charges. In this context, the Company countered this phenomenon by proposing solutions that gave priority to new installations, while providing for cost reductions with respect to previous volumes. These solutions allowed achieving positive results in the radio and television co-siting and in the local access to Broadband.
Specifically, with reference to the TV co-siting, the growth in revenues confirmed an effective presence of Rai Way on the market in terms of both economic offer and response times compatible with the needs of customers.
With regard to the hosting solutions adopted in the Public Administration sector, it should be noted that the relevant contract was renewed with the Bank of Italy and that the UTAM (Ufficio Tecnico e Analisi di Mercato, Technical Office and Market Research) department of the Ministry of Interior approved the tariffs proposed by the Company; such approval will allow in the future to sign the renewal of the relevant contract.
In the transmission sector, while confirming the general downward trend in this market, the Company entered into a number of agreements for the provision of circuits for the transport of video contributions with some Customers, including, among others, one of the major broadcasters, on the occasion of both the conclave for the election of the new Pope and major sporting events, such as the World Fencing Championships in Budapest and the World Swimming Championships in Barcelona.

INTERNATIONAL ACTIVITIES

As regards international activities, an agreement was signed with "JSC Kazteleradio", the public radio and television broadcasting entity of the Republic of Kazakhstan, for the training of technical staff, which was carried out by in-house teachers at the operational offices located in Monza and Rome. This initiative will produce significant effects in the future, such as:

- a collaboration relationship within the scope of the digitization television process, just started in Kazakhstan;
- new initiatives in neighbouring countries;
- commercial partnerships with Italian enterprises, which have been operating in the Italian digitization sector.

Among the international activities which are worth mentioning, there have been several collaborations with some Asian countries aimed at studying the implementation of their digital terrestrial networks.

COMMUNICATION PROJECTS

Communication projects were mainly focused on the promotion of digital radio and on strengthening trade relations with the local broadcasting enterprises.

In this regard, particular mention should be given to the work carried out by Rai Way on behalf of ARD (Associazione per la Radiofonia Digitale, Association for Digital Radio) in Italy, of which Rai Way is a founding member. The activities regarded the organization and implementation of the celebratory events held in Trento and Trieste during 2013 for the start-up of the DAB+ broadcasting, in Trentino, which represented the pilot project for the extension of this new service in Italy, and in Friuli Venezia Giulia, respectively. These events aroused great interest among the participants, in consideration of the fact that digital radio allows the normal radio listening to be combined with a substantial amount of additional information, such as traffic, weather and visual contents such as cards and pictures.

In relation to the ongoing evolution of the digital radio network, and in particular on the occasion of the complete transmigration of the radio multiplexes to DAB+ technology, Rai Way provided users with updated information through its website.

In 2013 Rai Way also participated in the RadioTv Forum event organized by Aeranti-Corallo.

CORPORATE STRUCTURE

The corporate structure remained stable, given that Rai Way is a sole shareholder company that is wholly owned by Rai - Radiotelevisione italiana SpA through a direct stake of 100%.

SIGNIFICANT EVENTS

The main events worthy of particular mention were:

- the approval of the 2012 Financial Statements by the Board of Directors of Rai Way at the meeting held on 15 March 2013;
- the appointment of the members of the Board of Statutory Auditors as members of the Supervisory Board by the Board of Directors of Rai Way at the meeting held on 27 March 2013;
- the approval of the 2012 Financial Statements by the ordinary Shareholders' Meeting of 23 April 2013;
- the amendment to the Company's by-laws by the Shareholders' Meeting of 23 April 2013, in relation to the appointment of the Supervisory Board, as mentioned above;
- the approval of the report on operations at 30 June 2013 by the Board of Directors of Rai Way at the meeting held on 2 August 2013;
- the approval of the 2014 budget by the Board of Directors of Rai Way at the meeting held on 20 December 2013.

RESULTS FOR THE YEAR

The figures reported in this section are shown in the "Analysis of the Income Statement" and "Operating Income Statement".

The 2013 financial year closed with a net profit of € 11.8 million, with an increase of € 8.5 million compared to the previous period.

The revenues generated by Rai Way totalled € 219.2 million (of which reimbursements and grants of € 0.8 million), down by € 5.4 million compared to the previous period (-2.4%).

The activities carried out for the Rai Group generated revenues of € 182.0 million, down by € 6.9 million compared to the corresponding period in the previous year (-3.6 %). This decrease was mainly due to the reduction in revenues from transmission and the termination of the supply of the service of terrestrial analogue television broadcasting. With regard to business relationships with other Customers, revenues amounted to € 36.3 million, up by € 1.1 million compared to the same period in the previous year (+3.1%). Revenues from tower rental grew by € 1.4 million compared to the previous period, thanks to both the sales made in the segment of radio and television co-siting solutions, which were boosted by the digitization process started last year, and the maintenance of the number of operating sites. The other business areas recorded a decrease in revenues of € 0.3 million compared to the same period in the previous year.

Operating costs, net of capitalised costs relating to the personnel involved in design and installation activities, amounted to € 132.8 million, down by € 3.2 million (equal to -2.3%) compared to the previous period.

Capitalised personnel costs amounted to € 0.9 million, down by € 1.3 million compared to the previous period, and reflected the use of internal resources for design and installation activities.

Specifically, the highest increases related to overheads (€ 1.3 million, mainly due to the rise in electric energy costs), other services (€ 0.8 million, mainly due to the costs incurred for the implementation of the Isoradio [the Italian highway advisory radio service] network within the scope of the Rai - Autostrada dei Fiori contract and to the increase in the costs charged by Rai for IT services). Worth noting among the decreases is the reduction in the costs relating to satellite contribution and broadcasting services (€ -2.9 million due to the lower use of third-party suppliers), personnel (€ -2.2 million, mainly due to the reduction of workforce), travelling (€ -0.8 million), materials and supplies (€ -0.5 million) and plant maintenance (€ -0.2 million).

For a better understanding, the abovementioned increases and decreases are summarised in the table below:

Item	Increase	Decrease
Overheads	1.3	
Materials and supplies		0.5
Personnel cost		2.2
Satellite contribution and broadcasting services		2.9
Travelling expenses		0.8
Plant maintenance		0.2
Other services	0.8	
Capitalised personnel cost	1.3	

The main intermediate income margins, as recognised in the Operating Income Statement, can be summarised as follows:

- EBITDA was equal to € 86.4 million, down by € 2.3 million (- 2.5%) compared to the corresponding period in the previous year;
- EBIT was equal to € 23.9 million, up by € 10.7 million compared to the corresponding period in the previous year (+81.3%);
- the pre-tax profit was equal to € 21.0 million, up by € 11.6 million (+123.7%) compared to the corresponding period in the previous year;
- the profit after taxes, which amounted to € 9.1 million, totalled € 11.8 million, up by € 8.5 million (+255.0%) compared to the corresponding period in the previous year.

The decrease recorded in EBITDA was mainly due to the fall in revenues from the Parent Company, although the Company continued to take actions to improve efficiency, thus obtaining a reduction in operating costs from third parties compared to the previous year.

The EBIT performance, which recorded an improvement of € 10.7 million compared to 2012, was affected by the reduction in amortisation, depreciation and provisions (€ -8.3 million) and by the improvement in the balance of other sundry income/charges (€ +4.7 million). The latter item was mainly affected by contingent assets arising from the purchasing cycle, equal to € 6.6 million and by the reversal of provisions for € 1.6 million.

With regard to the pre-tax profit, the increase was due to the improvement in the management of financial resources (€ +1.4 million), which was mainly correlated to the reduction in the average indebtedness for the period.

For the sake of completeness of the above information, below are reported the main income statement and balance sheet ratios in order to provide a more thorough analysis of the Company's profitability and financial strength.

Indicatori	2011	2012	2013
R.O.E. – Net profit/Net Equity*	13.9%	2.7%	8.6%
R.O.S. – Operating Profit/Net sales**	13.8%	5.9%	10.9%
R.O.I. – Operating Profit/Net Invested Capital	11.3%	5.1%	12.4%
Debt ratio – Total liabilities/Net Equity	2.46	2.18	1.42
Equity-to-fixed assets ratio – Net Equity/Net Fixed Assets	0.40	0.40	0.50
Equity ratio – Net Equity/Invested capital***	0.29	0.31	0.41
Leverage – Financial debt to the Parent Company/Net Equity	1.25	1.08	0.41

* Owners' equity
** Revenues from the operating income statement
*** Total Uses as per the Balance Sheet schedules

It should be specified that balance sheet and income statement ratios were calculated by using the data reported in the tables on the "Analysis of the Balance Sheet", the "Analysis of the Income Statement" and in the Balance Sheet.

Solvency ratios were affected by the specific technical features linked to the type of business conducted and to the pervasiveness of the Company's assets required for the transmission and broadcasting of radio-TV signals.

The positive trend in the R.O.E. was due to the increase in the profit for the year, despite the simultaneous increase in "net equity", while the positive trend in the R.O.S. and R.O.I. was mainly due to the improvement in the operating result. The positive trend in the solvency and leverage ratios was affected by the increase in "net equity" and by the simultaneous reduction in "total liabilities", which were mainly represented by the debt to the Parent Company. Liquidity ratios are not included in this analysis because, in general, their values take account of the financial structure adopted by the Parent Company (cash-pooling), in relation to which reference should be made to the Notes to the Financial Statements (see section C IV - Cash and cash equivalents).

INVESTMENTS

In 2013 the Company made investments of € 22.1 million (€ 73.7 million in the same period in 2012), net of capitalised personnel costs, which mainly related to the digital terrestrial broadcasting service (equal to € 17.0 million) and to the activities for maintaining the level of service (€ 4.0 million). The investments for the

digital terrestrial broadcasting service related to the completion of the digitization process in the Regions where the switch-off had taken place, the expansion of areas covered by HD signals and the improvement of Mux 1 reception.
The investments relating to the activities for maintaining the level of service included those related to the strengthening and construction of new towers, as well as the upgrading of the satellite contribution network based on IP technology.

HUMAN RESOURCES AND TRAINING ACTIVITIES

The staff of Rai Way at 1st January 2013 amounted to 624 units, broken-down as follows: 13 executives, 123 middle managers, 444 technicians or office workers (3 of whom on access-to-work contract) and 44 manual workers, as well as 42 resources on fixed-term contract.
During the year the Company took steps, in accordance with well-established management guidelines, to transform 18 fixed-term contracts into permanent contracts, to transform access-to-work contracts for 2 employees under Compulsory Employment (Collocamento Obbligatorio) programmes into permanent contracts, to execute 2 fixed-term contracts in relation to the agreements entered into with the Regional Offices of the Ministry of Labour, in compliance with the legal requirements governing the quotas for personnel with disabilities and the recruitment of one resource under intercompany staff redundancy schemes.
In 2013 42 employment contracts were terminated, of which 1 contract was terminated under intercompany staff redundancy schemes and 41 contracts were terminated as a result of the application of the voluntary retirement incentive schemes for 2013.
The workforce at 31 December 2013 amounted to 601 units: 14 executives, 118 middle managers, 434 technicians or office workers (1 of whom on access-to-work contract) and 35 manual workers, as well as 27 resources on fixed-term contract.
As regards the extraordinary voluntary retirement incentive scheme resolved by the Board of Directors of the Parent Company (Circular Letter no. DG/0004 of 16 January 2013), a total of 42 resources - including one with the last day of service scheduled for 31 December - joined the plan.
Within the scope of personnel development, activities were completed which had been focused on managerial skills and which had involved all local area managers. A leadership workshop was held in December with the participation of an authoritative testimonial from outside the Company, an orchestra Conductor, in order to exercise self-reflection and to make a comparison between this position and that of the Manager.
Training activities continued in all the specific areas for a total of 11,480 hours. The Company continued its commitment to training on public contracts and on specific expertise in relation to the OHSAS – 18001 certification.
Particular mention should be given to the event called “New network and multimedia technologies”, reserved for all the company’s managers, which took place at the technological research centre of the Telecom Group and which was focused on an in-depth analysis of the current stage of technological evolution and the related digital convergence.

Furthermore, a specific and specialist training activity was carried out on IP technology, which involved a number of resources, including technicians and engineers. Again in the technical area, training activities continued which were focused on digital technologies and aimed at the resources operating at local level.
In order to better represent the Company's workforce, below is a table that reports a breakdown of the composition, age and educational qualifications of the personnel on duty.

	Executives			Officers			Office workers and technicians			Manual workers		
Years	2011	2012	2013	2011	2012	2013	2011	2012	2013	2011	2012	2013
Men (average value per year)	12	12	12	118	112	110	412	409	393	45	44	39
Women (average value per year)	1	1	1	14	14	13	81	75	77	0	0	0
Average age	51	53	53	51	53	53	44	44	45	53	54	55
Length of service	22	21	20	28	29	27	19	15	18	27	28	29
University degree (%)	100	100	93	43	44	43	16	16	16	0	0	0
High-school diploma (%)	0	0	7	57	56	57	80	79	79	59	59	66
Certificate of secondary education (%)	0	0	0	0	0	0	4	5	5	41	41	34

SECURITY POLICY DOCUMENT

Following the repeal of the obligation to update the Security Policy Document (Documento Programmatico sulla Sicurezza) in accordance with Article 45 of Legislative Decree no. 5 of 9 February 2012, the Company is not required to comply with this requirement and, therefore, did not make specific changes at 31 December 2013.
However, since no significant changes had been made in the Company's activities and organization as at such date, the document updated at 31 December 2011 can be considered to be suitable for the purposes of personal data protection pursuant to Article 34 of Legislative Decree no. 196/2003 and Annex B attached thereto.
The above considerations also apply when taking account that data protection offences have been excluded from the scope of those that are relevant pursuant to Legislative Decree no. 231/01 following the entry into force of Law no. 119 of 15 October 2013. Upon conversion, paragraph 2 of Article 9 of Legislative Decree no. 93/13, which contemplated said offences, was repealed.
In any case, the Company has implemented an adequate internal organization and carefully checks for compliance with the data protection regulations within the corporate environment on an ongoing basis, by appointing personal data protection officers pursuant to Articles 4, 29 and 30 of Legislative Decree no. 196/2003 and by issuing disclosures relating to the precautionary and security measures to be adopted pursuant to Articles 33, 34 and 35 of the above-mentioned decree.
For further implementation and verification of security requirements, the Company has implemented a monitoring and reporting system that should be applied every six months by each data protection officer, also in order to outline the security measures adopted.
At present, therefore, the internal regulations in force provide for the necessary secu-

rity measures, including those for the digital authentication and the authorization to retrieve data, specifying the scope of data processing for data processors and any persons responsible for the management and maintenance of electronic instruments and providing for adequate measures for the protection of data, particularly sensitive data, in the presence of illegal treatments and unauthorized accesses, with copies held in safe custody, including measures to restore systems.
The Company has, therefore, complied with the above requirements within the scope of the more general and prevailing needs of cost containment, since it is not necessary to use resources for activities that are no longer required by law in the absence of needs that have not been already safeguarded.

ADDITIONAL INFORMATION

Below is given additional information required by Article 2428, third paragraph, nos. 1 - 6 of the Italian Civil Code:

- no. 1: in 2013 R&D activities were mainly focused on the testing of new digital services applied to the transmission and broadcasting of radio and television programmes. For the performance of this activity, the Company also made use of the Rai CRIT centre (Centro Ricerche e Innovazione Tecnologica, Research and Technological Innovation Centre). The main initiatives included the following:
  - the study of an IP/MPLS network of high-quality and double standard video contribution: use of JPEG2000 standard at high bit-rate for transport on fibre-optic networks and AVC at a lower bit-rate for networks in digital radio link (this project led to an open procedure in progress for the renewal of the main terrestrial network of contribution);
  - the testing of a network of contribution of digital radio signals through the Internet for the distribution and subsequent broadcasting of a DAB+ Mux (this testing led to the agreement between Rai Way and Aeranti Corallo and the resulting execution of the broadcasting by Rai Way of an Aeranti DAB+ Mux in Trentino);
  - the development of a satellite IP network (based on Idirect technology) for the video contribution among external shooting points (ENG OB) and a Hub site to sort the signals to the TV Production Centres (CPTVs) (the installation and testing of the Hub are being executed at the Roma Saxa CPTV);
  - the study of a management system called "Service Management" for the management of malfunctions on the DTT distribution/broadcasting network (this study entailed the implementation of an open procedure in 2013 and the subsequent provision of the supply of ASI and SDI probes and of the related service management system);
- nos. 2, 3 and 4: it should be specified that:
  - the relations maintained with the controlling company Rai - Radiotelevisione italiana are of a commercial and financial nature, while the relations maintained with the other Rai Group companies are of a commercial nature only. For further details, reference should be made to the Notes to the Financial Statements; the

following table summarizes the relations arising from ordinary and extraordinary operations with the other Group entities:

Relations with Group entities – FY 2013 (amounts in €/th)

Commercial and other relations	Receivables	Payables	Deferred income	Costs for goods	Costs for services	Revenues from services
Rai	46,812	54,798	33	7	21,909	182,289
San Marino	-	32	-	-	32	-
RaiNet	-	37	-	-	30	-
Financial relations	**Payables**	**Charges**				
Rai	55,001	2,240				

- the costs for services towards the Parent Company mainly relate to service contracts (logistics, administrative, financial, IT, personnel management and legal aid services), while revenues from services mainly relate to the service contract for the broadcasting and transmission of radio and television signals. The financial payable to Rai, equal to € 55.0 million, is made up of the balance of the transaction account;
- the Company does not hold own shares or shares in the Parent Company, nor has it acquired or sold such shares, either on its own account or through a trust company or third parties;

- no. 5: there are no significant facts or events to be reported which occurred after 31 December 2013;
- no. 6: the performance of operations in the early months of 2014 was in line with the budget forecasts for the same period. In terms of investments, the Company renewed its commitment to operating, monitoring and strengthening the digital TV network in order to improve coverage, availability and development of the RF digital network; in terms of costs, the Company confirmed the actions for cost containment, while in terms of revenues it focused on stabilizing the position of Rai Way on the market.
- no. 6-*bis*: in relation to the financial risks to which the Company may be exposed, it should be specified as follows:
  - exchange risk: the Company does not enter into hedging transactions, given that the unit amounts of foreign currency transactions are not significant. During 2013, the turnover in foreign currency recorded a counter-value of about € 0.09 million, with an incidence of 0.04% on the total turnover. This currency exposure was also partially tackled by purchases in the same currencies;
  - interest rate risk: as regards financial resources, the Company has entered into a "Cash pooling" agreement with Rai and, therefore, the management of interest income and expense from intragroup accounts is regulated with the external money market directly by the Parent Company;
  - liquidity risk: the credit lines granted by the Parent Company are such as to comprehensively cover any financial needs during the year.

As regards credit risks, it should be noted that the Company's main customers include Rai, as well as Public Administration bodies, the major telephone companies and a

number of broadcasting companies, which pay their obligations on a regular basis; consequently, at present there are no specific risks associated with the uncollectability of receivables.
Since the deed of transfer (1 March 2000), Rai - Radiotelevisione italiana SpA has been carrying out management and coordination activities for Rai Way S.p.A.; the key data related to the Parent Company's financial statements at 31 December 2012 is reported in the Notes to the Financial Statements.

Dear Shareholders,
We conclude this Report by proposing to allocate the profit of € 11,821,482.12, net of income taxes, as follows:

- € 592,000.00, equal to the 5% rounded-off, to the Statutory Reserve according to Article 2430 of the Italian Civil Code;
- € 11,152,000.00, as dividends to the shareholders, in the amount of € 0.82 per each of the 13,600,000 shares;
- € 77,482.12 to "Profits carried forward".

Thank you for your confidence.

The Board of Directors
(The Chairman)
(Roberto Sergio)

Rai Way

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BALANCE SHEET AND INCOME STATEMENT AT 31.12.2013

BALANCE SHEET

Assets (Amounts in Euro units)	**31.12.2013**	**31.12.2012**
A) Subscribed capital unpaid	-	-
B) Non-current assets		
I. Intangible assets		
3. Industrial patents and intellectual property rights	226,439	252,271
6. Assets under development and advances	195,611	296,022
7. Others	328,934	170,917
Total intangible assets	750,984	719,210
II. Property, plant and equipment		
1. Land and buildings	40,196,304	43,356,507
2. Plant and machinery	207,176,770	228,928,512
3. Industrial and business equipment	4,588,259	4,541,956
4. Other assets	214,279	245,835
5. Assets under construction and advances	20,015,704	33,840,004
Total property, plant and equipment	272,191,316	310,912,814
III. Non-current financial assets		
2. Receivables		
d) due from others	201,892	34,253
Total non-current financial assets	201,892	34,253
Total non-current assets	273,144,192	311,666,277
C) Current assets		
I. Inventories		
1. Raw and secondary materials and consumables	670,265	609,835
3. Contract work in progress	226,068	236,240
Total inventories	896,333	846,075
II. Receivables		
1. Due from customers	6,336,052	7,421,261
4. Due from parent companies		
within 12 months	44,093,568	68,447,471
beyond 12 months	2,718,036	2,718,036
4. *bis* – tax receivables		
within 12 months	6,908	852,560
beyond 12 months	305,212	305,212
4. *ter* – deferred tax assets		
within 12 months	920,161	3,609,675
beyond 12 months	1,124,058	1,559,017
5. Due from others	514,948	763,383
Total receivables	56,018,943	85,676,615
III. Current financial assets	-	-
IV. Cash and cash equivalents	-	-
Total current assets	56,915,276	86,522,690
D) accrued income and prepaid expenses		
b) accrued income and other prepaid expenses	1,261,552	1,106,985
Total accrued income and prepaid expenses	1,261,552	1,106,985
Total assets	**331,321,020**	**399,295,952**

Liabilities (Amounts in Euro units)	**31.12.2013**	**31.12.2012**
A) Shareholders' equity		
I. Share capital	70,176,000	70,176,000
IV. Statutory reserve	6,298,612	6,128,612
VII. Other reserves	29,588,716	29,588,718
VIII. Profits (losses) carried forward	19,111,151	15,951,455
IX. Profit (loss) for the year	11,821,482	3,329,696
Total Shareholders' equity	136,995,961	125,174,481
B) Provisions for risks and charges		
1. for pension funds and similar obligations	713,168	758,644
2. for taxes, including deferred taxes	824,523	1,516,354
3. others	18,397,827	24,626,204
Total provisions for risks and charges	19,935,518	26,901,202
C) Staff severance pay for subordinate employment	18,807,527	21,160,277
D) Payables		
4. Payables to banks		
within 12 months	67,186	63,948
beyond 12 months	625,065	692,251
5. Payables to other lenders		
within 12 months	75,226	74,852
beyond 12 months	576,335	651,561
7. Payables to suppliers	34,388,048	43,194,619
11. Payables to parent companies	109,798,822	172,774,234
12. Tax payables	2,713,926	2,159,490
13. Payables to social security and welfare institutions	1,954,760	2,133,720
14. Other payables	5,084,842	3,951,957
Total payables	155,284,210	225,696,632
E) Accrued expenses and deferred income		
b) accrued expenses and deferred income	297,804	363,360
Total accrued expenses and deferred income	297,804	363,360
Total liabilities	**331,321,020**	**399,295,952**

MEMORANDUM ACCOUNTS

(Amounts in Euro units)	**31.12.2013**	**31.12.2012**
4. Others	61,506,554	56,242,388
	61,506,554	**56,242,388**

INCOME STATEMENT

(Amounts in Euro units)	2013	2012
A) Value of production		
1. Revenues from sales and services	218,360,701	224,073,178
3. Changes in contract work in progress	(10,171)	40,109
4. Capitalisation of internal construction costs	923,764	2,223,854
5. Other earnings and proceeds		
a) operating grants	683,739	181,172
b) capital gains on disposals	2,306	104
c) others	8,786,398	4,513,145
Total value of production	**228,746,737**	**231,031,562**
B) Production costs		
6. Raw and secondary materials, consumables and goods for resale	(1,912,173)	(2,235,189)
7. Services	(44,399,016)	(42,755,729)
8. Leases and rentals	(36,730,288)	(40,030,828)
9. Personnel costs		
a) wages and salaries	(34,466,271)	(36,191,316)
b) social security contributions	(9,628,514)	(9,965,005)
c) severance pay	(2,489,767)	(2,792,658)
d) pension funds and similar obligations	(912,124)	(904,007)
e) other costs	(238,888)	(206,630)
	(47,735,564)	**(50,059,616)**
10. Amortisation, depreciation and write-downs		
a) amortisation of intangible assets	(374,275)	(1,721,179)
b) depreciation of property, plant and equipment	(60,122,951)	(65,669,785)
d) write-down of receivables entered under current assets, and of cash and cash equivalents	(1,300,000)	(223,000)
	(61,797,226)	**(67,613,964)**
11. Change in inventories of raw and secondary materials, consumables and goods for resale	60,430	(158,062)
12. Provisions for risks	(1,557,000)	(4,262,500)
13. Other accruals	(1,460,000)	(1,232,000)
14. Other operating charges		
a) capital losses on disposals	(13,824)	(2,440,118)
c) others	(9,290,740)	(7,053,611)
Total production costs	**(204,835,401)**	**(217,841,617)**
Difference between production value and costs (A-B)	23,911,336	13,189,945

(Amounts in Euro units)	2013	2012
C) Financial income and charges		
16. Other financial income		
a) from non-current receivables		
others	1,361	85
d) income other than the foregoing		
interest and commissions from others and sundry income	53,279	3,199
	54,640	**3,284**
17. Interest and other financial charges		
c) interest and commissions to parent companies	(2,239,956)	(3,371,905)
d) interest and commissions to others and sundry charges	(186,316)	(26,781)
	(2,426,272)	**(3,398,686)**
17. *bis* – Foreign exchange gains and losses	(14,453)	(437,535)
Total financial income and charges	(2,386,085)	(3,832,937)
D) Value adjustments to financial assets	-	-
E) Extraordinary income and charges		
20. Income		
b) contingent and non-existent assets	495,150	2,561,984
c) differences from rounding-off to Euro units	1	3
	495,151	**2,561,987**
21. Charges		
b) taxes relating to previous years	(58,774)	-
e) others	(1,007,504)	(2,550,000)
	(1,066,278)	**(2,550,000)**
Total extraordinary income and charges	(571,127)	11,987
Pre-tax profit (A-B+/-C+/-D+/-E)	20,954,124	9,368,995
22. Current and deferred income taxes for the year	(9,132,642)	(6,039,299)
26. Profit (loss) for the year	11,821,482	3,329,696

NOTES TO THE FINANCIAL STATEMENTS 2013

1 INTRODUCTION

The Financial Statements at 31 December 2013, comprising the Balance Sheet, the Income Statement and these Notes to the Financial Statements, have been prepared in accordance with the provisions laid down in the Italian Civil Code.
The schedules attached to the Financial Statements include the accounting statements required by the Italian Civil Code, as well as the reclassified statements consisting of the tables for the analysis of the Balance Sheet and of the Income Statement, the statement of cash flows and the operating income statement prepared with the data at 31 December 2013 and at 31 December 2012.
The Financial Statements of Rai Way have been audited by PricewaterhouseCoopers S.p.A., which is also responsible for the statutory audit of accounts pursuant to Article 2409-*bis* of the Italian Civil Code. The Financial Statements have been prepared in Euro units, without decimal places. The Notes to the Financial Statements and the related explanatory Tables have been drawn up in thousands of Euros.
The Company has entered into a contract with Rai for joining the procedure envisaged by Article 117 of the TUIR (Testo Unico delle Imposte sui Redditi, Consolidation Act on Income Taxes), as amended and supplemented, on the so-called "Tax consolidation regime" for the three-year period 2012/2015.

2 BUSINESS ACTIVITY

The corporate purpose of Rai Way S.p.A. is:

a the design, installation, construction, maintenance, implementation, development, management of telecommunications networks and the design, installation, construction, maintenance, implementation, development and management of software, as well as the preparation and operation of a commercial, distribution and assistance network; these operations are aimed at the provision of transmission, distribution and broadcasting of audio and video signals and programmes, primarily in favour of Rai - Radiotelevisione italiana SpA, which is the concessionaire of the public radio and television broadcasting service, and of its subsidiaries, as well as of other third parties, and of telecommunication services of any kind, including, but not limited to, voice telephony, the transmission of voice messages, data, videos and other value-added services, such as telephony for closed user groups and other types of multimedia services, and the service of mobile and personal communications;

b the provision of wireless infrastructures and related services to wireless operators (including telephone operators, wireless local loop operators, Tetra, UMTS, and other existing or future mobile technology operators), including the lease of sites/aerials and co-lease, built-to-suit services, network programming and design, site research and acquisition, site design and construction, site installation and commissioning, network optimization, infrastructure maintenance, network operation and maintenance and related microwave or fibre transmission services;

- **c** research, consulting and training activities for persons from both inside and outside the Company, in the areas described in paragraphs a) and b) above.

The Company became fully operational as from 1st March 2000.

3 ACCOUNTING POLICIES

Before illustrating the individual items in the financial statements, these notes report a description of the main accounting policies that have been adopted on a going-concern basis and in compliance with the provisions under Articles 2423 and ff. of the Italian Civil Code and that have remained unchanged compared to the previous financial year.
There are no exceptional cases that require derogations from the application of the provisions laid down under Articles 2423-*bis* and ff. of the Italian Civil Code.

- **a** *Industrial patents*, which are entered in the accounts net of amortisation, relate to software licences for use recognised at cost and amortised over a period of three financial years.
- **b** *Long-term charges*, which are entered under other intangible assets, net of amortisation, relate to costs for technical advice on projects amortised over the period of future utility and to improvements to leased or licensed property. Amortisation for leasehold improvements is determined on the basis of the shorter of the residual term of the related contracts and the period of estimated benefit from the costs incurred, as calculated using amortisation rates that reflect the economic-technical deterioration of the relevant assets.
- **c** *Property, plant and equipment*, which are entered in the accounts net of depreciation, are recognised at purchase cost, as increased by any direct and indirect costs (specifically internal personnel costs) and any additional charges incurred in preparing them for use.
- **d** Property, plant and equipment, as determined above, are depreciated in accordance with Article 2426 (2) of the Italian Civil Code and written-down in the event that a permanent impairment loss should arise. If the requirements for write-down should cease to apply in subsequent financial years, the initial value would be reinstated. Ordinary maintenance costs are expensed through profit and loss in the year in which they are incurred.
- **e** *Inventories of raw and secondary materials and consumables* (technical materials) are valued at the lower of purchase cost, as determined according to the weighted average cost method, and the market value as at the closing date of the financial year. Inventories are valued in relation to the estimated non-use for obsolescence and slow-moving.
- **f** Receivables are recognised at their presumed realisable value, net of the provision for bad debts, which is determined on the basis of a case-by-case assessment of solvency risks of the individual debtors.
- **g** *Contract work in progress relates to works*, supplies and services on behalf of the parent company and is valued at the lower of cost and market value.

h *Accruals and deferrals* are determined on an accruals basis for the individual entries, according to the matching principle, in the application of the principle of correlation between costs and revenues per year.

i *Pension funds and similar obligations*, which are made up of the provision for supplementary retirement indemnity, the provision for social security benefits and the pension fund, are accounted for in accordance with collective labour agreements.

j *Other provisions for risks and charges* are made up of accruals intended to cover specific losses or liabilities, the existence of which is certain or probable, but the amount or date of occurrence of which is uncertain. They are set aside on a case-by-case basis in relation to specific risk positions and their amount is determined on the basis of reasonable estimates of the liability that could arise from such positions.

k The *staff severance pay for subordinate employment* is determined in accordance with the applicable law and employment contracts and represents the Rai Way's liability accrued in favour of all employees as at the closing date of the period, net of any advances already paid.

l *Payables* are recognised at their nominal value. Any payables and receivables denominated in currencies other than the Euro are recorded at the exchange rates prevailing at the reporting date of the Financial Statements. Any gains and losses arising from the translation of receivables and payables at the exchange rate prevailing at the reporting date of the financial statements are credited and debited to the Income Statement as components of financial income or expense, respectively. Net foreign exchange gain (if any) arising from the translation is set aside to a specific reserve that cannot be distributed until collection.

m Costs and revenues are recognised in the Income Statement on an accruals basis.

n *Income taxes* for the year are recognised on the basis of an estimate of taxable income in accordance with the regulations in force. Following the adoption of the tax consolidation regime with the parent company Rai - Radiotelevisione italiana SpA, the IRES (Imposta sul Reddito delle Società, Corporate Income Tax) debt to be settled at the time of the filing of the tax return is recognised under "payables due to Parent Companies", while the IRAP (Imposta Regionale sulle Attività Produttive, Regional Tax on Production Activities) debt is recognised under tax payables, together with liabilities relating to taxes already assessed and due.

o *Deferred tax assets* arising from charges, which are tax-deductible on a deferred basis, are recognised in the Balance Sheet - Assets under item C II 4-*ter* "Deferred tax assets" as long as there is reasonable certainty that they will be recovered in the future. Deferred tax liabilities are determined with reference to income components, which are taxable on a deferred basis, including accelerated depreciation and the related amount is recorded under the provision for taxes included under provisions for risks and charges.

p Receipts are recorded by bank transaction date, while payments are recognised by taking account of the date of the payment order.

4 BALANCE SHEET

Assets

B. Non-current assets

B I Intangible assets:

these amount to € 751 thousand, showing an increase of € 32 thousand compared to 31 December 2012, due to new investments of € 413 thousand, net eliminations, disposals and transfers of € 7 thousand and amortisation of € 374 thousand.

B I.3) Industrial patents and intellectual property rights:

these entirely relate to software licenses for use amounting to € 227 thousand, with a net decrease of € 26 thousand compared to 31 December 2012, the breakdown of which is reported in Schedule no. 1.

B I.6) Assets under development and advances:

these amount to € 194 thousand, as reported in Schedule no. 1, and show a decrease of € 100 thousand compared to 31 December 2012, due to new investments of € 128 thousand, including costs for leasehold improvements of € 49 thousand and purchases of new software licenses of € 79 thousand, which are offset by the entries into service of assets, transfers and eliminations of € 228 thousand.

B I.7) Other intangible assets:

these amount to € 330 thousand, as reported in Schedule no. 1, showing an increase of € 158 thousand compared to 31 December 2012, and relate to alterations and improvements on property under lease or concession and to expenses for technical advice, net of related amortisation.

B II Property, plant and equipment:

depreciation of the assets entered into operation during the financial year has been calculated over the useful life of the asset on the basis of the following rates, which have remained unchanged compared to the previous year:

Buildings and light constructions:	
Buildings:	6%
Light constructions:	10%
Plant and machinery:	
Technological and radio systems:	12.5%
Synchronisation and control systems:	15.5%
DTT synchronisation and control systems:	14.3%
Broadcasting systems:	19%
DTT broadcasting systems:	14.3%
Radio links:	25%
DTT radio links:	14.3%
Equipped vehicles:	25%

Industrial and business equipment:	
Artistic and technical equipment:	19%
DTT artistic and technical equipment:	14.3%
Other assets:	
Equipment:	19%
Office furniture and machines:	12%
Electronic office machines:	20%
Motor vehicles, transport vehicles and similar vehicles:	
Transport vehicles:	20%
Motor cars and other means of transport:	25%

Property, plant and equipment amount to € 272,191 thousand compared to 31 December 2012, showing a net decrease of € 38,722 thousand. This change is due to investments of € 22,636 thousand, mainly related to plant and machinery for € 11,066 thousand and to assets under construction and advances for € 9,364 thousand mainly attributable to investments linked to the DTT platforms and to the renewals of MF and TV systems, and decreases of € 61,358 thousand, due to the effect of depreciation (€ 60,123 thousand) and to the eliminations and accounts transfers of assets (€ 1,235 thousand), as reported in Schedule no. 2.
With regard to these operations, it should be pointed out that new additions include € 877 thousand, due to the capitalisation of the costs of in-house personnel engaged in the construction of systems and equipment.
The disposals of any assets no longer in use in the production process, equal to € 1,235 thousand, relate to the residual value of the assets removed from the production process and have determined a capital loss of € 7 thousand. The Company has taken steps to use the specific provision for obsolescence of assets set aside in the previous financial years for an amount of € 1,227 thousand.

B III.2) Non-current financial assets - Receivables:
these amount to € 202 thousand and show an increase of € 168 thousand compared to 31 December 2012. The composition and breakdown of this group of items are provided in Schedule no. 3. The breakdown by maturity, geographical area and exchange risk is provided in Schedules nos. *5-bis*, *5-ter* and *5-quater*.

C. Current assets

C I Inventories:
inventories amount to € 896 thousand, showing an increase of € 50 thousand compared to 31 December 2012, and are broken down as described in Schedule no. 4 into raw and secondary materials and consumables, equal to € 670 thousand, which are almost entirely made up of stock and spare parts for the maintenance and operation of capital assets and into contract work in progress, equal to € 226 thousand, which is fully made up of works, supplies and services deriving from the contract with the parent company for the provision of the Isoradio service.

C II Receivables

Receivables amount to € 56,019 thousand (€ 85,677 thousand at 31 December 2012), showing a net decrease of € 29,658 thousand, as detailed in Schedule no. 5, which provides a breakdown and the value components of this group of items. The breakdown by maturity, nature and exchange risk is given in Schedules nos. 5 bis and 5 quater. With regard to the distribution by geographical area, it should be pointed out that receivables are broken down into receivables in Italy for € 55,790 thousand, EU countries for € 54 thousand and other countries for € 175 thousand, as shown in Schedule no. 5-*ter*.

Further details on the contents of the individual items are provided in the following Notes.

C II.1) Receivables from customers:

these include trade receivables, excluding those from the Parent Company, which are recorded under a specific item. Trade receivables total € 6,336 thousand (€ 7,421 thousand at 31 December 2012), with a face value of € 9,768 thousand, as adjusted at their presumed realisable value through a write-down of € 3,432 thousand, including the accrual to the provision for bad debts of € 1,300 thousand. These receivables include € 1,047 thousand for services against invoices and credit notes to be issued.

C II.4) Receivables due from the Parent Company Rai - Radiotelevisione italiana SpA:

these include trade receivables, amounting to € 46,812 thousand, showing a decrease of € 24,354 thousand compared to the previous financial year. These receivables include € 6,537 thousand for services against invoices and credit notes to be issued.

C II.4-bis) Tax receivables:

these amount to € 312 thousand and mainly relate to the VAT refund applied for to an amount of € 305 thousand.

C II.4-ter) Deferred tax assets:

these amount to € 2,044 thousand and refer to IRES and IRAP taxes for € 1,774 thousand and € 270 thousand, respectively. The related breakdown and changes are provided in Schedule no. 23.

C II.5) Receivables from others:

these amount to € 515 thousand (€ 763 thousand at 31 December 2012), showing a decrease of € 248 thousand, and show the face value of the receivables shown according to the breakdown reported in Schedule no. 5.

With regard to the breakdown of this item, it should be noted that:

- *receivables from personnel*, which are recorded at a face value of € 298 thousand, are fully made up of sundry advances, mostly referred to payments in advance for traveling expenses (€ 232 thousand);
- *receivables from institutions, companies, various bodies and others*, which are entered at a face value of € 217 thousand, are made up of advances to suppliers of € 123 thousand and sundry items totalling € 94 thousand.

C IV Cash and cash equivalents:
the management of financial resources of the Company is the responsibility of the Parent Company Rai - Radiotelevisione italiana SpA through a cash pooling system and, therefore, no cash and cash equivalents are reported in the Financial Statements. The abovementioned system allows the cash flows to be optimised within the Group, thus significantly reducing operating costs.

D. Accrued income and prepaid expenses

These amount to € 1,262 thousand (€ 1,107 thousand at 31 December 2012) and are mainly made up of *prepaid expenses*, for portions of costs accruing in the future, already incurred in the fulfilment of obligations arising from long-term contracts, and recognised through profit or loss when incurred. The breakdown is reported in Schedule no. 6.
The most significant component is represented by the deferral to subsequent years of the portions of costs of € 895 thousand for the lease of lands, industrial buildings and roads pertaining to periods after 31 December 2013.
The breakdown of accrued income by maturity, nature and exchange risk is provided in Schedules nos. *5-bis* and *5-quater*.

Liabilities

A. Shareholders' Equity

Shareholders' Equity shows a balance of € 136,996 thousand, showing an increase of € 11,821 thousand compared to 31 December 2012, due to the profit for the year.
The Shareholders' Equity items and related changes in the 2013 financial year are shown in Schedule no. 7. The nature of the Shareholders' Equity in relation to its availability is detailed in Schedule no. *7-bis*.
Further details are provided in the following Notes.

A I Share Capital:
the share capital has a nominal value of € 70,176 thousand and is divided into 13,600,000 ordinary shares with a par value of € 5.16 each, which are held by Rai - Radiotelevisione italiana SpA.

A IV Statutory reserve:
this amounts to € 6,299 thousand (€ 6,129 thousand at 31 December 2012) and represents the portion of profits for the year allocated to reserves as required by law.

A VII Other reserves:
these amount to € 29,589 thousand, remaining unchanged compared to 31 De-

cember 2012, and relate to accelerated amortisation/depreciation for € 9,360 thousand, the realignment of statutory/fiscal values of the Company's assets for € 8,938 thousand and other sundry reserves for € 11,291 thousand.

A VIII Profits carried forward:
these amount to € 19,111 thousand and relate to the allocation of net profits for the 2011 and 2012 financial years.

A IX Profit for the year:
this amount to € 11,821,482.12.

B. Provisions for risks and charges

These amount to € 19,936 thousand (€ 26,901 thousand at 31 December 2012). The composition and breakdown of these items are reported in Schedule no. 8. Further details on the contents of the individual items are provided in the following notes.

B 1 Pension funds and similar obligations:
these amount to € 714 thousand (€ 759 thousand at 31 December 2012) and are made up of the provision for supplementary retirement indemnity and the Company supplementary pension fund.
The provision for supplementary retirement indemnity, amounting to € 88 thousand, reports the amounts owed to employees hired before 1978, at the time of the termination of employment for seniority reasons. These amounts are proportional to the indemnity in lieu of notice accrued on an individual basis at 31 December of each year, as revalued in relation to the trend in the consumer price index for blue- and white-collar worker' households. In the event of early termination or novation of employment, the related accrued amounts are released.
The *company supplementary pension fund*, equal to € 626 thousand, includes the supplementary pension liability accrued in favour of former employees, who have opted for the supplementary pension scheme, as adjusted at an adequate level of fairness with respect to the actuarial reserve set aside to guarantee said benefits.

B 2 Provision for taxes:
this amounts to € 824 thousand (€ 1,516 thousand at 31 December 2012) and fully relates to the IRES tax. The breakdown and related changes are provided in Schedule no. 23.

B 3 Other provisions:
these amount to € 18,398 thousand (€ 24,626 thousand at 31 December 2012) and include accruals to cover any costs or losses with a determined nature, the existence of which is certain but the amount of which cannot be determined exactly, or the existence of which is probable but the amount of which can be estimated rea-

sonably. The most significant items include: charges arising from the risk of civil and administrative litigation and related legal expenses (€ 11,440 thousand); charges for obsolescence and surplus of assets waiting to be used (€ 3,198 thousand); charges that could arise from overtime work required to ensure production in case of delayed enjoyment of holidays (€ 1,268 thousand); charges arising from the risk of a dispute with the Ministry of Communications for the utilization of temporary video links (€ 817 thousand). With regard to the pending dispute with employees and third parties, the accrual to the *provisions for risks and charges* is the best estimate of the probable charges based on the most up-to-date information available.

C. Staff severance pay for subordinate employment

This staff severance pay amounts to € 18,807 thousand (€ 21,160 thousand at 31 December 2012) and is determined at individual level in accordance with the provisions laid down under Article 2120 of the Italian Civil Code, as supplemented by the 2007 Finance Act (Law no. 296 of 27 December 2006), which set the entry into force of the new legislation on pension funds at 1st January 2007 (Legislative Decree no. 252 of 5 December 2005).
As a result of this legislation, the accruals to the provision for staff severance pay converge into pension funds outside the Company, unless the employees ask to maintain the provision within the Company: in this case, the accrued amounts are paid to a fund managed by INPS (*Istituto Nazionale della Previdenza Sociale*, National Social Security Institute), which will transfer to the Company all the benefits disbursed by the latter in the event of payment of advances or termination of employment, as required by Article 2120 of the Italian Civil Code.
The breakdown of this item and related changes are shown in Schedule no. 9.

D. Payables

Payables amount to € 155,284 thousand, showing a decrease of € 70,413 thousand compared to 31 December 2012. The breakdown of this group of items is provided in Schedule no. 10. The breakdown of payables by maturity, nature and currency is given in Schedules nos. 10 bis and 10 quater. Financial payables to parent companies amount to € 55,001 thousand.
With regard to the distribution by geographical area, it should be pointed out that payables are broken down into payables in Italy for € 153,495 thousand, EU countries for € 1,088 thousand and other countries for € 701 thousand, as shown in Schedule no. 10-*ter*.
Further details on the contents of the individual items are provided in the following Notes.

D 4 Payables to banks:
these amount to € 692 thousand and relate to the ordinary loan correlated to the investments funded by Law no. 488/92 – 31st call for tender.

D 5 Payables to other lenders:

these amount to € 651 thousand and relate to the subsidised loan granted by Cassa Depositi e Prestiti in relation to the investments funded by Law no. 488/92 - 31st call for tender.

D 7 Payables to suppliers:

these amount to € 34,388 thousand (€ 43,195 thousand at 31 December 2012), showing a decrease of € 8,807 thousand and recognise trade payables, excluding amounts due to the parent company Rai - Radiotelevisione italiana SpA.

D 11 Payables to parent companies:

these amount to € 109,799 thousand (€ 172,774 thousand at 31 December 2012) showing a decrease of € 62,975 thousand and relate to financial payables of € 55,001 thousand, arising from the balance of financial receivables and payables generated by the business activity, and other payables of € 54,798 thousand, which are made up as follows: € 50,705 thousand for payables definitely assessed, € 3,949 thousand for the IRES tax consolidation, € 110 thousand for trade payables not yet due and € 34 thousand for Group VAT.

D 12 Tax payables:

these amount to € 2,714 thousand (€ 2,160 thousand at 31 December 2012) and represent a payable due to the Tax Office for IRPEF (*Imposta sul Reddito delle Persone Fisiche*, Personal Income Tax) withholdings on income from self- and subordinate employment and freelance work coordinated by an employer (*lavoro coordinato e continuativo*) for € 1,532 thousand, a deferred VAT debt for € 923 thousand and the IRAP debt for € 259 thousand.

D 13 Payables to social security and welfare institutions:

these payables, amounting to € 1,955 thousand, (€ 2,134 thousand at 31 December 2012), are made up of the contributions for self- and subordinate employment to be paid out to the relevant institutions at the scheduled dates.

D 14 Other payables:

these amount to € 5,085 thousand, showing a net increase of € 1,133 thousand compared to 31 December 2012, and are made up of:

- employees' pay (€ 2,216 thousand);
- sundry payables accrued (€ 1,236 thousand);
- payables to CRAIPI (Provident and pension fund for employees of Rai - Radiotelevisione Italiana SpA and other Rai Group companies) (€ 1,196 thousand);
- others (€ 437 thousand).

E. Accrued expenses and deferred income

Accrued expenses and deferred income amount to € 298 thousand (€ 363 thousand at 31 December 2012), as shown in Schedule no. 11. The main items are attributable to deferred income relating to the grants issued by the Ministry of Production Activities for the subsidised loans granted under Law no. 488/92 for € 205 thousand, to revenues from third parties for broadcasting for € 57 thousand and to revenues from Rai - Radiotelevisione italiana SpA in relation to the Service Contract for € 33 thousand.

5 MEMORANDUM ACCOUNTS

These amount to € 61,507 thousand (€ 56,242 at 31 December 2012) and are broken down by type in the schedule attached to the Balance Sheet and are analysed in Schedule no. 12.

6 INCOME STATEMENT

Value of production

The breakdown of this item is reported in Schedule no. 13.

Revenues from sales and services:
these amount to € 218,361 thousand (€ 224,073 thousand at 31 December 2012) and include revenues accrued in the financial year, which arise from the provision of services falling within the scope of the ordinary business operations.
With regard to the distribution by geographical area, it should be pointed out that revenues from sales and services relate to Italy for € 218,272 thousand, EU countries for € 16 thousand and other countries for € 73 thousand.

Change in contract work in progress:
this change is equal to € -10 thousand and relates to the progress in the construction of the Isoradio network on behalf of Rai. This change arises from the increase of € 59 thousand due to the costs incurred in the year for works, supplies and services, the revenues of which will arise in the next financial years, and from the decrease of € 69 thousand for works invoiced.

Capitalisation of internal construction costs:
this item, equal to € 924 thousand (€ 2,224 thousand at 31 December 2012), is made up of the internal personnel costs associated with *property, plant and equipment and intangible assets*, which have been capitalised under the specific items of the Balance Sheet – Assets.

Other earnings and proceeds:
these amount to € 9,472 thousand (€ 4,694 thousand at 31 December 2012) and mainly relate to contingent assets and non-existent assets for € 7,002 thousand and to the reversal of sundry provisions for € 1,605 thousand.

Production costs

This group of items reports the costs and capital losses arising from ordinary business activities, excluding those relating to the management of financial resources. The costs shown hereunder do not include those relating to *intangible assets and property, plant and equipment* which are recorded under the respective accounts in the Balance Sheet – Assets.

Raw and secondary materials, consumables, semi-finished, finished products and goods for resale:

the total amount, equal to € 1,912 thousand (€ 2,235 thousand at 31 December 2012), is detailed in Schedule no. 14. This item relates to the purchases of technical materials for inventory, excluding those used in the construction of plants and directly accounted for under *property, plant and equipment*, as well as miscellaneous operating materials (fuels and others), net of discounts and rebates on the turnover.

Services:

these total € 44,399 thousand (€ 42,756 thousand at 31 December 2012), as broken down in Schedule no. 15, and mainly relate to the costs for making use of the services provided by the Parent Company Rai - Radiotelevisione italiana SpA for € 17,308 thousand, of which € 16,087 thousand in relation to the Service Contract (€ 15,679 thousand at 31 December 2012) and supply services for € 14,330 thousand (€ 12,546 thousand at 31 December 2012). This item also includes emoluments, responsibility allowances, attendance fees and reimbursement of expenses paid to directors for € 861 thousand (€ 681 thousand at 31 December 2012) and to statutory auditors for € 78 thousand (€ 73 thousand at 31 December 2012). It should be noted that the item relating to directors is inclusive of remuneration and social security contributions related to two directors seconded from the Parent Company on a full-time basis. Consultancy costs include the fees accrued for the statutory audit of annual accounts, amounting to € 16 thousand.

Leases and rentals:

these amount to € 36,730 thousand (€ 40,031 thousand at 31 December 2012) and reflect, as shown in Schedule no. 16, the costs incurred for rents payable and hires, rights to use software, fees for easements and rights of use for satellite links.

Personnel costs:

the cost of subordinate employment amounts to € 47,736 thousand (€ 50,059 thousand at 31 December 2012) and is broken down as indicated directly in the income statement. The average number of employees on the payroll during the period from 1st January to 31 December 2013 is equal to 644 units (667 at 31 December 2012), including employees on fixed-term contract, distributed as per Schedule no. 24.

Amortisation, depreciation and write-downs:

these amount to € 61,797 thousand (€ 67,614 thousand at 31 December 2012) and include amortisation of intangible assets for € 374 thousand, depreciation of property, plant and equipment for € 60,123 thousand and the write-down of receivables from customers for € 1,300 thousand. The decrease of € 5,547 thousand in the depreciation of property, plant and equipment is due for € 3,428 thousand to a refinement of the operating procedures for calculating depreciation, which since 2013 has been determined from the month of entry into operation of the asset.

Changes in inventories:

these amount to € -60 thousand (€ 158 thousand at 31 December 2012) and represent the balance of purchases and uses of raw and secondary materials for the maintenance and operation of technical capital goods.

Provisions for risks and other accruals:

these amount to € 1,557 thousand (€ 4,263 thousand at 31 December 2012) and € 1,460 thousand (€ 1,232 thousand at 31 December 2012), respectively.

Other operating charges:

these amount to € 9,305 thousand (€ 9,494 thousand at 31 December 2012), as specified in Schedule no. 17, and mainly relate to contingent and non-existent liabilities for € 6,253 thousand and to indirect taxes, duties and other levies for the period and for the previous year for € 2,687 thousand.

Financial income and charges

These reflect the result from financial operations for the year and show a negative balance of € 2,386 thousand, as broken down in Schedules nos. 18, 19 and 20.
Financial charges mainly relate to interest expense of € 2,240 thousand arising from the intercompany credit lines used by the Company, to which the Parent Company applies, within the scope of the centralised cash pooling system, the best possible rates allowed by the relevant market.
The valuation of the balances in foreign currency at the exchange rates prevailing at 31 December 2013 (ECB - European Central Back) has generated a net loss of € 5 thousand.

Extraordinary income and charges

These amount to € 495 thousand and € 1,066 thousand, respectively, and are broken down as shown in Schedule no. 21.
Extraordinary income relates to IRES and IRAP contingent assets arising from the estimated taxes for 2012.
Extraordinary charges relate to the IRES and IRAP taxes arising from the tax assessment on the 2009 year for € 59 thousand and to the cost for retirement incentives for € 1,007 thousand.

Income taxes for the year

These amount to € 9,133 thousand (€ 6,039 thousand at 31 December 2012) and represent the tax burden for the year related to current and deferred taxation. They are broken down as follows:

(Amounts in thousands of Euros)	FY 2013	FY 2012
Current taxes		
IRES tax	3,950	4,550
IRAP tax	2,750	2,450
Total current taxes	6,700	7,000
Deferred tax assets		
IRES tax	3,050	(766)
IRAP tax	75	41
Total deferred tax assets	3,125	(725)
Deferred tax liabilities		
IRES tax	(692)	(236)
IRAP tax	-	-
Total deferred tax liabilities	(692)	(236)
Total	**9,133**	**6,039**

Schedules nos. 22 and 23 report the reconciliation of the theoretical and effective tax burden and show the origin and effects recognised in the year as a result of the Company's deferred tax items.

7 PROFIT FOR THE YEAR

The financial year closed with a profit of € 11,821,482.12.

8 OTHER INFORMATION

For information on the significant events that occurred after the closing date of the year and on the relations with the companies in the Rai - Radiotelevisione italiana SpA Group, reference should be made to the Report on Operations.

9 INFORMATION ON RELATED-PARTY TRANSACTIONS AND OFF-BALANCE SHEET AGREEMENTS

With regard to the disclosures on related-party transactions (pursuant to Article 2427, paragraph 1, point 22-*bis* of the Italian Civil Code), no transactions of a significant amount were carried out in the year outside the normal market conditions. For disclosures on relations with the Group companies, reference should be made to the Report on Operations.

Furthermore, it should be noted that, pursuant to Article 2427, paragraph 1, point 22-*ter*, of the Italian Civil Code, no off-balance sheet agreements were entered into.

INFORMATION ON THE MANAGEMENT AND COORDINATION OF COMPANIES

The key data of the parent company Rai - Radiotelevisione italiana SpA, which is provided in the summary table required by Article 2497-*bis* of the Italian Civil Code, has been taken from the relevant financial statements for the financial year ended 31 December 2012. The Parent Company Rai prepares the Group's consolidated financial statements.

For an adequate and complete understanding of the financial position, results of operations and cash flows of Rai - Radiotelevisione italiana SpA at 31 December 2012, reference should be made to the Financial Statements, which are available, together with the Independent Auditors' Report, in the forms and manners provided for by law.

RAI SpA – Financial Statements at 31 December 2012 - Summary table of key data (Amounts in thousands of Euros)

Balance Sheet	
Assets	
A. Subscribed capital unpaid	-
B. Non-current assets	1,225,520
C. Current assets	1,004,651
D. Accrued income and prepaid expenses	20,698
Total assets	2,250,869
Liabilities	
A. Shareholders' equity	
Share capital	242,518
Reserves	297,293
Profits carried forward	-
Profit (loss) for the year	(245,663)
Total shareholders' equity	294,148
B. Provisions for risks and charges	466,446
C. Staff severance pay for subordinate employment	288,759
D. Payables	1,164,236
E. Accrued expenses and deferred income	37,280
Total liabilities	2,250,869
Guarantees, commitments and other risks	298,555
Income statement	
A. Value of production	2,683,992
B. Production costs	(2,899,340)
C. Financial income and charges	(3,861)
D. Value adjustments to financial assets	24,028
E. Extraordinary income and charges	(48,779)
Current and deferred income taxes for the year	(1,703)
Profit (loss) for the year	(245,663)

The Board of Directors
(The Chairman)
(Roberto Sergio)

SCHEDULES ATTACHED TO THE NOTES TO THE FINANCIAL STATEMENTS 2013

Intangible Assets (thousands of Euros)

Schedule no.1

	31.12.2012 (a)					Changes in the year							31.12.2013				
	Costs	Revaluations	Impairment losses	Amortisation	Book value	Increases and capitalisations	Reclassifications	Net transfers	Elimination of assets (d	Use of funds (d)	Impairment losses and value reinstatements	Amortisation	Costs	Revaluations	Impairment losses	Amortisation	Book value
Industrial patents and intellectual property rights (software licenses) (b)	449	-	-	(196)	253	183	3	-	(20)	13	-	(205) (b)	615	-	-	(388)	227
Leasehold improvements under development	198	-	-	-	198	49	(191)	-	-	-	-	-	56	-	-	-	56
Consultancy services under development	34	-	-	-	34	-	(34)	-	-	-	-	-	-	-	-	-	-
Software under development	62	-	-	-	62	79	(3)	-	-	-	-	-	138	-	-	-	138
Assets under development and advances	294	-	-	-	294	128	(228)	-	-	-	-	-	194	-	-	-	194
Consultancy	23	-	-	(8)	15	67	34	-	-	-	-	(41)	124	-	-	(49)	75
Leasehold improvements	984	-	-	(827)	157	35	191	-	(211)	211	-	(128)	999	-	-	(744)	255
Others (c)	1,007	-	-	(835)	172	102	225	-	(211)	211	-	(169) (c)	1,123	-	-	(793)	330
	1,750	**-**	**-**	**(1,031)**	**719**	**413**	**-**	**-**	**(231)**	**224**	**-**	**(374)**	**1,932**	**-**	**-**	**(1,181)**	**751**

(a) This item only includes the amounts that had not been fully amortised at 31.12.2012

	Costs	Revaluations	Impairment losses	Amortisation	Book value								Costs	Revaluations	Impairment losses	Amortisation	Book value
(b) With book values:									(d)								
- not fully amortised	449	-	-	(196)	253				costs	231			494	-	-	(267)	227
- fully amortised	4,379	-	-	(4,379)	-				depreciation and amortisation	(224)			122	-	-	(122)	-
	4,828			(4,575)	253					7			616			(389)	227
(c) With book values:																	
- not fully amortised																	
improvements	608			(451)	157								716			(461)	255
consultancy	23			(8)	15								124			(49)	75
- fully amortised																	
improvements	376	-	-	(376)	-								284	-	-	(284)	-
consultancy	21	-	-	(21)	-								-			-	-
	1,028			(856)	172								1,124			(794)	330

Property, plant and equipment and related depreciation funds (thousands of Euros) **Schedule no.2**

	31.12.2012					Changes in the year								31.12.2013				
	Costs	Re-val-ua-tions	Im-pair-ment losses	Deprecia-tion Funds	Book value	Increases and capitali-sations	Reclassi-fications	Trans-fers relat-ing to assets	Trans-fers of funds	Elimina-tions of assets	Uses of funds	Net Elimi-nations/ Disposals Transfers (a)	Deprecia-tion	Costs	Re-val-ua-tions	Im-pair-ment losses	Deprecia-tion Funds	Book value
Land and buildings	91,593	-	-	(48,236)	43,357	1,515	362	0	0	(945)	656	(289)	(4,747)	92,525	-	-	(52,327)	40,198
Plant and machinery	628,971	-	-	(400,044)	228,927	11,066	21,120	0	0	(7,319)	6,876	(443)	(53,496)	653,838	-	-	(446,664)	207,174
Industrial and business equipment	21,078	-	-	(16,536)	4,542	676	1,170	0	0	(157)	142	(15)	(1,785)	22,767	-	-	(18,179)	4,588
Other assets	864	-	-	(617)	247	15	48	0	0	(2)	2	0	(95)	926	-	-	(710)	216
Assets under construction and advances	33,840	-	-	-	33,840	9,364	(22,700)	0	0	(488)	0	(488)	-	20,015	-	-	-	20,015
	776,346	**-**	**-**	**(465,433)**	**310,913**	**22,636**	**-**	**0.00**	**0.00**	**(8,911)**	**7,676**	**(1,235)**	**(60,123)**	**790,071**	**-**	**-**	**(517,880)**	**272,191**
(a) of which accelerated depreciation				0.00								0.00					0,00	
(a) of which:																		
. costs												8,911						
. depreciation												(7,676)						
												1,235						

Non-current financial assets - Receivables and other items (thousands of Euros) **Schedule no.3**

	31.12.2012				Changes in the year				31.12.2013			
	Costs	Revaluations	Impairment losses	Book value	Acquisitions Subscrip-tions Disburse-ments	Disposals/ Repayments	Reclassifica-tions	Impairment losses (-) Value reinstate-ments (+)	Costs	Revaluations	Impairment losses	Book value
Receivables												
From others												
- Guarantee deposits	34	-	-	34	184	(16)	-	-	202	-	-	202
	34	**-**	**-**	**34**	**184**	**(16)**	**-**	**-**	**202**	**-**	**-**	**202**

Inventories (thousands of Euros) **Schedule no.4**

	31.12.2012	Changes in the year		31.12.2013
		Increases (+) Decreases (-)	Balance of the accrual to the provision (-) use (+)	
Raw and secondary materials and consumables	610	60	-	670
Contract work in progress	236	(10)	-	226
	846	**50**	**-**	**896**

Current assets - Receivables (thousands of Euros) **Schedule no.5**

	31.12.2012	Changes in the year			31.12.2013
		Balance of disbursements (+) repayments (-)	Use/ release of provisions	Accrual to provisions	
From customers	9,553	215	-	-	9,768
less					
. provision for bad debts	(2,132)	-	-	(1,300)	(3,432)
	7,421	215	-	(1,300)	6,336
From parent companies					
. Rai - Radiotelevisione italiana SpA	71,166	(24,354)	-	-	46,812
Tax receivables	1,158	(846)	-	-	312
Deferred tax assets	5,169	(3,125)	-	-	2,044
From others					
. personnel	320	(22)	-	-	298
. institutions, various bodies and others	443	(226)	-	-	217
	763	(248)	-	-	515
	85,677	**(28,358)**	**-**	**(1,300)**	**56,019**

Receivables and accrued income and prepaid expenses broken down by maturity and nature (thousands of Euros) **Schedule no.5-bis**

	31.12.2013 Amounts falling due				**31.12.2012 Amounts falling due**			
	within 12 months	from the 2nd to the 5th subsequent financial year	beyond the 5th subsequent financial year	Total	within 12 months	from the 2nd to the 5th subsequent financial year	beyond the 5th subsequent financial year	Total
Receivables under non-current financial assets								
- from others	-	202	-	202	-	34	-	34
Total receivables under non-current financial assets	-	202	-	202	-	34	-	34
Receivables under current assets								
Financial receivables								
- from parent companies	-	-	-	-	-	-	-	-
Trade receivables and other receivables								
- from customers	6,336	-	-	6,336	7,421	-	-	7,421
- from parent companies	44,094	2,718	-	46,812	68,448	2,718	-	71,166
- tax receivables	7	305	-	312	853	305	-	1,158
- deferred tax assets	920	1,124	-	2,044	3,610	1,559	-	5,169
- from others	515	-	-	515	763	-	-	763
Total receivables under current assets	51,872	4,147	-	56,019	81,095	4,582	-	85,677
Accrued income	2	-	-	2	2	-	-	2
Prepaid expenses	1,260	-	-	1,260	1,105	-	-	1,105
Total	**53,134**	**4,349**	**-**	**57,483**	**82,507**	**4,311**	**-**	**86,818**

Receivables broken-down by geographical area (thousands of Euros) **Schedule no.5-ter**

	31.12.2013				31.12.2012			
	Italy	EU countries	Non-EU countries	Total	Italy	EU countries	Non-EU countries	Total
Receivables under non-current financial assets								
from others	202	-	-	202	34	-	-	34
	202	-	-	202	34	-	-	34
Receivables under current assets								
from customers	6,110	54	172	6,336	7,222	53	146	7,421
from parent companies	46,812	-	-	46,812	71,166	-	-	71,166
Tax receivables	312	-	-	312	1,158	-	-	1,158
Deferred tax assets	2,044	-	-	2,044	5,169	-	-	5,169
from others:								
- personnel	298	-	-	298	320	-	-	320
- sundry items	214	-	3	217	418	-	25	443
	55,790	54	175	56,019	85,453	53	171	85,677
Total	**55,992**	**54**	**175**	**56,221**	**85,487**	**53**	**171**	**85,711**

Receivables and cash and cash equivalents in foreign currency or exposed to exchange risk (thousands of Euros) **Schedule no.5-quater**

	31.12.2013				31.12.2012			
	Euro	In foreign currency or exposed to exchange risk	Provision for bad debts	Total	Euro	In foreign currency or exposed to exchange risk	Provision for bad debts	Total
Receivables under non-current financial assets								
from others	202	-	-	202	34	-	-	34
	202	-	-	202	34	-	-	34
Receivables under current assets								
from customers	9,768	-	(3,432)	6,336	9,553	-	(2,132)	7,421
from parent companies	46,812	-	-	46,812	71,166	-	-	71,166
tax receivables	312	-	-	312	1,158	-	-	1,158
deferred tax assets	2,044	-	-	2,044	5,169	-	-	5,169
from others:								
- personnel	298	-	-	298	320	-	-	320
- sundry items	214	3	-	217	417	26	-	443
	59,448	3	(3,432)	56,019	87,783	26	(2,132)	85,677
Accrued income	2	-	-	2	2	-	-	2
Total	**59,652**	**3**	**(3,432)**	**56,223**	**87,819**	**26**	**(2,132)**	**85,713**

Accrued income and prepaid expenses (thousands of Euros) **Schedule no.6**

	31.12.2012	Change in the year	31.12.2013
Accruals:			
. interest income from guarantee deposits	2	-	2
Other expenses:			
. lease of land, industrial buildings and roads	783	112	895
. system hosting fees	126	67	193
. system hire	64	(9)	55
. easement fees	40	(2)	38
. electricity	-	20	20
. services on leased assets	-	17	17
. insurance	16	1	17
. maintenance	22	(9)	13
. sundry items	22	(16)	6
. membership fees	26	(26)	-
. commissions on surety policies	6	-	6
Total	**1,107**	**155**	**1,262**

Shareholders' equity (thousands of Euros) **Schedule no.7**

	31.12.2011	Changes in the year					31.12.2012	Changes in the year					31.12.2013
		Reclassifi-cations	Allocation of the profit for the year	Distributed profits	Profit for the year	Other changes		Reclassifi-cations	Allocation of the profit for the year	Distributed profits	Profit for the year	Other changes	
Share capital (a)	70,176	-	-	-	-	-	70,176	-	-	-	-	-	70,176
Statutory reserve	5,284	-	845	-	-	-	6,129	-	170	-	-	-	6,299
Other reserves:													
- Available reserve for accelerated amortisation/depreciation	9,360	-	-	-	-	-	9,360	-	-	-	-	-	9,360
- Unavailable reserve on foreign exchange gains	330	-	87	-	-	(417)	-	-	-	-	-	-	-
- Reserve for realignment of statutory/fiscal values of the company's assets	8,938	-	-	-	-	-	8,938	-	-	-	-	-	8,938
- Other taxed extraordinary reserves	10,874	-	-	-	-	417	11,291	-	-	-	-	-	11,291
Profits carried forward	-	-	15,951	-	-	-	15,951	-	3,160	-	-	-	19,111
Distributions of dividends	-	-	-	-	-	-	-	-	-	-	-	-	-
Profit for the year	16,883	-	(16,883)	-	3,330	-	3,330	-	(3,330)	-	11,821	-	11,821
Total	**121,845**	**-**	**-**	**-**	**3,330**	**-**	**125,175**	**-**	**-**	**-**	**11,821**	**-**	**136,996**
(a) ordinary shares no.	13,600,000						13,600,000						13,600,000
- unit value	5.16 Euro						5.16 Euro						5.16 Euro
- held by:													
- Rai	100%						100%						100%

Availability of Shareholders' equity (thousands of Euros) **Schedule no.7-bis**

Nature Description	Amount	Possible use	Available quota	Uses in the three previous years	
				For loss coverage	For distribution of dividends
Share Capital	70,176	-	-	-	-
Reserves:					
Statutory reserve	6,299	2	6,299	-	-
Reserve for accelerated amortisation/depreciation	9,360	1, 2, 3	9,360	-	-
Reserve for realignment of statutory/fiscal values of the company's assets	8,938	1, 2, 3,4	8,938	-	-
Other taxed extraordinary reserves	11,291	1, 2, 3	11,291	-	-
Profits carried forward	19,111	1, 2, 3	19,111	-	-
Profit	11,821	1, 2, 3	11,821	-	20,672
Available total	**136,996**		**66,820**		
Non-distributable quota					
Statutory reserve			(6,299)		
5% profit allocated to statutory reserve			(591)		
distributable total			**59,930**		

Key
1 for capital increase
2 for loss coverage
3 for distribution to shareholders
4 in case of any use other than loss coverage, the amount shall be subject to IRES tax

Provisions for risks and charges (thousands of Euros) **Schedule no.8**

	31.12.2012	Changes in the year					31.12.2013
		Accruals		Direct uses	Reversals through P&L (i)	Reclassifica-tions	
Pension funds and similar obligations							
- supplementary retirement indemnity	117	6	(a)	(33)	(2)	-	88
- company supplementary pension fund	642	23	(e)	(39)	-	-	626
	759	29		(72)	(2)	-	714
Provision for taxes	1,516	-	(h)	(692)	-	-	824
Other provisions for risks and charges:							
- civil/administrative litigation	7,700	1,125	(c)	-	(40)	-	8,785
- concession of temporary video links	1,633	-		-	(816)	-	817
- legal expenses	2,524	432	(c)	(301)	-	-	2,655
- obsolescence and surplus of assets waiting to be used	3,025	1,400	(d)	(1,227)	-	-	3,198
- accrued fees	3,546	-	(b)(g)	(3,191)	(355)	-	-
- overtime pay	1,457	-	(b)	-	(189)	-	1,268
- restructuring costs	2,550	111	(f)	(2,550)	-	-	111
- settlement of lease rentals	856	-		(306)	-	-	550
- judicial and out-of-court labour disputes	475	-		(79)	-	-	396
- costs for hire of circuits	408	-		(3)	(140)	-	265
- RAI-RAS 19-12-1975 agreement	180	60	(d)	(57)	(63)	-	120
- default interest	196	-		(22)	-	-	174
- I.C.I. (Local Property Tax) tax	76	-		(17)	-	-	59
	24,626	3,128		(7,753)	(1,603)	-	18,398
	26,901	**3,157**		**(8,517)**	**(1,605)**	**-**	**19,936**

(a) item b 9 d) personnel cost - Staff severance pay
(b) item b 9 a) personnel cost - wages and salaries
(c) item b 12 provisions for sundry risks
(d) item b 13 provision for other charges
(e) item b 14 c) other operating charges
(f) item e 21 e)
(g) item b 9 b) personnel cost - social security contributions
(h) item e 22 taxes
(i) item a 5 c) other earnings and proceeds

Provision for staff severance pay (thousands of Euros) **Schedule no.9**

31.12.2012	Changes in the year						31.12.2013
	Accruals	Uses for allowances paid	Advances	Transfers of personnel	Transfer to INPS and supplementary pension funds	Other changes	
21,160	**2,490**	**(2,702)**	**-**	**6**	**(2,105)**	**(42)**	**18,807**

Payables (thousands of Euros) **Schedule no.10**

	31.12.2012	Changes in the year	31.12.2013
		Balance of new loans (+) repayments (-)	
Payables to banks	756	(64)	692
Payables to other lenders	726	(75)	651
Payables to suppliers	43,195	(8,807)	34,388
Payables to parent companies			
- Rai - Radiotelevisione italiana SpA	172,774	(62,975)	109,799
Tax payables	2,160	554	2,714
Payables to social security and welfare institutions	2,134	(179)	1,955
Other payables	3,952	1,133	5,085
	225,697	**(70,413)**	**155,284**

Payables and accrued expenses and deferred income broken down by maturity and nature (thousands of Euros) **Schedule no.10-bis**

	Amounts falling due 31.12.2013				Amounts falling due 31.12.2012			
	within 12 months	from the 2nd to the 5th subsequent financial year	beyond the 5th subsequent financial year	Total	within 12 months	from the 2nd to the 5th subsequent financial year	beyond the 5th subsequent financial year	Total
Medium/long-term financial payables								
Payables to banks	67	304	321	692	64	290	402	756
Payables to other lenders	75	305	271	651	75	303	348	726
Total medium/long-yerm financial payables	142	609	592	1,343	139	593	750	1,482
Short-term financial payables								
Payables to parent companies	55,001	-	-	55,001	133,651	-	-	133,651
Total short-term financial payables	55,001	-	-	55,001	133,651	-	-	133,651
Trade payables and other payables								
Payables to suppliers	34,388	-	-	34,388	43,195	-	-	43,195
Payables to parent companies	54,798	-	-	54,798	39,123	-	-	39,123
Tax payables	2,714	-	-	2,714	2,160	-	-	2,160
Payables to social security and welfare institutions	1,955	-	-	1,955	2,134	-	-	2,134
Other payables								
- to personnel	2,216	-	-	2,216	1,998	-	-	1,998
- for accrued assessments	1,236	-	-	1,236	1,772	-	-	1,772
- sundry items	1,633	-	-	1,633	182	-	-	182
Total trade payables and other payables	98,940	-	-	98,940	90,564	-	-	90,564
Total payables	154,083	609	592	155,284	224,354	593	750	225,697
Deferred income	298	-	-	298	363	-	-	363
Total	**154,381**	**609**	**592**	**155,582**	**224,717**	**593**	**750**	**226,060**

Payables broken-down by geographical area (thousands of Euros) **Schedule no.10-ter**

	31.12.2013				31.12.2012			
	Italy	EU countries	Non-EU countries	Total	Italy	EU countries	Non-EU countries	Total
Payables								
Payables to banks	692	-	-	692	756	-	-	756
Payables to other lenders	651	-	-	651	726	-	-	726
Payables to suppliers	32,631	1,088	669	34,388	42,220	278	697	43,195
Payables to parent companies	109,799	-	-	109,799	172,774	-	-	172,774
Tax payables	2,714	-	-	2,714	2,160	-	-	2,160
Payables to social security and welfare institutions	1,955	-	-	1,955	2,134	-	-	2,134
Other payables	5,053	-	32	5,085	3,919	-	33	3,952
Total	**153,495**	**1,088**	**701**	**155,284**	**224,689**	**278**	**730**	**225,697**

Payables and accrued expenses in foreign currency or exposed to exchange risk (thousands of Euros) **Schedule no.10-quater**

	31.12.2013			31.12.2012		
	In foreign currency or exposed to exchange risk	Euro	Total	In foreign currency or exposed to exchange risk	Euro	Total
Payables						
Payables to banks	-	692	692	-	756	756
Payables to other lenders	-	651	651	-	726	726
Payables to suppliers	363	34,025	34,388	333	42,862	43,195
Payables to parent companies		109,799	109,799	-	172,774	172,774
Tax payables	-	2,714	2,714	-	2,160	2,160
Payables to social security and welfare institutions	-	1,955	1,955	-	2,134	2,134
Other payables	3	5,082	5,085	6	3,946	3,952
Total payables	366	154,918	155,284	339	225,358	225,697
Deferred income	-	298	298	-	363	363
Total	**366**	**155,216**	**155,582**	**339**	**225,721**	**226,060**

Accrued expenses and deferred income (thousands of Euros) **Schedule no.11**

	31.12.2012	Changes in the year	31.12.2013
		Balance of changes	
Other deferred income:			
. subsidised loans pursuant to Law no. 488/92	243	(38)	205
. revenues from broadcasting	56	1	57
. Rai service contract	61	(28)	33
. hire of radio links	3	0	3
Total	**363**	**(65)**	**298**

Memorandum accounts - Breakdown of other accounts (thousands of Euros) **Schedule no.12**

	31.12.2013	31.12.2012
Others		
Personal securities received:		
against third-party obligations:		
sundry bank guarantees - sureties for contracts with suppliers	16,322	21,169
sundry insurance guarantees - sureties for contracts with suppliers	28,039	17,186
Against receivables:		
sundry bank guarantees to secure receivables from customers for the supply of goods and services	2,465	2,344
	46,826	40,699
Third-party guarantees given for the company's obligations:		
against other obligations:		
sundry entities - surety for site restoration	5,733	5,733
Banca Pop. Novara - Surety provided to the Ministry of Communications	2,141	2,141
sundry bank guarantees	640	544
Against payables:		
Rai surety provided to Medio Credito Centrale Cassa DD.PP. pursuanto to Law 488	2,264	2,333
	10,778	10,751
Assets held with third parties on account of manufacturing and to be allocated	2,416	3,024
Assets held with third parties under gratuitous loan for use, safe deposit, lease and similar reasons	1,487	1,768
Total	**61,507**	**56,242**

Value of production (thousands of Euros) **Schedule no.13**

	FY 2013	FY 2012
Revenues from sales and services (1)		
Revenues from sales		
Other revenues	-	5
Revenues from services		
Intercompany revenues from service contract	182,059	188,871
Revenues from third parties:		
- fees for hosting of systems and equipment	33,348	31,975
- others	2,954	3,222
Total Revenues from sales and services	218,361	224,073
Changes in contract work in progress	(10)	40
Capitalisation of internal construction costs		
Costs to be capitalized for intangible assets	46	17
Costs to be capitalized for property, plant and equipment	878	2,207
Total capitalisation of internal construction costs	924	2,224
Other earnings and proceeds		
Operating grants	684	181
Others:		
- contingent and non-existent assets	7,002	3,129
- reversal of sundry provisions	1,605	1,047
- recoveries and reimbursements of expenses	94	203
- capital gains on disposal of fixed assets	2	-
- other income	85	134
Total Other earnings and proceeds	**9,472**	**4,694**

	FY 2013	FY 2012
(1) Revenues from sales and services by geographical area		
Italy	218,272	223,793
Eu countries	16	11
Non-EU countries	73	269
	218,361	224,073

Production costs for raw and secondary materials, consumables and goods for resale (thousands of Euros) **Schedule no.14**

	FY 2013	FY 2012
Technical materials for inventory	216	163
Other materials	1,696	2,072
	1,912	**2,235**

Production costs for services (thousands of Euros) **Schedule no.15**

	FY 2013	FY 2012
Self-employment services:		
- fees due to directors and statutory auditors (*)	939	754
- fees, reimbursements of expenses and charges for sundry professional activities	311	243
- fees, reimbursement of expenses and charges for consultancy	239	250
- non-professional services for general activities	-	-
- freelance work coordinated by the employer	14	35
Additional services to production	12	16
Daily allowances, work travels and tranfer of personnel	1,729	2,332
Services for additional personnel costs	507	480
Maintenance and repairs	6,412	6,172
Documentation and information services	558	730
Insurance and prevention	271	317
Advertising and promotion	4	65
Promotional and distribution services	-	-
Supply services	14,330	12,546
General services	2,585	2,945
Services under intercompany service contract:		
- Rai	16,087	15,679
- RaiNet	30	30
Others:		
- seconded staff	326	120
- sundry services	45	42
Total	**44,399**	**42,756**

(*) The amount includes fees and social security contributions relating to two directors seconded from the Parent Company on a full-time basis

Production costs for leases and rentals (thousands of Euros) **Schedule no.16**

	FY 2013	FY 2012
Rents payable and hires	36,572	39,826
Rights to use software	94	152
Easement fees	40	29
Rights of use for satellite links	24	24
Total	**36,730**	**40,031**

Other operating charges (thousands of Euros) **Schedule no.17**

	FY 2013	FY 2012
Capital losses on disposals:		
property, plant and equipment	7	2,402
intangible assets	7	39
	14	2,441
Other charges:		
- taxes on production and consumption	1,030	1,141
- ICI/IMU (Local Property Taxes)	1,260	1,152
- other indirect taxes, duties and other levies	383	327
- fee for concession and occupation of spaces and public areas	14	16
Total other indirect taxes, duties and other levies	2,687	2,636
- Contingent and non-existent liabilities	6,253	4,049
- Compensation for damage not covered by insurance, fines and penalties	31	25
- Membership fees	133	141
- Gifts, prize contests and entertainment expenses	12	12
- Accrual to the company supplementary pension fund - retired persons	23	52
- Contribution to Supervisory Authorities	75	62
- Newspapers, books, magazines, specific documentation and publications	44	40
- Others	33	36
Total others	6,604	4,417
Total	**9,305**	**9,494**

Financial income (thousands of Euros) **Schedule no.18**

	FY 2013	FY 2012
Other financial income:		
- from non-current receivables		
Others	1	-
- income other than the foregoing		
interest and commissions from others and sundry income:		
default interest	54	3
Total other financial income	55	3
Total	**55**	**3**

Interest and other financial charges (thousands of Euros) **Schedule no.19**

	FY 2013	FY 2012
Interest and other charges to:		
parent companies	2,240	3,372
others:		
- payables to banks	8	16
- other lenders	3	4
- others		
- interest expense on other payables	166	-
- bank fees and charges	9	7
Total	**2,426**	**3,399**

Foreign exchange gains and losses (thousands of Euros) **Schedule no.20**

	FY 2013	FY 2012
- Foreign exchange gains (losses)	(5)	(7)
- Other exchange (Charges)	(10)	(430)
Total	(15)	(437)

Extraordinary income and charges (thousands of Euros) **Schedule no.21**

	FY 2013	FY 2012
Income:		
Contingent assets	495	2,562
	495	2,562
Charges:		
Taxes related to previous years	59	-
Other:		
- charges for retirement incentives	1,007	2,550
	1,066	2,550

Reconciliation of theoretical and effective tax charge (thousands of Euros) **Schedule no.22**

	2013	%	Charge
IRES tax			
Pre-tax balance/Theoretical burden	20,954	27.5	5,762
Increases			
- Gross IMU tax	1,260	27.5	347
- Non-deductible costs for cars	1,965	27.5	540
- Non-deductible depreciation rates of property, plant and equipment	1,324	27.5	364
- Non-deductible accruals to pension funds, provisions for bad debts and provisions for risks and charges	3,395	27.5	934
- Others	1,848	27.5	508
Decreases			
- Deductible depreciation/amortisation rates of property, plant and equipment and intangible assets	(3,745)	27.5	(1,030)
- Use and reversal of provisions for risks and charges	(9,356)	27.5	(2,573)
- Deductible quota of IRAP tax	(1,687)	27.5	(464)
- Others	(1,680)	27.5	(462)
Taxable income/effective charge calculated	14,278		3,926
Effective charge in the accounts			3,950
IRAP tax			
Gross value of production/Theoretical charge	75,964	4.519	3,433
Increases			
- Directors' costs	928	4.519	42
- Gross IMU tax	1,260	4.519	57
- Seconded personnel costs	326	4.519	15
- Others	40	4.519	2
Decreases			
- Use and reversal of provisions for risks and charges	(3,615)	4.519	(163)
- Others	(279)	4.519	(13)
- Contribution deductions and tax wedge	(13,872)	4.519	(627)
Taxable income/effective charge calculated	60,752		2,745
Effective charge in the accounts			2,750

Deferred taxes (thousands of Euros) **Schedule no.23**

Receivables for deferred tax assets	IRES tax		IRAP tax		Total
Position at 31.12.2012	Taxable income	Tax at 27.5%	Taxable income	Tax at 4.531%	
Provisions for risks and charges	13,115	3,606	7,019	319	3,925
Foreign exchange losses	7	2	-	-	2
Amortisation of goodwill	582	160	582	26	186
Difference between statutory/tax depreciation of property, plant and equipment	3,838	1,056	-	-	1,056
Total	17,542	4,824	7,601	345	5,169
Changes in the period					
Provisions for risks and charges	(7,616)	(2,094)	(1,631)	(75)	(2,168)
Foreign exchange losses	(2)	(1)	-	-	(1)
Difference between statutory/tax depreciation of property, plant and equipment	(3,472)	(955)	-	-	(956)
Total changes in the period	(11,090)	(3,050)	(1,631)	(75)	(3,125)
Position at 31.12.2013	Taxable income	Tax at 27.5%	Taxable income	Tax at 4.519%	
Provisions for risks and charges	5,499	1,512	5,388	244	1,756
Foreign exchange losses	5	1	-	-	1
Amortisation of goodwill	582	160	582	26	186
Difference between statutory/tax depreciation of property, plant and equipment	366	101	-	-	101
Total	6,452	1,774	5,970	270	2,044

Provision for taxes	IRES tax		IRAP tax		Total
Position at 31.12.2012	Taxable income	Tax at 27.5%	Taxable income	Tax at 4.531%	
Accelerated amortisation and depreciation	2,988	822	-	-	822
Provision for bad debts	809	222	-	-	222
Capital gains on disposal of fixed assets	1,717	472			472
Total	5,514	1,516	-	-	1,516
Changes in the period					
Accelerated amortisation and depreciation	(1,134)	(313)	-	-	(313)
Provision for bad debts	(809)	(222)			(222)
Capital gains on disposal of fixed assets	(572)	(157)			(157)
Total changes in the period	(2,515)	(692)	-	-	(692)
Position at 31.12.2013	Taxable income	Tax at 27.5%	Taxable income	Tax at 4.519%	
Accelerated amortisation and depreciation	1,854	509	-	-	509
Provision for bad debts	-	-	-	-	-
Capital gains on disposal of fixed assets	1,145	315			315
Total	2,999	824	-	-	824

Average number of employees – Rai Way **Schedule no.24**

	Position at 31.12.2013			Position at 31.12.2012		
	average number of Permanent Contracts (1)	average number of Fixed-term Contracts	Total	average number of Permanent Contracts (1)	average number of Fixed-term Contracts	Total
Categories:						
- executives	14	-	**14**	13	-	**13**
- officers/middle managers	121	-	121	125	-	125
- journalists	-	-	-	-	-	-
- employees in the areas of administration, production, shooting, direction and technicians	429	41	470	439	46	485
- manual workers	39	-	39	44	-	44
- orchestra musicians, orchestra conductors and choristers	-	-	-	-	-	-
- outpatient doctors	-	-	-	-	-	-
Total	**603**	**41**	**644**	**621**	**46**	**667**
(1) of which access-to-work contracts			**1**			**4**

ADDITIONAL SCHEDULES

2013

Analysis of the balance sheet (thousands of Euros)

		31.12.2013	31.12.2012	Change
A – Non-current assets				
Intangible assets		751	719	32
Property, plant and equipment		272,191	310,913	(38,722)
Non-current financial assets		202	34	168
		273,144	311,666	(38,522)
B – Working capital				
Inventories		896	846	50
Trade receivables		53,148	78,587	(25,439)
Other assets		4,133	8,197	(4,064)
Trade payables		(89,186)	(82,318)	(6,868)
Provisions for risks and charges		(19,936)	(26,901)	6,965
Other liabilities		(10,051)	(8,609)	(1,442)
		(60,996)	(30,198)	(30,798)
C – Invested capital				
Less operating liabilities	(A+B)	212,148	281,468	(69,320)
D – Staff severance pay for subordinate employment		18,807	21,160	(2,353)
E – Invested capital				
Less operating liabilities and staff severance pay	(C-D)	193,341	260,308	(66,967)
covered by:				
F – Net equity				
Share capital paid-up		70,176	70,176	-
Reserves and results carried forward		54,999	51,669	3,330
Profit (loss) for the period		11,821	3,330	8,491
		136,996	125,175	11,821
G – Medium/long-term net financial debt		1,344	1,482	(138)
H – Short-term net financial debt (net cash ans cash equivalents)				
- Short-term financial payables		55,001	133,651	(78,650)
- Cash and cash equivalents and short-term financial receivables		-	-	-
		55,001	133,651	(78,650)
I – Total net financial debt	(G+H)	56,345	135,133	(78,788)
L – Total, as in E	(F+I)	193,341	260,308	(66,967)

Analysis of the income statement (thousands of Euros)

	31.12.2013	31.12.2012
A - Revenues	219,212	224,631
Changes in inventories of work in progress, semi-finished and finished products		
Capitalisation of internal construction costs	924	2,224
B - Value of "ordinary" production	220,136	226,855
Consumption of materials and external services	(85,996)	(88,132)
C - Added value	134,140	138,723
Labour cost	(47,736)	(50,059)
D - EBITDA	86,404	88,664
Amortisation and depreciation	(60,497)	(67,391)
Other adjusting provisions	(1,300)	(223)
Accruals to provisions for risks and charges	(3,017)	(5,495)
Balance of sundry income and charges	2,321	(2,365)
E - EBIT	23,911	13,190
Financial income and charges	(2,386)	(3,833)
Result from investments	-	-
F - Result before extraordinary items and taxes	21,525	9,357
Extraordinary income and charges	(571)	12
G - Pre-tax result	20,954	9,369
Income taxes for the year	(9,133)	(6,039)
H - Profit (loss) for the year	11,821	3,330

Statement of cash flows (thousands of Euros)

		31.12.2013	31.12.2012
A – Net opening cash and cash equivalents (opening short-term net financial debt)		(133,651)	(152,260)
B – Cash flow from operating activities			
Profit (loss) for the year		11,821	3,330
Amortisation and depreciation		60,497	67,391
Capital (gains) losses on disposal of fixed assets		12	2,440
(Revaluations) or impairment of fixed assets		-	-
Change in working capital		30,798	20,993
Net change in the provision for staff severance pay		(2,353)	(592)
		100,775	93,562
C – Cash flow from investments in fixed assets			
Investments in fixed assets:			
- intangible assets		(413)	(282)
- property, plant and equipment		(22,636)	(75,636)
- financial assets		(184)	(2)
Realisable value, or reimbursement value, of fixed assets		1,245	1,101
		(21,987)	(74,817)
D – Cash flow from financing activities			
New loans		-	-
Contributions from shareholders		-	-
Capital grants		-	-
Repayments of loans		(138)	(136)
Repayment of capital		-	-
		(138)	(136)
E – Distribution of profits		-	-
F – Cash flow for the period	(B+C+D+E)	78,650	18,609
G – Closing net cash and cash equivalents (closing short-term net financial debt)	(A+F)	(55,001)	(133,651)

2013 Operating Income Statement (thousands of Euros)

	2013	%	2012	%	Delta vs 2012	Delta vs 2012 %
Revenues from Rai - Service Contract	182,049	83.0	188,911	84.1	(6,862)	-3.6
Other Revenues from Rai (other than Service Contract)						
Revenues from Data Broadcasting						
Revenues for Broadcasting from Rai Group						
Revenues for Transmission from Rai Group						
Total Revenues from Rai Group	182,049	83.0	188,911	84.1	(6,862)	-3.6
Revenues for tower rental from third parties	33,348	15.2	31,975	14.2	1,373	4.3
Revenues for network services from third parties	647	0.3	653	0.3	(7)	-1.0
Revenues for broadcasting from third parties	1,503	0.7	1,544	0.7	(41)	-2.7
Revenues for transmission for third parties	826	0.4	1,072	0.5	(246)	-23.0
Total revenues from third parties	36,323	16.6	35,245	15.7	1,079	3.1
Total trade revenues	218,373	99.6	224,156	99.8	(5,783)	-2.6
Sundry reimbursements and grants	840	0.4	476	0.2	364	76.6
Total revenues	219,213	100.0	224,631	100.0	(5,419)	-2.4
Materials and supplies	(1,852)	0.8	(2,393)	1.1	542	-22.6
System maintenance	(7,954)	3.6	(8,171)	3.6	218	-2.7
Professional advice	(695)	0.3	(679)	0.3	(16)	2.3
of which technical advice	(325)	0.1	(280)	0.1	(45)	15.9
of which managerial advice	(370)	0.2	(399)	0.2	29	-7.3
Other services	(10,240)	4.7	(9,482)	4.2	(758)	8.0
Services of satellite contrib. and broadcast.	(28,621)	13.1	(31,477)	14.0	2,856	-9.1
Overheads	(32,243)	14.7	(30,970)	13.8	(1,273)	4.1
of which energy expenses	(14,282)	6.5	(12,509)	5.6	(1,772)	14.2
of which other expenses	(17,961)	8.2	(18,461)	8.2	499	-2.7
Travels	(3,506)	1.6	(4,307)	1.9	801	-18.6
Taxes and fees	(2,799)	1.3	(2,725)	1.2	(74)	2.7
Total operating costs	(87,910)	40.1	(90,204)	40.2	2,295	-2.5
Personnel cost	(45,823)	20.9	(47,987)	21.4	2,165	-4.5
Total personnel costs	(45,823)	20.9	(47,987)	21.4	2,165	-4.5
Gross operating costs	(133,732)	61.0	(138,192)	61.5	4,460	-3.2
Capitalised personnel cost	924	0.4	2,224	1.0	(1,300)	-58.5
Net operating costs	(132,808)	60.6	(135,968)	60.5	3,159	-2.3
EBITDA	86,404	39.4	88,664	39.5	(2,259)	-2.5
Depreciation of property, plant and equipment	(60,123)	27.4	(65,670)	29.2	5,547	-8.4
Amortisation of intangible assets	(374)	0.2	(1,721)	0.8	1,347	-78.3
Accruals	(4,317)	2.0	(5,718)	2.5	1,401	-24.5
EBIT - Ordinary operations	21,590	9.8	15,555	6.9	6,035	38.8
Other income (charges)	2,321	1.1	(2,365)	1.1	4,686	-198.1
EBIT	23,911	10.9	13,190	5.9	10,721	81.3
Extraordinary income and charges	(571)	0.3	12	0.0	(583)	-4.865.7
Net financial charges	(2,386)	1.1	(3,833)	1.7	1,447	-37.7
Pre-tax profit	20,954	9.6	9,369	4.2	11,585	123.7
Income taxes	(9,133)	4.2	(6,039)	2.7	(3,093)	51.2
Net Profit	11,821	5.4	3,330	1.5	8,492	255.0

BOARD OF STATUTORY AUDITORS' REPORT

2013

BOARD OF STATUTORY AUDITORS' REPORT

(pursuant to Article 2429, paragraph 2, of the Italian Civil Code)
TO THE SOLE SHAREHOLDER'S MEETING OF RAI WAY S.p.A.
Sole Shareholder Company
Registered office: Via Teulada no. 66 - 00195 Rome
Share capital: € 70,176,000 fully paid-up
Tax Code and VAT no.: 05820021003
REA (Repertorio Economico Amministrativo,
Economic Administrative register): RM-925733
A company subject to the management and coordination of
Rai - Radiotelevisione italiana SpA

To the Sole Shareholder of Rai Way S.p.A.
Sole Shareholder company

We inform you that, in the course of the financial year ended 31 December 2013, we carried out our work in accordance with current law and following the Rules of Conduct recommended for Boards of Statutory Auditors by the Italian Accounting Profession (Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili).
The audit of accounts was carried out by PricewaterhouseCoopers S.p.A. (hereinafter referred to as PWC), the three-year mandate of which (2011 - 2013) was resolved upon by the Sole Shareholder's Meeting of 9 November 2011.
The following is a report on the work we have done.

Supervisory activity

We supervised compliance with the law and with the By-Laws and with the principles of correct administration. In the light of its duties under Italian company law, the Board met the managers of the various corporate areas specifically in order to obtain the information necessary for the assessment of the adequacy and functioning of the Company's organizational structure and of its administrative and accounting system in addition to the system's adequacy to give a fair view of its economic events. The findings of our audits, when we considered it necessary, were drawn to the attention of the Chairman of the Board of Directors and the Managing Director.
We also held meetings with PWC specifically to ask for information regarding the audit of accounts; no reprehensible circumstances were reported at these meetings.
We attended all the Board of Directors' meetings, during which we obtained general information regarding the performance of operations and its outlook from the directors, in addition to information regarding the transactions carried out by the Company that were of the greatest significance to its profitability, financial position and assets. On the basis of the information to hand, we found no breaches of the law or of the By-Laws, nor any transactions that were clearly imprudent, reckless, in a potential conflict of interests or such as to jeopardise the integrity of the Company's assets.

A single Ordinary and Extraordinary Sole Shareholder's Meeting was called during the financial year, which the Board of Statutory Auditors attended.
As regards the Supervisory Board, we remind that the Board of Directors' meeting held on 27 March 2013 and the Sole Shareholder's Meeting held on 23 April 2013 resolved to vest this Board of Statutory Auditors with the Supervisory Board's functions. The Board, therefore, performed the functions of a Supervisory Board from 23 April 2013 and submitted its periodic reports. It is acknowledged that, at the end of the financial year, the Company adopted a new Organisational, Management and Control Model pursuant to Legislative Decree no. 231/2001, which has incorporated all the changes in law and which, therefore, is up to date with all the possible criminal offences of this type.
No complaints were received and no reprehensible event was reported during the financial year with reference to Article 2408 of the Italian Civil Code.
The Board of Statutory Auditors did not issue any statutory opinions during the financial year.
No other events important enough to require mentioning in this report occurred during the supervisory activity referred to above.

Financial Statements

We have examined the draft financial statements at 31 December 2013, which were made available to us within the time limits set out in Article 2429 of the Italian Civil Code, in relation to which we report as follows.
We are not responsible for the statutory audit of the accounts, but we examined the general approach adopted in their preparation and satisfied ourselves that, overall, they complied with the law in terms of their formation and structure and, also on the basis of the meetings held with the independent auditors, have no particular comments to make regarding this aspect. The financial statements were drawn up by adopting Italian GAAPs and the relevant accounting policies on the assumption that the Company is a going concern. They are made up of the Balance Sheet, the Notes to the Financial Statements and are accompanied by the Directors' Report on Operations.
To the best of our knowledge, in preparing the financial statements the directors did not depart from the provisions of Article 2423, paragraph 4, of the Italian Civil Code.
The Notes to the Financial Statements report, including with the help of some schedules, other information required by Article 2427 of the Italian Civil Code. All the Balance Sheet and Income Statement items are compared, as required by Article 2423-ter of the Italian Civil Code, with the corresponding items in the Financial Statements at 31 December 2012, giving reasons for any differences.
From the point of view of estimates and accounting, insofar as the Board of Statutory Auditors is responsible, we would state that we agree with the accounting policies adopted for the various items, which, unvaried from those adopted in the 2012 financial statements, are in line with both the general principles stated in Article 2423-bis of the Italian Civil Code and the more detailed requirements set out in Article 2426 of the Italian Civil Code.

Furthermore, it should be noted that the Balance Sheet Assets do not report - under Intangible Assets - any start-up and expansion costs, as well as long-term research, development and advertising costs.
We satisfied ourselves that the provisions of law regarding the preparation of the report on operations have been complied with and have no particular comments to make in the matter. In the Report on Operations, which should be consulted for further details, the Directors above all provide information on the financial performance, analysing the revenues and costs recognised in the year. Furthermore, they report on the outlook of operations and the significant events that occurred after the year-end, as well as provide any other information required and comply with the disclosure obligations concerning the main risks for the Company.

Conclusions

In view of what has been stated above and the aspects we have considered to the extent that we are responsible for doing so, also in the light of the results of the work performed by the accounting firm responsible for the statutory audit of accounts, which are stated in the independent auditors' report, we give our favourable opinion on the approval of the Financial Statements at 31 December 2013, as prepared by the Directors, which show a profit of € 11,821,482.12; we also agree on the Board's proposal to allocate the profit as follows:

- € 592,000.00, equal to 5% (rounded off), to Statutory Reserve
- € 11,229,482.12 to the Sole Shareholder depending on the resolution that the Sole Shareholder's Meeting will pass.

Rome, 1 April 2014

The Board of Statutory Auditors
Maria Giovanna Basile
Giovanni Galoppi
Agostino Malsegna

Rai Way

AUDITORS' REPORT 2013

AUDITORS' REPORT IN ACCORDANCE WITH ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF 27 JANUARY 2010

To the Sole Shareholder of
RAI WAY SpA

1 We have audited the financial statements of RAI WAY SpA as of 31 December 2013. The directors of RAI WAY SpA are responsible for the preparation of these financial statements in compliance with the laws governing the criteria for their preparation. Our responsibility is to express an opinion on these financial statements based on our audit.

2 We conducted our audit in accordance with the auditing standards issued by the Italian Accounting Profession (Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili) and recommended by Consob, the Italian Commission for Listed Companies and the Stock Exchange. Those standards require that we plan and perform the audit to obtain the necessary assurance about whether the financial statements are free of material misstatement and, taken as a whole, are presented fairly. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors. We believe that our audit provides a reasonable basis for our opinion.

For the opinion on the financial statements of the prior period, which are presented for comparative purposes as required by law, reference is made to our report dated 5 April 2013.

3 In our opinion, the financial statements of RAI WAY SpA as of 31 December 2013 comply with the laws governing the criteria for their preparation; accordingly, they have been prepared clearly and give a true and fair view of the financial position and result of operations of the Company.

4 For information purposes, we point out that the Company is part of the RAI Group and during 2013 it held relations with the parent company RAI – Radiotelevisione italiana SpA and with other Group companies; these relations are set out in the report on operations and in the explanatory notes.

5 The directors of RAI WAY SpA are responsible for the preparation of a report on operations in compliance with the applicable laws. Our responsibility is to express an opinion on the consistency of the report on operations with the financial statements, as required by law. For this purpose, we have performed the procedures required under Italian Auditing Standard No. 001 issued by Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili and

PricewaterhouseCoopers SpA

Sede legale e amministrativa: Milano 20149 Via Monte Rosa 91 Tel. 0277851 Fax 027785240 Cap. Soc. Euro 6.812.000,00 i.v., C.F. e P.IVA e Reg. Imp. Milano 12979880155 Iscritta al n° 119644 del Registro dei Revisori Legali - Altri Uffici: **Ancona** 60131 Via Sandro Totti 1 Tel. 0712132311 - **Bari** 70124 Via Don Luigi Guanella 17 Tel. 0805640211 - **Bologna** 40126 Via Angelo Finelli 8 Tel. 0516186211 - **Brescia** 25123 Via Borgo Pietro Wuhrer 23 Tel. 0303697501 - **Catania** 95129 Corso Italia 302 Tel. 0957532311 - **Firenze** 50121 Viale Gramsci 15 Tel. 0552482811 - **Genova** 16121 Piazza Dante 7 Tel. 01029041 - **Napoli** 80121 Piazza dei Martiri 58 Tel. 08136181 - **Padova** 35138 Via Vicenza 4 Tel. 049873481 - **Palermo** 90141 Via Marchese Ugo 60 Tel. 091349737 - **Parma** 43100 Viale Tanara 20/A Tel. 0521275911 - **Roma** 00154 Largo Fochetti 29 Tel. 06570251 - **Torino** 10122 Corso Palestro 10 Tel. 011556771 - **Trento** 38122 Via Grazioli 73 Tel. 0461237004 - **Treviso** 31100 Viale Felissent 90 Tel. 0422696911 - **Trieste** 34125 Via Cesare Battisti 18 Tel. 0403480781 - **Udine** 33100 Via Poscolle 43 Tel. 043225789 - **Verona** 37135 Via Francia 21/C Tel.0458263001

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recommended by Consob. In our opinion the report on operations is consistent with the financial statements of RAI WAY SpA as of 31 December 2013.

Rome, 1 April 2014

PricewaterhouseCoopers SpA

Signed by

Aurelio Fedele
(Partner)

This report has been translated into the English language from the original, which was issued in Italian, solely for the convenience of international readers.

RAI WAY S.p.A.
Registered office: Rome, Via Teulada, no. 66
Share capital: Euro 70,176,000= paid up and held by a Sole Shareholder
Rome Register of Companies no. 05820021003
Management and coordination: Rai - Radiotelevisione italiana SpA
with registered office in Rome, Viale G. Mazzini no. 14

Notice of call

the Ordinary Sole Shareholder's Meeting of Rai Way S.p.A. is called at the registered office, located in Rome, Via Teulada no. 66, on 16 April 2014 at 11.00 a.m., on first call and, if required, on 17 April 2014 at 11.00 a.m., in the same place, on second call, in order to discuss and resolve on the following

Agenda

1. Financial Statements at 31 December 2013 and related resolutions.
2. Measure pursuant to Article 2364, point 2, of the Italian Civil Code - Appointment of a Director.
3. Resolutions referred to in Article 2364, point 2, of the Italian Civil Code - mandate for the statutory audit of accounts.

Rome, 20 March 2014

For the Board of Directors
The Chairman
Roberto Sergio

MINUTES OF THE ORDINARY SOLE SHAREHOLDER'S MEETING

On 16 April 2014, at 11.07 a.m., the Ordinary Sole Shareholder's Meeting of Rai Way S.p.A. was held on first call at the registered office, located in Rome, Via Teulada no. 66, following the notice of call RW/P/037/sv of 20 March 2014, in order to discuss and resolve on the following

Agenda

1 Financial Statements at 31 December 2013 and related resolutions.

Omissis

Roberto Sergio is present in his capacity as Chairman of the Board of Directors of Ray Way S.p.A..
In accordance with the Company's By-Laws, Roberto Sergio takes the chair of the Sole Shareholder's Meeting and, with the unanimous consent of those attending, asks Corrado Bontempi to act as Secretary and therefore to draw up these minutes.
After this the Chairman acknowledges, ascertains and declares that:

- in attendance are:
  - Anna Ruggeri, representing, by proxy, the Shareholder Rai - Radiotelevisione italiana SpA, with registered office in Rome, which is the Sole Shareholder and which holds 13,600,000 (thirteen million six hundred thousand) shares with a par value of € 5.16 (five point sixteen) each, making up the entire share capital of € 70,176,000 (seventy million one hundred and seventy-six thousand);
- the above Shareholder is registered in the Register of Shareholders and is entitled to vote;
- in addition to the Chairman, also in attendance on behalf of the Board of Directors are Director Stefano Ciccotti, while Directors Luca Balestrieri and Camillo Rossotto have justified their absence. Director Luigi Rocchi has said that he will be slightly late;
- the following members of the Board of Statutory Auditors are in attendance: the Chairman, Maria Giovanna Basile, and the Regular Statutory Auditors, Giovanni Galoppi and Agostino Malsegna;
- having ascertained all the above, the Chairman checks the validity of the proxy, which he collects for the Company's records, states that the Sole Shareholder's Meeting is validly constituted and authorised to pass resolutions on all the items on the Agenda and thus declares the session open.

On the first item on the agenda, Anna Ruggeri, representing Shareholder Rai, having asked and been given permission to speak, moves that the Chairman be dispensed from reading out the draft Financial Statements of Rai Way for the 2013 financial year (comprising the Report on Operations, the Notes to the Financial Statements and all the schedules reported therein), and the Independent Auditors' Report prepared by

PricewaterhouseCoopers S.p.A., which has been appointed to carry out the Statutory Audit of accounts, as all those present have examined these documents carefully and are well acquainted with them.
The Sole Shareholder's Meeting approves the motion unanimously by a show of hands.
Likewise, Mrs. Basile is dispensed from reading the Board of Statutory Auditors' Report aloud for the same reasons and by a decision unanimously approved by a show of hands.
Meanwhile, Director Rocchi joins the meeting at 11.15 a.m..
The Chairman specifies that, therefore, the draft 2013 Financial Statements of Rai Way (comprising the Report on Operations, the Notes to the Financial Statements and all the schedules reported therein), the Board of Statutory Auditors' Report and the Independent Auditors' Report are attached to these minutes as Annex A, Annex B and Annex C, respectively.
The Chairman then submits, for the approval of the Sole Shareholder's Meeting, the draft 2013 Financial Statements (comprising the Report on Operations, the Notes to the Financial Statements and all the schedules reported therein) and, in this regard, he informs that:

- the abovementioned Financial Statements have been audited by PricewaterhouseCoopers S.p.A., as resolved by the Sole Shareholder's Meeting on 9 November 2011;
- the Independent Auditors' Report is favourable for all purposes, not containing objections or observations of any kind;
- the Financial Statements report a profit for the year of **€**11,821,482.12 (eleven million eight hundred and twenty-one thousand four hundred eighty-two point twelve), net of income taxes. In its Directors' Report on Operations the Board has formulated a proposal for the allocation of the profit for the year, equal to **€**11,229,482.12, leaving the Sole Shareholder to decide to allocate the sum concerned in accordance with whatever resolution the Sole Shareholder's Meeting adopts;
- in addition to the information reported in the abovementioned documents attached hereto, no other significant events occurred after 31 December 2013.

At this point Anna Ruggeri, representing Shareholder Rai, after having asked and been given permission to speak, submits and reads out the following motion to the Sole Shareholder's Meeting:
"The Sole Shareholder's Meeting, in ordinary session,

- having examined the 2013 Financial Statements (comprising the Report on Operations, the Notes to the Financial Statements and all the schedules reported therein);
- having perused the Board of Statutory Auditors' Report;
- having acknowledged that the Financial Statements, prepared properly and with correct postings, give a true and fair view of the Company's financial position, results of operation and cash flows at 31 December 2013;
- having perused the Independent Auditors' Report issued by PricewaterhouseCoopers, which is responsible for the statutory audit of accounts;

Hereby resolves

- to approve the 2013 Financial Statements;
- to allocate the profit for the year, equal to € 11,821,482.12 (eleven million eight hundred and twenty-one thousand four hundred eighty-two point twelve), as follows:
  a) € 592,000.00, equal to 5% rounded-off, to the Statutory reserve according to Article 2430 of the Italian Civil Code;
  b) € 11,152,000.00 as dividend to the Shareholders, in the proportion of € 0.82 (zero point eighty-two) per share owned, payable at their request as of this day;
  c) € 77,482.12 to "Profits carried forward";
- to relieve and exonerate the members of the Company's governing, management and control bodies in full from liability for any decisions they made in operating the Company during the 2013 financial year."

The Chairman then puts the above motion to the vote and ascertains and announces to the Sole Shareholder's Meeting that it has been approved unanimously by a show of hands; and that the 2013 Financial Statements (comprising the Report on Operations, the Notes to the Financial Statements and all the schedules reported therein) have similarly been approved, also unanimously by a show of hands.

Omissis

At this point, having ascertained that there are no further items on the agenda, that no one else has asked to speak and having thanked the Shareholder and all the other persons present, the Chairman declares the Sole Shareholder's Meeting closed at 11.30 a.m.

The Secretary	The Chairman
Corrado Bontempi	Roberto Sergio

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Rai Way