INTERIM FINANCIAL REPORT
AS OF 31 MARCH 2014

COMPAGNIE INDUSTRIALI RIUNITE

CONTENTS

Report of the Board of Directors on operations as of 31 March 2014

In the first three months of 2014, the CIR Group made a consolidated net loss of € 2.6 million compared with a consolidated net profit of € 6.4 million in the same period last year. Consolidated revenues amounted to € 1,069.7 million compared with € 1,241.4 million in the first quarter of 2013 (-13.8%), primarily due to the trend in Sorgenia's revenues.

The contribution made by the four main operating subsidiaries to the net result was negative for € 1.2 million compared with the positive amount of € 1.9 million in the corresponding period of 2013. The slight decrease is due to Sogefi whose net contribution increased from € +4.1 million in the first quarter of 2013 to € -3.6 million in the first quarter of 2014. Espresso and KOS ended the first quarter with a positive net result, in line with that of the same period last year, despite the uncertain economic environment. The contribution made by Sorgenia to the Group's net result for the quarter was zero; the company recorded a net loss that was offset by writedowns in the consolidated financial statements at 31 December 2013.

The result of CIR and the other holding companies in the first three months of 2014 was a loss of € 1.4 million (compared with a profit of € 4.5 million in the corresponding period of 2013); this change is due to fair value adjustments of the securities in portfolio, positive for about € 6 million in the first quarter of 2013 and not significant in the first quarter of 2014.

At 31 March 2014, consolidated net debt stood at € 1,943.1 million, compared with € 2,412.4 million at 31 March 2013 and € 1,845.3 million at 31 December 2013. The consolidated net financial position is the result of a net financial surplus for CIR and the financial holding companies of € 506.6 million (€ 538 million at 31 December 2013) and net debt for the operating groups of € 2,449.7 million (€ 2,383.3 million at 31 December 2013).

Group equity at 31 March 2014 was € 1,131.8 million (€ 1,131 million at 31 December 2013).

As regards the situation of Sorgenia and its financial restructuring, please refer to the detailed description given in CIR's financial statements at 31 December 2013 as approved by the Board of Directors on 6 June 2014.

The charts on the following pages show a breakdown by business sector of the economic and financial results of the Group, a breakdown of the contribution made by the main subsidiaries and the aggregate results of CIR, the parent company, and the other holding subsidiaries (CIR International, CIGA Luxembourg and CIR Investimenti).

INCOME STATEMENT BY BUSINESS SECTOR AND CONTRIBUTIONS TO THE RESULTS OF THE GROUP

(in millions of euro)	*1st quarter 2014*											*1st quarter 2013*
CONSOLIDATED / **AGGREGATE**	*Revenues*	*Costs of production* (1)	*Other operating income & expense* (2)	*Adjustments to the value of investments consolidated at equity*	*Amortisation, depreciation & write-downs*	*EBIT*	*Net financial income & expense* (3)	*Dividends, net gains and losses from trading and valuing securities* (4)	*Income taxes*	*Minority interests*	*Net result of the Group*	*Net result of the Group*
Sorgenia Group	475.5	(452.3)	(0.7)	1.3	(8.2)	15.6	(20.2)	(0.3)	4.9	--	--	(4.6)
Espresso Group	157.8	(142.7)	1.5	--	(8.0)	8.6	(3.2)	--	(3.4)	(0.9)	1.1	1.1
Sogefi Group	338.7	(302.7)	(15.1)	--	(15.1)	5.8	(8.4)	--	(2.7)	1.7	(3.6)	4.1
KOS Group	95.5	(79.4)	(3.7)	--	(4.6)	7.8	(1.9)	--	(3.1)	(1.5)	1.3	1.3
Total for main subsidiaries	**1,067.5**	**(977.1)**	**(18.0)**	**1.3**	**(35.9)**	**37.8**	**(33.7)**	**(0.3)**	**(4.3)**	**(0.7)**	**(1.2)**	**1.9**
Other subsidiaries	2.2	(3.3)	1.6	--	--	0.5	(0.2)	0.3	--	(0.1)	0.5	(0.3)
Total subsidiaries	**1,069.7**	**(980.4)**	**(16.4)**	**1.3**	**(35.9)**	**38.3**	**(33.9)**	**--**	**(4.3)**	**(0.8)**	**(0.7)**	**1.6**
<u>CIR and other holding companies</u>												
Revenues	--										--	--
Net operating costs		(4.0)									(4.0)	(4.7)
Other operating income & expense			1.0								1.0	1.2
Adjustments to the value of investments consolidated at equity				1.0							1.0	1.6
Amortisation, depreciation & write-downs					(0.2)						(0.2)	(0.2)
EBIT						(2.2)						
Net financial income & expense							(2.8)				(2.8)	(3.2)
Dividends and net gains from securities trading								2.1			2.1	8.4
Income taxes									1.0		1.0	1.7
Total CIR and other holding companies before non-recurring items	**--**	**(4.0)**	**1.0**	**1.0**	**(0.2)**	**(2.2)**	**(2.8)**	**2.1**	**1.0**	**--**	**(1.9)**	**4.8**
Non-recurring items	--	--	--	--	--	--	--	--	--	--	--	--
Consolidated total for the Group	**1,069.7**	**(984.4)**	**(15.4)**	**2.3**	**(36.1)**	**36.1**	**(36.7)**	**2.1**	**(3.3)**	**(0.8)**	**(2.6)**	**6.4**

(1) This item is the sum of "changes in inventories", "costs for the purchase of goods", "costs for services" and "personnel costs" in the consolidated income statement.
This item does not take into consideration the € (1.3) million effect of intercompany eliminations.
(2) This item is the sum of "other operating income" and "other operating costs" in the consolidated income statement. This item does not take into consideration the € 1.3 million effect of intercompany eliminations.
(3) This item is the sum of "financial income" and "financial expense" in the consolidated income statement.
(4) This item is the sum of "dividends", "gains from trading securities", "losses from trading securities" and "adjustments to the change of financial assets" in the consolidated income statement.

CONSOLIDATED FINANCIAL POSITION BY BUSINESS SECTOR

(in millions of euro)	31.03.2014							31.12.2013
CONSOLIDATED / **AGGREGATE**	*Fixed assets (1)*	*Other net non-current assets and liabilities (2)*	*Net working capital (3)*	*Net financial position (4)*	*Total equity*	*of which: Minority interests*	*Group equity*	*Group equity*
Sorgenia Group	1,451.5	194.2	280.3	(1,917.0)	9.0	8.9	0.1	0.1
Espresso Group	813.8	(209.8)	20.0	(58.2)	565.8	250.3	315.5	313.5
Sogefi Group	499.3	(34.2)	39.7	(322.5)	182.3	89.9	92.4	97.7
KOS Group	418.5	(23.8)	8.2	(154.9)	248.0	123.5	124.5	123.2
Other subsidiaries	8.5	(7.5)	(7.0)	2.9	(3.1)	0.2	(3.3)	(3.2)
Total subsidiaries	**3,191.6**	**(81.1)**	**341.2**	**(2,449.7)**	**1,002.0**	**472.8**	**529.2**	**531.3**
CIR and other holding companies								
Fixed assets	70.1				70.1		70.1	69.1
Other net non-current assets and liabilities		136.2			136.2		136.2	126.5
Net working capital			(110.3)		(110.3)		(110.3)	(133.9)
Net financial position				506.6	506.6		506.6	538.0
Consolidated total for the Group	**3,261.7**	**55.1**	**230.9**	**(1,943.1)**	**1,604.6**	**472.8**	**1,131.8**	**1,131.0**

(*) The financial position includes cash and cash equivalents of Sorgenia Holding S.p.A.

(1) This item is the sum of "intangible assets", "tangible assets", "investment property", "investments in companies consolidated at equity" and "other equity investments" of the consolidated statement of financial position.
(2) This item is the sum of "other receivables", "securities" and "deferred taxes" under non-current assets and of "other payables", "deferred taxes", "personnel provisions" and "provisions for risks and losses" under non-current liabilities of the consolidated statement of financial position. This item also includes the "assets held for disposal" and "liabilities held for disposal" in the consolidated balance sheet.

(3) This item is the sum of "inventories", "contract work in progress", "trade receivables" and "other receivables" under current assets, and of "trade payables", "other payables" and "provisions for risks and losses" under current liabilities in the consolidated statement of financial position.
(4) This item is the sum of "financial receivables", "securities", "available-for-sale financial assets" and "cash and cash equivalents" under current assets, "bonds" and "other borrowings" under non-current liabilities, and "bank overdrafts", "bonds" and "other borrowings" under current liabilities in the consolidated statement of financial position.

1. Performance of the Group

Consolidated sales revenues for the first quarter of 2014 came in at € 1,069.7 million versus € 1,241.4 million in the same period of 2013, a decrease of € 171.7 million (-13.8%). This reduction was primarily due to lower revenues at Sorgenia, despite the growth recorded by Sogefi and KOS.

Consolidated revenues can be broken down by business sector as follows:

	1st quarter					
(in millions of euro)	*2014*	*%*	*2013*	*%*	*Change absolute*	*%*
Energy						
Sorgenia Group	475.5	44.5	637.4	(*)51.4	(161.9)	(25.4)
Media						
Espresso Group	157.8	14.7	182.1	14.7	(24.3)	(13.3)
Automotive components						
Sogefi Group	338.7	31.7	329.2	26.5	9.5	2.9
Healthcare						
KOS Group	95.5	8.9	92.1	7.4	3.4	3.7
Other sectors	2.2	0.2	0.6	-	1.6	n.s.
Total consolidated revenues	1,069.7	100.0	1,241.4	100.0	(171.7)	(13.8)

(*) Starting in 2013, the Sorgenia Group now shows revenues net of excise duty.

The **CIR Group's key income statement figures** for the first quarter, with comparatives, are as follows:

	1st quarter			
(in millions of euro)	*2014*	*%*	*2013*	*%*
Revenues	1,069.7	100.0	1,241.4	100.0
Consolidated EBITDA *(1)*	**72.2**	**6.7**	**107.2**	**8.6**
Consolidated operating income (EBIT)	**36.1**	**3.4**	**53.2**	**4.3**
Financial management *(2)*	(34.6)	(3.2)	(25.8)	(2.1)
Income taxes	(3.3)	(0.3)	(19.9)	(1.6)
Net income including minority interests	(1.8)	**(0.1)**	7.5	**0.6**
Minority interests	(0.8)	(0.1)	(1.1)	(0.1)
Net income of the Group	(2.6)	**(0.2)**	6.4	**0.5**

(1) This is the sum of "earnings before interest and taxes (EBIT)" and "amortisation, depreciation and write-downs" in the consolidated income statement.
(2) This is the sum of "financial income", "financial expense", "dividends", "gains from trading securities", "losses from trading securities" and "adjustments to the value of financial assets" in the consolidated income statement.

The **consolidated gross operating margin (EBITDA)** in first quarter 2014 was € 72.2 million (6.7% of revenues) versus € 107.2 million (8.6% of revenues) in first quarter 2013, a decrease of € 35 million (-32.6%). This change was due to the decline in EBITDA of the Sorgenia Group and, to a lesser extent, that of the Sogefi Group.

The **consolidated operating margin (EBIT)** for the first quarter of 2014 was € 36.1 million (3.4% of revenues) versus € 53.2 million (4.3% of revenues) in the same period of 2013 (-32.1%); as for EBITDA, the change is due to Sorgenia and Sogefi.

Financial management generated a net charge of € 34.6 million compared with one of € 25.8 million in the first quarter of 2013. In detail:

- net financial expenses were slightly higher than in the corresponding period of 2013 (€ 36.6 million compared with € 34 million in the first quarter of 2013), because of lower financial income from cash management;
- net gains on trading of securities amounted to € 3.1 million compared with 2.8 million in the first three months of last year;
- negative adjustments to financial assets of € 1.1 million have been recorded compared with positive adjustments of € 5.4 million in the first quarter of 2013.

The **condensed consolidated statement of financial position of the CIR Group** at 31 March 2014, with comparative figures at 31 December 2013 and 31 March 2013, is as follows:

(in millions of euro) (1)	*31.03.2014*	*31.12.2013*	*31.03.2013*
Fixed assets	3,261.7	3,269.1	4,259.4
Other net non-current assets and liabilities	55.1	37.8	205.2
Net working capital	230.9	140.7	289.7
Net invested capital	**3,547.7**	**3,447.6**	**4,754.3**
Net financial debt	**(1,943.1)**	**(1,845.3)**	**(2,412.4)**
Total equity	**1,604.6**	**1,602.3**	**2,341.9**
Group equity	1,131.8	1,131.0	1,384.2
Minority interests	472.8	471.3	957.7

(1) These figures are the result of a different aggregation of the items in the financial statements. For a definition, see the notes to the "Consolidated statement of financial position by business sector" shown earlier.

Consolidated net invested capital at 31 March 2014 stood at € 3,547.7 million versus € 3,447.6 million at 31 December 2013, a rise of € 100.1 million.

The **consolidated net financial position** at 31 March 2014, as mentioned previously, showed net debt of € 1,943.1 million (compared with € 1,845.3 million at 31 December 2013) caused by:

- a financial surplus for CIR and other holding companies of € 506.6 million, which compares with € 538 million at 31 December 2013; the decline in the surplus is due to payments relating to the Lodo Mondadori, already provided for in the financial statements at 31 December 2013;
- total debt of the operating groups of € 2,449.7 million compared with € 2,383.3 million at 31 December 2013. The increase of € 66.4 million was caused by an increase in the debt of the Sorgenia and Sogefi Groups, which more than offset the reduction in debt recorded by Espresso.

Total equity at 31 March 2014 came to € 1,604.6 million compared with € 1,602.3 million at 31 December 2013, an increase of € 2.3 million.

Group equity at 31 March 2014 amounted to € 1,131.8 million compared with € 1,131 million at 31 December 2013, a net increase of € 0.8 million.

At 31 March 2013 **minority interests** came to € 472.8 million, compared with € 471.3 million at 31 December 2013, a growth of € 1.5 million.

The **consolidated statement of cash flows** for the first three months of 2014, prepared according to a managerial format which shows the changes in net financial position, can be summarised as follows:

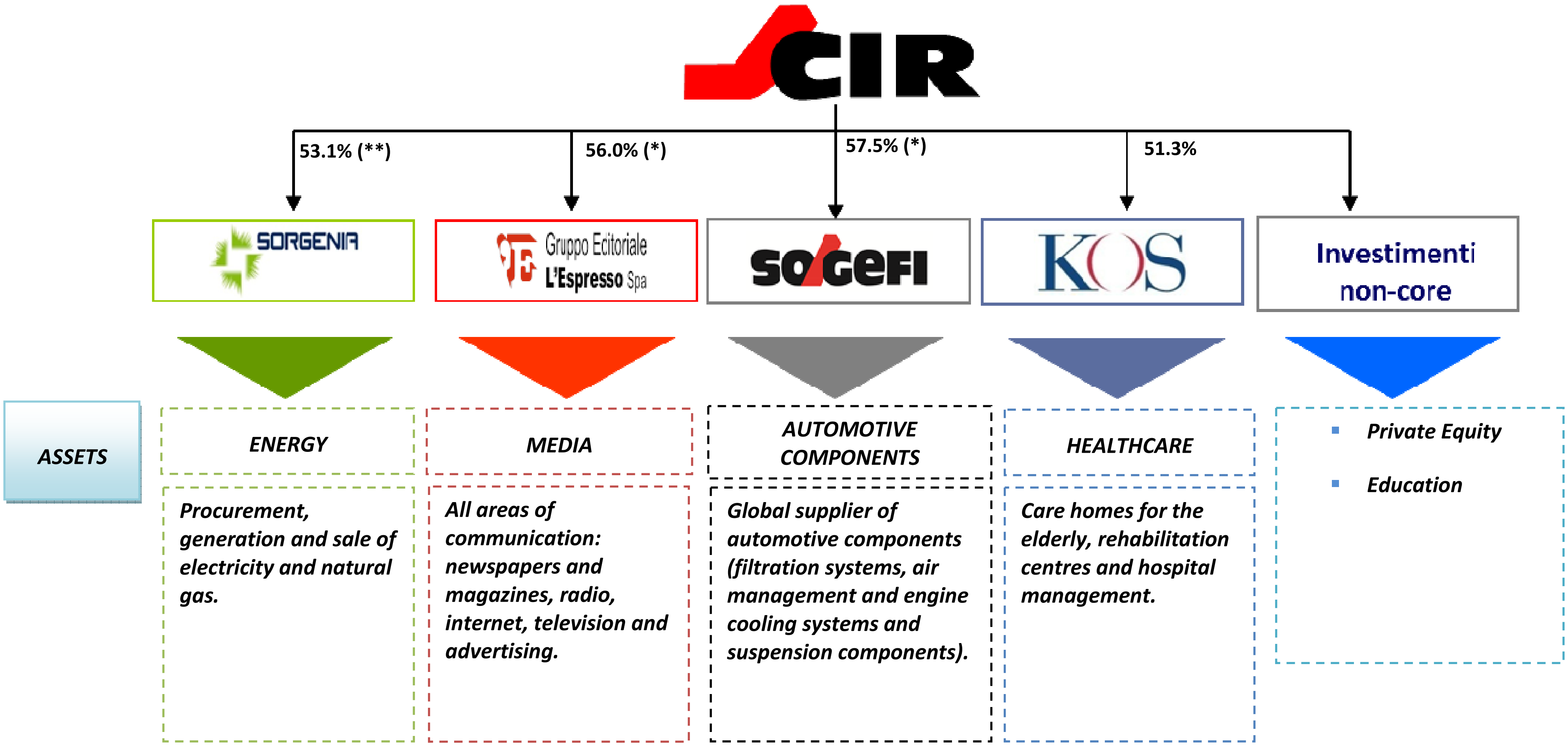
(in millions of euro)	*1st quarter 2014*	*1st quarter 2013*
SOURCES OF FUNDS		
Net income for the period including minority interests	(1.8)	7.6
Amortisation, depreciation, write-downs and other non-monetary changes	27.0	68.0
Self-financing	**25.2**	**75.6**
Change in working capital	**(96.0)**	**80.5**
CASH FLOW GENERATED (ABSORBED) BY OPERATIONS	**(70.8)**	**156.1**
Capital increases	1.9	0.4
TOTAL SOURCES OF FUNDS	**(68.9)**	**156.5**
APPLICATIONS OF FUNDS		
Net investment in fixed assets	(29.7)	(64.6)
Payment of dividends	(0.5)	(0.1)
Buy-back of own shares	-	(0.5)
Other changes	1.3	0.7
TOTAL APPLICATIONS OF FUNDS	**(28.9)**	**(64.5)**
FINANCIAL SURPLUS (DEFICIT)	**(97.8)**	**92.0**
NET FINANCIAL POSITION AT BEGINNING OF PERIOD	**(1,845.3)**	**(2,504.4)**
NET FINANCIAL POSITION AT END OF PERIOD	**(1,943.1)**	**(2,412.4)**

The net cash flow generated by operations, which absorbed € 70.8 million compared with the cash flow generated in the first quarter of 2013 of € 156.1 million, consists of self-financing of € 25.2 million and a negative change in net working capital of € 96 million, principally in the Sorgenia Group and the Parent Company CIR, for payments relating to the "Lodo Mondadori", already commented on above.

For a breakdown of the items making up the net financial position, reference should be made to the section containing the financial statements.

At 31 March 2013 the Group had 14,233 employees, compared with 14,111 at 31 December 2013.

MAIN GROUP INVESTMENTS
AS OF 31 MARCH 2014



(*) The percentage is calculated net of treasury shares.
(**) Percentage of indirect control through Sorgenia Holding

(in millions of euro)	*1st quarter 2014*	*1st quarter 2013*
SOURCES OF FUNDS		
Net income for the period including minority interests	(1.8)	7.6
Amortisation, depreciation, write-downs and other non-monetary changes	27.0	68.0
Self-financing	**25.2**	**75.6**
Change in working capital	**(96.0)**	**80.5**
CASH FLOW GENERATED (ABSORBED) BY OPERATIONS	**(70.8)**	**156.1**
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For a breakdown of the items making up the net financial position, reference should be made to the section containing the financial statements.

At 31 March 2014 the Group had 14,233 employees, compared with 14,111 at 31 December 2013.

MEDIA

The main performance indicators of the Espresso Group for the current year are shown below, with comparative figures for the equivalent periods last year:

(in millions of euro)	*1st quarter 2014*	*1st quarter 2013*	*Change absolute*	*%*
Revenues	157.8	182.1	(24.3)	(13.3)
Net result	2.1	2.0	0.1	5.0

	31/03/2014	*31/12/2013*	*31/03/2013*
Net financial position	(58.2)	(73.5)	(83.5)
No. of employees	2,401	2,425	2,514

The publishing industry continues to post negative trends, both in advertising revenues and in the circulation of newspapers and magazines. In the first two months of 2014, advertising expenditure fell by 4.3% compared with the same period of 2013 (source: Nielsen Media Research), reflecting a still critical economic scenario. Television revenues are still fairly stable (0.2%) and radio grew by 7.5%, whereas print is still showing very negative results (-15.7%). Surprisingly, the decline in internet revenues during the first two months (-6.3%) has been confirmed.
In terms of circulation, the figures published by ADS for the first two months of 2014 indicate a 12% decline in newspaper sales.

Despite the fact that market trends are still very negative, which is having a significant impact on revenues, the Espresso Group ended the first quarter with a slightly positive result, in line with that of the same period last year.

Revenues came in at € 157.8 million, a 13.3% decrease on € 182.1 million in the first quarter of 2013; the Group's circulation revenues amounted to € 57.9 million, a decrease of 7.1% on the same period last year (€ 62.4 million), in a market that is continuing to see a significant reduction in the circulation of daily newspapers (-12%).
Total advertising revenues on Group media fell by 9.7%.

Costs show a reduction of 12.3%, substantially the same as that of revenues; excluding digital publishing and DTT, where costs are rising to support their development, there has been a 14% reduction thanks to further rationalisation, especially in the industrial and administrative areas.

Consolidated EBITDA came to € 16.6 million, in line with € 16.7 million in the first quarter of 2013. By area of activity, profitability has held up reasonably well in print and internet, while radio is showing a slight recovery.

Consolidated EBIT came to € 8.6 million in line with € 8.8 million in the same period last year.

Consolidated net income amounted to € 2.1 million compared with € 2.0 million in first quarter 2013.

Consolidated net debt at 31 March 2014 amounted to € 58.2 million, a further improvement on € 73.5 million at 31 December 2013, with a financial surplus of € 15.3 million.

The Group had 2,401 employees, including those on fixed-term contracts, a decrease on 2,425 at 31 December 2013. The average for the period was lower by 4.4% compared with the first quarter of 2013.

During the first quarter, the Espresso Group completed two successful operations of strategic importance: the joint venture with TIMedia in the network operator business and the refinancing of the parent company, taking into account the fact that its ten-year bond matures in October.
On 9 April 2014 the Espresso Group signed an agreement relating to a possible integration between the network operator activities of the subsidiary Rete A and Telecom Italia Media Broadcasting (TIMB), which is controlled by Telecom Italia Media. This deal, which is only subject to AGCOM authorisation, will give rise to the main independent network operator in Italy, with five digital multiplexes with national coverage and high capillarity based on the latest technologies.
On 2 April 2014 a 5-year convertible bond was placed on the market for a nominal value of € 100 million, at an interest rate of 2.625% and a conversion price set at € 2.1523 per share. The bonds will be convertible into shares, subject to approval of an increase in capital by the Company's Extraordinary Shareholders' Meeting to be held no later than 31 July 2014.
As regards expectations for the entire year, they are heavily dependent on the performance of the advertising market, which at present is still uncertain.

▪ AUTOMOTIVE COMPONENTS

The main performance indicators of the Sogefi Group for the current year are shown below, with comparative figures for the equivalent periods last year:

	31/03/2014	*31/12/2013*	*31/03/2013*
Net financial position	(322.5)	(304.6)	(311.9)
No. of employees	6,920	6,834	6,678

(in millions of euro)	*1st quarter 2014*	*1st quarter 2013*	*Change absolute*	*%*
Revenues	338.7	329.2	9.5	2.9
Net result	(6.3)	7.0	(13.3)	n.a.

In a context characterised by a positive trend in most global automotive markets and a particularly strong euro against other major currencies, the Sogefi Group posted revenue growth of 2.9% in the first quarter of 2014 (+9.1% at constant exchange rates). This result was due to growth in markets outside Europe, particularly in North America and Asia, where Sogefi's revenues grew significantly despite the impact of exchange rates.
The *Engine Systems* Business Unit reported revenues that are up by 4.4% to € 210.6 million, while the *Suspension Components* Business Unit had revenues of € 128.8 million (+0.7%).

In the first quarter, restructuring in Europe continued, especially in France, to rationalise production capacity, giving rise to € 11.3 million of extraordinary restructuring charges in the quarter.
Consolidated EBIT was € 20.9 million, compared with € 32.1 million in the first quarter of 2013; net of restructuring, EBITDA amounted to € 31.8 million versus € 32.5 million in the first quarter of 2013.

Consolidated EBIT amounted to € 5.8 million compared with € 18.2 million in the first quarter of 2013; net of restructuring it came to € 17.1 million versus € 18.6 million in the same period last year.

The consolidated net result was a loss of € 6.3 million (versus a profit of € 7 million in the first quarter of 2013), affected by extraordinary restructuring costs and higher finance charges following the process of refinancing the debt that led to more burdensome interest rates at the end of 2013 compared with previously.

Net debt at 31 March 2014 was € 322.5 million compared with € 304.6 million at 31 December 2013 and € 311.9 million at 31 March 2013. This increase is due to the seasonal absorption of cash which is typical for the automotive industry and outlays of part of the restructuring charges recorded in the fourth quarter of 2013. In order to reduce financial expenses, in May 2014 Sogefi issued a 7-year equity-linked bond with a nominal value of € 100 million and a six-monthly coupon at a fixed rate of 2.00% per annum, replacing loans for an equivalent total amount at higher rates. The bonds will be convertible into shares at a price of € 5.3844 per share, subject to approval of an increase in capital by the Company's Extraordinary Shareholders' Meeting to be held no later than 30 September 2014.

The Sogefi Group had 6,920 employees at 31 March 2013 compared with 6,834 at 31 December 2013.

The global automotive market expects to see a rising trend in 2014, mainly driven by the Chinese market and supported by a more moderate increase in the North and South American markets, with further stabilisation in Europe. The Brazilian and Argentine market, on the other hand, still awaits a period of weakness.

In this context, Sogefi expects to continue raising the Group's presence outside Europe, based on its competitive positioning in different geographical areas; increasing the focus on innovation and improving the product mix; strengthening Group integration and continuing to accelerate the structural efficiency measures in Europe.

▪ HEALTHCARE

The main performance indicators of the KOS Group for the current year are shown below, with comparative figures for the equivalent periods last year:

(in millions of euro)	***1st quarter 2014***	***1st quarter 2013***	***Change absolute***	***%***
Revenues	95.5	92.1	3.4	3.7
Net result	2.5	2.6	(0.1)	(3.8)

	31/03/2014	***31/12/2013***	***31/03/2013***
Net financial position	(153.8)	(155.7)	(170.9)
No. of employees	4,370	4,291	4,154

In the first three months of 2014, the KOS Group generated revenues of € 95.5 million compared with € 92.1 million in the same period of 2013 (+3.7%), thanks to growth in all three business areas.

Consolidated EBITDA (earnings before interest, taxes, depreciation and amortisation) came to € 13 million, up on the first three months of 2013 (€ 12.6 million), principally because of the change in the scope of consolidation and business developments that took place in 2013.

Consolidated EBIT came to € 7.8 million versus € 7.3 million in the same period last year, principally because of the change in the scope of consolidation.

Consolidated net income for first quarter 2014 amounted to € 2.5 million compared with € 2.6 million in the same period of 2013.

At 31 March 2014 the KOS Group had net debt of € 153.8 million, compared with € 155.7 million at 31 December 2013.

The Group had 4,370 employees at 31 March 2014 compared with 4,291 at 31 December 2013.

Subsequent to the year end, on 30 May 2014, KOS acquired the entire capital of Villa Azzurra, a company which manages an accredited 100-bed neuropsychiatric private hospital in Riolo Terme (Ravenna). This operation forms part of the strategy launched by KOS in 2004 to develop a range of services in psychiatric rehabilitation.

As for the outlook, note that growing demands for cuts in public spending, already partly introduced in certain regions where the Group operates, may reduce the resources allocated to public and private health spending and influence the economic results of the KOS Group.

3. Non-core investments

They are represented by private equity, minority interests and other investments amounting to € 181.4 million at 31 March 2014, compared with € 179.9 million at 31 December 2013.

PRIVATE EQUITY

CIR International, a Group company, manages a diversified portfolio of investments in private equity funds. The overall fair value of the portfolio at 31 March 2014, based on the NAVs provided by the various funds, came to € 66.7 million, an increase of € 2.8 million compared with 31 December 2013. Distributions were received during the period for a total of € 2.6 million, including € 0.9 million of returned capital and € 1.7 million of realized gains. No investments were made during the period.

OTHER INVESTMENTS

Directly and indirectly, CIR holds investments in non-controlling interests for a total value of € 114.7 million at 31 March 2014.

In particular, CIR has a 19.5% stake in SEG (Swiss Education Group), one of the world's leading management training centres for the hospitality industry (hotels and restaurants), with 5,000 students from 80 different countries enrolled in its five renowned facilities in Switzerland. In the first quarter of 2014, the SEG Group recorded revenue growth and a better EBITDA compared with the first quarter of last year. The value of the investment, including a loan of € 3.5 million, amounted to € 21.1 million at 31 March 2014.

At 31 March 2014 the net value of the CIR Group's investments in activities related to non-performing loans amounted to € 74.6 million.

4. Significant events subsequent to 31 March 2014

As regards significant events that took place after 31 March 2014, information is provided in the part of the report on the segment performance of the Espresso, Sogefi and KOS groups. As regards the Sorgenia Group, please refer to the matters discussed in the equivalent section of CIR's financial statements at 31 December 2013 as approved by the Board of Directors on 6 June 2014.

After 31 March 2014, CIR S.p.A. bought back further own bonds (CIR S.p.A. 2004/2024, issued by the company on 16/12/2004) with a nominal value of € 78.8 million and proceeded to their disposal. To date, the nominal value of the outstanding bonds amounts to € 210.2 million. With regard to the possible early redemption of the bonds as the result of a default event as communicated by CIR to the Trustee in January, to date the company has not received any communication from the Trustee.

5. Outlook for operations

The performance of CIR Group in 2014 will be influenced by how the macroeconomic scenario evolves, as well as the outcome of Sorgenia's debt restructuring. As regards the latter, discussions between the banks and the company and its shareholders are ongoing, bearing witness to the willingness of the parties to reach an agreement.

6. Other information

OTHER

CIR S.p.A. – Compagnie Industriali Riunite has its registered office in Via Ciovassino 1, Milan, Italy.

CIR shares have been listed on the Milan Stock Exchange since 1973 (Reuters code: CIRX.MI, Bloomberg code: CIR IM).

This report for the period 1 January-31 March 2014 was approved by the Board of Directors on 30 June 2014.

CIR S.p.A. is subject to management and coordination by Cofide – Gruppo De Benedetti S.p.A.

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

CONSOLIDATED INCOME STATEMENT

CONSOLIDATED NET FINANCIAL POSITION

1. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in thousands of euro)

ASSETS	*31.03.2014*	*31.12.2013*	*31.03.2013*
NON-CURRENT ASSETS	**3,780,595**	**3,775,336**	**4,864,088**
INTANGIBLE ASSETS	1,159,651	1,161,522	1,515,941
TANGIBLE ASSETS	1,991,168	1,998,469	2,362,788
INVESTMENT PROPERTY	21,272	21,458	22,357
INVESTMENTS IN COMPANIES CONSOLIDATED AT EQUITY	84,070	81,988	350,875
OTHER EQUITY INVESTMENTS	5,541	5,636	7,437
OTHER RECEIVABLES	237,369	233,931	237,170
SECURITIES	82,074	79,351	110,655
DEFERRED TAXES	199,450	192,981	256,865
CURRENT ASSETS	**2,686,147**	**2,816,818**	**3,279,468**
INVENTORIES	172,304	160,945	167,381
CONTRACT WORK IN PROGRESS	29,928	30,926	38,238
TRADE RECEIVABLES	1,033,964	1,192,627	1,335,359
OTHER RECEIVABLES	325,677	209,740	418,561
FINANCIAL RECEIVABLES	1,628	1,433	34,096
SECURITIES	205,165	166,037	346,661
AVAILABLE-FOR-SALE FINANCIAL ASSETS	95,401	98,011	110,395
CASH AND CASH EQUIVALENTS	822,080	957,099	828,777
ASSETS HELD FOR DISPOSAL	18,258	--	13,676
TOTAL ASSETS	**6,485,000**	**6,592,154**	**8,157,232**

LIABILITIES AND EQUITY	*31.03.2014*	*31.12.2013*	*31.03.2013*
EQUITY	**1,604,629**	**1,602,346**	**2,341,930**
ISSUED CAPITAL	397,146	397,146	396,670
less TREASURY SHARES	(24,702)	(24,764)	(24,995)
SHARE CAPITAL	372,444	372,382	371,675
RESERVES	305,704	302,231	283,321
RETAINED EARNINGS (LOSSES)	456,341	725,603	722,772
NET INCOME (LOSS) OF THE PERIOD	(2,656)	(269,210)	6,442
GROUP EQUITY	**1,131,833**	**1,131,006**	**1,384,210**
MINORITY INTERESTS	472,796	471,340	957,720
NON-CURRENT LIABILITIES	**1,361,851**	**1,331,174**	**3,196,867**
BONDS	261,441	257,724	500,094
OTHER BORROWINGS	636,366	604,977	2,283,899
OTHER PAYABLES	549	930	1,890
DEFERRED TAXES	206,274	215,120	182,946
PERSONNEL PROVISIONS	125,667	128,535	139,723
PROVISIONS FOR RISKS AND LOSSES	131,554	123,888	88,315
CURRENT LIABILITIES	**3,500,541**	**3,658,634**	**2,618,110**
BANK OVERDRAFTS	189,828	194,114	172,390
BONDS	233,209	230,719	7,005
OTHER BORROWINGS	1,746,506	1,780,326	768,908
TRADE PAYABLES	782,496	1,011,523	1,127,542
OTHER PAYABLES	452,672	332,586	433,542
PROVISIONS FOR RISKS AND LOSSES	95,830	109,366	108,723
LIABILITIES HELD FOR DISPOSAL	17,979	--	325
TOTAL LIABILITIES AND EQUITY	**6,485,000**	**6,592,154**	**8,157,232**

2. CONSOLIDATED INCOME STATEMENT

(in thousands of euro)

	01/01-31/03 2014	*01/01-31/03 2013*
SALES REVENUES	1,069,696	1,241,420
CHANGE IN INVENTORIES	1,943	(1,890)
COSTS FOR THE PURCHASE OF GOODS	(625,630)	(746,930)
COSTS FOR SERVICES	(180,938)	(201,827)
PERSONNEL COSTS	(178,502)	(182,079)
OTHER OPERATING INCOME	24,423	42,938
OTHER OPERATING EXPENSE	(41,061)	(42,500)
ADJUSTMENTS TO THE VALUE OF INVESTMENTS CONSOLIDATED AT EQUITY	2,309	(1,921)
AMORTISATION, DEPRECIATION & WRITE-DOWNS	(36,142)	(54,040)
EARNINGS BEFORE INTEREST AND TAXES (EBIT)	**36,098**	**53,171**
FINANCIAL INCOME	7,351	13,458
FINANCIAL EXPENSE	(44,005)	(47,421)
DIVIDENDS	26	1
GAINS FROM TRADING SECURITIES	3,135	3,803
LOSSES FROM TRADING SECURITIES	(28)	(1,019)
ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS	(1,075)	5,444
INCOME BEFORE TAXES	**1,502**	**27,437**
INCOME TAXES	(3,338)	(19,862)
NET INCOME FOR THE PERIOD INCLUDING MINORITY INTERESTS	**(1,836)**	**7,575**
- NET INCOME OF MINORITY INTERESTS	(820)	(1,133)
- NET INCOME OF THE GROUP	**(2,656)**	**6,442**

3. CONSOLIDATED NET FINANCIAL POSITION

(in thousands of euro)

		31.03.2014	*31.12.2013*	*31.03.2013*
A.	Cash and bank deposits	822,080	957,099	828,777
B.	Other cash equivalents	95,401	98,011	110,395
C.	Securities held for trading	205,165	166,037	346,661
D.	**Cash and cash equivalents (A) + (B) + (C)**	**1,122,646**	**1,221,147**	**1,285,833**
E.	**Current financial receivables**	1,628	1,433	34,096
F.	Current bank payables	(1,862,547)	(1,886,721)	(311,228)
G.	Bonds issued	(233,209)	(230,719)	(7,005)
H.	Current portion of non-current debt	(73,787)	(87,719)	(629,929)
I.	Other current borrowings	--	--	(141)
J.	**Current financial debt (F) + (G) + (H) + (I)**	**(2,169,543)**	**(2,205,159)**	**(948,303)**
K.	**Current net financial position (J) + (E) + (D)**	**(1,045,269)**	**(982,579)**	**371,626**
L.	Non-current bank borrowings	(316,022)	(291,277)	(2,027,532)
M.	Bonds issued	(261,441)	(257,724)	(500,094)
N.	Other non-current payables	(320,344)	(313,700)	(256,367)
O.	**Non-current financial debt (L) + (M) + (N)**	**(897,807)**	**(862,701)**	**(2,783,993)**
P.	**Net financial position (K) + (O)**	**(1,943,076)**	**(1,845,280)**	**(2,412,367)**

1. Introduction

This consolidated interim financial report at 31 March 2014 (unaudited) was prepared in accordance with IAS/IFRS international accounting standards, which have been mandatory since 2005 for preparing the consolidated financial statements of companies listed on European regulated markets. The figures provided for comparison purposes were also determined in accordance with IAS/IFRS.

This interim report was prepared in compliance with the provisions of art. 154/ter paragraph 5 of D.Lgs. no. 58 of 24 February 1998 and subsequent amendments (TUF). The instructions contained in the international accounting standard on interim reporting (IAS 34 “Interim Financial Statements”) have not therefore been adopted.

2. Consolidation principles

Consolidation is on a line-by-line basis. The criteria adopted in applying this method are the same as those used at 31 December 2013.

The consolidated interim financial statements of the Group as of 31 March 2014, like those as of 31 December 2013, are the result of the consolidation at those dates of the financial statements of CIR, the parent company, and all of the companies directly or indirectly controlled, joint ventures or associates. The assets and liabilities of companies due to be sold are reclassified to assets and liabilities held for disposal in order to disclose them separately.

3. Accounting policies

The accounting principles adopted for the preparation of the interim financial statements as of 31 March 2014 are the same as those adopted for the financial statements for the year ended 31 December 2013.

4. *Share capital*

The share capital at 31 March 2014 amounts to € 397,146,183.50, the same as at 31 December 2013, and is made up of 794,292,367 shares with a nominal value of € 0.50 each.

At 31 December 2014 the Company held 49,403,975 treasury shares (6.22% of capital) for a value of € 107,072 thousand compared with 49,528,575 shares at 31 December 2013. The decrease of 124,600 shares relates to the exercise of stock grant plans.

In application of IAS 32, from 1 January 2005 treasury shares held by the Parent Company are deducted from total equity.

The share capital is fully subscribed and paid up. None of the shares are subject to any rights, privileges or limitations on the distribution of dividends, with the exception of treasury shares.

Note that for a period of five years from 30 April 2009 the Board of Directors was authorised to increase the share capital once or more by a maximum of € 500 million (nominal value) and for a further maximum of € 20 million (nominal value) in favour of employees of the Company, its subsidiaries and parent companies.

Regarding stock option plans and stock grants, at 31 March 2014 there were 43,780,247 options outstanding, corresponding to an equivalent number of shares.

The notional cost of the stock options granted to employees, which is shown in a separate item of shareholders' equity, amounted to € 703 thousand in the first quarter of 2014.

CERTIFICATION PURSUANT TO ART. 154 BIS, PARAGRAPH 2, OF LEGISLATIVE DECREE 58/1998

Re: Interim Financial Report as of 31 March 2014

The undersigned, Giuseppe Gianoglio, officer responsible for the preparation of the financial statements of the Company,

hereby declares

in accordance with paragraph 2 of Article 154 bis of the Finance Consolidation Act that the accounting information contained in this document corresponds to the Company's documented results, books of account and accounting entries.

Milan, 30 June 2014

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