

INTERIM FINANCIAL REPORT

AS OF 31 MARCH 2016



COMPAGNIE INDUSTRIALI RIUNITE

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REPORT ON OPERATIONS AS OF 31 MARCH 2016

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Report on operations as of 31 March 2016

1. Key figures

In the first quarter of 2016, CIR Group achieved a **turnover** of € 644.3 million, an increase of 2.7% compared with the same period of 2015 (€ 627.2 million), thanks to Sogefi and KOS, which reported increases of 4.7% and 6.2%, respectively.

Consolidated EBITDA amounts to € 62.7 million, an increase of 2.5% compared with € 61.2 million in the first three months of last year. The growth is due to the higher operating margin achieved by KOS Group, while that achieved by Espresso and Sogefi Groups remained largely unchanged.

Consolidated net income amounted to € 14.7 million compared with € 21.2 million in the first quarter of 2015, which had benefited from non-recurring income recorded by Espresso and Sogefi.

The contribution made by the industrial subsidiaries was € 7.4 million, compared with € 13 million in the first three months of last year, due to the aforementioned non-recurring income.

Espresso Group achieved a net result of € 6.1 million, compared with € 12.0 million in the first quarter of 2015, which had benefited from a gain of € 6.3 million on the sale of All Music.

Sogefi achieved net income of € 2.9 million compared with € 7.6 million in the first quarter of 2015. The result was impacted by an increase in amortisation, depreciation and write-downs of fixed assets and higher financial expense (non-recurring financial income had been recognised in the prior period).

Lastly, KOS posted a net result of € 4.4 million, with respect to € 3.7 million in first quarter 2015, thanks to the development of the company in the last two years, making possible a significant growth in revenues.

The parent company CIR and its non-industrial subsidiaries contributed net income of € 7.3 million, which was slightly down on the figure of € 8.2 million for the first quarter of 2015 due to a lower securities portfolio yield.

At 31 March 2016, **consolidated net debt** stood at € 110.2 million, down compared with € 157.4 million at 31 March 2015 and € 121.7 million at 31 December 2015; the decrease in the quarter was attributable to a significant improvement in Espresso Group's net debt in the period.

Group equity at 31 March 2016 was € 1,099.3 million (€ 1,103 million at 31 December 2015). Despite the positive result for the quarter, the decrease of € 3.7 million arose from the buy-back of own shares of € 9.7 million and the negative change in fair value reserves and in the translation reserve.

The tables on the following pages provide a breakdown by business sector of the Group's results and financial position, a breakdown of the contribution made by the main subsidiaries and the aggregate results of CIR, the parent company, and the other non-industrial subsidiaries.

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

(in millions of euro)

	1 st quarter 2016												1 st quarter 2015
	Revenues	Costs of production	Other operating income and expense	Adjustments to the value of investments consolidated at equity	Depreciation and write-downs	EBIT	Net financial income and expense	Dividends, net gains and losses on trading and the valuation of securities	Income taxes	Income/(loss) from assets held for sale	Minority interests	Net result of the Group	Net result of the Group
CONSOLIDATED													
AGGREGATE													
	(1)	(2)					(3)	(4)					
Espresso Group	140.8	(130.0)	2.4	0.8	(3.7)	10.3	(2.3)	--	(2.0)	0.2	(2.7)	3.5	6.7
Sogefi Group	390.1	(347.2)	(8.3)	--	(18.6)	16.0	(8.4)	--	(3.4)	--	(2.5)	1.7	4.4
KOS Group	113.4	(91.9)	(4.3)	--	(6.4)	10.8	(3.0)	--	(3.1)	--	(2.5)	2.2	1.9
Total for main subsidiaries	644.3	(569.1)	(10.2)	0.8	(28.7)	37.1	(13.7)	--	(8.5)	0.2	(7.7)	7.4	13.0
Other subsidiaries	--	(1.0)	1.0	--	--	--	--	--	--	--	--	--	0.2
Total subsidiaries	644.3	(570.1)	(9.2)	0.8	(28.7)	37.1	(13.7)	--	(8.5)	0.2	(7.7)	7.4	13.2
CIR and other non-industrial subsidiaries													
Revenues	--											--	--
Net operating costs		(3.2)										(3.2)	(3.4)
Other operating income & expense			0.1									0.1	0.4
Adjustments to the value of investments consolidated at equity				--								--	--
Amortisation/depreciation and write-downs					(0.1)							(0.1)	(0.2)
EBIT						(3.2)							
Net financial income & expense							1.4					1.4	1.9
Dividends and net gains from securities trading								9.0				9.0	9.3
Income taxes									0.1			0.1	--
Total CIR and other non-industrial subsidiaries	--	(3.2)	0.1	--	(0.1)	(3.2)	1.4	9.0	0.1	--	--	7.3	8.0
Consolidated total for the Group	644.3	(573.3)	(9.1)	0.8	(28.8)	33.9	(12.3)	9.0	(8.4)	0.2	(7.7)	14.7	21.2

- 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 € (0.5) 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 € 0.5 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)

	31.03.2016				31.12.2015			
CONSOLIDATED	Fixed assets	Other net non-current assets and liabilities	Net working capital	Net financial position	Total equity of which:	Minority interests	Group equity	Group equity
AGGREGATE	(1)	(2)	(3)	(4)				
Espresso Group	707.5	(163.5)	37.0	15.5	596.5	260.6	335.9	332.2
Sogefi Group	529.3	(23.8)	6.5	(322.6)	189.4	92.5	96.9	98.4
KOS Group	547.6	(20.8)	(33.6)	(215.9)	277.3	138.9	138.4	136.2
Other subsidiaries	--	2.8	(3.8)	2.8	1.8	--	1.8	1.8
Total subsidiaries	1,784.4	(205.3)	6.1	(520.2)	1,065.0	492.0	573.0	568.6
CIR and other non-industrial subsidiaries								
Fixed assets	19.9				19.9		19.9	19.9
Other net non-current assets and liabilities		115.6			115.6		115.6	117.3
Net working capital			(19.2)		(19.2)		(19.2)	(20.7)
Net financial position				410.0	410.0		410.0	417.9
Consolidated total for the Group	1,804.3	(89.7)	(13.1)	(110.2)	1,591.3	492.0	1,099.3	1,103.0

- 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 sale" and "liabilities held for sale" in the consolidated statement of financial position.
- 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.

2. Performance of the Group

Consolidated sales revenues for the first quarter of 2016 came in at € 644.3 million versus € 627.3 million in the same period of 2015, an increase of € 17.1 million (+2.7%). Sogefi recorded a 4.7% increase in turnover, KOS one of 6.2%, while the revenues of the Espresso Group fell by 3.5%, as a consequence of the ongoing crisis that is affecting the entire publishing industry.

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

(in millions of euro)	1st quarter					
	2016	%	2015	%	Change absolute	%
Media						
Espresso Group	140.8	21.9	145.9	23.3	(5.1)	(3.5)
Automotive components						
Sogefi Group	390.1	60.5	372.5	59.4	17.6	4.7
Healthcare						
KOS Group	113.4	17.6	106.8	17.0	6.6	6.2
Other sectors	--	--	2.0	0.3	(2.0)	n.a.
Total consolidated revenues	644.3	100.0	627.2	100.0	17.1	2.7

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

(in millions of euro)	1st quarter			
	2016	%	2015	%
Revenues	644.3	100.0	627.2	100.0
Consolidated EBITDA (1)	62.7	9.7	61.2	9.8
Consolidated operating income (EBIT)	33.9	5.3	36.0	5.7
Financial management (2)	(3.3)	(0.5)	(0.4)	(0.1)
Income taxes	(8.4)	(1.3)	(8.9)	(1.4)
Income (loss) from assets held for sale	0.2	--	6.2	1.0
Net income including minority interests	22.4	3.5	32.9	5.2
Minority interests	(7.7)	(1.2)	(11.7)	(1.8)
Net result of the Group	14.7	2.3	21.2	3.4

(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)** for the first quarter of 2016 was € 62.7 million (9.7% of revenue) versus € 61.2 million (9.8% of revenue) for the first quarter of 2015, a decrease of € 1.5 million (+2.5%). The growth was mainly due to an improvement in the margins of Sogefi and KOS Groups, while Espresso and Sogefi's margin was broadly in line with that for the first quarter of 2015.

The **consolidated operating margin (EBIT)** for the first quarter of 2016 was € 33.9 million (5.3% of revenues) versus € 36.0 million (5.7% of revenues) in the same period of 2015 (-5.8%); compared to

the change in EBITDA, EBIT was impacted by an increase in amortisation, depreciation and write-downs of fixed assets recognised by Sogefi.

Financial management generated a net income of € 3.3 million compared with a charge of € 0.4 million in the first quarter of 2015. In detail:

- net financial expense came to € 12.3 million compared with € 9.7 million in the first quarter of 2015, which had benefited from non-recurring income of € 1.5 million recognised by Sogefi Group (on the fair value measurement of its bond);
- net gains from trading securities amounted to € 8.5 million and mainly arose from the sale of a non-strategic equity investment; income for the first quarter of 2015 amounted to € 10 million and arose from the sale by Espresso of All Music and from the sale by CIR International of part of its hedge fund portfolio;
- positive adjustments to financial assets of € 0.5 million have been recorded compared with negative adjustments of € 0.7 million in the first quarter of 2015.

The **condensed consolidated statement of financial position** of the CIR Group at 31 March 2016, with comparative figures at 31 December 2015 and 31 March 2015, is as follows:

<i>(in millions of euro) (1)</i>	<i>31.03.2016</i>	<i>31.12.2015</i>	<i>31.03.2015</i>
Fixed assets	1,804.3	1,814.1	1,845.7
Other net non-current assets and liabilities	(89.7)	(89.9)	(35.0)
Net working capital	(13.1)	(12.2)	(39.8)
Net invested capital	1,701.5	1,712.0	1,770.9
Net financial debt	(110.2)	(121.7)	(157.4)
Total equity	1,591.3	1,590.3	1,613.5
Group equity	1,099.3	1,103.0	1,127.7
Minority interests	492.0	487.3	485.8

(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 2016 stood at € 1,701.5 million versus € 1,712 million at 31 December 2015, a decrease of € 10.5 million.

The **consolidated net financial position** at 31 March 2016, as mentioned previously, showed net debt of € 110.2 million (compared with € 121.7 million at 31 December 2015) caused by:

- a financial surplus pertaining to CIR and its non-industrial subsidiaries of € 410.0 million, down when compared with the 31 December 2015 figure of € 417.9 million, mainly due to the impact of purchases of treasury shares in the quarter (€ 9.5 million);
- by total debt of the industrial subsidiaries of € 520.2 million compared with € 539.6 million at 31 December 2015. The decrease of € 19.4 million is attributable to Espresso Group, which posted an improvement in its net debt of € 26.2 million.

Total equity at 31 March 2016 came to € 1,591.3 million compared with € 1,590.3 million at 31 December 2015, an increase of € 1 million.

Group equity at 31 March 2016 amounted to € 1,099.3 million compared with € 1,103.0 million at 31 December 2015, a net decrease of € 3.7 million: the change is the combined result of net income less the buy-back of own shares of € 9.7 million and the negative change in fair value and translation reserves of approximately € 9 million.

At 31 March 2016 **minority interests** came to € 492.0 million, compared with € 487.3 million at 31 December 2015, a growth of € 4.7 million.

The **consolidated statement of cash flows** for the first three months of 2016, prepared according to a managerial format which shows the changes in net financial position, can be summarised as follows:

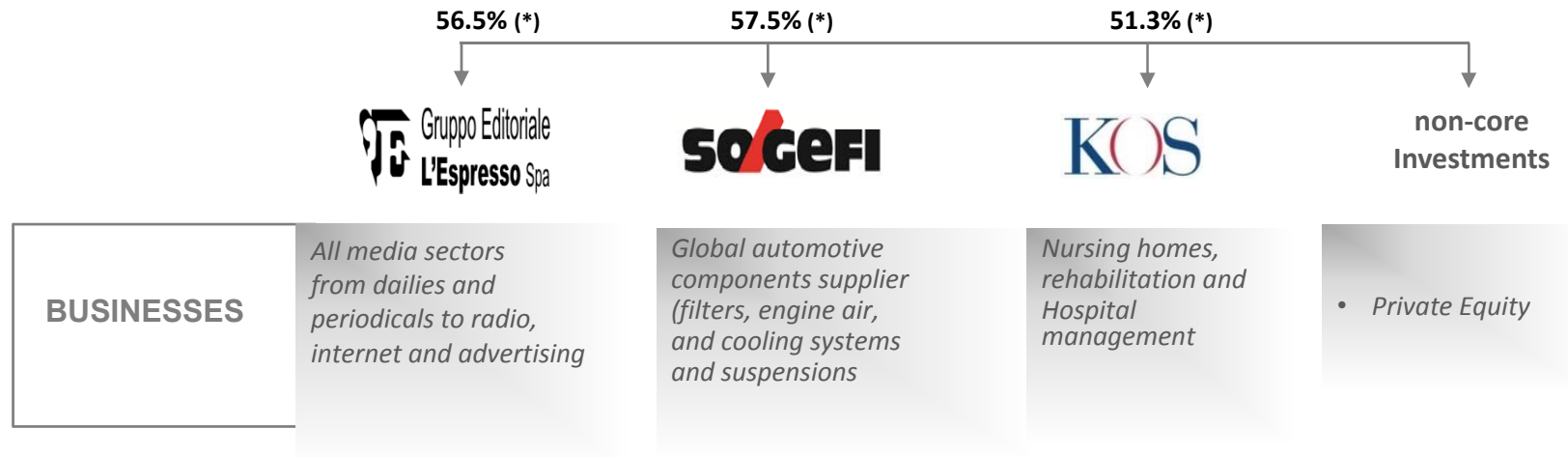
<i>(in millions of euro)</i>	<i>1st quarter 2016</i>	<i>1st quarter 2015</i>
SOURCES OF FUNDS		
Result for the period including minority interests from continuing operations	22.2	26.6
Amortisation, depreciation, write-downs and other non-monetary changes	21.4	(4.4)
Self-financing	43.6	22.2
Change in working capital	7.4	18.2
CASH FLOW GENERATED BY OPERATIONS FROM CONTINUING OPERATIONS	51.0	40.4
Capital increases	--	0.1
TOTAL SOURCES OF FUNDS	51.0	40.5
APPLICATIONS OF FUNDS		
Net investment in fixed assets	(18.0)	(49.9)
Price paid for business combinations	(0.1)	(29.9)
Net financial position of acquired companies	--	(17.9)
Payment of dividends	(0.5)	(0.5)
Buy-back of own shares	(9.7)	(15.0)
Other changes	(12.2)	19.0
TOTAL APPLICATIONS OF FUNDS	(40.5)	(94.2)
FINANCIAL SURPLUS (DEFICIT) FROM CONTINUING OPERATIONS	10.5	(53.7)
CASH FLOW/NET FINANCIAL POSITION FROM DISCONTINUED OPERATIONS	1.0	9.1
FINANCIAL SURPLUS (DEFICIT)	11.5	(44.6)
NET FINANCIAL POSITION AT BEGINNING OF PERIOD	(121.7)	(112.8)
NET FINANCIAL POSITION AT END OF PERIOD	(110.2)	(157.4)

The change in the Group's net financial position in the first quarter of 2016 generated a financial surplus of € 11.5 million, or € 21.2 million before the buy-back of own shares of € 9.7 million; the first quarter of 2015 produced a financial deficit of € 44.6 million, which included acquisitions by Kos of € 47.8 million and the buy-back of own shares of € 15.0 million.

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 2016 the Group had 14,351 employees, compared with 14,213 at 31 December 2015.

Main Group investments
at 31 March 2016



(*) the percentage is calculated net of treasury shares

3. Performance of the business sectors

■ 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:

<i>(in millions of euro)</i>	1st quarter 2016	1st quarter 2015	Change absolute	%
Revenues	140.8	145.9	(5.1)	(3.5)
Net result	6.1	12.0	(5.9)	n.s.

	31/03/2016	31/12/2015	31/03/2015
Net financial position	15.5	(10.7)	(11.2)
No. of employees	2,209	2,222	2,324

In the period January-February 2016, the Media market reported an increase in advertising expenditure (source: Nielsen Media Research) of 3.7% compared with the same period of 2015. There was a rise in television, radio and internet revenue (+6.3%, +1.8% and +2.2%, respectively, excluding Search and Social). Print advertising revenue continued to fall (-2.5%), although this was a marked improvement on the same period of 2015 (-8%): national revenue was stable compared with the first two months of 2015, while local revenue continued to show a significantly negative trend (-5.6%).

In terms of daily newspaper circulation, the figures published by ADS for the first two months of 2016 indicate a decline in sales of 8%.

Consolidated revenue amounted to € 140.8 million, a 3.5% decrease on € 145.9 million for the first quarter of 2015, but with a reduction of the decline compared with prior periods. The Group's circulation revenues amounted to € 57.9 million, a decrease of 5.3% on the same period last year, in a market that is continuing to see a significant reduction in the circulation of daily newspapers. Advertising revenues went down by 2.5%: internet revenue rose by 7.9% thanks to the sustained development of advertising on mobile phone and on the new programmatic and performance platforms, radio revenue grew by 2.4%, confirming the positive trend already seen in the previous year and print revenue fell by 7.8%, reflecting the general market trend for daily newspapers and the extremely negative trend for news magazines.

Costs are down by 3.5%, reflecting the decline in revenues; in addition to variable costs linked to print runs of newspapers and magazines, fixed industrial costs and personnel costs also decreased, reflecting a reduction in the average workforce of 5% compared with the first quarter of 2015.

Consolidated EBITDA came to € 13.9 million, in line with € 13.7 million in the first quarter of 2015.

Consolidated EBIT came to € 10.3 million, a slight increase compared with the same period last year (€ 10 million). Earnings in all sectors held up well compared with the first quarter of 2015.

Consolidated net income from continuing operations was € 6.0 million compared with € 5.8 million for the first quarter of 2015. Consolidated net income for the first quarter of 2015 thus amounted to 6.1 million compared with € 12.0 million for the first quarter of 2015.

The sale at the end of January 2015 of the investee All Music to Discovery Italia gave rise to a gain on sale of € 6.3 million, which was recorded under discontinued operations.

Net cash at 31 March 2016 amounted to € 15.5 million, representing a significant improvement compared with the net debt of € 10.7 million at 31 December 2015, thanks to a financial surplus for the period of € 26.2 million (compared with € 23.1 million for the first quarter of 2015, which included extraordinary sale proceeds of € 8.8 million).

The Group had 2,209 employees at 31 March 2016, including those on fixed-term contracts, a decrease on 2,222 at 31 December 2015.

On 2 March 2016 CIR signed a memorandum of understanding with its subsidiary Gruppo Editoriale L'Espresso, ITEDI (the company that publishes the newspapers La Stampa and Il Secolo XIX) and the shareholders of the latter (FCA and Ital Press Holding S.p.A. of the Perrone family) with a view to creating Italy's largest publishing group and one of the principal groups in Europe in the field of daily and digital news, by merging ITEDI with Gruppo Editoriale L'Espresso. Completion of the merger, which is subject to authorization by the competent authorities as well as by the shareholders of Gruppo Editoriale L'Espresso and ITEDI, is expected to take place in the first quarter of 2017.

Despite an upturn in advertising expenditure in the first two months of 2016, in view of the monthly trend in the advertising market, the outlook for the entire year 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:

<i>(in millions of euro)</i>	1st quarter 2016	1st quarter 2015	Change absolute	%
Revenues	390.1	372.5	17.6	4.7
Net result	2.9	7.6	(4.7)	(61.8)

	31/03/2016	31/12/2015	31/03/2015
Net financial position	(322.6)	(322.3)	(327.5)
No. of employees	6,781	6,702	6,771

In the first quarter of 2016, worldwide production of cars and light commercial vehicles grew by 1%: Europe showed growth of 2% (that for EU countries was 5%), while that for NAFTA and China was 5%; conversely, Mercosur reported a decrease of 28%, with extremely negative trends for Brazil and Argentina.

Sogefi Group ended the first quarter with consolidated revenue of € 390.1 million, up by 4.7% on the first quarter of 2015 (+10.5% at constant exchange rates).

Revenue was stable in Europe, while vigorous growth continued in North America (+30%) and in Asia (+45.5%). Although South America accounted for less than 10% of total revenue in the first quarter of 2016, sales fell by 22.6%, caused by currency depreciation (at constant exchange rates, there was growth of 12.3%).

Growth in the first quarter of 2016 was particularly driven by Air and Cooling (+16.5% and + 20.5% at constant exchange rates); suspension revenue increased by 1.4% (+7.6% at constant exchange rates),

while filtration revenue fell by 1% (+5.5% at constant exchange rates) due to a decrease in the euro equivalent of South American revenue.

EBITDA, which amounted to € 34.6 million, remained stable compared with the first quarter of the previous year (€ 34.9 million). With the exclusion of non-recurring costs, EBITDA amounted to € 38.5 million, which was up by 9% compared with the same period of 2015; earnings increased slightly (from 9.5% to 9.9%) thanks to the gross margin having held up and to lower fixed costs.

The Air & Cooling business unit's first quarter reassessment of product warranty risks did not lead to any change in the provision.

EBIT amounted to € 16 million compared with € 19.1 million for the first quarter of 2015; the decrease was due to higher amortisation, depreciation and writedowns of fixed assets.

Net income came to € 2.9 million, down by € 7.6 million compared with the first quarter of 2015, due, in addition to the aforementioned higher amortisation and depreciation, to the impact of higher financial expense (which benefited in the previous year from a positive component linked to the fair value measurement of the bond).

Net financial debt as of 31 March 2015 amounted to € 322.6 million, in line with the 31 December 2015 figure (€ 322.3 million). The financial deficit for the period amounted to € -0.2 million compared with € -28.9 million in the same period last year. Of this improvement, € 8.7 million is attributable to lower disbursements of a non-recurring nature relating to product warranty and restructuring and approximately € 11 million relates to a positive trend in operating cash flow.

Shareholders' equity, excluding the portion attributable to minority interests, amounted to € 167.8 million at 31 March 2016 compared with € 170.8 million at 31 December 2015.

The Sogefi Group had 6,781 employees at 31 March 2016 compared with 6,702 at 31 December 2015.

As regards the outlook for operations, it is expected that the positive trends will continue in North America, in China and in India. In Europe after the important business expansion seen in 2015, the company expects more modest growth, while market conditions in South America remain difficult.

■ 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:

<i>(in millions of euro)</i>	1st quarter 2016	1st quarter 2015	Change absolute	%
Revenues	113.4	106.8	6.6	6.2
Net result	4.4	3.7	0.7	18.9

	31/03/2016	31/12/2015	31/03/2015
Net financial position	(215.9)	(210.0)	(195.5)
No. of employees	5,237	5,194	4,769

In the first three months of 2016 the KOS Group achieved revenue of € 113.4 million (+6.3%) compared with € 106.8 million in the same period of 2015. The increase in revenue was driven by care homes for the elderly (+14.9%), which performed very well thanks to organic growth and to acquisitions made in 2015 (Polo Geriatrico and Argento Vivo).

EBITDA amounted to € 17.2 million, up by 12.4% compared with the margin achieved in the first quarter of 2015.

Consolidated EBIT amounted to € 10.8 million, which was up compared with the figure for the same period last year of € 9.7 million, thanks to a significant increase in revenue and a slight increase in earnings from 9.1% to 9.5%.

Consolidated net income for first quarter 2016 amounted to € 4.4 million compared with € 3.7 million in the same period of 2015.

At 31 March 2016 the KOS Group had net debt of € 215.9 million, compared with € 210.0 million at 31 December 2015.

The Group currently manages 77 facilities, mainly in central and northern Italy, for a total of some 7,300 beds.

The Group had 5,237 employees at 31 March 2016 compared with 5,194 at 31 December 2015.

During the quarter, on 16 March, CIR and F2i entered into an agreement with Ardian for the purchase by the latter of 46.7% of KOS for € 292 million. The closing of the transaction, subject to approval by the Competition and Markets Authority, is expected to take place in May.

4. *Non-core investments*

They are represented by private equity fund investments, minority interests and other investments amounting to € 112.0 million at 31 March 2016, compared with € 113.6 million at 31 December 2015.

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 2016, based on the NAVs provided by the various funds, came to € 54.3 million, a decrease of € 4.9 million compared with 31 December 2015, primarily due to the effect of write-downs and exchange rate differences (that impact equity). Total distributions in the period, amounting to € 2.8 million, generated a capital gain of € 2.1 million. Outstanding commitments at 31 March 2016 amounted to € 5.7 million.

OTHER INVESTMENTS

Directly and indirectly, CIR holds non-strategic investments of € 15.8 million at 31 March 2016 and a portfolio of non performing loans of € 41.9 million at 31 March 2016.

In the first quarter of 2016, CIR International sold an investment in China of approximately € 5.5 million that produced a gain on sale of € 6.5 million.

5. *Significant events subsequent to 31 March 2016*

No significant events have occurred subsequent to 31 March 2016.

6. *Outlook for operations*

The performance of CIR Group in the subsequent three quarters of 2016 will be influenced by developments in the Italian economy, the impact of which is significant, especially in the media sector, as well as by the performance of major global automotive markets for the components sector.

7. *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 2016 was approved by the Board of Directors on 29 April 2016.

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	31.03.2016	31.12.2015	31.03.2015
NON-CURRENT ASSETS	2,060,851	2,071,525	2,153,703
INTANGIBLE ASSETS	997,191	997,652	1,010,767
TANGIBLE ASSETS	648,633	658,737	662,560
INVESTMENT PROPERTY	19,961	20,064	20,254
INVESTMENTS IN COMPANIES CONSOLIDATED AT EQUITY	132,669	131,833	147,109
OTHER EQUITY INVESTMENTS	5,830	5,830	4,970
OTHER RECEIVABLES	88,218	86,957	91,545
SECURITIES	65,287	65,705	97,402
DEFERRED TAXES	103,062	104,747	119,096
CURRENT ASSETS	1,428,357	1,400,094	1,351,376
INVENTORIES	133,627	134,055	138,588
CONTRACT WORK IN PROGRESS	38,591	39,178	32,341
TRADE RECEIVABLES	437,839	415,937	432,155
OTHER RECEIVABLES	102,687	97,363	107,015
FINANCIAL RECEIVABLES	28,201	30,496	31,939
SECURITIES	86,521	121,006	161,037
AVAILABLE-FOR-SALE FINANCIAL ASSETS	247,756	251,510	157,165
CASH AND CASH EQUIVALENTS	353,135	310,549	291,136
ASSETS HELD FOR SALE	8,512	9,005	26,910
TOTAL ASSETS	3,497,720	3,480,624	3,531,989
LIABILITIES AND EQUITY	31.03.2016	31.12.2015	31.03.2015
EQUITY	1,591,309	1,590,294	1,613,555
SHARE CAPITAL ISSUED	397,146	397,146	397,146
less TREASURY SHARES	(59,428)	(54,211)	(34,473)
SHARE CAPITAL	337,718	342,935	362,673
RESERVES	334,116	340,336	328,613
RETAINED EARNINGS (LOSSES)	412,804	377,663	415,248
NET INCOME (LOSS) OF THE PERIOD	14,684	42,014	21,202
GROUP EQUITY	1,099,322	1,102,948	1,127,736
MINORITY INTERESTS	491,987	487,346	485,819
NON-CURRENT LIABILITIES	968,332	1,010,070	983,588
BONDS	285,621	288,366	284,438
OTHER BORROWINGS	334,104	372,076	329,235
OTHER PAYABLES	12,037	9,286	7,112
DEFERRED TAXES	135,742	134,881	146,770
PERSONNEL PROVISIONS	121,926	124,478	143,015
PROVISIONS FOR RISKS AND LOSSES	78,902	80,983	73,018
CURRENT LIABILITIES	931,910	873,598	934,846
BANK OVERDRAFTS	27,300	19,517	25,102
BONDS	5,747	5,011	5,414
OTHER BORROWINGS	173,046	150,316	154,444
TRADE PAYABLES	450,109	427,418	452,210
OTHER PAYABLES	207,572	199,569	219,573
PROVISIONS FOR RISKS AND LOSSES	68,136	71,767	78,103
LIABILITIES HELD FOR SALE	6,169	6,662	--
TOTAL LIABILITIES AND EQUITY	3,497,720	3,480,624	3,531,989

2. Consolidated income statement

(in thousands of euro)

	01/01 - 31/03 2016	01/01 - 31/03 2015
SALES REVENUES	644,344	627,230
CHANGE IN INVENTORIES	(601)	4,082
COSTS FOR THE PURCHASE OF GOODS	(245,084)	(236,460)
COSTS FOR SERVICES	(147,818)	(153,069)
PERSONNEL COSTS	(179,283)	(177,803)
OTHER OPERATING INCOME	7,540	9,394
OTHER OPERATING COSTS	(17,130)	(13,270)
ADJUSTMENTS TO THE VALUE OF INVESTMENTS CONSOLIDATED AT EQUITY	778	1,096
AMORTISATION, DEPRECIATION & WRITE-DOWNS	(28,855)	(25,168)
EARNINGS BEFORE INTEREST AND TAXES (EBIT)	33,891	36,032
FINANCIAL INCOME	2,996	5,239
FINANCIAL EXPENSE	(15,262)	(14,954)
DIVIDENDS	6,204	--
GAINS FROM TRADING SECURITIES	2,478	10,064
LOSSES FROM TRADING SECURITIES	(135)	(83)
ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS	475	(712)
INCOME BEFORE TAXES	30,647	35,586
INCOME TAXES	(8,441)	(8,940)
INCOME (LOSS) AFTER TAXES FROM OPERATING ACTIVITY	22,206	26,646
INCOME/(LOSS) FROM ASSETS HELD FOR SALE	161	6,244
NET INCOME (LOSS) FOR THE PERIOD INCLUDING MINORITY INTERESTS	22,367	32,890
- (NET INCOME) LOSS OF MINORITY INTERESTS	(7,683)	(11,688)
- NET INCOME (LOSS) OF THE GROUP	14,684	21,202

3. Consolidated net financial position

(in thousands of euro)

	31.03.2016	31.12.2015	31.03.2015
A. Cash and bank deposits	353,135	310,549	291,136
B. Other cash equivalents	247,756	251,510	157,165
C. Securities held for trading	86,521	121,006	161,037
D. Cash and cash equivalents (A) + (B) + (C)	687,412	683,065	609,338
E. Current financial receivables	28,201	30,496	31,939
F. Current bank payables	(152,857)	(116,507)	(146,896)
G. Bonds	(5,747)	(5,011)	(5,414)
H. Current portion of non-current debt	(47,489)	(53,326)	(32,650)
I. Other current borrowings	--	--	--
J. Current financial debt (F) + (G) + (H) + (I)	(206,093)	(174,844)	(184,960)
K. Current net financial position (J) + (E) + (D)	509,520	538,717	456,317
L. Non-current bank borrowings	(232,017)	(267,809)	(218,802)
M. Bonds	(285,621)	(288,366)	(284,438)
N. Other non-current payables	(102,087)	(104,267)	(110,433)
O. Non-current financial debt (L) + (M) + (N)	(619,725)	(660,442)	(613,673)
P. Net financial position (K) + (O)	(110,205)	(121,725)	(157,356)

1. Introduction

This consolidated interim financial report at 31 March 2016 (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 2015.

The consolidated interim financial statements of the Group as of 31 March 2016, like those as of 31 December 2015, 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 sale 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 2016 are the same as those adopted for the financial statements for the year ended 31 December 2015.

4. Share capital

The share capital at 31 March 2016 amounts to € 397,146,183.50, the same as at 31 December 2015, and is made up of 794,292,367 shares with a nominal value of € 0.50 each.

At 31 March 2016 the Company held 118,856,060 treasury shares (14.96% of capital) for a value of € 172,594 thousand compared with 108,421,938 shares at 31 December 2015.

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 June 2014 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 2016 there were 35,613,412 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 € 469 thousand in the first quarter of 2016.

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

Re: Interim Financial Report as of 31 March 2016

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

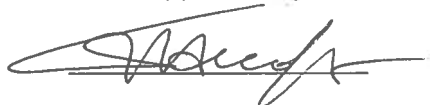
hereby declares

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, 29 April 2016

C I R S.p.A.

Giuseppe Gianoglio

A handwritten signature in black ink, appearing to read 'G. Gianoglio', with a long horizontal stroke extending to the right.

CIR S.p.A.

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