SEMI-ANNUAL INTERIM FINANCIAL REPORT

AS OF 30 JUNE 2014

CIR

COMPAGNIE INDUSTRIALI RIUNITE

CONTENTS

This Semi-annual Interim Financial Report as of 30 June 2014 was prepared in accordance with Art. 154 ter of D.Lgs. 58/1998 and in conformity with applicable international accounting standards recognized in the European Union as per EU Regulation no. 1606/2002 of the European Parliament and Council of July 19 2002, and specifically with IAS 34 – Interim Financial Reporting, and also with the measures issued in implementation of Art. 9 of D. Lgs no. 38/2005.

This Semi-annual Interim Financial Report has been translated into English language solely for the convenience of international readers. In the event of any ambiguity the Italian text will prevail.

COMPAGNIE INDUSTRIALI RIUNITE
Limited-liability corporation - Share capital € 397,146,183.50 - Registered Office: Via Ciovassino, 1 – 201291 Milan - www.cirgroup.it
R.E.A. n. 1950112 – Milan Company Register / Fiscal Code / VAT no. 00519120018
Company subject to management and coordination by COFIDE – Gruppo De Benedetti S.p.A.
Office in Rome: Via del Tritone, 169 – 00187 Rome

ADMINISTRATIVE BODIES

BOARD OF DIRECTORS

Honorary Chairman and Director	CARLO DE BENEDETTI
Chairman	RODOLFO DE BENEDETTI **(*)**
Chief Executive Officer and General Manager	MONICA MONDARDINI **(*)**
Directors	MARISTELLA BOTTICINI **(2)** GIAMPIO BRACCHI **(1) (2)** EDOARDO DE BENEDETTI FRANCO DEBENEDETTI MARCO DE BENEDETTI SILVIA GIANNINI **(2)** FRANCO GIRARD STEFANO MICOSSI MICHAEL PISTAUER **(1) (3)** CLAUDIO RECCHI **(1)** GUIDO TABELLINI **(1)**
Secretary to the Board	MASSIMO SEGRE

BOARD OF STATUTORY AUDITORS

Chairman	PIETRO MANZONETTO
Statutory Auditors	ANNA MARIA ALLIEVI RICCARDO ZINGALES
Alternate Auditors	LUIGI MACCHIORLATTI VIGNAT LUCA VALDAMERI PAOLA ZAMBON

INDEPENDENT AUDITORS

DELOITTE & TOUCHE S.p.A..

Notice in accordance with the recommendation of Consob contained in its Communiqué no. DAC/RM/97001574 of 20 February 1997

(*) Powers as per Corporate Governance
(1) Member of the Appointments and Compensation Committee
(2) Member of the Internal Control and Risks Committee
(3) Lead Independent Director

INTERIM REPORT ON OPERATIONS

1. Introduction

On 23 July 2014, CIR signed an agreement with Sorgenia's banks to restructure the energy company's debt.

Sorgenia's debt restructuring will follow the "art. 182-bis F.L." procedure. Subject to approval of the plan, there will be an increase in capital of 400 million euro, which will be fully subscribed by the banks, converting their loans into equity, as the current shareholders will not take part.

Once this operation has been finalised, CIR will no longer hold any shares in Sorgenia.

It follows that, under IFRS 5, the CIR Group now has to change its method of consolidating the Sorgenia Group in the Interim Report on Operations at 30 June 2014. According to this standard, the Sorgenia Group has to be classified as assets held for sale. Sorgenia's balance sheet is therefore no longer included in CIR's consolidated financial statements on a line-by-line basis, but shown under "Assets/liabilities held for sale" separate from other assets and liabilities in the balance sheet.

The same presentation is used in the income statement, showing only the net result. For comparative purposes, we have also reclassified the consolidated income statement for the equivalent period last year in a same way, as required by IFRS 5. The notes to the balance sheet reflect this reclassification.

2. Key figures

In the first half of 2014, the CIR Group had a turnover of € 1,213.0 million, a slight decrease (-2.2%) on € 1,240.3 million in the same period of 2013. This decrease is due to lower revenues on the part of the Espresso Group, penalised by the complex situation of the publishing industry and by the still critical trend in the economy, which resulted in a further reduction in advertising spending. Sogefi's revenues are substantially stable, while those of KOS have grown by 3.5%.

Consolidated EBITDA amounts to € 107.7 million, a decrease of 12.2% compared with € 122.6 million in the first six months of last year (based on the reclassified income statement for the first six months of 2013). Even though EBITDA has held up well at Espresso and KOS, this decline was due to lower margins on the part of Sogefi, which was affected by extraordinary restructuring costs in Europe (€ 14.4 million), an unfavourable exchange rate effect and the negative performance of the Brazilian market.
Consolidated net income is positive at € 5.3 million, compared with a loss of € 164.9 million in the corresponding period last year.

This evolution is due to Sorgenia, whose contribution to CIR's consolidated net earnings was a loss of € 170.7 million in the first half of 2013 and zero in the first half of 2014.

The Sorgenia Group made a loss in the first six months of 2014 of € 18.4 million, with a negative contribution to the CIR consolidation of €9.8 million; this contribution was fully offset by write-downs made in the consolidated financial statements at 31 December 2013.

Excluding Sorgenia, CIR’s consolidated net result in the first half of 2014 is in line with that of the same period last year (a profit of € 5.8 million).

The contribution made by the operating subsidiaries to consolidated net income was € 0.9 million, down from € 14.6 million in the first half of 2013, due to the reduction in the results of the Sogefi Group. Espresso and KOS have made profits in line with the same period last year.

The contribution made by the holding company CIR (including the non-operating subsidiaries) was a profit of € 4.4 million, compared with a loss of € 8.8 million in the first half of 2013, thanks to better financial management.

The operating subsidiaries are active in the following areas: media (publishing, radio, internet and television), automotive components (engine systems and suspension components) and healthcare (care homes, rehabilitation centres and high-tech services) and energy. The results of each sector are summarised below.

In the media sector, the Espresso Group achieved a turnover of € 332.5 million, a decrease of 10% compared with the first six months of 2013, due to the trend in the market which is still very negative. The Espresso Group still managed to keep its results in line with the previous year: EBIT amounted to € 17.9 million (€ 17.8 million in the first six months 2013) and net income came to € 3.8 million (€ 3.7 million in the first half of 2013).

As regards automotive components, the Sogefi Group achieved stable revenues of € 683 million (+5.9% at constant exchange rates) thanks to growth in non-European markets, particularly North America and Asia. EBITDA was € 51.7 million (€ 71.2 million in the first half of 2013) and the net result was a loss of € 7.3 million (profit of € 16.2 million in the first half of 2013); the decline in the result was largely due to non-recurring expenses for € 17.4 million.

In healthcare, the Kos Group had consolidated revenues of € 193.0 million (+3.5%) and an EBITDA of € 28 million compared with € 27.4 million in the first half of 2013. Net income was € 6.0 million, in line with the same period of 2013.

In the energy sector, the Sorgenia Group achieved a turnover of € 960 million, a decrease of 17.9% due to the continued decline in domestic thermal generation (-10% compared with the first half of 2013). EBITDA amounted to € 82.1 million compared with a negative figure of € 27.8 million in the first half of 2013 and the net loss came to € 18.4 million compared with a loss of € 206.3 million in the first half of 2013. It is worth remembering that the first half 2013 result was significantly affected by asset write-downs; the recurring net result was a loss of €15.8 million, substantially in line with that of the first half of the current year.

As mentioned in the introduction, Sorgenia's financial statements are still included in CIR's consolidated financial statements, but under the current rules governing assets held for sale, not on a line-by-line basis.

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)

CONSOLIDATED / AGGREGATE	*1st half 2014*												*1st half 2013*
	Revenues	*Costs of production* (1)	*Other operating income & expense* (2)	*Adjustments to the value of investments consolidated at equity*	*Depreciation and write-downs*	*EBIT*	*Net financial income & expense* (3)	*Dividends, net gains and losses on trading and the valuation of securities* (4)	*Income taxes*	*Income/(loss) from assets held for sale*	*Minority interests*	*Net result of the Group*	*Net result of the Group*
Espresso Group	332.5	(303.2)	4.2	0.1	(15.7)	17.9	(5.7)	(1.4)	(7.0)	--	(1.7)	2.1	2.1
Sogefi Group	683.0	(609.8)	(21.5)	--	(30.0)	21.7	(21.0)	--	(5.7)	--	0.8	(4.2)	9.4
KOS Group	193.0	(159.3)	(6.8)	(0.1)	(9.5)	17.3	(4.5)	--	(6.3)	--	(3.5)	3.0	3.1
Total for main subsidiaries	**1,208.5**	**(1,072.3)**	**(24.1)**	**--**	**(55.2)**	**56.9**	**(31.2)**	**(1.4)**	**(19.0)**	**--**	**(4.4)**	**0.9**	**14.6**
Other subsidiaries	4.5	(6.2)	2.8	--	(0.1)	1.0	(0.4)	0.3	(0.2)	--	(0.1)	0.6	(3.1)
Total subsidiaries	**1,213.0**	**(1,078.5)**	**(21.3)**	**--**	**(55.3)**	**57.9**	**(31.6)**	**(1.1)**	**(19.2)**	**--**	**(4.5)**	**1.5**	**11.5**
CIR and other holding companies													
Revenues	--											--	--
Net operating costs		(8.4)										(8.4)	(9.2)
Other operating income & expense			1.5									1.5	(0.6)
Adjustments to the value of investments consolidated at equity				1.4								1.4	1.7
Depreciation and write-downs					(0.4)							(0.4)	(0.3)
EBIT						(5.9)							
Net financial income & expense							(4.7)					(4.7)	(6.3)
Dividends and net gains from securities trading								11.0				11.0	5.4
Income taxes									3.4			3.4	3.6
Total CIR and other holding companies	**--**	**(8.4)**	**1.5**	**1.4**	**(0.4)**	**(5.9)**	**(4.7)**	**11.0**	**3.4**	**--**	**--**	**3.8**	**(5.7)**
Result prior to assets held for sale	**1,213.0**	**(1,086.9)**	**(19.8)**	**1.4**	**(55.7)**	**52.0**	**(36.3)**	**9.9**	**(15.8)**	**--**	**(4.5)**	**5.3**	**5.8**
Assets held for sale	--	--	--	--	--	--	--	--	--	(0.1)	0.1	--	(170.7)
Consolidated total for the Group	**1,213.0**	**(1,086.9)**	**(19.8)**	**1.4**	**(55.7)**	**52.0**	**(36.3)**	**9.9**	**(15.8)**	**(0.1)**	**(4.4)**	**5.3**	**(164.9)**

(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 € (2) 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 € (2) 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 value of financial assets" in the consolidated income statement.

CONSOLIDATED FINANCIAL POSITION BY BUSINESS SECTOR

(in millions of euro)

CONSOLIDATED / AGGREGATE	*30.06.2014*							*31.12.2013*
	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*
Espresso Group	751.0	(150.3)	33.8	(66.8)	567.7	252.1	315.6	313.5
Sogefi Group	508.9	(32.4)	51.7	(340.8)	187.4	93.0	94.4	97.7
KOS Group	441.0	(24.5)	(5.9)	(158.6)	252.0	125.6	126.4	123.2
Other subsidiaries	8.3	(8.6)	(6.1)	3.6	(2.8)	0.3	(3.1)	(3.2)
Total subsidiaries	**1,709.2**	**(215.8)**	**73.5**	**(562.6)**	**1,004.3**	**471.0**	**533.3**	**531.2**
<u>CIR and other holding companies</u>								
Fixed assets	70.4				70.4		70.4	69.1
Other net non-current assets and liabilities		160.6			160.6		160.6	126.5
Net working capital			(132.8)		(132.8)		(132.8)	(133.9)
Net financial position				506.0	506.0		506.0	538.0
Assets held for sale	--	5.2	0.1	--	5.3	5.2	0.1	0.1
Consolidated total for the Group	**1,779.6**	**(50.0)**	**(59.2)**	**(56.6)**	**1,613.8**	**476.2**	**1,137.6**	**1,131.0**

(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 financi
This item also includes the "assets held for sale" and "liabilities held for sale" 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 financ

(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
liabilities in the consolidated statement of financial position.

3. Performance of the Group

Consolidated revenues for the first half of 2014 amounted to € 1,213.0 million compared with € 1,240.3 million in the corresponding period of 2013, a decrease of € 27.3 million (-2.2%). Espresso has seen a 10% decline in revenues, whereas Sogefi's increased by 0.2%, those of KOS by 3.5%.
Revenues generated outside Italy accounted for 53% of the total, thanks to the international development of Sogefi.

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

	1st half 2014	*%*	*1st half 2013*	*%*	*Absolute change*	*%*
Media						
Espresso Group	332.5	27.4	369.4	29.8	(36.9)	(10.0)
Automotive components						
Sogefi Group	683.0	56.3	681.7	55.0	1.3	0.2
Healthcare						
KOS Group	193.0	15.9	186.5	15.0	6.5	3.5
Other sectors	4.5	0.4	2.7	0.2	1.8	66.7
Total consolidated revenues	1,213.0	100.0	1,240.3	100.0	(27.3)	(2.2)
of which: ITALY	570.9	47.1	593.3	47.8	(22.4)	(3.8)
OTHER COUNTRIES	642.1	52.9	647.0	52.2	(4.9)	(0.8)

The **consolidated income statement** of the CIR Group is as follows:

(in millions of euro)	*1st half 2014*	*%*	*1st half 2013*	*%*
Revenues	1,213.0	100.0	1,240.3	100.0
Consolidated EBITDA *(1)*	**107.7**	**8.9**	**122.6**	**9.9**
Consolidated operating income (EBIT)	**52.0**	**4.3**	**69.3**	**5.5**
Financial management *(2)*	(26.4)	(2.2)	(26.5)	(2.1)
Income taxes	(15.8)	(1.3)	(24.0)	(1.9)
Income/(loss) from assets held for sale	(0.1)	--	(344.9)	(27.8)
Net income including minority interests	**9.7**	**0.8**	**(326.1)**	**(26.3)**
Minority interests	(4.4)	(0.4)	161.2	13.0
Net income of the Group	**5.3**	**0.4**	**(164.9)**	**(13.3)**

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.

In the first half of 2014, **EBITDA** was € 107.7 million (8.9% of revenues), compared with € 122.6 million in the first half of 2013, a decrease of € 14.9 million (-12.2%). This variance was due to the fall in the Sogefi Group's margins, whereas those of the KOS and Espresso Groups held up much better.

Consolidated EBIT amounted to € 52 million compared with € 69.3 million in the same period of 2013.
As for EBITDA, the € 17.3 million decrease is due to Sogefi.

Financial management generated a net charge of € 26.4 million in line with € 26.5 million in the first six months of 2013; in detail:

- financial expense amounted to € 49.5 million, much the same as in the same period last year (€ 48.7 million);
- financial income decreased from € 19.9 million to € 13.3 million, due to lower yields in the current year;
- net gains on trading of securities amounted to € 7.9 million compared with 5.8 million in the first half of last year;
- positive adjustments in the value of financial assets were recorded for € 2.0 million, compared with negative adjustments of € 3.5 million in the first half of 2013.

The **condensed consolidated statement of financial position** of the CIR Group at 30 June 2014, with comparative figures at 31 December 2013, is as follows:

(in millions of euro) (1)	*30.06.2014*	*31.12.2013*	*of which Sorgenia*
Fixed assets	1,779.6	3,269.1	1.455.7
Other net non-current assets and liabilities	(50.0)	37.8	181.7
Net working capital	(59.2)	140.7	226.6
Net invested capital	**1,670.4**	**3,447.6**	**1.864.0**
Net financial debt	**(56.6)**	**(1,845.3)**	**(1,855.2)**
Total equity	**1,613.8**	**1,602.3**	**8.8**
Equity of the Group	1,137.6	1,131.0	--
Minority interests	476.2	471.3	8.8

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.

Net invested capital at 30 June 2014 amounted to € 1,670.4 million compared with € 3,447.6 million at 31 December 2013, which included € 1,864 million relating to the Sorgenia Group, now reclassified as assets/liabilities held for sale. The increase in the first half of 2014 was € 86.8 million.

The **consolidated net financial position** at 30 June 2014 showed net debt of € 56.6 million (compared with € 1,845.3 million at 31 December 2013), caused by:

- a financial surplus for CIR and other holding companies of € 506 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. In July, after paying taxes for 2013 as part of the tax consolidation, the financial surplus fell by another € 114 million;
- total debt of the operating groups (excluding the Sorgenia Group) of € 562.6 million compared with € 528.1 million at 31 December 2013; the increase of € 34.5 million is entirely due to the increased debt of the Sogefi Group.

As regards the Sorgenia group, net debt at 31 December 2013 was € 1,855.2 million, leading to a consolidated net financial position of the CIR Group that was negative for € 1,845.3 million. At 30 June 2014, the indebtedness of the Sorgenia Group amounted to € 1,836.4 million, but, in view of the change in consolidation method, this amount is no longer perceived as part of the net debt of the entire Group, but as liabilities held for sale.

Total equity at 30 June 2014 came to € 1,613.8 million compared with € 1,602.3 million at 31 December 2013, an increase of € 11.5 million.

Group equity at 30 June 2014 amounted to € 1,137.6 million compared with € 1,131.0 million at 31 December 2013, a net increase of € 6.6 million.
Minority interests at 30 June 2014 amounted to € 476.2 million compared with € 471.3 million at 31 December 2013, a net rise of € 4.9 million.

The notes to the financial statements explain how consolidated equity has evolved over time.

The **consolidated statement of cash flows** for the first half of 2014, prepared according to a "management" format which, unlike the version included in the financial statements, shows the changes in net financial position rather than the changes in cash and cash equivalents, can be summarised as follows:

(in millions of euro)	*1st half 2014*	*1st half 2013*
SOURCES OF FUNDS		
Result for the period from continuing operations, including minority interests	9.8	18.8
Amortisation, depreciation, write-downs and other non-monetary changes	56.8	54.7
Self-financing	**66.6**	**73.5**
Change in working capital	**(74.5)**	**(13.1)**
CASH FLOW GENERATED BY CONTINUING OPERATIONS	**(7.9)**	**60.4**
Increases in capital	4.2	0.6
Liabilities related to discontinued operations	21.0	--
TOTAL SOURCES OF FUNDS FROM CONTINUING OPERATIONS	**17.3**	**61.0**
APPLICATIONS OF FUNDS		
Net investment in fixed assets	(77.4)	57.4
Buy-back of own shares	(0.1)	(0.6)
Payment of dividends	(1.0)	(11.9)
Other changes	(5.3)	(4.5)
TOTAL APPLICATIONS OF FUNDS FROM CONTINUING OPERATIONS	**(83.8)**	**(74.4)**
FINANCIAL SURPLUS (DEFICIT) FROM CONTINUING OPERATIONS	**(66.5)**	**(13.4)**
FINANCIAL POSITION FROM DISCONTINUED OPERATIONS	**1,855.2**	**1,955.0**
FINANCIAL SURPLUS (DEFICIT)	**1,788.7**	**1,941.6**
NET FINANCIAL POSITION AT THE BEGINNING OF THE PERIOD	**(1,845.3)**	**(2,504.4)**
NET FINANCIAL POSITION AT THE END OF THE PERIOD	**(56.6)**	**(562.8)**

The first half of 2014 posted a positive change in the net financial position of € 1,788.7 million, determined by the reclassification of the Sorgenia's financial liabilities of € 1,855.2 million.

Excluding the Sorgenia effect, in the first half of 2014, the Group recorded a financial deficit of € 70.1 million; it derives above all from the reduction in the net surplus of CIR, the Parent Company, due to the outlays related to the "Lodo Mondadori", as commented on previously, and to an increase in Sogefi's working capital.

At 30 June 2014 the Group employed 13,905 people compared with 14,111 at 31 December.

4. Performance of the Parent Company

CIR S.p.A. has closed the first half of 2014 with a net loss of € 2.5 million compared with a net profit of € 21.2 million in the first half of 2013. The reduction is due to lower dividends received from subsidiaries. Equity at 30 June 2014 stood at € 1,096.6 million, compared with € 1,097.8 million at 31 December 2013.

The **condensed income statement** of CIR for the first half of 2014, compared with the first six months of 2013, is as follows:

(in millions of euro)	*1st half 2014*	*1st half 2013*
Net operating costs *(1)*	(5.0)	(4.4)
Other operating costs, amortisation and depreciation *(2)*	(1.2)	(1.3)
EBIT	**(6.2)**	**(5.7)**
Financial management *(3)*	0.3	23.3
Result before taxes	**(5.9)**	**17.6**
Income taxes	3.4	3.6
Net result	**(2.5)**	**21.2**

1) *This item is the sum of "sundry revenues and income", "cost for services" and "personnel costs" in the income statement of CIR S.p.A.*
2) *This item is the sum of "other operating costs" and "amortisation, depreciation and write-downs" in the income statement of CIR S.p.A.*
3) *This item 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 income statement of CIR S.p.A.*

EBIT for the first half of 2014 was a loss of € 6.2 million compared with an operating loss of € 5.7 million in the first six months of 2013. It includes € 1.3 million of expenses arising from share-based incentive plans, compared with € 2 million in the first half of 2013.

The result of financial management (excluding dividends of subsidiaries) passes from an expense of € 9.6 million in the first half of 2013 to an expense of € 7.3 million.

Dividends received from subsidiaries amounted to € 7.6 million in the first half of 2014 compared with € 32.9 million in the same period of 2013.

Lastly, the first half of 2014 benefited from a positive net tax position of € 3.4 million, compared with € 3.6 million in the same period of 2013.

The **condensed statement of financial position** of CIR S.p.A. at 30 June 2014, with comparative figures as at 31 December 2013, is as follows:

(in millions of euro)	*30.06.2014*	*31.12.2013*
Fixed assets *(1)*	1,023.6	1,023.9
Other net non-current assets and liabilities *(2)*	252.9	244.4
Net working capital *(3)*	(128.0)	(123.1)
Net invested capital	**1,148.5**	**1,145.2**
Net financial position *(4)*	**(51.9)**	**(47.4)**
Equity	**1,096.6**	**1,097.8**

1) *This item is the sum of "intangible assets", "tangible assets", "investment property"and "equity investments" in the statement of financial position of CIR S.p.A., the parent company.*
2) *2) This item is the sum of "other receivables" and "deferred taxes" in the non-current assets and "personnel provisions" in the non-current liabilities of the statement of financial position of CIR S.p.A.*
3) *This item is the sum of "other receivables" in current assets and "other payables" and "provisions for risks and losses" in current liabilities in the statement of financial position of CIR S.p.A.*
4) *This item is the sum of "financial receivables", "securities", "available-for-sale financial assets" and "cash and cash equivalents" in the current assets, "bonds" in non-current liabilities and "borrowings" in current liabilities in the statement of financial position of CIR S.p.A.*

The net financial position at 30 June 2014 showed debt of € 51.9 million compared with € 47.4 million at 31 December 2013. Note that an important part of the liquidity of CIR and the other holding companies is held by CIR Investimenti and CIR International, both wholly-owned subsidiaries. As a whole, the net financial surplus of CIR and the other holding companies amounted to € 506 million at 30 June 2014.

During the first half of 2014, CIR SpA bought back more of its own bonds (CIR S.p.A. 2004/2024, issued by the company on 16/12/2004) with a nominal value of € 78.8 million (of which € 48.8 million from third parties and € 30 million from Group companies) and then cancelled them. The nominal value of the bonds outstanding now 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.

Shareholders' equity has gone from € 1,097.8 million at 31 December 2013 to € 1,096.6 million at 30 June 2014.

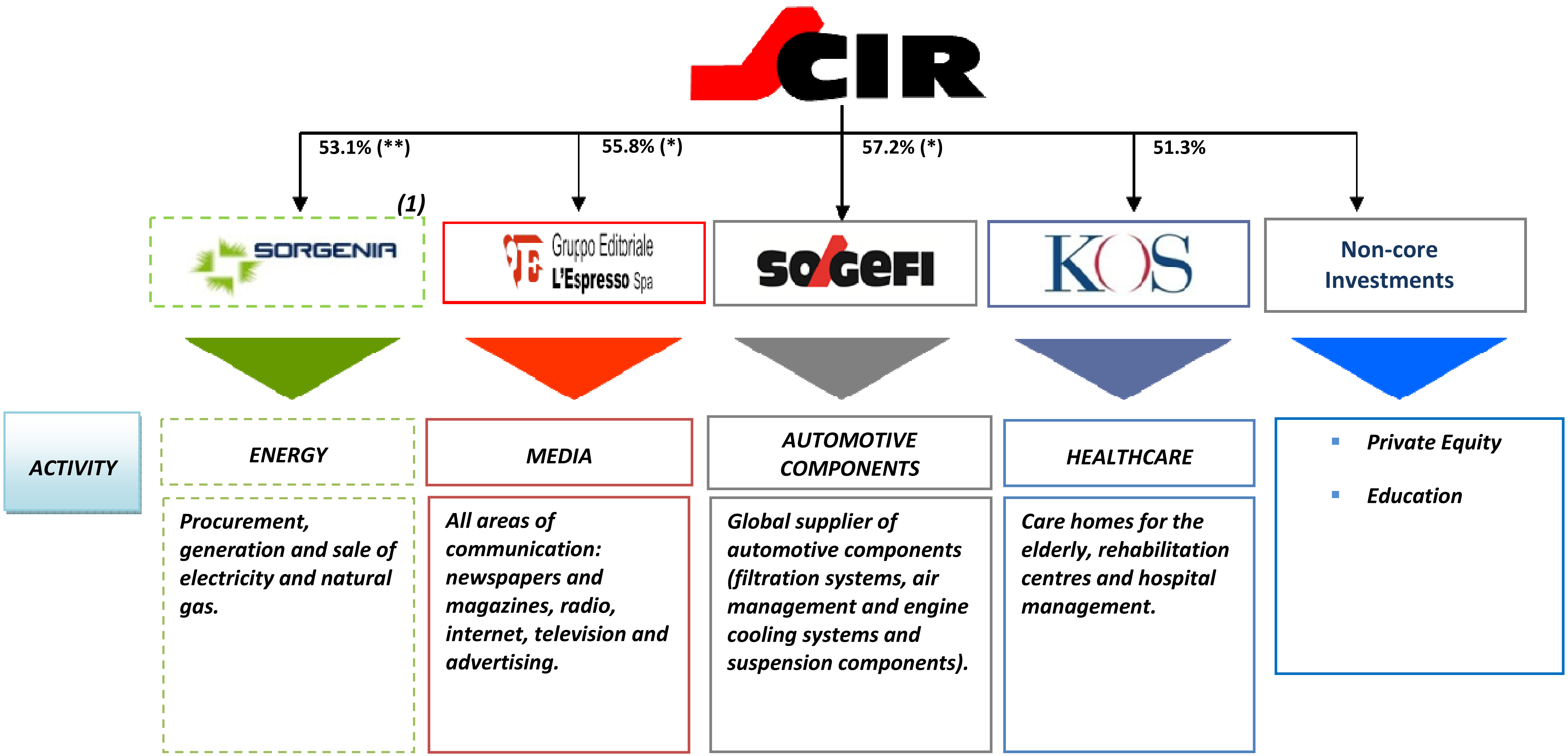
At 30 June 2014, there were 49,057,418 treasury shares (6.2% of share capital) for a total value of € 106.3 million. Compared with 49,528,575 treasury shares held at 31 December 2013, the total number was reduced during the first half of 2014 by 471,157 shares following the exercise of stock grant plans.

5. Reconciliation of the Parent Company's financial statements with the consolidated financial statements

The following is a reconciliation between the net result and equity of the Group with the parent company's figures.

	Equity Net	*Net result 1st half 2014*	*Net equity*	*Net result 2013*
Financial statements of CIR S.p.A. (parent company)	1,096,630	(2,521)	1,097,825	155,366
Dividends from consolidated companies	(7,580)	(7,580)	(32,934)	(32,934)
Net contribution of consolidated companies	107,461	15,429	(11,602)	(528,210)
Difference between the carrying values of investee companies and the portions of their equity included in the consolidation, net of their contributions	(58,914)	--	(58,851)	--
Other consolidation adjustments	--	--	136,568	136,568
Consolidated financial statements (Group share)	1,137,597	5,328	1,131,006	(269,210)

MAIN GROUP INVESTMENTS
AT 30 JUNE 2014



(*) The percentage is calculated net of treasury shares.
(**) Percentage of indirect control through Sorgenia Holding
(1) Assets held for sale

6. Performance of the business sectors

▪ MEDIA

The Espresso Group has closed the first half of 2014 with a consolidated turnover of € 332.5 million, down 10% from € 369.4 million in the first half of 2013 as a result of the crisis affecting the entire industry.

Group revenues are as follows:

(in millions of euro)	*1st half 2014*		*1st half 2013*		*Change*
	Amounts	*%*	*Amounts*	*%*	*%*
Circulation	132.4	39.8	144.4	39.1	(8.3)
Advertising	188.2	56.6	209.6	56.7	(10.2)
Other revenues	11.9	3.6	15.5	4.2	(23.4)
TOTAL	332.5	100.0	369.4	100.0	(10.0)

In the first half of 2014, in a general economic environment that remains critical, the publishing industry has continued to show negative trends that have affected both advertising revenues and circulation figures for newspapers and magazines. In the first five months of the current year, the downward trend in advertising expenditure that characterised the last five years continued, albeit with less intensity: in fact, according to data from Nielsen Media Research, overall advertising expenditure in January-May fell by 3.9% compared with the same period of 2013, with still significant reductions in spending especially in the telecommunications, fashion and cosmetics sectors.
Trends in advertising revenues by media category differ quite considerably: television and radio were broadly in line with the same period of 2013 (-0.7% and -0.3% respectively), whereas print revenues suffered another double-digit decline (-12.4%). Surprisingly, the slight decline in internet revenues continued during the first half of the year (-2.1%).
In terms of circulation, the figures published by ADS (Accertamento Diffusione Stampa) for January-May show an 11.7% decline in sales of daily newspapers; note that, at the same time, digital newspaper subscriptions are increasing, but to date this has not been enough to offset the loss of copies in the traditional format and channel.

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

The Group's circulation revenues amounted to € 114.8 million, a decrease of 6.8% on the same period last year (€ 123.2 million), in a market that is continuing to see a significant reduction in the circulation of daily newspapers (-11.7%). Based on the latest ADS figures (May 2014), *la Repubblica* is still Italy's leading newspaper in terms of copies sold (newsstands, subscriptions and other official channels). The company is still developing subscriptions to the newspaper's digital products: average subscribers in the first half were up 16.1% compared with the same period of 2013 and at the end of June came to around 80,000. Local newspapers have achieved better circulation trends than sector ones; they have also enjoyed a steady increase in digital copies, even if they are less significant than those of the national newspaper. Altogether, at the end of June, the Group had more than 100 thousand subscribers to the digital versions of its publications.

Total advertising revenues on Group media fell by 7.8% (-10.2% if third-party concessions are included, following the change in scope). By segment, print reported a decrease in advertising revenues of 11.2%, falling by slightly less than the sector as a whole (-12.4% as of May). Radio, on the other hand, has held up reasonably well (+0.1% in May compared with -0.3% by the market). Lastly, the internet turned in a slight decrease (-0.9%), lower than that of the reference market (-2.1% as of May). In this regard, we would point out the excellent performance of *Repubblica.it*, whose average total digital audience in January-March, according to the latest Audiweb survey, came to 1.6 million unique users per day, confirming its position as the leading Italian news website with a 35% gap between it and the one that ranks second; there has also been significant growth in the audience of local newspaper websites (+18% on PC alone), with an average total digital audience in January-March of 380,000 unique users per day.

Costs show a reduction of 8.3%, substantially the same as that of revenues; fixed industrial costs, in particular, have fallen thanks to the ongoing reorganisation of the Group's production structure, whereas distribution costs have been cut thanks to rationalisation of transport, administration and other operating costs mainly thanks the measures taken to hold down labour costs.

The consolidated gross operating profit amounts to € 33.7 million versus € 33.3 million in the first half of 2013. By business sector, the profitability of newspapers and magazines is holding up, internet is substantially maintaining its previous results despite the weakness in the advertising market and in investment for growth, while radio is showing a slight recovery.

The consolidated operating profit came to € 17.9 million, in line with same period last year (€ 17.8 million).

Consolidated net income comes to € 3.8 million compared with € 3.7 million in the first six months of last year.

The consolidated net financial position shows net debt of € 66.8 million, a further improvement on the figure of € 73.5 million at 31 December 2013, with a financial surplus of € 6.7 million.

At 30 June 2014, the Group had 2,391 employees, including those on fixed-term contracts, compared with 2,425 at 31 December 2013.

The publishing industry in the first five months of the year is again showing recessionary trends in terms of both circulation and advertising.
As regards circulation, the number of printed copies sold at newsstands continues to decline; At the same time, there has been good growth in digital subscriptions, but the income that they generate has not been sufficient to offset the decline in revenues from the traditional channel.
With regard to advertising, the reduction in total expenditure by the market has diminished, to the benefit of television and radio; the trend in print advertising still remains very critical.
In this context, the Group managed to achieve a slightly positive net result in the first half of 2014, maintaining profitability in line with that of last year, thanks to the ongoing reduction in overheads.

During the first half, the Espresso Group successfully completed two operations of strategic importance: integration of the network operator activities with those of Telecom Italia Media and the refinancing of the holding company, bearing in mind that the ten-year bond matures in October.
On 30 June, after receiving the authorisations required by law, we completed the integration between the digital terrestrial network operator activities of our subsidiary Rete A and those of Telecom Italia Media Broadcasting (TIMB), a subsidiary of Telecom Italia Media. This deal has given rise to the largest independent network operator in Italy, with five digital multiplexes (TIMB's three and Rete A's two) with an infrastructure that covers the whole of the country and high capillarity able to provide high quality services.
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. On 23 July 2014 the shareholders' meeting of Gruppo Editoriale L'Espresso, the holding company, approved a cash increase in capital to service the bond's conversion, excluding option rights, which provides for the issuance of up to 46,461,925 ordinary shares of par value € 0.15 each, for a total of approximately € 6 million. Completion of this transaction has allowed the Group to refinance itself, not only by means of the convertible bond, but also by discounting the receivables of A. Manzoni & C., through a combination of factoring (contracts

already signed) and securitisations (contracts being finalised), which will allow it to count on significantly lower borrowing costs than at present from 2015 onwards.

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 consolidated turnover of the Sogefi Group in the first half of 2014 amounted to € 683 million, stable compared with € 681.7 million in the same period of 2013 (+5.9% at constant exchange rates), thanks to positive trends in North American and Asian markets and despite the unfavourable impact of exchange rates.

The consolidated net loss amounted to € 7.3 million compared with net income of € 16.2 million in the first six months of 2013. The result was affected by € 17.4 million of non-recurring expenses.

The breakdown of the Sogefi Group's consolidated turnover by business sector is as follows:

(in millions of euro)	*1st half 2014*		*1st half 2013*		*Change*
	Amounts	*%*	*Amounts*	*%*	*%*
Engine systems	426.2	62.4	416.7	61.1	2.3
Suspension components	258.0	37.8	266.2	39.0	(3.1)
Intercompany	(1.2)	(0.2)	(1.2)	(0.1)	n.a.
TOTAL	683.0	100.0	681.7	100.0	0.2

In the first six months of the year, the automotive market's trend in North America and Asia has been positive, with growth in production volumes compared with the first half of 2013 of +4.2% and +7.5%, respectively. In South America, on the other hand, particularly in Brazil, the market went through a sharp slowdown, which led to a 16% decline in the production of passenger and light commercial vehicles in the first half and of 24% in the second quarter alone, compared with the corresponding periods of 2013. In Europe, the trend of market stabilisation continued with the production of passenger vehicles rising by 5.7% compared with the first half of 2013 (+1.5% in the second quarter), mainly as a result of the recovery from last year's very low volumes.

During the first half, the Engine Systems Business Unit posted revenues of € 426.2 million, an increase of 2.3% (+7.7% at constant exchange rates) compared with € 416.7 million in the first half of 2013, while the Suspension Components Business Unit posted revenues of € 258 million, a decrease of 3.1% (+3% at constant exchange rates) compared with € 266.2 million in the same period of 2013.

Restructuring expenses of € 14.4 million were recorded during the first half, of which € 10.2 million for the rationalisation of production capacity and € 4.2 million to write down assets and for other charges related to the restructuring. In particular, during the first half, the Group announced the plan to close a suspension components factory in France. Restructuring costs in the first half of 2013 amounted to € 1.4 million.

Consolidated EBITDA amounted to € 51.7 million compared with € 71.2 million in the first half of 2013; without restructuring costs, it amounted to € 65.8 million (9.6% of revenues), down 9.4% compared with € 72.6 million (10.7% of revenues) in the first half of 2013.

Consolidated EBIT was € 21.8 million, compared with € 43.2 million in the first half of 2013; without restructuring costs, it ca,e to € 36.2 million (5.3% of revenues), a decrease of 18.9% compared with € 44.7 million (6.6% of revenues) in the first half of 2013.

Net financial expense for the period amounted to € 21 million. This item includes € 14.9 million of interest expense (€ 12.7 million in the first half of 2013) and other expenses of € 6.1 million, of which € 3 million non-recurring for the repayment of bank debt thanks to the proceeds of issuing the convertible bond loan and € 3.1 million for the impact of the fair value of interest rate hedges (non-cash).

After these non-recurring charges for total € 17.4 million, the consolidated net result was a loss of € 7.3 million (compared with net income of € 16.2 million in the first half of last year).

Net debt at 30 June 2014 amounted to € 340.8 million versus € 322.5 million at 31 March 2014 and € 341.1 million at 30 June 2013. The increase during the quarter is due to the result for the period, the expected absorption of working capital and the cash outlay of part of the restructuring charges booked in 2013.

Consolidated shareholders' equity at 30 June 2014, including the portion attributable to minority interests, amounted to € 187.5 million (€ 188.9 million at 31 December 2013).

The Sogefi Group had 6,744 employees at 30 June 2014 compared with 6,834 at 31 December 2013.

In May 2014 Sogefi completed the issuance of its "€100,000,000 2.00% Entry Equity Linked Bonds due 2021" for a nominal amount of € 100 million with maturity 21 May 2021. The bonds, which were placed exclusively with institutional investors, have a minimum denomination of € 100,000 and pay semi-annual interest at a fixed rate of 2% per annum. The bonds were admitted to listing on the Third Market (MTF) of the Vienna Stock Exchange on 13 June 2014.
The Board of Directors has decided to submit for the approval of the Extraordinary Shareholders' Meeting convened on 26 September 2014 a proposed increase in capital for a total of up to € 9,657,528.92 to be used exclusively to service the conversion of the "€ 100,000,000 2.00% Equity Linked Bonds due 2021".

For 2014, the trend in the global automotive market is expected to grow, driven mainly by Asian markets (China and India, above all) and North America, whereas Europe's trend towards stabilisation will be confirmed. The South American market, on the other hand, is still expected to have a period of weakness.
In this context, Sogefi expects to continue increasing the Group's presence outside Europe to leverage its competitive positioning in the various geographical areas, continue its focus on innovation and enhance the Group's integration through efficiency measures in Europe.

▪ HEALTHCARE

In the first six months of 2014, the KOS Group achieved a consolidated turnover of € 193.0 million, up 3.5% from € 186.5 million in the same period last year, thanks to growth in all three areas of activity.

The breakdown of the KOS Group's consolidated turnover by business sector is as follows:

(in millions of euro)	*1st half 2014*		*1st half 2013*		*Change*
	Amounts	*%*	*Amounts*	*%*	*%*
Care homes	74.9	38.8	74.1	39.7	1.1
Rehabilitation	80.1	41.5	74.4	39.9	7.7
Acute/Hi-tech	38.0	19.7	38.0	20.4	-
TOTAL	193.0	100.0	186.5	100.0	3.5

Consolidated EBITDA amounted to € 28.0 million (14.5% of revenues), slightly up from € 27.4 million in the first six months of 2013 primarily due to the full impact of the new businesses launched in 2013.
Consolidated EBIT came to € 17.3 million (9% of revenues) compared with € 16.6 million (8.9% of revenues) in the same period last year.

Consolidated net income was € 6.0 million, more or less stable compared with € 6.1 million in the first six months of 2013.

At 30 June 2014 the KOS Group had net debt of € 158.6 million, compared with € 155.7 million at 31 December 2013.

At 30 June 2014 consolidated equity amounted to € 246.6 million versus € 240.3 million at 31 December 2013.

The Group had 4,614 employees at 30 June 2014 compared with 4,291 at 31 December 2013.

In 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.

The KOS Group currently manages 70 facilities, mainly in central and northern Italy, for a total of some 6,204 beds in use, with another 500 being built, and operates in three strategic business areas, in turn split into four segments:

1) *Care homes:* management of residential care homes and psychiatric care communities, with 41 nursing facilities and 9 psychiatric rehabilitation facilities, for a total of 4,350 beds in operation (of which 4,154 in care homes);
2) *Rehabilitation:* management of hospitals and rehabilitation centres, including 19 rehabilitation facilities (with two care homes for the elderly) and 12 hospitals, for a total of 1,724 beds;
3) *Hospital management:* management of a hospital and hi-tech services in 29 public and private facilities.

ENERGY

In the first half of 2014, the Sorgenia Group made a consolidated turnover of € 960.0 million, a decrease of 17.9% compared with € 1,169.3 million in the same period last year, due to the continuing decline in domestic thermal generation (-10% compared with the first half of 2013).

At Group level, EBITDA amounted to € 82.1 million compared with a negative figure of € 27.8 million in the first half of 2013, which was penalised by write-downs of investments carried at equity. The trend in EBITDA in the first half of 2014 is still broadly in line with budget and therefore reflected in Sorgenia's business plan.

Consolidated EBIT, again at Sorgenia Group level, was € 40.0 million compared with a negative figure of € 149.7 million in the first half of 2013.
The net loss amounted to € 18.4 million compared with a loss of € 206.3 million in the first half of 2013, of which € 190.5 million due to write-downs.

As regards the CIR Group, the contribution made by the Energy sector during the period was more or less zero, compared with a loss of € 170.7 million in the first half of 2013, considering the impact of applying IFRS 5 in the 2013 consolidated financial statements.

At 30 June 2014, consolidated net debt amounted to € 1,836.4 million, an increase of almost € 36.9 million versus € 1,799.5 million at 31 December 2013; this was due to the cuts in the factoring and securitisation programme.

The Group had 334 employees at 30 June 2014 compared with 402 at 31 December 2013.

Note that Sorgenia's financial statements are still included in CIR's consolidated financial statements, but under the current rules governing assets held for sale, not on a line-by-line basis.

7. Non-core investments

These are represented by private equity, minority interests and other investments amounting to € 178.7 million at 30 June 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 30 June2014, based on the NAVs provided by the various funds, came to € 64.9 million, an increase of € 1 million compared with 31 December 2013. Distributions were received during the period for a total of € 6.8 million, including € 2.4 million of returned capital and € 4.4 million of realized gains. During the period the Group made investments of € 0.8 million.
Outstanding commitments at 30 June 2014 amounted to € 6.7 million.

OTHER INVESTMENTS

Directly and indirectly, CIR holds investments in non-controlling interests for a total of € 113.8 million at 30 June 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. The value of the investment, including a loan of € 3.5 million, amounted to € 21.6 million at 30 June 2014.
At 30 June 2014 the net value of the CIR Group's investment in activities related to non-performing loans amounted to € 74.6 million.

8. Significant events subsequent to 30 June 2014

As regards significant events that took place after 30 June 2014, information is provided in the part of the report on the segment performance of the Espresso, Sogefi and KOS groups.

On 23 July 2014, the current direct and indirect shareholders of Sorgenia - CIR, Sorgenia Holding and Verbund AG - signed an agreement with the energy company's banks to restructure its debt. At the same time, Sorgenia signed a standstill agreement with the same banks. Once this operation has been finalised, particularly with the subscription of the increase in capital by the new shareholders after its approval under clause 182-bis, CIR, Sorgenia Holding and Verbund AG will no longer hold any shares in Sorgenia.

9. Outlook for operations

The performance of the CIR Group in the second half of 2014 will be affected by the still uncertain evolution of the Italian economy, which will have a particularly significant impact on the media sector, as well as by the performance of the Brazilian market for the automotive components sector.

10. Principal risks and uncertainties of the Group

The main risk factors to which the CIR Group is exposed are substantially the same as those that featured in 2013.
For a detailed description of these risks, please refer to the information contained in the Report of the Board of Directors which forms part of the financial statements at 31 December 2013.
For the risks linked to specific circumstances, please refer to Section 6 "Performance of the business sectors”.

11. Other information

TRANSACTIONS WITH GROUP COMPANIES AND RELATED PARTIES

On 28 October 2010 the Company adopted the Regulations on Related Party Transactions envisaged in Consob Resolution no. 17221 of 12 March 2010, as amended by Resolution no. 17389 of 23 June 2010. This procedure can be found in the Governance section of the Company's website (www.cirgroup.it).
The procedure lays down principles of conduct that the Company is required to adopt to ensure that related party transactions are handled properly. This means that it:
1. lays down the criteria and methods of identifying the Company's related parties;
2. establishes principles for identifying related party transactions;
3. governs the procedures for carrying out related party transactions;
4. establishes ways to ensure compliance with the related disclosure requirements.
The Board of Directors has also appointed a Related Party Transactions Committee, establishing that its members coincide with those of the Internal Control Committee, except for the system of substitutes envisaged in the procedures.

CIR S.p.A. provided management and strategic support services to its subsidiaries and associates during the half-year, which involved administrative and financial services, the purchase and sale of financial assets and providing guarantees, among other things.
Transactions with the parent company consisted of providing administrative and financial services and receiving operational support and communication services. The main concern of CIR and its counterparties in relation to these services is to ensure quality and a high level of efficiency of the services rendered, which derive from CIR's specific knowledge of the Group's business activities.
Note that CIR S.p.A. has signed lease contracts with subsidiaries and executives with strategic responsibilities within the Group.
The Group's related party transactions are settled at arm's length, taking into consideration the quality and the specific nature of the services provided.
See note 27 on "Related party transactions” for further details.
As regards the main transactions in equity investments, see the appropriate sections of the notes.
The CIR Group did not carry out any transactions with related parties, as defined by Consob, or with entities other than related parties that could be considered transactions of an atypical or unusual nature, outwith normal business administration or such as to have a significant impact on the Group's results, assets and liabilities or financial situation.

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-30 June 2014 was approved by the Board of Directors on 28 July 2014.

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

CIR GROUP

CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2014

1. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in thousands of euro)

ASSETS	*Notes*		*30.06.2014*		*31.12.2013*
NON-CURRENT ASSETS			**2,085,822**		**3,775,336**
INTANGIBLE ASSETS	(7.a.)		989,695		1,161,522
TANGIBLE ASSETS	(7.b.)		598,026		1,998,469
INVESTMENT PROPERTY	(7.c.)		21,148		21,458
INVESTMENTS IN COMPANIES CONSOLIDATED AT EQUITY	(7.d.)		165,802		81,988
OTHER EQUITY INVESTMENTS	(7.e.)		4,940		5,636
OTHER RECEIVABLES	(7.f.)		138,038		233,931
of which with related parties (*)	(7.f.)	*27,761*		*18,125*	
SECURITIES	(7.g.)		73,736		79,351
DEFERRED TAXES	(7.h.)		94,437		192,981
CURRENT ASSETS			**1,859,914**		**2,816,818**
INVENTORIES	(8.a.)		138,435		160,945
CONTRACTED WORK IN PROGRESS			29,721		30,926
TRADE RECEIVABLES	(8.b.)		484,911		1,192,627
of which with related parties (*)	(8.b.)	*9,866*		*28,895*	
OTHER RECEIVABLES	(8.c.)		113,505		209,740
of which with related parties (*)	(8.c.)	*104*		*589*	
FINANCIAL RECEIVABLES	(8.d.)		27,044		1,433
SECURITIES	(8.e.)		202,581		166,037
AVAILABLE-FOR-SALE FINANCIAL ASSETS	(8.f.)		94,561		98,011
CASH AND CASH EQUIVALENTS	(8.g.)		769,156		957,099
ASSETS HELD FOR DISPOSAL	(8.h.)		2,514,704		--
ELIMINATION OF ASSETS RELATED TO DISCONTINUED OPERATIONS			(52,043)		--
TOTAL ASSETS			**6,408,397**		**6,592,154**

LIABILITIES AND EQUITY	*Notes*		*30.06.2014*		*31.12.2013*
EQUITY			**1,613,842**		**1,602,346**
SHARE CAPITAL ISSUED			397,146		397,146
less treasury shares			(24,529)		(24,764)
SHARE CAPITAL	(9.a.)		372,617		372,382
RESERVES	(9.b.)		303,594		302,231
RETAINED EARNINGS (LOSSES)	(9.c.)		456,058		725,603
NET INCOME FOR THE PERIOD			5,328		(269,210)
EQUITY OF THE GROUP			**1,137,597**		**1,131,006**
MINORITY SHAREHOLDERS' EQUITY			476,245		471,340
NON-CURRENT LIABILITIES			**1,159,127**		**1,331,174**
BONDS AND NOTES	(10.a.)		475,735		365,558
OTHER BORROWINGS	(10.b.)		322,028		497,143
OTHER PAYABLES			276		930
DEFERRED TAXES	(7.h.)		141,594		215,120
PERSONNEL PROVISIONS	(10.c.)		123,879		128,535
PROVISIONS FOR RISKS AND LOSSES	(10.d)		95,615		123,888
CURRENT LIABILITIES			**1,177,912**		**3,658,634**
BANK OVERDRAFTS			22,181		194,114
BONDS AND NOTES	(11.a.)		192,837		230,719
OTHER BORROWINGS	(11.b.)		137,155		1,780,326
of which to related parties (*)	(11.b.)	--		--	
TRADE PAYABLES	(11.c.)		455,900		1,011,523
of which to related parties (*)	(11.c.)	*47,569*		*860*	
OTHER PAYABLES	(11.d.)		284,864		332,586
of which to related parties (*)	(11.d.)	--		*1,211*	
PROVISIONS FOR RISKS AND LOSSES	(10.d.)		84,975		109,366
LIABILITIES HELD FOR SALE	(8.h.)		2,509,559		--
ELIMINATION OF LIABILITIES RELATED TO DISCONTINUED OPERATIONS			(52,043)		--
TOTAL LIABILITIES AND EQUITY			**6,408,397**		**6,592,154**

(*) As per Consob Resolution no. 6064293 of 28 July 2006

2. CONSOLIDATED INCOME STATEMENT

(in thousands of euro)

	Notes		1st half 2014		1st half 2013
SALES REVENUES	(12)		1,212,990		1,240,310
of which from related parties (*)	(12)	--		--	
CHANGE IN INVENTORIES			4,082		(1,091)
COSTS FOR THE PURCHASE OF GOODS	(13.a.)		(434,077)		(427,379)
of which to related parties (*)	(13.a.)	--		--	
COSTS FOR SERVICES	(13.b.)		(306,682)		(321,319)
of which from related parties (*)	(13.b.)	*(3,187)*		*(1,412)*	
PERSONNEL COSTS	(13.c.)		(348,241)		(354,130)
OTHER OPERATING INCOME	(13.d.)		18,340		15,709
of which from related parties (*)	(13.d.)	*1,352*		*1,977*	
OTHER OPERATING EXPENSE	(13.e.)		(40,144)		(31,388)
of which to related parties (*)	(13.e.)	--		--	
ADJUSTMENTS TO THE VALUE OF INVESTMENTS CONSOLIDATED AT EQUITY	(7.d.)		1,441		1,845
AMORTISATION, DEPRECIATION & WRITE-DOWNS			(55,670)		(53,253)
INCOME BEFORE FINANCIAL ITEMS AND TAXES (EBIT)			**52,039**		**69,304**
FINANCIAL INCOME	(14.a.)		13,258		19,938
of which with related parties (*)	(14.a.)	*5,094*		*6,891*	
FINANCIAL EXPENSE	(14.b.)		(49,532)		(48,767)
of which with related parties (*)	(14.b.)	*(4,989)*		*(6,889)*	
DIVIDENDS			74		322
of which with related parties (*)		--		--	
GAINS FROM TRADING SECURITIES	(14.c.)		11,453		6,978
LOSSES FROM TRADING SECURITIES	(14.d.)		(3,641)		(1,504)
ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS			1,999		(3,480)
INCOME BEFORE TAXES			**25,650**		**42,791**
INCOME TAXES	(15)		(15,851)		(23,956)
INCOME (LOSS) AFTER TAXES FROM OPERATING ACTIVITY			**9,799**		**18,835**
INCOME/(LOSS) FROM ASSETS HELD FOR SALE			(66)		(344,945)
NET INCOME (LOSS) FOR THE PERIOD INCLUDING MINORITY INTERESTS			**9,733**		**(326,110)**
- (NET INCOME) LOSS OF MINORITY INTERESTS			(4,405)		161,168
- NET INCOME OF THE GROUP			**5,328**		**(164,942)**
BASIC EARNINGS (LOSS) PER SHARE (in euro)	(16)		0.0072		(0.2219)
DILUTED EARNINGS (LOSS) PER SHARE (in euro)	(16)		0.0071		(0.2219)

(*) As per Consob Resolution no. 6064293 of 28 July 2006

3. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in thousands of euro)

	1st half 2014	*1st half 2013*
Net income/(loss) of the period	9,799	18,835
Items of other comprehensive income that cannot be reclassified to profit and loss		
Actuarial gains (losses)	(1,090)	(1,225)
Taxes on other comprehensive income that cannot be reclassified to profit and loss	218	277
Other items of comprehensive income that can be reclassified to profit and loss		
Exchange differences on translation of foreign operations	3,580	(7,291)
Net change in fair value of available-for-sale financial assets	(1,593)	6,082
Net change in cash flow hedge reserve	(1,156)	(1,585)
Items of other comprehensive income	--	--
Taxes on items of other comprehensive income that can be reclassified to profit and loss	289	421
Total items of other comprehensive income of the period	**248**	**(3,321)**
Items of comprehensive income of the period discontinued operations	**(3,213)**	**(323,674)**
TOTAL STATEMENT OF COMPREHENSIVE INCOME OF THE PERIOD	**6,834**	**(308,160)**
Total comprehensive income attributable to:		
Shareholders of the parent company	3,848	(153,603)
Minority interests	2,986	(154,557)
BASIC COMPREHENSIVE EARNINGS PER SHARE (in euro)	0.0052	(0.2066)
DILUTED COMPREHENSIVE EARNINGS PER SHARE (in euro)	0.0052	(0.2066)

4. CONSOLIDATED STATEMENT OF CASH FLOWS

(in thousands of euro)

	1st half 2014	*1st half 2013*
OPERATING ACTIVITY		
NET INCOME (LOSS) FOR THE PERIOD INCLUDING MINORITY INTERESTS CONTINUING OPERATIONS	9,799	18,835
ADJUSTMENTS:		
AMORTISATION, DEPRECIATION & WRITE-DOWNS	55,670	53,253
SHARE OF RESULTS OF COMPANIES CONSOLIDATED AT EQUITY	(1,441)	(1,845)
ACTUARIAL VALUATION OF STOCK OPTION/STOCK GRANT PLANS	2,847	3,524
CHANGES IN PERSONNEL PROVISIONS, PROV. FOR RISKS & LOSSES	(955)	(4,900)
ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS	(1,999)	3,480
INCREASE (DECREASE) IN NON-CURRENT RECEIVABLES/PAYABLES	(51,634)	26,955
(INCREASE) DECREASE IN NET WORKING CAPITAL	(22,847)	(40,052)
CASH FLOW FROM OPERATING ACTIVITY CONTINUING OPERATIONS	(10,560)	59,250
of which:		
- interest received (paid)	(21,235)	(821)
- income tax payments	(12,013)	19,120
INVESTING ACTIVITY		
(PURCHASE) SALE OF SECURITIES	(28,364)	61,840
PURCHASE OF FIXED ASSETS	(79,406)	(63,049)
CASH FLOW FROM INVESTING ACTIVITY	(107,770)	(1,209)
FINANCING ACTIVITY		
INFLOWS FOR CAPITAL INCREASES	4,207	592
OTHER CHANGES IN EQUITY	(5,345)	(4,506)
CASH AND CASH EQUIVALENTS RELATED TO ASSETS HELD FOR SALE	(217)	--
DRAWDOWN/(REPAYMENT) OF OTHER BORROWINGS/FINANCIAL RECEIVABLES	13,822	88,422
BUY-BACK OF OWN SHARES	(81)	(615)
DIVIDENDS PAID	(1,046)	(11,909)
CASH FLOW FROM FINANCING ACTIVITY	11,340	71,984
CASH AND CASH EQUIVALENTS RELATED TO CONTINUING OPERATIONS	(106,990)	130,025
INCREASE (DECREASE) IN NET CASH AND CASH EQUIVALENTS DISCONTINUED OPERATIONS	90,980	98,529
NET CASH AND CASH EQUIVALENTS - OPENING BALANCE	762,985	500,303
NET CASH AND CASH EQUIVALENTS - CLOSING BALANCE	746,975	728,857

5. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to shareholders of the parent company							Minority	Total
(in thousands of euro)	*Share capital issued*	*less treasury shares*	*Share capital*	*Reserves*	*Profits (losses) brought forward*	*Profits (losses) for the period*	*Total*	*interests*	
BALANCE AT 31 DECEMBER 2012	396,670	(24,995)	371,675	267,677	754,430	(30,440)	1,363,342	951,878	2,315,220
Increases in capital	476	--	476	487	--	--	963	2,283	3,246
Dividends to shareholders	--	--	--	--	--	--	--	(11,982)	(11,982)
Retained earnings	--	--	--	--	(30,440)	30,440	--	--	--
Unclaimed dividends as per art. 23 of the Articles of Association	--	--	--	16	--	--	16	--	16
Adjustment for treasury share transactions	--	231	231	767	(998)	--	--	--	--
Movements between reserves	--	--	--	(2,611)	2,611	--	--	--	--
Notional cost of stock options and stock grants credited	--	--	--	2,647	--	--	2,647	--	2,647
Effects of changes in equity of subsidiaries	--	--	--	669	--	--	669	(2,721)	(2,052)
Comprehensive result for the year									
Fair value measurement of hedging instruments	--	--	--	30,459	--	--	30,459	27,252	57,711
Fair value measurement of securities	--	--	--	14,932	--	--	14,932	2,112	17,044
Securities fair value reserve released to income statement	--	--	--	(3,681)	--	--	(3,681)	--	(3,681)
Effects of changes in equity of subsidiaries	--	--	--	3,047	--	--	3,047	2,854	5,901
Currency translation differences	--	--	--	(14,811)	--	--	(14,811)	(10,546)	(25,357)
Actuarial gains (losses)	--	--	--	2,633	--	--	2,633	2,088	4,721
Result for the period	--	--	--	--	--	(269,210)	(269,210)	(491,878)	(761,088)
Total comprehensive result for the period	--	--	--	*32,579*	--	*(269,210)*	*(236,631)*	*(468,118)*	*(704,749)*
BALANCE AT 31 December 2013	397,146	(24,764)	372,382	302,231	725,603	(269,210)	1,131,006	471,340	1,602,346
Increases in capital	--	--	--	--	--	--	--	4,207	4,207
Dividends to shareholders	--	--	--	--	--	--	--	(1,046)	(1,046)
Retained earnings	--	--	--	--	(269,210)	269,210	--	--	--
Unclaimed dividends as per art. 23 of the Articles of Association	--	--	--	--	--	--	--	--	--
Adjustment for treasury share transactions	--	235	235	786	(1,021)	--	--	--	--
Movements between reserves	--	--	--	(686)	686	--	--	--	--
Notional cost of stock options and stock grants credited	--	--	--	1,326	--	--	1,326	--	1,326
Effects of changes in equity of subsidiaries	--	--	--	1,417	--	--	1,417	(1,242)	175
Comprehensive result for the year									
Fair value measurement of hedging instruments	--	--	--	(1,333)	--	--	(1,333)	(1,950)	(3,283)
Fair value measurement of securities	--	--	--	(1,590)	--	--	(1,590)	(32)	(1,622)
Securities fair value reserve released to income statement	--	--	--	--	--	--	--	--	--
Effects of changes in equity of subsidiaries	--	--	--	--	--	--	--	--	--
Currency translation differences	--	--	--	1,942	--	--	1,942	936	2,878
Actuarial gains (losses)	--	--	--	(499)	--	--	(499)	(373)	(872)
Result for the period	--	--	--	--	--	5,328	5,328	4,405	9,733
Total comprehensive result for the period	--	--	--	*(1,480)*	--	*5,328*	*3,848*	*2,986*	*6,834*
BALANCE AT 30 JUNE 2014	397,146	(24,529)	372,617	303,594	456,058	5,328	1,137,597	476,245	1,613,842

6. Explanatory notes

1. STRUCTURE OF THE FINANCIAL STATEMENTS

The Group's consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) and endorsed by the European Community pursuant to Regulation no. 1606/2002. These interim financial statements have been prepared on a condensed basis in accordance with IAS 34 "Interim Financial Reporting". Being condensed, they do not include all of the information required for annual reports and should be read in conjunction with the financial statements for the year ended 31 December 2013.

The consolidated financial statements at 30 June 2014 include the parent company CIR S.p.A. (hereinafter "CIR") and its subsidiaries, and were prepared using the accounts of the individual companies included in the scope of consolidation; these correspond to their separate interim financial statements or the consolidated statements of sub-groups, examined and approved by their respective boards and amended and re-stated where necessary to bring them into line with the accounting principles listed below and, where compatible, with Italian regulations.

It should also be noted that some valuation processes, particularly the more complex ones such as the determination of impairment of non-current assets, are generally carried out only when preparing the annual financial statements, when all the necessary information is more likely to be available with a reasonable degree of accuracy, except in cases where there are indications of impairment that requires an immediate assessment of any permanent losses.
Income taxes are recognised on the basis of the best estimate of the weighted average tax rate for the entire year.

These condensed interim consolidated financial statements have been prepared in accordance with international accounting standards (IAS/IFRS) issued by the International Accounting Standards Board ("IASB") and with the related interpretation of the International Financial Reporting Interpretations Committee (IFRIC) and ratified by the European Union in force at 30 June 2014. Please refer to the section entitled "Adoption of new accounting standards, interpretations and amendments" for an illustration of the new standards into force with effect from 1 January 2014. In particular, note that the adoption of the new standards had no impact on the Group's equity and income statement.
The consolidated financial statements have been prepared with a view to the planned exit of Sorgenia S.p.A. from the scope of the CIR Group as a result of the agreement between shareholders and lenders concerning the financial restructuring of the group headed up by that company. In particular, as the requirements of IFRS 5 "Non-current assets held for sale and discontinued operations" are satisfied, the Energy sector is shown as a Discontinued Operation, considering that the scope of the Sorgenia Group is the same as that of the Energy sector and assessing its exit within the next 12 months as highly probable; as a consequence:

- the income statement and statement of comprehensive income at 30 June 2014 and, for comparative purposes at 30 June 2013, the revenue and expense items, as well as the adjustment of the carrying amount to fair value less costs to sell, of the activities that constitute the discontinued operations have been reclassified to *"Income (loss) from discontinued operations";*
- in the statement of financial position, the assets and liabilities attributable to the Energy sector have been reclassified as *"Assets and liabilities held for sale";*

- in the statement of cash flows for the period ended 30 June 2014 and, for comparative purposes for the period ended 30 June 2013, the individual cash flows generated by the activities constituting the discontinued operations have been reclassified to "*Cash flows from discontinued operations".*

For further details, please see Note 1.a "Important information about the Energy Sector".
These financial statements have been prepared in thousands of euro, which is the Group's "functional" and "presentation" currency in accordance with IAS 21, except where indicated otherwise.

1.a. Important information about the Energy Sector

During 2013 the Energy CGU of the CIR Group, represented by the Sorgenia sub-group, was faced by both the continuation of difficult economic and financial conditions and by a further, progressive deterioration in the Italian energy market - due above all to the decline in demand as a result of the recession and to heightened competition between sources of supply at a time of over capacity - which has greatly reduced the overall expected profitability of power generation plants with respect to the forecasts made in prior years. In addition, during the second half of the year, the major financial difficulties of the Sorgenia sub-group were first revealed and then progressively deteriorated. For this reason and in light of the scenario described above, Sorgenia redefined its business strategies at the end of the third quarter of 2013, with a new 2014-2020 business plan that was approved by its Board of Directors on 27 November 2013.
Given that the difficult market conditions are expected to continue and given the scale of borrowing by the Sorgenia sub-group, the plan identified a clear need for heavy financial restructuring that would reduce the indebtedness of Sorgenia by around € 600 million, from about € 1,855.1 million at 31 December 2013. In this context, a complete overhaul of the financial structure has begun with a view to negotiating a debt restructuring plan with the banks.
Following the above discussions and negotiations carried out in early 2014 between Sorgenia, the lending banks and the principal shareholders of the sub-group, namely CIR and Verbund AG, the parties came to outline a comprehensive financial package for the restructuring of the energy company's debt. On 23 July 2014, the current direct and indirect shareholders of Sorgenia - CIR, Sorgenia Holding S.p.A. and Verbund AG - signed an agreement with the energy company's banks to restructure its debt. At the same time, Sorgenia signed a standstill agreement with the same banks.
Sorgenia's debt restructuring will follow the Bankruptcy Law's "art. 182-bis" procedure and will include, among other things, an increase in capital of 400 million euro, which will be fully subscribed by the banks, converting their loans into equity, as the current shareholders will not take part. There is also provision for the banks to convert their loans into a convertible loan for a total of Euro 200 million.
Once this operation has been finalised, particularly with the subscription of the increase in capital by the new shareholders after its approval under art. 182-bis, CIR, Sorgenia Holding and Verbund AG will no longer hold any shares in Sorgenia. There is a provision that will give the direct shareholders, Sorgenia Holding and Verbund AG, an earn-out: in the event of future distributions or disposals, Sorgenia Holding and Verbund AG will receive 10% of the amount received in excess of the capital subscribed by the banks, capitalised at 10% per annum.
In connection with these negotiations, during the first half of 2014, the Board of Directors of CIR, while agreeing with the general outline of the proposed package, decided not to take part in the capital increase, based on this same outline. As a result of this decision, the requirements of IFRS 5 for the presentation of the Energy sector as a Discontinued Operation at 30 June 2014 were met.
Moreover, when the directors of CIR prepared the Group's consolidated financial statements at 31 December 2013, when valuing the net assets of the Energy Sector, they had already considered the

likely overall outcome of the measures contained in this financial package and the effects of CIR's departure from the sector in question, as a consequence of the decision not to participate in the capital increase. In particular, considering that the estimated overall fair value of the Energy Sector is essentially zero, that the prospective agreements envisage the almost total dilution of the CIR Group in favour of the banks, without the recognition of any consideration, the directors have deemed it appropriate to write off (i) the investment in Sorgenia S.p.A. in CIR's separate financial statements (ii) any residual goodwill arising on consolidation of the subsidiary and (iii) the difference between the net assets and net liabilities of the Energy Sector recorded in the consolidated financial statements of the Group.
This evaluation approximated the overall outcome of CIR's departure from the sector in question at the end of the process outlined in the agreement signed on 23 July 2014, which resulted in a loss of control. Consequently, no additional economic effects resulting from the inclusion of the assets and liabilities of the Energy Sector in the condensed interim financial statements in accordance with the provisions of IFRS 5 have been recorded.

Lastly, it should be noted that, during the course of 2014, Sorgenia initiated a process of renegotiating the "take or pay" contract for the supply of natural gas signed with Eni S.p.A., defining a term sheet which provided for early termination of the original contract without penalties or charges and the stipulation with Eni S.p.A. of a different contract for the supply of gas under which the commitments undertaken by the company will be secured by a bank guarantee.
In this context, as part of the restructuring agreement, CIR is expected to issue a counter-guarantee in favour of the bank, which will issue the guarantee for the new supply contract to cover 53.7% of the obligations guaranteed by the bank, subject to a maximum limit of € 13.9 million. This obligation to provide a guarantee will automatically cease to be effective at the time that the restructuring agreement is approved.

Information on IFRS 5

Below there are the statement of income, statement of comprehensive income and statement of cash flows of the Energy Sector at 30 June 2014 and 30 June 2013 and the statement of financial position at 30 June 2014.
Note that the carrying amount of the Energy Sector's net assets had already been written down to zero as of 31 December 2013, following the alignment of their book value to fair value less costs to sell. This value has remained the same at 30 June 2014.

CONSOLIDATED INCOME STATEMENT - ENERGY

(in thousands of euro)	*1st half 2014*	*1st half 2013*
SALES REVENUES	960,008	1,169,251
AMORTISATION, DEPRECIATION & WRITE-DOWNS	(23,682)	(228,646)
EARNINGS BEFORE INTEREST AND TAXES (EBIT)	**58,432**	**(256,454)**
FINANCIAL MANAGEMENT RESULT	(44,685)	(47,719)
INCOME TAXES	(13,813)	(40,772)
NET INCOME (LOSS) FOR THE PERIOD INCLUDING MINORITY INTERESTS	**(66)**	**(344,945)**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME - ENERGY

(in thousands of euro)	*1st half 2014*	*1st half 2013*
Net income/(loss) of the period	**(66)**	**(344,945)**
Exchange differences on translation of foreign operations	(702)	(1,957)
Net change in fair value of available-for-sale financial assets	--	3,467
Net change in cash flow hedge reserve	(2,445)	21,615
Items of other comprehensive income	--	3,375
Taxes on items of other comprehensive income that can be reclassified to profit and loss	--	(5,279)
Total items of other comprehensive income of the period	**(3,147)**	**21,221**
TOTAL STATEMENT OF COMPREHENSIVE INCOME OF THE PERIOD	**(3,213)**	**(323,724)**

STATEMENT OF FINANCIAL POSITION AT 30 June 2014 - ENERGY

(in thousands of euro)

ASSETS HELD FOR SALE	*30.06.2014*
NON-CURRENT ASSETS	**1,652,994**
INTANGIBLE ASSETS	21,609
TANGIBLE ASSETS	1,349,342
INVESTMENTS IN COMPANIES CONSOLIDATED AT EQUITY	43,744
OTHER NON-CURRENT ASSETS	148,232
DEFERRED TAXES	90,067
CURRENT ASSETS	**861,710**
TRADE RECEIVABLES	566,505
OTHER CURRENT ASSETS	238,226
CASH AND CASH EQUIVALENTS	56,979
TOTAL ASSETS HELD FOR SALE	**2,514,704**

LIABILITIES HELD FOR SALE	*30.06.2014*
NON-CURRENT LIABILITIES	**155,254**
NON-CURRENT FINANCIAL LIABILITIES	120,172
OTHER NON-CURRENT LIABILITIES	31,407
DEFERRED TAXES	3,675
CURRENT LIABILITIES	**2,354,305**
CURRENT FINANCIAL LIABILITIES	1,838,325
TRADE PAYABLES	370,365
OTHER CURRENT LIABILITIES	145,615
TOTAL LIABILITIES HELD FOR SALE	**2,509,559**

STATEMENT OF CASH FLOWS AT 30 JUNE 2014 - ENERGY

(in thousands of euro)

	1st half 2014	*1st half 2013*
NET INCOME (LOSS) FOR THE PERIOD INCLUDING MINORITY INTERESTS	(66)	(344,945)
CASH FLOW FROM OPERATING ACTIVITY	3,703	147,903
CASH FLOW FROM INVESTING ACTIVITY	--	(20,427)
CASH FLOW FROM FINANCING ACTIVITY	(66)	(122,078)
INCREASE (DECREASE) IN NET CASH & CASH EQUIVALENTS	3,637	5,398
NET CASH AND CASH EQUIVALENTS - OPENING BALANCE OF DISCONTINUED OPERATIONS	(90,980)	(98,529)

The following tables show the impact of applying IFRS 5 "Non-current assets held for sale and discontinued operations" on the statement of income, statement of comprehensive income and statement of cash flows of the CIR Group in 2013.

CONSOLIDATED INCOME STATEMENT

	CIR	*Scope of the Energy CGU (Sorgenia)*	*CIR Consolidation adjustments*	*CIR net of the Energy CGU (*)*
	1st half 2013	*1st half 2013*	*1st half 2013*	*1st half 2013*
SALES REVENUES	2,409,561	(1,169,251)	--	1,240,310
CHANGE IN INVENTORIES	(2,315)	1,224	--	(1,091)
COSTS FOR THE PURCHASE OF GOODS	(1,379,917)	952,538	--	(427,379)
COSTS FOR SERVICES	(394,151)	72,832	--	(321,319)
PERSONNEL COSTS	(377,289)	23,159	--	(354,130)
OTHER OPERATING INCOME	64,203	(48,494)	--	15,709
OTHER OPERATING EXPENSE	(89,541)	58,153	--	(31,388)
ADJUSTMENTS TO THE VALUE OF INVESTMENTS CONSOLIDATED AT EQUITY	(135,802)	137,647	--	1,845
AMORTISATION, DEPRECIATION & WRITE-DOWNS	(281,899)	121,876	106,770	(53,253)
EARNINGS BEFORE INTEREST AND TAXES (EBIT)	**(187,150)**	**149,684**	**106,770**	**69,304**
FINANCIAL INCOME	26,779	(6,841)	--	19,938
FINANCIAL EXPENSE	(97,493)	48,726	--	(48,767)
DIVIDENDS	325	(3)	--	322
GAINS FROM TRADING SECURITIES	6,978	--	--	6,978
LOSSES FROM TRADING SECURITIES	(1,504)	--	--	(1,504)
ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS	(9,317)	5,837	--	(3,480)
INCOME BEFORE TAXES	**(261,382)**	**197,403**	**106,770**	**42,791**
INCOME TAXES	(64,728)	40,772	--	(23,956)
INCOME (LOSS) FROM DISCONTINUED OPERATIONS AND DISPOSAL GROUPS HELD FOR SALE	--	(238,175)	(106,770)	(344,945)
NET INCOME FOR THE PERIOD INCLUDING MINORITY INTERESTS	**(326,110)**	**--**	**--**	**(326,110)**
- NET INCOME OF MINORITY INTERESTS	161,168	--	--	161,168
- **NET INCOME OF THE GROUP**	**(164,942)**	**--**	**--**	**(164,942)**

(*) due to certain adjustments made on consolidation by CIR, the figures do not necessarily coincide with that obtainable from the interim consolidated financial statements of Sorgenia and have been restated.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in thousands of euro)	*CIR*	*Scope of the Energy CGU (Sorgenia) (*)*	*CIR net of the Energy CGU*
	1st half 2013	*1st half 2013*	*1st half 2013*
Net income/(Loss) of the period	(326,110)	344,945	18,835
Other items of comprehensive income that cannot be reclassified to profit and loss			
Actuarial gains (losses)	(1,225)	--	(1,225)
Taxes on other items of comprehensive income that cannot be reclassified to profit and loss	277	--	277
Other items of comprehensive income that can be reclassified to profit and loss			--
Exchange differences on translation of foreign operations	(9,123)	1,832	(7,291)
Net change in fair value of available-for-sale financial assets	9,549	(3,467)	6,082
Net change in cash flow hedge reserve	20,155	(21,740)	(1,585)
Items of other comprehensive income	3,175	(3,175)	--
Taxes on items of other comprehensive income that can be reclassified to profit and loss	(4,858)	5,279	421
Total items of other comprehensive income of the period	**17,950**	**(21,271)**	**(3,321)**
Items of statement of comprehensive income - discontinued operations	**--**	**(323,674)**	**(323,674)**
TOTAL STATEMENT OF COMPREHENSIVE INCOME OF THE PERIOD	**(308,160)**	**--**	**(308,160)**
Total comprehensive income attributable to:			
Shareholders of the parent company	(153,603)	--	(153,603)
Minority interests	(154,557)	--	(154,557)

(*) due to certain adjustments made on consolidation by CIR, the figures do not necessarily coincide with that obtainable from the consolidated financial statements of Sorgenia and have been restated.

CONSOLIDATED STATEMENT OF CASH FLOWS

(in thousands of euro)	*CIR*	*Scope of the Energy CGU (Sorgenia) (*)*	*CIR net of the Energy CGU*
	1st half 2013	*1st half 2013*	*1st half 2013*
OPERATING ACTIVITY			
NET INCOME (LOSS) FOR THE PERIOD INCLUDING MINORITY INTERESTS - CONTINUING OPERATIONS	(326,110)	(344,945)	18,835
ADJUSTMENTS:			
AMORTISATION, DEPRECIATION & WRITE-DOWNS	281,899	228,646	53,253
SHARE OF RESULTS OF COMPANIES CONSOLIDATED AT EQUITY	135,802	137,647	(1,845)
ACTUARIAL VALUATION OF STOCK OPTION/STOCK GRANT PLANS	4,349	825	3,524
CHANGES IN PERSONNEL PROVISIONS, PROV. FOR RISKS & LOSSES	(4,992)	(92)	(4,900)
ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS	9,317	5,837	3,480
INCREASE (DECREASE) IN NON-CURRENT RECEIVABLES/PAYABLES	80,787	53,832	26,955
(INCREASE) DECREASE IN NET WORKING CAPITAL	26,101	66,153	(40,052)
CASH FLOW FROM OPERATING ACTIVITY - CONTINUING OPERATIONS	207,153	147,903	59,250
of which:			
- interest received (paid)	(38,490)	(37,669)	(821)
- income tax payments	(19,610)	(490)	(19,120)
INVESTING ACTIVITY			
(PURCHASE) SALE OF SECURITIES	55,439	(6,401)	61,840
PURCHASE OF FIXED ASSETS	(77,075)	(14,026)	(63,049)
CASH FLOW FROM INVESTING ACTIVITY - CONTINUING OPERATIONS	(21,636)	(20,427)	(1,209)
FINANCING ACTIVITY			
INFLOWS FOR CAPITAL INCREASES	592	--	592
OTHER CHANGES IN EQUITY	15,679	20,185	(4,506)
DRAWDOWN/(REPAYMENT) OF OTHER BORROWINGS/FINANCIAL RECEIVABLES	(53,841)	(142,263)	88,422
BUY-BACK OF OWN SHARES	(615)	--	(615)
DIVIDENDS PAID	(11,909)	--	(11,909)
CASH FLOW FROM FINANCING ACTIVITY CONTINUING OPERATIONS	(50,094)	(122,078)	71,894
INCREASE (DECREASE) IN NET CASH AND CASH EQUIVALENTS - CONTINUING OPERATIONS	135,423	5,398	130,025
NET CASH AND CASH EQUIVALENTS - OPENING BALANCE - DISCONTINUED OPERATIONS	--	--	98,529

(*) due to certain adjustments made on consolidation by CIR, the figures do not necessarily coincide with that obtainable from the consolidated financial statements of Sorgenia and have been restated.

Lastly, note that when Sorgenia's directors were approving the Interim Consolidated Financial Statement as of 30 June 2014, they emphasised how the success of the financial manoeuvre - needed to overcome the considerable uncertainties about the Sorgenia Group's ability to continue as a going concern - was in any case dependent on future events that were subject to uncertainty, especially as the restructuring agreement between Sorgenia and the financing banks has not yet been signed.
In light of all these circumstances, and particularly the risks involved in completing the entire financial manoeuvre, Sorgenia's management is well aware of the existence of significant uncertainties that could cast doubt on the Energy sector as a going concern and its ability to continue operating in the foreseeable future, after having made the necessary checks and having assessed the uncertainties mentioned, believes it is reasonable to expect that the agreements described above can be finalised within a timeframe consistent with the company's needs for financing, making it possible for the company and its group to have adequate resources to continue operations for the foreseeable future. Accordingly, the interim consolidated financial statements at 30 June 2014 have been prepared using the going concern assumption.
This conclusion is, of course, the result of a subjective judgment that compared the probability of the above events taking place with the probability that they would not take place.

2. CONSOLIDATION PRINCIPLES

2.a. Consolidation methods

IFRS 10, in force from 1 January 2014, partially replaces IAS 27, "Consolidated and Separate Financial Statements", and completely replaces SIC 12 "Consolidation - Special Purpose Entities", and introduces a single control model that applies to all entities, including those previously considered special purpose in accordance with SIC 12.
Under the new definition of "control", an investor controls an investee when it has power over the relevant activities, is exposed to variable returns arising from its involvement with the investee and has the ability to affect those returns by exercising its power over the investee.

Subsidiaries are fully consolidated from the date on which the Group takes control and are de-consolidated when such control ceases to exist.
Consolidation is on a line-by-line basis.

The main criteria used when applying this method are the following:

- the carrying value of each investment is eliminated against the Group's share of its equity and the difference between the acquisition cost and net equity of investee companies is posted, where appropriate, to the asset and liability items included in the consolidation. If there is a balance left over, it is posted to income if negative or to assets as goodwill if positive. Goodwill is tested for impairment based on its recoverable value;
- significant transactions between consolidated companies are eliminated on consolidation, as are receivables and payables and unrealised profits on transactions between Group companies, net of tax;
- minority interests in equity and the net result for the period are shown separately in the consolidated statement of financial position and income statement.

Associates

All companies in which the Group has a significant influence, without having control, in accordance with IAS 28, are considered associates. Significant influence is presumed to exist when the Group has between 20% and 50% of the voting rights (excluding cases of joint control). Associates are consolidated using the equity method from the date on which the Group acquires significant influence in the associate and are de-consolidated from the moment when this influence no longer exists.

The main criteria used when applying the equity method are the following:

- the carrying value of each investment is eliminated against the Group's share of its equity and any positive difference identified at the time of the acquisition, net of any impairment; the corresponding share of the net income or loss for the period is posted to the income statement. If the Group's portion of the associate's accumulated losses exceeds the carrying value of the investment, the investment is written off and any further losses are not recorded, unless the Group has a contractual obligation to do so;
- any unrealised gains and losses generated by transactions between Group companies are eliminated, except where the losses reflect impairment of the associate's assets;
- the accounting policies of associates are amended, where necessary, to bring them into line with those of the Group.

Joint ventures

IFRS 11, in force since 1 January 2014, replaces IAS 31, "Interests in Joint Ventures" and SIC 13 "Jointly Controlled Entities - Non-cash contributions by the venturers," and has eliminated the possibility of adopting the proportional consolidation method, requiring the transition to the equity method for consolidating jointly controlled entities.

2.b. Translation of foreign companies' financial statements into euro

Foreign subsidiaries' financial statements (assuming they do not operate in a hyperinflationary economy as defined by IAS 29) are translated into euro at the year-end exchange rate for the statement of financial position and at the average exchange rate for the income statement. Any exchange differences arising on translation of shareholders' equity at the year-end exchange rate and of the income statement at the average rate are posted to "Other reserves" in equity.

The main exchange rates used are the following:

	30.06.2014		*31.12.2013*	
	Average rate	*30.06.2014*	*Average rate*	*31.12.2013*
US dollar	1.3703	1.3658	1.3281	1.3791
GB pound	0.8213	0.8015	1.23106	1.2276
Swiss franc	1.22145	1.2156	0.8491	0.8337
Brazilian real	3.1467	3.0002	2.8503	3.2576
Argentine peso	10.7147	11.1074	7.2207	8.9888
Chinese renminbi	8.4495	8.4724	8.1639	8.3493
Indian rupee	83.2639	82.1693	77.3994	85.3971
Romanian leu	4.4637	4.3831	4.4189	4.4711
Canadian dollar	1.5029	1.4589	1.3672	1.4671
Mexican peso	17.9727	17.7117	16.9405	18.0734
Hong Kong dollar	10.6293	10.5854	10.2987	10.6929

2.c. Scope of consolidation

The consolidated financial statements at 30 June 2014 and the consolidated financial statements of the previous year are the result of consolidating CIR (Parent Company) and all of the companies directly or indirectly controlled, jointly controlled or associated as of those dates. Assets and liabilities scheduled for disposal are reclassified to specific asset and liability items to highlight these circumstances.

A list of the equity investments included in the scope of consolidation, with an indication of the consolidation method used, is given in the appropriate section of this report, along with a list of those that have been excluded.

Change in the scope of consolidation

There have not been any changes in the scope of consolidation since the implementation of IFRS 10 and 11.
The main changes in the scope of consolidation compared with the previous year concern the following:

- *ENERGY*

Following the evolution of the negotiations between Sorgenia's shareholders and lenders about the company's financial restructuring and its subsequent planned exit from the scope of consolidation of the CIR Group, during the course of 2014 the conditions came about for the consolidation of the Energy Sector at 30 June 2014 in accordance with IFRS 5. According to this principle, Sorgenia is not shown in the financial statements of the CIR Group as a result of line-by-line consolidation, but as assets held for sold; totals assets and liabilities are therefore shown in the statement of financial position on a single line called "Assets/Liabilities held for sale", separately from other assets and liabilities. The same presentation is used in the income statement. For comparative purposes, we have also reclassified the consolidated income statement for the equivalent period last year in a same way, as required by the IFRS 5. The notes to the statement of financial position reflect this reclassification.

- *MEDIA*

On 30 June 2014, the integration between the digital terrestrial network operator activities of Persidera S.p.A. (formerly Telecom Italia Media Broadcasting S.r.l.) and Rete A S.p.A. was completed. This integration was realised through the transfer by Gruppo Editoriale L'Espresso S.p.A. of 100% of the shares of Rete A to Persidera. As a result of this transfer, Telecom Italia Media and the Gruppo Editoriale L'Espresso hold 70% and 30% respectively of Persidera, which in turn owns the entire share capital of Rete A; All Music S.p.A. was not involved in this operation and therefore remains part of the Group. The deconsolidation of Network A has resulted in the elimination of its assets and liabilities and the recognition of a gain calculated as the difference between the sale proceeds and its book value at the date of the sale.

- *AUTOMOTIVE COMPONENTS*

During the first half of 2014, Allevard Rejna Autosuspensions S.A. increased its stake in Allevard IAI Suspensions Pvt Ltd from 70.24% to 71.7% and its interest in S.ara Composite S.A.S. from 90.91% to 92.86%. There were no further changes in the scope of consolidation during the period.

- ***HEALTHCARE***

The following transactions involving a change in the scope of consolidation took place during the first half of the year.
In the “Hi-tech Services” area (Medipass Group), Medipass S.r.l. took part in the increases in capital of Clearmedi Healthcare Ltd, which diluted the holdings of Medipass Healthcare Ltd (a subsidiary) and of Clearview Ltd. (third party minority shareholder). The investment is currently held 58.27% by Medipass S.r.l., 6.73% by Medipass Healthcare Ltd and the other 35% by Clearview Ltd.
In the Rehabilitation area, the entire share capital of Villa Azzurra S.p.A. was acquired in May.

- ***OTHER COMPANIES***

There were no changes in the scope of consolidation during the period.

3. ACCOUNTING POLICIES

3.a. Intangible assets (IAS 38)

Intangible assets are recognised only if they can be separately identified, if it is likely that they will generate future economic benefits and if the cost can be measured reliably.
Intangible assets with a finite useful life are valued at purchase or production cost, net of amortisation and accumulated impairment.

Intangible assets are initially recognised at purchase or production cost.
Purchase cost is represented by the fair value of the means of payment used to purchase the asset and any additional direct cost incurred to prepare the asset for use. The purchase cost is the equivalent price in cash at the date of recognition; where payment is deferred beyond normal terms of credit, the difference compared with the cash price is recognised as interest for the whole period of deferment.
Amortisation is calculated on a straight-line basis over the expected useful life of the asset and starts when the asset is ready for use.
Intangible assets with an indefinite useful life are not amortised, but monitored constantly for impairment. It is mainly the Espresso Group's newspaper/magazine titles and TV/radio frequencies that are considered intangible assets with an indefinite useful life.
The carrying value of intangible assets is maintained to the extent that there is evidence that this value can be recovered through use; to this end, an impairment test is carried out at least once a year to check that the intangible asset is able to generate future cash flows.
Development costs are recognised as intangible assets when their cost can be measured reliably, when there is a reasonable assumption that the asset can be made available for use or for sale and that it is able to generate future benefits. Once a year or any time it appears to be justified, capitalised costs are impairment tested.
Research costs are charged to the income statement as and when they are incurred.
Trademarks and licences, which are initially recognised at cost, are subsequently accounted for net of amortisation and accumulated impairment. The period of amortisation is defined as the lower of the contractual duration for use of the licence and the useful life of the asset.
Software licences, including associated costs, are recognised at cost and are recorded net of amortisation and any accumulated impairment.
"Customer relationships" represents the value assigned during the purchase price allocation process to the customer portfolio of the Systèmes Moteurs Group at the date of acquisition of control.
"Name" represents the value assigned during the purchase price allocation process to the name "Systèmes Moteurs" at the date of acquisition of control.

Goodwill
In the event of the acquisition of companies, the identifiable assets, liabilities and contingent liabilities acquired are recognised at their fair value as at the acquisition date. The positive difference between the acquisition cost and the Group's share of the fair value of these assets and liabilities is classified as goodwill and recorded in the statement of financial position as an intangible asset. Any negative difference ("badwill") is posted to the income statement at the time of acquisition.
After initial recognition, goodwill is measured at cost less any accumulated impairment. Goodwill always refers to identified income-producing assets, whose ability to generate income and cash flow is monitored constantly for impairment.
See paragraph 3.x. below (Business Combinations and Goodwill).

3.b. Tangible assets (IAS 16)

Tangible assets are recognised at purchase price or production cost, net of accumulated depreciation.
Cost includes associated expenses and any direct and indirect costs incurred at the time of acquisition and needed to make the asset ready for use. Financial charges relating to specific loans for long-term investments are capitalised up to the date when the assets become operational.
When there are contractual or compulsory obligations for decommissioning, removing or clearing sites where fixed assets are installed, the value recognised also includes a discounted estimate of the costs that will be incurred for their disposal.
Fixed assets are depreciated each year on a straight-line basis over the residual useful life of the assets.
Land, assets under construction and advance payments are not depreciated.
Land and buildings not used for corporate operating purposes are classified under a separate asset item and accounted for on the basis of IAS 40 "Investment property" (see paragraph 3.e. below).
In the event of circumstances that suggest that an asset has been impaired, its carrying value is checked against its recoverable value (i.e. fair value or value in use, whichever is the higher). Fair value can be established on the basis of values expressed by an active market, recent transactions or the best information available at the time with a view to determining the potential proceeds of selling the asset. Value in use is determined by discounting the cash flows expected from using the asset, applying best estimates of its residual useful life and a rate that takes into account the implicit risk of the specific business sectors in which the Group operates. This valuation is carried out for each individual asset or for the smallest identifiable cash generating unit (CGU).
If there is a negative difference between these values and the carrying value, the asset gets written down; if subsequently the reasons for the impairment no longer apply, the asset is revalued. Such write-downs and revaluations are posted to the income statement.

3.c. Government grants

Government grants are recognised when there is a reasonable degree of certainty that the recipient will comply with the conditions for the grant, whether or not there is a formal resolution awarding it; in other words, when it is highly likely that the grant will be received.
Capital grants are recognised in the statement of financial position either as deferred income, which is then transferred to the income statement over the useful life of the asset being financed, thereby reducing the depreciation charge, or by deducting them directly from the asset in question.
Government grants obtainable in the form of a reimbursement of expenses and costs already incurred or to provide immediate support for the recipient without there being any future costs related to the grant, are recognised as income in the period in which they can be claimed.

3.d. Leased assets (IAS 17)

Lease contracts for assets where the lessee substantially assumes all the risks and rewards of ownership are classified as finance leases. Where such finance leases exist, the asset is recognised at the lower of its fair value and the present value of the minimum lease payments stipulated in the contracts. Total lease payments are allocated between the financial element and the capital to be reimbursed in such a way as to obtain a constant rate of interest on the outstanding debt. The residual lease payments, net of financial charges, are classified as borrowings. The interest expense is charged to the income statement over the period of the lease. Assets acquired under finance leases are depreciated to an extent consistent with the nature of the asset. Lease contracts in which the lessor substantially retains the risks and rewards of ownership, on the other hand, are classified as operating leases and payments made under such leases are charged to the income statement on a straight-line basis over the period of the lease.
In the event of a sale and leaseback agreement, any difference between the selling price and the carrying value of the asset is not recognised to the income statement unless the asset itself suffers an impairment loss.

3.e. Investment property (IAS 40)

Investment property is property (land or a building, or part of a building, or both) held (by the owner or by the lessee under a finance lease) to earn rentals or for capital appreciation or both, rather than for use in the production or supply of goods or services or for administrative purposes, or for sale in the ordinary course of business.
The cost of an investment property is represented by its purchase price, as well as any improvements, replacements and extraordinary maintenance.
For self-constructed investment property, an estimate is made of all costs incurred up to the date on which the construction or development is finished. Until that date, IAS 16 applies.
In the case of an asset held under a finance lease, the initial cost is determined according to IAS 17 as the lower of the fair value of the property and the present value of the minimum lease payments due.
The Group has opted for the cost method to be applied to all investment property held. Under the cost method, the value is measured net of depreciation and any impairment losses.

3.f. Impairment of intangible and tangible assets (IAS 36)

At least once a year the Group verifies whether the carrying value of intangible and tangible assets (including capitalised development costs) are recoverable, in order to determine whether the assets have suffered impairment. If such evidence exists, the carrying value of the assets is reduced to its recoverable value.
An intangible asset with an indefinite useful life is tested for impairment at least once a year; more frequently if there is any sign that it may have suffered a loss in value.
When it is not possible to estimate the recoverable value of an individual asset, the Group estimates the recoverable value of the cash generating unit to which the asset belongs.
The recoverable value of an asset is the higher of its fair value less costs to sell and its value in use.
To determine the value in use of an asset, the Group calculates the present value of estimated future cash flows, applying a discount rate that is consistent with the cash flows and which reflects the current market assessment of the time value of money and the specific risks of the business sector.
An impairment loss is recognised if the recoverable value is lower than the carrying value.
If at a later date the loss on an asset (other than goodwill) no longer exists or is less than it was, the carrying value of the asset or of the cash generating unit is written up to the new estimated recoverable value, though it cannot exceed the value that it would have had if no impairment loss had been recognised. The reversal of an impairment loss is posted immediately to the income statement.

3.g. Other equity investments

Investments in companies where the Parent Company does not exercise a significant influence are accounted for in accordance with IAS 39, which means that they are classified as available for sale and measured at fair value, or at cost if the fair value or market price cannot be reliably estimated.

3.h. Receivables and payables (IAS 32, 39 and 21)

Receivables and payables are initially recognised at their fair value, which usually corresponds to the nominal value. Receivables are adjusted, where necessary, to their estimated realisable value. Subsequently, receivables and payables are measured at amortised cost.
Receivables and payables in foreign currencies are initially accounted for at the rates of exchange in force on the transaction date. They are then adjusted to the period-end exchange rates and any exchange gains and losses are recognised to the income statement (see paragraph 3.u. below).

3.i. Securities (IAS 32 and 39)

In accordance with IAS 32 and IAS 39, investments in companies other than subsidiaries and associates are classified as available-for-sale financial assets and measured at fair value.
Gains and losses resulting from fair value adjustments are recorded in a special equity reserve. In the event of impairment losses or when the assets are sold, the gains and losses previously recognised to equity are transferred to the income statement.
Note that purchases and sales are recognised on the trade date.
This category also includes financial assets bought or issued and then classified either as held for trading or at fair value through profit and loss according to the fair value option.
For further details of the accounting treatment of financial assets, we would refer readers to the specific note on "Financial Instruments".

3.l. Income taxes (IAS 12)

Current taxes are provided for on the basis of a realistic estimate of taxable income under current tax regulations of the country in which the company is based, taking into account any exemptions and tax credits that may be claimed.
Deferred taxes are calculated on the basis of any temporary differences (taxable or deductible) between the carrying values of assets and liabilities and their tax bases and are classified as non-current assets and liabilities.
A deferred tax asset is recognised to the extent that taxable income will probably be available in the future to offset deductible temporary differences.
The carrying value of deferred tax assets is subject to periodic analysis and is reduced to the extent that it is no longer probable that there will be sufficient taxable income to take advantage of the deferred tax asset.

3.m. Inventories (IAS 2)

Inventories are shown at the lower of weighted average purchase or production cost and their estimated realisable value.

3.n. Cash and cash equivalents (IAS 32 and 39)

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible into cash and which have an insignificant risk of changes in value.

3.o. Equity

Ordinary shares are recorded at their nominal value. Costs directly attributable to the issuance of new shares are deducted from equity reserves, net of any related tax benefit.

Treasury shares are shown separately as a deduction from reserves; any subsequent sale, reissuance or cancellation will not have any impact on the income statement, only on equity.
Unrealised gains and losses on financial assets classified as “available for sale” are recognised, net of tax, under equity in the fair value reserve.
The reserve is reversed to the income statement when the financial asset is realised or impairment to it is recognised.

The hedging reserve is formed when fair value changes are recognised on derivatives which have been designated as "cash flow hedges" or "hedges of net investments in foreign operations" for the purposes of IAS 39.
The portion of gains and losses considered "effective" is recognised to equity and is reversed to the income statement as and when the elements being hedged are in turn recognised to the income statement, or when the subsidiary is sold.

When a subsidiary prepares its financial statements in a currency different from the Group's functional currency, the subsidiary's financial statements are translated and any translation differences are recognised in a special reserve. When the subsidiary is sold the reserve is reversed to the income statement, accounting for any gains or losses on the disposal.
“Retained earnings (losses)” include accumulated earnings and balances transferred from other reserves when these are released from any previous limitations.
This item also shows the cumulative effect of any changes in accounting principles and/or the correction of errors, which are accounted for in accordance with IAS 8.

3.p. Borrowings (IAS 32 and 39)

Loans are initially recognised at cost, represented by their fair value net of any transaction costs incurred. Subsequently, borrowings are measured at amortised cost calculated by applying the effective interest rate method, taking into consideration any issuance costs incurred and any premium or discount applied at the time the instrument is settled.

3.q. Provisions for risks and losses (IAS 37)

Provisions for risks and losses refer to liabilities which are probable, but where the amount and/or maturity is uncertain. They are the result of past events which will cause a future cash outflow. Provisions are recognised exclusively in the presence of a current obligation to third parties, whether legal or implicit, which implies an outflow and when a reliable estimate of the amount involved can be made. The amount recognised as a provision is the best estimate of the disbursement required to settle the obligation as at the reporting date. The provisions recognised are reviewed at the close of each accounting period and adjusted to represent the best current estimate. Changes in the estimate are recognised to the income statement.

When the estimated outflow relating to the obligation is expected in a time horizon longer than normal payment terms and the discount factor is significant, the provision represents the present value, discounted at a nominal risk-free rate, of the expected future outflows to settle the obligation.

Contingent assets and liabilities (potential assets and liabilities, or those not recognised because no reliable estimate can be made) are not recognised. However, adequate disclosure on such items is provided.

3.r. Revenue and income (IAS 18)

Revenues from the sale of goods are recognised at the time ownership and the risks related to the goods are transferred, net of returns, discounts and rebates.

Service revenues are recognised at the time the service is provided, based on its stage of completion at the reporting date.

Income from dividends, interest and royalties is recognised as follows:

- dividends, when the right to receive payment is established (with a balancing entry under receivables when distribution is approved);
- interest, using the effective interest rate method (IAS 39);
- royalties, on an accrual basis, in accordance with the underlying contractual agreement.

3.s. Employee benefits (IAS 19)

Benefits to be paid to employees on termination of their employment and other long term benefits are subject to actuarial valuation.
Following this methodology, liabilities recognised represent the present value of the obligation adjusted for any actuarial gains or losses not accounted for.

Finance Law no. 296/2006 made important changes to employee leaving indemnity (TFR) regulations, introducing the option for workers to transfer their indemnity maturing after 1 January 2007 to selected pension schemes. Therefore, all employee leaving indemnity accrued as at 31 December 2006 for employees who exercised this option, while remaining within the sphere of defined benefit plans, was determined using actuarial methods that exclude the actuarial/financial components relating to future changes in salary.
EU Regulation 475/2012 endorsed the amendments to IAS 19 - Employee Benefits, as approved by the IASB on 16 June 2011, with the aim of promoting the understanding and comparability of financial statements, particularly with reference to defined benefit plans. The most important change is the elimination of the different accounting treatments that were permitted for recording defined benefit plans and the consequent introduction of a single method that envisages immediate recognition in the statement of comprehensive income of any actuarial gains or losses that arise from measuring the obligation. Compared with the previous accounting treatment adopted by the Group, the main impact is the elimination of the "corridor method", with immediate recognition in the statement of comprehensive income, and therefore in equity, of changes in the value of the obligations and the plan assets. The elimination of this method had an impact on Group equity at the date of first application of the new standard, as actuarial gains and losses not previously recognised under the corridor method have now been recognised.

IFRS 2 "Share-based Payment" issued in February 2005 with validity from 1 January 2005 (revised version effective 1 January 2010) requires that application should be retrospective in all cases where stock options were assigned after 7 November 2002 and where the vesting conditions of the plans had not yet matured at the effective date.
In accordance with this standard, the CIR Group now measures and recognises the notional cost of stock options and stock grants to the income statement under personnel costs and apportions them throughout the vesting period of the benefit, with a balancing entry in the appropriate equity reserve.

The cost of the option is determined at the award date of the plan, applying special models and multiplying by the number of options exercisable over the reference period, assessed with the aid of appropriate actuarial variables.
Similarly, the cost resulting from the assignment of phantom stock options is determined in relation to the fair value of the options at the assignment date and is recognised to the income statement under personnel costs over the vesting period of the benefit; unlike for stock options and stock grants, the balancing entry is recorded under liabilities (other personnel provisions) and not in an equity reserve. Until this liability is extinguished its fair value is recalculated at each reporting date and on the date of actual disbursement and all fair value changes are recognised to the income statement.
Similarly, the cost resulting from the assignment of phantom stock options is determined in relation to the fair value of the options at the assignment date and is recognised to the income statement under personnel costs over the vesting period of the benefit; unlike for stock options and stock grants, the balancing entry is recorded under liabilities (other personnel provisions) and not in an equity reserve. Until this liability is extinguished its fair value is recalculated at each reporting date and on the date of actual disbursement and all fair value changes are recognised to the income statement.

3.t. Derivatives (IAS 32 and 39)

Derivatives are measured at fair value.

The Group uses derivatives mainly to hedge risks, in particular interest rate, foreign exchange and commodity price risks. Classification of a derivative as a hedge is formally documented, stating the effectiveness of the hedge.

For accounting purposes hedging transactions can be classified as:
- fair value hedges – where the effects of the hedge are recognised to the income statement;
- "*cash flow hedges* – where the fair value change of the effective portion of the hedge is recognised directly to equity, while the non-effective part is recognised to the income statement.
- *hedges of a net investment in a foreign operation* – where the fair value change of the effective portion of the hedge is recognised directly to equity, while the non-effective part is recognised to the income statement.

3.u. Foreign currency translation (IAS 21)

The Group's functional currency is the euro and this is the currency in which its financial statements are prepared. Group companies prepare their financial statements in the currencies used in their respective countries.

Transactions carried out in foreign currencies are initially recognised at the exchange rate on the date of the transaction.
At the reporting date, monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate prevailing on that date.
Non-monetary items measured at historical cost in a foreign currency are translated using the exchange rate prevailing on the date of the transaction.
Non-monetary items measured at fair value are translated using the exchange rate at the date on which the carrying values were measured.

The assets and liabilities of Group companies whose functional currency is not the euro are measured as follows:
assets and liabilities are translated using the exchange rate prevailing at the reporting date;
costs and revenues are translated using the average exchange rate for the period.
Exchange rate differences are recognised directly to a special equity reserve.
Should an investment in a foreign operation be sold, the accumulated exchange rate differences recognised in the equity reserve are reversed to the income statement.

3.v. Non-current assets held for sale (IFRS 5)

A non-current asset is held for sale if its carrying value will be recovered principally through a sale rather than through its use in the business. For this condition to be satisfied the asset must be immediately saleable in its present condition and a sale must be considered highly likely.
Assets or groups of discontinued assets that are classified as held for sale are valued at the lower of their carrying value and the expected realisable value, less costs to sell.
Individual assets or those that form part of a group classified as held for sale are not depreciated.
Presentation of these assets in the financial statements involves showing the after-tax income and losses resulting from the sale on a separate line in the income statement. Similarly, the assets and liabilities have to be shown on a separate line in the statement of financial position.

3.w. Earnings per share (IAS 33)

Basic earnings per share are determined by dividing net income attributable to the ordinary shareholders of the parent company by the weighted average number of ordinary shares in circulation during the period.
Diluted earnings per share are calculated by adjusting the weighted average number of ordinary shares in circulation to take into account all potential ordinary shares, for example deriving from the possible exercise of assigned stock options that could have a dilutive effect.

3.x. Business combinations and Goodwill

Business acquisitions are recognised using the purchase and acquisition method in compliance with IFRS 3, on the basis of which the acquisition cost is equal to the fair value on the date of exchange of the assets transferred and the liabilities incurred or assumed. Any transaction costs relating to business combinations are recognised to the income statement in the period they are incurred.
Contingent consideration is included as part of the transfer price of the net assets acquired and is measured at fair value at the acquisition date. Similarly, if the business combination agreement envisages the right to receive repayment of certain elements of the price if certain conditions are met, this right is classified as an asset by the acquirer.
Any subsequent changes in this fair value are recognised as an adjustment to the original accounting treatment only if they are the result of more or better fair value information and if this takes place within twelve months of the acquisition date; all other changes must be recognised to the income statement.
In the event of a step acquisition of a subsidiary, the minority interest previously held (recognised up to that point according to IAS 39 – Financial Instruments: Recognition, IAS 28 – Investments in Associates or IAS 31 – Investments in Joint Ventures) is treated as if it had been sold and repurchased at the date that control is acquired. The investment is therefore measured at its fair value on the date of "transfer" and any gains and losses resulting from this measurement are recognised to the income statement. Moreover, any amount previously recognised in equity as "Other comprehensive gains and losses", is reclassified to the income statement following the sale of the asset to which it

refers. The goodwill (or income in the case of badwill) arising on conclusion of the deal with subsequent acquisition is calculated as the sum of the price paid for the acquisition of control, the value of minority interests (measured using one of the methods permitted by the accounting standard) and the fair value of the minority interest previously held, net of the fair value of the identifiable net assets acquired.

The identifiable assets, liabilities and contingent liabilities of the acquired business which meet the conditions for recognition are accounted for at their fair value on the date of acquisition. Any positive difference between the acquisition cost and the fair value of the Group's share of net assets acquired is recognised as goodwill or, if negative, charged to the income statement. After initial recognition, goodwill is measured at cost less any accumulated impairment. Goodwill always refers to identified income-producing assets, whose ability to generate income and cash flow is monitored constantly for impairment.
The accounting treatment of the acquisition of any further investment in companies already controlled are considered transactions with shareholders and therefore any differences between acquisition costs and the carrying value of the minority interests acquired are recognised in Group equity. Likewise, sales of minority interests not involving loss of control do not generate gains/losses in the income statement, but rather changes in Group equity.

The initial allocation to assets and liabilities as mentioned above, using the option given in IFRS 3, can be performed on a provisional basis by the end of the year in which the transaction is completed; the values provisionally assigned on initial recognition can be adjusted within twelve months of the date on which control was acquired.

3.y. Use of estimates

The preparation of financial statements and explanatory notes in accordance with IFRS requires management to make estimates and assumptions which affect the values of the assets and liabilities shown in them, as well as the disclosures made regarding contingent assets and liabilities as of the reporting date.
The estimates and assumptions used are based on experience and other factors considered relevant. The actual results could differ from these estimates. Estimates and assumptions are reviewed periodically and the effects of any changes are reflected in the income statement in the period in which the amendment is made if the review only affects that period, or in subsequent periods if the amendment affects both the current and future years.
The items mainly affected by this use of estimates are goodwill, deferred taxes, provisions for risks and losses, personnel provisions and the fair value of financial instruments, stock options, phantom stock options and stock grants.
See the notes on these specific items for further details.

4. FINANCIAL INSTRUMENTS

Financial instruments take on a particular significance in the CIR Group's economic and financial structure. For this reason, management felt that it would be useful to devote a special section to accounting standards IAS 32 and IAS 39, to help readers understand better the financial issues involved.

According to IAS 32 financial instruments are classified into four categories:

a) financial instruments measured at fair value through profit and loss (FVTPL) in application of the fair value option: either designated as such or held for trading;

b) investments held to maturity (HTM);

c) Loans and receivables (L&R);

d) Available-for-sale financial assets(AFS).

Classification depends on the intended use of the financial instrument within the context of the Company's financial management and each involves a different type of measurement for accounting purposes. Financial transactions are recognised on the basis of their value date.

Financial instruments at fair value through profit and loss
Financial instruments are classified as such if they satisfy one of the following conditions:
- they are held for trading;

- they are designated as such under the fair value option, on the assumption that the fair value can be reliably determined.

Trading generally means frequent buying and selling with the aim of generating profit on short-term price fluctuations.
Derivatives are included in this category unless they are designated as hedge instruments.
The initial designation of financial instruments, other than derivatives and those held for trading, as instruments at fair value through profit and loss under the fair value option is limited to those that meet the following conditions:

a) designation under the fair value option eliminates or significantly reduces an accounting mismatch;

b) a group of financial assets, financial liabilities or both are managed and their performance is measured on a fair value basis in accordance with a documented investment risk strategy, and;

c) an instrument contains an embedded derivative which meets particular conditions.

The designation of an individual instrument to this category is final, it is made at the time of initial recognition and cannot be modified.

Investments held to maturity
This category includes non-derivative instruments with fixed or determinable payments and a fixed maturity, which the Company intends and is able to hold to maturity.
These instruments are measured at amortised cost and constitute an exception to the general principle of measurement at fair value.
Amortised cost is determined by applying the effective interest rate of the financial instrument, taking into account any discounts received or premiums paid at the time of purchase, and recognising them throughout the entire life of the instrument until its maturity.
Amortised cost represents the initial recognition value of a financial instrument, net of any capital repayments and any impairment, plus or minus cumulative differences between its initial value and its value at maturity calculated using the effective interest rate method.
The effective interest rate method is a way of calculating the financial charges to be assigned to a particular period.
The effective interest rate is the rate that gives a correct present value to expected future cash flows until maturity, so as to obtain the net present carrying value of the financial instrument.

If even only one instrument belonging to this category is sold before maturity, for a significant amount and where there is no special justification for its disposal, the so-called "tainting rule" gets applied: this requires that the whole portfolio of securities classified as Held To Maturity be reclassified and measured at fair value, after which this category cannot be used for the next two years.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and which are not held for trading.
The category includes trade receivables (and payables).
Measurement of these instruments, except for those classified as current assets or liabilities (within twelve months), is made by applying the amortised cost method, using the effective interest rate and taking into account any discounts received or premiums paid at the time of acquisition and recognising them throughout the entire life of the instrument until its maturity.

Available-for-sale financial assets
This is a “residual” category which includes non-derivative financial instruments that are designated as available for sale and not included in any of the previous categories.
Available-for-sale financial instruments are recognised at their fair value plus any transaction costs.
Gains and losses are recognised to a separate equity item until the financial instruments are sold or suffer impairment. In such cases, the gains and losses accrued to equity up to that point are released to the income statement.

Investments in financial assets can only be derecognised (i.e. eliminated from the financial statements) when the contractual rights to receive their respective financial cash flows have expired or when the financial asset is transferred to third parties together with all associated risks and benefits.

Fair value
EU Regulation 1255/2012 endorsed IFRS 13 - Fair value Measurement.

Fair value, as defined by IFRS 13, is the price that would be received for the sale of an asset or that would be paid to transfer a liability in an regular transaction between market participants at the measurement date.
The fair value of financial liabilities due and payable on demand (e.g. demand deposits) is not less than the amount payable on demand, discounted from the first date on which payment could be required.
For financial instruments quoted in active markets, the fair value is determined on the basis of official prices in the principal market to which the Group has access (“mark to market”).
A financial instrument is considered quoted in an active market if quoted prices are readily and regularly available from a quotation system, dealers, brokers, etc., and these prices represent actual and regular market transactions. If there is no quoted market price in an active market for a financial instrument taken as a whole, but there is one for some of its components, the fair value is determined on the basis of the specific market prices of its components.
If there are no observable prices in an active market for an identical item owned by another operator as an asset, or if prices are not available, using other observable inputs such as quoted prices in an inactive market for the identical item owned by another operator as an asset, the Group will assess the fair value using another valuation technique, such as:

- an income approach (for example, a technique that takes into account the present value of future cash flows that a market participant would expect to receive from owning a financial liability, an equity instrument or an asset);
- a market approach (for example, using quoted prices for similar liabilities or equity instruments owned by third parties as assets);
- valuations performed using, in all or in part, inputs not taken from parameters that are observable on the market, for which use is made of estimates and assumptions developed by the evaluator (“mark to model”). The Group uses valuation models (“mark to model”) that are generally accepted and used by the market. The models include techniques based on the discounting of future cash flows and estimates of volatility (if there is an optional component); these are subject to revision from time to time in order to ensure consistency with the objectives of the valuation.

These methods use inputs based on prices set in recent transactions and/or prices/quotations for instruments that have similar characteristics in terms of risk profile.
As a further guarantee of the objectivity of valuations derived from valuation models, the Group uses fair value adjustments (FVAs) to take into account the risks associated primarily with the limited liquidity of the positions, the valuation models used and counterparty risk.
The choice between these techniques is not optional, as they have to be applied in hierarchical order: if, for example, is a price quoted in an active market is available, the other valuation techniques cannot be used.
As regards the determination of the fair value of derivative contracts, default risk, which is reflected through credit value adjustments (CVA) and debit value adjustments (DVA), has to be taken into consideration.

IFRS 13 provides for the classification of the instruments being measured at fair value according to the observability of the inputs used for pricing them.
The fair value hierarchy has three levels:
- Level 1: the fair value of instruments classified in this level is determined based on (unadjusted) quoted prices that can be observed in active markets;
- Level 2: the fair value of instruments classified in this level is determined based on valuation models that use inputs that can be observed in active markets (other than the quoted prices included in Level 1, observable either directly or indirectly).
- Level 3: the fair value of instruments classified in this level is determined based on valuation models that primarily use inputs that can not be observed in active markets. The valuations are based on various inputs, not all directly derived from observable market parameters, and involve estimates and assumptions on the part of the evaluator.

5. ACCOUNTING STANDARDS, CHANGES IN ACCOUNTING ESTIMATES AND ERRORS

The criteria for making estimates and measurements are reviewed periodically, based on historical experience and other factors such as expectations of possible future events that are reasonably likely to take place.
If first-time application of a standard affects the current year or the previous one, the effect is shown by indicating the change caused by any transitional rules, the nature of the change, a description of

the transitional rules, which may also affect future years, and the amount of any adjustments to years prior to those being presented.
If a voluntary change of a standard affects the current or previous year, the effect is shown by indicating the nature of the change, the reasons for adopting the new standard, and the amount of any adjustments to years prior to those being presented.
In the event of a new standard or interpretation issued but not yet in force, an indication is given of the fact, its potential impact, the name of the standard or interpretation, the date on which it will come into force and the date of its first-time application.

A change in accounting estimate involves giving an indication of the nature and impact of the change. Estimates are used mainly in the recognition of asset impairment, provisions for risks, employee benefits, taxes and other provisions and allowances. Estimates and assumptions are reviewed regularly and the effects of any such changes are reflected in the income statement.
Lastly, the treatment of accounting errors involves an indication of the nature of the error and the amount of the adjustments to be made at the beginning of the first reporting period after they were discovered.

6. ADOPTION OF NEW ACCOUNTING STANDARDS, INTERPRETATIONS AND AMENDMENTS

Accounting standards, amendments and interpretations of IFRS applied from 1 January 2014
The following accounting standards, amendments and interpretations were applied for the first time by the Group with effect from 1 January 2014:

- On 12 May 2011, the IASB issued **IFRS 10 - *Consolidated financial statements***, due to replace IAS 27 - *Consolidated and separate financial statements* (the part relating to the consolidated financial statements) and SIC-12 - Consolidation - Special Purpose Entities (vehicle companies). The previous IAS 27 was renamed Separate Financial Statements and govern the accounting treatment of investments in separate financial statements. The principal changes introduced by the new standard are as follows:
    - According to IFRS 10 there is a single basic principle to consolidate all types of entities, and this principle is based on control. This change removes the perceived inconsistency between the previous IAS 27 (based on control) and SIC 12 (based on the transfer of risks and benefits);
    - a more solid definition of control than in the past has been introduced, based on three elements: (a) power over the company acquired; (b) exposure, or rights, to variable returns from involvement with the company; (c) the ability to use this power to influence the amount of such returns;
    - IFRS 10 requires an investor to assess whether it has control over the company acquired by focusing on the activities that significantly affect its returns;
    - When assessing whether control exists, the investor is required by IFRS 10 to consider only substantive rights, i.e. those that can be exercised when important decisions have to be taken regarding the company acquired;
    - IFRS 10 provides practical guidance to assist in assessing whether control exists in complex situations, such as de facto control, potential voting rights, situations in which it is necessary to determine whether the person who has the decision-making power is acting as an agent or principal, etc.

Generally speaking, the application of IFRS 10 requires a significant degree of judgement with regard to various aspects involved in its implementation.

The standard is applicable retrospectively from 1 January 2014. Adoption of this new standard did not have any impact on the Group's scope of consolidation.

- On 12 May 2011, the IASB issued **IFRS 11 - *Joint Arrangements,*** due to replace IAS 31 - *Interests in Joint ventures* and SIC-13 - *Jointly Controlled Entities - Non-monetary contributions by venturers* . Without prejudice to the criteria for identifying the presence of a jointly controlled entity, the new standard provides criteria for the accounting treatment of joint arrangements by focusing on the rights and obligations arising from such arrangements, rather than on their legal form, separating joint venture and joint operation. According to IFRS 11, the existence of a separate vehicle is not sufficient to classify a joint arrangement as a joint venture. For joint ventures, where the parties only have rights to the equity of the agreement, the standard establishes the equity method as the only acceptable method of accounting for JVs in the consolidated financial statements. For joint operations, where the parties have rights over the assets and obligations for the liabilities of the agreement, the standard requires direct inclusion in the consolidated financial statements (and in the separate financial statements) of the pro-rata share of the assets, liabilities, costs and revenues deriving from the joint operation.
  The new standard is applicable retrospectively from 1 January 2014.
  Generally speaking, the application of IFRS 11 requires a significant degree of judgement with regard the distinction between joint venture and joint operation. Following the issuance of IFRS 11, IAS 28 - Investments in Associates has been amended to include investments in joint ventures within its scope of application from the effective date of the standard. Adoption of this new standard did not have any impact on the Group's scope of consolidation.

- On 12 May 2011, the IASB issued **IFRS 12 - *Disclosure of Interests in Other Entities***, which is a new and comprehensive standard on the information to be provided in the consolidated financial statements on each type of investment, including those in subsidiaries, joint arrangements, associates, special purpose entities and other vehicle companies that are not consolidated. The standard is applicable retrospectively from 1 January 2014. Adoption of this new standard did not have any impact on the information supplied in the notes to the interim consolidated financial statements of the Group.

- On 16 December 2011, the IASB issued amendments to **IAS 32 - *Financial Instruments: Presentation*** to clarify the application of certain criteria for the offsetting of the financial assets and liabilities referred to in IAS 32. These amendments are applicable retrospectively from 1 January 2014. Adoption of this new standard did not have any impact on the Group's consolidated financial statements.

- On 28 June 2012, the IASB published **Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance (Amendments to IFRS 10, IFRS 11 and IFRS 12**). The document clarifies the transition rules of IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities. These amendments will apply, together with the reference standards, from 1 January 2014.

- On 31 October 2012 were issued amendments to **IFRS 10, IFRS 12 and IAS 27 - *Investment Entities***, which introduce an exception to the consolidation of subsidiaries for an investment company, except for cases where the subsidiaries provide services that relate to the investment activities of such companies. In application of these amendments, an investment company has to measure its investments in subsidiaries at fair value.

To qualify as an investment company, an entity has to:

- obtain funds from one or more investors with the purpose of providing them with investment management services;
- make a commitment with its investors that its corporate purpose is to invest the funds solely with a view to obtaining returns from capital appreciation, investment income or both; and;
- measure and evaluate the performance of substantially all of its investments on a fair value basis.

These amendments will apply, together with the reference standards, from 1 January 2014. Application of these amendments did not have any impact on the interim consolidated financial statements of the Group.

- On 29 May 2013, the IASB issued amendments to **IAS *36 - Impairment of assets - Additional information on the recoverable value of non-financial assets.*** The amendments are intended to clarify that the additional information to be provided about the recoverable value of the assets (including goodwill) or cash-generating units, in the event that their recoverable amount is based on fair value less costs of disposal, relate only to the assets or cash-generating units to which it has been recognised or a loss in value reversed during the financial year. The amendments have to be applied retrospectively from 1 January 2014. Application of these amendments did not have any impact on the interim consolidated financial statements of the Group.

- On 27 June 2013, the IASB issued amendments to **IAS 39 - *Financial Instruments: Recognition and Measurement - Novation of derivatives and continuation of hedge accounting"*.** The changes include the introduction of certain exemptions from the requirements of hedge accounting as defined by IAS 39 when an existing derivative has to be replaced by a new derivative in specific circumstances where the replacement is vis-à-vis a central counterparty (CCP) following the introduction of a new law or regulation. The amendments have to be applied retrospectively from 1 January 2014. Adoption of these amendments did not have any impact on the consolidated financial statements of the Group.

- 20 May 2013 saw the publication of the interpretation **IFRIC 21 - *Levies***, which provides clarification on when to recognise a liability related to taxes (other than income taxes) imposed by a government agency for a company that has to pay such taxes. The standard addresses both the liabilities for taxes that fall within the scope of IAS 37 - *Provisions, Contingent Liabilities and Contingent Assets* and those for which the timing and amount of the taxes are certain. Adoption of this new interpretation did not have any impact on the consolidated financial statements of the Group.

ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS OF IFRS NOT YET ENDORSED BY THE EUROPEAN UNION

At the date of these consolidated half-yearly financial statements, the competent bodies of the European Union had not yet completed the endorsement process necessary for the adoption of the following amendments and standards.

- On 12 November 2009, the IASB published **IFRS 9 - *Financial Instruments***: this standard was subsequently amended on 28 October 2010. The new standard, which is applicable retrospectively from 1 January 2018, represents the initial phase of a project designed to replace IAS 39. It introduces new criteria for classifying and measuring financial assets and liabilities. More specifically, the new standard uses a single approach based on how financial instruments are managed and on the characteristics of the contractual cash flows of financial assets to determine how they should be measured, replacing the various different rules envisaged in IAS 39. For financial liabilities, on the other hand, the main change concerns the accounting treatment of changes in the fair value of a financial liability designated at fair value through profit and loss, when they are due to a change in the credit rating of the said liability. According to the new standard such changes have to be recognised to "Other comprehensive income" and will no longer pass through the income statement.

- On 19 November 2013, the IASB published "**IFRS 9 Financial Instruments - Hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39**" concerning the new hedge accounting model (first application from 1 January 2018). This document aims to answer some of the critical requirements of IAS 39 for hedge accounting, which are often considered too stringent and not a suitable reflection of companies' risk management policies. The main changes in the document concern:
    - changes to the types of transactions eligible for hedge accounting, in particular the risks of non-financial assets/liabilities eligible to be managed in hedge accounting are extended;
    - change in the method of accounting for forward contracts and options when included in a hedge accounting relationship in order to reduce the volatility of the income statement;
    - changes in the effectiveness test by replacing the current procedures based on the 80-125% parameter with the principle of "economic relationship" between the hedged item and the hedging instrument; in addition, an assessment of the retrospective effectiveness of the hedging relationship will not be required anymore;
    - a greater flexibility in the new accounting rules is offset by additional disclosure requirements about the company's risk management activities.
- On 12 December 2013, the IASB published its "**Annual Improvements to IFRSs: 2010-2012 Cycle**" which incorporates the changes to standards as part of the annual refinement process. The main changes concern:
    - IFRS 2 *Share Based Payments – Definition of vesting condition*. Changes have been made to the definition of "vesting condition" and "market condition" and the definitions of "performance condition" and "service condition" have been added (they were previously included in the definition of "vesting condition")
    - IFRS 3 *Business Combinations – Accounting for contingent consideration*. The amendment clarifies that contingent consideration classified as a financial asset or liability has to be remeasured at fair value at each balance sheet date and any changes in fair value are recognised in the income statement or among the elements of comprehensive income based on the requirements of IAS 39 (or IFRS 9).
    - IFRS 8 *Operating Segments – Aggregation of operating segments*. The amendments require an entity to provide disclosures about the assessments made by management in applying the criteria for the aggregation of operating segments, including a description of the operating segments being aggregated and of the economic indicators considered in determining whether such operating segments have "similar economic characteristics".
    - IFRS 8 *Operating Segments – Reconciliation of total of the reportable segments' assets to the entity's assets*. The amendments clarify that the reconciliation between the total assets of the operating segments and the total assets of the entity only has to be presented if the total assets of the operating segments are regularly reviewed by the chief operating decision maker.

- IFRS 13 *Fair Value Measurement – Short-term receivables and payables*. The Basis for Conclusions of this standard have been amended to clarify that, with the issuance of IFRS 13 and consequent changes to IAS 39 and IFRS 9, the possibility of accounting for current trade receivables and payables without booking the effects of discounting remains valid, if these effects are not material.
- IAS 16 *Property, Plant and Equipment and IAS 38 Intangible Assets – Revaluation method: proportionate restatement of accumulated depreciation/amortization*. The changes have eliminated the inconsistencies in the recognition of depreciation or amortization when a tangible or intangible asset is revalued. The new requirements clarify that the gross carrying amount of the asset has to be adjusted in proportion to the revaluation of the net carrying amount of the asset and that the accumulated depreciation or amortization is equal to the difference between the gross and net carrying amounts, net of any impairment losses that have been accounted for.
- IAS 24 *Related Party Disclosures – Key management personnel*. This clarifies that in the event that the services of key management personnel are provided by an entity (and not by an individual), this entity is to be considered a related party.

The amendments are effective for annual periods beginning on or after 1 July 2014. Earlier application is permitted.

- On 12 December 2013, the IASB published its **Annual Improvements to IFRSs: 2011-2013 Cycle**, which includes changes to international accounting standards as part of the annual refinement process. The main changes concern:
  - IFRS 1 *First-time Adoption of International Financial Reporting Standards – Meaning of "effective IFRS"*. It clarifies that an entity that adopts IFRS for the first time can opt for early application of a new standard intended to replace the principle in force, as an alternative to applying a principle currently in force on the date of the first IAS/IFRS financial statements. This option is only allowed when the new standard permits early application. Moreover, the same version of the standard has to be applied to all periods presented in the first IAS/IFRS financial statements.
  - IFRS 3 *Business Combinations – Scope exception for joint ventures*. The amendment clarifies that paragraph 2(a) of IFRS 3 excludes the formation of all types of joint arrangement, as defined by IFRS 11, from the scope of IFRS 3.
  - IFRS 13 *Fair Value Measurement – Scope of portfolio exception* (para. 52). The amendment clarifies that the portfolio exception included in paragraph 52 of IFRS 13 applies to all contracts included within the scope of IAS 39 (or IFRS 9) regardless of whether they meet the definition of financial assets and liabilities provided by IAS 32.
  - IAS 40 *Investment Properties – Interrelationship between IFRS 3 and IAS 40*. The amendment clarifies that IFRS 3 and IAS 40 are not mutually exclusive and that, in order to determine whether the purchase of a property falls within the scope of IFRS 3, it is necessary to refer to the specific instructions provided by IFRS 3; however, to determine whether the purchase in question falls within the scope of IAS 40, it is necessary to refer to the specific instructions of IAS 40.

  The amendments are effective for annual periods beginning on or after 1 July 2014. Earlier application is permitted.
- On 30 January 2014, the IASB issued **IFRS 14 *Regulatory Deferral Accounts*** which only allows those who adopt IFRS for the first time to continue recognising the amounts related to so-called "rate regulation activities" in accordance with the previous accounting principles. In order to improve comparability with entities that already apply IFRS and that do not recognise these amounts, the

standard requires that the effect of rate regulation has to be disclosed separately. This standard will be applicable from 1 January 2016, but earlier application is permitted.

- On 6 May 2014, the IASB issued amendments to **IAS 16 *Property, Plant and Equipment*** and **IAS 38 *Intangible Assets***. The amendments to IAS 16 *Property, Plant and Equipment* lays down that revenues are not an appropriate basis on which to calculate depreciation. The amendment clarifies that the revenues generated by an activity that includes the use of an asset generally reflect several factors other than consumption of the economic benefits of the asset. The amendments to IAS 38 *Intangible Assets* introduce a presumption that amortisation based on revenues is inappropriate for the same reasons as laid down in the amendments to IAS 16 *Property, Plant and Equipment.* In the case of intangible assets, this presumption can only be rebutted in limited circumstances.

These amendments will be applicable from 1 January 2016, but earlier application is permitted.

- On 12 May 2014, the IASB issued a number of amendments to **IFRS 11 *Joint Arrangements*** relating to the accounting for the purchase of interests in a joint operation whose activities constitute a business as intended in IFRS 3. The amendments require that in these circumstances the principles set out in IFRS 3 on accounting for the effects of a business combination are to be applied.
  These amendments will be applicable from 1 January 2016, but earlier application is permitted.

- On 28 May 2014, the IASB issued IFRS 15 **Revenue from Contracts with Customers** which will replace IAS 18 *Revenue* and IAS 11 *Construction Contracts*, as well as the following interpretations: IFRIC 13 *Customer Loyalty Programmes*, IFRIC 15 *Agreements for the Construction of Real Estate*, IFRIC 18 *Transfers of Assets from Customers* and SIC 31 *Revenues-Barter Transactions Involving Advertising Services*. The new model of revenue recognition will apply to all contracts with customers, except for those that fall within the scope of other IAS/IFRS as leases, insurance contracts and financial instruments. The basic steps for the recognition of revenue under the new model are:
  - identification of the contract with the customer;
  - identification of the performance obligations laid down in the contract;
  - determination of the price;
  - allocation of the price to the performance obligations laid down in the contract;
  - the recognition of revenue when the entity satisfies a performance obligation.

  This standard will be applicable from 1 January 2016, but earlier application is permitted.

- On 30 June 2014, the IASB issued amendments to **IAS 16 *Property, Plant and Equipment*** and **IAS 41 *Agriculture***. The amendments require that bearer plants, i.e. fruit trees that will give rise to annual harvests (such as grapevines or hazelnut trees) should be accounted for in accordance with IAS 16 (rather than IAS 41). This means that such assets should be valued at cost rather than at fair value less costs to sell (however, the revaluation method proposed by IAS 16 for the valuation of such assets can be used). The proposed changes are confined to the plants used to produce seasonal fruits and not to be sold as living plants or harvested as agricultural produce. These plants also fall under the scope of IAS 16 during the phase of biological maturation, i.e. up to the point that they are able to generate agricultural produce.
  These amendments will be applicable from 1 January 2016, but earlier application is permitted.

7. NON-CURRENT ASSETS

7.a. Intangible assets

	Opening position			Changes for the period								Closing balance		
	Original cost	*Accumulated depreciation and write-downs*	*Net balance 31/12/2013*	*Acquisitions*	*Business combinations disposals*		*Exchange rate differences*	*Other changes*	*Discontinued operation*	*Net disposals*	*Depreciation and write-downs*	*Original cost*	*Accumulated depreciation and write-downs*	*Balance at 30/06/2014*
(in thousands of euro)					*increases*	*decreases*				*cost*				
Start-up and expansion costs	70	(43)	27	--	--	--	--	--	(27)	--	--	36	(36)	--
Capitalised development costs														
- purchased	--	--	--	--	--	--	--	--	--	--	--	--	--	--
- produced internally	152,259	(81,460)	70,799	11,582	--		704	338	--	--	(8,453)	164,356	(89,386)	74,970
Industrial patents and intellectual property rights	48,309	(17,242)	31,067	6,237	--	--	2	(3)	--	--	(3,889)	54,673	(21,259)	33,414
Concessions, licences, trademarks and similar rights	271,217	(120,059)	151,158	592	33	(124,454)	2	334	(10,364)	(30)	(4,922)	76,929	(64,580)	12,349
Titles and trademarks	402,383	--	402,383	--	--	--	--	--	--	--	--	402,383	--	402,383
Frequencies	83,643	--	83,643	3,406	--	--	--	--	--	--	--	87,049	--	87,049
Goodwill	758,091	(381,303)	376,788	383	3,786	(34,839)	379	--	--	--	(326)	389,432	(43,261)	346,171
Assets in progress and advance payments														
- purchased	99,698	(89,639)	10,059	1,914	--	--	56	(335)	(7,460)	--	--	4,234	--	4,234
- produced internally	9,963	(345)	9,618	2,735	--	--	79	(486)	--	--	(38)	12,425	(517)	11,908
Others	49,367	(23,387)	25,980	45	--	--	18	85	(8,202)	--	(709)	26,413	(9,196)	17,217
Total	1,875,000	(713,478)	1,161,522	26,894	3,819	(159,293)	1,240	(67)	(26,053)	(30)	(18,337)	1,217,930	(228,235)	989,695

Intangible assets went from € 1,161,522 thousand at 31 December 2013 to € 989,695 thousand at 30 June 2014, mainly because of the transfer of Rete A by Gruppo Editoriale L'Espresso
The amounts shown in the "Discontinued operations" column refer to the change in the consolidation method at 30 June 2014 of the Energy Sector (Sorgenia Group) in application of IFRS 5.

Amortisation rates

Description	*%*
Capitalised development costs	20-33%
Industrial patents and intellectual property rights	4-20%
Concessions, licences, trademarks and similar rights	16-30%
DTV frequencies	5%
Other intangible assets	16-30%

Goodwill, trademarks and other assets with an indefinite useful life

A more detailed analysis of the main items making up intangible assets with an indefinite useful life is given in the following charts.

Titles and trademarks:

(in thousands of euro)	*30.06.2014*	*31.12.2013*
la Repubblica	229,952	229,952
Finegil Editoriale Nord-Est	114,121	114,121
Local newspapers	55,001	55,001
Deejay brand	1,171	1,171
Mo-Net	2,138	2,138
Total	**402,383**	**402,383**

Frequencies:

(in thousands of euro)	*30.06.2014*	*31.12.2013*
Radio frequencies	87,049	83,643
Total	**87,049**	**83,643**

Goodwill:

(in thousands of euro)	*30.06.2014*	*31.12.2013*
Media Sector (Editoriale L'Espresso Group)	33,653	68,492
Healthcare sector (Kos Group)	176,642	172,870
Automotive sector (Sogefi Group)	128,638	128,638
Other investments	7,238	6,788
Total	**346,171**	**376,788**

Goodwill has been allocated to the CGUs that were identified in the same way that management of the Parent Company operates and manages its assets, based on the Group's operating sectors. The above chart shows the allocation of goodwill by Group operating sector.

In order to perform the impairment test of goodwill and other intangible assets with an indefinite useful life, the recoverable value of each cash generating unit, defined in accordance with IAS 36, was estimated with reference to its value in use or its fair value less selling costs and having regard - where applicable in the specific circumstances - for the guidelines contained in the document entitled "Impairment test of goodwill in the context of crises in the financial markets and the real economy: guidelines" issued by the O.I.V. (Italian Valuation Board).
Value in use was calculated by discounting to present value future cash flows generated by the unit in the production phase and at the time of its disposal, using an appropriate discount rate

(discounted cash flow or DCF method). More specifically, in accordance with what is required by international accounting standards, to test the value, cash flows were considered without taking into account inflows and outflows generated by financial management or any cash flows relating to tax management. The cash flows to be discounted are therefore distinctive, unlevered operating cash flows (as they refer to individual units).
The cash flows of the single operating units were extrapolated from the budgets and forecasts made by the management of the operating units concerned. These plans were then processed on the basis of economic trends recorded in previous years and using the forecasts made by leading analysts on the outlook for the respective markets and more in general on the evolution of each business sector.
To give a fair estimate of a CGU's value in use, we had to assess its expected future cash flows, expected changes in the amount and timing of these flows, the discount rate to be used and any other risk factors affecting the unit.
In order to determine the discount rate to be used, we calculated the weighted average cost of capital (WACC) invested at sector level, regardless of the financial structure of the individual company or subgroup. More specifically, the discount rate used for the Media sector was determined gross of tax (pre-tax WACC), whereas for the other sectors the after-tax WACC was used, thereby expressing future cash flows on a consistent basis in these cases.
The fair value less costs to sell of an asset or group of assets (e.g. a CGU) is best expressed in the price established by a "binding sale agreement in an arm's length transaction", net of any direct disposal costs. If this information was not available, the fair value net of costs to sell was determined in relation to the following trading prices, in order of importance:

- the current price traded on an active market;
- prices for similar transactions executed previously;
- the estimated price based on information obtained by the company.

The recoverable value of each asset was estimated with reference to the higher of its fair value less costs to sell or its value in use, if both were available.

As required by IAS 36, goodwill is tested for impairment at least once a year, except in cases where there are indications that require an immediate assessment of possible impairment losses.
At 30 June 2014, in light of the trends in sales and margins of the CGUs during the first half of 2014, also in relation with their respective plans, there were no indications that suggested that the impairment test was no longer valid, nor that the amounts booked to the Media, Healthcare and Automotive sectors were no longer reasonable.
The decrease in the goodwill of the Media sector, of € 34,839 thousand, refers to the write-off of the goodwill allocated to Rete A S.p.A. following the transfer of its entire share capital to Persidera S.p.A. as part of an operation designed to integrate the digital terrestrial network activities.

7.b. Tangible assets

	Opening position			Changes for the period									Closing balance		
(in thousands of euro)	*Original cost*	*Accumulated depreciation and write-downs*	*Net balance 31/12/2013*	*Acquisitions*	*Business combinations disposals*		*Capitalised financial charges*	*Exchange rate*	*Other changes*	*Discontinued operation*	*Net disposals*	*Depreciation and write-downs*	*Original cost*	*Accumulated depreciation and write-downs*	*Balance at 30/06/2014*
					increases	*decreases*					*cost*				
Land	72,463	(1,119)	71,344	--	460	--	--	16	636	(24,540)	(2,554)	--	45,846	(484)	45,362
Buildings used for operating purposes	480,961	(165,919)	315,042	1,076	7,210	(1,130)	--	325	883	(131,954)	(2,329)	(5,182)	328,047	(144,106)	183,941
Plant and machinery	2,767,111	(1,319,646)	1,447,465	10,488	5	(24,331)	--	1,260	19,317	(1,204,195)	(2,047)	(23,836)	949,346	(725,220)	224,126
Industrial and commercial equipment	145,792	(107,541)	38,251	2,824	150	--	--	299	(13,089)	(14,575)	(46)	(3,014)	121,121	(110,321)	10,800
Other assets	256,375	(200,156)	56,219	3,878	73	(3)	--	(53)	895	(6,334)	(50)	(4,930)	239,422	(189,727)	49,695
Assets in progress and advance payments	98,226	(28,078)	70,148	25,249	--	--	--	186	(7,331)	(3,985)	(165)	--	84,102	--	84,102
Total	3,820,928	(1,822,459)	1,998,469	43,515	7,898	(25,464)	--	2,033	1,311	(1,385,583)	(7,191)	(36,962)	1,767,884	(1,169,858)	598,026

Tangible assets rose from € 1,998,469 thousand at 31 December 2013 to € 598,026 thousand at 30 June 2014.
The amounts shown in the "Discontinued operations" column refer to the change in the consolidation method at 30 June 2014 of the Energy Sector (Sorgenia Group) in application of IFRS 5.

DEPRECIATION RATES

Description	*%*
Buildings used for operating purposes	3.00%
Plant and machinery	10.00-25.00%
Other assets:	
- Electronic office equipment	20.00%
- Furniture and fittings	12.00%
- Motor vehicles	25.00%

7.c. Investment property

	Opening position			Changes for the period								Closing balance		
	Original cost	*Accumulated depreciation and write-downs*	*Net balance 31/12/2013*	*Acquisitions*	*Business combinations disposals*		*Capitalised financial charges*	*Exchange rate differences*	*Other changes*	*Net disposals*	*Depreciation and write-downs*	*Original cost*	*Accumulated depreciation and write-downs*	*Balance at 30/06/2014*
(in thousands of euro)					*increases*	*decreases*				*cost*				
Buildings	28,605	(7,147)	21,458	--	61	--	--	--	--	--	(371)	28,666	(7,518)	21,148
Total	28,605	(7,147)	21,458	--	61	--	--	--	--	--	(371)	28,666	(7,518)	21,148

Investment property decreased from € 21,458 thousand at 31 December 2013 to € 21,148 thousand at 30 June 2014, mainly because of the depreciation for the period.
The market value is considerably higher than the carrying value.

DEPRECIATION RATES

Description	*%*
Buildings	3.00%

The position of leased assets and of restrictions applied to all tangible assets on account of guarantees and commitments at 30 June 2014 and 31 December 2013 is as follows:

(in thousands of euro)	*Gross leasing amount*		*Accumulated depreciation*		*Restrictions for guarantees and commitments*	
	30.06.2014	*31.12.2013*	*30.06.2014*	*31.12.2013*	*30.06.2014*	*31.12.2013*
Land	4,955	5,155	--	--	--	6,989
Buildings	28,574	28,022	6,802	6,047	116,178	248,102
Plant and machinery	6,911	163,812	3,213	31,519	162,442	1,604,075
Other assets	1,632	2,716	666	848	273	14,678
Assets in progress and advance payments	28,914	25,191	--	--	--	1,214

The decrease in the balances at 30 June 2014 relates to the reclassification of the assets, liabilities and related guarantees and commitments of the Energy Sector (Sorgenia Group) in application of IFRS 5.

7.d. Investments in companies consolidated at equity

(in thousands of euro)	*Balance 31.12.2013*	*Increases (decreases)*	*Write-downs*	*Dividends*	*Pro-rata share of result*		*Other changes*	*Discontinued operations*	*Balance 30.06.2014*
					Loss	*Income*			
Sorgenia France Production S.A.	42,565	--	--	--	--	--	--	(42,565)	-
Editoriale Libertà S.p.A.	17,547	--	(2,000)	--	--	191	--	--	15,738
Swiss Education Group AG	16,500	--	--	--	--	1,389	170	--	18,059
Editoriale Corriere di Romagna S.r.l.	3,016	--	--	--	--	14	--	--	3,030
Volterra A.E.	1,081						--	(1,081)	--
Altrimedia S.p.A.	645	--	--	--	--	13	---	--	658
Persidera S.p.A.	--	127,700	--	--	--	--	---	--	127,700
Le Scienze S.p.A.	176	--	--	(103)	--	54	--		127
Devil Peak S.r.l.	254	--	--	--	--	--	--	--	254
Apokos Rehab PVT Ltd	--	--	--	--	(60)	--	252	--	192
Huffingtonpost Italia S.r.l.	204	--	--	--	(160)	--	--	--	44
Total	**81,988**	**127,700**	**(2,000)**	**(103)**	**(220)**	**1,661**	**422**	**(43,646)**	**165,802**

The column "Discontinued operations" refers to the activities of the Energy Sector (Sorgenia Group) reclassified as specified in paragraph 1.a, in application of IFRS 5. Note that at 31 December 2013, management decided to write down the investment in Tirreno Power S.p.A. to zero.
On 30 June 2014 the transfer of 100% of Rete A S.p.A. to Persidera S.p.A. was completed, at the same time acquiring 30% of the latter. This transaction generated net financial proceeds of € 1,515 thousand as a result of the difference between the initial carrying amount of Persidera S.p.A. (equal to € 127,700 thousand) and the book value of Rete A S.p.A. (equal to € 126,185 thousand).
At the end of the first half of 2014, based on the trend of circulation and advertising revenues recorded by Editoriale Libertà in the first half of the year, there are signs that suggest that this investment may have suffered further impairment; we therefore took steps to reduce the carrying amount of this investment (€ 2,000 thousand) in order to bring it into line with the recoverable amount.

7.e. Other investments

(in thousands of euro)	*30.06.2014*	*31.12.2013*
Ansa S. Coop. A.R.L.	2,209	2,209
Emittenti Titoli S.p.A.	132	132
Others	2,599	3,295
Total	**4,940**	**5,636**

The carrying values correspond to the cost, reduced where necessary for impairment, and are essentially considered to be equivalent to their fair value.

7.f. Other receivables

"Other receivables" at 30 June 2014 had a balance of € 138,038 thousand, compared with € 233,931 thousand at 31 December 2013.

At 30 June 2014, this item includes the following:
- € 68,157 thousand (€ 70,824 thousand at 31 December 2013) of unsecured and mortgage-backed receivables of the securitisation companies Zeus Finance S.r.l. and Urania Finance S.A.;
- a loan from CIR International S.A. in favour of Swiss Education Group AG for € 3,518 thousand (3,483 thousand at 31 December 2013);
- a shareholder-loan provided by Gruppo Editoriale L'Espresso S.p.A. to Persidera S.p.A. for € 21,300 thousand;
- € 23,368 thousand relating to the receivable from the vendor of the shares in Systèmes Moteurs S.A.S. (booked as part of the Purchase Price Allocation of the Systèmes Moteurs Group) for the recovery of costs arising from disputes about product quality, based on the guarantees provided by the vendor.

The balance at 31 December 2013 included the following amounts related to the Sorgenia Group:
- € 87,203 thousand of tax credits in relation to CO2 quotas that the Sorgenia Group should have been assigned;
- € 3,824 thousand of security deposits paid by the Sorgenia Group as guarantees to suppliers of the wind farm equipment and as deposits paid to banks;
- € 11,773 thousand of receivables for charges to activate and operate maintenance services at the Lodi and Aprilia plants;
- € 11,127 thousand of receivables claimed by Sorgenia S.p.A. from Sorgenia France Production S.A.

7.g. Securities

"Securities" at 30 June 2014 amounted to € 73,736 thousand, compared with € 79,351 thousand at 31 December 2013, and refer mainly to investments in private equity funds and minority shareholdings. These investments were measured at fair value recognising to the fair value reserve an amount, net of tax, of € 13,187 thousand (€ 9,586 thousand at 31 December 2013). At 30 June 2014, the residual commitment for investment in private equity funds stood at € 6.7 million.

At 31 December 2013 the balance included € 4,818 thousand related to investments of the Sorgenia Group. Certain securities whose fair value is unknown have been recognised at purchase cost.

7.h. Deferred taxes

The amounts refer to taxes resulting from deductible temporary differences and losses carried forward, deemed to be recoverable.

The breakdown of "Deferred tax assets and liabilities" by type of temporary difference is as follows:

(in thousands of euro)	*30.06.2014*		*31.12.2013*	
	Total temporary differences	*Tax effect*	*Total temporary differences*	*Tax effect*
Deductible temporary differences from:				
- write-down of current assets	38,248	10,971	156,554	43,499
- write-down of fixed assets	44,446	13,763	91,980	27,516
- revaluation of current liabilities	30,498	9,022	32,095	9,696
- revaluation of personnel provisions	52,116	15,645	61,562	18,250
- revaluation of provisions for risks and losses	80,689	25,417	120,164	39,616
- revaluation of long-term borrowings	--	--	10	3
- write-down of financial instruments	670	204	8,509	2,346
- tax losses from previous years	61,143	19,415	194,252	52,055
Total deferred tax assets	**307,810**	**94,437**	**665,126**	**192,981**
Taxable temporary differences from:				
- revaluation of current assets	1,028	299	6,783	2,095
- revaluation of fixed assets	428,189	130,898	533,063	164,972
- write-down of current liabilities	24,973	7,492	161,239	44,957
- valuation of personnel provisions	9,986	2,525	10,478	2,666
- write-down of provisions for risks and losses	493	146	493	146
- revaluation of financial instruments	842	234	1,019	284
Total deferred tax liabilities	**465,511**	**141,594**	713,075	215,120
Net deferred taxes		**(47,157)**		**(22,139)**

The decrease in the balances at 30 June 2014 relates to the reclassification of the assets, liabilities and related guarantees and commitments of the Energy Sector (Sorgenia Group) in application of IFRS 5.

In addition, the "deferred tax liabilities" were reduced compared with 31 December 2013 as specified below:

- reversal of € 33.3 million related to the integration of the digital terrestrial TV activities carried out within the Espresso Group by transferring Rete A's assets and liabilities to Persidera;
- use of € 37.1 million, recorded in the financial statements of the parent company CIR S.p.A. at 31 December 2013, following the Tax Authorities's answer dated 11 July 2014 to the request for a ruling on the tax treatment of amount awarded under the Lodo Mondadori, which did not recognise the possibility of paying in instalments, over five years, part of the proceeds arising from the Supreme Court's judgement of 17 September 2013.

The changes in "Deferred tax assets and liabilities" during the year were as follows:

(in thousands of euro)	*Balance at 31.12.2013*	*Use of deferred taxes from prior periods*	*Deferred taxes generated in the period*	*Discontinued operations*	*Exchange rate differences and other changes*	*Balance at 30.06.2014*
Deferred tax assets:						
- to income statement	170,435	(3,868)	1,525	(93,323)	2,091	76,860
- to equity	22,546	(468)	2	(4,206)	(297)	17,577
Deferred tax liabilities:						
- to income statement	(195,438)	73,496	(3,069)	3,815	(668)	(121,864)
- to equity	(19,682)	1,123	--	--	(1,171)	(19,730)
Net deferred taxes	(22,139)					(47,157)

8. CURRENT ASSETS

8.a. Inventories

(in thousands of euro)	*30.06.2014*	*31.12.2013*
Raw materials, secondary materials and consumables	68,355	65,295
Work in progress and semi-finished goods	15,962	12,450
Finished goods and goods for resale	54,033	83,104
Advance payments	85	96
Total	**138,435**	**160,945**

The value of inventories is shown net of any write-downs made either in past years or this period and takes into account the degree of obsolescence of finished goods, goods for resale and secondary materials.
Note that the item “Finished goods and goods for resale” at 31 December 2013 included € 32,789 thousand related to the Sorgenia Group.

8.b. Trade receivables

(in thousands of euro)	*30.06.2014*	*31.12.2013*
Receivables - customers	475,045	1,163,732
Receivables - parent companies	230	--
Receivables - subsidiaries and joint ventures	7,600	27,275
Receivables - associates	2,036	1,620
Total	**484,911**	**1,192,627**

"Receivables - customers" are interest-free and have an average maturity in line with market conditions.

Trade receivables are shown net of any write-downs that take credit risk into account. During the first half of 2014, accruals were made to the provision for the write-down of receivables for a total of € 2,039 thousand (€ 2,737 during the first half of 2013).

"Receivables from parent companies" refer to services provided by CIR S.p.A. in favour of its parent company, COFIDE S.p.A., during the first half.
The item “Receivables - subsidiaries and joint ventures” at 30 June 2014 relates to receivables from the Sorgenia Group. The balance at 31 December 2013 referred to intercompany receivables within the Sorgenia Group, not eliminated because they refer to companies that are not fully consolidated on a line-by-line basis.

Note that "Receivables from customers" at 31 December 2013 included € 707,914 thousand relating to receivables due from the Sorgenia Group.

8.c. Other receivables

(in thousands of euro)	*30.06.2014*	*31.12.2013*
Receivables - subsidiaries and joint ventures	--	485
Receivables - associates	104	104
Tax receivables	58,276	95,771
Other receivables	55,125	113,380
Total	**113,505**	**209,740**

“Tax receivables” at 31 December 2013 included € 48,823 thousand relating to the Sorgenia Group.
"Other receivables" included € 44,298 thousand at 31 December 2013 relating to the fair value measurement of Sorgenia Group commodity derivatives.

8.d. Financial receivables

"Financial receivables" rose from € 1,433 thousand at 31 December 2013 to € 27,044 thousand at 30 June 2014. This item includes € 5,331 thousand of receivables due to the Kos Group by factoring companies for non-recourse assignments and € 20,000 thousand relating to the amount owed by a primary insurance institution under an insurance policy with guaranteed returns payable on first demand taken out by Cir Investments S.p.A.

8.e. Securities

(in thousands of euro)	*30.06.2014*	*31.12.2013*
Italian Government securities or similar securities	15,686	15,257
Investment funds and similar funds	109,570	51,714
Bonds	22,897	48,186
Certificates of deposit and other securities	54,428	50,880
Total	**202,581**	**166,037**

The measurement at fair value of the item "Securities" involved a positive adjustment to the income statement of € 2,685 thousand.

8.f. Available-for-sale financial assets

This item totals € 94,561 thousand and refers for € 88,646 thousand to shares in hedge funds and redeemable shares in asset management companies held by CIR International S.A.. The degree of

liquidity of the investment is a function of the time required for the redemption of the funds, which normally varies from one to three months.
The fair value measurement of these funds involved a total value adjustment of € 17,012 thousand (€ 21,320 thousand at 31 December 2013). The item also includes € 5,915 thousand of bonds held by the Espresso Group with maturities in October 2014. The positive effect of the change in these securities on the Group's share of CIR's equity, net of tax, came to € 36 thousand.

8.g. Cash and cash equivalents

They fell from € 957,099 thousand at 31 December 2013 to € 769,156 thousand at 30 June 2014.
A breakdown of the changes is given in the statement of cash flows.

8.h. Assets and liabilities held for sale

Please read paragraph 1.a in Section 6 “Explanatory notes” for more details.

9. EQUITY

9.a. Share capital

The share capital at 30 June 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 30 June 2014 the Company held 49,057,418 treasury shares (6.18% of the share capital) for a value of € 106,321 thousand, compared with 49,528,575 treasury shares (6.24% of the share capital) for a value of € 107,342 thousand at 31 December 2013. The decrease of 471,157 shares relates to the exercise of stock grant plans.
In application of IAS 32, 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 directors, employees of the Company, its subsidiaries and parent companies.

Regarding *stock* option plans and stock grants, at 30 June 2014 there were 45,470,264 options outstanding, corresponding to an equivalent number of shares.
The "*Stock option and stock grant reserve*" refers to the notional value of the incentives assigned to employees and approved after 7 November 2002.

9.b. Reserves

The changes and breakdown of "Reserves" are as follows:

(in thousands of euro)	*Share premium reserve*	*Legal reserve*	*Fair value reserve*	*Translation reserve*	*Reserve for treasury shares*	*Stock option and stock grant reserve*	*Other reserves*	*Total reserves*
Balance at 31 December 2012	**34,780**	**115,969**	**(22,664)**	**(6,621)**	**24,995**	**21,746**	**99,472**	**267,677**
Increases in capital	487	--	--	--	--	--	--	487
Unclaimed dividends as per Art. 23 of the Articles of Association	--	--	--	--	--	--	16	16
Fair value measurement of hedging instruments	--	--	30,459	--	--	--	--	30,459
Fair value measurement of securities	--	--	14,932	--	--	--	--	14,932
Securities fair value reserve released to income statement	--	--	(3,681)	--	--	--	--	(3,681)
Adjustment for treasury share transactions	998	--	--	--	(231)	--	--	767
Movements between reserves	--	--	--	--	--	(2,686)	75	(2,611)
Notional cost of stock options credited	--	--	--	--	--	2,647	--	2,647
Effects of equity changes in subsidiaries	--	--	(94)	31	--	--	3,779	3,716
Actuarial gains (losses)	--	--	--	--	--	--	2,633	2,633
Currency translation differences	--	--	(12)	(14,799)	--	--	--	(14,811)
Balance at 31 December 2013	**36,265**	**115,969**	**18,940**	**(21,389)**	**24,764**	**21,707**	**105,975**	**302,231**
Increases in capital	--	--	--	--	--	--	--	--
Unclaimed dividends as per Art. 23 of the Articles of Association	--	--	--	--	--	--	--	--
Fair value measurement of hedging instruments	--	--	(1,333)	--	--	--	--	(1,333)
Fair value measurement of securities	--	--	(1,590)	--	--	--	--	(1,590)
Securities fair value reserve released to income statement	--	--	--	--	--	--	--	--
Adjustment for treasury share transactions	1,021	--	--	--	(235)	--	--	786
Movements between reserves	--	--	--	--	--	(686)	--	(686)
Notional cost of stock options credited	--	--	--	--	--	1,326	--	1,326
Effects of equity changes in subsidiaries	--	--	93	213	--	--	1,111	1,417
Actuarial gains (losses)	--	--	--	--	--	--	(499)	(499)
Currency translation differences	--	--	6	1,936	--	--	--	1,942
Balance at 30 June 2014	**37,286**	**115,969**	**16,116**	**(19,240)**	**24,529**	**22,347**	**106,587**	**303,594**

The "Fair value reserve", net of tax, was positive for € 16,116 thousand and referred (in positive) to the measurement of "Securities" in item 7.g. for € 13,187 thousand and of "Available-for-sale financial assets" in item 8.f. for € 16,976 thousand and (in negative) to the measurement of hedges for € 14,046 thousand and of "Securities" in item 8.e. for € 1 thousand..

The "Translation reserve" had a negative balance of € 19,240 thousand at 30 June 2014 with the following breakdown:

(in thousands of euro)	*31.12.2013*	*Increases*	*Decreases*	*30.06.2014*
Sogefi Group	(16,041)	1,777	--	(14,264)
KOS Group	43	51	--	94
CIR Ventures	(2,315)	20	--	(2,295)
CIR International	(3,392)	544	--	(2,848)
Sorgenia Group	212	--	(259)	(47)
Others	104	16	--	120
Total	**(21,389)**	**2,408**	**(259)**	**(19,240)**

"Other reserves" are made up as follows:

(in thousands of euro)	
Reserve for capital increases	3
Statutory reserve	164
Reserve for the difference between the carrying values of investee companies and the respective portions of consolidated equity	106,420
Total	**106,587**

The changes in treasury shares during the year were as follows:

(in thousands of euro)	*Number of shares*	*Value*
Balance at 31 December 2013	49,528,575	107,342
Decreases	(471,157)	(1,021)
Balance at 30 June 2014	**49,057,418**	**106,321**

9.c. Retained earnings (losses)

The changes in Retained earnings (losses) are shown in the "Statement of Changes in Equity".

10. NON-CURRENT LIABILITIES

10.a. Bonds

The breakdown of "Bonds", net of intercompany eliminations, is as follows:

(in thousands of euro)	*30.06.2014*	*31.12.2013*
Gruppo Editoriale L'Espresso S.p.A. 2.625% Bond 2014/2019	78,131	--
SOGEFI S.p.A. Bond 2013/2020 in USD	83,743	82,908
SOGEFI S.p.A. Bond 2013/2020	24,932	24,926
SOGEFI S.p.A. 2% Bond 2014/2021	74,106	--
CIR S.p.A. 5.75% Bond 2004/2024	214,823	257,724
Total	**475,735**	**365,558**

In application of IAS 32 and 39, the original values of bond issues were written down to take into account expenses incurred and issue discounts.

On 1 April 2014, the Board of Directors of Gruppo Editoriale L'Espresso S.p.A. approved the issuance of an equity-linked bond for a total of € 100 million which was successfully placed on 2 April following a definitive pricing on that same day, taking into account the weighted average market price of the share posted on the MTA between the start and the end of the order collection (or "bookbuilding") process and a conversion premium of 30% (equal to € 2.1523) without prejudice to the requirement of art. 2441 sixth paragraph of the Italian Civil Code. The transaction was completed by issuing securities that mature on 9 April 2019. A proposal to increase the share capital to service the bonds, with the exclusion of option rights pursuant to art. 2441 fifth paragraph, was submitted to the Extraordinary Shareholders' Meeting on 23 July 2014. The Company has already taken steps to apply for and obtain the listing of the Bonds on the Third Market (MTF) of the Vienna Stock Exchange.

The bond loan has a nominal value of € 100 million and a duration of 5 years (expiring on 9 April 2019) and a semi-annual coupon at a fixed rate of 2.625% per annum, payable on 9 April and 8 October of each year. The bonds will be convertible into existing or newly issued ordinary shares of the Company after approval of the proposal to increase the share capital submitted to the Extraordinary Shareholders' Meeting, subject to the Company's right to settle any request for conversion by paying cash or through a combination of cash and ordinary shares (the "cash settlement option").

The Convertible Bonds give the holder an option to convert the bond into a specific number of shares of the issuing company. The instrument can therefore be considered a standard bond together with a call option.

The valuation technique requires the derivative to be separated from the host contract. The value of these components (respectively € 21 million for the derivative component and € 79 million for the debt component) was determined based on the Binomial Model applying the following parameters: the market price of the Company's shares, the volatility of the stock price, the strike price and the risk-free rate.

In application of IAS 39, the debt component of the Convertible Bonds is valued by applying the amortised cost method, accounting for directly attributable costs as part of the debt for a total of € 1,744 thousand, while the derivative component is marked to market on the basis of the Binomial Model (at 30 June the valuation of this component is € 19.5 million with a positive effect of € 1.5 million on the income statement and classified as non-current borrowings).

On 13 May 2014 the board of directors of Sogefi S.p.A. decided to issue a "€ 100 million 2 per cent. Equity Linked Bonds due 2021" bond loan, placed with institutional investors on 14 May 2014. Settlement took place on 21 May 2014 through the issuance of the bonds and payment by the investors of the subscription price for a nominal amount of € 100 million (issue costs amounted to € 1,721 thousand). The bond duration is seven years from the settlement date. The bonds were admitted to listing on the Third Market (MTF) of the Vienna Stock Exchange on 13 June 2014; they have a minimum denomination of € 100 thousand and pay a six-monthly coupon at the fixed rate of 2% per annum. The proposal to increase the share capital to service the bonds, with the exclusion of option rights pursuant to art. 2441 fifth paragraph of the Civil Code, will be submitted to the Extraordinary Shareholders' Meeting convened for 26 September 2014. The bonds will be convertible into existing or newly issued ordinary shares of the Company after approval of the proposal to increase the share capital submitted to the Extraordinary Shareholders' Meeting, subject to the Company's right to settle any request for conversion by paying cash or through a combination of cash and ordinary shares (the so-called "cash settlement option").

The conversion option combined with the loan is of the American type and is an embedded derivative financial instrument, whose economic characteristics and risks are not closely related to those of the host contract, which is why its fair value is recorded in item 10.b "Other borrowings". As required by IAS 39, steps were taken at the placement date to separate the embedded derivative (call option on Sogefi shares) from the host contract (equity-linked bond loan) determining the fair value (€ 24,500 thousand). This fair value has been determined by means of a financial mathematical model (known as the "binomial model"), using as valuation parameters the market price of the Sogefi shares, the issue price of the new shares as defined in bond loan regulations (identified as the strike price) € 5.3844, the risk-free rate at 7 years and the volatility of the Sogefi stock over a time horizon of one year (at 30 June 2014, the change in fair value of the embedded derivative was positive for € 100 thousand).

Note that during 2014 CIR S.p.A. purchased CIR 5.75% 2004/2014 bonds on the market for a nominal value of € 48,800 thousand; another € 30,000 thousand was purchased by other Group companies, which, together with the nominal value of € 11,038 thousand already held at 31 December 2013 were cancelled on 5/9 June 2014. The repurchase on the market during the period resulted in a charge to the income statement of € 2.4 million.

Following the cancellation, the nominal value of the CIR 5.75% 2004/2014 bond is now € 210,162 thousand.

As already mentioned in the 2013 financial statements, in January 2014, CIR S.p.A. informed the Trustee of the 2004/2024 Bond of its willingness to redeem the bond earlier, if requested by the Trustee in accordance with the bond regulation. The potential redemption is due to the occurrence of a breach event as foreseen by the regulations, following the suspension by the subsidiary Sorgenia S.p.A. of instalments and interest due on loans granted by various banks. To date, no request for early redemption has been received from the trustee.

10.b. Other borrowings

(in thousands of euro)	*30.06.2014*	*31.12.2013*
Collateralised bank loans	42,215	59,870
Other bank loans	138,026	231,407
Leases	65,797	170,904
Other payables	75,990	34,962
Total	**322,028**	**497,143**

This item mainly consist of borrowing by the Sogefi Group (€ 145,000 thousand), the KOS Group (€ 152,715 thousand) and the Espresso Group (€ 24,313 thousand). Note that the balance at 31 December 2013 included borrowing by the Sorgenia Group of € 122,535 thousand.

10.c. Personnel provisions

The details of this item are as follows:

(in thousands of euro)	*30.06.2014*	*31.12.2013*
Employee leaving indemnity (TFR)	83,213	87,345
Pension funds and similar obligations	40,666	41,190
Total	**123,879**	**128,535**

(in thousands of euro)	*30.06.2014*	*31.12.2013*
Opening balance	128,535	140,778
Provisions for service during the period	10,983	12,820
Increases for interest	1,915	3,664
Actuarial gains or losses	715	(5,599)
Benefits paid	(7,546)	(13,504)
Increases or decreases due to changes in the scope of consolidation	(119)	(38)
Discontinued operations	(1,525)	--
Other changes	(9,079)	(9,586)
Closing balance	**123,879**	**128,535**

10.d. Provisions for risks and losses

The breakdown and changes in the non-current part of these provisions are as follows:

(in thousands of euro)	*Provision for disputes pending*	*Provision for restructuring charges*	*Provision for other risks*	*Total*
Balance at 31 December 2013	15,556	16,870	91,462	123,888
Provisions made during the period	558	11,780	661	12,999
Used	(327)	(4,648)	(2,730)	(7,705)
Exchange rate differences	--	4	26	30
Discontinued operations	--	--	(32,223)	(32,223)
Other changes	(1,330)	(196)	152	(1,374)
Balance at 30 June 2014	14,457	23,810	57,348	95,615

The breakdown and changes in the current part of these provisions are as follows:

(in thousands of euro)	*Provision for disputes pending*	*Provision for restructuring charges*	*Provision for other risks*	*Total*
Balance at 31 December 2013	6,469	23,996	78,901	109,366
Provisions made during the period	--	2,950	2,630	5,580
Used	(1,890)	(3,718)	(4,009)	(9,617)
Exchange rate differences	--	--	16	16
Discontinued operations	--	--	(19,130)	(19,130)
Other changes	1,520	--	(2,760)	(1,240)
Balance at 30 June 2014	6,099	23,228	55,648	84,975

Apart from the libel disputes regarding the Espresso Group, which are typical of all publishing businesses, the provision for disputes pending also covers risks for litigation of a commercial nature and labour suits.

The provision for restructuring charges includes amounts set aside for restructuring plans that have been publicly announced and communicated to the parties concerned and refers in particular to the production reorganisation projects involving companies of the Sogefi and Espresso Groups.
The provision for other risks is mainly to cover tax disputes pending with local tax authorities.

11. CURRENT LIABILITIES

11.a. Bonds

This item relates to the bond issued by Gruppo Editoriale L'Espresso S.p.A. in October 2004 that will be repaid on 27 October 2014. This bond pays interest of 5.125%.

11.b. Other borrowings

(in thousands of euro)	*30.06.2014*	*31.12.2013*
Collateralised bank loans	28,576	24,324
Other bank loans	93,719	1,668,283
Leases	6,524	12,751
Other borrowings	8,336	74,968
Total	**137,155**	**1,780,326**

"Other borrowings" relate for € 94,109 thousand to loans within the Sogefi Group, for € 31,126 thousand to loans within the Kos Group and for € 10,856 thousand to loans within the Espresso Group. Note that the balance at 31 December 2013 included borrowing by the Sorgenia Group of € 1,568,432 thousand.

11.c. Trade payables

(in thousands of euro)	*30.06.2014*	*31.12.2013*
Payables - parent companies	210	--
Payables - subsidiaries and joint ventures	44,452	28
Payables - associates	2,907	832
Payables - suppliers	404,959	1,004,072
Advance payments	3,372	6,591
Total	**455,900**	**1,011,523**

"Payables - parent companies" relate to the management support and communication services received by CIR S.p.A. from its parent company COFIDE S.p.A.

The item "Payables to subsidiaries and jointly controlled entities" relates for € 44,443 thousand to payables to the Sorgenia Group after joining the tax consolidation, which were then paid in July 2014.

Please note that the balance at 31 December 2013 of “Payables - suppliers” included € 602,577 thousand related to the Sorgenia Group.

11.d. Other payables

(in thousands of euro)	*30.06.2014*	*31.12.2013*
Due to employees	84,679	83,539
Tax payables	109,798	42,029
Social security payables	40,947	53,529
Other payables	49,440	153,489
Total	**284,864**	**332,586**

"Other payables" at 31 December 2013 included € 100,223 thousand relating to the Sorgenia Group of which € 50,647 thousand relate to the fair value of derivative contracts on commodities.

NOTES ON THE INCOME STATEMENT

12. REVENUES

■ BREAKDOWN BY BUSINESS SECTOR

(in millions of euro)	*1st half 2014*		*1st half 2013*		*Change*
	amount	*%*	*amount*	*%*	*%*
Media	332.5	27.4	369.4	29.8	(10.0)
Automotive components	683.0	56.3	681.7	55.0	(0.2)
Healthcare	193.0	15.9	186.5	15.0	3.5
Others	4.5	0.4	2.7	0.2	66.7
Total consolidated revenues	**1,213.0**	**100.0**	**1,240.3**	**100.0**	**(2.2)**

■ BREAKDOWN BY GEOGRAPHICAL AREA

(in millions of euro)

1st half 2014	*Total revenues*	*Italy*	*Other countries European*	*North America*	*South America*	*Asia*	*Other countries*
Media	332.5	332.5	--	--	--	--	--
Automotive components	683.0	44.8	406.8	103.1	89.2	37.3	1.8
Healthcare	193.0	189.2	3.1	--	--	0.7	--
Others	4.5	4.4	0.1	--	--	--	--
Total consolidated revenues	**1,213.0**	**570.9**	**410.0**	**103.1**	**89.2**	**38.0**	**1.8**
Percentages	100.0%	47.1%	33.8%	8.5%	7.4%	3.1%	0.1%

1st half 2013	*Total revenues*	*Italy*	*Other countries European*	*North America*	*South America*	*Asia*	*Other countries*
Media	369.4	369.4	--	--	--	--	--
Automotive components	681.7	39.3	403.9	89.3	118.4	28.2	2.6
Healthcare	186.5	182.8	3.5	--	--	0.2	--
Others	2.7	1.8	0.9	--	--	--	--
Total consolidated revenues	**1,240.3**	**593.3**	**408.3**	**89.3**	**118.4**	**28.4**	**2.6**
Percentages	100.0%	47.8%	32.9%	7.2%	9.6%	2.3%	0.2%

The types of products marketed by the Group and the nature of its business sectors mean that revenue flows are reasonably linear throughout the year and are not subject to any particular cyclical phenomena on a like-for-like basis.

13. OPERATING COSTS AND INCOME

13.a. Costs for the purchase of goods

Costs for the purchase of goods increased from € 427,379 thousand in the first half of 2013 to € 434,077 thousand in the same period of 2014.

13.b. Costs for services

This item went from € 321,319 thousand in the first half of 2013 to € 306,682 thousand in the first half of 2014, as can be seen from the following breakdown:

(in thousands of euro)	*1st half 2014*	*1st half 2013*
Services from the Parent Company	210	538
Technical and professional consulting	43,101	40,064
Distribution and transport costs	18,581	21,007
Outsourcing	25,633	27,466
Other expenses	219,157	232,244
Total	**306,682**	**321,319**

13.c. Personnel costs

Personnel costs amounted to € 348,241 thousand in the first half of 2014 (€ 354,130 thousand in the first half of 2013) and are as follows:

(in thousands of euro)	*1st half 2014*	*1st half 2013*
Salaries and wages	244,127	247,946
Social security contributions	79,626	80,928
Employee leaving indemnity	9,277	9,376
Pensions and similar benefits	1,706	187
Valuation of stock option plans	2,847	3,524
Other costs	10,658	12,169
Total	**348,241**	**354,130**

The average number of employees of the Group in the first half of 2014 was 13,834 (13,946 in the first half of 2013).

13.d. Other operating income

This item can be broken down as follows:

(in thousands of euro)	*1st half 2014*	*1st half 2013*
Services to subsidiaries	--	425
State grants	554	668
Capital gains on asset disposals	61	1,966
Miscellaneous gains and other income	17,725	12,650
Total	**18,340**	**15,709**

"Services to subsidiaries" in the first half of 2013 refer to the chargeback of fees for strategic and management support and special administrative, financial and tax assistance provided to the Sorgenia Group.

13.e. Other operating costs

This item can be broken down as follows:

(in thousands of euro)	*1st half 2014*	*1st half 2013*
Write-downs and losses on receivables	1,943	5,262
Allocations to provisions for risks and losses	1,155	2,623
Indirect taxes	14,223	13,997
Restructuring charges	9,475	779
Capital losses on asset disposals	1,021	534
Miscellaneous losses and other costs	12,327	8,193
Total	**40,144**	**31,388**

"Restructuring charges" relate to the costs involved in the restructuring plans already being implemented by the Sogefi Group.

14. FINANCIAL INCOME AND EXPENSE

14.a. Financial income

This item is made up of:

(in thousands of euro)	*1st half 2014*	*1st half 2013*
Interest income on bank accounts	3,645	6,806
Interest on securities	1,337	4,627
Other interest income	5,797	7,509
Interest rate derivatives	2,149	554
Exchange gains	275	423
Other financial income	55	19
Total	**13,258**	**19,938**

14.b. Financial expense

This item includes the following:

(in thousands of euro)	*1st half 2014*	*1st half 2013*
Interest expense on bank accounts	8,543	8,713
Interest expense on bonds	16,904	13,798
Other interest expense	3,914	3,728
Interest rate derivatives	7,547	2,929
Exchange losses	731	71
Other financial expenses	11,893	19,528
Total	**49,532**	**48,767**

14.c. Gains from trading securities

The breakdown of "Gains from trading securities" is as follows:

(in thousands of euro)	*1st half 2014*	*1st half 2013*
Shares and options - other companies	--	103
Other securities and other gains	11,453	6,875
Total	**11,453**	**6,978**

14.d. Losses from trading securities

The breakdown of "Losses from trading securities" is the following:

(in thousands of euro)	*1st half 2014*	*1st half 2013*
Shares and options - other companies	21	--
Other securities and other losses	3,620	1,504
Total	**3,641**	**1,504**

15. INCOME TAXES

Income taxes can be broken down as follows:

(in thousands of euro)	*1st half 2014*	*1st half 2013*
Current taxes	12,056	22,788
Deferred taxes	(33,352)	937
Prior year taxes	37,147	231
Total	**15,851**	**23,956**

"Prior year taxes" refer primarily to the reversal of deferred tax liabilities to current taxes of € 37.1 million as shown in item 7.h "Deferred taxes" and therefore found capacity in the transfer to the income statement.

16. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing net income for the period attributable to the ordinary shareholders by the weighted average number of shares in circulation. Diluted earnings per share is calculated by dividing net income for the period attributable to the ordinary shareholders by the weighted average number of ordinary shares in circulation during the period, adjusted for the dilutive effect of outstanding options. Treasury shares are not included in the calculation.
The Company has only one category of potential ordinary shares, those deriving from stock option and stock grant plans assigned to employees.
The dilutive effect that these ordinary shares to be issued or assigned to stock option and stock grant plans will have on earnings per share is not significant.

In calculating the average number of options, the average fair value of the shares for each financial year was used. The average fair value of CIR's ordinary shares in the first half of 2014 amounted to € 1.1083 compared with an average fair value of € 0.8335 in the first half of 2013.

The following chart shows the information on the shares used to calculate basic and diluted earnings per share.

Basic earnings per share

	1st half 2014	*1st half 2013*
Net income attributable to the shareholders (in thousands of euro)	5,328	(164,942)
Weighted average number of ordinary shares in circulation	744,961,646	743,363,232
Basic earnings per share (euro)	**0.0072**	**(0.2219)**

	1st half 2014	*1st half 2013*
Net income from the statement of comprehensive income attributable to the shareholders (in thousands of euro)	3,848	(153,603)
Weighted average number of ordinary shares in circulation	744,961,646	743,363,232
Basic earnings per share (euro)	**0.0052**	**(0.2066)**

Diluted earnings (loss) per share

	1st half 2014	*1st half 2013*
Net income attributable to the shareholders (in thousands of euro)	5,328	(164,942)
Weighted average number of ordinary shares in circulation	744,961,646	743,363,232
Weighted average number of options	4,152,327	31,821
No. of shares that could have been issued at fair value	(3,871,875)	--
Adjusted weighted average number of shares in circulation	745,242,098	743,395,053
Diluted earnings (loss) per share (in euro)	**0.0071**	**(0.2219)**

	1st half 2014	*1st half 2013*
Net income from the statement of comprehensive income attributable to the shareholders (in thousands of euro)	3,848	(153,603)
Weighted average number of ordinary shares in circulation	744,961,646	743,363,232
Weighted average number of options	4,152,327	31,821
No. of shares that could have been issued at fair value	(3,871,875)	--
Adjusted weighted average number of shares in circulation	745,242,098	743,395,053
Total diluted earnings (loss) per share (euro)	**0.0052**	**(0.2066)**

17. DIVIDENDS PAID

The Company did not distribute any dividends during the first half of 2014.

18. *FINANCIAL RISK MANAGEMENT: ADDITIONAL DISCLOSURES*

The CIR Group operates in various industry and service sectors, both nationally and internationally, so its business is exposed to various kinds of financial risk, including market risk (exchange rate risk and price risk), credit risk, liquidity risk and interest rate risk.
The Group uses hedging derivatives to minimise certain types of risks.
Risk management is carried out by the central finance and treasury function on the basis of policies approved by top management and communicated to the subsidiaries on 25 July 2003.

The information below also refers to the Sorgenia Group which has been classified under "Discontinued operations" in accordance with IFRS 5.

18.a. Market risk

- Foreign currency risk

As the Group operates internationally, Sogefi in particular, it is exposed to the risk that fluctuations in exchange rates could affect the fair value of some of its assets and liabilities. The Sogefi Group produces and sells mainly in the Euro Area, but it is subject to foreign currency risk, especially versus the GB pound, Brazilian real, US dollar, Argentine peso, Chinese renminbi and Canadian dollar.
The Sorgenia Group is exposed to the risk of fluctuations in exchange rates when purchasing fuel, which tends to be priced in USD.
Sorgenia uses forward contracts to reduce the risk of fluctuations in the EUR/USD exchange rate. As explained in the note on price risk, in certain cases it hedges the purchase and sale formulae directly as the price partly depends on the EUR/USD exchange rate. By fixing its formulae in euro, the exchange rate risk is also indirectly hedged.
Regarding the exchange rate risk associated with translation of the financial statements of international subsidiaries, the operating companies generally have a high degree of convergence between the currencies of their sourcing costs and their sales revenues, are active both in their own domestic markets and abroad and, if necessary, can arrange funding locally.

- Price risk

Through the Sorgenia Group's activity in the energy sector, the Group is exposed to the risk of energy commodity price fluctuations when purchasing fuels for its power plants and when buying and selling gas and electricity (where contracts stipulate specific indexing to baskets of fuels). Moreover, as almost all of the commodities in question are priced in USD, the Group is also exposed to fluctuations in the EUR/USD exchange rate.
Sorgenia continually monitors this exposure by breaking down its contractual formulae into the underlying risk factors and managing these exposures according to a two-step procedure.
The first step involves the negotiation of gas and electricity purchase agreements and the definition of pricing policies. Control over prices on both the purchase and sale sides enables the Group to guarantee a high level of natural hedging, minimising the impact on margins of the factors of uncertainty mentioned above, not only at business line level, but also at consolidated portfolio level.
After this has been done, the second step involves monitoring residual net exposures.
Sorgenia trades derivatives with leading banks in order to minimise counterparty risk. The derivatives in question are traded over the counter (OTC) directly with the counterparties and are mainly fixed vs. floating swaps or vice versa for commodity price hedges, and outright forwards and forwards plus for foreign currency risk hedges.
Since 2008, given the greater liquidity achieved by derivatives markets, in order to reduce basis risk on hedges as much as possible, the Group has been negotiating contracts with its financial

counterparties where the underlying is the whole formula for the purchase or sale of natural gas or electricity. These hedges make it possible to eliminate changes in costs and revenues caused by the elements of commodity risk and exchange rate risk by trading a single contract.
Part of commodity derivative contracts are managed according to the IAS 39 rules on hedge accounting, as they are entered into exclusively for hedging purposes; the effects of changes in their fair value are therefore recognised directly to a special equity reserve (cash flow hedge reserve). If the effectiveness test shows that the hedges are ineffective to some degree, the ineffective part is recognised immediately to the income statement.
The fair value of derivative contracts is calculated using forward market prices at the reporting date, if the underlying commodities are traded on markets with a forward pricing structure. Otherwise, the fair value is calculated using internal models based on observable market data and information provided by recognised and reliable third-party sources.
As regards the classifications envisaged in IFRS 13, based on three levels according to the method and the inputs used to determine fair value, it should be pointed out that the financial instruments used for managing commodity risk belong to level 2 of the fair value hierarchy.
The valuation techniques for derivatives outstanding at 30 June 2014 are the same as those used the previous year.
For commodities, the maturity of the contracts is generally less than 18 months.
However, in certain exceptional cases hedges with longer maturities have been entered into with end customers for fixed price contracts or contracts with particular kinds of options. At 30 June 2014 there were open positions in liquid fuel derivatives with maturities in 2014 concerning the Sorgenia Group.

18.b. Credit risk

Credit risk can be valued both in commercial terms by customer type, contractual terms and sales concentration, and in financial terms by type of counterparty used in financial transactions. There is no significant concentration of credit risk within the Group.
Some time ago adequate policies were put in place to ensure that sales are made to customers of good standing. The counterparties for derivative products and cash transactions are exclusively financial institutions with a high credit rating. The Group has policies that limit credit exposure to individual financial institutions.
Credit risk can vary depending on the business sector concerned. In the energy sector, for example, credit risk exposure is assessed using internal processes with the help of companies with sector expertise in credit facility assessment and allocation, as well as in debt collection. The size of the customer base and its diversification substantially eliminate the risk of credit concentration.
In the “Automotive Components” sector there is no excessive concentration of credit risk since the Original Equipment and After-market distribution channels with which it operates are car manufacturers or large purchasing groups without any particular concentration of risk.
The “Media” sector does not have any significant areas of credit risk and in any event the Group adopts operating procedures that prevent the sale of products or services to customers without an adequate credit profile or collateral.
The “Healthcare” sector does not present any concentration of credit risk because credit exposure is spread over a large number of customers and counterparties, especially in the residential care homes sector. The hospital sector, however, has a higher concentration of risk because most counterparties are local health authorities.
Since 2006 the CIR Group has been acquiring and managing non-performing loans and has put in place procedures for measuring and establishing the fair value of its portfolios.

18.c. Liquidity risk

Prudent management of liquidity risk implies maintaining sufficient liquidity and negotiable securities and ensuring an adequate supply of credit facilities to ensure adequate funding.
The Group systematically meets its maturities and commitments, and such conduct enables it to operate on the market with the necessary flexibility and reliability to maintain a correct balance between funding and deployment of its financial resources.
The companies heading up the business sectors manage their own liquidity risk directly and independently. Tight control is exercised over the net financial position and its movements in the short, medium and long term. In general, the CIR Group follows an extremely prudent financial policy using mainly medium/long-term funding structures.
Treasury management is centralised for each of the operating groups. With particular reference to Sorgenia, note that on 23 July 2014 the company entered into a standstill agreement with lenders with a view to restructuring its debt, which is currently being finalised.

18.d. Interest rate risk (fair value and cash flow)

Interest rate risk depends on fluctuations in market rates, which can cause changes in the fair value of cash flows of financial assets or liabilities.
Interest rate risk mainly concerns long-term bonds issued at a fixed rate, which exposes the Group to the risk of fluctuations in their fair value as interest rates change.
In line with the Group's risk management policies, the Parent Company and the subsidiaries have entered into various IRS contracts and other types of derivatives over the years in order to hedge interest rate risk on their bond issues and bank borrowings.

18.e. Derivatives

Derivatives are measured at fair value.
For accounting purposes hedging transactions can be classified as:
- *fair value hedges*, if they are subject to price changes in the market value of the underlying asset or liability;
- *cash flow hedges*, if they are entered into against the risk of changes in cash flows from an existing asset and liability, or from a future transaction;
- *hedges of net investments in foreign operations*, if they are entered into to protect against foreign currency risk from the translation of subsidiaries' equity denominated in a currency other than the Group's functional currency.

For derivatives classified as fair value hedges, gains and losses resulting from both the determination of their market value and the adjustment to fair value of the element underlying the hedge are recognised to the income statement.
For instruments classified as cash flow hedges (interest rate swaps), gains and losses from marking them to market are recognised directly to equity for the part which "effectively" hedges the underlying risk, while any "non-effective" part is recognised to the income statement.

For instruments classified as hedges of a net investment in a foreign operation, gains and losses from marking them to market are recognised directly to equity for the part which "effectively" hedges the underlying risk, while any "non-effective" part is recognised to the income statement.
On initial recognition under hedge accounting, derivatives are accompanied by an effective hedging relationship which designates the individual derivative as a hedge and specifies its effectiveness parameters in relation to the financial instrument being hedged.

Hedge effectiveness is tested at regular intervals, with the effective part of the relationship being recognised to equity and the ineffective part, if any, to the income statement. More specifically, the hedge is considered effective when the change in fair value or in the cash flows of the instrument being hedged is "almost entirely" offset by the change in fair value or cash flows of the hedging instrument, and when the results achieved are in a range of 80%-125%.

18.f. Capital ratios

Management modulates the use of leverage to guarantee solidity and flexibility in the capital structure of CIR and its financial holding companies, measuring the ratio of funding sources to investment activity.
Leverage is calculated as the ratio between net debt (represented by the bonds issued net of cash and cash equivalents and investments in liquid financial instruments, according to parameters agreed with the rating agency) and total investments measured at fair value (including equity investments and residual investments in financial instruments).
Management's objective is to maintain a solid and flexible financial structure to keep this ratio below a certain level. Currently, it stands at 11%.

18.g. Borrowing conditions

Some of the Group's borrowing agreements contain special clauses which, in the event of failure to comply with certain economic and financial covenants, give the lending banks an option to claim immediate repayment if the company involved does not immediately remedy the infringement of such covenants as required under the terms and conditions of the agreements.
At 30 June 2014 all the contractual clauses relating to medium and long term financial liabilities were fully complied with by the Group.

See note 10.a. for the effects of the financial situation faced by the Sorgenia sub-group on the 2004-2024 bond issued by CIR.
Below is a summary of the main covenants relating to the borrowings of the operating sub-holding companies outstanding at period end.

- Sogefi Group

The covenants relating to the borrowing outstanding at year end are described below:

- loan of € 60 million: ratio of consolidated net financial position to consolidated normalised EBITDA of less than or equal to 3.5;
- loans for a total of € 280 million; ratio of consolidated net financial position to consolidated normalised EBITDA of less than or equal to 3.5; ratio of consolidated normalised EBITDA to consolidated net financial expenses of not less than 4;
- bond of USD 115 million; ratio of consolidated net financial position to consolidated normalised EBITDA of less than or equal to 3.5; ratio of consolidated normalised EBITDA to consolidated net financial expenses of not less than 4;
- bond of € 25 million; ratio of consolidated net financial position to consolidated normalised EBITDA of less than or equal to 3.5; ratio of consolidated normalised EBITDA to consolidated net financial expenses of not less than 4;

At 30 June 2014, these covenants were all respected.

- Sorgenia Group (Discontinued operations)

The Sorgenia Group, through a number of its subsidiaries, has undertaken to respect financial covenants in relation to loans for the construction of power plants and wind farms.
These covenants measure the relationship between operating cash flow net of tax and the cost of servicing debt, given by the sum of the principal and interest payments made during the reference period (known as the "Debt Service Coverage Ratio" or DSCR).
The main contractual agreements in connection with the DSCR concern:

- the distribution of dividends: possible only if the ratios mentioned in the *covenants* exceed the thresholds laid down in the contract;
- the extent to which the project is able to repay the debt: if the ratios mentioned in the covenants are lower than the minimum thresholds, the banks can ask the company to implement a series of remedies established in the contract.

  The measurement of these covenant ratios is carried out either half-yearly or annually, as laid down in the contract, calculated as of 30 June and/or 31 December each year. The *covenants* to be calculated at 30 June relate to the loans obtained for the construction of power plants. By virtue of the standstill agreement signed by the Sorgenia Group and discussed in the note on its debt exposure, to which reference should be made, these covenants have not been calculated at 30 June 2014.

Moreover, as regards the Sorgenia Group's debt exposure, please refer to the broader discussion in the interim report on operations and in note 1.a.

- KOS Group

The Kos Group has undertaken to comply with the following *covenants* relating to some of its loans:
- syndicated loan of € 45 million obtained by the parent company KOS: ratio of consolidated net financial position to EBITDA of less than 4.25 and EBITDA of more than 3.5;
- syndicated loan of € 22.8 million obtained by Istituto di Riabilitazione Santo Stefano S.r.l ratio of net financial position to EBITDA of less than 5.4 and ratio of consolidated net financial position to consolidated shareholders' equity of less than 1.4 and a Debt Service Coverage Ratio of more than 1;
- loan of € 1 million, obtained by Istituto di Riabilitazione Santo Stefano S.r.l.: ratio of net financial position to EBITDA of less than 4.8 and ratio of consolidated net financial position to consolidated equity of less than 1.4;
- loan of € 2.9 million, obtained by Medipass S.p.A.: ratio of net financial position to EBITDA of less than 3 and ratio of consolidated net financial position to consolidated shareholders' equity of less than 2.7 and a Debt Service Coverage Ratio of more than 1.

Note that the subsidiary Istituto di Riabilitazione S. Stefano s.r.l. has entered into a loan agreement which, for the duration of the agreement, lays down that dividends cannot be paid to its shareholders for an amount equal to the greater of € 500 thousand and 40% of the subsidiary's excess cash flow for the year of reference. In addition, the subsidiary Medipass S.r.l. has entered into a loan agreement that allows it to distribute dividends to its shareholders for an amount not exceeding the excess cash flow available over € 200 thousand after compulsory early repayment of the loan.
Certain loan agreements also contain negative pledge, *pari passu* and change of control clauses.
At the date of preparation of this report there have not been any breaches of these clauses and covenants.

18.h. Measurement of financial assets and liabilities and fair value hierarchy

The fair value of financial assets and liabilities is calculated as follows:

- the fair value of financial assets and liabilities with standard terms and conditions listed on an active market is measured on the basis of prices published on the active market;
- the fair value of other financial assets and liabilities (except for derivatives) is measured using commonly accepted valuation techniques based on analytical models using discounted cash flows, which as variables use prices observable in recent market transactions and broker listed prices for similar instruments.
- the fair value of derivatives that are listed on an active market is measured on the basis of market prices; if no prices are published, different approaches are used according to the type of instrument.

In particular, for the measurement of certain investments in bond instruments with no regular market, i.e. where there is an insufficient number of frequent transactions with a bid-ask spread and a sufficiently limited volatility, the fair value of these instruments is measured principally on the basis of prices supplied by leading international brokers at the company's request. These prices are then validated by comparing them with market prices, even if limited in number, or with prices that are observable for other instruments with similar characteristics.
In measuring investments in private equity funds, fair value is determined on the basis of the NAV communicated by the fund administrators at the reporting date. Where such information is not available at the reporting date, the last official communication is used, though it must not be more than three months old at the reporting date and, if necessary, validated against more recent information made available to investors by the fund administrators.

No transfers were made between the different levels of the fair value hierarchy during the first half of 2014. As far as the financial assets classified as Level 3 are concerned, these are venture capital investments which are measured using some inputs that are not observable on the market. These investments are held by the Group through Cir Ventures for investments in companies operating in the information technology and communication (ITC) sector (for a total of € 2.1 million). The balance at 31 December 2013 included the investment in Noventi Ventures for investments in companies operating in innovative generation technologies and energy efficiency (for a total of € 4.8 million).

The following table shows changes in financial assets measured at fair value (Level 3) during the period:

FINANCIAL ASSETS (*Level 3*)

	Held for trading	*Measured at fair value*	*Available for sale*	*Hedges*
Opening balance	--	--	7,236	--
Increases				
- Purchases	--	--	--	--
- Gains recognised to:				
income statement (1)	--	--	319	--
- of which gains	--	--	319	--
equity (2)	--	--	--	--
Transferred from other levels	--	--	--	--
Other increases	--	--	24	--
Decreases				
- Sales	--	--	(639)	--
- Repayments			--	
- Losses recognised to:				
income statement (3)	--	--		--
- of which losses	--	--		--
equity (4)	--	--		--
Transferred from other levels	--	--		--
Discontinued operations	--	--	(4,818)	--
Closing balance	--	--	**2,122**	--

(1-3) Increases/decreases in financial assets are recognised to the income statement under the following headings:

- *Item 14.c.: Gains on securities trading*
- *Item 14.d.: Losses on securities trading*
- *Item 14.e.: Adjustments to the value of financial assets*

(2-4) The gains and losses related to changes in fair value are recognised under item 9.b. "Reserves - Fair value reserves" - with the exception of impairment losses which are recognised under item 14.e. "Adjustments to the value of financial assets" until the asset is transferred, at which time the cumulative increases and decreases recorded in the valuation reserves are recognised as gains or losses in items 14.c. "Gains from trading securities" and 14.d. "Losses from trading securities".

19. GUARANTEES AND COMMITMENTS

At 30 June 2014 the position of guarantees and commitments was the following:

- CIR and financial holding companies

For the incentive plans for directors and employees, CIR has a joint commitment with Verbund to buy back at fair value any shares in Sorgenia S.p.A. resulting from the exercise of options by employees who are beneficiaries of stock option plans outstanding as of 30 June 2014.

Other guarantees and commitments of CIR are as follows:

- commitments for private equity fund investments by CIR International for € 6.7 million.

Just for the sale and purchase of natural gas, the supply contract (the "Gas Contract"), with the "take or pay" clause signed in the past by Sorgenia with ENI will be replaced, as indicated in Note 1a, by a new supply agreement that requires Sorgenia to give commercial guarantees against which CIR will issue a counter-guarantee for € 13.9 million, until such time that the "art. 182 bis" procedure is approved by the Court. With respect to the previous contract, the residual commitments for CIR will run out once all of the supplies made to Sorgenia up to 31 July 2014, the termination date of the contract, have been paid for.

- Sorgenia Group (Discontinued operations)

1.Guarantees given

As collateral for loans obtained by subsidiaries, shares representing the capital of the borrowing companies have been pledged in favour of the lending banks for a total of € 412,401 thousand (€ 449,778 thousand at 31 December 2013). The parent company Sorgenia has issued guarantees for € 157,550 thousand to the suppliers of the subsidiary Sorgenia Trading S.p.A. to cover any failure on the part of the subsidiary to meet its obligations. It has also issued guarantees for an amount of € 153,905 thousand for VAT credits of the Group for the years from 2009 to 2012, as well as collateral for VAT refunds for € 2,337 thousand.

2.Sureties

Within the Group, sureties have been granted to third parties for a total of € 279,609 thousand (€ 297,883 thousand at 31 December 2013). They are mainly bonds issued to guarantee payment in connection with the purchase and transport of electricity and gas. This category also includes sureties requested for the construction of power plants and for land purchases.

3.Commitments

The commitments outstanding at the reporting date refer mainly to guarantees issued by Sorgenia S.p.A. in favour of the banks that have lent Sorgenia Power S.p.A. € 195,800 thousand forthe Termoli power plant and € 660,000 thousand for the Aprilia and Bertonico-Turano Lodigiano power plants.
Sorgenia S.p.A. also has a financial commitment to the subsidiary Noventi Ventures Ltd II for a total of USD 30 million, of which USD 24 million has already been paid in, leaving a residual commitment of € 4,168 thousand.

For natural gas purchases and sales only, the supply contract includes the standard take or pay clause which makes it compulsory for the buyer to pay for any shortfall in the amount withdrawn compared with the annual minimum envisaged in the contract. CIR has issued a guarantee to cover this clause.
As a result of leasing transactions carried out by Sorgenia Minervino S.p.A., Sorgenia San Gregorio Magno, Sorgenia Castelnuovo di Conza and Sorgenia Campagna, a commitment has been taken not to relinquish direct and/or indirect control over the investments held in the companies that have entered into these leases.
Sorgenia Green and its direct subsidiaries, Sorgenia Campagna, Sorgenia Castelnuovo di Conza and Sorgenia San Gregorio Magno have decided not to distribute dividends in the periods when the Debt Service Cover Ratio (DSCR) was not achieved for the entire duration of the contract, as defined with the company with which the subsidiaries signed a lease contract.

- Espresso Group

Apart from liens on printing plants and rotary presses given to banks to cover loans taken out in 2005, at 30 June 2014 the Group had outstanding commitments of € 5,127 thousand in relation to contracts for the purchase of plant and other printing equipment (€ 157 thousand), mainly for La Repubblica division.
Guarantees given amount to € 4,970 thousand and relate mainly to guarantees given by the Parent Company and the subsidiaries Elemedia, A. Manzoni & C., Finegil Editoriale and Seta.

- Sogefi Group

1. Operating leases

For accounting purposes, leases and rental contracts are classified as operating leases when the following conditions apply:
- a significant part of the risks and benefits of ownership are retained by the lessor;
- there are no bargain purchase options for the asset at the end of the lease;
- the duration of the contract does not cover most of the useful life of the asset being leased or rented.

Instalment payments for operating leases are booked to the income statement in line with the underlying contracts.

The main operating leases outstanding at 30 June 2014 refer to the following subsidiaries:
- Shanghai (Suzhou) Auto Parts Co. Ltd for the lease of two production sites located in Wujiang, for which the contract terminates in March 2033. At 30 June 2014 the residual instalments amount to € 14,383 thousand, of which € 641 thousand due within one year. The Group has not given any form of guarantee on this contract;
- Allevard Federn GmbH for the lease of the Volklingen production site. The contract expires in May 2020. The residual instalments at 30 June 2014 amount to € 2,434 thousand, of which € 384 thousand due within one year. The Group has not given any form of guarantee on this contract;
- Filtrauto S.A. for the lease of the Guyancourt production site. The contract terminates in May 2021 and at 30 June 2014 the residual instalments amount to € 5,087 thousand, of which € 758 thousand due within one year. The Group has not given any form of guarantee on this contract;

- Sogefi Engine Systems Canada Corp. for the lease of the Montreal production site. The contract terminates in December 2015 and at 30 June 2014 the residual instalments amount to € 1,073 thousand, of which € 710 thousand due within one year. The Group has not given any form of guarantee on this contract;
- Allevard Sogefi U.S.A. Inc. for the lease of the production site in Prichard (West Virginia). The contract terminates in May 2019 and the residual instalments at 30 June 2014 amount to € 1,428 thousand, of which € 290 thousand due within one year. Against this contract, Sogefi S.p.A. has issued a guarantee for approximately 67% of the residual lease instalments. The guarantee is renewed at the end of each year based on the residual amount outstanding. There are no restrictions of any kind connected with this kind of leasing and, at the end of the contract, the US company will have the right to buy the property at its market value.

2. Investment commitments

At 30 June 2014 there are binding commitments for investments relating to the purchase of tangible assets of € 2,165 thousand.

3.Guarantees given

Details of these guarantees are as follows:

(in thousands of euro)	*30.06.2014*	*31.12.2013*
Guarantees given to third parties	1,687	1,745
Other unsecured guarantees given to third parties	9,714	9,714
Secured guarantees given for borrowings shown in the financial statements	8,248	9,588

Sureties refer to operating lease contracts and to guarantees given to certain clients; sureties are shown at the value of the outstanding commitment as of the reporting date.
“Other unsecured guarantees given to third parties” refer to the commitment of LPDN GmbH to the staff pension fund of the two business divisions at the time of the acquisition in 1996. This commitment is covered by contractual obligations on the part of the vendor, which is a leading German company.
The secured guarantees relate exclusively to the subsidiaries Sogefi Engine Systems Canada Corp., Systèmes Moteurs SAS, Allevard IAI Suspensions Private Ltd, United Springs BV and Sogefi M.N.R. Filtration India Private Ltd which, for the loans obtained, have granted to the lenders secured guarantees over their tangible assets, inventories and trade receivables.

4. Other risks

At 30 June 2014 the Sogefi Group held assets belonging to third parties on its premises for € 7,195 thousand.

▪KOS Group

The following is a breakdown of the bank guarantees and other sureties given by Kos S.p.A. for a total of € 2,249 thousand:

- a guarantee in favour of the Municipality of Sanremo as a security deposit for urbanisation works, for € 226 thousand;
- a guarantee on behalf of Residenze Anni Azzurri S.r.l. for the San Faustino property lease, for € 248 thousand;
- a guarantee on behalf of Residenze Anni Azzurri S.r.l. for the lease of Santegidio S.r.l. (Scarnafigi), for € 100 thousand;
- a guarantee on behalf of Residenze Anni Azzurri S.r.l. for the Rivarolo property lease, for € 75 thousand;
- a guarantee on behalf of Residenze Anni Azzurri S.r.l. for the Rivarolo business unit lease, for € 35 thousand;
- guarantee in the interest of Medipass S.r.l. in favour of the Garibaldi Hospital for refurbishment work, for € 498 thousand;
- a guarantee on behalf of Residenze Anni Azzurri S.r.l. for the Dorzano property lease, for € 121 thousand;
- a guarantee on behalf of Residenze Anni Azzurri S.r.l. for the Dormelletto property lease, for € 200 thousand;
- a guarantee in favour of Immobiliare Durini for the rental of offices in Via Durini, for € 46 thousand;
- an omnibus guarantee on behalf of Medipass S.p.A. in its relations with the Venice Health Authority, for € 700 thousand.

Bank guarantees given by other Group companies for € 10,941 thousand, with the following breakdown:

- a guarantee given by Residenze Anni Azzurri S.r.l. to guarantee care home lease payments, for € 8,653 thousand;
- a guarantee on behalf of Residenze Anni Azzurri S.r.l. for the commitments taken with the Turin municipality for the construction of the Residenza Delleani, for € 167 thousand;
- guarantee given by Residenze Anni Azzurri S.r.l. to guarantee the accreditation of the contractual commitments with the municipality of Modena for the accreditation of the beds at the Modena residences, for € 116 thousand;
- guarantees issued by Suzzara Hospital in favour of F.lli Montecchi, for € 953 thousand;
- a guarantee given by Medipass S.r.l. in favour of Veneta Sanitaria for the new Mestre Hospital, for € 1,052 thousand;

At 30 June 2014, other commitments and risks amounted to € 7,084 thousand, mainly related to:

- assets on free loan for € 2,413 thousand;
- commitments relating to the refurbishment of the Suzzara hospital, for contracts already signed for € 135 thousand;

- contractual commitments for technology upgrades to equipment, where necessary, for approximately € 1,474 thousand. Given the current status of the contracts, there is no reason to consider this commitment probable;
- counter-guarantee commitments for the successful completion of structural works for € 2,891 thousand.
- third-party commitments to sell for € 171 thousand.

The Group carries on its business activities in premises, some of which are owned, others rented. Lease contracts vary in duration from 3 to 9 years and are generally renewable. Of the 41 care homes for the elderly in operation at the reporting date, 9 are owned, while 6 of the 27 functional and psychiatric rehabilitation facilities are owned (including two residential care homes for the elderly). The other facilities (day hospitals, psychiatric treatment communities, diagnostics departments) are generally leased.

20. INFORMATION ON THE BUSINESS SECTORS

The business sectors coincide with the groups of companies that CIR S.p.A. controls. In detail:
- the Espresso Group: media;
- the Sogefi Group: automotive components;
- the Kos Group: healthcare.

In addition, please note the Sorgenia Group in the Energy Sector.

From a geographical point of view, with the exception of the Sogefi Group, business is conducted almost exclusively in Italy.

Income statement and statement of financial position information by business segment is provided in the Report on Operations, whereas details of revenues (excluding Sorgenia) by geographical area (secondary sector) can be found in Note 12.

21. JOINT VENTURES AND SUBSIDIARIES

The main joint ventures at 30 June 2014 are Tirreno Power and Sorgenia France Production. Please note that these components are classified as "Assets held for sale" as a result of applying IFRS 5 to the Sorgenia Group.

22. NET FINANCIAL POSITION

The net financial position is analysed as follows:

(in thousands of euro)			*30.06.2014*	*31.12.2013*
A.	Cash and bank deposits		769,156	957,099
B.	Other cash equivalents		94,561	98,011
C.	Securities held for trading		202,581	166,037
D.	**Cash and cash equivalents (A) + (B) + (C)**		1,066,298	1,221,147
E.	**Current financial receivables**		27,044	1,433
F.	Current bank payables	(*)	(144,476)	(1,886,721)
G.	Bonds		(192,837)	(230,719)
H.	Current portion of non-current debt		(14,860)	(87,719)
I.	Other current borrowings		--	--
J.	**Current financial debt (F) + (G) + (H) + (I)**		(352,173)	(2,205,159)
K.	**Current net financial position (J) + (E) + (D)**		741,169	(982,579)
L.	Non-current bank borrowings	(**)	(180,241)	(291,277)
M.	Bonds issued		(475,735)	(365,558)
N.	Other non-current payables	(**)	(141,787)	(205,866)
O.	**Non-current financial debt (L) + (M) + (N)**		(797,763)	(862,701)
P.	**Net financial position (K) + (O)**		(56,594)	(1,845,280)

(*) € 122,295 thousand (€ 144,476- € 22,181) is classified in the Statement of Financial Position under "Other borrowings".
(**) Classified under "Other borrowings" – Non-current liabilities

23. LEGAL DISPUTES

Certain Group companies have legal disputes pending, against which their Boards have set aside risk provisions for amounts that are considered appropriate, taking into account the opinion of their consultants regarding the likelihood that significant liabilities will actually occur.
In particular, the Rome Regional Tax Commission filed its judgment no. 64/9/12 on 18 May 2012, on its resumption, with regard to the investigations into 1991 IRPEG and ILOR; these investigations gave rise to the following main findings:

- the Tax Authorities challenged the tax benefits resulting from the reorganisation of the Editoriale L'Espresso Group that followed the break-up of the Mondadori Group (in particular, the benefits arising from the merger of Editoriale La Repubblica S.p.A. with Cartiera di Ascoli S.p.A., which then adopted its name);
- they also challenged the benefits relating to transactions involving beneficial interests in shares with foreign entities, especially those relating to the tax credit on dividends and related withholding taxes, as well as the accrued interest.

As regards the beneficial interest in shares, the Group has been making provisions since 2008, considering that, according to the evolution of the related jurisprudence, the additional taxes assessed and related interest charged were to be considered a "probable risk" (the provisions did not only involve 1991, but also the next three tax years, for which the Tax Authorities challenged the same types of benefits), unlike the penalties for which the risk was considered "possible".

On the first matter, which only concerns 1991, the risk has always been considered "remote", in light of the technical evaluation of items in dispute and the outcome of the various levels of justice. Bear in mind that:

- the facts were first being evaluated by the criminal court for alleged tax fraud and the proceedings were concluded with a judgment of nonsuit by the GUP (the magistrate who presides over the preliminary hearing). This was definitively confirmed by the Court of Appeal on 9 December 1999, fully acquitting all of the directors and statutory auditors;
- the tax assessments of first and second instance were both favourable to the Group, in 1998 and 2000 respectively; subsequently, in 2007 the Supreme Court cancelled the judgment of second instance, referring it to the Regional Tax Commission, though it only decided on procedural matters without affecting the merits of the case in any way.

With this judgment, the Regional Tax Commission upheld the position of the Tax Authorities in relation to the most important item in dispute from an economic point of view, which concerned the corporate restructuring, whereas it dismissed the contestation concerning the beneficial interests. Re-evaluating the situation as of 31 December 2012, this judgment indicates a maximum amount at risk of € 362.1 million (of which additional taxes assessed of € 121.4 million, interest of € 119.2 million and penalties of € 121.4 million): this value comes from the fact that the Tax Authorities did not just deny the tax benefits (deemed not due) based on the higher values recorded on allocation of the "cancellation deficit" as part of the merger process, but - unexpectedly - demanded the immediate and full liability to taxation of this deficit as being devoid of any income value, treating it as though it were a capital gain that had been "realized".

On 27 June 2012 the Company filed an appeal against the judgment of second degree with the Supreme Court and on 28 June 2012 it applied to the Rome Regional Tax Commission for a suspension of the effects of the judgment pursuant to article 373 of the Code of Civil Procedure; the application has been accepted by the Rome Regional Tax Commission by order filed on 19 July 2012.
Being well aware of the fiscal and statutory legitimacy of the transactions being challenged by the Tax Authorities, also on the basis of technical evaluations obtained from independent professionals, the Group has confirmed its assessment as "probable" of the degree of risk involved in the treatment of beneficial interests in shares (even though successful on this point before the Regional Tax Commission). As a result of the recent and established positions of the Supreme Court, the same level of risk was extended on preparation of the 2012 financial statements to the penalties, while the risk in relation to corporate restructuring operations, where the Group has been unsuccessful, is considered to be merely "possible".

For matters relating to the beneficial interests in shares, up to 31 December 2012 the Group had set aside an amount of € 34.2 million (to cover the risks related to the amortisation of the cost incurred for the purchase of the beneficial interest, the tax credit on the dividends, the withholding taxes incurred, the related accrued interest and penalties), with reference to all four tax periods assessed. Lastly, following a favourable ruling from the Supreme Court that annulled the case, the provisions recorded in relation to 1992 has been released. During 2013, the Group provided € 347 thousand for accumulated interest; the provision at 31 December 2013 amounted to € 34,419 thousand.
The Sogefi Group is monitoring environmental matters at certain production locations for which no significant costs are expected.

Sogefi Filtration Ltd acquired the assets and liabilities of Filtrauto UK Ltd in 2004, therefore becoming the employer for the purposes of the Filtrauto UK Limited Staff Pension Scheme and Filtrauto UK Limited Works Pension Scheme. These schemes are defined-benefit plans.
Between 1990 and 2006 the employer and the trustees of the above pension schemes obtain professional advice from leading firms regarding the equalisation of the conditions of the schemes, as required by regulatory changes.
It has emerged that such equalisation might not have been applied correctly.
Sogefi Filtration Ltd has therefore presented a protective claim to the Birmingham High Court.
The Court might conclude that the equalisation has been applied properly, or that it is possible to make an adjustment, perhaps resulting in a contingent liability. In this last case, the evidence is considered to support the probability that any liability will be almost entirely recoverable from the advisors.
An initial approximate assessment of the maximum potential liability, before the probable recovery from the advisors, is about Euro 1.9 million.
A put option exists with reference to the 40% interest in the capital of Sogefi M.N.R. Filtration India Pvt Ltd. held by the minority shareholders, the exercise price for which is still being determined and should represent the fair market value (as defined in the contract) of the underlying shares. The Group has not recognised any impact relating to this option in the consolidated financial statements at 30 June 2014. This is because there is no price listed in an active market for the equity instruments covered by the option, and the fair value of the liability deriving from the option cannot be assessed reliably, given in particular the significant range of the reasonable estimates of fair value and the impossibility of evaluating the probabilities of the various estimates on a reasonable basis.
In January 2014 Sogefi S.p.A. received two notices of assessment from the tax authorities that disallowed the tax deductibility for IRES purposes and the related deductibility for VAT purposes of the cost of services provided by CIR S.p.A. in 2009, amounting to Euro 1.8 million.
Taking account of the opinion expressed by a tax advisor, the directors consider these assessments to be unfounded and inconsistent with the applicable tax regulations. Accordingly, they consider the risk of losing the case to be possible but not probable.
For this reason, Sogefi S.p.A. has not recorded any related tax provisions in the interim financial statements at 30 June 2014.

24. DISCLOSURES REGARDING SHARE-BASED INCENTIVE PLANS

24.a. Incentive plans for employees at 30 June 2014 (CIR)

The following table shows the incentive plans of the parent company CIR:

STOCK OPTION PLANS OUTSTANDING AT 30 JUNE 2014

	Options in circulation at start of period		Options granted during the period		Options exercised during the period		Options expired during the period		Options in circulation at end of year			Options exercisable at end of year	
	No. of options	Weighted average strike price	No. of options	Weighted average strike price	No. of options	Weighted average strike price	No. of options	Weighted average strike price	No. of options	Average strike price	Average duration (years)	No. of options	Weighted average strike price
Stock Option Plan 5 September 2003	112,500	1.13	-	-	-	-	112,500	1.13	-	-	-	-	-
Stock Option Plan 12 March 2004	372,100	1.60	-	-	-	-	-	-	372,100	1.60	0.25	372,100	1.60
Stock Option Plan 6 September 2004	1,432,200	1.56	-	-	-	-	-	-	1,432,200	1.56	0.67	1,432,200	1.56
Stock Option Plan 11 March 2005	3,014,200	2.34	-	-	-	-	-	-	3,014,200	2.34	1.25	3,014,200	2.34
Stock Option Plan 6 September 2005	2,125,000	2.49	-	-	-	-	-	-	2,125,000	2.49	1.67	2,125,000	2.49
Stock Option Plan 2006 - 1st tranche	2,175,000	2.50	-	-	-	-	-	-	2,175,000	2.50	2.51	2,175,000	2.50
Stock Option Plan 2006 - 2nd tranche	2,175,000	2.47	-	-	-	-	-	-	2,175,000	2.47	3.00	2,175,000	2.47
Extraordinary Stock Option Plan 1st tranche	3,050,000	3.0877	-	-	-	-	-	-	3,050,000	3.0877	3.25	3,050,000	3.0877
Extraordinary Stock Option Plan 2nd tranche	3,050,000	2.7344	-	-	-	-	-	-	3,050,000	2.7344	3.75	3,050,000	2.7344
Extraordinary Stock Option Plan 3rd tranche	3,110,000	1.6806	-	-	-	-	-	-	3,110,000	1.6806	4.25	3,110,000	1.6806
Extraordinary Stock Option Plan 4th tranche	2,203,500	1.0718	-	-			-	-	2,203,500	1.0718	4.75	2,203,500	1.0718
1st tranche 2009	1,947,800	0.9907	-	-			-	-	1,947,800	0.9907	5.25	1,947,800	0.9907
2nd tranche 2009	3,136,000	1.5449	-	-	-	-	-	-	3,136,000	1.5449	5.67	3,136,000	1.5449
1st tranche 2010	3,206,000	1.6208	-	-	-	-	-	-	3,206,000	1.6208	6.26	3,206,000	1.6208
2nd tranche 2010	3,128,000	1.4982	-	-	-	-	-	-	3,128,000	1.4982	6.67	2,862,000	1.4982
Total	34,237,300	1.9895	-	-	-		112,500	1.13	34,124,800	1.9923	3.94	33,858,800	1.9962

STOCK GRANT PLANS AT 30 JUNE 2014

	Financial instruments in circulation at start of period		Financial instruments granted during the period		Financial instruments exercised during the period		Financial instruments expired in the period		Financial instruments in circulation at end of period			Financial instruments exercisable at end of period	
	No. of Units	Initial value	No. of Units	Initial value	No. of Units	Weighted average strike price	No. of Units	Weighted average strike price	No. of Units	Initial value	Average duration (years)	No. of Units	Initial value
Stock Grant Plan 2011	2,014,600	1.6391	-	-	247,950	1.6391	-	-	1,766,650	1.6391	6.84	1,250	1.6391
Stock Grant Plan 2012	4,460,331	1.0263	-	-	223,207	1.0263	-	-	4,237,124	1.0263	7.83	2,259	1.0263
Stock Grant Plan 2013	3,305,116	0.8003	-	-	-	-	-	-	3,305,116	0.8003	8.84	-	-
Stock Grant Plan 2014			2,036,574	1.13					2,036,574	1.13	10.01	-	
Total	9,780,047	1.0762	2,036,574	1.13	471,157	1.3488	-		11,345,464	0.8717	8.36	3,509	1.6391

24.b. incentive plans for employees at 30 June 2014 (Sorgenia Group)

The chart below shows the incentive plans of the Sorgenia Group; the group did not issue an new incentive plans during 2013.

STOCK OPTION PLANS OUTSTANDING AT 30 June 2014

	Options granted	Options exercised at 31 December 2013	Options no longer exercisable	Options exercised in the year	Options in circulation at end of year
	No. of options	No. of options	No. of options	No. of options	No. of options
15 April 2003	9,215,000	7,800,000	1,415,000	--	--
25 February 2005	8,236,300	3,209,680	205,320	--	4,821,300
29 July 2005	22,120,565	1,465,600	116,000	--	20,538,965
18 April 2006	9,515,300	4,269,400	412,600	--	4,833,300
2009-2012 1st tranche	22,148,005	4,466,944	921,180	--	16,759,881
2009-2012 2nd tranche	15,242,800	531,900	932,700	--	13,778,200
18 May 2009	15,300,000	85,800	1,917,380	--	13,296,820
21 October 2009	425,000	150,000	--	--	275,000
18 March 2010	15,300,000	--	4,760,200	--	10,539,800
1 July 2010	565,000	75,000	357,500	--	132,500
18 April 2011	43,369,892	--	31,915,954	--	11,453,938
27 February 2012	565,000	--	545,000	--	20,000
Total	**162,002,862**	**22,054,324**	**43,498,834**	**--**	**96,449,704**

STOCK GRANT PLANS AT 30 June 2014

	Options granted	Options exercised at 31 December 2013	Options no longer exercisable	Options exercised in the year	Options in circulation at end of year
	No. of options	No. of options	No. of options	No. of options	No. of options
18/04/2 – Employees	2,820,000	--	2,820,000	--	--
18/04/2011 – Directors	180,000	--	180,000	--	--
20/04/2012 – Employees	2,820,000	--	1,034,000	--	1,786,000
20/04/2012 – Directors	180,000	--	80,000	--	100,000
18/12/2012 – E&P Employees	156,000	--	--	--	156,000
Total	**6,156,000**	**--**	**4,114,000**	**--**	**2,042,000**

24.c. Incentive plans for employees at 30 June 2014 (Espresso Group)

The chart below shows the stock option plans of the Espresso Group:

GRUPPO EDITORIALE L'ESPRESSO - STOCK OPTION PLANS FOR EMPLOYEES AT 30 JUNE 2014

	Options in circulation at start of period		Options granted during the period		Options cancelled during the period		Options exercised during the period		Options in circulation at end of year			Options exercisable at end of year	
	No. of options	Weighted average strike price	No. of options	Weighted average strike price	No. of options	Weighted average strike price	No. of options	Weighted average strike price	No. of options	Weighted average strike price	Average duration (years)	No. of options	Weighted average strike price
Stock option plan 25 February 2004	815,000	4.95	--	--	--	--	--	--	815,000	4.95	0.33	815,000	4.95
Stock option plan 28 July 2004	815,000	4.80	--	--	--	--	--	--	815,000	4.80	0.58	815,000	4.80
Stock option plan 23 February 2005	830,000	4.75	--	--	--	--	--	--	830,000	4.75	1.33	830,000	4.75
Stock option plan 27 July 2005	855,000	4.65	--	--	--	--	--	--	855,000	4.65	1.58	855,000	4.65
Stock option plan 2006 - 1st tranche	850,000	4.33	--	--	--	--	--	--	850,000	4.33	2.58	850,000	4.33
Stock option plan 2006 - 2nd tranche	850,000	3.96	--	--	--	--	--	--	850,000	3.96	3.08	850,000	3.96
Extraordinary stock option plan 2009 - 1st tranche	1,267,500	3.84	--	--	--	--	--	--	1,267,500	3.84	3.33	1,267,500	3.84
Extraordinary stock option plan 2009 - 2nd tranche	1,267,500	3.60	--	--	--	--	--	--	1,267,500	3.60	3.83	1,267,500	3.60
Extraordinary stock option plan 2009 - 3rd tranche	1,515,000	2.22	--	--	--	--	--	--	1,515,000	2.22	4.33	1,515,000	2.22
Extraordinary stock option plan 2009 - 4th tranche	959,450	1.37	--	--	--	--	138,500	1.37	820,950	1.37	4.83	820,950	1.37
Ordinary stock option plan 2009 - 1st tranche	1,548,850	1.00	--	--	--	--	990,700	1.00	558,150	1.00	5.33	558,150	1.00
Ordinary stock option plan 2009 - 2nd tranche	2,152,200	1.86	--	--	--	--	--	--	2,152,200	1.86	5.83	2,152,200	1.86
Ordinary stock option plan 2010 - 1st tranche	2,417,500	2.25	--	--	--	--	--	--	2,417,500	2.25	6.33	2,321,700	2.25
Ordinary stock option plan 2010 - 2nd tranche	2,369,200	1.58	--	--	--	--	283,800	1.58	2,085,400	1.58	6.83	1,702,200	1.58
Total	**18,512,200**	**2.80**			--	--	**1,413,000**	**1.15**	**17,099,200**	**2.93**	**4.25**	**16,620,200**	**2.97**

GRUPPO EDITORIALE L'ESPRESSO - STOCK GRANT PLANS FOR EMPLOYEES

	Units in circulation at start of period		Units granted during the period		Units cancelled during the period		Units exercised during the period		Units in circulation at end of period		Units exercisable at end of period	
2011	No. of Units	Weighted average strike price	No. of Units	Weighted average strike price	No. of Units	Weighted average strike price	No. of Units	Weighted average strike price	No. of Units	Weighted average strike price	No. of options	Weighted average strike price
Time-based units	571,342	1.81	--	--	--	--	217,001	1.81	354,341	1.81	124,661	1.81
Performance-based units	612,500	1.81	--	--	--	--	--	--	612,500	1.81	--	--
2012												
Time-based units	868,750	0.98	--	--	--	--	61,876	0.98	806,874	0.98	46,724	0.98
Performance-based units	868,750	0.98	--	--	--	--	61,876	0.98	806,874	0.98	46,724	0.98
2013												
Time-based units	--	--	725,000	1.70	--	--	--	--	725,000	1.70	--	--
Performance-based units	--	--	725,000	1.70	--	--	--	--	725,000	1.70	--	--
2014												
Time-based units	--	--	725,000	1.70	--	--	--	--	725,000	1.70	--	--
Performance-based units	--	--	725,000	1.70	--	--	--	--	725,000	1.70	--	--

24.d. Incentive plans for employees at 30 June 2014 (Sogefi Group)

The following table shows the total number of options outstanding with respect to the stock grant plans for the period 2011-2014:

	30 June 2014	*31 December 2013*
Not exercised/not exercisable at the start of the year	2,483,088	1,854,618
Assigned during the year	378,567	1,045,977
Cancelled during the year	(27,113)	(199,821)
Exercised during the year	(277,538)	(217,686)
Not exercised/not exercisable at the end of the year	2,557,004	2,483,088
Exercisable at the end of the year	81,665	57,970

The following table shows the total number of options outstanding and refers to the plans of the period 2004-2010 with their average strike price:

	30 June 2014	
	No. of options	*Average strike price*
Not exercised/not exercisable at the start of the year	6,534,500	3.06
Assigned during the year	--	--
Cancelled during the year	(309,200)	4.08
Exercised during the year	(1,249,363)	1.93
Not exercised/not exercisable at the end of the year	4,975,937	3.28
Exercisable at the end of the year	4,892,937	3.30

The line "Not exercised/not exercisable at the end of the year" refers to the total amount of the options net of those exercised or cancelled during the current or prior years.
The line "Exercisable at the end of the year" refers to the total amount of the options vested at the end of the year but not yet exercised.

The following chart shows the breakdown of the number of options exercisable at 30 June 2014:

No. of options outstanding and exercisable at 31 December 2013	6,104,100
Options vested during the year	390,400
Options exercised during the year	(352,200)
Options cancelled during the year	(1,249,363)
No. of options outstanding and exercisable at 30 June 2014	4,892,937

The following table gives a breakdown of the number of phantom stock options *at* 30 June 2014:

	30 June 2014
Not exercised/not exercisable at the start of the year	1,830,000
Assigned during the year	--
Cancelled during the year	--
Exercised during the year	(990,000)
Not exercised/not exercisable at the end of the year	840,000
Exercisable at the end of the year	840,000

24.e. Incentive plans for employees at 30 June 2014 (Kos Group)

The following table shows the stock option plans of the KOS Group:

KOS GROUP - STOCK OPTION PLANS AT 30 JUNE 2014

	Options in circulation at start of period		**Options granted during the period**		**Options exercised during the period**		**Options expired during the period**		**Options in circulation at end of year**			**Options exercisable at end of year**		**Expiry date**	
	No. of options	*Weighted average strike price*	*No. of options*	*Weighted average strike price*	*No. of options*	*Weighted average strike price*	*No. of options*	*Weighted average strike price*	*No. of options*	*Average strike price*	*Average duration (years)*	*No. of options*	*Weighted average strike price*	*Vesting date (100%)*	*Expiry date*
Stock Option Plan 2007	420,000	3.40	--	--	--	--	--	--	420,000	3.40	6.3	420,000	3.40	30/09/2010	30/09/2020
Stock Option Plan 2010	4,070,000	3.75	--	--	--	--	--	--	4,070,000	3.75	6.5	3,052,500	3.75	31/12/2014	31/12/2020
Stock Warrants Plan 2010	635,000	3.75	--	--	--	--	--	--	635,000	3.75	6.5	476,250	3.75	31/12/2014	31/12/2020
Total	**5,125,000**	**3.72**	--	--	--	--	--	--	**5,125,000**	**3.72**	**6.5**	**3,948,750**	**3.71**		

25. SUBSEQUENT EVENTS

Regarding subsequent events, please refer to the appropriate paragraph of the interim report on operations. Note that the interim report, of which the interim financial statements at 30 June 2014 is an integral part, was approved by the Board of Directors on 28 July 2014.

26. SIGNIFICANT NON-RECURRING EVENTS AND ATYPICAL AND/OR UNUSUAL TRANSACTIONS

No non-recurring items have been included in the operating result for the period.

Nor have any atypical and/or unusual transactions taken place.

27. RELATED PARTY TRANSACTIONS

Information regarding the impact that related party transactions have on the financial and equity situation and on the result for the period are provided in the comment on the individual items of the financial statements.
The section "Other information" in the interim report on operations shows the various types of transactions with related parties, whereas the amounts involved are shown in the notes.

The following chart gives a summary of transactions with related parties:

CONSOLIDATED INCOME STATEMENT - Related-party transactions

(in thousands of euro)	*Sales revenues*	*Costs for the purchase of*	*Costs for services*	*Other operating expense*	*Other operating income*	*Financial income*	*Financial expense*	*Dividends*
Parent companies	--	--	(210)	--	230	--	--	--
Subsidiaries	--	--	--	--	1	2	--	--
Associates	--	--	(2,977)	--	996	103	--	--
Joint ventures	--	--	--	--	--	4,989	(4,989)	--
Other (*)	--	--	--	--	--	--	--	--
Other related parties	--	--	--	--	125	--	--	
Total	--	--	(3,187)	--	1,352	5,094	(4,989)	--

(*) This refers to transactions between subsidiaries and their minority shareholders

CONSOLIDATED STATEMENT OF FINANCIAL POSITION - Related-party transactions

	Non-current assets	*Current assets*		*Non-current liabilities*	*Current liabilities*		
(in thousands of euro)	*Other receivables*	*Trade receivables*	*Other receivables*	*Other borrowings*	*Other borrowings*	*Trade payables*	*Other payables*
Parent companies	--	230	--	--	--	210	--
Subsidiaries	--	7,600	--	--	--	44,452	--
Associates	27,761	2,036	104	--	--	2,907	--
Joint ventures	--	--	--	--	--	--	--
Other (*)	--	--	--	--	--	--	--
Other related parties	--	--	--	--	--	--	--
Total	27,761	9,866	104	--	--	47,569	--

(*) This refers to transactions between subsidiaries and their minority shareholders

28. KEY FIGURES FROM THE 2013 FINANCIAL STATEMENTS OF THE PARENT COMPANY COFIDE S.P.A. (ART. 2497- BIS PARA. 4 OF THE CIVIL CODE)

STATEMENT OF FINANCIAL POSITION
(in euro)

ASSETS	*31.12.2013*
NON-CURRENT ASSETS	590,102,408
CURRENT ASSETS	13,919,388
TOTAL ASSETS	604,021,796

LIABILITIES AND EQUITY	
EQUITY	557,282,885
NON-CURRENT LIABILITIES	44,740,771
CURRENT LIABILITIES	1,998,140
TOTAL LIABILITIES AND EQUITY	604,021,796

INCOME STATEMENT
(in euro)

		%(**)	*2013*
SUNDRY REVENUES AND INCOME			1,129,395
of which: sundry revenues and income with related parties (*)	*957,000*	84.7%	
COSTS FOR THE PURCHASE OF GOODS			(43,796)
COSTS FOR SERVICES			(2,084,958)
of which: from related parties (*)	*(463,600)*	22.2%	
PERSONNEL COSTS			(609,798)
OTHER OPERATING EXPENSE			(443,499)
AMORTISATION, DEPRECIATION & WRITE-DOWNS			(61,866)
EBIT			(2,114,522)
FINANCIAL INCOME			823,754
FINANCIAL EXPENSE			(1,515,699)
DIVIDENDS			--
of which: from related parties (*)	--	0.0%	
GAINS FROM TRADING SECURITIES			1,530,360
of which: from related parties (*)	184,078	12.0%	
LOSSES FROM TRADING SECURITIES			(166,630)
ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS			2,668,811
INCOME / (LOSS) BEFORE TAXES			1.226074
INCOME TAXES			(108,000)
NET INCOME (LOSS) FOR THE YEAR			1,118,074

(*) As per Consob Resolution no. 6064293 of 28 July 2006
(**) Percentage of the whole

The key figures of the parent company COFIDE S.p.A. shown in the summary table above, as required by article 2497-bis of the Civil Code, are taken from its financial statements for the year ended 31 December 2013. For a correct and complete understanding of the financial position of COFIDE S.p.A. at 31 December 2013 and of its result for the year ended on that date, reference should be made to its financial statements accompanied by the reports of the statutory auditors and of the independent auditors, which are available at the Company's registered office and at the offices of Borsa Italiana.

CERTIFICATION OF THE SEMI-ANNUAL INTERIM FINANCIAL REPORT AS OF 30 JUNE 2014
IN ACCORDANCE WITH ART. 154 BIS OF D. LGS 58/98

1. The undersigned, Monica Mondardini, as Chief Executive Officer and Giuseppe Gianoglio as executive responsible for the preparation of the financial statements of CIR S.p.A., hereby certify, also taking into account the provision of Art. 154-*bis*, paragraphs 3 and 4, of Legislative Decree no. 58 of 24 February1998:

   - the appropriateness, in relation to the characteristics of the business, and
   - effective application of the administrative and accounting procedures for the preparation of the Semi-annual Interim Financial Report as of 30 June 2014, during the course of period 1 January 2014 – 30 June 2014.

2. On this subject no aspects emerged that needed to be notified.

3. We also certify that the consolidated financial statements as of 30 June 2014:

   - are prepared in accordance with International Financial Reporting Standards as endorsed by the European Community pursuant to Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002;
   - agree with the balances on the books of account and accounting entries;
   - are able to give a true and fair view of the financial position, results and cash flows of the issuer.

The Semi-annual report on operation as of 30 June 2014 includes a reliable analysis of the Company's performance and results of operations, as well as the general situation of the issuer, together with a description of the principal risks and uncertainties to which it is exposed.

Milan, 28 July 2014

Monica Mondardini
Chief Executive Officer

Giuseppe Gianoglio
Executive responsible for the preparation
of the company's financial statements

CIR GROUP

FINANCIAL STATEMENTS OF THE PARENT COMPANY AT 30 JUNE 2014

1. STATEMENT OF FINANCIAL POSITION

(in euro)

ASSETS		%(**)	30.06.2014		%(**)	31.12.2013
NON-CURRENT ASSETS			**1,277,276,135**			**1,305,993,961**
INTANGIBLE ASSETS			99,584			57,732
TANGIBLE ASSETS			2,652,804			2,722,826
INVESTMENT PROPERTY			15,541,402			15,827,313
EQUITY INVESTMENTS			1,005,340,533			1,005,340,533
OTHER RECEIVABLES			253,641,812			282,045,557
of which with related parties (*)	*253,446,459*	99.9		*281,856,804*	99.9	
DEFERRED TAXES			--			--
CURRENT ASSETS			**212,243,708**			**282,799,094**
OTHER RECEIVABLES			49,353,290			43,222,972
of which with related parties (*)	*29,045,579*	58.9		*26,512,974*	61.3	
FINANCIAL RECEIVABLES			--			--
of which with related parties (*)	--	--		--	--	
SECURITIES			--			--
CASH AND CASH EQUIVALENTS			162,890,418			239,576,122
TOTAL ASSETS			**1,489,519,843**			**1,588,793,055**

LIABILITIES AND EQUITY			30.06.2014		%(**)	31.12.2013
EQUITY			**1,096,629,669**			**1,097,825,178**
ISSUED CAPITAL			397,146,184			397,146,184
less treasury shares			(24,528,709)			(24,764,288)
SHARE CAPITAL			372,617,475			372,381,896
RESERVES			362,506,915			361,081,558
RETAINED EARNINGS (LOSSES)			364,026,483			208,995,463
NET INCOME (LOSS) OF THE PERIOD			(2,521,204)			155,366,261
NON-CURRENT LIABILITIES			**215,555,695**			**324,672,810**
BONDS			214,822,962			286,982,300
DEFERRED TAXES			--			37,082,036
PERSONNEL PROVISIONS			732,733			608,474
CURRENT LIABILITIES			**177,334,479**			**166,295,067**
BANK OVERDRAFTS			--			--
BORROWINGS			--			--
of which to related parties (*)	--	--		--	--	
OTHER PAYABLES			164,319,132			153,279,720
of which from related parties (*)	*86,824,380*	52.8		*110,318,626*	72.0	
PROVISIONS FOR RISKS AND LOSSES			13,015,347			13,015,347
TOTAL LIABILITIES AND EQUITY			**1,489,519,843**			**1,588,793,055**

(*) As per Consob Resolution no. 6064293 of 28 July 2006
(**) Percentage of the total

2. INCOME STATEMENT

(in euro)

		%(**)	*1st half 2014*		%(**)	*1st half 2013*
SUNDRY REVENUES AND INCOME			2,324,034			3,256,056
of which sundry revenues and income with related parties (*)	*2,035,608*	87.6		*2,859,910*	87.8	
COSTS FOR SERVICES			(3,894,858)			(3,333,682)
of which from related parties (*)	*(210,000)*	5.4		*(538,000)*	16.1	
PERSONNEL COSTS			(3,451,910)			(4,307,374)
OTHER OPERATING EXPENSE			(773,919)			(930,349)
AMORTISATION, DEPRECIATION & WRITE-DOWNS			(372,711)			(360,635)
EBIT			**(6,169,364)**			**(5,675,984)**
FINANCIAL INCOME			5,466,780			6,128,463
of which from related parties (*)	*4,231,452*	77.4		*2,469,136*	40.3	
FINANCIAL EXPENSE			(7,745,319)			(15,771,557)
of which with related parties (*)	--	--		--	--	
DIVIDENDS			7,613,738			32,963,830
of which from related parties (*)	*7,579,959*	99.6		*32,933,693*	99.9	
GAINS FROM TRADING SECURITIES			--			1
LOSSES FROM TRADING SECURITIES			(5,039,899)			--
ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS			--			--
INCOME (LOSS) BEFORE TAXES			**(5,874,064)**			**17,644,753**
INCOME TAXES			3,352,860			3,612,513
NET INCOME/(LOSS) FOR THE PERIOD			**(2,521,204)**			**21,257,266**

BASIC EARNINGS PER SHARE (in euro)	(0.0034)	0.0286
DILUTED EARNINGS PER SHARE (in euro)	(0.0034)	0.0286

(*) As per Consob Resolution no. 6064293 of 28 July 2006
(**) Percentage of the total

3. STATEMENT OF COMPREHENSIVE INCOME

(in thousands of euro)

	1st half 2014	*1st half 2013*
Net income for the period	(2,521,204)	21,257,266
Items of other comprehensive income	--	--
Items of other comprehensive income for the period, net of tax	--	--
TOTAL STATEMENT OF COMPREHENSIVE INCOME OF THE PERIOD	**(2,521,204)**	**21,257,266**
BASIC COMPREHENSIVE EARNINGS PER SHARE (in euro)	(0.0034)	0.0286
DILUTED COMPREHENSIVE EARNINGS PER SHARE (in euro)	(0.0034)	0.0286

4. STATEMENT OF CASH FLOWS

(in euro)

	1st half 2014	*1st half 2013*
OPERATING ACTIVITY		
NET INCOME FOR THE PERIOD	(2,521,204)	21,257,266
ADJUSTMENTS:		
AMORTISATION, DEPRECIATION & WRITE-DOWNS	372,711	360,635
LOSSES/(GAINS) ON SALE OF CURRENT EQUITY INVESTMENTS AND SECURITIES	--	(1)
ACTUARIAL VALUATION OF STOCK OPTION PLANS	1,325,695	2,033,534
ALLOCATION TO PERSONNEL PROVISIONS	101,803	138,658
(INCREASE) DECREASE IN NET WORKING CAPITAL	(23,439,271)	5,325,586
of which with related partie	*(30,116,106)*	*(2,903,674)*
CASH FLOW FROM OPERATING ACTIVITY	(24,160,266)	29,115,678
of which:		
- interest received (paid)	(399,226)	3,736,292
- dividends received	7,613,738	32,963,830
- income tax receipts (payments)*	--	240,352
INVESTING ACTIVITY		
(PURCHASE) SALE OF CURRENT SECURITIES	--	2,522,184
(PURCHASE) SALE OF FIXED ASSETS	(58,630)	(2,462,730)
CASH FLOW FROM INVESTING ACTIVITY	(58,630)	59,454
FINANCING ACTIVITY		
REPAYMENT (GRANTING) OF LOANS TO SUBSIDIARIES	32,500,000	(1,950,000)
REPURCHASE OF BOND LOAN	(84,906,764)	--
OTHER CHANGES	(60,044)	(1,100,806)
CASH FLOW FROM FINANCING ACTIVITY	(52,466,808)	(3,050,806)
INCREASE (DECREASE) IN NET CASH & CASH EQUIVALENTS	76,685,704	26,124,326
NET CASH AND CASH EQUIVALENTS - OPENING BALANCE	239,576,122	290,844,398
NET CASH AND CASH EQUIVALENTS - CLOSING BALANCE	162,890,418	316,968,724

** The amounts refer to the current tax assets received as a result of the tax consolidation.*

5. STATEMENT OF CHANGES IN EQUITY

(in euro)	*Issued capital*	*less Treasury shares*	*Share capital*	*Reserves*	*Retained earnings (losses)*	*Net income for the period*	*Total*
BALANCE AT 31 DECEMBER 2012	396,670,234	(24,994,500)	371,675,734	359,777,020	199,489,796	7,891,685	938,834,235
Increases in capital	475,950	--	475,950	486,618	--	--	962,568
Dividends to Shareholders	--	--	--	--	--	--	--
Retained earnings	--	--	--	--	7,891,685	(7,891,685)	--
Unclaimed dividends as per Art. 23 of the Articles of Association	--	--	--	15,212	--	--	15,212
Adjustment for treasury share transactions	--	230,212	230,212	767,652	(997,864)	--	--
Notional cost of stock options and stock grants credited	--	--	--	2,646,902	--	--	2,646,902
Movements between reserves	--	--	--	(2,611,846)	2,611,846	--	--
Result for the period	--	--	--	--	--	155,366,261	155,366,261
BALANCE AT 31 DECEMBER 2013	397,146,184	(24,764,288)	372,381,896	361,081,558	208,995,463	155,366,261	1,097,825,178
Increases in capital	--	--	--	--	--	--	--
Dividends to Shareholders	--	--	--	--	--	--	--
Retained earnings	--	--	--	--	155,366,261	(155,366,261)	--
Unclaimed dividends as per Art. 23 of the Articles of Association	--	--	--	--	--	--	--
Adjustment for treasury share transactions	--	235,579	235,579	785,543	(1,021,122)	--	--
Notional cost of stock options and stock grants credited	--	--	--	1,325,695		--	1,325,695
Movements between reserves	--	--	--	(685,881)	685,881	--	--
Result for the period	--	--	--			(2,521,204)	(2,521,204)
BALANCE AT 30 JUNE 2014	397,146,184	(24,528,709)	372,617,475	362,506,915	364,026,483	(2,521,204)	1,096,629,669

LIST OF EQUITY INVESTMENTS

AS OF 30 JUNE 2014

Persuant to Art. 38.2 Italian Legislative Decree 127/91

SUBSIDIARIES CONSOLIDATED USING THE FULL LINE-BY-LINE METHOD

(in euro or foreign currency)

Name of Company	***Registered office***	***Share Capital***	***Currency***	***Parent Companies***	***% of ownership***
CIR GROUP					
CIR INTERNATIONAL S.A.	Luxembourg	15,000,000.00	€	CIR S.p.A.	100.00
CIRINVEST S.r.l.	Italy	119,764.00	€	CIR S.p.A.	100.00
CIGA LUXEMBOURG S.à.r.l.	Luxembourg	1,000,000.00	€	CIR S.p.A.	100.00
NEXENTI ADVISORY S.r.l.	Italy	100,000.00	€	CIR S.p.A.	100.00
NEXENTI S.r.l.	Italy	50,000.00	€	CIR S.p.A.	100.00
JUPITER MARKETPLACE S.r.l.	Italy	100,000.00	€	NEXENTI S.r.l.	100.00
CIR INVESTIMENTI S.p.A.	Italy	12,426,162.00	€	CIR S.p.A.	100.00
LAKE LEMAN INTERNATIONAL SCHOOL S.A.	Switzerland	1,195,000.00	Chf	CIR S.p.A.	83.26
SOUTHLANDS S.r.l.	Italy	100,000.00	€	LAKE LEMAN INTERNATIONAL SCHOOL S.A.	100.00
SORGENIA GROUP					
SORGENIA HOLDING S.p.A.	Italy	139,056,214.00	€	CIR S.p.A.	65.03
SORGENIA S.p.A.	Italy	9,214,353.00	€	SORGENIA HOLDING S.p.A.	81.57
ENERGIA ITALIANA S.p.A.	Italy	26,050,000.00	€	SORGENIA S.p.A.	78.00
EOLICA BISACCIA S.r.l.	Italy	50,000.00	€	SORGENIA GREEN S.r.l.	100.00
SORGENIA POWER S.p.A.	Italy	20,100,000.00	€	SORGENIA S.p.A.	100.00
SORGENIA NEXT S.r.l.	Italy	10,000.00	€	SORGENIA S.p.A.	100.00
SORGENIA PUGLIA S.p.A.	Italy	11,150,778.00	€	SORGENIA S.p.A.	100.00
RACOON S.r.l.	Italy	20,000.00	€	SORGENIA S.p.A.	100.00
SORGENIA TRADING S.p.A.	Italy	20,000,000.00	€	SORGENIA S.p.A.	100.00
NOVENTI VENTURES II LP	United States	34,778.408.00	$USA	SORGENIA S.p.A.	69.47
SORGENIA E&P S.p.A.	Italy	64,000,000.00	€	SORGENIA S.p.A.	100.00
SORGENIA INTERNATIONAL B.V.	Netherlands	64,000,000.00	€	SORGENIA E&P S.p.A.	100.00
SORGENIA GREEN S.r.l.	Italy	2,000,000.00	€	SORGENIA S.p.A.	100.00
SORGENIA CASTELNUOVO DI CONZA S.r.l.	Italy	115,000.00	€	SORGENIA GREEN S.r.l.	100.00
SORGENIA SAN GREGORIO MAGNO S.r.l.	Italy	110,000.00	€	SORGENIA GREEN S.r.l.	100.00
SORGENIA MINERVINO S.p.A.	Italy	1,700,000.00	€	SORGENIA GREEN S.r.l.	75.00
SORGENIA SAN MARTINO IN PENSILIS S.r.l.	Italy	110,000.00	€	SORGENIA GREEN S.r.l.	100.00
SORGENIA VENTO S.r.l.	Italy	50,000.00	€	SORGENIA GREEN S.r.l.	100.00
SORGENIA GEOTHERMAL S.r.l.	Italy	10,000.00	€	SORGENIA S.p.A.	100.00
SORGENIA BONEFRO S.r.l.	Italy	110,000.00	€	SORGENIA GREEN S.r.l.	100.00
SORGENIA CAGGIANO S.r.l.	Italy	110,000.00	€	SORGENIA GREEN S.r.l.	100.00
SORGENIA CAMPAGNA S.r.l.	Italy	110,000.00	€	SORGENIA GREEN S.r.l.	100.00
SORGENIA HYDRO S.r.l. (già TORRE MAGGIORE WIND POWER S.r.l.)	Italy	75,000.00	€	SORGENIA GREEN S.r.l.	100.00
SORGENIA ROMANIA S.r.l.	Romania	48,469,919.00	Ron	SORGENIA GREEN S.r.l.	74.99
				SORGENIA S.p.A	25.01
					100.00
EOLIAN MEDGIDIA PESTERA S.r.l.	Romania	790.00	Ron	SORGENIA ROMANIA S.r.l.	98.73
				SORGENIA GREEN S.r.l.	1.27
					100.00
EOLIAN AMZACEA INDEPENDENTA S.r.l.	Romania	603,000.00	Ron	SORGENIA ROMANIA S.r.l.	99.99
				SORGENIA GREEN S.r.l.	0.01
					100.00
WIND PROJECT FALCIU TREI S.r.l.	Romania	688,000.00	Ron	SORGENIA ROMANIA S.r.l.	99.99
				SORGENIA GREEN S.r.l.	0.01
					100.00
EOLIAN FALCIU UNU S.r.l.	Romania	800.00	Ron	SORGENIA ROMANIA S.r.l.	100.00

Name of Company	*Registered office*	*Share Capital*	*Currency*	*Parent Companies*	*% of ownership*
SORGENIA SOLAR S.r.l.	Italy	100.000,00	€	SORGENIA S.p.A.	100.00
SORGENIA FRANCE S.A.S.	France	2,000,000.00	€	SORGENIA GREEN S.r.l.	100.00
CASTELVETERE WIND S.r.l. (Già SORGENIA CASTELVETERE S.r.l.)	Italy	60,000.00	€	SORGENIA GREEN S.r.l.	100.00
SORGENIA RICIGLIANO S.r.l.	Italy	60,000.00	€	SORGENIA GREEN S.r.l.	100.00
CAP ENERGIE S.a.r.l.	France	10,000.00	€	SORGENIA FRANCE S.A.S.	100.00
ESPRESSO GROUP					
GRUPPO EDITORIALE L'ESPRESSO S.p.A. (*)	Italy	61,794,943.20	€	CIR S.p.A.	53.77
FINEGIL EDITORIALE S.p.A.	Italy	128,798,515.00	€	GRUPPO EDITORIALE L'ESPRESSO S.p.A.	99.78
S.E.T.A. S.p.A.	Italy	774,750.00	€	FINEGIL EDITORIALE S.p.A.	71.00
A. MANZONI & C. S.p.A.	Italy	15,000,000.00	€	GRUPPO EDITORIALE L'ESPRESSO S.p.A.	100.00
ROTOCOLOR S.p.A.	Italy	23,000,000.00	€	GRUPPO EDITORIALE L'ESPRESSO S.p.A.	100.00
SOMEDIA S.p.A.	Italy	500,000.00	€	GRUPPO EDITORIALE L'ESPRESSO S.p.A.	100.00
ELEMEDIA S.p.A.	Italy	25,000,000.00	€	GRUPPO EDITORIALE L'ESPRESSO S.p.A.	100.00
RETE A S.p.A.	Italy	6,500,000.00	€	GRUPPO EDITORIALE L'ESPRESSO S.p.A..	100.00
MO-NET S.r.l.	Italy	35,800.00	€	ELEMEDIA S.p.A.	51.00
	Italy				
SOGEFI GROUP	Italy				
SOGEFI S.p.A. (**)	Italy	60,711,763.84	€	CIR S.p.A.	56.31
SOGEFI REJINA S.p.A.	Italy	21,978,316.00	€	SOGEFI S.p.A.	99.88
FILTRAUTO S.A.	France	5,750,000.00	€	SOGEFI S.p.A.	99.99
SOGEFI FILTRATION Ltd	UK	5,126,737.00	£GBP	SOGEFI S.p.A.	100.00
SOGEFI FILTRATION S.A.	Spain	12,953,713.60	€	SOGEFI S.p.A.	86.08
				FILTRAUTO S.A.	13.92
					100.00
SOGEFI FILTRATION d.o.o.	Slovenia	10,291,798.00	€	SOGEFI S.p.A.	100.00
ALLEVARD REJNA AUTOSUSPENSIONS S.A.	France	36,000,000.00	€	SOGEFI S.p.A.	99.99
SOGEFI PURCHASING S.A.S.	France	100,000.00	€	SOGEFI S.p.A.	100.00
ALLEVARD SOGEFI U.S.A. Inc.	United States	20,055,000.00	$USA	SOGEFI S.p.A.	100.00
SYSTÈMES MOTEURS S.A.S.	France	54,938,125.00	€	SOGEFI S.p.A.	100.00
SOGEFI FILTRATION DO BRASIL Ltda	Brazil	29,857,374.00	Real	SOGEFI FILTRATION S.A.	99.99
SOGEFI FILTRATION ARGENTINA S.A.	Argentina	10,691,607.00	Pesos	SOGEFI FILTRATION DO BRASIL Ltda	91.90
				FILTRAUTO S.A.	7.28
				SOGEFI REJNA S.p.A.	0.81
					99.99
SHANGHAI SOGEFI AUTO PARTS Co., Ltd	China	13,000,000.00	$USA	SOGEFI S.p.A.	100.00
SOGEFI (SUZHOU) AUTO PARTS CO., Ltd	China	15,000,000.00	$USA	SOGEFI S.p.A.	100.00
ALLEVARD SPRINGS Ltd	UK	4,000,002.00	£GBP	ALLEVARD REJNA AUTOSUSPENSIONS S.A.	99.99
ALLEVARD FEDERN GmbH	Germany	50,000.00	€	ALLEVARD REJNA AUTOSUSPENSIONS S.A.	100.00
ALLEVARD REJNA ARGENTINA S.A.	Argentina	600,000.00	Pesos	ALLEVARD REJNA AUTOSUSPENSIONS S.A.	89.97
				ALLEVARD MOLAS DO BRAZIL Ltda	10.00
					99.97
IBERICA DE SUSPENSIONES S.L. (ISSA)	Spain	10,529,668.00	€	ALLEVARD REJNA AUTOSUSPENSIONS S.A	50.00
ALLEVARD MOLAS DO BRAZIL Ltda	Brazil	37,161,683.00	Real	ALLEVARD REJNA AUTOSUSPENSIONS S.A	99.99
				ALLEVARD SPRINGS Co. Ltd	0.01
					100.00
UNITED SPRINGS Ltd	UK	6,500,000.00	£GBP	ALLEVARD REJNA AUTOSUSPENSIONS S.A	100.00
UNITED SPRINGS B.V.	Netherlands	254,979.00	€	ALLEVARD REJNA AUTOSUSPENSIONS S.A.	100.00
SHANGHAI ALLEVARD SPRING Co. Ltd	China	5,335,308.00	€	ALLEVARD REJNA AUTOSUSPENSIONS S.A.	60.58
UNITED SPRINGS S.A.S.	France	10,218,000.00	€	ALLEVARD REJNA AUTOSUSPENSIONS S.A.	99.99
LUHN & PULVERMACHER – DITTMANN & NEUHAUS GmbH	Germany	50,000.00	€	ALLEVARD FEDERN GmbH	100.00

(*) 55.96 % net of own shares held as tresury stock
(**) 57,99 % net of own shares held as tresury stock

Name of Company	*Registered office*	*Share Capital*	*Currency*	*Parent Companies*	*% of ownership*
S.ARA COMPOSITE S.A.S.	France	7,000,000.00	€	ALLEVARD REJNA AUTOSUSPENSIONS S.A.	92.86
SOGEFI M.N.R. FILTRATION INDIA Pvt Ltd	India	15,940,980.00	Inr	FILTRAUTO S.A.	60.00
ALLEVARD IAI SUSPENSIONS PRIVATE Ltd	India	254,500,000.00	Inr	ALLEVARD REJNA AUTOSUSPENSIONS S.A.	71.70
SOGEFI ENGINE SYSTEMS CANADA CORP.	Canada	39,393,000.00	Cad	SYSTÈMES MOTEURS S.A.S	100.00
SOGEFI ENGINE SYSTEMS USA INC.	United States	100.00	$USA	SYSTÈMES MOTEURS S.A.S	100.00
SYSTÈMES MOTEURS CHINA S.à.r.l.	Luxembourg	12,500.00	€	SYSTÈMES MOTEURS S.A.S	100.00
SOGEFI ENGINE SYSTEMS MEXICO S.DE R.L. DE C.V. (già MARK IV AIS MEXICO, S De R.L. de C.V.)	Mexico	3,000.00	Mxn	SOGEFI ENGINE SYSTEMS CANADA CORP.	99.97
				SYSTÈMES MOTEURS S.A.S	0.03
					100.00
SYSTÈMES MOTEURS INDIA Pvt. Ltd.	India	191,386,860.00	Inr	SYSTÈMES MOTEURS S.A.S	99.91
				SYSTÈMES MOTEURS CHINA S.à.r.l.	0.09
					100.00
S.C. SYSTÈMES MOTEURS S.r.l.	Romania	7,087,610.00	Ron	SYSTÈMES MOTEURS S.A.S	99.99
				SOGEFI FILTRATION S.A.	0.01
					100.00
SOGEFI ENGINE SYSTEMS HONG KONG Ltd	Hong Kong	1,000.00	Hkd	SYSTÈMES MOTEURS CHINA S.à.r.l.	100.00
SOGEFI ENGINE SYSTEMS (SHANGHAI) Co., Ltd in liquidazione (giàMARK IV (Shanghai) TRADING Co. Ltd)	China	5,000,000.00	Rmb	SOGEFI ENGINE SYSTEMS HONG KONG	100.00
KOS GROUP					
KOS S.p.A.	Italy	8,565,211.70	€	CIR S.p.A.	51.26
OSPEDALE DI SUZZARA S.p.A.	Italy	120,000.00	€	KOS S.p.A	99.90
MEDIPASS S.r.l.	Italy	700,000.00	€	KOS S.p.A	100.00
ELSIDA S.r.l.	Italy	100,000.00	€	MEDIPASS S.r.l.	100.00
MEDIPASS HEALTHCARE LTD	Italy	3,477.00	£GBP	MEDIPASS S.r.l.	89.99
CLEARMEDI HEALTHCARE LTD	Italy	7,063,321.59	Inr	MEDIPASS S.r.l.	65.00
MEDIPASS HEALTHCARE LEEDS & BELFAST LTD	UK	1,000.00	£GBP	MEDIPASS HEALTHCARE LTD	55.00
MEDIPASS BELFAST LTD (già HTI IRELAND)	UK	2.00	£GBP	MEDIPASS HEALTHCARE LEEDS &BELFAST LTD	100.00
MEDIPASS LEEDS LTD (già HTI LEEDS)	UK	2.00	£GBP	MEDIPASS HEALTHCARE LEEDS &BELFAST LTD	100.00
RESIDENZE ANNI AZZURRI S.r.l.	Italy	27,079,034.00	€	KOS S.p.A	100.00
HSS REAL ESTATE S.r.l.	Italy	2,064,000.00	€	KOS S.p.A	100.00
ISTITUTO DI RIABILITAZIONE S. STEFANO S.r.l.	Italy	2.550.000,00	€	KOS S.p.A	100.00
ABITARE IL TEMPO S.r.l.	Italy	100,826.00	€	ISTITUTO DI RIABILITAZIONE S. STEFANO S.r.l.	54.00
ARIEL TECHNOMEDICAL S.r.l.	Italy	10,000.00	€	ISTITUTO DI RIABILITAZIONE S. STEFANO S.r.l.	51.00
SANATRIX S.r.l.	Italy	843,700.00	€	ISTITUTO DI RIABILITAZIONE S. STEFANO S.r.l.	76.97
SANATRIX GESTIONI S.r.l.	Italy	300,000.00	€	SANATRIX S.r.l.	99.61
JESILAB S.r.l.	Italy	80,000.00	€	ISTITUTO DI RIABILITAZIONE S. STEFANO S.r.l.	100.00
FIDIA S.r.l.	Italy	10,200.00	€	ISTITUTO DI RIABILITAZIONE S. STEFANO S.r.l.	60.00
VILLA AZZURRA S.r.l.	Italy	884.000,00	€	ISTITUTO DI RIABILITAZIONE S. STEFANO S.r.l.	100.00
VILLA ROSA S.r.l.	Italy	10.400,00	€	ISTITUTO DI RIABILITAZIONE S. STEFANO S.r.l.	100.00

Name of Company	*Registered office*	*Share Capital*	*Currency*	*Parent Companies*	*% of ownership*
KOS SERVIZI SOCIETÀ CONSORTILE a. r.l.	Italy	115,000.00	€	KOS S.p.A	3.68
				RESIDENZE ANNI AZZURRI S.r.l.	46.11
				ISTITUTO DI RIABILITAZIONE S. STEFANO S.r.l.	34.78
				MEDIPASS S.r.l.	2.07
				OSPEDALE DI SUZZARA S.p.A.	2.15
				SANATRIX GESTIONI S.r.l.	3.02
				ABITARE IL TEMPO S.r.l.	4.94
				FIDIA S.r.l.	0.43
				JESILAB S.r.l.	0.43
				ELSIDA S.r.l.	0.23
				VILLA ROSA S.r.l.	2.15
					100.00
CIR INTERNATIONAL GROUP					
CIR VENTURES L.P.	United States	20,999,227.00	$USA	CIR INTERNATIONAL S.A.	99.20

INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

CONSOLIDATED USING THE EQUITY METHOD

(in euro or currency)

Name of Company	Registered office	Share Capital	Currency	Parent Companies	% of ownership
CIR GROUP					
DEVIL PEAK S.r.l.	Italy	68,222.00	€	NEXENTI S.r.l.	36.16
SORGENIA GROUP					
TIRRENO POWER S.p.A.	Italy	91,130,000.00	€	ENERGIA ITALIANA S.p.A.	50.00
GICA S.A.	Switzerland	4,000,000.00	Chf	SORGENIA S.p.A.	25.00
FIN GAS S.r.l.	Italy	10,000.00	€	SORGENIA S.p.A.	50.00
LNG MED GAS TERMINAL S.r.l.	Italy	31,093,955.00	€	FIN GAS S.r.l	70.00
SORGENIA FRANCE PRODUCTION S.a.s.	France	10,602,360.00	€	SORGENIA FRANCE S.a.s.	50.00
PARC ÉOLIEN DE LA VOIE SACRÉE S.a.s.	France	74,000.00	€	SORGENIA FRANCE PRODUCTION S.a.s..	24.86
PARC ÉOLIEN D'EPENSE S.a.s.	France	802,000.00	€	SORGENIA FRANCE PRODUCTION S.a.s.	25.00
VOLTERRA A.E.	Greece	3,609,402.00	€	SORGENIA S.p.A.	50.00
SOCIÉTÉ FRANÇAISE DES ALIZÉS S.a.r.l.	France	580,125.00	€	SORGENIA FRANCE PRODUCTION S.a.s.	100.00
PARC ÉOLIEN DE SAINT CRÉPIN S.a.s.	France	1,657,000.00	€	SORGENIA FRANCE PRODUCTION S.a.s.	100.00
PARC ÉOLIEN DE L'ARGONNE S.a.s.	France	2,179,000.00	€	SORGENIA FRANCE PRODUCTION S.a.s.	100.00
PARC ÉOLIEN DE CÔTE DE CHAMPAGNE SUD S.a.s.	France	120,300.00	€	SORGENIA FRANCE PRODUCTION S.a.s.	100.00
PARC ÉOLIEN DE CÔTE DE CHAMPAGNE S.a.s.	France	871,600.00	€	SORGENIA FRANCE PRODUCTION S.a.s.	100.00
PARC ÉOLIEN DE BERNAY ST MARTIN S.a.s.	France	1,493,700.00	€	SORGENIA FRANCE PRODUCTION S.a.s.	100.00
HOLDING DES PARCS ÉOLIENS DE LA VOIE SACRÉE S.a.s.	France	9,757,000.00	€	SORGENIA FRANCE PRODUCTION S.a.s..	100.00
PARC ÉOLIEN DE LONGEVILLE SUR MER S.a.s.	France	37,000.00	€	SORGENIA FRANCE PRODUCTION S.a.s.	100.00
PARC ÉOLIEN DE L'ORME CHAMPAGNE S.a.s.	France	37,000.00	€	SORGENIA FRANCE PRODUCTION S.a.s.	100.00
PARC ÉOLIENS DU NORD PAS-DE-CALAIS S.a.s.	France	400,000.00	€	SORGENIA FRANCE PRODUCTION S.a.s.	100.00
PARC ÉOLIEN DE BOUILLANCOURT EN SÉRY S.a.s.	France	53,700.00	€	SORGENIA FRANCE PRODUCTION S.a.s.	100.00
PARC ÉOLIEN DE LEFFINCOURT S.a.s.	France	4,537,000.00	€	SORGENIA FRANCE PRODUCTION S.a.s.	100.00
PARC D'AULNAY L'AÎTRE S.a.s.	France	37,000.00	€	SORGENIA FRANCE PRODUCTION S.a.s.	100.00
PARC ÉOLIEN DE BUSSY LE REPOS S.a.s.	France	10,000.00	€	SORGENIA FRANCE PRODUCTION S.a.s.	100.00
PARC ÉOLIEN DE LA TIERACHE S.a.s.	France	10,000.00	€	SORGENIA FRANCE PRODUCTION S.a.s.	100.00
PARC ÉOLIEN DE PLAINCHAMP S.a.s.	France	3,037,000.00	€	SORGENIA FRANCE PRODUCTION S.a.s.	100.00
PARC ÉOLIEN DE BLOMBAY L'ECHELLE S.a.s.	France	50,000.00	€	SORGENIA FRANCE PRODUCTION S.a.s.	100.00
PARC ÉOLIEN DE LA VALLE DU DON S.a.s.	France	5,000.00	€	SORGENIA FRANCE PRODUCTION S.a.s.	100.00
PARC ÉOLIEN DE SOURCE DE L'HERBISSONNE S.a.s.	France	10,000.00	€	SORGENIA FRANCE PRODUCTION S.a.s.	100.00
PARC ÉOLIEN DE SEUIL MONT LAURENT S.a.s.	France	10,000.00	€	SORGENIA FRANCE PRODUCTION S.a.s..	100.00
PARC ÉOLIEN DE MAURECHAMPS S.a.s.	France	1,117,000.00	€	HOLDING DES PARCS ÉOLIENS DE LA VOIE SACRÉE S.a.s.	100.00
PARC ÉOLIEN DE RAIVAL S.a.s.	France	1,117,000.00	€	HOLDING DES PARCS ÉOLIENS DE LA VOIE SACRÉE S.a.s.	100.00
PARC ÉOLIEN DE LA VALETTE S.a.s.	France	1,117,000.00	€	HOLDING DES PARCS ÉOLIENS DE LA VOIE SACRÉE S.a.s.	100.00
PARC ÉOLIEN DE VILLER S.a.s.	France	577,000.00	€	HOLDING DES PARCS ÉOLIENS DE LA VOIE SACRÉE S.a.s.	100.00
ILIOFANIA A.E.	Greece	300,000.00	€	VOLTERRA A.E.	100.00

Name of Company	*Registered office*	*Share Capital*	*Currency*	*Parent Companies*	*% of ownership*
ESPRESSO GROUP					
LE SCIENZE S.p.A.	Italy	103,400.00	€	GRUPPO EDITORIALE L'ESPRESSO S.p.A.	50.00
HUFFINGTONPOST ITALIA S.r.l.	Italy	250,000.00	€	GRUPPO EDITORIALE L'ESPRESSO S.p.A.	49.00
EDITORIALE CORRIERE ROMAGNA S.r.l.	Italy	1,756,766.00	€	FINEGIL EDITORIALE S.p.A.	49.00
EDITORIALE LIBERTÀ S.p.A.	Italy	1,000,000.00	€	FINEGIL EDITORIALE S.p.A.	35.00
ALTRIMEDIA S.p.A.	Italy	517,000.00	€	FINEGIL EDITORIALE S.p.A.	35.00
PERSIDERA	Italy	21,428,572.00	€	GRUPPO EDITORIALE L'ESPRESSO S.p.A.	30.00
SOGEFI GROUP					
MARK IV ASSET (Shanghai) AUTO PARTS Co. Ltd	China	10,000,000.00	Rmb	SOGEFI ENGINE SYSTEMS HONG KONG Ltd	50.00
CIR INTERNATIONAL GROUP					
KTP GLOBAL FINANCE S.C.A.	Luxembourg	566,573.75	€	CIR INTERNATIONAL S.A.	47.56
SWISS EDUCATION GROUP AG	Switzerland	81,886.00	CHF	CIR INTERNATIONAL S.A.	19.54
KOS GROUP					
APOKOS REHAB PVT Ltd	India	34,999,880.00	Inr	KOS S.p.A.	50.00

INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES

CONSOLIDATED AT COST (*)

Name of Company	***Registered office***	***Share Capital***	***Currency***	***Parent Companies***	***% of ownership***
SORGENIA GROUP					
E-ENERGY S.r.l.	Italy	15,000.00	€	SORGENIA S.p.A.	20.00
OWP PARC ÉOLIEN DU BANC DES OLIVES S.a.s.	France	10,000.00	€	SORGENIA FRANCE S.a.s.	20.00
P&F Società agricola S.r.l.	Italy	10,000.00	€	SORGENIA S.p.A.	100.00
ECOPARC DES ENERGIES S.a.s.	France	10,000.00	€	SORGENIA FRANCE S.a.s.	100.00
ESPRESSO GROUP					
ENOTRYA S.r.l. *(in liquidazione)*	Italy	78,000.00	€	ELEMEDIA S.p.A.	70.00
CELLULARMANIA.COM S.r.l. *(in liquidazione)*	Italy	10,400.00	€	ELEMEDIA S.p.A.	100.00
KSOLUTIONS S.p.A. *(in liquidazione)*	Italy	100,000.00	€	ELEMEDIA S.p.A.	100.00
CLUB D.A.B. ITALIA – CONSORTILE S.p.A.	Italy	240,000.00	€	ELEMEDIA S.p.A.	37.50
KOS GROUP					
OSIMO SALUTE S.p.A.	Italy	750,000.00	€	ABITARE IL TEMPO S.r.l.	25.50
CONSORZIO OSPEDALE DI OSIMO	Italy	20,000.00	€	ABITARE IL TEMPO S.r.l.	24.70
CIR INTERNATIONAL GROUP					
PHA – Participations Hotelieres AstorIn liquidazione	France	12,150.00	€	CIR INTERNATIONAL S.A.	99.98
KTP GLOBAL FINANCE MANAGEMENT S.A.	Luxembourg	31,000.00	€	CIR INTERNATIONAL S.A.	46.00

(*) Investments which are non-significant, non-operational, or that have been recently acquired, unless stated otherwise

INVESTMENTS IN OTHER COMPANIES

CONSOLIDATED AT COST (*)

Name of Company	***Registered office***	***Share Capital***	***Currency***	***Parent Companies***	***% of ownership.***
ESPRESSO GROUP					
AGENZIA A.N.S.A. S. COOP. a.r.l.	Italy	11,305,851.65	€	GRUPPO EDITORIALE L'ESPRESSO S.p.A.	4.02
				FINEGIL EDITORIALE S.p.A.	12.80
				S.E.T.A. S.p.A.	2.67
					19.49
CONSULEDIT S. CONSORTILE a.r.l. (in liquidazione)	Italy	20,000.00	€	GRUPPO EDITORIALE L'ESPRESSO S.p.A.	6.64
				FINEGIL EDITORIALE S.p.A.	5.48
				S.E.T.A. S.p.A.	0.49
					12.61
IMMOBILIARE EDITORI GIORNALI S.r.l.	Italy	830,462.00	€	S.E.T.A. S.p.A.	0.17
				FINEGIL EDITORIALE S.p.A.	0.12
					0.29
TRENTO PRESS SERVICE S.r.l.	Italy	260,000.00	€	S.E.T.A. S.p.A.	14.40
AGENZIA INFORMATIVA ADRIATICA d.o.o.	Slovenia	12,768.00	€	FINEGIL EDITORIALE S.p.A.	19.00
AUDIRADIO S.r.l. *(in liquidazione)*	Italy	258,000.00	€	A. MANZONI & C. S.p.A.	7.50
PRESTO TECHNOLOGIES Inc. *(non operativa)*	United States	7,663,998.40	$USA	ELEMEDIA S.p.A.	7.83
CERT – CONSORZIO EMITTENTI RADIO TELEVISIVE	Italy	178,564.00	€	RETE A S.p.A.	6.67
CONSORZIO COLLE MADDALENA	Italy	62,224.08	€	RETE A S.p.A.	4.17
CONSORZIO ANTENNA COLBUCCARO	Italy	180,000.00	€	RETE A S.p.A.	8.89
TELELIBERTÀ S.p.A.	Italy	2,200,000.00	€	FINEGIL EDITORIALE S.p.A.	4.32
PREMIUM PUBLISHER NETWORK CONSORZIO	Italy	19,426.00	€	GRUPPO EDITORIALE L'ESPRESSO S.p.A.	16.96
CONSORZIO EDICOLA ITALIANA	Italy	60,000.00	€	GRUPPO EDITORIALE L'ESPRESSO S.p.A.	16.67
SOGEFI GROUP					
UMC & MAKKAWI SPRING MANUFACTURING Co., Ltd	Sudan	900,000.00	SDP	SOGEFI REJNA S.p.A.	25.00
AFICO FILTERS S.A.E.	Egypt	11,000,000.00	EGP	SOGEFI REJNA S.p.A.	22.62
KOS GROUP					
FONDO SPAZIO SANITÀ	Italy	18,000,000.00	€	ISTITUTO DI RIABILITAZIONE S. STEFANO S.r.l.	1.11
			€	VILLA ROSA S.r.l.	1.11
			€	RESIDENZE ANNI AZZURRI S.r.l.	2.78
					5.00

(*) Investements of less than 20%

INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND IN OTHER COMPANIES

NON INCLUDING IN THE CONSOLIDATED STATEMENTS

(in euro or foreign currency)

Name of Company	***Registered office***	***Share Capital***	***Currency***	***Parent Companies***	***% of ownership***
CIR GROUP					
FINAL S.A. *(in liquidazione)*	France	2,324,847.00	€	CIGA LUXEMBOURG S.à.r.l.	47.73
CIR INTERNATIONAL GROUP					
FOOD CONCEPTS HOLDING SA	Luxembourg	5,540,513.00	€	CIR INTERNATIONAL S.A.	19.00

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AUDITORS' REVIEW REPORT ON THE HALF-YEAR CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of
CIR S.p.A.

1. We have reviewed the half-year condensed consolidated financial statements of CIR S.p.A. and subsidiaries (the "CIR Group"), which comprise the statement of financial position as of June 30, 2014, and the income statement, statement of comprehensive income, statement of changes in equity and cash flow statement for the six-month period then ended, and the related explanatory notes. The Company's Directors are responsible for the preparation and presentation of this interim financial information in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to issue a report on these half-year condensed consolidated financial statements based on our review.

2. We conducted our review in accordance with the standards recommended by the Italian Regulatory Commission for Companies and the Stock Exchange ("Consob") for the review of the half-year interim financial statements under Resolution n° 10867 of July 31, 1997. Our review consisted principally of applying analytical procedures to the underlying financial data, assessing whether accounting policies have been consistently applied and making enquiries of management responsible for financial and accounting matters. The review excluded audit procedures such as tests of controls and substantive procedures of the assets and liabilities and was therefore substantially less in scope than an audit performed in accordance with established auditing standards. Accordingly, unlike our report on the year-end consolidated financial statements, we do not express an audit opinion on the half-year condensed consolidated financial statements.

   The half-year condensed consolidated financial statements present the corresponding figures included in the annual consolidated and half-year condensed consolidated financial statements of the previous year. As disclosed in the explanatory notes, the Directors have restated some of the corresponding figures due to application of IFRS 5, with respect to the data respectively audited and reviewed by us, whose reports were dated June 7, 2014 and August 5, 2013. We have examined the methods adopted to restate such corresponding figures and the related disclosure for the purpose of issuing our review report on the half-year condensed consolidated financial statements as of June 30, 2014.

3. Based on our review, nothing has come to our attention that causes us to believe that the half-year condensed consolidated financial statements of CIR Group as of June 30, 2014 are not prepared, in all material respects, in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union.

4. As described in more details by the Directors in the explanatory notes, the half-year condensed financial statements of CIR Group as of June 30, 2014 present the energy sector, which basically coincides with Sorgenia Group, as a *Discontinued Operation* due to the decision taken during the first half of 2014 by the Board of Directors to departure from the sector in question. With this regards the Directors inform that, following the negotiations launched with the lending banks of Sorgenia Group already during the first half of the year, on July 23, 2014 the current direct and indirect shareholders of Sorgenia and the same banks signed an agreement for the restructuring of the Sorgenia Group financial debt, that outlined a process follow the Bankruptcy Law's "art. 182-bis" procedure at the end of which CIR Group no longer hold any shares in Sorgenia. The likely overall outcome of CIR's departure from the sector in question have been already considered when preparing the consolidated financial statements as of December 31, 2013 and consequently in half-year condensed financial statements no additional economic effects have been recorded resulting from the recognition of the assets and liabilities of the Energy Sector in accordance with the provisions of IFRS 5.
Moreover the Directors inform that when Sorgenia's directors were approving the interim consolidated reporting package as of June 30, 2014, they emphasised how the success of the financial manoeuvre - needed to overcome the considerable uncertainties about the Sorgenia Group's ability to continue as a going concern - was in any case dependent on future events that were subject to uncertainty, especially, subsequent to the mentioned agreement as of July 23, 2014, as the restructuring agreement between Sorgenia and the lending banks has not yet been signed and the start and completion of the "art. 182 –bis" procedure, which is part the recovery plan, is still pending. Moreover the Directors of Sorgenia are well aware of the existence of significant uncertainties that could cast doubt on the Sorgenia Group's status as a going concern and its ability to continue operating in the foreseeable future, after having made the necessary checks and having assessed the uncertainties mentioned, believes it is reasonable to expect that the agreements described above can be finalised within a timeframe consistent with the company's needs for financing, making it possible for the company and its group to have adequate resources to continue operations for the foreseeable future. Accordingly, the Sorgenia Group interim consolidated reporting package as of June 30, 2014, whose details are disclosed in note "Information on IFRS 5" of the half-year condensed consolidated financial statements of CIR Group, have been prepared using the going concern assumption.

DELOITTE & TOUCHE S.p.A.

Signed by
Marco Miccoli
Partner

Milan, Italy
August 1, 2014

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

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