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*INTERIM FINANCIAL REPORT  
AS OF 30 SEPTEMBER 2013*

*Milan, 28 October 2013*

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COMPAGNIE INDUSTRIALI RIUNITE

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## INTERIM REPORT ON OPERATIONS

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The CIR Group recorded significant non-recurring items during the first nine months of 2013.

Firstly, on 17 September 2013, the Supreme Court issued a final ruling on the "Lodo Mondadori" proceedings, definitively condemning Fininvest to pay CIR compensation of € 491.3 million, which has therefore been booked to the income statement for an amount, net of legal fees and taxes, of € 319.3 million.

Secondly, as already seen in the first half of 2013, Sorgenia again had to make further adjustments to the value of its assets, based on impairment tests, to adapt them to the changed scenario of the energy market and to the guidelines that form the basis of the new business plan. As a consequence, the result for the first nine months includes write-downs in CIR's consolidated financial statements for a total of € 574 million, € 287.2 million net of minority interests.

The impact of these non-recurring items has been highlighted separately in this report to permit a better understanding of the Group's performance.

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In the first nine months of 2013, the CIR Group achieved a **turnover** of € 3,550.6 million, slightly down (-2.1%) on the same period in 2012 (€ 3,625.8 million).

**Consolidated EBITDA** was negative for € 47.1 million. EBITDA for 2013 reflects extraordinary losses of € 309.7 million, of which € 274.8 million for the write-downs made by Sorgenia on its assets. Without these non-recurring items, EBITDA would have come to € 262.6 million, broadly in line with the same period last year (€ 253 million).

**Consolidated net income** was € 10.7 million compared with a consolidated net loss of € 10 million in the same period last year. This result includes, on the one hand, the negative effect of Sorgenia's extraordinary items (€ 287.2 million), and on the other hand the positive impact of the Supreme Court's definitive ruling (€ 319.3 million). Excluding these effects, the consolidated net result would be a loss of € 16.2 million amount, substantially the same as for the first nine months of 2012 (- € 10 million).

The contribution made by the operating subsidiaries to consolidated net earnings was a loss of € 299.4 million; excluding the write-downs made by the Sorgenia Group, the contribution would have been negative for € 12.2 million compared with a loss of € 8.9 million in the corresponding period of 2012.

Sogefi and KOS obtained slightly better results; Espresso reported a decline in earnings, but still achieved a positive result despite the severe crisis in the publishing sector, while the results of Sorigenia remain critical and incorporate important write-downs.

The contribution made by CIR (the holding company including the non-operating subsidiaries) amounted to € 310.1 million, compared with a loss of € 1.1 million in the first nine months of 2012. Prior to non-recurring items, CIR posted a loss of € 4.0 million.

**Consolidated net debt** at 30 September 2013 amounted to € 1,830.8 million (€ 2,504.4 million at 31 December 2012) and was made up of a net financial surplus on the part of CIR and the other holding companies of € 542.1 million and net borrowings on the part of the operating groups of € 2,372.9 million. The improvement in the net financial position stems not only from final definition of the "Lodo Mondadori" compensation, but also from a decrease in the consolidated net debt of the operating subsidiaries for approximately € 165 million.

Group equity at 30 September 2013 was € 1,387.6 million (€ 1,363.3 million at 31 December 2012).

*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 subsidiary holding companies.*

# INCOME STATEMENT BY BUSINESS SECTOR AND CONTRIBUTIONS TO GROUP RESULTS

(in millions of euro)

(in millions of euro)

	CONSOLIDATED	1/1-30/9 2013													1/1-30/9 2012
		Revenues	Costs of production	Other operating income and costs	Adjustments to the value of investments consolidated at equity	Amortisation, depreciation and write-downs	EBIT	Net financial income and expense	Dividends, gains and losses from trading securities	Non-recurring gains (losses)	Income taxes	Income/(loss) from assets held for disposal	Minority interests	Net Income Group	Net Income Group
AGGREGATE		(1)	(2)	(3)	(4)										
Sorgenia Group		1,734.2	(1,601.3)	(70.5)	(259.5)	(358.5)	(555.6)	(62.8)	(13.5)	--	(12.5)	--	323.8	(320.6)	(40.8)
Espresso Group		524.4	(473.0)	(4.0)	0.1	(23.5)	24.0	(8.0)	--	--	(11.4)	--	(2.1)	2.5	14.7
Sogefi Group		1,010.6	(890.0)	(12.2)	--	(42.6)	65.8	(20.4)	--	--	(19.1)	--	(12.5)	13.8	13.1
KOS Group		276.8	(227.3)	(10.6)	--	(14.1)	24.8	(5.6)	--	--	(9.3)	--	(5.0)	4.9	4.1
Total main subsidiaries		3,546.0	(3,191.6)	(97.3)	(259.4)	(438.7)	(441.0)	(96.8)	(13.5)	--	(52.3)	--	304.2	(299.4)	(8.9)
Other subsidiaries		4.6	(11.0)	7.0	--	(0.1)	0.5	(0.8)	(3.1)	--	(0.3)	--	0.1	(3.6)	(4.5)
CIR and other holding companies															
Revenues		--											--	--	--
Operating costs			(13.3)										(13.3)	(12.0)	
Other operating income and costs				0.5									0.5	3.0	
Adjustments to the value of investments consolidated at equity					1.2								1.2	(0.7)	
Amortisation, depreciation and write-downs						(1.7)							(1.7)	(0.5)	
EBIT							(13.3)								
Net financial income and expense								(1.0)					(1.0)	5.1	
Dividends, gains and losses from trading securities									9.8				9.8	21.9	
Non-recurring gains (losses)										--			--	--	
Income taxes											(1.1)		(1.1)	1.1	
Income (loss) from assets disposed or held for disposal												--	--	(5.9)	
Total CIR and other holding companies before non-recurring items		--	(13.3)	0.5	1.2	(1.7)	(13.3)	(1.0)	9.8	--	(1.1)	--	--	(5.6)	12.0
Non-recurring items (5)		--	(33.8)	--	--	--	(33.8)	18.1	--	491.3	(156.3)	--	--	319.3	(8.6)
Total consolidated of Group		3,550.6	(3,249.7)	(89.8)	(258.2)	(440.5)	(487.6)	(80.5)	(6.8)	491.3	(210.0)	--	304.3	10.7	(10.0)

(1) This item is the sum of "change in inventories", "costs for the purchase of goods", "costs for services", "personnel costs" in the consolidated income statement . It does not consider the effect of € (4.3) million of intercompany eliminations.

(2) This item is the sum of "other operating income" and "other operating expense" in the consolidated income statement. It does not consider the effect of € 4.3 million 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 on securities trading", "losses on securities trading" and "adjustments to the value of financial assets" in the consolidated income statement.

(5) These relate mainly to Lodo Mondadori.

## CONSOLIDATED BALANCE SHEET BY BUSINESS SECTOR

(in millions of euro)

	30/09/13							31/12/12
	Fixed assets	Other net non-current assets and liabilities	Net working capital	Net financial position	Total equity	Minority interests	Group equity	Group equity
<b>CONSOLIDATED</b>								
<b>AGGREGATE</b>	(1)	(2)	(3)	(4)				
Sorgenia group	1,779.6	215.1	207.5	(1,823.5) (*)	378.7	182.4	196.3	502.5
Espresso group	826.5	(209.5)	5.2	(61.7)	560.5	247.8	312.7	310.5
Sogefi group	498.5	(21.8)	57.3	(339.0)	195.0	92.9	102.1	105.2
KOS group	409.1	(24.8)	12.6	(155.1)	241.8	120.3	121.5	118.7
Other subsidiaries	8.7	(3.4)	(12.4)	6.4	(0.7)	0.2	(0.9)	2.9
<b>Total subsidiaries</b>	<b>3,522.4</b>	<b>(44.4)</b>	<b>270.2</b>	<b>(2,372.9)</b>	<b>1,375.3</b>	<b>643.6</b>	<b>731.7</b>	<b>1,039.8</b>
<b>CIR &amp; financial holding companies</b>								
Fixed assets	139.4				139.4		139.4	140.0
Other net non-current assets and liabilities		170.8			170.8		170.8	185.3
Net working capital			(196.4)		(196.4)		(196.4)	(35.0)
Net financial position				542.1	542.1		542.1	33.2
<b>Total for the Group</b>	<b>3,661.8</b>	<b>126.4</b>	<b>73.8</b>	<b>(1,830.8)</b>	<b>2,031.2</b>	<b>643.6</b>	<b>1,387.6</b>	<b>1,363.3</b>

(\*) The financial position includes the free cash flow of Sorgenia Holding S.p.A.

(1) This item is the sum of "intangible assets", "tangible assets", "investment property", "investments in companies consolidated at equity" and "other equity investments" in 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 in the consolidated statement of financial position. This item also includes the "assets held for disposal" and "liabilities associated with assets held for disposal" in the consolidated statement of financial position.

(3) This item is the sum of "inventories", "contract work in progress", "trade receivables" and "other receivables" under current assets, and of "trade payables", "other payables" and "provisions for risks and losses" under current liabilities in the consolidated statement of financial position.

(4) This item is the sum of "financial receivables", "securities", "available-for-sale financial assets" and "cash and cash equivalents" under current assets, of "bonds" and "other borrowings" under non-current liabilities, and of "bank overdrafts", "bonds" and "other borrowings" under current liabilities in the consolidated statement of financial.

## 1. Performance of the Group

### ■ FIRST NINE MONTHS OF 2013

**Consolidated revenues** for the first nine months of 2013 amounted to € 3,550.6 million compared with € 3,625.8 million in the same period of 2012, down by 2.1% because of the decline in sales on the part of the Espresso and Sorgenia Groups.

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

(in millions of euro)	2013	%	2012	%	change	
					absolute	%
<b>Energy</b>						
Sorgenia Group	1,734.2	48.8	1,758.2	48.5	(24.0)	(1.4)
<b>Media</b>						
Espresso Group	524.4	14.8	594.0	16.4	(69.6)	(11.7)
<b>Automotive components</b>						
Sogefi Group	1,010.6	28.5	1,005.1	27.7	5.5	0.6
<b>Healthcare</b>						
KOS Group	276.8	7.8	265.3	7.3	11.5	4.3
<b>Other sectors</b>	4.6	0.1	3.2	0.1	1.4	43.8
<b>Total consolidated revenues</b>	<b>3,550.6</b>	<b>100.0</b>	<b>3,625.8</b>	<b>100.0</b>	<b>(75.2)</b>	<b>(2.1)</b>

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

(in millions of euro)	2013	2012
Revenues	3,550.6	3,625.8
<b>Consolidated EBITDA</b>	<b>(47.1)</b>	<b>253.0</b>
<b>Consolidated operating income (EBIT)</b>	<b>(487.6)</b>	<b>76.2</b>
Financial management result	(87.3)	(70.2)
Non-recurring income (expense)	491.3	-
Income taxes	(210.0)	(20.7)
Income (loss) from assets held for disposal	-	(5.9)
<b>Net income including minority interests</b>	<b>(293.6)</b>	<b>(20.6)</b>
Minority interests	304.3	10.6
<b>Net income of the Group</b>	<b>10.7</b>	<b>(10.0)</b>

In the first nine months of 2013, the **gross operating result (EBITDA)** was negative for € 47.1 million compared with a positive result of € 253 million in the first nine months of 2012, a decrease of € 300.1 million. As mentioned previously, the margin was strongly affected by the results of the Sorgenia Group, which recorded impairment losses with an impact on EBITDA for a total of € 274.8 million. **EBITDA before non-recurring items** amounted to € 262.6 million, slightly higher than € 253.0 million in the same period of 2012 (+3.8%).

**Consolidated EBIT** for the first nine months of 2013 was negative for € 487.6 million compared with a positive figure of € 76.2 million in the same period of 2012. **EBIT before non-recurring items**, mainly related to the Sorgenia Group, amounted to € 103.0 million, compared with € 76.2 million in the first nine months of 2012.

**Financial management generated a net charge** of € 87.3 million compared with one of € 70.2 million in the first nine months of 2012. In detail:

- net financial expense came to € 80.6 million compared with € 91.3 million in the first nine months of 2012;
- negative adjustments to financial assets of € 13.8 million have also been recorded compared with positive adjustments of € 12.5 million in the first nine months of 2012;
- net gains on trading and the valuation of securities amounted to € 7.1 million compared with 8.6 million in the first nine months of last year.

Accounting recognition in the income statement of the definitive compensation received from Fininvest for the "Lodo Mondadori" involved booking the total gross revenue (i.e. including capital, appreciation, interest and expenses) to a specific item of **"Non-recurring income"** located just after the result of financial management and before income taxes. Income taxes on the damages awarded have been calculated, for interim reporting purposes, on the prudent assumption that the full rate of tax would be applied to the entire amount.

The **condensed consolidated statement of financial position of the CIR Group** at 30 September 2013, with comparative figures at 30 June 2013 and 31 December 2012, is as follows:

<i>(in millions of euro)</i>	<b>30/09/2013</b>	<b>30/06/2013</b>	<b>31/12/2012 (*)</b>
Fixed assets	3,661.8	3,911.5	4,250.3
Other net non-current assets and liabilities	126.4	132.4	205.1
Net working capital	73.8	323.4	364.2
<b>Net invested capital</b>	<b>3,862.0</b>	<b>4,367.3</b>	<b>4,819.6</b>
<b>Net financial position</b>	<b>(1,830.8)</b>	<b>(2,370.1)</b>	<b>(2,504.4)</b>
<b>Total equity</b>	<b>2,031.2</b>	<b>1,997.2</b>	<b>2,315.2</b>
Group equity	1,387.6	1,211.8	1,363.3
Minority interests	643.6	785.4	951.9

*(\*) Certain figures at 31 December 2012 have been restated following the application of the amendment to IAS 19 - Employee Benefits.*

**Net invested capital** at 30 September 2013 amounted to € 3,862 million compared with € 4,819.6 million at 31 December 2012 (€ 4,367.3 million at 30 June 2013), a decrease of € 957.6 million, mainly due to the amortisation, depreciation and write-downs charged during the period by the Sorgenia Group and the change in net working capital.

The **net financial position** at 30 September 2013, as indicated previously, showed net debt of € 1,830.8 million (compared with € 2,504.4 million at 31 December 2012 and € 2,370.1 million at 30 June 2013) caused by:

- a net financial surplus for CIR and the other holding companies of € 542.1 million, which compares with € 33.2 million at 31 December 2012. The increase is mainly due to definitive recognition of the compensation under the "Lodo Mondadori".
- total debt of the operating groups of € 2,372.9 million compared with € 2,537.6 million at 31 December 2012. The reduction of € 164.7 million is mainly due to an improvement in working capital and lower net investments.

Note with reference to the "Lodo Mondadori" that the Company will have to pay out a currently estimated amount of approximately € 180 million in taxes and legal fees over the next twelve months; taking these payments into account, net debt would be around € 2 billion.

**Total equity** at 30 September 2013 came to € 2,031.2 million compared with € 2,315.2 million at 31 December 2012 (€ 1,997.2 million at 30 June 2013), a decrease of € 284 million.

**Group equity** at 30 September 2013 amounted to € 1,387.6 million compared with € 1,363.3 million at 31 December 2012 (€ 1,211.8 million at 30 June 2013), with a net increase of € 24.3 million, mainly thanks to the net result for the period.

**Minority interests** at 30 September 2013 amounted to € 643.6 million compared with € 951.9 million at 31 December 2012 (€ 785.4 million at 30 June 2013), with a net decrease of € 308.3 million, which includes minority interests' share of write-downs of the Sorgenia Group.

The **consolidated statement of cash flows** for the first nine months of 2013, prepared according to a managerial format which shows the changes in net financial position, can be summarised as follows:

<i>(in millions of euro)</i>	<b>1/1-30/09 2013</b>	<b>1/1-30/09 2012</b>
<b>SOURCES OF FUNDS</b>		
Result for the period including minority interests	(293.6)	(20.6)
Amortisation, depreciation, write-downs and other non-monetary changes	698.7	193.3
<b>Self-financing</b>	<b>405.1</b>	<b>172.7</b>
<b>Change in working capital</b>	<b>364.3</b>	<b>(147.0)</b>
<b>CASH FLOW GENERATED BY OPERATIONS</b>	<b>769.4</b>	<b>25.7</b>
Capital increases	2.4	24.2
<b>TOTAL SOURCES OF FUNDS</b>	<b>771.8</b>	<b>49.9</b>
<b>APPLICATIONS OF FUNDS</b>		
Net investment in fixed assets	(98.6)	(242.3)
Buy-back of own shares	(0.7)	(3.0)
Payment of dividends	(11.9)	(41.5)
Other changes	13.0	(21.6)
<b>TOTAL APPLICATIONS OF FUNDS</b>	<b>(98.2)</b>	<b>(308.4)</b>
<b>FINANCIAL SURPLUS (DEFICIT)</b>	<b>673.6</b>	<b>(258.5)</b>
<b>NET FINANCIAL POSITION AT THE BEGINNING OF THE PERIOD</b>	<b>(2,504.4)</b>	<b>(2,335.1)</b>
<b>NET FINANCIAL POSITION AT THE END OF THE PERIOD</b>	<b>(1,830.8)</b>	<b>(2,593.6)</b>

The **Financial surplus** for the period amounted to € 673.6 million, compared with a deficit of € 258.5 million in the corresponding period last year. Net of the "Lodo Mondadori" the improvement in the financial balance was € 441 million, thanks to the positive trend in working capital, lower net investment in fixed assets and disposals made by Sorgenia during the period.

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

At 30 September 2013 the Group had 14,199 employees, compared with 13,940 at 31 December 2012.

### ■ THIRD QUARTER OF 2013

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

<i>(in millions of euro)</i>	<b>2013</b>	<b>2012</b>
Revenues	1,141.1	1,218.9
<b>Consolidated EBITDA</b>	<b>(141.8)</b>	<b>77.2</b>
<b>Consolidated operating income (EBIT)</b>	<b>(300.4)</b>	<b>20.6</b>
Financial management result	(13.2)	(24.9)
Non-recurring income (expense)	491.3	-
Income taxes	(145.3)	(4.2)
Income (loss) from assets held for disposal	-	(5.9)
<b>Net income including minority interests</b>	<b>32.4</b>	<b>(14.4)</b>
Minority interests	143.2	3.7
<b>Net income of the Group</b>	<b>175.6</b>	<b>(10.7)</b>

In the third quarter of 2013, **consolidated revenues** came to € 1,141.1 million, a decrease of 6.4% compared with € 1,218.9 million in the same period of 2012, because of the decline in sales on the part of the Sorgenia and Espresso Groups.

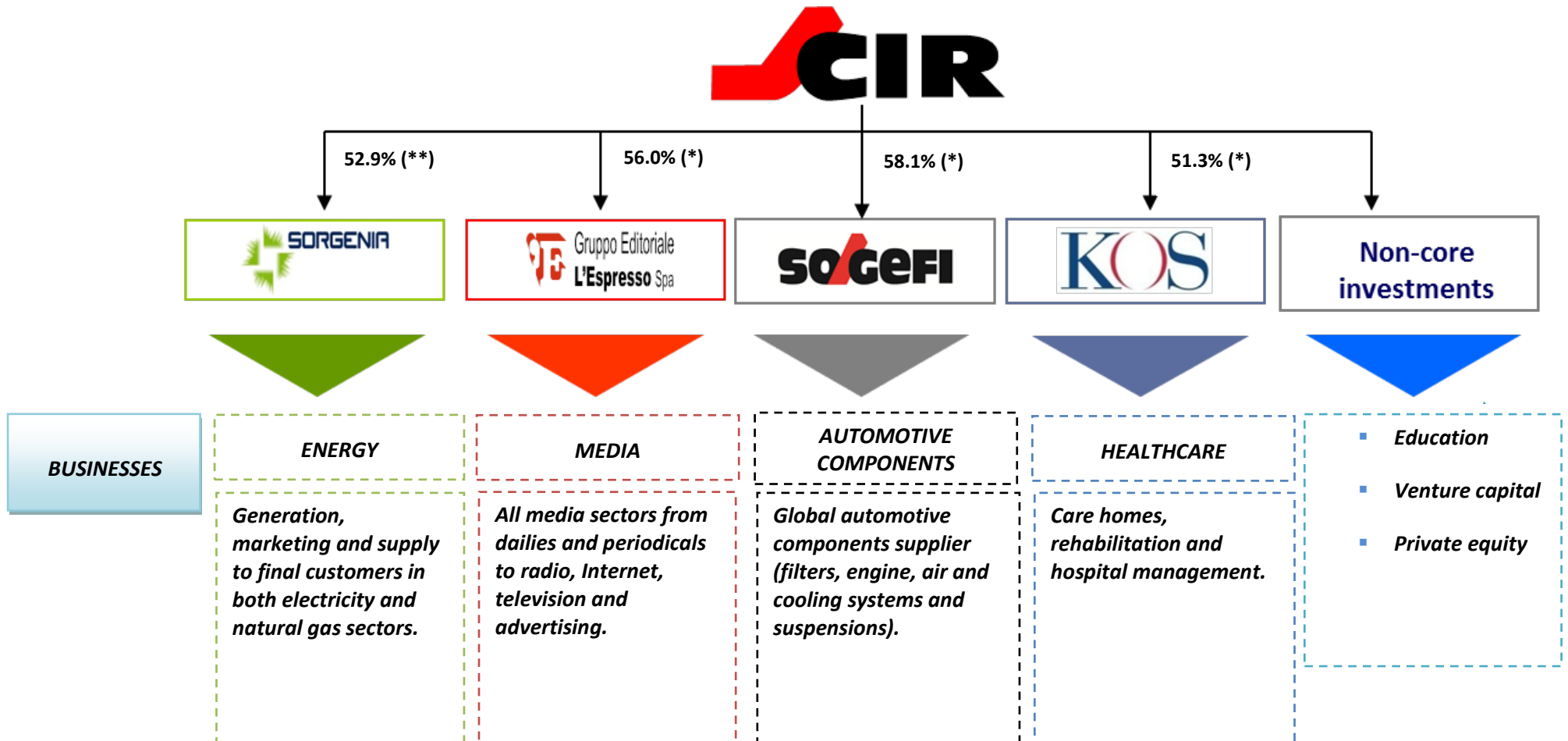
**Consolidated EBITDA** in the third quarter of 2013 was negative for € 141.8 million compared with a positive amount of € 77.2 million in the same period of 2012, a decrease of € 219 million due to non-recurring items during the period, as mentioned above.

Third quarter **EBITDA before non-recurring items** came to € 35.5 million.

**Consolidated EBIT** in the third quarter of 2013 was negative for € 300.4 million compared with a positive € 20.6 million in the same period of 2012, a decrease of € 321 million. Third quarter **EBIT before non-recurring items** was negative for 10,3 million.

**Net income** in the third quarter of 2013 amounted to € 175.6 million, compared with a net loss of € 10.7 million in the corresponding period of 2012. The **net result before non-recurring items** was a loss of € 17.6 million.

**MAIN EQUITY INVESTMENTS OF THE GROUP**  
AS OF 30 SEPTEMBER 2013



(\*) The percentage is calculated net of treasury shares

(\*\*) Percentage of indirect control through Sorgenia Holding

## 2. Performance of the business sectors

### ENERGY

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

Results for the period 1 January-30 September 2013

(in millions of euro)	1/1-30/9 2013	1/1-30/9 2012	Change	
			absolute	%
<b>Revenues</b>	1,734.2	1,758.2	(24.0)	(1.4)
<b>Net result</b>	(434.3)	(77.1)	n.a.	n.a.

3rd quarter 2013 results

(in millions of euro)	3rd quarter 2013	3rd quarter 2012	Change	
			absolute	%
<b>Revenues</b>	565.0	638.9	(73.9)	(11.6)
<b>Net result</b>	(228.0)	(23.0)	(205.0)	n.a.

Situation at 30 September 2013

	30/9/2013	30/6/2013	31/12/2012
<b>Net financial position</b>	(1,757.6)	(1,736.4)	(1,861.6)
<b>No. of employees</b>	423	430	451

In the first nine months of 2013 the Sorgenia Group achieved consolidated revenues of € 1,734.2 million, a slight decrease (-1.4%) on € 1,758.2 million in the same period of 2012.

The results of the Sorgenia Group in the first nine months of 2013 were penalised by € 396.6 million of write-downs<sup>1</sup>. These were made in relation to the difficult economic and sector-based environment and as part of a new strategy to refocus the company on its core business, namely the production and sale of electricity and natural gas. In particular, the carrying values of certain international investments (E&P and renewable energy sources) and the investment in Energia Italiana/Tirreno Power (given its poorer earnings prospects) have been adjusted in compliance with the Group's strategic guidelines. Certain write-downs, particularly those of Energia Italiana/Tirreno Power, have also had an impact at the level of EBITDA as the companies in question are consolidated according to the equity method.

In view of the above, the net result was a loss of € 434.3 million; before write-downs and other non-recurring charges, the net result was a slight improvement on the same period last year.

<sup>1</sup> In CIR's consolidated financial statements, the loss rises to € 574.0 million (€ 287.2 million net of minority interests) as, in addition to the writedowns made by Sorgenia, there are the write-downs of goodwill booked by the parent companies Sorgenia Holding and CIR.

At 30 September 2013, consolidated net debt, excluding all cash flow hedging components, amounted to € 1,757.6 million, a reduction of around € 100 million versus € 1,861.6 million at 31 December 2012; debt has fallen mainly thanks to the proceeds of disposals (some € 73 million).

The Group had 423 employees at 30 September 2013 compared with 451 at 31 December 2012.

At the moment, Sorgenia is preparing a new business plan that envisages three priority objectives: refocusing on the core business (production and sale of electricity), debt reduction and recovery in profit margins. To achieve them, Sorgenia will continue implementing its policy of selling non-core assets, reducing costs and renegotiating gas contracts.

## MEDIA

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

Results for the period 1 January-30 September 2013

<i>(in millions of euro)</i>	1/1-30/9	1/1-30/9	Change	
	2013	2012	absolute	%
<b>Revenues</b>	524.4	594.0	(69.6)	(11.7)
<b>Net result</b>	4.5	26.4	(21.9)	n.a.

3rd quarter 2013 results

<i>(in millions of euro)</i>	3rd quarter	3rd quarter	Change	
	2013	2012	absolute	%
<b>Revenues</b>	155.0	174.2	(19.2)	(11.0)
<b>Net result</b>	0.8	5.2	(4.4)	n.a.

Situation at 30 September 2013

	30/9/2013	30/06/2013	31/12/2012
<b>Net financial position</b>	(61.7)	(86.1)	(108.1)
<b>No. of employees</b>	2,467	2,502	2,536

In the first nine months of 2013, the Espresso Group achieved consolidated revenues of € 524.4 million, down by 11.7% from € 594 million in the corresponding period of the previous year, as a result of the crisis that is affecting the entire sector. In effect In 2013, the ongoing economic downturn has had a significant impact on the publishing industry, which posted negative trends in both advertising revenues and circulation figures for newspapers and magazines.

Advertising expenditure for the eight months to August 2013 fell by 15.8% compared with the same period of 2012 (source: Nielsen Media Research).

All traditional media reported significant downturns in their advertising revenues: press (-23.0%), television (-14.6%) and radio (-12.6%). After years of sustained growth, the Internet experienced a setback (-3.0% excluding search engines as they are not detected by Nielsen).

As regards circulation, the figures published by ADS (Accertamento Diffusione Stampa, August YTD) show a 9.4% decline in daily newspaper sales.

Total costs have been reduced by 7.8%: excluding digital publishing and DTT, where costs are rising to support their development, there has been a 12.2% reduction thanks to further rationalisation, especially in the industrial and administrative areas.

Consolidated EBITDA amounts to € 47.5 million versus € 82.8 million in the corresponding period of 2012. All traditional areas of activity showed a decline in EBITDA due to the general decrease in advertising revenues; the decline is more substantial for the national press (*la Repubblica* and magazines), as this segment has suffered the largest decline in the advertising market; the results of local newspapers and radio stations are showing greater resilience.

Consolidated EBIT came to € 24 million versus € 54.3 million in the same period last year.

Consolidated net income was € 4.5 million compared with € 26.4 million in the first nine months of 2012.

Consolidated net debt at 30 September 2013 amounted to € 61.7 million, a further improvement on € 108.1 million at 31 December 2012, with a financial surplus of € 46.4 million.

At 30 September 2013, the Group had 2,467 employees, including those on fixed-term contracts. The average workforce for the period was 4.8% lower than in the first nine months of 2012.

In a market where it is very hard to make a profit, the Group is continuing to pursue its fundamental objectives: maintaining the success of traditional products, reducing their costs, developing digital television and enhancing television assets.

The Group has embarked on new and incisive measures to reduce costs, taking the market situation into account.

As regards the enhancement of television assets, note that at the beginning of October the Espresso Group signed an agreement relating to a possible integration between the network operator activities of the subsidiary Rete A and Telecom Italia Media Broadcasting (TIMB), which is controlled by Telecom Italia Media. By integrating five multiplexers (or Mux) with national coverage (three from TIMB and two from Rete A) on a single digital technology platform, this would create the leading independent network operator in Italy.

## AUTOMOTIVE COMPONENTS

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

Results of the period 1 January-30 September 2013

(in millions of euro)	1/1-30/9	1/1-30/9	Change	
	2013	2012	absolute	%
<b>Revenues</b>	1,010.6	1,005.1	5.5	0.6
<b>Net result</b>	23.8	21.7	2.1	9.4

## Results of the 3rd quarter 2013

(in millions of euro)	3rd quarter	3rd quarter	Change	
	2013	2012	absolute	%
<b>Revenues</b>	328.9	318.2	10.7	3.3
<b>Net result</b>	7.6	6.1	1.5	23.6

## Situation at 30 September 2013

	30/9/2013	30/6/2013	31/12/2012
<b>Net financial position</b>	(339.0)	(341.1)	(295.8)
<b>No. of employees</b>	6,840	6,727	6,735

Regarding the overall performance of the automotive market in the first nine months of 2013, the rise in new car registrations in North America (+5.7% on the first nine months of 2012), in Mercosur (+2.6%) and in China (+13%) compensated for the weakness of the European market (-4%).

In this context, in the first nine months of the year the Sogefi Group had consolidated revenues of € 1,010.6 million, a slight increase compared with the first nine months of 2012 (+0.6%), despite the negative exchange rate effect. At constant exchange rates, revenues would have increased by 4.5%.

This performance was made possible by the development of the group in North America (+21%), Asia (+31%) and the Mercosur (+2.8%), taking into account the 3.8% decline in Europe due to market trends,

The *Engine Systems* sector grew by 2.8%, while the *Suspension Components* sector fell by 2.8%, mainly reflecting the decline in the European market.

Consolidated EBITDA amounted to € 108.4 million, 9.8% up on € 98.7 million in the first nine months of 2012.

EBIT amounted to € 65.8 million, an increase of 24% compared with € 53 million in the first nine months of 2012 and consolidated net income amounted to € 23.8 million, 9.4% up on € 21.7 million in the first nine months of 2012.

Net debt at 30 September 2013 was € 339 million (€ 341.1 million at 30 June 2013 and € 295.8 million at 31 December 2012).

The Group had 6,840 employees at 30 September 2013 (6,735 at 31 December 2012).

For the whole of 2013, the expectation of slight growth in the global automotive market is confirmed, characterized in the fourth quarter by a stabilization of the European market at current low levels of production, continuing solidity of the markets in North America and Asia and a more moderate rise in Latin America.

In this context, Sogefi plans to continue its medium-term development strategy through: continuous internationalisation of the group; continuation of the group integration and the intensification of efficiency measures, which could result in increased restructuring costs during the latter part of the year.

## HEALTHCARE

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

Results of the period 1 January-30 September 2013

<i>(in millions of euro)</i>	1/1-30/9	1/1-30/9	Change	
	2013	2012	absolute	%
<b>Revenues</b>	276.8	265.3	11.5	4.3
<b>Net result</b>	9.6	8.0	1.6	20.0

3rd quarter 2013 results

<i>(in millions of euro)</i>	3rd quarter	3rd quarter	Change	
	2013	2012	absolute	%
<b>Revenues</b>	90.3	86.6	3.7	4.3
<b>Net result</b>	3.5	3.4	0.1	2.9

Situation at 30 September 2013

	30/9/2013	30/06/2013	31/12/2012
<b>Net financial position</b>	(155.1)	(173.6)	(163.4)
<b>No. of employees</b>	4,310	4,264	4,164

In the first nine months of 2013, the KOS Group generated revenues of € 276.8 million compared with € 265.3 million in the same period of 2012 (+4.3%), thanks to growth in all three business areas.

Consolidated EBITDA came to € 41.3 million, up on € 37.9 million in the first nine months of 2012, principally because of the change in the scope of consolidation and business developments that took place in 2012.

Consolidated EBIT came to € 24.9 million (9% of revenues) versus € 23.1 million (8.7% of revenues) in the same period last year, principally because of the change in the scope of consolidation.

Consolidated net income for first nine months of 2013 amounted to € 9.6 million compared with € 8 million in the same period of 2012.

At 30 September 2013 the KOS Group had net debt of € 155.1 million, compared with € 163.4 million at 31 December 2012: the improvement is attributable to the cash flow generated by operations.

The KOS Group manages 68 facilities in central and northern Italy, for a total of some 5,971 beds in use, with another 900 being built.

The Group had 4,310 employees at 30 September 2013 compared with 4,164 at 31 December 2012.

### 3. Non-core investments

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These are represented by private equity , minority shareholdings and other investments, for a value at 30 September 2013 amounted to € 187.7 million, compared with € 198.3 at 31 December 2012.

#### 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 September 2013, based on the NAVs provided by the various funds, came to € 67 million, a decline of € 11 million compared with 31 December 2012. Distributions were received during the period for a total of € 19 million, including € 10.5 million of returned capital and € 8.5 million of realized gains.

Outstanding commitments at 30 September 2013 amounted to € 8.0 million.

#### OTHER INVESTMENTS

Directly and indirectly, CIR holds investments in non-controlling interests for a total value of € 120.7 million at 30 September 2013.

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, restaurants, etc.), with 5,000 students from 80 different countries enrolled in its five renowned facilities in Switzerland. In the first nine months of 2013, the SEG Group boosted its turnover compared with the previous year and margins are improving as well. This has been possible thanks to the high number of students, especially as a result of targeted marketing efforts in Asia and, more recently, in Latin America, and the systematic steps taken by management to optimise the cost structure. The value of the investment at 30 September 2013, including a € 4 million loan, amounted to € 18 million.

Again in the education and training sector, on 19 March, the CIR Group acquired, with an investment of € 6.5 million, 100% of Southlands S.r.l., an international school based in Rome with around 500 students representing over 40 different nationalities, with an expected turnover for the year ending 31 August 2013 of approximately € 6 million.

The purchase of Southlands S.r.l. is part of a development project in the field of private international schools, which began with the opening of a first school in Lausanne, Switzerland (LLIS Lake Lemman International School SA) in 2011.

CIR Ventures is the corporate venture capital fund through which the CIR Group invests in early-stage companies in high-tech sectors. CIR Ventures' portfolio currently includes investments in four companies, three of which in the United States and one in Israel, operating in the fields of electronics and information and communication technologies (ICT). The overall fair value at 30 September 2013 amounted to € 5.7 million, compared with € 10.3 million at 31 December 2012, the decline being due to the permanent impairment of certain assets.

During the first nine months of the year, Nexenti Advisory (formerly Jupiter Finance) focused its servicing functions as an asset advisor in the companies Zeus and Urania, in order to protect and ensure the strategic objectives of its stakeholders.

At 30 September 2013 the net value of the CIR Group's investments in activities related to non-performing loans amounted to € 78.3 million.

#### ***4. Significant events subsequent to 30 September 2013 and outlook for operations***

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The section in the report on the performance of the business sectors provides information on the main events that took place after 30 September 2013.

The performance of the CIR Group in the latter part of 2013 will be influenced by the evolution of the macroeconomic environment, especially that of the Italian economy, which is still characterised by an ongoing recession. In this scenario, all of the Group's main operating subsidiaries will continue to take action to improve operating efficiency, but without giving up their business development initiatives.

#### ***5. Other information***

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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 September 2013 was approved by the Board of Directors on 28 October 2013.

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

## **CIR GROUP**

### **CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2013**

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STATEMENT OF FINANCIAL POSITION

INCOME STATEMENT

NET FINANCIAL POSITION

## 1. Consolidated statement of financial position

(in thousands of euro)

ASSETS	30.09.2013	30.06.2013	31.12.2012 (*)
<b>NON-CURRENT ASSETS</b>	<b>4,212,212</b>	<b>4,467,023</b>	<b>4,863,889</b>
INTANGIBLE ASSETS	1,255,855	1,344,901	1,501,522
TANGIBLE ASSETS	2,279,381	2,319,999	2,367,626
INVESTMENT PROPERTY	21,760	21,965	22,541
INVESTMENTS IN COMPANIES CONSOLIDATED AT EQUITY	98,970	218,713	353,070
OTHER INVESTMENTS	5,832	5,882	5,580
OTHER RECEIVABLES	235,408	237,026	238,815
SECURITIES	89,213	99,657	111,244
DEFERRED TAXES	225,793	218,880	263,491
<b>CURRENT ASSETS</b>	<b>2,972,235</b>	<b>3,144,496</b>	<b>3,185,006</b>
INVENTORIES	170,651	170,751	170,757
CONTRACTED WORK IN PROGRESS	32,393	34,931	42,258
TRADE RECEIVABLES	1,162,794	1,181,036	1,447,833
OTHER RECEIVABLES	328,896	409,986	306,700
FINANCIAL RECEIVABLES	35,745	35,801	35,489
SECURITIES	360,440	354,923	410,343
AVAILABLE-FOR-SALE FINANCIAL ASSETS	103,782	105,977	105,473
CASH AND CASH EQUIVALENTS	777,534	851,091	666,153
ASSETS HELD FOR DISPOSAL	--	--	34,444
<b>TOTAL ASSETS</b>	<b>7,184,447</b>	<b>7,611,519</b>	<b>8,083,339</b>
<b>LIABILITIES AND EQUITY</b>	<b>30.09.2013</b>	<b>30.06.2013</b>	<b>31.12.2012</b>
<b>EQUITY</b>	<b>2,031,179</b>	<b>1,997,206</b>	<b>2,315,220</b>
ISSUED CAPITAL	397,146	396,670	396,670
less TREASURY SHARES	(24,921)	(24,958)	(24,995)
SHARE CAPITAL	372,225	371,712	371,675
RESERVES	278,879	279,726	267,608
RETAINED EARNINGS (LOSSES)	725,750	725,338	754,430
NET INCOME FOR THE PERIOD	10,724	(164,942)	(30,371)
<b>GROUP EQUITY</b>	<b>1,387,578</b>	<b>1,211,834</b>	<b>1,363,342</b>
MINORITY INTERESTS	643,601	785,372	951,878
<b>NON-CURRENT LIABILITIES</b>	<b>3,125,444</b>	<b>3,177,778</b>	<b>3,242,747</b>
BONDS	611,559	616,636	496,379
OTHER BORROWINGS	2,089,881	2,138,020	2,303,836
OTHER PAYABLES	1,038	3,196	2,888
DEFERRED TAXES	182,627	179,526	179,507
PERSONNEL PROVISIONS	137,525	137,259	140,778
PROVISIONS FOR RISKS AND LOSSES	102,814	103,141	119,359
<b>CURRENT LIABILITIES</b>	<b>2,027,824</b>	<b>2,436,535</b>	<b>2,524,988</b>
BANK OVERDRAFTS	223,534	215,365	165,850
BONDS	12,400	9,691	4,354
OTHER BORROWINGS	170,909	738,189	751,496
TRADE PAYABLES	977,330	941,342	1,192,436
OTHER PAYABLES	536,272	412,486	306,135
PROVISIONS FOR RISKS AND LOSSES	107,379	119,462	104,717
LIABILITIES HELD FOR DISPOSAL	--	--	384
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>7,184,447</b>	<b>7,611,519</b>	<b>8,083,339</b>

(\*) Certain figures at 31 December 2012 were restated following application of the amendment to IAS 19 - Employee Benefits

## 2. Consolidated income statement

(in thousands of euro)

	1/1-30/9 2013	1/1-30/9 2012	3rd quarter 2013	3rd quarter 2012
SALES REVENUES	3,550,630	3,625,795	1,141,069	1,218,849
CHANGE IN INVENTORIES	(4,318)	10,922	(2,003)	(1,971)
COSTS FOR THE PURCHASE OF GOODS	(2,071,026)	(2,153,976)	(691,109)	(760,481)
COSTS FOR SERVICES	(625,627)	(614,999)	(231,476)	(188,014)
PERSONNEL COSTS	(544,384)	(550,808)	(167,095)	(168,985)
OTHER OPERATING INCOME	87,901	77,516	23,698	19,211
OTHER OPERATING EXPENSE	(182,025)	(135,838)	(92,484)	(39,717)
ADJUSTMENTS TO THE VALUE OF INVESTMENTS CONSOLIDATED AT EQUITY	(258,245)	(5,589)	(122,443)	(1,692)
AMORTISATION, DEPRECIATION & WRITE-DOWNS	(440,476)	(176,798)	(158,577)	(56,571)
<b>INCOME BEFORE FINANCIAL ITEMS AND TAXES (EBIT)</b>	<b>(487,570)</b>	<b>76,225</b>	<b>(300,420)</b>	<b>20,629</b>
FINANCIAL INCOME	65,127	53,711	38,348	14,836
FINANCIAL EXPENSE	(145,686)	(145,025)	(48,193)	(45,353)
DIVIDENDS	325	396	--	7
GAINS FROM TRADING SECURITIES	9,879	10,832	2,901	4,383
LOSSES FROM TRADING SECURITIES	(3,237)	(2,698)	(1,733)	(1,450)
ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS	(13,783)	12,531	(4,466)	2,645
NON-RECURRING GAINS (LOSSES)	491,312	--	491,312	--
<b>INCOME BEFORE TAXES</b>	<b>(83,633)</b>	<b>5,972</b>	<b>177,749</b>	<b>(4,303)</b>
INCOME TAXES	(209,999)	(20,655)	(145,271)	(4,195)
<b>INCOME (LOSS) AFTER TAXES FROM OPERATING ACTIVITY</b>	<b>(293,632)</b>	<b>(14,683)</b>	<b>32,478</b>	<b>(8,498)</b>
INCOME/(LOSS) FROM ASSETS HELD FOR DISPOSAL	--	(5,906)	--	(5,906)
<b>NET INCOME FOR THE PERIOD INCLUDING MINORITY INTER </b>	<b>(293,632)</b>	<b>(20,589)</b>	<b>32,478</b>	<b>(14,404)</b>
- MINORITY INTERESTS	304,356	10,616	143,188	3,728
<b>- NET INCOME (LOSS) OF THE GROUP</b>	<b>10,724</b>	<b>(9,973)</b>	<b>175,666</b>	<b>(10,676)</b>

### 3. Consolidated net financial position

(in thousands of euro)

	30.09.2013	30.06.2013	30.12.2012
A. Cash and bank deposits	777,534	851,091	666,153
B. Other cash equivalents	103,782	105,977	105,473
C. Securities held for trading	360,440	354,923	410,343
<b>D. Cash and cash equivalents (A) + (B) + (C)</b>	<b>1,241,756</b>	<b>1,311,991</b>	<b>1,181,969</b>
<b>E. Current financial receivables</b>	<b>35,745</b>	<b>35,801</b>	<b>35,489</b>
F. Current bank payables	(345,521)	(331,238)	(292,787)
G. Bonds issued	(12,400)	(9,691)	(4,354)
H. Current portion of non-current debt	(48,922)	(622,316)	(624,546)
I. Other current borrowings	--	--	(13)
<b>J. Current financial debt (F) + (G) + (H) + (I)</b>	<b>(406,843)</b>	<b>(963,245)</b>	<b>(921,700)</b>
<b>K. Current net financial position (J) + (E) + (D)</b>	<b>870,658</b>	<b>384,547</b>	<b>295,758</b>
L. Non-current bank borrowings	(1,853,151)	(1,896,511)	(2,042,918)
M. Bonds issued	(611,559)	(616,636)	(496,379)
N. Other non-current payables	(236,730)	(241,509)	(260,918)
<b>O. Non-current financial debt (L) + (M) + (N)</b>	<b>(2,701,440)</b>	<b>(2,754,656)</b>	<b>(2,800,215)</b>
<b>P. Net financial position (K) + (O)</b>	<b>(1,830,782)</b>	<b>(2,370,109)</b>	<b>(2,504,457)</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## 1. Introduction

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This consolidated quarterly report at 30 September 2013 (unaudited) was prepared in accordance with IAS/IFRS international accounting standards, which since 2005 have been mandatory for consolidated financial statements of companies listed on European regulated markets.

The figures provided for comparison purposes were also determined in accordance with IAS/IFRS.

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

## 2. Consolidation principles

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Consolidation is on a line-by-line basis. The criteria adopted in applying this method are the same as those used at 31 December 2012.

The consolidated interim financial statements of the Group as of 30 September 2013, like those as of 31 December 2012, are the result of the consolidation at those dates of the financial statements of CIR, the parent company, and all of the companies directly or indirectly controlled, joint ventures or associates, except for those in liquidation. The assets and liabilities of companies due to be sold are reclassified to assets and liabilities held for disposal in order to disclose them separately.

### 3. Accounting policies

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The accounting policies adopted for the preparation of the interim financial statements as of 30 September 2013 are the same as those adopted for the financial statements for the year ended 31 December 2012.

### 4. Share capital

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The share capital increased from € 396,670,233.50 at 31 December 2012 (made up of 793,340,467 shares with a nominal value of € 0.50 each) to € 397,146,183.50 (794,292,367 shares) at 30 September 2013 due to the issue of 951,900 shares resulting from the exercise of stock options.

At 30 September 2013 the Company held 49,841,550 treasury shares (6.27% of the share capital) for a value of € 108,020 thousand, compared with 49,989,000 treasury shares (6.30% of the share capital) for a value of € 108,340 thousand at 31 December 2012.

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

Regarding stock option plans and stock grants, at 30 September 2013 there were 46,833,508 options outstanding, corresponding to an equivalent number of shares.

The notional cost of the stock options granted to employees, which is shown in a separate item of equity, amounted to € 3,082 thousand at 30 September 2013.

CERTIFICATION IN ACCORDANCE WITH THE TERMS  
OF ART. 154 BIS, PARAGRAPH 2, OF D.LGS. NO. 58/1998

**Re: Interim Financial Report as of 30 September 2013**

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

hereby declares

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

*Milan, 28 October 2013*

CIR S.p.A.

Giuseppe Gianoglio

