INTERIM FINANCIAL REPORT

AS OF 30 SEPTEMBER 2014

COMPAGNIE INDUSTRIALI RIUNITE

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COMPAGNIE INDUSTRIALI RIUNITE
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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 "182-bis L.F." 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.

For this reason, the CIR Group has applied IFRS 5 for the consolidation of the Sorgenia Group, starting with the interim report at 30 June 2014. According to this standard, the Sorgenia Group has to be classified as assets held for sale. Sorgenia's results are therefore no longer included in CIR's consolidated financial statements on a line-by-line basis, but listed on a single line in the balance sheet called "Assets/liabilities held for sale" separate from other assets and liabilities.

The same presentation is used in the income statement, where only the net result is reported. 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 statement of financial position reflect this reclassification..

2. Key figures

In the first nine months of 2014, the CIR Group achieved a turnover of € 1,776.6 million (-1.5%) compared with € 1,804.5 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 4.7%.

Consolidated EBITDA amounts to € 154.1 million, an increase of 9.5% compared with € 140.7 million in the first nine months of last year. The growth is mainly due to the improvement in the margin of the parent company CIR, which in the first nine months of 2013 sustained non-recurring charges related to the Lodo Mondadori, and the slight increase in profitability recorded by the Espresso and KOS Groups. These factors allowed us to more than offset the decline in the Sogefi Group's margins.

The **consolidated net result** came in at € 5.4 million; In the same period last year, it amounted to € 10.7 million and to -€ 16.2 million if we exclude non-recurring items. It should be remembered that the result for the first nine months of 2013 was characterized by two opposite-sign non-recurring

The contribution made by the operating subsidiaries came to € 4.4 million; in the same period last year, the operating subsidiaries generated a negative contribution of € 299.4 million; excluding the write-downs of the Sorgenia Group, the contribution would have been negative for € 12.2 million.

Espresso and KOS have made profits substantially in line with the same period last year.

Sogefi recorded a loss of € 5.8 million, compared with a profit of 23.8 million in the same period of 2013; this performance is due to the negative evolution of the South American market, the slight decline in margins in Europe and non-recurring charges. Sogefi's contribution to the consolidated financial statements of the CIR Group was therefore negative for € 4.2 million, compared with a positive contribution last year of € 9.4 million.

In the first nine months of 2014, the Sorgenia Group posted a loss of € 43.0 million, a decrease compared with the figure recorded the previous year (- € 434.3 million, -€ 65.5 million excluding extraordinary items); in any case, during the current year, its contribution to CIR's consolidated result was zero, since the company's loss was fully offset by the write-downs already made on a consolidated basis in the financial statements at 31 December 2013. Note that this contribution was a negative € 320.6 million in the same period last year, of which € 287.2 million was due to extraordinary items.

The holding company CIR (including the non-operative subsidiaries) recorded a profit of € 1.1 million compared with one of € 310.1 million in the same period of 2013; excluding non-recurring items, mainly related to the Lodo Mondadori, the Company would have posted a loss of € 4.0 million in 2013.

Consolidated net debt at 30 September 2014 amounts to € 156.8 million versus € 1,845.3 million at 31 December 2013; the difference is due to the non-consolidation of Sorgenia's net financial position in accordance with IFRS 5.

The charts on the following pages show a breakdown by business sector of the Group's economic and financial results, 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 THE RESULTS OF THE GROUP

(in millions of euro)

CONSOLIDATED / AGGREGATE	*Revenues*	*Costs of production* (1)	*Other operating income & expense* (2)	*Adjustments to the value of investments consolidated at equity*	*Amortisation, depreciation & write-downs*	*EBIT*	*Net financial income & expense* (3)	*Dividends, net gains and losses on trading and the valuation of securities* (4)	*Income taxes*	*Income/(loss) from assets held for sale*	*Minority interests*	*Net result of the Group* 1/1-30/9 2014	*Net result of the Group* 1/1-30/9 2013
Espresso Group	471.2	(433.6)	3.4	0.5	(15.4)	26.1	(9.0)	(2.9)	(9.3)	(0.3)	(2.1)	2.5	2.5
Sogefi Group	1,010.2	(903.0)	(26.8)	--	(43.9)	36.5	(30.0)	--	(9.0)	--	(0.8)	(3.3)	13.8
KOS Group	289.7	(236.9)	(10.4)	(0.1)	(14.8)	27.5	(6.9)	--	(9.5)	--	(5.9)	5.2	4.9
Total for main subsidiaries	**1,771.1**	**(1,573.5)**	**(33.8)**	**0.4**	**(74.1)**	**90.1**	**(45.9)**	**(2.9)**	**(27.8)**	**(0.3)**	**(8.8)**	**4.4**	**21.2**
Other subsidiaries	5.5	(9.1)	3.8	--	--	0.2	(0.5)	0.3	(0.1)	--	(0.1)	(0.2)	(3.6)
Total subsidiaries	**1,776.6**	**(1,582.6)**	**(30.0)**	**0.4**	**(74.1)**	**90.3**	**(46.4)**	**(2.6)**	**(27.9)**	**(0.3)**	**(8.9)**	**4.2**	**17.6**
CIR and other holding companies													
Revenues	--											--	--
Net operating costs		(12.1)										(12.1)	(12.2)
Other operating income & expense			1.1									1.1	0.5
Adjustments to the value of investments consolidated at equity				0.8								0.8	1.2
Amortisation, depreciation & write-downs					(0.6)							(0.6)	(1.7)
EBIT						(10.8)							
Net financial income & expense							(6.8)					(6.8)	(1.0)
Dividends and net gains from securities trading								14.3				14.3	9.8
Income taxes									4.6			4.6	3.0
Total CIR and other holding companies	**--**	**(12.1)**	**1.1**	**0.8**	**(0.6)**	**(10.8)**	**(6.8)**	**14.3**	**4.6**	**--**	**--**	**1.3**	**(0.4)**
Result prior to assets held for sale and non-recurring items	**1,776.6**	**(1,594.7)**	**(28.9)**	**1.2**	**(74.7)**	**79.5**	**(53.2)**	**11.7**	**(23.3)**	**(0.3)**	**(8.9)**	**5.5**	**17.2**
Non-recurring items	--	--	--	--	--	--	--	--	--	--	--	--	314.1
Assets held for sale	--	(0.1)				(0.1)	--	--	(0.1)	(2.5)	2.6	(0.1)	(320.6)
Consolidated total for the Group	**1,776.6**	**(1,594.8)**	**(28.9)**	**1.2**	**(74.7)**	**79.4**	**(53.2)**	**11.7**	**(23.4)**	**(2.8)**	**(6.3)**	**5.4**	**10.7**

(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 € (3) million effect of intercompany eliminations.
(2) This item is the sum of "other operating income" and "other operating costs" in the consolidated income statement. This item does not take into consideration the € 3 million effect of intercompany eliminations.
(3) This item is the sum of "financial income" and "financial expense" in the consolidated income statement.
(4) This item is the sum of "dividends", "gains from trading securities", "losses from trading securities" and "adjustments to the value of financial assets" in the consolidated income statement.

CONSOLIDATED FINANCIAL POSITION BY BUSINESS SECTOR

(in millions of euro)

CONSOLIDATED / AGGREGATE	*30.09.2014*								*31.12.2013*
	Fixed a ssets (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	748.0	(151.1)	15.5	(44.8)	567.6		251.3	316.3	313.5
Sogefi Group	518.0	(29.8)	52.8	(348.5)	192.5		94.9	97.6	97.7
KOS Group	451.4	(24.4)	(11.4)	(158.7)	256.9		128.3	128.6	123.2
Other subsidiaries	8.2	(8.7)	(6.3)	3.8	(3.0)		--	(3.0)	(3.2)
Total subsidiaries	**1,725.6**	**(214.0)**	**50.6**	**(548.2)**	**1,014.0**		**474.5**	**539.5**	**531.2**
CIR and other holding companies									
Fixed assets	69.7				69.7			69.7	69.1
Other net non-current assets and liabilities		166.1			166.1			166.1	126.5
Net working capital			(18.5)		(18.5)			(18.5)	(133.9)
Net financial position				391.3	391.3			391.3	538.0
Assets held for sale	--	3.5	(0.1)	0.1	3.5		3.5	--	0.1
Consolidated total for the Group	**1,795.3**	**(44.4)**	**32.0**	**(156.8)**	**1,626.1**		**478.0**	**1,148.1**	**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 financial position. 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 financial position.
(4) This item is the sum of "financial receivables", "securities", "available-for-sale financial assets" and "cash and cash equivalents" under current assets, "bonds" and "other borrowings" under non-current liabilities and "bank overdrafts", "bonds" and "other borrowings" under current liabilities in the consolidated statement of financial position.

3. Performance of the Group

▪ First nine months of 2014

Consolidated sales revenues for the first nine months of 2014 came in at € 1,776.6 million versus € 1,804.5 million in the same period of 2013, a decrease of € 27.9 million (-1.5%). Espresso has reported a drop in revenues of 8.1%; KOS an increase of 4.7%; Sogefi's revenues are stable.

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

(in millions of euro)	2014	%	2013	%	Change absolute	Change %
Media						
Espresso Group	471.2	26.5	512.6	28.4	(41.4)	(8.1)
Automotive components						
Sogefi Group	1,010.2	56.9	1,010.6	56.0	(0.4)	--
Healthcare						
KOS Group	289.7	16.3	276.8	15.3	12.9	4.7
Other sectors	5.5	0.3	4.5	0.3	1.0	22.2
Total consolidated revenues	**1,776.6**	**100.0**	**1,804.5**	**100.0**	**(27.9)**	**(1.5)**

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

(in millions of euro)	**2014**	**2013**
Revenues	1,776.6	1,804.5
Consolidated EBITDA	**154.1**	**140.7**
Consolidated EBIT	**79.4**	**66.7**
Financial management result	(41.5)	(10.9)
Non-recurring income (expense)	-	491.3
Income taxes	(23.4)	(197.1)
Income (loss) from assets held for sale	(2.8)	(643.6)
Net income including minority interests	**11.7**	**(293.6)**
Minority interests	(6.3)	304.3
Net income of the Group	**5.4**	**10.7**

In the first nine months of 2014, **consolidated EBITDA** came to € 154.1 million (8.7% of revenues) compared with € 140.7 million in the first nine months of 2013, an increase of € 13.4 million (+9.5%). The growth is mainly due to the improvement in the margin of the parent company CIR, which in the first nine months of 2013 suffered from non-recurring charges related to the Lodo Mondadori, and to the slight increase in profitability recorded by the Espresso and KOS Groups. These factors made it possible to offset the decline in margins at the Sogefi Group.

Consolidated (EBIT) in the first nine months of 2014 came to € 79.4 million compared with € 66.7 million in the same period of 2013. The increase amounts to € 12.7 million and reflects the trend in EBITDA.

Financial management generated a net charge of € 41.5 million compared with one of € 10.9 million in the first nine months of 2013 in detail:

- net financial expense came to € 72.9 million compared with € 63.9 million in the first nine months of last year. The increase relates mainly to the Sogefi Group;
- financial income decreased from € 46.2 million to € 19.7 million, due to lower investment returns in the current year and to the € 18 million of income posted in the first nine months of 2013 on releasing the provision set aside in previous years for legal interest on the payment received as a result of the Lodo Mondadori sentence;
- net gains on trading of securities amounted to € 9.5 million compared with € 7.0 million in the first nine months of last year;
- positive adjustments in the value of financial assets were recorded for € 2.2 million, compared with negative adjustments of € 0.3 million in the first nine months of 2013.

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

(in millions of euro) (1)	*30.09.2014*	*30.06.2014*	*31.12.2013*	of which *Sorgenia*
Fixed assets	1,795.3	1,779.6	3,269.1	1,455.7
Other net non-current assets and liabilities	(44.4)	(50.0)	37.8	181.7
Net working capital	32.0	(59.2)	140.7	226.6
Net invested capital	**1,782.9**	**1,670.4**	**3,447.6**	**1,864.0**
Net financial debt	**(156.8)**	**(56.6)**	**(1,845.3)**	**(1,855.2)**
Total equity	**1,626.1**	**1,613.8**	**1,602.3**	**8.8**
Equity of the Group	1,148.1	1,137.6	1,131.0	--
Minority interests	478.0	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 September 2014 amounted to € 1,782.9 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) and with € 1,670.4 million at 30 June 2014. The increase in the first nine months of 2014 was € 199.3 million, largely due to the payment of taxes and legal fees in connection with the Lodo Mondadori.

The **net financial position** at 30 September 2014 showed net debt of € 156.8 million (compared with € 1,845.3 million at 31 December 2013 and € 56.6 million at 30 June 2014) caused by:

- a financial surplus for CIR and other holding companies of € 391.3 million, which compares with € 538 million at 31 December 2013. The decline in the surplus is due to payments relating to the Lodo Mondadori, already provided for in the financial statements at 31 December 2013;
- total debt of the operating groups (excluding the Sorgenia Group) of € 548.1 million compared with € 528.1 million at 31 December 2013. The rise of € 20 million is mainly due to the increase in the Sogefi Group's debt for € 43.9 million, partially offset by the improvement of the one of the Espresso Group for € 28.7 million.

Total equity at 30 September 2014 came to € 1,626.1 million compared with € 1,602.3 million at 31 December 2013 (€ 1,613.8 million at 30 June 2014), a rise of € 23.8 million.

Group equity at 30 September 2014 amounted to € 1,148.1 million compared with € 1,131.0 million at 31 December 2013 (€ 1,137.6 million at 30 June 2014), with a net increase of € 17.1 million, mainly thanks to the net result for the period and the change in the translation reserve.

At 30 September 2014 **minority interests** amounted to € 478.0 million versus € 471.3 million at 31 December 2013 (€ 476.2 million at 30 June 2014), a net increase of € 6.7 million.

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

(in millions of euro)	**1/1-30/09 2014**	**1/1-30/09 2013**
SOURCES OF FUNDS		
Result for period including minority interests from continuing operations	14.5	349.9
Amortisation, depreciation, write-downs & other non-monetary changes	77.1	51.8
Self-financing	**91.6**	**401.7**
Change in working capital	**(144.8)**	**244.3**
CASH FLOW GENERATED BY OPERATIONS FROM CONTINUING OPERATIONS	**(53.2)**	**646.0**
Increases in capital	4.4	2.4
TOTAL SOURCES OF FUNDS	**(48.8)**	**648.4**
APPLICATIONS OF FUNDS		
Net investment in fixed assets	(124.9)	(80.1)
Buy-back of own shares	(1.3)	(0.7)
Payment of dividends	(3.1)	(11.9)
Other changes	4.9	(12.8)
TOTAL APPLICATIONS OF FUNDS FROM CONTINUING OPERATIONS	**(124.4)**	**(105.5)**
FINANCIAL SURPLUS (DEFICIT) FROM CONTINUING OPERATIONS	**(173.2)**	**542.9**
CASH FLOW/NET FINANCIAL POSITION FROM DISCONTINUED OPERATIONS	**1,861.7**	**1,955.0**
FINANCIAL SURPLUS (DEFICIT)	**1,688.5**	**2,497.9**
NET FINANCIAL POSITION AT THE BEGINNING OF THE PERIOD	**(1,845.3)**	**(2,504.4)**
NET FINANCIAL POSITION AT THE END OF THE PERIOD	**(156.8)**	**(6.5)**

In the first nine months of 2014, the Group recorded a financial deficit from "continuing operations" of € 173.2 million, which is derived mainly from outlays related to the Lodo Mondadori.

The additional change compared with net financial position at the beginning of the period (net debt of € 1,845.3 million) comes from applying IFRS 5 to the Sorgenia Group.
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 2014 the Group had 13,887 employees, compared with 14,111 at 31 December 2013.

▪ THIRD QUARTER OF 2014

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

(in millions of euro)	**2014**	**2013**
Revenues	569.6	573.6
Consolidated EBITDA	**49.3**	**25.8**
Consolidated EBIT	**25.0**	**(0.3)**
Financial management result	(13.7)	15.4
Non-recurring income (expense)	-	491.3
Income taxes	(6.9)	(173.8)
Income (loss) from assets held for sale	(2.4)	(300.2)
Net income including minority interests	**2.0**	**32.4**
Minority interests	(1.9)	143.2
Net income of the Group	**0.1**	**175.6**

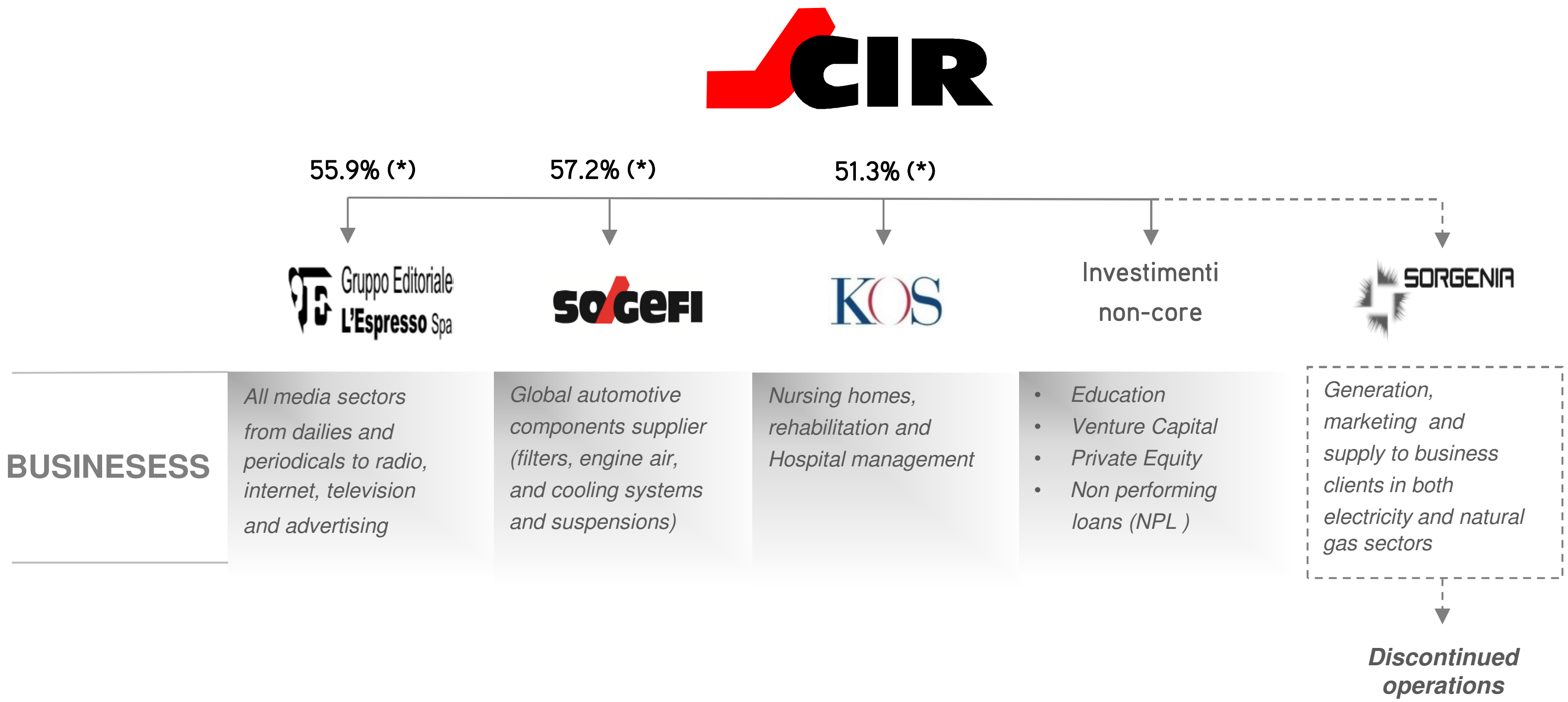
In the third quarter of 2014, **consolidated revenues** came to € 569.6 million, a decrease of 0.7% compared with € 573.6 million in the same period of 2013, because of the decline in sales on the part of the Sogefi and Espresso Groups.

Consolidated EBITDA in the third quarter of 2014 was € 49.3 million compared with € 25.8 million in the same period of 2013, which was negatively impacted by charges related to the Lodo Mondadori.

Consolidated EBIT in the third quarter of 2014 was € 25.0 million compared with a negative € 0.3 million in the same period of 2013, a rise of € 25.3 million.

Net income in the third quarter of 2014 came to € 0.1 million, compared with net income of € 175.6 million in the same period of 2013, mainly due to the final sentence in the Lodo Mondadori.

Main Group investments
at 30 September 2014



(*) the percentage is calculated net of treasury shares

4. Performance of the business sectors

MEDIA

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

Results of the period 1 January-30 September 2014

(in millions of euro)	1/1-30/9 2014	1/1-30/9 2013	Change absolute	Change %
Revenues	471.2	512.6	(41.4)	(8.1)
Net result	4.6	4.5	0.1	2.2

Results of the 3rd quarter 2014

(in millions of euro)	3rd quarter 2014	3rd quarter 2013	Change absolute	Change %
Revenues	144.7	152.6	(7.9)	(5.2)
Net result	0.8	0.8	--	--

Situation at 30 September 2014

	30/09/2014	30/06/2014	31/12/2013
Net financial position	(44.8)	(66.8)	(73.5)
No. of employees	2,373	2,391	2,408

In the first nine months of 2014, the Espresso Group achieved consolidated revenues of € 471.2 million, down by 8.1% from € 512.6 million in the corresponding period of the previous year, as a result of the crisis that is affecting the entire sector. Note that the scope of consolidation has changed as a result of integrating the activities of the network operators in Persidera.

In 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 eight months of the current year, the downward trend in advertising expenditure that characterised the last five years continued, albeit with less intensity: according to Nielsen Media Research, overall investment in advertising during this period fell by 2.7% compared with the same period of 2013.

Trends in advertising revenues by media category differ quite considerably: advertising revenues earned by television and internet were essentially in line with the same period of 2013 (+0.9% for both media), whereas press revenues saw a further significant decline (-10.4%), which involved both newspapers and periodicals. Even radio posted a slight reduction (-3.9%).

In terms of circulation, the figures published by ADS (Accertamento Diffusione Stampa) for January-August show an 11.5% 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 these negative trends in the market, which have had a significant impact on revenues, the Espresso Group closed the first nine months of 2014 with a positive result, in line with the same period of the previous year. It has to be considered that the scope of consolidation has changed following the integration of the network operators' activities in Persidera.

Costs show a reduction of 7.7%, 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.

Consolidated EBITDA amounts to € 41.5 million slightly improving versus € 38.4 million in the corresponding period of 2013.

Consolidated EBIT comes to € 26.1 million slightly improving versus € 22.8 million in the same period last year.

Consolidated net income on a comparable basis amounted to € 4.9 million versus € 3.9 million in the first nine months of 2013. Including the business activities that have been sold, net income came to € 4.6 million compared with € 4.5 million in the first nine months of 2013.

Consolidated net debt at 30 September 2014 amounted to € 44.8 million, a further improvement on € 73.5 million at 31 December 2013, with a financial surplus of € 28.7 million.

At 30 September 2013, the Group had 2,373 employees, including those on fixed-term contracts. The average workforce for the period was 4.1% lower than in the first nine months of 2013 (based on a comparable scope of consolidation).

It is worth remembering that the Group completed two successful operations of strategic importance during the first nine months of 2014: 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.

In a sector like publishing, which is again showing recessionary trends in both circulation and advertising, in the first nine months of 2014 the Espresso Group has managed to achieve a net positive result, albeit small, while maintaining profitability in line with last year, thanks to continuous steps to reduce fixed costs. As regards the outlook for the entire year, it is reasonable to expect that the year-end result will be broadly in line with that of the previous year.

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 2014

(in millions of euro)	1/1-30/9	1/1-30/9	Change	
	2014	2013	absolute	%
Revenues	1,010.2	1,010.6	(0.4)	--
Net result	(5.8)	23.8	(29.6)	n.a.

Results of the 3rd quarter 2014

(in millions of euro)	3rd quarter	3rd quarter	Change	
	2014	2013	absolute	%
Revenues	327.3	328.9	(1.6)	(0.5)
Net result	1.5	7.6	(6.1)	n.a.

Situation at 30 September 2014

	30/09/2014	30/06/2014	31/12/2013
Net financial position	(348.5)	(340.8)	(304.6)
No. of employees	6,704	6,744	6,834

In the first nine months of the year, car production grew by 3.75%, though with different trends in various parts of the world.

For example, the automotive market's trend in North America and Asia has been positive, with growth in production volumes of 5.3% and 7.5% respectively, compared with the first nine months of 2013. In South America, particularly in Brazil and Argentina, a severe slowdown in the market compared with 2013 has continued, leading to a decrease in the production of passenger cars and light commercial vehicles of 17% versus the same period of 2013.

In Europe, the slightly upward trend in market growth continued with the production of passenger vehicles rising by 4.8% compared with the first nine months of 2013, mainly as a result of the recovery from last year's very low volumes, though this rate tended to slow down in the third quarter (+1.5%).

In the first nine months of the year, the Sogefi Group reported consolidated revenues of € 1,010.2 million, stable versus the first nine months of 2013 (4.6% at constant exchange rates). The significant decline in revenues recorded in South America (-23.3% to € 135.8 million) was offset by growth in North America, albeit at a slower pace than in the recent past (+12% to € 155.4 million) and Asia (+40.5% to € 59.8 million). In Europe, revenues rose slightly (+1.3% to € 656.7 million).

In the first nine months the *Engine Systems Business Unit* reported a 2.2% increase in revenues to € 633.3 million from € 619.7 million in the same period of 2013 (+6.3% at constant exchange rates), whereas the *Suspension Components Business Unit* posted revenues of € 378.6 million, down 3.5% from € 392.5 million in the same period of 2013 (+1.8% at constant exchange rates).

In the first nine months of 2014, EBITDA was € 80.8 million, down 25.5% from € 108.4 million in the same period of 2013. The decrease was primarily due to volume declines in South American markets, to the significant concentration during the period of restructuring costs in Europe (€ 17.9 million in the first nine months of 2014) and to the temporary inefficiencies that this caused in the manufacturing structure of the Engine Systems Business Unit, especially in the third quarter. Pre-restructuring EBITDA was € 98.4 million (€ 110.3 million in 2013; -10.8%), with an incidence on revenues of 9.7% compared with 10.9% in 2013.

Consolidated EBIT amounted to € 36.5 million (€ 65.8 million in the first nine months of 2013). Pre-restructuring EBIT was € 54.4 million (€ 67.6 million in the first nine months of 2013; -19.6%) with an incidence on revenues of 5.4% versus 6.7% in 2013.

Restructuring expenses of € 17.9 million recorded in the nine months relate to the rationalization of production capacity for € 13.8 million, and to write-down of assets and other restructuring charges for € 4.1 million. Restructuring charges in the first nine months of 2013 amounted to € 1.9 million.

Net financial expense amounted to € 30 million in the first nine months of the year. This item includes € 23.5 million of interest expense (€ 20.4 million in the first nine months of 2013) and other expenses of € 6.5 million, of which € 2.8 million non-recurring for the repayment of bank debt thanks to the proceeds of issuing the convertible bond loan and € 3.7 million for the impact of the fair value of interest rate hedges.

Consolidated net income amounted to - € 5.8 million compared with € 23.8 million in the first nine months of last year.

Net debt at 30 September 2014 was € 348.5 million (€ 340.8 million at 30 June 2014 and € 304.6 million at 31 December 2013.

Consolidated shareholders' equity at 30 September 2014, including the portion attributable to minority interests, amounted to € 192.5 million (€ 188.9 million at 31 December 2013).

The Group had 6,704 employees at 30 September 2014 compared with 6,834 at 31 December 2013.

In the remaining months of 2014, we expect to see continuing weakness in South America; activity in Europe, North America and Asia should follow current trends. Operating profits in the last quarter will be in line with those of the third quarter as they will suffer the same effects in South America and in Europe.

■ HEALTHCARE

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

Results of the period 1 January-30 September 2014

(in millions of euro)	1/1-30/9 2014	1/1-30/9 2013	Change absolute	Change %
Revenues	289.7	276.8	12.9	4.7
Net result	10.1	9.6	0.5	5.2

Results of the 3rd quarter 2014

(in millions of euro)	3rd quarter 2014	3rd quarter 2013	Change absolute	Change %
Revenues	96.6	90.3	6.3	7.0
Net result	4.1	3.5	0.6	17.1

Situation at 30 September 2014

	30/09/2014	30/06/2014	31/12/2013
Net financial position	(158.7)	(158.6)	(155.7)
No. of employees	4,650	4,614	4,291

In the first nine months of 2014 the KOS Group turned in revenues of € 289.7 million, compared with € 276.8 million in the same period last year, an increase of 4.7%, thanks to growth in its three lines of business (care homes for the elderly, rehabilitation centres and hi-tech hospital management services).

Consolidated EBITDA came to € 44.2 million, up on € 41.3 million in the first nine months of 2013, principally because of the change in the scope of consolidation and business developments that took place in 2014.

Consolidated EBIT came to € 27.6 million (9.5% of revenues) versus € 24.9 million (9% 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 2014 amounted to € 10.1 million compared with € 9.6 million in the same period of 2013.

At 30 September 2014 the KOS Group had net debt of € 158.7 million, compared with € 155.7 million at 31 December 2013.

The KOS Group manages 71 facilities in central and northern Italy, for a total of some 6,350 beds in use, with another 300 being built.

Two nursing facilities were opened in Bergamo (120 beds) and Montecosaro (MC) (85 beds) during the quarter and the nursing facility in Dorzano (68 beds) was sold. In the area of high-tech services, work continues in India with the joint venture ClearMedi Healthcare Ltd and in the United Kingdom with the subsidiary Medipass Healthcare Ltd.

The Group had 4,650 employees at 30 September 2014 compared with 4,291 at 31 December 2013.

▪ ENERGY

In the first nine months of 2014 the Sorgenia Group had consolidated revenues of € 1,401.9 million, down by 19.2% on € 1,734.2 million in the same period of 2013, due to a reduction in the volumes of power generation and in the group sales of electricity to the residential sector.

For the Sorgenia Group, EBITDA amounted to € 98.9 million compared with a negative figure of € 196.9 million in the first nine months of 2013, which was penalised by write-downs of investments carried at equity. The trend in EBITDA in the first nine months of 2014 was broadly in line with budget and hence with Sorgenia's business plan.

Consolidated EBIT was € 36.9 million compared with a negative figure of € 403.7 million in the first nine months of 2013 at Sorgenia Group level.

The consolidated net loss amounted to € 43.0 million compared with a consolidated net loss of € 434.3 million in the first nine months of 2013.

At 30 September 2014, consolidated net financial debt amounted to € 1,777.5 million, a decrease of € 22 million compared with € 1,799.5 million at 31 December 2013.

The Group had 310 employees at 30 September 2014 compared with 402 at 31 December 2013.

5. Non-core investments

They are represented by private equity, minority interests and other investments amounting to € 183.7 million at 30 September 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 September 2014, based on the NAVs provided by the various funds, came to € 71.4 million, an increase of € 7.5 million compared with 31 December 2013. Distributions were received during the period for a total of € 8.2 million, including € 2.9 million of returned capital and € 5.3 million of realized gains. During the period the Group made investments of € 1.5 million. Outstanding commitments at 30 September 2014 amounted to € 6.5 million.

OTHER INVESTMENTS

Directly and indirectly, CIR holds investments in non-controlling interests for a total value of € 38.4 million at 30 September 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 € 21.2 million at 30 September 2014.
In addition, CIR holds a portfolio of non performing loans totalling € 73.9 million.

6. Significant events subsequent to 30 September 2014 and outlook for operations

On 16 October 2014, CIR S.p.A. made an early repayment of its € 300,000,000 5.75% notes due 2024 (€ 210,162,000 in circulation) after the majority of the holders accepted the purchase offer announced by the company on 9 September and the shareholders' meeting of 13 October approved the extraordinary resolution for early repayment. The total amount paid by CIR was € 237,147,254.28. After this repayment of the Notes 2024, CIR no longer has any bonds in circulation.

On 21 October 2014, Sogefi's Board of Directors announced that the CEO Guglielmo Fiocchi and the company by common agreement considered Fiocchi's management experience as concluded. At the suggestion of the Chairman Rodolfo De Benedetti, the Board appointed Monica Mondardini, CEO of CIR, as executive vice chairman. The Board of Directors entrusted Ms Mondardini for the selection of the new CEO, with whom to formulate the company's strategic plan.

The performance of the CIR group in the last part of 2014 will be affected by the evolution of the Italian economic climate, which is still uncertain and has a significant impact particularly on the media sector, and also by the performance of the South American market for the automotive component sector.

The net result of the year will be negatively affected by non-recurring costs of approximately € 16.5 million for the buyback of the 2024 Notes, which will be recognized to the accounts in the fourth quarter.

7. Other information

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 2014 was approved by the Board of Directors on 27 October 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 SEPTEMBER 2014

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

CONSOLIDATED INCOME STATEMENT

CONSOLIDATED NET FINANCIAL POSITION

1. Consolidated statement of financial position

(in thousands of euro)

ASSETS	*30.09.2014*	*30.06.2014*	*31.12.2013*
NON-CURRENT ASSETS	**2,111,254**	**2,085,822**	**3,775,336**
INTANGIBLE ASSETS	994,196	989,695	1,161,522
TANGIBLE ASSETS	609,512	598,026	1,998,469
INVESTMENT PROPERTY	20,894	21,148	21,458
INVESTMENTS IN COMPANIES CONSOLIDATED AT EQUITY	165,677	165,802	81,988
OTHER EQUITY INVESTMENTS	4,984	4,940	5,636
OTHER RECEIVABLES	138,495	138,038	233,931
SECURITIES	79,776	73,736	79,351
DEFERRED TAXES	97,720	94,437	192,981
CURRENT ASSETS	**1,756,379**	**1,859,914**	**2,816,818**
INVENTORIES	134,246	138,435	160,945
CONTRACTED WORK IN PROGRESS	28,408	29,721	30,926
TRADE RECEIVABLES	444,947	484,911	1,192,627
OTHER RECEIVABLES	114,249	113,505	209,740
FINANCIAL RECEIVABLES	64,558	27,044	1,433
SECURITIES	221,714	202,581	166,037
AVAILABLE-FOR-SALE FINANCIAL ASSETS	101,076	94,561	98,011
CASH AND CASH EQUIVALENTS	647,181	769,156	957,099
ASSETS HELD FOR DISPOSAL	2,412,467	2,514,704	--
ELIMINATION OF ASSETS RELATED TO DISCONTINUED OPERATIONS	(1,558)	(52,043)	--
TOTAL ASSETS	**6,278,542**	**6,408,397**	**6,592,154**

LIABILITIES AND EQUITY	*30.09.2014*	*30.06.2014*	*31.12.2013*
EQUITY	**1,626,137**	**1,613,842**	**1,602,346**
ISSUED CAPITAL	397,146	397,146	397,146
less TREASURY SHARES	(24,352)	(24,529)	(24,764)
SHARE CAPITAL	372,794	372,617	372,382
RESERVES	314,076	303,594	302,231
RETAINED EARNINGS (LOSSES)	455,828	456,058	725,603
NET INCOME (LOSS) OF THE PERIOD	5,391	5,328	(269,210)
GROUP EQUITY	**1,148,089**	**1,137,597**	**1,131,006**
MINORITY INTERESTS	478,048	476,245	471,340
NON-CURRENT LIABILITIES	**958,920**	**1,159,127**	**1,331,174**
BONDS AND NOTES	269,626	475,735	365,558
OTHER BORROWINGS	325,438	322,028	497,143
OTHER PAYABLES	315	276	930
DEFERRED TAXES	144,086	141,594	215,120
PERSONNEL PROVISIONS	123,346	123,879	128,535
PROVISIONS FOR RISKS AND LOSSES	96,109	95,615	123,888
CURRENT LIABILITIES	**1,286,051**	**1,177,912**	**3,658,634**
BANK OVERDRAFTS	22,101	22,181	194,114
BONDS	413,739	192,837	230,719
OTHER BORROWINGS	160,426	137,155	1,780,326
TRADE PAYABLES	392,958	455,900	1,011,523
OTHER PAYABLES	213,776	284,864	332,586
PROVISIONS FOR RISKS AND LOSSES	83,051	84,975	109,366
LIABILITIES HELD FOR SALE	2,408,992	2,509,559	--
ELIMINATION OF LIABILITIES RELATED TO DISCONTINUED OPERATIONS	(1,558)	(52,043)	--
TOTAL LIABILITIES AND EQUITY	**6,278,542**	**6,408,397**	**6,592,154**

2. *Consolidated income statement*

(in thousands of euro)

	1/1-30/9 2014	*1/1-30/9 2013*	*3rd quarter 2014*	*3rd quarter 2013*
SALES REVENUES	1,776,648	1,804,508	569,596	573,648
CHANGE IN INVENTORIES	(1,570)	(3,359)	(5,652)	(2,268)
COSTS FOR THE PURCHASE OF GOODS	(636,173)	(631,810)	(202,131)	(204,453)
COSTS FOR SERVICES	(450,300)	(497,321)	(145,275)	(176,953)
PERSONNEL COSTS	(503,721)	(510,163)	(155,930)	(156,542)
OTHER OPERATING INCOME	24,187	22,077	6,173	6,493
OTHER OPERATING COSTS	(56,101)	(44,467)	(17,199)	(13,534)
ADJUSTMENTS TO THE VALUE OF INVESTMENTS CONSOLIDATED AT EQUITY	1,186	1,226	(255)	(619)
AMORTISATION, DEPRECIATION & WRITE-DOWNS	(74,711)	(74,022)	(24,308)	(26,068)
EARNINGS BEFORE INTEREST AND TAXES (EBIT)	**79,445**	**66,669**	**25,019**	**(296)**
FINANCIAL INCOME	19,749	46,202	6,358	26,135
FINANCIAL EXPENSE	(72,909)	(63,779)	(23,390)	(15,025)
DIVIDENDS	75	322	1	--
GAINS FROM TRADING SECURITIES	13,089	9,879	1,636	2,901
LOSSES FROM TRADING SECURITIES	(3,662)	(3,237)	(21)	(1,733)
ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS	2,175	(297)	1,691	3,183
NON-RECURRING INCOME (EXPENSE)	--	491,312	--	491,312
INCOME BEFORE TAXES	**37,962**	**547,071**	**11,294**	**506,477**
INCOME TAXES	(23,432)	(197,123)	(6,908)	(173,840)
INCOME (LOSS) AFTER TAXES FROM OPERATING ACTIVITY	**14,530**	**349,948**	**4,386**	**332,637**
INCOME/(LOSS) FROM ASSETS HELD FOR SALE	(2,785)	(643,580)	(2,374)	(300,159)
NET INCOME FOR THE PERIOD INCLUDING MINORITY INTERESTS	**11,745**	**(293,632)**	**2,012**	**32,478**
- (NET INCOME) LOSS OF MINORITY INTERESTS	(6,354)	304,356	(1,949)	143,188
- NET INCOME (LOSS) OF THE GROUP	**5,391**	**10,724**	**63**	**175,666**

3. *Consolidated net financial position*

(in thousands of euro)

		30.09.2014	*30.06.2014*	*31.12.2013*
A.	Cash and bank deposits	647,181	769,156	957,099
B.	Other cash equivalents	101,076	94,561	98,011
C.	Securities held for trading	221,714	202,581	166,037
D.	**Cash and cash equivalents (A) + (B) + (C)**	969,971	1,066,298	1,221,147
E.	**Current financial receivables**	64,558	27,044	1,433
F.	Current bank payables	(150,671)	(144,476)	(1,886,721)
G.	Bonds	(413,739)	(192,837)	(230,719)
H.	Current portion of non-current debt	(31,856)	(14,860)	(87,719)
I.	Other current borrowings	--	--	--
J.	**Current financial debt (F) + (G) + (H) + (I)**	(596,266)	(352,173)	(2,205,159)
K.	**Current net financial position (J) + (E) + (D)**	438,263	741,169	(982,579)
L.	Non-current bank borrowings	(181,245)	(180,241)	(291,277)
M.	Bonds issued	(269,626)	(475,735)	(365,558)
N.	Other non-current payables	(144,193)	(141,787)	(205,866)
O.	**Non-current financial debt (L) + (M) + (N)**	(595,064)	(797,763)	(862,701)
P.	**Net financial position (K) + (O)**	(156,801)	(56,594)	(1,845,280)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Introduction

This consolidated quarterly report at 30 September 2014 (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. The instructions contained in the international accounting standard on interim reporting (IAS 34 "Interim Financial Statements") have not therefore been adopted.

2. Consolidation principles

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

The consolidated interim financial statements of the Group as of 30 September 2014, like those as of 31 December 2013, are the result of the consolidation at those dates of the financial statements of CIR, the parent company, and all of the companies directly or indirectly controlled, joint ventures or associates, except for those in liquidation. The assets and liabilities of companies due to be sold are reclassified to assets and liabilities held for sale in order to disclose them separately.

3. Accounting policies

The accounting policies adopted for the preparation of the quarterly financial statements as of 30 September 2014 are the same as those adopted for the financial statements for the year ended 31 December 2013.

4. Share capital

The share capital at 30 September 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 September 2014 the Company held 48,703,842 treasury shares (6.13% of the share capital) for a value of € 105,554 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.

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 September 2014 there were 44,744,588 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 € 2,009 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 2014

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

hereby declares

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

Milan, 27 October 2014

C I R S.p.A.

Giuseppe Gianoglio

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