



PRESS RELEASE

Board approves results of first half 2006

COFIDE GROUP: 29 MILLION OF NET INCOME

Consolidated results for first half 2006

Revenues 2,021.4 million euro (+18.6%)

Ebitda 253.7 million euro (+17.6%)

Ebit 205.8 million euro (+22.6%)

Net income 29 million euro (16.1 million in first half 2005)

Aggregate net financial debt 23.2 million euro (26.6 million at 31/12/2005)

Consolidated net debt 810.7 million euro (487 million at 31/12/2005) due to investments made by the Sorgenia and HSS Groups

Total equity 1,907.9 million euro (1,906.6 million at December 31 2005)

Today in Milan, under the chairmanship of Mr Carlo De Benedetti, the Board of Directors of COFIDE-Compagnia Finanziaria De Benedetti SpA met to examine the results of the Group as of June 30 2006.

In the first six months of the year COFIDE recorded **consolidated net income** of 29 million euro, compared with 16.1 million in the same period of 2005.

Consolidated revenues were 2,021.4 million euro, up by 18.6% from first half 2005 (1,704.5 million).

The **consolidated gross operating margin (EBITDA)** rose by 17.6% in the first half of 2006, reaching 253.7 million euro (12.6% of revenues), compared with 215.7 million in the corresponding period of 2005 (12.7% of revenues).

The **consolidated operating margin (EBIT)** rose by 22.6%, from 167.9 million in the first six months of 2005 to 205.8 million in the first half of 2006.

Net financial charges totalled 30.5 million euro, against net charges of 20 million in first half 2005, while dividends and net gains from trading and the valuation of securities amounted to 16.5 million euro, against net losses of 4.7 million in the first six months of 2005.

Consolidated net capital invested at June 30 2006 stood at 2,718.6 million euro, compared with 2,393.6 million at December 31 2005, showing a rise of 325 million mainly due to the significant investment made during the period by the Sorgenia and HSS Groups in particular.

The **consolidated net financial position** at June 30 2006 showed net debt of 810.7 million euro (487 million at December 31 2005), resulting from the following:

- Debt of 23.2 million euro (26.6 million at December 31 2005) for COFIDE and the wholly owned financial company COFIDE International;
- A financial surplus for CIR and CIR International of 271.9 million (359.8 million at December 31 2005);
- Total debt for the operating groups of 1,059.4 million euro, up from 820.2 million at December 31 2005. The rise of 239.2 million was mainly due to investments made by the Sorgenia Group in new power stations and by the HSS Group in the acquisition of Anni Azzurri.

The **consolidated shareholders' equity of the Group** rose from 617.2 million euro at December 31 2005 to 634.8 million at June 30 2006 (+17.6 million). **Minority equity** fell slightly from 1,289.4 million euro at December 31 2005 to 1,273.1 million at June 30 2006, with a decline of 16.3 million. **Total shareholders' equity** stood at 1,907.9 million euro at June 30 2006, up from 1,906.6 million at December 31 2005, with a rise of 1.3 million after the distribution of 10.8 million in dividends by COFIDE and a total of 61.8 million by the subsidiaries to their minority shareholders.

At June 30 2006 the COFIDE Group had 11,221 **employees**.

The **Parent Company COFIDE SpA** closed the first half of 2006 with net income of 18.2 million euro (17.8 million in the first half of 2005) and shareholders' equity of 580.7 million at June 30 2006 (569.3 million at December 31 2005).

Regarding the outlook for the rest of the year for the COFIDE Group, given the good performance of the operating businesses of the subsidiary CIR, it can reasonably be expected that the year 2006 will close with better operating results than those recorded in 2005.

Milan, September 7 2006

Below are charts showing highlights from the consolidated and statutory balance sheets and income statements

CONTACTS

COFIDE SpA

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COFIDE GROUP – CONSOLIDATED BALANCE SHEET

(in thousands of euro)

ASSETS	<i>30.06.2006</i>	<i>31.12.2005</i>
NON-CURRENT ASSETS	2,687,364	2,433,187
INTANGIBLE ASSETS	961,331	891,066
TANGIBLE ASSETS	1,032,939	898,536
REAL ESTATE INVESTMENTS	18,211	7,794
INVESTMENTS IN COMPANIES VALUED AT EQUITY	240,489	221,042
OTHER EQUITY INVESTMENTS	8,610	8,482
OTHER RECEIVABLES	256,634	261,909
SECURITIES	84,049	61,691
DEFERRED TAX ASSETS	85,101	82,667
CURRENT ASSETS	2,946,067	2,940,645
INVENTORIES	174,087	162,864
CONTRACTED WORK IN PROGRESS	2,098	933
TRADE RECEIVABLES	862,136	790,744
OTHER RECEIVABLES	271,043	204,537
FINANCIAL RECEIVABLES	9,729	26,513
SECURITIES	599,543	520,727
AVAILABLE-FOR-SALE FINANCIAL ASSETS	412,739	414,392
CASH AND CASH EQUIVALENTS	614,692	819,935
ASSETS FOR DISPOSAL	2,601	17,143
TOTAL ASSETS	5,636,032	5,390,975
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LIABILITIES AND SHAREHOLDERS' EQUITY	<i>30.06.2006</i>	<i>31.12.2005</i>
SHAREHOLDERS' EQUITY	1,907,895	1,906,577
SHARE CAPITAL	359,605	359,605
RESERVES	141,961	141,831
RETAINED EARNINGS (LOSSES)	104,195	75,942
NET INCOME FOR THE PERIOD	29,040	39,812
SHAREHOLDERS' EQUITY - GROUP	634,801	617,190
SHAREHOLDERS' EQUITY – MINORITY INTERESTS	1,273,094	1,289,387
NON-CURRENT LIABILITIES	2,242,808	2,196,826
BONDS	1,189,071	1,199,251
OTHER BORROWINGS	694,307	654,785
OTHER PAYABLES	1,098	55
DEFERRED TAX LIABILITIES	144,683	135,928
PERSONNEL PROVISIONS	169,181	164,342
PROVISIONS FOR RISKS AND LOSSES	44,468	42,465
CURRENT LIABILITIES	1,485,329	1,274,096
BANK OVERDRAFTS	140,581	54,963
BONDS	--	--
OTHER BORROWINGS	365,444	308,102
TRADE PAYABLES	630,110	650,344
OTHER PAYABLES	312,770	217,081
PROVISIONS FOR RISKS AND LOSSES	36,424	43,606
LIABILITIES FOR DISPOSAL	--	13,476
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	5,636,032	5,390,975

COFIDE GROUP – CONSOLIDATED INCOME STATEMENT

(in thousands of euro)

	<i>1st Half 2006</i>	<i>1st Half 2005</i>
TRADE REVENUES	2,021,449	1,704,495
CHANGE IN INVENTORIES	(39)	(2,919)
COSTS FOR THE PURCHASE OF GOODS	(1,148,869)	(882,030)
COSTS FOR SERVICES	(383,309)	(336,724)
PERSONNEL COSTS	(290,012)	(284,879)
OTHER OPERATING REVENUES	75,456	42,531
OTHER OPERATING COSTS	(41,973)	(33,351)
ADJUSTMENTS TO THE VALUE OF INVESTMENTS VALUED AT EQUITY	20,978	8,557
AMORTIZATION, DEPRECIATION AND WRITE-DOWNS	(47,863)	(47,773)
INCOME BEFORE FINANCIAL COMPONENTS AND TAXES (E B I T)	205,818	167,907
FINANCIAL INCOME	33,536	46,242
FINANCIAL EXPENSES	(64,077)	(66,204)
DIVIDENDS	2,956	1,393
GAINS FROM TRADING SECURITIES	59,420	54,881
LOSSES FROM TRADING SECURITIES	(32,627)	(61,416)
ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS	(13,187)	401
INCOME BEFORE TAXES	191,839	143,204
INCOME TAXES	(67,964)	(56,871)
NET INCOME FOR THE PERIOD INCLUDING MINORITY INTERESTS	123,875	86,333
- NET INCOME – MINORITY INTERESTS	(94.835)	(70.196)
- NET INCOME - GROUP	29,040	16,137
BASIC EARNINGS PER SHARE (in euro)	0.0404	0.0224
DILUTED EARNINGS PER SHARE (in euro)	0.0404	0.0224

COFIDE GROUP – CASH FLOW STATEMENT

(in thousands of euro)

	<i>1st Half 2006</i>	<i>1st Half 2005</i>
OPERATING ACTIVITY		
NET INCOME FOR THE PERIOD INCLUDING MINORITY INTERESTS:	123,875	86,333
ADJUSTMENTS:		
AMORTIZATION, DEPRECIATION AND WRITE-DOWNS	47,863	47,773
PORTION OF EARNINGS OF COMPANIES VALUED AT EQUITY	(20,978)	(8,557)
CHANGE IN PROVISIONS FOR PERSONNEL AND RISKS AND LOSSES	6,275	7,183
ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS	9,516	(676)
INCREASE (REDUCTION) IN NON-CURRENT ASSETS AND LIABILITIES	6,994	9,942
(INCREASE) REDUCTION IN NET WORKING CAPITAL	(99,238)	(82,696)
OTHER CHANGES	(2,404)	9,310
CASH FLOW FROM OPERATING ACTIVITY	71,903	68,612
of which:		
- interest received (paid out)	(18,579)	(13,982)
- disbursements for income taxes	(7,364)	(45,787)
INVESTMENT ACTIVITY		
(PURCHASE) SALE OF SECURITIES	(125,433)	(128,861)
NET DISBURSEMENT FOR CORPORATE ACQUISITIONS	(149,195)	--
NET INFLOWS FROM DISPOSALS	4,265	--
PURCHASE OF FIXED ASSETS	(111,662)	(316,248)
CASH FLOW FROM INVESTMENT ACTIVITY	(382,025)	(445,109)
FUNDING ACTIVITY		
INFLOWS FROM CAPITAL INCREASES	6,766	--
OTHER CHANGES IN SHAREHOLDERS' EQUITY	(18,396)	(4,072)
BONDS	(10,180)	(36,406)
DRAWDOWN/(REPAYMENT) OF OTHER BORROWINGS	113,648	(23,939)
DIVIDENDS PAID OUT	(72,577)	(63,985)
CASH FLOW FROM FUNDING ACTIVITY	19,261	(128,402)
INCREASE (REDUCTION) OF NET CASH AND CASH EQUIVALENTS	(290,861)	(504,899)
NET CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	764,972	1,436,897
NET CASH AND CASH EQUIVALENTS AT END OF PERIOD	474,111	931,998

COFIDE GROUP – STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

<i>(in thousands of euro)</i>	<i>Attributable to Shareholders of Parent Company</i>					<i>Minority interests</i>	<i>Total</i>
	<i>Share capital</i>	<i>Reserves</i>	<i>Retained earnings (losses)</i>	<i>Net income (losses) for the period</i>	<i>Total</i>		
BALANCE AT JANUARY 1 2005	359,605	104,933	13,615	74,499	552,652	1,181,567	1,734,219
Capital increases	--	--	--	--	--	15,603	15,603
Dividends to Shareholders	--	--	(9,350)	--	(9,350)	(54,629)	(63,979)
Retained earnings	--	2,822	71,677	(74,499)	--	--	--
Fair value estimation of hedging instruments	--	(126)	--	--	(126)	(326)	(452)
Fair value estimation of securities	--	11,073	--	--	11,073	7,270	18,343
Fair value reserve of securities recognized to income statement	--	(2,547)	--	--	(2,547)	(2,242)	(4,789)
Effects of equity changes in subsidiaries	--	3,522	--	--	3,522	(24,557)	(21,035)
Translation differences	--	3,527	--	--	3,527	7,908	11,435
Other movements	--	1,043	--	--	1,043	--	1,043
Net income for the period	--	--	--	16,137	16,137	70,196	86,333
BALANCE AT JUNE 30 2005	359,605	124,247	75,942	16,137	575,931	1,200,790	1,776,721

<i>(in thousands of euro)</i>	<i>Attributable to Shareholders of Parent Company</i>					<i>Minority interests</i>	<i>Total</i>
	<i>Share capital</i>	<i>Reserves</i>	<i>Retained earnings (losses)</i>	<i>Net income (losses) for the period</i>	<i>Total</i>		
BALANCE AT DECEMBER 31 2005	359,605	141,831	75,942	39,812	617,190	1,289,387	1,906,577
Capital increases	--	--	--	--	--	6,766	6,766
Dividends to Shareholders	--	--	--	(10,788)	(10,788)	(61,789)	(72,577)
Retained earnings	--	771	28,253	(29,024)	--	--	--
Fair value estimation of hedging instruments	--	86	--	--	86	161	247
Fair value estimation of securities	--	5,006	--	--	5,006	383	5,389
Fair value reserve of securities recognized to income statement	--	(7,032)	--	--	(7,032)	(5,845)	(12,877)
Valuation of stock options of subsidiaries	--	--	--	--	--	(25,473)	(25,473)
Effects of equity changes in subsidiaries	--	11,418	--	--	11,418	(17,051)	(5,633)
Translation differences	--	(10,119)	--	--	(10,119)	(8,280)	(18,399)
Net income for the period	--	--	--	29,040	29,040	94,835	123,875
BALANCE AT JUNE 30 2006	359,605	141,961	104,195	29,040	634,801	1,273,094	1,907,895

COFIDE S.p.A. – BALANCE SHEET

(in thousands of euro)

ASSETS	30.06.2006	31.12.2005
NON-CURRENT ASSETS	571,344	571,317
TANGIBLE ASSETS	579	553
INTANGIBLE ASSETS	850	850
INVESTMENTS IN SUBSIDIARIES	568,777	568,777
OTHER EQUITY INVESTMENTS	953	953
OTHER RECEIVABLES	185	184
CURRENT ASSETS	131,300	116,612
OTHER RECEIVABLES	36,354	2,700
SECURITIES	85,729	81,801
CASH AND CASH EQUIVALENTS	9,217	32,111
TOTAL ASSETS	702,644	687,929
LIABILITIES AND SHAREHOLDERS' EQUITY	30.06.2006	31.12.2005
SHAREHOLDERS' EQUITY	580,671	569,284
SHARE CAPITAL	359,605	359,605
RESERVES	177,363	172,580
RETAINED EARNINGS (LOSSES)	25,540	21,675
NET INCOME (LOSS) FOR THE PERIOD	18,163	15,424
NON-CURRENT LIABILITIES	12,566	10,096
OTHER PAYABLES	35	35
DEFERRED TAX LIABILITIES	11,841	9,402
PERSONNEL PROVISIONS	690	659
CURRENT LIABILITIES	109,407	108,549
BANK OVERDRAFTS	246	1
OTHER BORROWINGS	106,909	106,510
TRADE PAYABLES	357	380
OTHER PAYABLES	1,895	1,658
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	702,644	687,929

COFIDE S.p.A. – INCOME STATEMENT

(in thousands of euro)

	1st Half 2006	1st Half 2005
SUNDRY REVENUES AND INCOME	926	865
COSTS FOR THE PURCHASE OF GOODS	(31)	(38)
COSTS FOR SERVICES	(1,369)	(1,248)
PERSONNEL COSTS	(614)	(602)
OTHER OPERATING COSTS	(264)	(180)
AMORTIZATION, DEPRECIATION AND WRITE-DOWNS	(28)	(22)
OPERATING INCOME (LOSS)	(1,380)	(1,225)
FINANCIAL INCOME	1,035	977
FINANCIAL EXPENSES	(2,236)	(2,084)
DIVIDENDS	20,895	20,315
LOSSES FROM TRADING SECURITIES	(65)	(250)
ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS	(133)	(22)
INCOME / LOSS BEFORE TAXES	18,116	17,711
INCOME TAXES	47	108
NET INCOME (LOSS) FOR THE PERIOD	18,163	17,819

COFIDE S.p.A. – CASH FLOW STATEMENT

(in thousands of euro)

	1st Half 2006	1st Half 2005
OPERATING ACTIVITY		
NET INCOME / (LOSS) FOR THE PERIOD	18,163	17,819
ADJUSTMENTS:		
AMORTIZATION AND DEPRECIATION	28	22
PERSONNEL PROVISIONS MADE NET OF WITHDRAWALS	31	32
LOSSES / (GAINS) FROM SALE OF NON-CURRENT EQUITY INVESTMENTS	0	0
LOSSES / (GAINS) FROM SALE OF CURRENT SECURITIES	65	250
ADJUSTMENT TO THE VALUE OF FINANCIAL ASSETS	133	22
ADVANCED AND DEFERRED TAXES ON FAIR VALUE CHANGES	-47	-108
(INCREASE) REDUCTION IN NET WORKING CAPITAL	-33,440	-1,761
CASH FLOW FROM OPERATING ACTIVITY	-15,067	16,276
INVESTMENT ACTIVITY		
CHANGE IN INVESTMENTS IN SUBSIDIARIES	0	-8,598
CHANGE IN TANGIBLE ASSETS AND REAL ESTATE INVESTMENTS	-54	-6
CHANGE IN OTHER FIXED ASSET RECEIVABLES	-1	-1
CASH FLOW FROM INVESTMENT ACTIVITY	-55	-8,605
FUNDING ACTIVITY		
CHANGE IN OTHER BORROWINGS	399	70
NET CHANGE IN CURRENT SECURITIES	2,371	8,896
DIVIDENDS PAID OUT	-10,787	-9,350
CASH FLOW FROM FUNDING ACTIVITY	-8,017	-384
INCREASE (REDUCTION) IN NET CASH AND CASH EQUIVALENTS	-23,139	7,287
NET CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	32,110	5,037
NET CASH AND CASH EQUIVALENTS AT CLOSE OF PERIOD	8,971	12,324

COFIDE S.p.A. – CHANGE IN SHAREHOLDERS' EQUITY

(in thousands of euro)

	<i>Share capital</i>	<i>Reserves</i>	<i>Retained earnings (losses)</i>	<i>Net income (loss) for the period</i>	<i>Total</i>
BALANCE AT JANUARY 1 2005	359,605	162,248	16,399	17,448	555,700
Allocation of net income for 2004	0	2,822	14,626	(17,448)	0
Distribution to Shareholders	0	0	(9,350)	0	(9,350)
Adjustment of securities to fair value:					
- Change in reserve	0	12,162	0	0	12,162
- Deferred taxes on change in reserve		(4,652)	0	0	(4,652)
Net income for 2005	0	0	0	15,424	15,424
BALANCE AT DECEMBER 31 2005	359,605	172,580	21,675	15,424	569,284
Allocation of net income for 2005	0	771	3,865	(4,636)	0
Distribution to Shareholders	0	0		(10,788)	(10,788)
Adjustment of securities to fair value:					
- Change in reserve	0	6,498	0	0	6,498
- Deferred taxes on change in reserve		(2,486)	0	0	(2,486)
Net income for first half of 2006	0	0	0	18,163	18,163
BALANCE AT JUNE 30 2006	359,605	177,363	25,540	18,163	580,671