



## PRESS RELEASE

*Board approves results of first half 2008*

### **COFIDE GROUP: NET INCOME OF 66 MILLION EURO**

#### **Consolidated results at June 30 2008**

*Revenues € 2,363.8 million (+14.8%)*

*EBITDA € 245.7 million (-11%)*

*EBIT € 179.6 million (-16.6%)*

*Net income € 66 million (33.3 million in first half 2007)*

*Aggregate net financial debt € 20.4 million (€ 30.5 million at December 31 2007)*

*Consolidated net financial debt € 1,486.5 million (€ 1,367.6 million at December 31 2007)*

*Total equity € 2,259.5 million (€ 2,095.2 million at December 31 2007)*

Today in Milan, under the chairmanship of Mr Carlo De Benedetti, the Board of Directors of **COFIDE-Compagnia Finanziaria De Benedetti SpA** met and, after favourably acknowledging the proportional de-merger approved by the Board of Directors of the subsidiary CIR, examined the results of the Group as of June 30 2008.

In the first six months of the year COFIDE reported **consolidated net income** of 66 million euro, up from 33.3 million in the same period of 2007. The rise in earnings was determined by the change in the contribution of the subsidiary CIR, which rose from 32.7 million euro in the first six months of 2007 to 69.3 million. CIR's result for the first half of 2008 benefited from non-recurring income of 117.8 million euro, resulting from the subscription of two capital increases, one by Verbund, historical partner of CIR, for 200 million euro in Sorgenia, and the other by Morgan Stanley and CIR for 40 million euro in HSS. The capital increase in Sorgenia was made on the basis of an equity valuation of the company of 3.3 billion euro, and that in HSS was on the basis of an equity valuation of the company of over 200 million euro. The two transactions confirmed the validity of the investment choices made by CIR, which have led to an important creation of value.

**Consolidated revenues** for first half 2008 came in at 2,363.8 million euro, up from 2,059.4 million in the same period of 2007, with a rise of 304.4 million (+14.8%).

The **consolidated gross operating margin (EBITDA)** was 245.7 million euro, down from 276 million in the first six months of 2007 (-11%).

The **consolidated operating margin (EBIT)** was 179.6 million euro, down from 215.4 million in the same period of 2007 (-16.6%).

**Consolidated net invested capital** amounted to 3,746 million at June 30 2008, up from 3,462.8 million at December 31 2007, with a rise of 283.2 million due mainly to a rise in working capital and fixed asset investments of the Sorgenia Group.

The **consolidated net financial position** at June 30 2008 showed net debt of 1,486.5 million euro (1,367.6 million at December 31 2007), which was the result of the following:

- net debt of 20.4 million euro (30.5 million at December 31 2007) for COFIDE and COFIDE International;
- a surplus for CIR and the financial holding companies of 154.5 million (112.3 million at December 31 2007);
- total debt in the operating groups of 1,620.6 million euro, up from 1,449.4 million at December 31 2007. The rise of 171.2 million was mainly due to the higher debt of the Sogefi Group after the payout of ordinary and extraordinary dividends.

The **consolidated shareholders' equity of the Group** rose from 692.7 million euro at December 31 2007 to 737.1 million at June 30 2008 (+44.4 million). **Minority shareholders' equity** rose from 1,402.5 million euro at December 31 2007 to 1,522.4 million at June 30 2008, with a rise of 119.9 million. **Total equity** stood at 2,259.5 million euro at June 30 2008, up from 2,095.2 million at December 31 2007, with a rise of 164.3 million after the distribution of 10.8 million of dividends by COFIDE and of a total of 125.7 million by the subsidiaries to their minority shareholders.

At June 30 2008 the COFIDE Group had 13,095 **employees**, compared with 12,450 at December 31 2007 .

The **Parent company COFIDE SpA** closed the first half of 2008 with net income of 16.9 million euro (17.4 million in first half 2007) and shareholders' equity of 570.6 million at June 30 2008 (574.7 million at December 31 2007).

Regarding the outlook for the COFIDE Group for the rest of the year, on the basis of the performance of the operating businesses of the subsidiary CIR it can reasonably be expected that for the whole of 2008 consolidated Ebitda will be lower than that of 2007, while consolidated net income should be higher than that of last year because of the non-recurring income already realized by CIR in the first half of the year.

The Executive responsible for the preparation of the company's financial statements, Oliviero Maria Brega, hereby declares, in compliance with the terms of paragraph 2 article 154-bis of the Finance Consolidation Act (TUF) that the accounting information contained in this press release corresponds to the results documented in the company's accounts and general ledger.

Milan, July 31 2008

#### CONTACTS

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# COFIDE GROUP – CONSOLIDATED BALANCE SHEET

(in thousands of euro)

<b>ASSETS</b>	<b>30.06.2008</b>	<b>31.12.2007</b>
<b>NON-CURRENT ASSETS</b>	<b>3,631,438</b>	<b>3,524,719</b>
INTANGIBLE ASSETS	1,339,190	1,283,133
TANGIBLE ASSETS	1,594,214	1,473,973
INVESTMENT PROPERTY	19,822	20,109
INVESTMENTS IN COMPANIES VALUED AT EQUITY	240,189	280,554
OTHER EQUITY INVESTMENTS	11,996	11,885
OTHER RECEIVABLES	228,450	263,397
<i>of which with related parties (*)</i>	<i>75,542</i>	<i>111,614</i>
SECURITIES	96,121	97,037
DEFERRED TAXES	101,456	94,631
<b>CURRENT ASSETS</b>	<b>3,226,144</b>	<b>2,999,031</b>
INVENTORIES	207,447	203,967
CONTRACTED WORK IN PROGRESS	3,261	2,564
TRADE RECEIVABLES	1,241,418	1,070,273
<i>of which with related parties (*)</i>	<i>1,759</i>	<i>3,404</i>
OTHER RECEIVABLES	270,885	209,128
<i>of which with related parties (*)</i>	<i>34,522</i>	<i>--</i>
FINANCIAL RECEIVABLES	51,273	37,171
SECURITIES	703,877	328,566
AVAILABLE-FOR-SALE FINANCIAL ASSETS	370,000	420,374
CASH AND CASH EQUIVALENTS	377,983	726,988
ASSETS HELD FOR DISPOSAL	6,692	6,756
<b>TOTAL ASSETS</b>	<b>6,864,274</b>	<b>6,530,506</b>

<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>30.06.2008</b>	<b>31.12.2007</b>
<b>SHAREHOLDERS' EQUITY</b>	<b>2,259,470</b>	<b>2,095,196</b>
SHARE CAPITAL	359,605	359,605
RESERVES	154,163	164,337
RETAINED EARNINGS (LOSSES)	157,324	136,397
NET INCOME FOR THE PERIOD	66,008	32,352
<b>SHAREHOLDERS' EQUITY OF THE GROUP</b>	<b>737,100</b>	<b>692,691</b>
MINORITY SHAREHOLDERS' EQUITY	1,522,370	1,402,505
<b>NON-CURRENT LIABILITIES</b>	<b>2,559,836</b>	<b>2,970,547</b>
BONDS AND NOTES	774,796	1,189,672
OTHER BORROWINGS	1,425,917	1,431,060
OTHER PAYABLES	343	320
DEFERRED TAXES	149,510	146,940
PERSONNEL PROVISIONS	166,149	160,637
PROVISIONS FOR RISKS AND LOSSES	43,121	41,918
<b>CURRENT LIABILITIES</b>	<b>2,044,968</b>	<b>1,464,763</b>
BANK OVERDRAFTS	213,540	96,102
BONDS AND NOTES	382,182	--
OTHER BORROWINGS	162,177	116,106
TRADE PAYABLES	942,270	942,582
<i>of which with related parties (*)</i>	<i>18,014</i>	<i>13,712</i>
OTHER PAYABLES	276,361	247,145
PROVISIONS FOR RISKS AND LOSSES	68,438	62,828
LIABILITIES HELD FOR DISPOSAL	--	--
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>6,864,274</b>	<b>6,530,506</b>

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

# COFIDE GROUP – CONSOLIDATED INCOME STATEMENT

(in thousands of euro)

		<i>1st Half 2008</i>		<i>1st Half 2007</i>
TRADE REVENUES		2,363,808		2,059,548
<i>of which with related parties (*)</i>	882		6,459	
CHANGE IN INVENTORIES		7,412		1,693
COSTS FOR PURCHASE OF GOODS		(1,373,690)		(1,127,340)
<i>of which with related parties (*)</i>	(79,804)		(53,815)	
COSTS FOR SERVICES		(397,497)		(373,801)
PERSONNEL COSTS		(351,559)		(301,961)
OTHER OPERATING INCOME		42,322		41,444
OTHER OPERATING COSTS		(52,243)		(40,711)
ADJUSTMENTS TO THE VALUE OF INVESTMENTS VALUED AT EQUITY		7,186		17,145
AMORTIZATION, DEPRECIATION AND WRITE-DOWNS		(66,101)		(60,613)
<b>INCOME BEFORE FINANCIAL ITEMS AND TAXES ( E B I T )</b>		<b>179,638</b>		<b>215,404</b>
FINANCIAL INCOME		35,304		35,635
<i>of which with related parties (*)</i>	6,131		8,041	
FINANCIAL EXPENSE		(98,193)		(75,599)
DIVIDENDS		2,491		2,116
GAINS FROM TRADING SECURITIES		133,476		55,296
LOSSES FROM TRADING SECURITIES		(10,438)		(19,384)
ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS		(4,185)		(7,671)
<b>INCOME BEFORE TAXES</b>		<b>238,093</b>		<b>205,797</b>
INCOME TAXES		(57,196)		(75,677)
<b>INCOME AFTER TAXES FROM OPERATING ACTIVITY</b>		<b>180,897</b>		<b>130,120</b>
INCOME (LOSS) FROM BUSINESSES HELD FOR DISPOSAL		--		(297)
<b>NET INCOME FOR THE PERIOD INCLUDING MINORITY INTERESTS</b>		<b>180,897</b>		<b>129,823</b>
- NET INCOME OF MINORITY INTERESTS		(114,889)		(96,529)
<b>- NET INCOME OF THE GROUP</b>		<b>66,008</b>		<b>33,294</b>
<b>BASIC EARNINGS PER SHARE (in euro)</b>		0.0918		0.0463
<b>DILUTED EARNINGS PER SHARE (in euro)</b>		0.0918		0.0463

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

# COFIDE GROUP – CASH FLOW STATEMENT

(in thousands of euro)

	<i>1st Half</i> <i>2008</i>	<i>1st Half</i> <i>2007</i>
<b>OPERATING ACTIVITY</b>		
NET INCOME FOR THE PERIOD INCLUDING MINORITY INTERESTS:	180,897	129,823
ADJUSTMENTS:		
AMORTIZATION, DEPRECIATION AND WRITE-DOWNS	66,101	60,613
PRO RATA SHARE OF RESULT OF COMPANIES VALUED AT EQUITY	(7,186)	(17,145)
ACTUARIAL VALUATION OF STOCK OPTION PLANS	1,144	4,416
CHANGE IN PERSONNEL PROVISIONS, PROVISIONS FOR RISKS AND LOSSES	12,325	(7,670)
ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS	4,185	7,671
CAPITAL GAIN FROM SUBSCRIPTION OF CAPITAL SHARES BY THIRD PARTIES	(117,810)	--
RISE (REDUCTION) IN NON-CURRENT RECEIVABLES AND PAYABLES	(7,067)	148,675
(INCREASE) REDUCTION IN NET WORKING CAPITAL	(208,175)	4,780
<b>CASH FLOW FROM OPERATING ACTIVITY</b>	<b>(75,586)</b>	<b>331,163</b>
of which:		
- interest income (expense)	(51,409)	(24,139)
- payment of income taxes	(30,489)	(43,467)
<b>INVESTMENT ACTIVITY</b>		
(PURCHASE) SALE OF SECURITIES	(302,182)	(56,147)
PURCHASE OF FIXED ASSETS	(242,112)	(116,280)
<b>CASH FLOW FROM INVESTMENT ACTIVITY</b>	<b>(544,294)</b>	<b>(172,427)</b>
<b>FUNDING ACTIVITY</b>		
INFLOWS FROM CAPITAL INCREASES	268,683	42,854
OTHER CHANGES IN SHAREHOLDERS' ACTIVITY	(1,580)	16,350
DRAWDOWN/(REPAYMENT) OF OTHER BORROWINGS	(5,868)	173,050
FINANCIAL RECEIVABLES FROM JOINTLY CONTROLLED SUBSIDIARIES	42,499	--
OWN SHARES PURCHASED	(13,842)	(37,451)
DIVIDENDS PAID OUT	(136,455)	(85,080)
<b>CASH FLOW FROM FUNDING ACTIVITY</b>	<b>153,437</b>	<b>109,723</b>
<b>RISE (REDUCTION) IN NET CASH AND CASH EQUIVALENTS</b>	<b>(466,443)</b>	<b>268,459</b>
<b>NET CASH AND CASH EQUIVALENTS AT START OF PERIOD</b>	<b>630,886</b>	<b>199,114</b>
<b>NET CASH AND CASH EQUIVALENTS AT CLOSE OF PERIOD</b>	<b>164,443</b>	<b>467,573</b>

# COFIDE GROUP – STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

<i>(in thousands of euro)</i>	<i>Attributable to the shareholders of the 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 year</i>	<i>Total</i>		
BALANCE AT DECEMBER 31 2006	359,605	159,509	104,195	43,746	667,055	1,366,515	2,033,570
Capital increases	--	--	--	--	--	54,634	54,634
Dividends to Shareholders	--	--	--	(10,788)	(10,788)	(74,353)	(85,141)
Retained earnings	--	756	32,202	(32,958)	--	--	--
Fair value measurement of hedging instruments	--	178	--	--	178	364	542
Fair value measurement of securities	--	13,664	--	--	13,664	18,290	31,954
Securities fair value reserve recognized to income statement	--	(7,314)	--	--	(7,314)	(7,371)	(14,685)
Effects of equity changes in subsidiaries	--	14,045	--	--	14,045	(98,385)	(84,340)
Translation differences	--	(16,501)	--	--	(16,501)	(13,990)	(30,491)
Net income for the period	--	--	--	32,352	32,352	156,801	189,153
BALANCE AT DECEMBER 31 2007	359,605	164,337	136,397	32,352	692,691	1,402,505	2,095,196
Capital increases	--	--	--	--	--	268,683	268,683
Dividends to Shareholders	--	--	--	(10,788)	(10,788)	(125,667)	(136,455)
Retained earnings	--	637	20,927	(21,564)	--	--	--
Fair value measurement of hedging instruments	--	762	--	--	762	1,676	2,438
Fair value measurement of securities	--	(12,671)	--	--	(12,671)	(3,510)	(16,181)
Securities fair value reserve recognized to income statement	--	(1,454)	--	--	(1,454)	(298)	(1,752)
Valuation of options on stocks of subsidiaries	--	--	--	--	--	--	--
Effects of equity changes in subsidiaries	--	4,044	--	--	4,044	(127,092)	(123,048)
Translation differences	--	(1,492)	--	--	(1,492)	(3,490)	(4,982)
Net income for the period	--	--	--	66,008	66,008	114,889	180,897
BALANCE AT JUNE 30 2008	359,605	154,163	157,324	66,008	737,100	1,527,696	2,264,796

# COFIDE S.p.A. – BALANCE SHEET

*(in thousands of euro)*

<b>ASSETS</b>	<b>30.06.2008</b>	<b>31.12.2007</b>
<b>NON-CURRENT ASSETS</b>	<b>572,689</b>	<b>572,714</b>
TANGIBLE ASSETS	548	574
INVESTMENT PROPERTY	850	850
INVESTMENTS IN SUBSIDIARIES	571,111	571,111
OTHER EQUITY INVESTMENTS	0	0
OTHER RECEIVABLES	180	179
<b>CURRENT ASSETS</b>	<b>156,546</b>	<b>163,186</b>
RECEIVABLES – RELATED PARTIES	36,359	34,360
OTHER RECEIVABLES	3,298	2,672
SECURITIES	105,777	100,314
CASH AND CASH EQUIVALENTS	11,112	25,840
<b>TOTAL ASSETS</b>	<b>729,235</b>	<b>735,900</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>30.06.2008</b>	<b>31.12.2007</b>
<b>SHAREHOLDERS' EQUITY</b>	<b>570,569</b>	<b>574,707</b>
SHARE CAPITAL	359,605	359,605
RESERVES	163,681	173,251
RETAINED EARNINGS (LOSSES)	30,426	29,114
NET INCOME (LOSS) FOR THE PERIOD	16,857	12,737
<b>NON-CURRENT LIABILITIES</b>	<b>153,398</b>	<b>158,282</b>
OTHER BORROWINGS	149,946	149,890
OTHER PAYABLES	34	34
DEFERRED TAXES	1,868	7,052
PERSONNEL PROVISIONS	1,550	1,306
<b>CURRENT LIABILITIES</b>	<b>5,268</b>	<b>2,911</b>
BANK OVERDRAFTS	2	49
OTHER BORROWINGS	2,834	595
TRADE PAYABLES	413	464
PAYABLES – RELATED PARTIES	274	0
OTHER PAYABLES	1,745	1,803
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>729,235</b>	<b>735,900</b>

# COFIDE S.p.A. – INCOME STATEMENT

*(in thousands of euro)*

	1st Half 2008	1st Half 2007
SUNDRY REVENUES AND INCOME	1,057	999
<i>of which: with related parties</i>	<i>1,036</i>	<i>980</i>
COSTS FOR PURCHASE OF GOODS	(40)	(41)
COSTS FOR SERVICES	(1,598)	(1,496)
<i>of which: with related parties</i>	<i>(274)</i>	<i>(260)</i>
PERSONNEL COSTS	(865)	(766)
OTHER OPERATING COSTS	(294)	(271)
AMORTIZATION, DEPRECIATION AND WRITE-DOWNS	(47)	(49)
<b>OPERATING INCOME</b>	<b>(1,787)</b>	<b>(1,624)</b>
FINANCIAL INCOME	1,586	1,952
<i>of which: with related parties</i>	<i>963</i>	<i>769</i>
FINANCIAL EXPENSE	(6,763)	(3,720)
DIVIDENDS	21,810	21,009
<i>of which: from related parties</i>	<i>19,611</i>	<i>19,509</i>
GAINS FROM TRADING SECURITIES	847	119
LOSSES FROM TRADING SECURITIES	0	(226)
ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS	872	(325)
<b>INCOME / LOSS BEFORE TAXES</b>	<b>16,565</b>	<b>17,185</b>
INCOME TAXES	292	190
<b>NET INCOME (LOSS) FOR THE PERIOD</b>	<b>16,857</b>	<b>17,375</b>



# COFIDE S.p.A. – CASH FLOW STATEMENT

(in thousands of euro)

	1st Half 2008	1st Half 2007
<b>OPERATING ACTIVITY</b>		
NET INCOME / (LOSS) FOR THE PERIOD	16,857	17,375
ADJUSTMENTS:		
AMORTIZATION AND DEPRECIATION	47	49
SUMS SET ASIDE TO PERSONNEL PROVISIONS NET OF WITHDRAWALS	244	136
LOSSES / (GAINS) ON SALE OF CURRENT SECURITIES	-847	107
ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS	-872	325
ADJUSTMENTS TO THE VALUE OF NON-HEDGING DERIVATIVES	0	-109
DEFERRED AND ADVANCE TAXES ON FAIR VALUE CHANGES	-292	-190
(INCREASE) REDUCTION IN NET WORKING CAPITAL	-2,460	-2,797
<b>CASH FLOW FROM OPERATING ACTIVITY</b>	<b>12,677</b>	<b>14,896</b>
<b>INVESTMENT ACTIVITY</b>		
CHANGE IN INVESTMENTS IN SUBSIDIARIES	0	-2,334
CHANGE IN TANGIBLE ASSETS	-21	-29
CHANGE IN OTHER FIXED ASSET RECEIVABLES	-1	-1
<b>CASH FLOW FROM INVESTMENT ACTIVITY</b>	<b>-22</b>	<b>-2,364</b>
<b>FUNDING ACTIVITY</b>		
CHANGE IN OTHER BORROWINGS	2,295	227
NET CHANGE IN CURRENT SECURITIES	-18,843	-16,936
DIVIDENDS PAID OUT	-10,788	-10,788
<b>CASH FLOW FROM FUNDING ACTIVITY</b>	<b>-27,336</b>	<b>-27,497</b>
<b>RISE (REDUCTION) IN NET CASH AND CASH EQUIVALENTS</b>	<b>-14,681</b>	<b>-14,965</b>
<b>NET CASH AND CASH EQUIVALENTS AT START OF PERIOD</b>	<b>25,791</b>	<b>17,570</b>
<b>NET CASH AND CASH EQUIVALENTS AT CLOSE OF PERIOD</b>	<b>11,110</b>	<b>2,605</b>

# 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 period</i>	<i>Total</i>
BALANCE AT JANUARY 1 2007	359,605	176,600	25,540	15,118	576,863
Allocation of result for financial year 2006	0	756	3,574	(4,330)	0
Distributed to Shareholders	0	0	0	(10,788)	(10,788)
Adjustment of securities to fair value:					
- Change in reserve	0	(8,625)	0	0	(8,625)
- Deferred taxes on change in reserve	0	4,520	0	0	4,520
Net income for financial year 2007	0	0	0	12,737	12,737
BALANCE AT DECEMBER 31 2007	359,605	173,251	29,114	12,737	574,707
Allocation of result for financial year 2007	0	637	1,312	(1,949)	0
Distributed to Shareholders	0	0	0	(10,788)	(10,788)
Adjustment of securities to fair value:					
- Change in reserve	0	(15,099)	0	0	(15,099)
- Deferred taxes on change in reserve	0	4,892	0	0	4,892
Net income for first half 2008	0	0	0	16,857	16,857
BALANCE AT JUNE 30 2008	359,605	163,681	30,426	16,857	570,569