

PRESS RELEASE

Board approves the results for first quarter 2006

**CIR GROUP: REVENUES +25%
NET INCOME 10.9 MILLION**

Consolidated results as of March 31 2006
(with the new IAS/IFRS accounting standards)

Revenues € 1,037.5 million (+25.1%)

EBITDA € 91.1 million (-4.5%)

EBIT € 67.4 million (-6.4%)

Net income € 10.9 million (0.7 million in first quarter 2005)

Aggregate net financial surplus € 368.8 million (359.8 million at December 31 2005)

Consolidated net financial debt € 456.9 million (465.2 million at December 31 2005)

Total shareholders' equity € 1,894.3 million (1,856.4 million at December 31 2005)

Today in Turin, under the Chairmanship of Mr Carlo De Benedetti, the Board of Directors of CIR met to examine the results of the Group as of March 31 2006.

In the first three months of the year, the CIR Group recorded:

- **consolidated net income** of 10.9 million euros, compared with 0.7 million in the same period of 2005;
- **consolidated revenues** of 1,037.5 million euros, up by **25.1%** from 829.6 million in the same period of 2005.

During the quarter all the industrial businesses of the Group recorded positive growth rates. The *Media*, *Automotive components* and *Healthcare* sectors improved their earnings, while the *Utilities* sector was penalized by seasonal factors and by an unfavourable indexing of the sourcing cost of gas.

The contribution of the operating groups to the consolidated net income of first quarter 2006 was a positive 18 million euros, substantially in line with the 18.7 million of the same period of 2005, since the increased contributions of the Espresso, Sogefi and HSS (Holding Sanità e Servizi) Groups were offset by the lower contribution of the Energia Group.

In first quarter 2006 the **consolidated gross operating margin (EBITDA)** was 91.1 million euros, down by 4.5% from 95.4 million in the same period of 2005.

The **consolidated operating margin (EBIT)** was 67.4 million euros, down from 72 million in the same period of 2005 (-6.4%).

Consolidated net capital invested at March 31 2006 amounted to 2,351.2 million euros, compared with 2,321.6 million at December 31 2005, showing a rise of 29.6 million.

The **consolidated net financial position** at March 31 2006 showed indebtedness of 456.9 million euros (465.2 million at December 31 2005), resulting from a financial surplus of 368.8 million (359.8 million at December 31 2005) for CIR and the wholly owned financial companies, and total debt of 825.7 million for the operating groups (825 million at December 31 2005).

The **total shareholders' equity of the Group** at March 31 2006 stood at 1,894.3 million euros, up from 1,856.4 million at December 31 2005, with a rise of 37.9 million. **Consolidated shareholders' equity** at March 31 2006 was 1,202.8 million euros, up from 1,185 million at December 31 2005, showing a net rise of 17.8 million euros.

At March 31 2006 the CIR Group had 10,126 **employees** on its payrolls, compared with 10,043 at December 31 2005.

These are the main results of the industrial businesses of the CIR Group.

MEDIA

In the first quarter of 2006 the **Espresso Gruppo** reported consolidated net income of 26.6 million euros (+19.4% from 22.3 million in the corresponding period of 2005) and consolidated sales revenues of 303.2 million euros, up from 276.5 million (+9.7%).

At March 31 2006 the net financial position showed indebtedness of 173.4 million euros, an improvement compared with the figure of 252.6 million at December 31 2005.

In the first three months of the year, advertising revenues rose by 8.7% (5.5% in the same terms) compared to first quarter 2005 thanks particularly to further growth of the radio (+14.3%) and internet (+72.2%) sectors.

Circulation of the newspaper *la Repubblica*, which has confirmed its position as number one newspaper in terms of number of readers, rose during the quarter by 2.4% (641 thousand average copies per day); in the same period circulation of the weekly magazine *L'Espresso* rose by 6% (485 thousand average copies), while with 459 thousand average copies the circulation of local newspapers remained substantially stable. The radio sector confirmed its top ranking in terms of audience in Italy among private radio broadcasters. Moreover on March 31 2006 *All Music*, the television broadcaster acquired in the second quarter of 2005, obtained from the Ministry of Communications its license to operate as a digital broadcaster on terrestrial frequencies throughout the country.

UTILITIES

In the first quarter of 2006 the **Energia Group** reported consolidated revenues of 454.5 million euros, up by 58.5% from 286.8 million in the same period of 2005, thanks to the rise in sales of both gas (+63.6%) and electricity (+55.4%).

Regarding the **electricity sector**, the increase in volumes sold was accompanied by an important rise in the number of customers supplied. In the **gas sector**, despite the higher volumes sold, margins narrowed significantly following the penalizing indexing of benchmark fuels and by the seasonal use of strategic stocks that are particularly expensive. The combination of these factors led to a negative spread between costs and revenues, partly due to high sourcing prices.

The net result of the first quarter of 2006 was therefore a negative 3.9 million euros, compared with net income of 3.8 million in the same period of 2005.

The consolidated net financial position at March 31 2006 showed indebtedness of 491.7 million euros, against 429.9 million at December 31 2005. This rise was due to the investment made in the Termoli power station and to the absorption of resources by working capital.

AUTOMOTIVE COMPONENTS

In an original market that is rising in Europe, rising even further in Latin America and declining in the United States, the Sogefi Group in the first three months of 2006 achieved consolidated revenues of 264.3 million euros, up by 4.4% from 253.2 million in the corresponding period of 2005. Consolidated net income grew by 18.8% to 11.6 million euros, compared with 9.8 million in the first quarter of 2005, thanks to the positive effects of lower financial expense and lower tax liabilities, brought about by the corporate reorganization carried out during 2005.

The consolidated net financial position of the Sogefi Group at March 31 2006 showed net debt of 160.4 million euros, compared with 167.3 million at December 31 2005.

HEALTHCARE

In the first quarter of 2006 **HSS (Holding Sanità e Servizi)** achieved consolidated revenues of 15.4 million euros, compared with 10.8 million in the same period of 2005. Confirming the trend already evident in the last months of 2005, during the quarter HSS reported a positive Ebit of 0.4 million euros (from a loss of 1 million in the first quarter of 2005) and broke even in terms of income.

On March 9 2006 HSS signed a preliminary contract for the acquisition of 100% of ANNI AZZURRI, a company specializing in the construction and management of residences for the elderly, which recorded consolidated revenues of approximately 50 million euros in 2005 with 1,600 beds under management.

The deal, which is subject to due diligence and to the authorization of the Antitrust authority, would enable the HSS Group to reach in just three years of business total revenues of approximately 110 million euros with over 3,000 beds. HSS would thus become the top Italian operator in the management of residences for the elderly.

Regarding the evolution of the operating businesses of the CIR Group, for the remainder of 2006 the positive performance of the first quarter is likely to be confirmed and the factors that negatively impacted it should cease to exist. In addition, the important investments made previously should begin to produce positive effects on the results of the Group.

Turin, April 27 2006

CONTACTS

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CIR GROUP – CONSOLIDATED BALANCE SHEET

(in thousands of euros)

ASSETS	<i>31.03.2006</i>	<i>31.12.2005</i>	<i>31.03.2005</i>
NON-CURRENT ASSETS	2,429,827	2,401,558	1,921,182
INTANGIBLE ASSETS	865,308	864,436	668,413
TANGIBLE ASSETS	906,659	897,972	788,414
REAL ESTATE INVESTMENTS	6,898	6,944	--
INVESTMENTS IN COMPANIES VALUED AT EQUITY	229,543	221,042	193,644
OTHER EQUITY INVESTMENTS	9,943	7,529	17,222
OTHER RECEIVABLES	262,602	261,403	162,698
SECURITIES	66,312	59,841	39,811
DEFERRED TAXES	82,562	82,391	50,980
CURRENT ASSETS	2,881,346	2,775,594	3,149,446
INVENTORIES	148,742	162,864	146,040
CONTRACTED WORK IN PROGRESS	1,888	933	566
TRADE RECEIVABLES	855,188	790,744	773,239
OTHER RECEIVABLES	210,455	201,362	295,255
FINANCIAL RECEIVABLES	4,427	26,513	25,468
SECURITIES	624,116	467,959	414,439
AVAILABLE-FOR-SALE FINANCIAL ASSETS	384,346	362,930	291,185
CASH AND CASH EQUIVALENTS	652,184	762,289	1,203,254
ASSETS FOR DISPOSAL	--	17,143	--
TOTAL ASSETS	5,311,173	5,194,295	5,070,628
LIABILITIES AND SHAREHOLDERS' EQUITY	<i>31.03.2006</i>	<i>31.12.2005</i>	<i>31.03.2005</i>
SHAREHOLDERS' EQUITY	1,894,299	1,856,383	1,735,282
SHARE CAPITAL	390,021	389,621	388,538
RESERVES	408,254	401,794	379,773
RETAINED EARNINGS (LOSSES)	393,620	305,945	356,521
NET INCOME FOR THE PERIOD	10,862	87,675	678
SHAREHOLDERS' EQUITY OF THE GROUP	1,202,757	1,185,035	1,125,510
MINORITY INTERESTS	691,542	671,348	609,772
NON-CURRENT LIABILITIES	2,161,733	2,186,453	1,989,012
BONDS	1,177,375	1,199,251	1,230,246
OTHER BORROWINGS	655,222	654,785	489,982
OTHER PAYABLES	3	21	260
DEFERRED TAXES	126,980	126,260	63,927
PERSONNEL PROVISIONS	161,767	163,671	160,306
PROVISIONS FOR RISKS AND LOSSES	40,386	42,465	44,291
CURRENT LIABILITIES	1,255,141	1,137,983	1,346,334
BANK OVERDRAFTS	119,811	54,962	58,804
BONDS	--	--	241,317
OTHER BORROWINGS	169,611	175,881	74,194
TRADE PAYABLES	682,656	649,766	668,232
OTHER PAYABLES	242,375	213,768	249,259
PROVISIONS FOR RISKS AND LOSSES	40,688	43,606	54,528
LIABILITIES FOR DISPOSAL	--	13,476	--
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	5,311,173	5,194,295	5,070,628

CIR GROUP – CONSOLIDATED INCOME STATEMENT

(in thousands of euros)

	01/01-31/03 2006	01/01-31/03 2005
TRADE REVENUES	1,037,549	829,648
CHANGE IN INVENTORIES	--	(1,357)
COSTS FOR THE PURCHASE OF GOODS	(623,089)	(443,061)
COSTS FOR SERVICES	(187,700)	(161,340)
PERSONNEL COSTS	(143,470)	(137,832)
OTHER OPERATING REVENUES	11,292	16,767
OTHER OPERATING COSTS	(12,054)	(10,197)
ADJUSTMENTS TO THE VALUE OF INVESTMENTS VALUED AT EQUITY	8,596	2,726
AMORTIZATION, DEPRECIATION AND WRITE-DOWNS	(23,705)	(23,357)
INCOME BEFORE FINANCIAL COMPONENTS AND BEFORE TAXES (E B I T)	67,419	71,997
FINANCIAL INCOME	16,017	18,715
FINANCIAL EXPENSES	(38,106)	(39,501)
DIVIDENDS	--	264
GAINS FROM TRADING SECURITIES	20,924	29,452
LOSSES FROM TRADING SECURITIES	(15,628)	(30,194)
ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS	2,542	(437)
INCOME/LOSS BEFORE TAXES	53,168	50,296
INCOME TAXES	(21,873)	(28,888)
NET INCOME FOR THE PERIOD INCLUDING MINORITY INTERESTS	31,295	21,408
- INCOME ATTRIBUTABLE TO MINORITY INTERESTS	20,433	20,730
- NET INCOME OF THE GROUP	10,862	678

CIR GROUP – NET FINANCIAL POSITION

(in thousands of euros)

	31.03.2006	31.12.2005	31.03.2005
CASH AND CASH EQUIVALENTS	652,184	762,289	1,203,254
AVAILABLE-FOR-SALE ASSETS	384,346	362,930	291,185
SECURITIES	624,116	467,959	414,439
FINANCIAL RECEIVABLES	4,427	26,513	25,468
BANK OVERDRAFTS	(119,811)	(54,962)	(58,804)
BONDS (current portion)	--	--	(241,317)
OTHER BORROWINGS (current)	(169,611)	(175,881)	(74,194)
NET FINANCIAL SURPLUS SHORT TERM	1,375,651	1,388,848	1,560,031
BONDS	(1,177,375)	(1,199,251)	(1,230,246)
OTHER BORROWINGS (non-current)	(655,222)	(654,785)	(489,982)
NET FINANCIAL DEBT MEDIUM/LONG TERM	(1,832,597)	(1,854,036)	(1,720,228)
TOTAL NET FINANCIAL DEBT	(456,946)	(465,188)	(160,197)