

PRESS RELEASE

Board approves results of first nine months of 2007

CIR GROUP: NET INCOME UP BY 50% TO 116 MILLION EURO

Consolidated results at September 30 2007

Revenues € 3,041.9 million (+2.4%)

EBITDA € 378.4 million (+13%)

EBIT € 285.6 million (+9.4%)

Net income € 116.1 million (+49.8%)

*Aggregate net financial surplus € 108.6 million (258.2 million at December 31 2006)
Consolidated net financial debt € 1,025.4 million (850.6 million at December 31 2006)
Total shareholders' equity € 2,071.3 million (1,979.9 at December 31 2006)*

Today in Milan, under the chairmanship of Mr Carlo De Benedetti, the Board of Directors of CIR SpA met to examine the results of the Group as of September 30 2007.

In the first nine months of the year, the CIR Group reported **consolidated net income** of 116.1 million euro, up by 49.8% from 77.5 million in the same period of 2006.

The contribution of the operating groups was a positive 87 million euro (+5.2% from 82.7 million in the same period of 2006). The consolidated net earnings figure benefited from non-recurring income of 30.3 million euro resulting from rights issues for minority shareholders in the companies **Sorgenia** and **HSS**.

In the first nine months of 2007 the **consolidated revenues** of the CIR Group totalled 3,041.9 million euro, compared with 2,971.8 million in the same period of 2006 (+2.4%).

In the first nine months of 2007, the **consolidated gross operating margin (EBITDA)** was 378.4 million euro (12.4% of revenues), up by 13% from 334.8 million (11.3% of revenues) in the corresponding period of 2006.

The **consolidated operating margin (EBIT)** rose by 9.4%, from 261 million euro (8.8% of revenues) in the first nine months of 2006 to 285.6 million (9.3% of revenues) in the same period of 2007.

Consolidated net invested capital at September 30 2007 stood at 3,096.7 million euro, compared with 2,830.5 million at December 31 2006, with a rise of 266.2 million mainly due to the significant investments made during the period by the Sorgenia and HSS groups.

The **consolidated net financial position** at September 30 2007 showed net debt of 1,025.4 million euro (up from 850.6 million at December 31 2006 and 812.4 million at June 30 2007), resulting from a financial surplus of 108.6 million (compared with 258.2 million at December 31 2006) for CIR and the wholly owned financial companies and total debt of 1,134 million for the operating groups (1,108.8 million at December 31 2006). The reduction of 149.6 million in the financial surplus was mainly due to disbursements made for investments in shareholdings, financial receivables and own shares.

The **consolidated shareholders' equity of the Group** rose from 1,260.2 million euro at December 31 2006 (1,309.9 million at June 30 2007) to 1,348.2 million at September 30 2007 (+88 million). **Minority shareholders' equity** stood at 723.1 million at September 30 2007, up from 719.7 million at December 31 2006 (723.3 million at June 30 2007). **Total shareholders' equity** rose from 1,979.9 million euro at December 31 2006 (2,033.2 million at June 30 2007) to 2,071.3 million at September 30 2007, with a rise of 91.4 million euro.

At September 30 2007 the CIR Group had 12,435 **employees**, compared with 11,102 at December 31 2006. The rise was due to the acquisition of the S. Stefano Group by Holding Sanità e Servizi.

Performance of the industrial businesses of the Group at September 30 2007

UTILITIES

In the first nine months of 2007, the **Sorgenia Group** reported consolidated sales revenues of 1,321.5 million euro, substantially in line with those reported for the corresponding period of 2006 (1,327.4 million).

Consolidated net income as of September 30 2007 was considerably higher, rising from 47.9 million euro in the first nine months of 2006 to 57.8 millions (+20.7%). The consolidated net financial position at September 30 2007 showed net debt of 607.6 million euro (601.9 million at December 31 2006).

In the third quarter **Sorgenia** increased its controlling stake in **Energia Italiana**, acquiring 16% of the capital of the company from financial stakeholders Banca Monte dei Paschi di Siena and BNL International Investments for a total of 59.5 million euro. Following this transaction Sorgenia has increased its stake in Energia Italiana to 78% (the remaining 22% is held in equal parts by Iride and Hera). Energia Italiana controls **Tirreno Power** jointly in equal shares with Eblacea.

At the end of September **Banca Monte dei Paschi di Siena** subscribed a capital increase in Sorgenia for an amount of approximately 33 million euro, acquiring a stake of 1.21%.

Regarding the roll-out of its **Business Plan 2007-2010**, work continued in the first nine months of this year on the construction of the 770 MW combined cycle plant at Modugno (Puglia). In the third quarter the local grid connections of three new 1MW photovoltaic plants built by **Soluxia** were activated. Two of these are located at the Asi Consortium in Villacidro, in Sardinia, while the other one is at the Asi Consortium of Benevento, in Campania.

The repowering plan of the **Tirreno Power** plants is proceeding according to schedule, with the conversion of a section of the Vado Ligure plant to a 760 MW combined cycle, which is expected to start operating shortly, and with the construction at Napoli Levante of a new 380 MW combined cycle module, which will start operating in 2008. To finance the completion of the repowering work, in June the company signed a new loan facility of 1.2 billion euro with a duration of 7 years. This loan enabled the existing line of 900 million euro to be repaid and shareholder loans to be partially repaid.

MEDIA

In the first nine months of 2007 the **Espresso Group** reported consolidated sales revenues of 797.1 million euro, compared to 814.1 million at September 30 2006, and posted consolidated net income of 57.1 million euro, down from 65.6 million in the same period of last year. At September 30 2007 the net financial position of the Group showed net debt of 266.2 million euro (262.7 million at December 31 2006).

In the third quarter the significant growth in advertising revenues (+8.3% in the period July-September 2006) and the positive contribution of optional add-on products (which staged a recovery from the first six months of 2007) enabled the Espresso Group to maintain the ratio of its operating income to sales revenues unchanged in the first nine months compared with the same period of 2006.

During the period under examination the daily newspaper *la Repubblica* confirmed its ranking as number one newspaper in the domestic market in terms of number of readers (around 3 million), while the local newspapers of the Group reported circulation of 477 thousand average copies, substantially unchanged on the same period of 2006 (2.9 million readers). The radio stations maintained their excellent listening figures, reaching an overall audience of 9.1 million listeners on an average day and 23.1 million over seven days. In particular DeeJay confirmed its position as the top private broadcaster with 5.7 million listeners on an average day and 13.2 million over the week.

AUTOMOTIVE COMPONENTS

In the first nine months of 2007 the consolidated revenues of the **SOGEFI Group** were 797.4 million euro, up by 4.2% from 765.5 million in the same period of 2006. Consolidated net income rose by 6.5%, from 39.3 million euro in the first nine months of 2006 to 41.9 million at September 30 2007.

Thanks to the considerable cash flow generated, the SOGEFI Group was able to reduce its net debt even further from 126.3 million at December 31 2006 to 102.8 million at September 30 2007.

In the third quarter SOGEFI obtained an important commercial success, receiving for the first time an order for gasoil filter systems from Ford in the US market, with expected revenues of over 25 million dollars per year starting from 2010.

HEALTHCARE

In the first nine months of 2007 **HSS (Holding Sanità e Servizi)** accelerated the development of its business, doubling its consolidated revenues compared with the same period of 2006 (125.6 million euro up from 64.6 million). Ebitda was a positive 14.9 million, up from 2.9 million in the same period of 2006. The consolidated net result was a negative 0.2 million, compared to a net loss of 2.3 million in the same period of 2006. In the third quarter of 2007 HSS reported net income of 0.6 million euro, up from a net loss of 1.2 million in the third quarter of 2006.

At September 30 2007 the HSS Group, active in hospital services, rehabilitation, residences for the elderly and psychiatric residences, was managing a total of 4,261 beds.

In July HSS acquired the S. Stefano Group, leader for the Marche region in rehabilitation both in hospital and out of hospital, which currently manages a total of some 730 beds and had total revenues in 2006 of 71 million euro and an Ebitda of 10.2 million. This deal will enable the HSS Group to reach total sales of approximately 215 million euro when it is fully operational.

FINANCIAL SERVICES SECTOR

At September 30 2007 **Jupiter Finance**, the company set up at the end of 2005 to acquire from financial institutions and manage portfolios of non-performing loans, had acquired portfolios for a total of approximately 91 million euro and a gross book value of around 1 billion euro. In the first nine months of 2007 portfolios were acquired for a total of around 51 million euro and a gross book value of 550 million.

In January 2007, through its subsidiary CIR International, CIR acquired joint control with Merrill Lynch of the **Oakwood Global Finance group**, which specializes in financial products for non-conforming and near prime private clients and operates in the Australian, British and Italian markets. At September 30 2007 CIR had invested approximately 120 million euro in Oakwood.

The credit crunch resulting from the crisis in the US subprime mortgage sector has affected some of the companies of the Group, which have seen their profit margins reduced. The new scenario has meant revising their business models and their plans for growth in terms of volumes traded, income and cost structures and funding, with a greater use of their own funds.

Performance in third quarter 2007

In the third quarter of 2007, the CIR Group reported **consolidated revenues** of 972.2 million euro, with a rise of 2.3% from 950.4 million in the third quarter of 2006.

Consolidated EBITDA was 98.7 million euro, with a rise of 25.6% from 78.6 million in the same period of 2006. Similar growth was recorded by **consolidated EBIT**, which came in at 66.5 million euro, up from 52.6 million (+26.4%). **Consolidated net income** was 47.5 million euro, up from 14.8 million in the third quarter of 2006.

Between January 1 2007 and the date of this report, CIR bought back 4,980,000 of its own shares for a total of 14 million euro. Therefore as of today the number of own shares being held as treasury stock totals 39,074,000, equal to 4.94% of capital.

For the whole year it is reasonable to suppose that there will be an improvement in consolidated gross operating margin compared with the year 2006.

The executive responsible for the preparation of the financial statements of the company, Mr Alberto Piaser, hereby declares in accordance with the terms of paragraph 2 article 154 bis of the Finance Consolidation Act (*Testo Unico della Finanza*) that the financial information given in this press release corresponds to documented results, and to the company's books and accounting entries.

Milan, October 30 2007

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CIR GROUP – CONSOLIDATED BALANCE SHEET

(in thousands of euro)

ASSETS	<i>30.09.2007</i>	<i>30.06.2007</i>	<i>31.12.2006</i>
NON-CURRENT ASSETS	3,038,910	2,778,185	2,742,536
INTANGIBLE ASSETS	1,017,685	970,676	951,009
TANGIBLE ASSETS	1,283,569	1,123,652	1,091,030
REAL-ESTATE INVESTMENTS	17,677	17,814	17,604
INVESTMENTS IN COMPANIES VALUED AT EQUITY	260,997	244,826	214,163
OTHER EQUITY INVESTMENTS	15,586	6,019	8,530
OTHER RECEIVABLES	250,790	231,752	250,991
SECURITIES	90,712	84,693	98,583
DEFERRED TAX ASSETS	101,894	98,753	110,626
CURRENT ASSETS	2,929,017	2,992,433	2,984,189
INVENTORIES	211,551	211,367	217,082
CONTRACTED WORK IN PROGRESS	1,874	2,253	1,685
TRADE RECEIVABLES	922,365	911,682	996,477
OTHER RECEIVABLES	333,437	300,722	273,992
FINANCIAL RECEIVABLES	14,719	8,256	21,354
SECURITIES	499,546	554,518	654,248
AVAILABLE FOR SALE FINANCIAL ASSETS	368,676	407,246	372,867
CASH AND CASH EQUIVALENTS	576,849	596,389	446,484
ASSETS HELD FOR DISPOSAL	893	923	47,589
TOTAL ASSETS	5,968,820	5,771,541	5,774,314

LIABILITIES AND SHAREHOLDERS' EQUITY	<i>30.09.2007</i>	<i>30.06.2007</i>	<i>31.12.2006</i>
SHAREHOLDERS' EQUITY	2,071,298	2,033,249	1,979,912
SHARE CAPITAL	395,424	395,221	390,240
RESERVES	386,644	392,593	367,779
RETAINED EARNINGS (LOSSES)	450,005	453,538	401,016
NET INCOME FOR THE PERIOD	116,148	68,587	101,120
TOTAL EQUITY - GROUP	1,348,221	1,309,939	1,260,155
MINORITY INTERESTS	723,077	723,310	719,757
NON-CURRENT LIABILITIES	2,593,839	2,465,366	2,288,420
BONDS	1,200,253	1,183,072	1,187,750
OTHER BORROWINGS	1,034,448	948,296	758,514
OTHER PAYABLES	151	37	1,178
DEFERRED TAX LIABILITIES	156,256	151,699	137,743
PERSONNEL PROVISIONS	156,262	145,044	166,554
PROVISIONS FOR RISKS AND LOSSES	46,469	37,218	36,681
CURRENT LIABILITIES	1,303,683	1,272,926	1,469,640
BANK OVERDRAFT FACILITIES	108,219	136,705	265,180
OTHER BORROWINGS	142,298	110,699	134,134
TRADE PAYABLES	700,607	682,765	748,901
OTHER PAYABLES	287,799	282,121	273,962
PROVISIONS FOR RISKS AND LOSSES	64,760	60,636	47,463
LIABILITIES HELD FOR DISPOSAL	--	--	36,342
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	5,968,820	5,771,541	5,774,314

CIR GROUP – CONSOLIDATED INCOME STATEMENT

(in thousands of euro)

	1/1-30/9 2007	1/1-30/9 2006	3rd Quarter 2007	3rd Quarter 2006
SALES REVENUES	3,041,867	2,971,807	972,240	950,358
CHANGE IN INVENTORIES	2,852	2,034	1,159	2,073
COSTS FOR PURCHASE OF GOODS	(1,668,766)	(1,726,062)	(531,388)	(577,224)
COSTS FOR SERVICES	(557,234)	(538,217)	(184,872)	(155,801)
PERSONNEL COSTS	(449,014)	(423,421)	(148,453)	(134,450)
OTHER OPERATING INCOME	43,911	81,928	2,264	6,190
OTHER OPERATING COSTS	(59,852)	(54,437)	(19,751)	(12,810)
ADJUSTMENTS TO THE VALUE OF INVESTMENTS VALUED AT EQUITY	24,613	21,206	7,468	228
AMORTIZATION, DEPRECIATION AND WRITE-DOWNS	(92,758)	(73,828)	(32,198)	(25,995)
INCOME BEFORE INTEREST AND TAXES (E B I T)	285,619	261,010	66,469	52,569
FINANCIAL INCOME	51,281	48,863	17,550	16,794
FINANCIAL EXPENSES	(110,648)	(96,051)	(38,925)	(35,294)
DIVIDENDS	619	1,441	3	24
GAINS FROM TRADING SECURITIES	141,690	71,375	92,426	18,104
LOSSES FROM TRADING SECURITIES	(76,726)	(36,534)	(61,417)	(10,784)
ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS	(5,354)	(15,698)	1,994	(2,643)
INCOME BEFORE TAXES	286,481	234,406	78,100	38,770
INCOME TAXES	(81,185)	(76,269)	(4,828)	(8,288)
INCOME AFTER TAX FROM OPERATING ACTIVITY	205,296	158,137	73,272	30,482
NET INCOME/(LOSS) FROM BUSINESSES HELD FOR DISPOSAL	(444)	--	(147)	--
NET INCOME FOR THE PERIOD INCLUDING MINORITY INTERESTS	204,852	158,137	73,125	30,482
- NET INCOME - MINORITY INTERESTS	(88,704)	(80,672)	(25,564)	(15,675)
- NET INCOME - GROUP	116,148	77,465	47,561	14,807

CIR GROUP – NET FINANCIAL POSITION

(in thousands of euro)

	30.09.2007	30.06.2007	31.12.2006
A. Cash and bank deposits	576,849	596,389	446,484
B. Other free cash flow	368,676	407,246	372,867
C. Securities held for trading	499,546	554,518	654,248
D. Cash and cash equivalents (A) + (B) + (C)	1,445,071	1,558,153	1,473,599
E. Current financial receivables	14,719	8,256	21,354
F. Current bank borrowings	(186,278)	(173,926)	(338,730)
G. Current part of non-current debt	(64,238)	(73,477)	(60,353)
H. Other current borrowings	(1)	(1)	(231)
I. Current financial debt (F) + (G) + (H)	(250,517)	(247,404)	(399,314)
J. Net current financial position (I) + (E) + (D)	1,209,273	1,319,005	1,095,639
K. Non-current bank borrowings	(994,017)	(908,324)	(728,444)
L. Bonds issued	(1,200,253)	(1,183,072)	(1,187,750)
M. Other non-current borrowings	(40,431)	(39,972)	(30,070)
N. Non-current financial debt (K) + (L) + (M)	(2,234,701)	(2,131,368)	(1,946,264)
O. Net financial position (J) + (N)	(1,025,428)	(812,363)	(850,625)