

PRESS RELEASE

Board approves results for 2005

**CIR GROUP: 87.7 MILLION OF NET INCOME
THANKS TO THE POSITIVE RESULTS OF SUBSIDIARIES**

**Consolidated results for financial year 2005
(with the new IAS/IFRS accounting standards)**

*REVENUES € 3,382.7 million (+10.5%)
EBITDA € 370 million (-6.4%)
EBIT € 275.1 million (-9.1%)
NET INCOME € 87.7 million (155.2 million in 2004
which included extraordinary items for 90.9 million)*

*Aggregate net financial surplus € 359.8 million (448.6 million at January 1 2005)
Consolidated net debt € 465.2 million (75.5 million at January 1 2005)
Total shareholders' equity € 1,856.4 million (1,702.7 million at January 1 2005)*

*The Board will propose to the Shareholders the distribution of a dividend
of € 0.050 (unchanged from 2004) payable as from May 11 2006*

The Board of Directors of CIR, which met today in Milan under the chairmanship of Mr Carlo De Benedetti, approved the proposed Statutory and the Consolidated Financial Statements of the Group for financial year 2005. The Accounts will be submitted to the Annual General Meeting of the Shareholders which has been convened for April 26 2006 at the first calling and for April 27 if a second calling is necessary.

During 2005 the CIR Group pursued the objective of creating value for its shareholders both through development and increasing the profitability of its investments, and through the start of new initiatives in sectors with high growth potential.

The present structure of the Group includes four main business sectors: **media** (publishing, radio and television), **utilities** (electricity and gas), **automotive components** (filters and suspension systems) and **healthcare**, in which CIR has invested over the last three years with a view to creating an efficient group within the fragmented Italian healthcare system. In the utilities sector an ambitious plan of investment is under way which will require further financial support by its shareholders while in the publishing and components sectors development is being financed with resources generated in-house by the companies themselves.

In the last few months of 2005 the CIR Group identified investment opportunities in a business sector considered to be of potential interest: that of non-performing loans. In September the company **Jupiter Finance** was set up, with the object of acquiring and managing portfolios of such loans.

In its pursuit of these development strategies, the CIR Group is continuing to privilege a financial policy aimed at guaranteeing a balanced ratio of its own resources to those of third parties, thus maintaining a solid financial structure.

The operational objective of CIR is the research of continuous growth in the value of its investments over the **medium term**. In this context, the economic results of the period do not always reflect this growth in a linear way; also a comparison of results over short periods is not always representative if one takes into account the extraordinary elements which do from time to time influence results.

During financial year 2005 the CIR Group adopted the **new IAS/IFRS accounting standards**. This meant that the accounts of the previous years had to be restated and also involved a new opening balance sheet as of January 1 2005.

The application of the new international accounting principles to the consolidated financial statements as of December 31 2004, drawn up according to Italian accounting principles, had positive effects: in essence an increase in the shareholders' equity of the Group of 122.5 million euros, an improvement of 5.6 million in the earnings for financial year 2004 and a reduction in net financial debt of 53.9 million.

Consolidated economic results for financial year 2005

In 2005 CIR reported **consolidated net income** of 87.7 million euros which, net of non-recurrent extraordinary items totalling 90.9 million, compares with 64.3 million euros in 2004, when consolidated net income was 155.2 million, having benefited from a capital gain of 64.5 million euros due to the subscription by Verbund of a capital increase in Energia, and to financial income for 26.4 million resulting from the transaction with H3G. Moreover 2005 was also penalized by non-recurrent negative components of 16.1 million, consisting of tax liabilities following the outcome of a dispute regarding prior periods.

The contribution of the operating groups for the year rose by around 21% from 86.5 million in 2004 to 104.7 million in 2005, while the contribution of the wholly owned financial companies rose from 8.1 million in 2004 to 16.2 million in 2005.

In 2005 the **consolidated revenues** of CIR totalled 3,382.7 million euros, up by 10.5% compared with 2004 (3,062.4 million). This increase of 304.3 million came mainly from the Energia Group and from the Sogefi Group.

With the same basis of consolidation and at the same exchange rates, the rise in consolidated revenues would have been 11.3%.

The **consolidated gross operating margin (EBITDA)** in 2005 was 370 million euros, compared with 395.4 million in 2004 (-6.4%). This decline was due to the combined effect of non-recurrent income of approximately 36 million in 2004 (stranded costs in the subsidiary Energia) and a contingent tax liability of 16.1 million in 2005.

The **consolidated operating margin (EBIT)** was 275.1 million euros, compared with 302.7 million in 2004 (-9.1%).

In 2005 net financial expenses totalled 48.2 million euros, against 17.8 million in 2004 (net of a non-recurrent gain of 26.4 million from the H3G transaction). Dividends and net gains and losses from securities trading came in at 27.7 million euros in 2005 compared with 93.9 million in 2004, which included the extraordinary capital gain of 88 million, including the part pertaining to minority interests, resulting from the subscription by Verbund of a capital increase in Energia.

Consolidated net capital invested at December 31 2005 totalled 2,321.6 million euros, compared with 1,778.2 million at January 1 2005, showing a rise of 543.4 million mainly due to the significant investments made by the Energia and Espresso groups.

The **consolidated net financial position** at December 31 2005 showed net debt of 465.2 million euros (compared with 75.5 million at January 1 2005), resulting from a financial surplus of 359.8 million (compared with 448.6 million at January 1 2005) for CIR and the wholly owned financial companies and total debt of 825 million for the operating groups (compared with 524.1 million at January 1 2005).

The **consolidated shareholders' equity of the Group** moved from 1,119.3 million euros at January 1 2005 to 1,185 million at December 31 2005 (+65.7 million). **Minority equity** rose from 583.4 million euros at January 1 2005 to 671.4 million at December 31 2005 (+88 million). **Total shareholders' equity** stood at 1,856.4 million euros at December 31 2005, up from 1,702.7 million at January 1 2005, showing a rise of 153.7 million after the distribution of 38 million in dividends by CIR and a total of 35.9 million by the subsidiaries to their minority shareholders.

At December 31 2005 the CIR Group had 10,043 **employees**.

The performance of the **industrial businesses of the Group** was positive in 2005 and the results of the subsidiaries showed progress compared with 2004.

MEDIA

In 2005 the **Espresso Group** reported consolidated sales revenues of 1,079.9 million euros, substantially in line with 2004, and achieved consolidated net income of 116.3 million, an improvement of 17.7% on the figure of 98.9 million for 2004. At December 31 2005 the net financial position showed net debt of 252.6 million euros, up by 109.4 million compared with January 1 2005, mainly due to the disbursement resulting from the

acquisition of the television company Rete A, an operation forming part of the development plan involving investment, currently being made, for the construction of a adequate terrestrial digital network. In 2005 *la Repubblica* confirmed its position as number one newspaper in terms of number of readers while the radio sector of the Espresso Group confirmed its leadership in Italy in terms of audience.

UTILITIES

During 2005 the **Energia Group** progressed with the implementation of its industrial plan, consolidating ever more its position as an important operator in the free market for electricity and gas. The construction work on the power plant in Termoli (Campobasso) will soon be finished and the plant will start operating during 2006. In the next few months work on the plant in Modugno (Bari) will begin, while the repowering plan for Tirreno Power is going ahead. In 2005 consolidated revenues rose by 29.9% reaching 1,225.2 million euros, thanks to the good performance of sales of both gas and electricity. Consolidated earnings were 29.1 million, compared with 41 million in 2004, which had benefited from the stranded costs refunded to Tirreno Power.

AUTOMOTIVE COMPONENTS

In spite of the negative environment in the car sector, the **Sogefi Group**, an important manufacturer of components for motor vehicles, confirmed its leadership in Europe in the two sectors in which it operates (filters and suspension components), with consolidated revenues of 1,023.4 million euros (+5.9% on 2004) and consolidated net income of 44.7 million euros (+48.7% from 30 million in 2004). This significant improvement in results was due to good levels of demand in South American countries, to a sharp increase in sales of suspension components for industrial vehicles and the partial incorporation into selling prices of the further substantial rise in steel costs that took place during the period.

HEALTHCARE

In 2005 **HSS–Holding Sanità e Servizi**, operating in the healthcare sector, continued to develop the initiatives it had undertaken and to search for new opportunities to consolidate its presence in the healthcare sector even through acquisitions. In 2005 the Group reported consolidated revenues of 53.8 million euros, while the net result was a loss of 1.4 million, discounting the start-up development phase. In the second half of the year, however, the Group did achieve a positive operating result.

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 in 2005 reported consolidated revenues of approximately 50 million euros with 1,600 beds under management.

The deal, which is subject to due diligence and to the required approval of the Antitrust Authorities, should enable the HSS group, in just three years of business, to reach total revenues of approximately 110 million euros with over 3,000 beds under management.

HSS would thus become the leading operator in Italy for the management of residences for the elderly.

Performance of the Parent Company

The **Parent Company CIR SpA** also adopted the new IAS/IFRS international accounting standards in 2005. Their application to the 2004 financial statements, prepared according to Italian accounting principles, caused a rise in shareholders' equity of 16.9 million euros and a reduction of 123 million in the earnings for financial year 2004, mainly as a result of the adjustments made on application of the different method of valuing equity investments.

CIR SpA closed 2005 with **net income** of 4.8 million euros (26.6 million in 2004), the result being penalized by 16.1 million of financial charges relating to prior periods. **Shareholders' equity** at December 31 2005 stood at 953.2 million euros, against 1,013.7 million at January 1 2005. Apart from the distribution of dividends for 38 million euros, this reduction in equity was also due to the effects of the treatment of own shares held as treasury stock which in accordance with IAS/IFRS standards must now be deducted from shareholders' equity. At December 31 2005 treasury stock consisted of 27,216,642 own shares (10,995,000 at January 1 2005), equal to 3.43% of share capital, with a total value of 61.3 million euros.

Dividend proposal

The Board of Directors will propose that the Shareholders' Meeting approve a dividend of 0.050 euros per share, unchanged from 2004, which will be payable as from May 11 2006. The total dividend payout for 2005 will be approximately 37.5 million euros.

Proposal to revoke and assign a new authorization for the buy-back of own shares

The Board of Directors adopted to put before the Shareholders' Meeting a motion that the authorization of the Board be cancelled and that a new authorization be granted to the same Board, for a period of 18 months, to buy back a maximum of 45 million of its own shares, with a maximum disbursement limit of 120 million euros,

at a unit price that shall not be more than 10% higher or lower than the benchmark price recorded by the shares in the regulated market on the trading day prior to each individual transaction.

The main reasons for renewing this authorization are, on the one hand, the possibility of investing in the company's shares at prices below their actual value based on the company's equity and income prospects and, on the other hand, the possibility of reducing the average cost of capital for the company. As of today the company is holding treasury stock of 29,844,000 ordinary shares, corresponding to 3.8% of share capital, at an average carrying value of 2.26 euros.

Proposal for 2006 stock option plan

Having examined the new law on savings, the Board of Directors voted to submit the 2006 stock option plan to the approval of the Shareholders' Meeting. This plan, which is intended for employees of the Company and its controlling company is for a maximum of 5.6 million options that will give the right to subscribe new shares to be issued or else to purchase existing shares on the basis of specific situations of the individual beneficiaries.

Compliance on the subject of market abuse

The Board of Directors has also had its Code of Conduct for Internal Dealing updated regarding the notification to Consob and the market of any transactions in the shares and other instruments issued by the Company effected by significant persons. It also approved the institution of a Register of persons having access to privileged information.

Milan, March 14 2006

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

CONTACTS

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CIR GROUP – CONSOLIDATED BALANCE SHEET

(in thousands of euros)

ASSETS	31.12.2005	01.01.2005
NON-CURRENT ASSETS	2,401,558	1,886,011
INTANGIBLE ASSETS	864,436	667,041
TANGIBLE ASSETS	897,972	758,303
REAL ESTATE INVESTMENTS	6,944	268
INVESTMENTS IN COMPANIES VALUED AT EQUITY	221,042	200,549
OTHER EQUITY INVESTMENTS	7,529	11,262
OTHER RECEIVABLES	261,403	158,781
SECURITIES	59,841	37,732
DEFERRED TAX ASSETS	82,391	52,075
CURRENT ASSETS	2,775,594	3,158,457
INVENTORIES	162,864	160,725
CONTRACTED WORK IN PROGRESS	933	544
TRADE RECEIVABLES	790,744	690,102
OTHER RECEIVABLES	201,362	239,212
FINANCIAL RECEIVABLES	26,513	83,620
SECURITIES	467,959	269,266
AVAILABLE-FOR-SALE FINANCIAL ASSETS	362,930	264,029
CASH AND CASH EQUIVALENTS	762,289	1,450,959
ASSETS FOR DISPOSAL	17,143	--
TOTAL ASSETS	5,194,295	5,044,468
LIABILITIES AND SHAREHOLDERS' EQUITY	31.12.2005	01.01.2005
SHAREHOLDERS' EQUITY	1,856,383	1,702,660
SHARE CAPITAL	389,621	388,279
RESERVES	401,794	374,528
RETAINED EARNINGS (LOSSES)	305,945	201,274
NET INCOME (LOSS) FOR THE YEAR	87,675	155,247
SHAREHOLDERS' EQUITY - GROUP	1,185,035	1,119,328
SHAREHOLDERS' EQUITY – MINORITY INTERESTS	671,348	583,332
NON-CURRENT LIABILITIES	2,186,453	1,965,363
BONDS	1,199,251	1,265,864
OTHER BORROWINGS	654,785	433,077
OTHER PAYABLES	21	609
DEFERRED TAX LIABILITIES	126,260	67,070
PERSONNEL RESERVES	163,671	157,759
PROVISIONS FOR RISKS AND LOSSES	42,465	40,984
CURRENT LIABILITIES	1,137,983	1,376,445
BANK OVERDRAFTS	54,962	29,894
BONDS	--	228,353
OTHER BORROWINGS	175,881	186,172
TRADE PAYABLES	649,766	645,706
OTHER PAYABLES	213,768	231,834
PROVISIONS FOR RISKS AND LOSSES	43,606	54,486
LIABILITIES FOR DISPOSAL	13,476	--
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	5,194,295	5,044,468

CIR GROUP – CONSOLIDATED INCOME STATEMENT

<i>(in thousands of euros)</i>	<i>2005</i>	<i>2004</i>
TRADE RECEIVABLES	3,382,661	3,062,400
CHANGE IN INVENTORIES	(1,691)	(1,439)
COSTS FOR THE PURCHASE OF GOODS	(1,818,934)	(1,536,199)
COSTS FOR SERVICES	(674,847)	(625,423)
PERSONNEL COSTS	(545,777)	(525,682)
OTHER OPERATING REVENUES	92,443	53,370
OTHER OPERATING COSTS	(82,448)	(80,504)
ADJUSTMENTS TO THE VALUE OF INVESTMENTS VALUED AT EQUITY	18,596	48,876
AMORTIZATION, DEPRECIATION AND WRITE-DOWNS	(94,894)	(92,660)
E B I T	275,109	302,739
FINANCIAL INCOME	145,005	133,649
FINANCIAL EXPENSES	(193,150)	(151,446)
DIVIDENDS	396	984
GAINS FROM TRADING SECURITIES	93,094	200,842
LOSSES FROM TRADING SECURITIES	(65,527)	(99,507)
ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS	(297)	(8,409)
INCOME/LOSS BEFORE TAXES	254,630	378,852
INCOME TAXES	(64,753)	(100,942)
NET INCOME FOR THE PERIOD INCLUDING MINORITY INTERESTS	189,877	277,910
- NET INCOME – MINORITY INTERESTS	102,202	122,663
- NET INCOME – GROUP	87,675	155,247
BASIC EARNINGS PER SHARE (in euros)	0.1156	0.2040
DILUTED EARNINGS PER SHARE (in euros)	0.1149	0.2040

CIR GROUP – CONSOLIDATED CASH FLOW STATEMENT
(change in net cash and cash equivalents)

(in thousands of euros)

	2005	2004
OPERATING ACTIVITY		
NET INCOME / (LOSS) FOR THE PERIOD	189,877	277,910
ADJUSTMENTS:		
AMORTIZATION, DEPRECIATION AND WRITE-DOWNS	94,894	92,660
VALUATION OF INVESTMENTS AT EQUITY	(18,596)	(48,876)
LOSSES/(GAINS) FROM THE SALE OF EQUITY INVESTMENTS	--	(87,526)
ACTUARIAL VALUATION OF STOCK OPTION PLANS	11,000	4,466
CHANGE IN PROVISIONS FOR PERSONNEL AND RISKS AND LOSSES	36,267	(76,011)
ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS	9,990	8,409
INCREASE (REDUCTION) IN NON-CURRENT ASSETS AND LIABILITIES	(106,877)	(36,440)
(INCREASE) REDUCTION IN NET WORKING CAPITAL	(90,206)	510,963
CASH FLOW FROM OPERATING ACTIVITY	126,349	645,555
INVESTMENT ACTIVITY		
(PURCHASE) SALE OF SECURITIES	(327,857)	129,906
PURCHASE OF FIXED ASSETS	(438,634)	(378,117)
CASH FLOW FROM INVESTMENT ACTIVITY	(7663,491)	(248,211)
FUNDING ACTIVITY		
INFLOWS FROM CAPITAL INCREASES	26,000	162,544
OTHER NET CHANGES IN SHAREHOLDERS' EQUITY	(1,111)	6,240
FAIR VALUE OF AVAILABLE-FOR-SALE SECURITIES	39,765	86,300
BONDS	(294,966)	443,999
DRAWDOWN/(REPAYMENT) OF OTHER BORROWINGS	268,524	117,238
BUY-BACK OF OWN SHARES	(35,878)	(23,639)
DIVIDENDS PAID OUT	(75,930)	(67,746)
CASH FLOW FROM FUNDING ACTIVITY	(73,596)	724,936
INCREASE (REDUCTION) OF CASH AND CASH EQUIVALENTS	(713,738)	1,122,280
NET CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	1,421,065	298,785
NET CASH AND CASH EQUIVALENTS AT END OF PERIOD	707,327	1,421,065

CIR GROUP– CONSOLIDATED CASH FLOW STATEMENT
(change in net financial position)

<i>(in thousands of euros)</i>	<i>2005</i>	<i>2004</i>
SOURCES OF FUNDS		
Net income for the period including minority interests	189,877	277,910
Amortization, depreciation, write-downs and other non-monetary changes	133,555	(19,352)
Losses/(Income) from the sale of equity investments	--	(87,526)
Self-financing	323,432	171,032
Change in working capital	(90,206)	510,963
CASH FLOW GENERATED BY CURRENT OPERATIONS	233,226	681,995
Capital increases	26,000	162,544
TOTAL SOURCES	259,226	844,539
APPLICATIONS OF FUNDS		
Net investment in fixed assets	(575,774)	(334,729)
Buy-back of own shares	(35,878)	(23,639)
Payment of dividends	(75,930)	(67,746)
Other changes	38,654	91,753
TOTAL APPLICATIONS	(648,928)	(334,361)
FINANCIAL SURPLUS (SHORTFALL)	(389,702)	510,178
NET FINANCIAL POSITION AT BEGINNING OF PERIOD	(75,486)	(585,664)
NET FINANCIAL POSITION AT END OF PERIOD	(465,188)	(75,486)

CIR GROUP – CHANGE IN CONSOLIDATED SHAREHOLDERS' EQUITY

<i>(in thousands of euros)</i>	<i>Attributable to 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 JANUARY 1 2004	385,186	452,812	23,347	62,839	924,184	419,927	1,344,111
Capital increases	3,093	3,999	--	--	7,092	73,028	80,120
Dividends to Shareholders	--	--	--	(34,998)	(34,998)	(32,202)	(67,200)
Net income allocated to reserves	--	14,975	12,866	(27,841)	--	--	--
Notional credit of stock options	--	1,798	--	--	1,798	--	1,798
Effects of equity changes in Subsidiaries	--	2,385	--	--	2,385	3,147	5,532
Translation differences	--	(11,728)	--	--	(11,728)	(90)	(11,818)
Net income for the period	--	--	--	155,247	155,247	122,663	277,910
BALANCE AT DECEMBER 31 2004	388,279	464,241	36,213	155,247	1,043,980	586,473	1,630,453

Reclassification of own shares	--	(25,442)	1,786	--	(23,656)	--	(23,656)
Adjustments for adoption of IAS 32/39	--	111,283	(12,279)	--	99,004	(3,141)	95,863
Reclassification due to reallocation of the available part of "Reserve for revaluation of shareholdings" at December 31 2004 to "Retained earnings".	--	(156,229)	156,229	--	--	--	--
Reclassification due to reallocation of "Reserve for revaluation of equity investments" to "Retained earnings"	--	(19,325)	19,325	--	--	--	--

BALANCE AT JANUARY 1 2005	388,279	374,528	201,274	155,247	1,119,328	583,332	1,702,660
Capital increases	1,342	2,273	--	--	3,615	22,385	26,000
Dividends to Shareholders	--	--	--	(38,009)	(38,009)	(37,921)	(75,930)
Portion at disposal of Board of Directors	--	--	--	(708)	(708)	--	(708)
Retained earnings	--	--	116,530	(116,530)	--	--	--
Resolution by Shareholders for buy-back of own shares	--	11,859	(11,859)	--	--	--	--
Fair value estimation of hedging instruments	--	1,424	--	--	1,424	1,291	2,715
Fair value estimation of securities	--	47,373	--	--	47,373	--	47,373
Fair value reserve of securities recognized to the income statement	--	(7,608)	--	--	(7,608)	--	(7,608)
Adjustment for own-share transactions	--	(35,879)	--	--	(35,879)	--	(35,879)
Notional credit of stock options	--	5,737	--	--	5,737	--	5,737
Effects of equity changes in subsidiaries	--	(7,087)	--	--	(7,087)	(4,523)	(11,610)
Translation differences	--	9,174	--	--	9,174	4,582	13,756
Net income for the period	--	--	--	87,675	87,675	102,202	189,877
BALANCE AT DECEMBER 31 2005	389,621	401,794	305,945	87,675	1,185,035	671,348	1,856,383

CIR S.p.A. – BALANCE SHEET

(in euros)

ASSETS	31.12.2005	01.01.2005
NON-CURRENT ASSETS	919,464,511	872,465,987
INTANGIBLE ASSETS	55,667	58,796
TANGIBLE ASSETS	11,911,546	15,414,343
REAL ESTATE INVESTMENTS	6,944,487	--
EQUITY INVESTMENTS	898,728,609	851,945,443
MISCELLANEOUS RECEIVABLES	211,859	221,752
DEFERRED TAX ASSETS	1,612,343	4,825,653
CURRENT ASSETS	409,885,235	482,101,096
MISCELLANEOUS RECEIVABLES	52,328,165	48,803,110
SECURITIES	180,962,954	117,381,417
CASH AND CASH EQUIVALENTS	176,594,116	315,916,569
TOTAL ASSETS	1,329,349,746	1,354,567,083
LIABILITIES AND SHAREHOLDERS' EQUITY	31.12.2005	01.01.2005
SHAREHOLDERS' EQUITY	953,217,713	1,013,662,874
SHARE CAPITAL	389,620,834	388,278,784
RESERVES	369,175,921	385,186,096
RETAINED EARNINGS / (LOSSES)	189,622,482	213,553,049
NET INCOME / (LOSS) FOR THE YEAR	4,798,476	26,644,945
NON-CURRENT LIABILITIES	297,286,488	297,656,525
BONDS	295,483,269	295,437,387
OTHER PAYABLES	--	308,777
DEFERRED TAX LIABILITIES	340,908	548,138
PERSONNEL RESERVES	1,462,311	1,362,223
CURRENT LIABILITIES	78,845,545	43,247,684
BORROWINGS FROM SUBSIDIARIES	42,102,350	12,536,067
OTHER PAYABLES	33,708,491	21,298,863
PROVISIONS FOR RISKS AND LOSSES	3,034,704	9,412,754
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1,329,349,746	1,354,567,083

CIR S.p.A. – INCOME STATEMENT

(in euros)

	2005	2004
MISCELLANEOUS REVENUES AND INCOME	7,149,870	6,956,467
COSTS FOR SERVICES	(8,874,996)	(8,682,008)
PERSONNEL COSTS	(10,567,262)	(6,007,037)
OTHER OPERATING COSTS	(1,552,276)	(6,929,806)
AMORTIZATION, DEPRECIATION AND WRITE-DOWNS	(211,994)	(103,211)
RESULT OF OPERATIONS	(14,056,658)	(14,765,595)
FINANCIAL INCOME	12,213,754	5,718,981
FINANCIAL EXPENSES	(19,092,713)	(3,070,766)
DIVIDENDS	42,791,314	37,602,673
GAINS FROM TRADING SECURITIES	688,750	800,068
LOSSES FROM TRADING SECURITIES	(282,188)	(495,941)
ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS	(6,710,323)	(3,818,376)
INCOME / (LOSS) BEFORE TAXES AND NON-RECURRENT CHANGES	15,551,936	21,971,044
TAXES FROM PRIOR PERIODS	(16,058,875)	--
INCOME / (LOSS) BEFORE TAXES	(506,939)	21,971,044
INCOME TAXES	5,305,415	4,673,901
NET INCOME / (LOSS) FOR THE YEAR	4,798,476	26,644,945
BASIC EARNINGS PER SHARE (in euros)	0.0063	0.0350
DILUTED EARNINGS PER SHARE (in euros)	0.0063	0.0350

CIR S.p.A. – CASH FLOW STATEMENT

(in euros)

	2005	2004
OPERATING ACTIVITY		
NET INCOME / (LOSS) FOR THE YEAR	4,798,476	26,644,945
ADJUSTMENTS:		
AMORTIZATION, DEPRECIATION AND WRITE-DOWNS	211,994	103,211
LOSSES/(INCOME) FROM THE SALE OF EQUITY INVESTMENTS	6,710,323	3,818,376
ACTUARIAL VALUATION OF STOCK OPTION PLANS	5,736,787	1,797,880
(INCREASE) REDUCTION IN NET WORKING CAPITAL	2,507,086	10,531,783
CASH FLOW FROM OPERATING ACTIVITY	19,964,666	42,896,195
INVESTMENT ACTIVITY		
PURCHASE OF CURRENT SECURITIES	63,581,537	33,923,647
PURCHASE OF FIXED ASSETS	21,338,071	26,647,983
CASH FLOW FROM INVESTMENT ACTIVITY	(84,919,608)	(60,571,630)
FUNDING ACTIVITY		
INFLOWS FROM CAPITAL INCREASES	3,614,050	7,091,617
BONDS	45,882	294,930,000
DRAWDOWN/(REPAYMENT) OF OTHER BORROWINGS	(3,432,406)	--
BUY-BACK OF OWN SHARES	(35,878,184)	(2,631,372)
DIVIDENDS PAID OUT	(38,716,853)	(34,998,332)
CASH FLOW FROM FUNDING ACTIVITY	(74,367,511)	264,391,913
INCREASE (REDUCTION) IN NET CASH AND CASH EQUIVALENTS	(139,322,453)	246,716,478
NET CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	315,916,569	69,200,091
NET CASH AND CASH EQUIVALENTS AT END OF PERIOD	176,594,116	315,916,569

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

<i>(in euros)</i>	<i>Share capital</i>	<i>Reserves</i>	<i>Retained earnings (losses)</i>	<i>Net income for the year</i>	<i>Total</i>
BALANCE AT JANUARY 1 2004	385,185,795	565,443,562	23,347,106	62,838,611	1,036,815,074
Capital increases	3,092,989	3,998,628	--	--	7,091,617
Dividends to Shareholders	--	--	--	(34,998,332)	(34,998,332)
Net income allocated to reserves	--	14,974,910	12,865,369	(27,840,279)	--
Notional credit of stock options	--	1,797,880	--	--	1,797,880
Income (loss) for the year	--	--	--	26,644,945	26,644,945
BALANCE AT DECEMBER 31 2004	388,278,784	586,214,980	36,212,475	26,644,945	1,037,351,184
Reclassification of own shares	--	(25,442,374)	1,786,171	--	(23,656,203)
Adjustments due to adoption of IAS 32/39	--	(32,107)	--	--	(32,107)
Reclassification of Reserves	--	(175,554,403)	175,554,403	--	--
BALANCE AT JANUARY 1 2005	388,278,784	385,186,096	213,553,049	26,644,945	1,013,662,874
Capital increases	1,342,050	2,272,563	--	--	3,614,613
Dividends to Shareholders	--	--	(12,071,908)	(25,936,932)	(38,008,840)
Portion at the disposal of the Board of Directors	--	--	--	(708,013)	(708,013)
Shareholder Resolution to buy back own shares	--	11,858,659	(11,858,659)	--	--
Adjustment for transactions in own shares	--	(35,878,184)	--	--	(35,878,184)
Notional credit of stock options	--	5,736,787	--	--	5,736,787
Net income (loss) for the year	--	--	--	4,798,476	4,798,476
BALANCE AT DECEMBER 31 2005	389,620,834	369,175,921	189,622,482	4,798,476	953,217,713