

PRESS RELEASE

Board approves results for 2006

CIR GROUP: 101 MILLION OF NET INCOME (+15%) THANKS TO POSITIVE RESULTS OF SUBSIDIARIES

Consolidated results for financial year 2006

REVENUES € 4,136.8 million (+22.3 %)

EBITDA € 442.4 million +19.6%)

EBIT € 339.5 million (+23.4%)

NET INCOME € 101.1 million (+15.3%)

Aggregate net financial surplus € 258.2 million (359.8 million at December 31 2005)

Consolidated net debt € 850.6 million (465.2 million at December 31 2005)

Total shareholders' equity € 1,979.9 million (1,856.4 million at December 31 2005)

*Board will propose to the Shareholders the distribution of a dividend of
€0.050 (unchanged from 2005) payable as from May 17 2007*

The Board of Directors of CIR, which met today in Milan under the chairmanship of Mr Carlo De Benedetti, approved the proposed Statutory and Consolidated Financial Statements of the Group for financial year 2006. 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 2006 the CIR Group continued to pursue the objective of **creating value in the medium term** for its shareholders both through the start up of new business initiatives in sectors considered to be of potential interest, and by managing its investments in sectors in which it is already present.

In this way in 2006 CIR further consolidated the growth of the Group, strengthening in particular its position in the **utilities** sector, while at the beginning of 2007 it made a **new investment in the financial sector**.

In its pursuit of these development strategies, the CIR Group has been 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 current structure of the Group includes four main business sectors: **utilities** (electricity and gas), **media** (publishing, radio and television), **automotive components** (filters and suspension systems) and **healthcare** (residences for the elderly, hospitals and rehabilitation centres).

2006 was also the first full year of operation of **Jupiter Finance**, the company created at the end of 2005, taking advantage of an investment opportunity in a sector considered of potential interest, that of acquiring from financial institutions and managing portfolios of non-performing loans. In 2006 the company acquired over 50 portfolios for a total amount of approximately 40 million euro and a nominal value of approximately 340 million.

In December 2006 CIR reached an agreement with Merrill Lynch, leading financial institution at global level, for the joint control of **Oakwood Financial Investments**, the company specializing in innovative retail financial services for non-conforming clients. On completion of the deal in January 2007, CIR invested approximately 100 million euro, with a commitment to support new initiatives for a further investment of approximately 50 million euro. The Oakwood group currently operates through companies in Britain, Australia and Italy.

All the activities of the CIR Group are directed towards 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.

Consolidated economic results for financial year 2006

In 2006, the **consolidated net income** of the CIR Group rose by 15.3%, reaching 101.1 million euro, up from 87.7 million in 2005. The contribution of the operating groups to this result rose by 6.6% from 104.7 million in 2005 to 111.6 million in 2006, while the contribution of the wholly owned financial subsidiaries declined from 16.2 million in 2005 to 15 million in 2006.

In 2006 the **consolidated revenues** of the CIR Group totalled 4,136.8 million euro, up by 22.3% from 3,382.7 million in 2005. This increase of 754.1 million came mainly from the Sorgenia Group with 690.9 million and from the HSS Group with 45.4 million.

The **consolidated gross operating margin (EBITDA)** rose by 19.6% to 442.4 million euro (10.7% of revenues) compared with 370 million (10.9% of revenues) in 2005.

The **consolidated operating margin (EBIT)** posted a rise of 23.4%, coming in at 339.5 million euro (8.2% of revenues) up from 275.1 million (8.1% of revenues) in 2005.

In 2006 **net financial expense** amounted to 62.6 million euro, compared to 48.2 million in 2005. Dividends and net gains from trading securities came to 27 million euro, compared to 27.7 million in 2005.

Consolidated net invested capital at December 31 2006 stood at 2,830.5 million euro, up from 2,321.6 million at December 31 2005, with a rise of 508.9 million, mainly due to the substantial investment made during the year by the Sorgenia and HSS groups in particular.

The consolidated net financial position at December 31 2006 showed net debt of 850.6 million euro (compared to 465.2 million at December 31 2005), resulting from a financial surplus of 258,2 million (compared with 359,8 million at December 31 2005) for CIR and the wholly owned financial companies and total debt of 1,108,8 million for the operating groups (compared with 825 million at December 31 2005).

The rise of 283.8 million was mainly due to the investment made by the Sorgenia Group for its new power plants and to the acquisition of Anni Azzurri by the HSS Group.

The **consolidated shareholders' equity of the Group** rose from 1,185 million euro at December 31 2005 to 1,260.2 million at December 31 2006 (+75.2 million). **Minority interests** also rose from 671.4 million euro at December 31 2005 to 719.7 million at December 31 2006 (+48.3 million). **Total equity** at December 31 2006 stood at 1,979.9 million euro, up from 1,856.4 million at December 31 2005, with a rise of 123.5 million after the distribution of 37.5 million in dividends by CIR and of a total of 53.3 million by the subsidiaries to their minority shareholders.

At December 31 2006 the CIR Group had 11,102 **employees**.

The performance of the industrial businesses of the Group

UTILITIES

In July 2006 the Energia Group took the new name of **Sorgenia**, with the aim of giving greater value to its positioning and to the role that it wishes to play in the free electricity and gas market in Italy and defining itself as a provider sensitive to environmental issues.

The Sorgenia Group is engaged in the roll-out of its industrial plan, which involves investments of over 1.8 billion euro up to 2010, in addition to the 0.9 billion invested as of the end of 2006. The objective is to expand significantly in the power generation business, with particular attention being dedicated to sources with a low environmental impact and to renewables. In the second half of 2006 the **Termoli** (Molise) plant started operating at full capacity, while during the year work continued on the construction of the **Modugno** plant (Puglia). In September 2006 the authorization process was completed for the **Aprilia** plant (Lazio), with a favourable opinion expressed by the Conference of Services and with the issue of the final authorization

Decree on October 2 2006 by the Ministry of Economic Development. This authorization joins the one already obtained for the **Bertonico-Turano Lodigiano** plant (Lombardy).

Regarding **Tirreno Power**, in 2006 implementation of the repowering plan continued at Napoli Levante and Vado Ligure, while on October 25 2006 the completely renewed Torrealvaliga power plant was inaugurated. Lastly, Sorigenia is developing generating projects from renewable sources, with particular attention being devoted to the construction of wind and photovoltaic solar plants, **Soluxia**, the company set up to design and build photovoltaic plants, has already obtained from the GSE (which manages the national electricity grid), admission to feed-in tariffs for 15 new photovoltaic plants each of 1 MW, situated in various regions of the South of Italy, for a total installed capacity of approximately 15 MW. As for wind power, Sorigenia has concluded the authorization process for a total of 62 MW.

In 2006 Sorigenia reported consolidated revenues of 1,916.1 million euro, with a rise of 56.4% from 1,225.2 million in 2005, thanks to the good performance of power and natural gas sales. Consolidated net income rose by 93.5%, reaching 56.3 million compared to 29.1 million in 2005.

In 2006 Sorigenia increased its number of clients tenfold, closing the year with 150,000 up from 15,000 at the end of 2005.

MEDIA

Regarding the **Espresso Group**, in 2006 the newspaper *la Repubblica* confirmed its position as number one newspaper in terms of number of readers and the radios of the Espresso Group confirmed their leadership in Italy in terms of audience. The rise in advertising and the good performance of circulation compensated during the year for the decline in add-on products. Consolidated advertising revenues in particular rose by 5.1% and benefited from the competitive edge that the Espresso Group has from being the only Italian company in the media sector able to offer a multimedia product range (press, radio, TV, internet).

In 2006 the Espresso Group reported consolidated revenues of 1,102.6 million euro, up by 2.1% on 2005, and consolidated net income of 103.6 million compared with 116.3 million in 2005, due to fact that the subsidies for the purchase of paper came to an end.

AUTOMOTIVE COMPONENTS

In 2006 the **Sogefi Group**, top Italian producer of automotive components, confirmed its leadership in Europe in the two sectors in which it operates: filters and suspension components. In an unfavourable market environment due to the decline in business of several important clients, in 2006 Sogefi recorded consolidated sales revenues of 1,018.6 million euro, substantially in line with the previous year, while improving its net profitability for the fifth year running, reporting consolidated net income of 50.8 million, up by 13.7% from 44.7 million in 2005.

In the next few years the Sogefi Group plans to extend its business in Asian markets (China, Korea and India), and in the North American market, continuing to maintain as one of its strategic objectives possible acquisitions in the automotive components sector.

HEALTHCARE

In 2006 **HSS–Holding Sanità e Servizi** further developed its operations with a view to building a significant presence in the healthcare sector through acquisitions as well. In June 2006 HSS acquired 100% of Anni Azzurri, the company specializing in the construction and management of residences for the elderly and present in five regions with eleven residences and a total of 1,600 beds. With this acquisition HSS now manages approximately 3,400 beds.

In 2006 the Group reported consolidated revenues of 99.2 million euro, with a rise of 84.4% from 53.8 million in 2005. EBIT was a positive 2.3 million, compared with a loss of 0.7 million in 2005, while the net result was a loss of 4.4 million, compared with a loss of 1.4 million in 2005, due to higher financial expense and non-recurring costs for the acquisitions.

Performance of the Parent Company

CIR SpA closed the year 2006 with **net income** of 36.7 million euro, up from 4.8 million in 2005, a year that was burdened with 16.1 million euro of taxes relating to prior periods. **Shareholders' equity** at December 31 2006 was 940.7 million euro, compared with 953.2 million at December 31 2005.

At December 31 2006 treasury stock consisted of 34,094,000 own shares (27,216,642 at December 31 2005), equal to 4.37% of share capital, with a total value of 76.9 million euro.

Dividend proposal

The Board of Directors will propose that the Shareholders' Meeting approve a dividend of 0.050 euro per share, unchanged from 2005, which will be payable as from May 17 2007. The total dividend payout for 2006 will be approximately 37 million euro.

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 40 million of its own shares, with a maximum disbursement limit of 120 million euro, 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 37,044,000 ordinary shares, corresponding to 4.7% of share capital, at an average carrying value of 2.31 euro.

Proposal for an incentive plan (phantom stock options) for 2007

The Board of Directors also voted to submit an incentive plan for 2007 (phantom stock options) for employees of the Company involving a maximum of 6,300,000 options to the approval of the Shareholders.

Amendment of the Bylaws

Lastly, the Board of Directors passed a resolution to submit to an Extraordinary Meeting of the Shareholders some amendments to the Bylaws in order to bring them into line with the new legislation on savings.

The main changes to the CIR Bylaws involve the following: 1) introducing the slate method of voting for the appointment of Directors some of whom shall be independent, establishing criteria on this subject; 2) that Shareholders with a stake of at least 2% have the right to make additions to the Agenda of the AGM; 3) that criteria of integrity be established for Directors and General Managers; 4) an executive position be established for the person responsible for the preparation of the financial statements; 5) that at least two Statutory Auditors have the right to call a Shareholders' Meeting and each Statutory Auditor the right to call a Board of Directors meeting.

Milan, March 13 2007

Below are charts showing highlights from the consolidated and statutory financial statements.

CONTACTS

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CIR GROUP – CONSOLIDATED BALANCE SHEET

(in thousands of euro)

ASSETS	<i>31.12.2006</i>	<i>31.12.2005</i>
NON-CURRENT ASSETS	2,742,536	2,401,558
INTANGIBLE ASSETS	951,009	864,436
TANGIBLE ASSETS	1,091,030	897,972
REAL-ESTATE INVESTMENTS	17,604	6,944
INVESTMENTS IN COMPANIES VALUED AT EQUITY	214,163	221,042
OTHER EQUITY INVESTMENTS	8,530	7,529
OTHER RECEIVABLES	250,991	261,403
SECURITIES	98,583	59,841
DEFERRED TAXES	110,626	82,391
CURRENT ASSETS	2,984,189	2,775,594
INVENTORIES	217,082	162,864
CONTRACTED WORK IN PROGRESS	1,685	933
TRADE RECEIVABLES	996,477	790,744
OTHER RECEIVABLES	273,992	201,362
FINANCIAL RECEIVABLES	21,354	26,513
SECURITIES	654,248	467,959
AVAILABLE-FOR-SALE FINANCIAL ASSETS	372,867	362,930
CASH AND CASH EQUIVALENTS	446,484	762,289
ASSETS HELD FOR DISPOSAL	47,589	17,143
TOTAL ASSETS	5,774,314	5,194,295
LIABILITIES AND SHAREHOLDERS' EQUITY	<i>31.12.2006</i>	<i>31.12.2005</i>
SHAREHOLDERS' EQUITY	1,979,912	1,856,383
SHARE CAPITAL	390,240	389,621
RESERVES	367,779	401,794
RETAINED EARNINGS (LOSSES)	401,016	305,945
NET INCOME FOR THE YEAR	101,120	87,675
SHAREHOLDERS' EQUITY OF THE GROUP	1,260,155	1,185,035
MINORITY INTERESTS	719,757	671,348
NON-CURRENT LIABILITIES	2,288,420	2,186,453
BONDS	1,187,750	1,199,251
OTHER BORROWINGS	758,514	654,785
OTHER PAYABLES	1,178	21
DEFERRED TAXES	137,743	126,260
PERSONNEL PROVISIONS	166,554	163,671
PROVISIONS FOR RISKS AND LOSSES	36,681	42,465
CURRENT LIABILITIES	1,469,640	1,137,983
BANK OVERDRAFTS	265,180	54,962
BONDS	--	--
OTHER BORROWINGS	134,134	175,881
TRADE PAYABLES	748,901	649,766
OTHER PAYABLES	273,962	213,768
PROVISIONS FOR RISKS AND LOSSES	47,463	43,606
LIABILITIES HELD FOR DISPOSAL	36,342	13,476
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	5,774,314	5,194,295

CIR GROUP – CONSOLIDATED INCOME STATEMENT

(in thousands of euro)

	2006	2005
TRADE REVENUES	4,136,769	3,382,661
CHANGE IN INVENTORIES	2,206	(1,691)
COSTS FOR PURCHASE OF GOODS	(2,457,185)	(1,818,934)
COSTS FOR SERVICES	(711,792)	(674,847)
PERSONNEL COSTS	(575,342)	(545,777)
OTHER OPERATING INCOME	80,263	92,443
OTHER OPERATING COSTS	(66,651)	(82,448)
ADJUSTMENTS TO THE VALUE OF INVESTMENTS VALUED AT EQUITY	34,154	18,596
AMORTIZATION, DEPRECIATION AND WRITE-DOWNS	(102,938)	(94,894)
INCOME BEFORE FINANCIAL COMPONENTS AND BEFORE TAXES (E B I T)	339,484	275,109
FINANCIAL INCOME	67,176	83,512
FINANCIAL EXPENSES	(129,763)	(131,657)
DIVIDENDS	1,470	396
GAINS FROM TRADING SECURITIES	96,539	93,094
LOSSES FROM TRADING SECURITIES	(54,030)	(65,527)
ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS	(16,958)	(297)
INCOME BEFORE TAXES	303,918	254,630
INCOME TAXES	(89,478)	(64,753)
AFTER TAX INCOME FROM OPERATING ACTIVITY	214,440	189,877
INCOME/LOSS FROM DISCONTINUED OPERATIONS	(932)	--
INCOME FOR THE YEAR INCLUDING MINORITY INTERESTS	213,508	189,877
- NET INCOME MINORITY INTERESTS	(112,388)	(102,202)
- NET INCOME OF THE GROUP	101,120	87,675
 BASIC EARNINGS PER SHARE (in euro)	 0.1351	 0.1156
DILUTED EARNINGS PER SHARE (in euro)	0.1343	0.1149

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

(in euro)

	2006	2005
OPERATING ACTIVITY		
NET INCOME FOR THE YEAR	36,697,002	4,798,476
ADJUSTMENTS:		
AMORTIZATION, DEPRECIATION AND WRITE-DOWNS	547,683	211,994
LOSSES/(GAINS) ON SALE OF EQUITY INVESTMENTS AND CURRENT SECURITIES	4,135,940	4,179,031
ACTUARIAL VALUATION OF STOCK OPTION PLANS	2,212,607	5,736,787
PROVISIONS TO TFR FUND	239,739	232,368
ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS	6,972,689	6,710,323
(INCREASE) REDUCTION IN NET WORKING CAPITAL	(24,846,430)	7,908,220
	<i>of which with related parties</i>	<i>(27,928,023)</i>
OTHER NON-MONETARY CHANGES	--	(9,328,415)
CASH FLOW OF OPERATING ACTIVITY	25,959,230	20,448,784
of which:		
- interest received (paid)	(6,182,035)	(8,765,173)
- dividends received	61,079,051	42,791,314
- income tax receipts (payments)*	9,527,755	3,602,464
INVESTMENT ACTIVITY		
PURCHASE OF CURRENT SECURITIES	(35,440,285)	(63,581,537)
PURCHASE OF FIXED ASSETS	(50,850,254)	(26,292,766)
CASH FLOW FROM INVESTMENT ACTIVITY	(86,290,539)	(89,874,303)
FUNDING ACTIVITY		
INFLOWS FROM CAPITAL INCREASES	1,695,042	3,614,613
PAYMENT OF TFR LEAVING INDEMNITY	(144,020)	(132,280)
BUY-BACK OF OWN SHARES	(15,563,782)	(35,878,184)
DIVIDENDS PAID OUT	(37,520,180)	(38,008,840)
OTHER CHANGES	--	507,757
CASH FLOW FROM FUNDING ACTIVITY	(51,532,940)	(69,896,934)
INCREASE (REDUCTION) IN NET CASH AND CASH EQUIVALENTS	(111,864,249)	(139,322,453)
NET CASH AND CASH EQUIVALENTS AT THE START OF THE YEAR	176,594,116	315,916,569
NET CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	64,729,867	176,594,116

* Amounts refer to current tax assets received following tax consolidation

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

<i>(in millions of euro)</i>	<i>2006</i>	<i>2005</i>
SOURCES OF FUNDS		
Net income for the year including minority interests	213.5	189.9
Amortization, depreciation, write-down and other non-monetary changes	109.3	79.4
Self financing	322.8	269.3
Change in working capital	(174.0)	(89.9)
CASH FLOW GENERATED BY OPERATIONS	148.8	179.4
Capital increases	10.4	26.0
TOTAL SOURCES	159.2	205.4
APPLICATIONS		
Net investment in fixed assets	(434.5)	(443.9)
Buy-back of own shares	(15.6)	(35.9)
Payment of dividends	(90.8)	(75.9)
Other changes	(3.7)	(39.4)
TOTAL APPLICATIONS	(544.6)	(595.1)
FINANCIAL SURPLUS (DEFICIT)	(385.4)	(389.7)
NET DEBT AT THE START OF THE YEAR	(465.2)	(75.5)
NET DEBT AT THE END OF THE YEAR	(850.6)	(465.2)

CIR GROUP – CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

<i>(in thousands of euro)</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 (loss) for the year</i>	<i>Total</i>		
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 of earnings 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
Securities fair value reserve recognized to income statement	--	(7,608)	--	--	(7,608)	--	(7,608)
Buy-back of own shares	--	(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 year	--	--	--	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
Capital increases	619	1,076	--	--	1,695	8,677	10,372
Dividends to Shareholders	--	--	--	(*) (37,520)	(37,520)	(53,327)	(90,847)
Retained earnings	--	--	50,155	(50,155)	--	--	--
Cancellation of AGM resolution of April 27 2005 to buy back own shares	--	(54,816)	54,816	--	--	--	--
Fair value estimation of hedging instruments	--	478	--	--	478	357	835
Fair value estimation of securities	--	33,075	--	--	33,075	--	33,075
Securities fair value reserve recognized to income statement	--	(16,893)	--	--	(16,893)	--	(16,893)
Buy-back of own shares	--	(5,664)	(9,900)	--	(15,564)	--	(15,564)
Notional credit of stock options	--	2,213	--	--	2,213	--	2,213
Effects of equity changes in subsidiaries	--	20,751	--	--	20,751	(18,953)	1,798
Translation differences	--	(14,235)	--	--	(14,235)	(733)	(14,968)
Net income for the year	--	--	--	101,120	101,120	112,388	213,508
BALANCE AT DECEMBER 31 2006	390,240	367,779	401,016	101,120	1,260,155	719,757	1,979,912

(*) AGM of April 27 2006: dividend € 0.05 per share

CIR S.p.A. – BALANCE SHEET

(in euro)

ASSETS	31.12.2006	31.12.2005
NON-CURRENT ASSETS	968,361,309	919,464,511
INTANGIBLE ASSETS	80,583	55,667
TANGIBLE ASSETS	4,575,792	11,911,546
REAL ESTATE INVESTMENTS	17,604,580	6,944,487
EQUITY INVESTMENTS	944,482,717	898,728,609
SUNDRY RECEIVABLES	188,832	211,859
DEFERRED TAX ASSETS	1,428,805	1,612,343
CURRENT ASSETS	357,257,579	409,885,235
SUNDRY RECEIVABLES	86,031,991	52,328,165
<i>of which sundry receivables with related parties</i>	34,450,292	6,552,269
SECURITIES	206,493,818	180,962,954
CASH AND CASH EQUIVALENTS	64,731,770	176,594,116
TOTAL ASSETS	1,325,618,888	1,329,349,746
LIABILITIES AND SHAREHOLDERS' EQUITY	31.12.2006	31.12.2005
SHAREHOLDERS' EQUITY	940,738,402	953,217,713
SHARE CAPITAL	390,239,534	389,620,834
RESERVES	311,985,099	369,175,921
RETAINED EARNINGS / (LOSSES)	201,816,767	189,622,482
NET INCOME FOR THE YEAR	36,697,002	4,798,476
NON-CURRENT LIABILITIES	297,378,012	297,286,488
BONDS	295,640,119	295,483,269
DEFERRED TAX LIABILITIES	179,863	340,908
PERSONNEL PROVISIONS	1,558,030	1,462,311
CURRENT LIABILITIES	87,502,474	78,845,545
BANK OVERDRAFTS	1,903	--
BORROWINGS FROM SUBSIDIARIES	43,756,650	42,102,350
OTHER PAYABLES	40,709,217	33,708,491
PROVISIONS FOR RISKS AND LOSSES	3,034,704	3,034,704
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1,325,618,888	1,329,349,746

CIR S.p.A. – INCOME STATEMENT

(in euro)

	2006	2005
SUNDRY REVENUES AND INCOME	6,276,030	7,149,870
<i>of which sundry revenues and income with related parties</i>	5,560,164	5,296,000
COSTS FOR SERVICES	(9,719,835)	(8,874,996)
COSTS FOR SERVICES WITH RELATED PARTIES	(1,955,000)	(1,777,000)
PERSONNEL COSTS	(9,090,746)	(10,567,262)
OTHER OPERATING COSTS	(1,771,695)	(1,552,276)
AMORTIZATION, DEPRECIATION AND WRITE-DOWNS	(547,683)	(211,994)
OPERATING INCOME	(14,853,929)	(14,056,658)
FINANCIAL INCOME	12,728,507	12,213,754
FINANCIAL EXPENSE	(20,958,308)	(19,092,713)
DIVIDENDS	61,079,051	42,791,314
<i>of which dividends with related parties</i>	61,045,596	42,747,274
GAINS FROM TRADING SECURITIES	1,520,047	688,750
LOSSES FROM TRADING SECURITIES	(4,913,463)	(282,188)
ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS	(6,972,689)	(6,710,323)
INCOME / (LOSS) BEFORE TAXES AND NON-RECURRING EXPENSES	27,629,216	15,551,936
TAX EXPENSE FROM PRIOR PERIODS	--	(16,058,875)
INCOME / (LOSS) BEFORE TAXES	27,629,216	(506,939)
INCOME TAXES	9,067,786	5,305,415
NET INCOME FOR THE YEAR	36,697,002	4,798,476
 BASIC EARNINGS PER SHARE (in euro)	 0.0490	 0.0063
DILUTED EARNINGS PER SHARE (in euro)	0.0487	0.0063

CIR S.p.A. – CASH FLOW STATEMENT

(in euro)

	2006	2005
OPERATING ACTIVITY		
NET INCOME FOR THE YEAR	36,697,002	4,798,476
ADJUSTMENTS:		
AMORTIZATION, DEPRECIATION AND WRITE-DOWNS	547,683	211,994
LOSSES/(GAINS) FROM THE SALE OF EQUITY INVESTMENTS AND CURRENT SECURITIES	4,135,940	4,179,031
ACTUARIAL VALUATION OF STOCK OPTION PLANS	2,212,607	5,736,787
PROVISION TO TFR (LEAVING INDEMNITY) FUND	239,739	232,368
ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS	6,972,689	6,710,323
(INCREASE) REDUCTION IN NET WORKING CAPITAL	(24,846,430)	7,908,220
OTHER NON-MONETARY CHANGES	--	(9,328,415)
CASH FLOW FROM OPERATING ACTIVITY	25,959,230	20,448,784
of which:		
- interest received (paid)	(6,182,035)	(8,765,173)
- dividends received	61,079,051	42,791,314
- income tax receipts (payments) *	9,527,755	3,602,464
INVESTMENT ACTIVITY		
PURCHASE OF CURRENT SECURITIES	(35,440,285)	(63,581,537)
PURCHASE OF FIXED ASSETS	(50,850,254)	(26,292,766)
CASH FLOW FROM INVESTMENT ACTIVITY	(86,290,539)	(89,874,303)
FUNDING ACTIVITY		
INFLOWS FROM CAPITAL INCREASES	1,695,042	3,614,613
PAYMENT OF TFR (LEAVING INDEMNITY)	(144,020)	(132,280)
BUY-BACK OF OWN SHARES	(15,563,782)	(35,878,184)
DIVIDENDS PAID OUT	(37,520,180)	(38,008,840)
OTHER CHANGES	--	507,757
CASH FLOW FROM FUNDING ACTIVITY	(51,532,940)	(69,896,934)
INCREASE (REDUCTION) IN NET CASH AND CASH EQUIVALENTS	(111,864,249)	(139,322,453)
NET CASH AND CASH EQUIVALENTS AT THE START OF THE YEAR	176,594,116	315,916,569
NET CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	64,729,867	176,594,116

* The amounts refer to current tax receivables received following tax consolidation

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

<i>(in euro)</i>	<i>Share capital</i>	<i>Reserves</i>	<i>Retained earnings (losses)</i>	<i>Net income for year</i>	<i>Total</i>
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 of net income at disposal of Board of Directors	--	--	--	(708,013)	(708,013)
AGM Resolution to buy back own shares	--	11,858,659	(11,858,659)	--	--
Buy-back of own shares	--	(35,878,184)	--	--	(35,878,184)
Notional credit of stock options	--	5,736,787	--	--	5,736,787
Net income 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
Capital increases	618,700	1,076,342	--	--	1,695,042
Dividends to Shareholders	--	--	(32,721,704)	(4,798,476)	(37,520,180)
Cancellation of AGM Resolution of April 27 2005 to buy back own shares	--	(54,815,390)	54,815,390	--	--
Buy-back of own shares	--	(5,664,381)	(9,899,401)	--	(15,563,782)
Notional credit of stock options	--	2,212,607	--	--	2,212,607
Net income for the year	--	--	--	36,697,002	36,697,002
BALANCE AT DECEMBER 31 2006	390,239,534	311,985,099	201,816,767	36,697,002	940,738,402