

## **PRESS RELEASE**

*Board approves results for 2007*

### **CIR GROUP: 82.6 MILLION OF NET INCOME OAKWOOD INVESTMENT WRITTEN DOWN IMPORTANT ACQUISITIONS MADE BY SORGENIA AND HSS**

#### **Consolidated results for financial year 2007**

*REVENUES € 4,214.9 million (+1.9 %)*

*EBITDA € 504.8 million (+14.1%)*

*EBIT € 382.7 million (+12.7%)*

*NET INCOME € 82.6 million (-18.3 %)*

*Aggregate net financial surplus € 112.3 million (258.2 million at December 31 2006)*

*Consolidated net debt € 1,335.5 million (850.6 million at December 31 2006)*

*Total equity € 2,041.8 million (1,979.9 million at December 31 2006)*

*Board will propose to the Shareholders the distribution of a dividend of  
€ 0.05 (unchanged from 2006) payable as from May 15 2008*

The Board of Directors of CIR met today in Milan under the chairmanship of Mr Carlo De Benedetti and approved the proposed Statutory Accounts and the Consolidated Financial Statements of the Group for financial year 2007 which will be submitted to the Annual General Meeting of the Shareholders which has been convened for April 28 2008 at the first calling and for April 29 if a second calling is needed.

In 2007 the CIR Group, in fulfilment of its industrial mission, confirmed the strategy of creating value for its shareholders over the medium term and during the year further consolidated its growth, strengthening its presence in the sectors in which it operates while constantly monitoring the levels of profitability of its industrial businesses.

In the utilities sector in particular, at the end of the year **Sorgenia** acquired the company SFE, number two producer of wind energy in France, for an enterprise value of around 350 million euro, while in the healthcare sector **HSS** in July acquired the S. Stefano Group with a value of approximately 100 million euro, increasing its presence in the rehabilitation sector significantly.

The current configuration of the Group includes five business sectors: **utilities** (electricity and gas), **media** (publishing, radio, television and internet), **automotive components** (filters and suspension systems), **healthcare** (residences for the elderly, hospital and rehabilitation services) and **financial services**.

#### **Consolidated economic results for financial year 2007**

In 2007 the **consolidated net income** of the CIR Group was **82.6 million euro** down from 101.1 million in 2006 (-18.3%). The result for the year was penalized for 64.6 million euro by the write-down of the investment in the Oakwood Group, which was made at the end of 2006 in a joint-venture with Merrill Lynch. This write-down mainly affected the companies of the Group that operate on the British market in the sector of subprime loans, whose business has stalled because of the worldwide credit crunch that became evident in the second half of the year. The effect of this non-recurring charge was partially offset by income of 30.3 million euro from the subscription of rights issues for minority shareholders of the companies Sorgenia and HSS. **Excluding these non-recurring items**, the consolidated net income of the CIR Group would be **116.9 million euro**, with a rise of 15.8 million (+15.6%).

The contribution of the operating groups to earnings rose by 7.4%, from 111.6 million euro in 2006 to 119.9 million in 2007, while the contribution of the financial subsidiaries rose from 15 million in 2006 to 20.1 million in 2007.

In 2007 the **consolidated revenues** of the CIR Group totalled 4,214.9 million euro, up from 4,136.8 million in 2006 (+1.9%).

The **consolidated gross operating margin (EBITDA)** rose by 14.1% in 2007 to 504.8 million euro (12% of revenues) from 442.4 million (10.7% of sales) in 2006.

The **consolidated operating margin (EBIT)** posted a rise of 12.7%, reaching 382.7 million euro (9.1% of revenues) compared to 339.5 million (8.2% of revenues) in 2006.

In 2007 the financial management result, a negative 81.2 million euro, was made up of net financial expense of 88.7 million (62.6 million euro in 2006), dividends and net gains from trading securities of 70.6 million euro (43.9 million in 2006) and adjustments to the value of financial assets of 63.1 million euro (17 million in 2006) due mainly to the write-down of the investment in Oakwood.

**Consolidated net invested capital** at December 31 2007 stood at 3,375.3 million euro, up from 2,830.5 million at December 31 2006, with a rise of 544.8 million mainly due to the substantial investment made during the year by the Sorgenia and HSS groups.

**The consolidated net financial position** at December 31 2007 showed net debt of 1,333.5 million euro (compared to 850.6 million at December 31 2006), resulting from a financial surplus of 112.3 million (compared with 258.2 million at December 31 2006) for CIR and its financial holding subsidiaries, and total debt of 1,445.8 million for the operating groups (compared with 1,108.8 million at December 31 2006).

The **consolidated shareholders' equity of the Group** rose from 1,260.2 million euro at December 31 2006 to 1,319.9 million at December 31 2007 (+59.7 million). **Minority interests** rose from 719.7 million euro at December 31 2006 to 721.9 million at December 31 2007 (+2.2 million). **Total equity** stood at 2,041.8 million euro at December 31 2007, up from 1,979.9 million at December 31 2006, with a rise of 61.9 million after the distribution of 37.3 million in dividends by CIR and of a total of 56.6 million by the subsidiaries to their minority shareholders.

At December 31 2007 the CIR Group had 12,422 **employees**.

## **The performance of the industrial businesses of the Group**

### **UTILITIES**

During 2007 the **Sorgenia Group** continued to roll out its industrial plan, which involves a significant development of business in the power generating sector, with particular attention being dedicated to sources with a low environmental impact and renewables. The objectives of this plan are building four combined cycle gas fired power plants in Italy (CCGTs each with an output of 770 MW), repowering the plants of the subsidiary Tirreno Power, building wind plants with an overall output of 450 MW and investing in the photovoltaic sector.

With the objective of expanding its business abroad too, in December Sorgenia made the above-mentioned acquisition of **Société Française d'Eoliennes. SFE**, the number two operator in France in electricity from wind sources, can count on 100 MW installed, 39 MW already authorized and soon to be constructed and approximately 1,000 MW at various stages of development. Moreover the company also has around 37 MW of photovoltaic plants located in the South of France. The acquisition was carried out at a price of 246.1 million euro with SFE debt amounting to 98 million euro. Still in the wind sector, work is continuing in Italy on the construction of wind farms in the local districts of Minervino Murge, Castelnuovo di Conza and San Gregorio Magno, for a total installed capacity of approximately 70 MW.

As far as photovoltaic power is concerned, in 2007 the subsidiary **Soluxia** activated the link-up to the national electricity grid of six new plants each with an output of around 1 MW. Production is expected to be in the region of 8.4 GWh per year.

Regarding the Sorgenia Group's program of investment in thermoelectric power plants, work is continuing on the construction of the combined cycle plant in Modugno (Puglia), which is scheduled to start operating by the end of 2008, while repowering of the **Tirreno Power** plants is proceeding according to plan.

In September 2007, Sorgenia increased its control of **Energia Italiana**, acquiring 16% of its capital from financial shareholders Banca Monte dei Paschi di Siena and BNL International Investments, for a total price of 59.5 million euro. This deal brought Sorgenia's stake in Energia Italiana up to 78% (the remaining 22% being held in equal parts by Iride and Hera). Energia Italiana and Eblacea (70% Electrabel and 30% Acea) control Tirreno Power jointly in equal shares.

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

In 2007 the consolidated revenues of Sorgenia came in at 1,861.7 million euro, down slightly from those reported in 2006 (1,916.1 million). Consolidated net income for 2007 rose however by 15.9% to 65.2 million euro from 56.3 million in 2006. During 2007 Sorgenia almost trebled its number of clients, reaching 400,000 by year end.

## **MEDIA**

In 2007 the **Espresso Group** reported consolidated revenues of 1,098.2 million euro, substantially in line with 2006 (1,102.6 million). Net income came in at 95.6 million euro, down from 103.6 million in the previous year.

The rise in advertising revenues (+6.7%), higher than the market for all media, and the rise in the price of newspapers enabled the Group to neutralize the expected reduction in sales revenues and margin on add-ons, which was due to the gradual stabilization of the market.

Again in 2007 the daily newspaper *la Repubblica* confirmed its ranking as top newspaper in terms of readership and the radio stations of the Espresso Group were again in top position in Italy for audience.

## **AUTOMOTIVE COMPONENTS**

In 2007 the **Sogefi Group**, the leading Italian producer of components for motor vehicles, confirmed its leadership in Europe in the two sectors in which it operates, filters and suspension components, both of which underwent growth. Despite market stagnation and the rise in the cost of certain commodities and of energy, in 2007 Sogefi posted a rise of 5.2% in its consolidated revenues, which reached 1,071.8 million euro (1,018.6 million in 2006) while at the same time improving its profitability, reporting net income of 52.2 million, which rose by 2.8% from 50.8 million in 2006.

In order to optimize its equity structure and lower its average cost of capital, a proposal will be made to the coming Annual General Meeting of the Shareholders that an extraordinary dividend of 1.18 euro per share be paid out (the proposed ordinary dividend will be 0.22 euro, up from 0.20 euro in 2006).

## **HEALTHCARE**

In 2007 the **HSS—Holding Sanità e Servizi Group** developed its business substantially, reaching consolidated sales revenues of 182.9 million euro, with a rise of 84.4% from 99.2 million in 2006. Consolidated EBITDA was 20.2 million euro, up from 6.4 million in 2006, while consolidated EBIT came in at 11.1 million, up from 2.3 million. Net income was 0.3 million compared with a loss of 4.4 million in 2006. Currently the HSS Group is managing some 4,600 beds and a further 400 more beds are under construction.

In July HSS acquired the S. Stefano Group, leader in the Marche region in rehabilitation both in hospital and out of hospital.

## **FINANCIAL SERVICES SECTOR**

In the financial services sector the CIR Group is present with the company Jupiter Finance and a shareholding investment in the Oakwood Group.

At December 31 2007 **Jupiter Finance**, the company active in the acquisition and management of portfolios of non-performing loans, had acquired portfolios for a total of 106.2 million euro and a gross book value of approximately 870 million euro.

The investment made by the CIR Group in **Oakwood Global Finance** (financial products aimed at non-conforming private clients and loans to employees, operating in the Australian, British and Italian markets), amounting to 128.4 million euro, was written down by approximately 64.6 million, the write-down referring mainly to the companies operating in the British market which went out of business following the crisis in the financial markets, especially in the subprime sector. The credit crunch had fewer repercussions on the Australian company of the Group and on the Italian company Ktesios, which is active in loans to employees secured on their salaries.

## **Performance of the Parent Company**

**CIR SpA** closed financial year 2007 with **net income** of 79.9 million euro, up from 36.7 million in 2006. Shareholders' equity stood at 983.8 million euro at December 31 2007, compared to 940.7 million at December 31 2006.

### **Dividend proposal**

The Board of Directors will propose that the Shareholders' Meeting approve a dividend of 0.05 euro per share, unchanged from 2006, which will be payable as from May 15 2008 against presentation of the coupon on May 12 2008. The total dividend payout for 2007 will be approximately 37.5 million euro.

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

The Board of Directors voted 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 35 million of its own shares, with a maximum disbursement limit of 100 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 December 31 2007 the company was holding 39,644,000 of its own shares (34,094,000 at December 31 2006), equal to 5.01% of its capital, for a total value of 92.2 million euro.

As of today CIR is holding 41,594,000 of its ordinary shares, corresponding to 5.26% of its capital, and these shares have an average carrying value of 2.31 euro.

### **Proposal for an incentive plan (phantom stock options) for 2008**

The Board of Directors also voted to submit an incentive plan for 2008 (phantom stock options) for employees of the Company, involving a maximum of 6,500,000 options, to the approval of the Shareholders.

The coming Annual General Meeting of the Shareholders will be called upon to renew the Board of Directors and the Board of Statutory Auditors, and to give a mandate to a firm of auditors.

The Executive responsible for the preparation of the company's financial statements, Alberto Piaser, hereby declares, in compliance with the terms of paragraph 2 article 154 bis of the Finance Consolidation Act that the figures contained in this press release correspond to the results documented in the company's accounts and general ledger.

Milan, March 11 2008

*Attached are highlights from the statutory and consolidated balance sheets and income statements.*

## **CONTACTS**

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## CIR GROUP – CONSOLIDATED BALANCE SHEET

*(in thousands of euro)*

<b>ASSETS</b>	<i>31.12.2007</i>	<i>31.12.2006</i>
<b>NON-CURRENT ASSETS</b>	<b>3,476,271</b>	<b>2,742,536</b>
INTANGIBLE ASSETS	1,250,196	951,009
TANGIBLE ASSETS	1,473,320	1,091,030
REAL ESTATE INVESTMENTS	19,259	17,604
INVESTMENTS IN COMPANIES VALUED AT EQUITY	280,554	214,163
OTHER EQUITY INVESTMENTS	11,885	8,530
OTHER RECEIVABLES	251,493	250,991
SECURITIES	96,534	98,583
DEFERRED TAXES	93,030	110,626
<b>CURRENT ASSETS</b>	<b>2,863,062</b>	<b>2,984,189</b>
INVENTORIES	203,967	217,082
CONTRACTED WORK IN PROGRESS	2,564	1,685
TRADE RECEIVABLES	1,070,273	996,477
OTHER RECEIVABLES	206,441	273,992
FINANCIAL RECEIVABLES	37,171	21,354
SECURITIES	275,897	654,248
AVAILABLE-FOR-SALE FINANCIAL ASSETS	372,622	372,867
CASH AND CASH EQUIVALENTS	694,127	446,484
ASSETS HELD FOR DISPOSAL	6,756	47,589
<b>TOTAL ASSETS</b>	<b>6,346,089</b>	<b>5,774,314</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<i>31.12.2007</i>	<i>31.12.2006</i>
<b>SHAREHOLDERS' EQUITY</b>	<b>2,041,793</b>	<b>1,979,912</b>
SHARE CAPITAL	395,466	390,240
RESERVES	393,161	367,779
RETAINED EARNINGS (LOSSES)	448,674	401,016
NET INCOME FOR THE YEAR	82,580	101,120
<b>SHAREHOLDERS' EQUITY OF THE GROUP</b>	<b>1,319,881</b>	<b>1,260,155</b>
MINORITY INTERESTS	721,912	719,757
<b>NON-CURRENT LIABILITIES</b>	<b>2,812,212</b>	<b>2,288,420</b>
BONDS	1,189,672	1,187,750
OTHER BORROWINGS	1,281,170	758,514
OTHER PAYABLES	286	1,178
DEFERRED TAXES	139,888	137,743
PERSONNEL PROVISIONS	159,278	166,554
PROVISIONS FOR RISKS AND LOSSES	41,918	36,681
<b>CURRENT LIABILITIES</b>	<b>1,492,084</b>	<b>1,469,640</b>
BANK OVERDRAFTS	92,032	265,180
OTHER BORROWINGS	150,425	134,134
TRADE PAYABLES	941,841	748,901
OTHER PAYABLES	244,958	273,962
PROVISIONS FOR RISKS AND LOSSES	62,828	47,463
LIABILITIES HELD FOR DISPOSAL	--	36,342
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>6,346,089</b>	<b>5,774,314</b>

## CIR GROUP – CONSOLIDATED INCOME STATEMENT

(in thousands of euro)

	2007	2006
SALES REVENUES	4,214,921	4,136,769
CHANGE IN INVENTORIES	2,119	2,206
COSTS FOR PURCHASE OF GOODS	(2,330,124)	(2,457,185)
COSTS FOR SERVICES	(768,252)	(711,792)
PERSONNEL COSTS	(617,954)	(575,342)
OTHER OPERATING INCOME	66,433	80,263
OTHER OPERATING COSTS	(105,248)	(66,651)
ADJUSTMENTS TO THE VALUE OF INVESTMENTS VALUED AT EQUITY	42,904	34,154
AMORTIZATION, DEPRECIATION AND WRITE-DOWNS	(122,044)	(102,938)
<b>INCOME BEFORE FINANCIAL ITEMS AND TAXES ( E B I T )</b>	<b>382,755</b>	<b>339,484</b>
FINANCIAL INCOME	68,683	67,176
FINANCIAL EXPENSE	(157,403)	(129,763)
DIVIDENDS	748	1,470
GAINS FROM TRADING SECURITIES	154,202	96,539
LOSSES FROM TRADING SECURITIES	(84,372)	(54,030)
ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS	(63,128)	(16,958)
<b>INCOME BEFORE TAXES</b>	<b>301,485</b>	<b>303,918</b>
INCOME TAXES	(100,626)	(89,478)
<b>POST-TAX INCOME FROM OPERATING ACTIVITIES</b>	<b>200,859</b>	<b>214,440</b>
NET INCOME/(LOSS) FROM ASSETS HELD FOR DISPOSAL	176	(932)
<b>NET INCOME FOR THE YEAR INCLUDING MINORITY INTERESTS</b>	<b>201,035</b>	<b>213,508</b>
- NET INCOME - MINORITY SHAREHOLDERS	(118,455)	(112,388)
<b>- NET INCOME - THE GROUP</b>	<b>82,580</b>	<b>101,120</b>
<b>BASIC EARNINGS PER SHARE (in euro)</b>	<b>0.1102</b>	<b>0.1351</b>
<b>DILUTED EARNINGS PER SHARE (in euro)</b>	<b>0.1093</b>	<b>0.1343</b>

## CIR GROUP – CASH FLOW STATEMENT

*(in thousands of euro)*

	2007	2006
<b>OPERATING ACTIVITY</b>		
NET INCOME FOR THE YEAR INCLUDING MINORITY INTERESTS	201,035	213,508
ADJUSTMENTS:		
AMORTIZATION, DEPRECIATION AND WRITE-DOWNS	122,044	102,938
SHARE OF RESULT OF COMPANIES VALUED AT EQUITY	(42,904)	(34,154)
ACTUARIAL VALUATION OF STOCK OPTION PLANS	6,988	9,726
CHANGE IN PERSONNEL PROVISIONS AND PROVISIONS FOR RISKS AND LOSSES	13,326	956
ADJUSTMENTS TO VALUE OF FINANCIAL ASSETS	63,128	16,958
RISE (REDUCTION) IN NON-CURRENT RECEIVABLES AND PAYABLES	13,566	(12,763)
(RISE) REDUCTION IN NET WORKING CAPITAL	169,927	(174,004)
OTHER NON-MONETARY CHANGES	--	39,960
<b>CASH FLOW FROM OPERATING ACTIVITY</b>	<b>547,110</b>	<b>163,125</b>
Of which:		
- interest income (expense)	(78,963)	(70,679)
- income tax disbursements	(117,447)	(50,909)
<b>INVESTMENT ACTIVITY</b>		
(PURCHASE) SALE OF SECURITIES	372,440	(210,573)
NET DISBURSEMENT FOR COMPANY ACQUISITIONS	(246,109)	(73,752)
NET INFLOWS FROM TRANSFERS	--	637
PURCHASE OF FIXED ASSETS	(758,966)	(361,395)
<b>CASH FLOW FROM INVESTMENT ACTIVITY</b>	<b>(632,635)</b>	<b>(645,083)</b>
<b>FUNDING ACTIVITY</b>		
INFLOWS FROM CAPITAL INCREASES	46,787	10,372
OTHER CHANGES IN SHAREHOLDERS' EQUITY	(25,129)	(3,666)
DRAWDOWN/(REPAYMENT) OF OTHER BORROWINGS	525,052	55,640
FINANCIAL RECEIVABLES FROM JOINT VENTURES	127,406	--
BUY-BACK OF OWN SHARES	(73,938)	(15,564)
DIVIDENDS PAID OUT	(93,862)	(90,847)
<b>CASH FLOW FROM FUNDING ACTIVITY</b>	<b>506,316</b>	<b>(44,065)</b>
<b>INCREASE (REDUCTION) IN NET CASH AND CASH EQUIVALENTS</b>	<b>420,791</b>	<b>(526,023)</b>
<b>NET CASH AND CASH EQUIVALENTS AT START OF YEAR</b>	<b>181,304</b>	<b>707,327</b>
<b>NET CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>602,095</b>	<b>181,304</b>

## CIR 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 (loss) for year</i>	<i>Total</i>		
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 to buy back shares of April 27 2005	--	(54,816)	54,816	--	--	--	--
Fair value measurement of hedging instruments	--	478	--	--	478	357	835
Fair value measurement of securities	--	33,075	--	--	33,075	--	33,075
Securities fair value reserve recognized to income statement	--	(16,893)	--	--	(16,893)	--	(16,893)
Adjustment for own share transactions	--	(5,664)	(9,900)	--	(15,564)	--	(15,564)
Notional recognition of stock options	--	2,213	--	--	2,213	--	2,213
Effects of equity changes in subsidiaries	--	20,751	--	--	20,751	(18,953)	1,798
Currency translation differences	--	(14,235)	--	--	(14,235)	(733)	(14,968)
Result 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
Capital increases	5,226	9,442	--	--	14,668	32,119	46,787
Dividends to Shareholders	--	--	--	(37,243) <sup>(*)</sup>	(37,243)	(56,619)	(93,862)
Retained earnings	--	--	62,960	(62,960)	--	--	--
Amount at disposal of Board of Directors	--	--	--	(917)	(917)	--	(917)
Unclaimed dividends as per Art. 23 of the Bylaws	--	55	--	--	55	--	55
Fair value measurement of hedging instruments	--	372	--	--	372	170	542
Fair value measurement of securities	--	34,195	--	--	34,195	458	34,653
Securities fair value reserve recognized to income statement	--	(13,836)	--	--	(13,836)	(156)	(13,992)
Adjustment for own share transactions	--	(74)	(15,302)	--	(15,376)	--	(15,376)
Notional recognition of stock options	--	1,929	--	--	1,929	--	1,929
Effects of equity changes in subsidiaries	--	17,591	--	--	17,591	(90,964)	(73,373)
Currency translation differences	--	(24,292)	--	--	(24,292)	(1,308)	(25,600)
Result for the year	--	--	--	82,580	82,580	118,455	201,035
BALANCE AT DECEMBER 31 2007	395,466	393,161	448,674	82,580	1,319,881	721,912	2,041,793

(\*) AGM of April 27 2007: dividend € 0.05 per share



## CIR S.p.A. – BALANCE SHEET

(in euro)

ASSETS	31.12.2007	31.12.2006
<b>NON-CURRENT ASSETS</b>	<b>1,054,025,294</b>	<b>968,361,309</b>
INTANGIBLE ASSETS	207,122	80,583
TANGIBLE ASSETS	3,381,283	4,575,792
REAL ESTATE INVESTMENTS	19,258,243	17,604,580
EQUITY INVESTMENTS	1,029,797,850	944,482,717
SUNDRY RECEIVABLES	146,590	188,832
DEFERRED TAXES	1,234,206	1,428,805
<b>CURRENT ASSETS</b>	<b>268,682,706</b>	<b>357,257,579</b>
SUNDRY RECEIVABLES	74,463,317	86,031,991
<i>of which with related parties</i>	<i>15,163,047</i>	<i>34,450,292</i>
SECURITIES	65,645,001	206,493,818
AVAILABLE FOR SALE FINANCIAL ASSETS	50,735,295	--
CASH AND CASH EQUIVALENTS	77,839,093	64,731,770
<b>TOTAL ASSETS</b>	<b>1,322,708,000</b>	<b>1,325,618,888</b>
LIABILITIES AND SHAREHOLDERS' EQUITY	31.12.2007	31.12.2006
<b>SHAREHOLDERS' EQUITY</b>	<b>983,773,408</b>	<b>940,738,402</b>
SHARE CAPITAL	395,465,334	390,239,534
RESERVES	323,337,102	311,985,099
RETAINED EARNINGS / (LOSSES)	185,051,374	201,816,767
NET INCOME FOR THE YEAR	79,919,598	36,697,002
<b>NON-CURRENT LIABILITIES</b>	<b>299,018,240</b>	<b>297,378,012</b>
BONDS	295,806,231	295,640,119
DEFERRED TAXES	--	179,863
PERSONNEL RESERVES	3,212,009	1,558,030
<b>CURRENT LIABILITIES</b>	<b>39,916,352</b>	<b>87,502,474</b>
BANK OVERDRAFTS	--	1,903
BORROWINGS FROM RELATED PARTIES	14,196,284	43,756,650
OTHER PAYABLES	11,561,122	40,709,217
<i>of which with related parties</i>	<i>5,924,081</i>	<i>2,570,661</i>
PROVISIONS FOR RISKS AND LOSSES	14,158,946	3,034,704
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>1,322,708,000</b>	<b>1,325,618,888</b>

## CIR S.p.A. – INCOME STATEMENT

(in euro)

	2007	2006
SUNDRY REVENUES AND INCOME	8,114,059	6,276,030
<i>of which from related parties</i>	<i>6,441,000</i>	<i>5,560,164</i>
COSTS FOR SERVICES	(10,854,272)	(9,719,835)
<i>of which with related parties</i>	<i>(2,251,000)</i>	<i>(1,955,000)</i>
PERSONNEL COSTS	(8,062,217)	(9,090,746)
OTHER OPERATING COSTS	(1,977,853)	(1,771,695)
AMORTIZATION, DEPRECIATION AND WRITE-DOWNS	(821,939)	(547,683)
<b>OPERATING RESULT</b>	<b>(13,602,222)</b>	<b>(14,853,929)</b>
FINANCIAL INCOME	9,962,941	12,728,507
<i>of which from related parties</i>	<i>1,154,066</i>	<i>180,453</i>
FINANCIAL EXPENSE	(18,835,352)	(20,958,308)
<i>of which with related parties</i>	<i>(995,276)</i>	<i>(1,953,683)</i>
DIVIDENDS	126,523,162	61,079,051
<i>of which from related parties</i>	<i>126,491,619</i>	<i>61,045,596</i>
GAINS FROM TRADING SECURITIES	13,976,745	1,520,047
LOSSES FROM TRADING SECURITIES	(56,137,895)	(4,913,463)
ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS	(6,586,415)	(6,972,689)
<b>NET INCOME / (LOSS) BEFORE TAXES</b>	<b>55,300,964</b>	<b>27,629,216</b>
INCOME TAXES	24,618,634	9,067,786
<b>NET INCOME FOR THE YEAR</b>	<b>79,919,598</b>	<b>36,697,002</b>
<b>BASIC EARNINGS PER SHARE (in euro)</b>	<b>0.1067</b>	<b>0.0490</b>
<b>DILUTED EARNINGS PER SHARE (in euro)</b>	<b>0.1057</b>	<b>0.0487</b>

## CIR S.p.A. – CASH FLOW STATEMENT

(in euro)

	2007	2006
<b>OPERATING ACTIVITY</b>		
NET INCOME FOR THE YEAR	79,919,598	36,697,002
ADJUSTMENTS:		
AMORTIZATION, DEPRECIATION AND WRITE-DOWNS	821,939	547,683
LOSSES/(GAINS) ON THE SALE OF INVESTMENTS AND CURRENT SECURITIES	(9,061,350)	4,135,940
ACTUARIAL VALUATION OF STOCK OPTION PLANS	3,610,327	2,212,607
PROVISION MADE TO SEVERANCE AND LEAVING INDEMNITY FUND	259,447	239,739
ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS	6,586,415	6,972,689
(INCREASE) REDUCTION IN NET WORKING CAPITAL	(36,654,448)	(24,846,430)
<i>of which with related parties</i>	43,622,555	(27,928,023)
<b>CASH FLOW FROM OPERATING ACTIVITY</b>	<b>45,481,928</b>	<b>25,959,230</b>
of which:		
- interest income (expense)	(8,510,508)	(6,182,035)
- dividends received	126,523,162	61,079,051
- income tax receipts (disbursements)*	9,631,908	9,527,755
<b>INVESTMENT ACTIVITY</b>		
(PURCHASE)/SALE OF CURRENT SECURITIES	82,328,019	(35,440,285)
PURCHASE OF FIXED ASSETS	(76,462,327)	(50,850,254)
<b>CASH FLOW FROM INVESTMENT ACTIVITY</b>	<b>5,865,692</b>	<b>(86,290,539)</b>
<b>FUNDING ACTIVITY</b>		
INFLOWS FROM CAPITAL INCREASES	14,667,635	1,695,042
PAYOUT OF LEAVING INDEMNITY	(286,480)	(144,020)
BUYBACK OF OWN SHARES	(15,376,909)	(15,563,782)
DIVIDEND PAYOUT	(37,242,640)	(37,520,180)
<b>CASH FLOW FROM FUNDING ACTIVITY</b>	<b>(38,238,394)</b>	<b>(51,532,940)</b>
<b>INCREASE (REDUCTION) IN NET CASH AND CASH EQUIVALENTS</b>	<b>13,109,226</b>	<b>(111,864,249)</b>
<b>NET CASH AND CASH EQUIVALENTS AT START OF PERIOD</b>	<b>64,729,867</b>	<b>176,594,116</b>
<b>NET CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>77,839,093</b>	<b>64,729,867</b>

\* The amounts refer to current tax credits received following participation in the tax consolidation

CIR S.p.A. – STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

<i>(in euro)</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 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	--	--
Adjustment for own share transactions	--	(5,664,381)	(9,899,401)	--	(15,563,782)
Notional recognition of stock options	--	2,212,607	--	--	2,212,607
Result 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
Capital increases	5,225,800	9,441,835	--	--	14,667,635
Dividends to Shareholders	--	--	(1,463,063)	(35,779,577)	(37,242,640)
Amount at disposal of Board of Directors	--	--	--	(917,425)	(917,425)
Unclaimed dividends as per Art. 23 of the Bylaws	--	55,431	--	--	55,431
Adjustment for own share transactions	--	(74,579)	(15,302,330)	--	(15,376,909)
Notional recognition of stock options	--	1,929,316	--	--	1,929,316
Net income for the year	--	--	--	79,919,598	79,919,598
BALANCE AT DECEMBER 31 2007	395,465,334	323,337,102	185,051,374	79,919,598	983,773,408