

PRESS RELEASE

Board approves results as of June 30 2007

CIR GROUP: NET INCOME UP BY 10% TO 68.6 MILLION EURO

Consolidated results for the first half of 2007

Revenues € 2,069.6 million (+2.4%)

EBITDA € 279.7 million (+9.2%)

EBIT € 219.1 million (+5.1%)

Net income € 68.6 million versus € 62.6 million in first half 2006 (+9.6%)

Aggregate net financial surplus of €170.7 million (258.2 million at December 31 2006)

Consolidated net financial debt of € 812.4 million (850.6 million at December 31 2006)

Total equity € 2,033.2 million (1,979.9 million 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 June 30 2007.

The first half of 2007 saw further consolidation of the CIR Group, which broadened the scope of its activity in the financial services sector and strengthened its presence in healthcare, confirming its strategy of creating value for its shareholders **in the medium term** by seeking new business initiatives with a high growth potential and optimizing the management of the businesses in which it has been present for some time.

The current configuration of the Group includes five business sectors: **utilities** (electricity and gas), media (publishing, radio and television), **automotive components** (filters and suspension systems), **healthcare** (residences for the elderly, hospitals and rehabilitation) and the **financial services sector** (non-performing loans and innovative financial products).

In following its growth strategy the CIR Group continues to favour a financial policy aimed at guaranteeing a balanced ratio of its own resources to borrowed funds, thus maintaining a solid balance sheet structure.

Consolidated results for the first half of 2007

In the first six months of the year, the CIR Group reported:

- **consolidated net income** of 68.6 million euro, up from 62.6 million in the same period of 2006 (+9.6%);
- **consolidated revenues** of 2,069.6 million euro, up from 2,021.4 million in the first half of 2006 (+2.4%).

The contribution of the operating groups to consolidated earnings remained substantially stable, edging up from 65 million euro in the first six months of 2006 to 65.6 million in the first half of 2007. The contribution of the financial subsidiaries came to 10.5 million euro, with a decline of 4.6 million due to lower capital gains recorded by the subsidiary Medinvest.

In first half 2007 the **consolidated gross operating margin (EBITDA)** rose by 9.2% to 279.7 million euro (13.5% of revenues) from 256.2 million (12.7% of revenues) in the same period of 2006. This result was due to a combination of the following factors:

- A significant improvement of approximately 19.5 million in the Sorgenia group, which benefited for the whole of the first half from the energy produced by the Termoli power plant, as well as from better sales margins for both electricity and natural gas;
- Higher profitability of the Sogefi and HSS groups;
- A decline in the profitability of the Espresso group due mainly to a fall in revenues and a narrowing of margins on add-on products.

The **consolidated operating margin (EBIT)** was a positive 219.1 million euro (10.6% of revenues) up from 208.4 million (10.3% of revenues) in the same period of 2006, with a rise of 5.1%. The fact that EBIT rose less than EBITDA was due to the amortization of the Termoli power plant, which began operating in the second half of 2006.

Consolidated net invested capital at June 30 2007 stood at 2,845.6 million, up from 2,830.5 million at December 31 2006, with a rise of 15.1 million.

At June 30 2007 the **consolidated net financial debt** of CIR amounted to 812.4 million euro (850.6 million at December 31 2006), and consisted of net debt in the operating groups of 983.1 million euro (1,108.8 million at December 31 2006) and a net surplus for CIR and the wholly owned financial subsidiaries of 170.7 million euro, down from 258.2 million at December 31 2006. The reduction of 87.5 million in this surplus during the first half was mainly due to disbursements made for investments in own shares, private equity funds and shareholding investments for approximately 128 million, which was only partly offset by the positive balance of 20.2 million between dividends received and paid out, and capital increases of 13.9 million.

The **consolidated shareholders' equity of the Group** rose from 1,260.2 million at December 31 2006 to 1,309.9 million at June 30 2007 (+49.7 million). **Minority equity** rose from 719.7 million at December 31 2006 to 723.3 million at June 30 2007 (+3.6 million). The **total shareholders' equity of the Group** stood at 2,033.2 million euro at June 30 2007, up from 1,979.9 million at December 31 2006 (+53.3 million).

At June 30 2007 the CIR Group had 11,334 **employees** on its payrolls, up from 11,102 at December 31 2006.

The performance of the industrial businesses of the Group

UTILITIES

In the first half of 2007, the **Sorgenia Group** reported consolidated revenues of 893.9 million euro, with a rise of 4.4% on the same period of 2006 (855.8 million). This rise was due mainly to a rise in sales volumes, despite the fact that the market was characterized by lower gas consumption due to the high temperatures recorded in the first four months of 2007 and a demand for electricity that was unchanged on the same period of last year.

Consolidated net income for the first half of 2007 was 38.9 million euro, up slightly from 37 million in the same period of 2006. The consolidated net financial position at June 30 2007 showed net debt of 459.1 million euro, down substantially from 601.9 million at December 31 2006.

The Sorgenia Group continued to roll out its business plan for 2007-2010, which after the entry into production of the Termoli plant involves building three more combined cycle gas turbine plants (CCGTs), each with an output of 770 MW, the completion of the repowering program of the power plants of the subsidiary Tirreno Power, the construction of wind farms for a total output of 450 MW and investments in the photovoltaic solar sector (22 plants in Southern Italy with a total output of 22 MW). In particular, the construction of the Modugno plant is going ahead according to plan and is scheduled to start operating in the second half of 2008.

In the first six months of the year, the Sorgenia Group finalized three important financial deals. In March, Sorgenia signed a loan agreement for 345 million euro with a pool of banks lead-managed by Intesa Sanpaolo, and in July a new loan agreement for 500 million euro with Monte dei Paschi di Siena, as lead manager of a group of Italian and foreign banks. Both of these deals have a duration of five years and the purpose of supporting the business plan of the Group, which involves investment of over 1.8 billion euro in the period up to 2010.

Energia Modugno also signed a loan agreement for 343 million euro, structured as project financing without recourse, with a pool of banks (Banca Monte di Paschi di Siena, Westlb Ag, Efibanca, Banca Nazionale del Lavoro and RZB) and aimed at covering part of the investment in the CCGT plant under construction at Modugno.

Lastly, Sorgenia and IRIDE in an equal stake joint venture have acquired 51% of LNG Med Gas Terminal, the company that is following the authorization procedure for building and operating a regasification terminal at Gioia Tauro (Calabria), with a total predicted capacity of 12 billion cubic metres per year. Once this project is

up and running, Sorgenia and IRIDE jointly will have a regasification capacity of approximately 8 billion cubic metres of gas per year.

As far as Tirreno Power and its plant repowering program is concerned, during the first half of the year the conversion work went ahead according to plan. In June Tirreno Power signed a new credit facility of 1.2 billion euro to refinance the existing facility of 900 million. Apart from repaying the existing loan and partially repaying shareholder loans, these new credit facilities will be used to finance the completion of the repowering of the Vado Ligure and Napoli Levante plants and of the hydroelectric units in Genoa.

MEDIA

In the first half of 2007 the **Espresso Group** reported consolidated revenues of 561.6 million euro, compared to 601.5 million in first half 2006, and consolidated net income of 50 million euro, down from 54.8 million in the same period of 2006. The rise in advertising revenues, which was higher than the market in all of the media, and the rise in the price of newspapers partly offset the expected decline in revenues and margins on optional products, due to the gradual saturation of the market and to the concentration of the most successful initiatives of 2006 in the first half of that year. Considering the good performance of the initiatives currently on the market, the negative difference is expected to ease in the second part of 2007.

At June 30 2007 the net financial position showed net debt of 313.2 million euro, up from 262.7 million at December 31 2006.

Net of add-ons, in the first six months of 2007 revenues rose by 5.8% from 460.1 million in the first half of 2006 to 487 million, while operating income improved both in absolute terms (68.1 million, + 16.4%) and in terms of ratio to sales (from 12.7% to 14%).

Again in the first half of 2007 the daily newspaper *la Repubblica* confirmed its ranking as the number one newspaper in Italy for number of readers and the radio stations of the Espresso Group confirmed their leadership in terms of audience.

AUTOMOTIVE COMPONENTS

In the first half of 2007 the consolidated revenues of the **SOGEFI Group** came in at 541.7 million euro, posting a rise of 1.7% from 532.9 million in the same period of 2006, despite a decline in the European motor vehicle market. Consolidated net income rose by 5.2% to 28.9 million euro from 27.5 million in the first half of 2006.

The profitability of SOGEFI rose even though the first half of 2007 was affected by rises in the cost of the special steels used by the Suspension Components Division, which have not yet been passed on to customers.

The consolidated net financial position of the Sogefi Group at June 30 2007 showed net debt of 121.2 million euro, down slightly from the position at December 31 2006 (126.3 million).

HEALTHCARE

In the first half of 2007 **HSS (Holding Sanità e Servizi)** accelerated the development of its business, more than doubling its consolidated revenues compared with the same period of 2006 (72.3 million euro up from 31 million). Ebit was a positive 6.1 million, compared with a loss of 0.5 million in the same period of 2006. The consolidated net result was a positive 0.5 million compared with a loss of 1.1 million in the first six months of 2006, despite a rise in net financial expense (from 0.1 million to 3.2 million) due to the higher level of debt for the acquisitions made in 2006.

At June 30 2007 the HSS Group, which is active in hospital services, rehabilitation, residences for the elderly and psychiatric residences, was managing a total of approximately 3,500 beds (not including 288 beds under construction).

On April 19 2007 two Morgan Stanley funds acquired 10% of HSS through a capital injection of 16.3 million euro.

In July HSS acquired Gruppo S. Stefano, which is the market leader in the Marche region for rehabilitation both in and out of hospital and currently manages a total of approximately 730 beds generating revenues in 2006 of 71 million euro and an Ebitda of 10.2 million. This deal will enable the HSS Group in just four years of business to reach a total annual turnover of approximately 215 million euro, when the business combination is fully operational, with a total of 4,500 beds under management.

At the same time the shareholders of Gruppo S. Stefano subscribed a capital increase in HSS for the amount of 21.1 million euro, acquiring an 11.5% stake in HSS.

FINANCIAL SERVICES SECTOR

At June 30 2007 **Jupiter Finance**, the company set up at the end of 2005 with the aim of acquiring from banks and managing portfolios of non-performing loans, had acquired portfolios for a total of approximately 72 million euro and a gross book value of approximately 740 million. In the first half of 2007 portfolios were acquired for approximately 32 million euro and a gross book value of around 300 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 June 30 2007 CIR had invested approximately 113 million euro in Oakwood, with a commitment to support the development of new initiatives with a further investment estimated at around 40 million.

The **Parent Company CIR SpA** closed the first half of 2007 with net income of 44.9 million euro compared to 49.6 million in the first half of 2006. Shareholders' equity totalled 952.1 million euro at June 30 2007, up from 940.7 million at December 31 2006.

Between January 1 2007 and today, CIR has bought back 4,050,000 of its own shares for a total of 11.7 million euro. Currently 38,144,000 shares are being held as treasury stock, equal to 4.83% of capital.

Furthermore, between January 1 2007 and today 9,962,400 shares have been issued following the exercise of stock options by beneficiaries of existing stock option plans. Following this transaction, the share capital now consists of 790,441,467 shares each with a nominal value of 0.50 euro, for a total value of 395,220,733.50 euro.

Regarding the outlook for the whole year for the CIR Group, to date the business of the operating companies is proceeding according to plan.

Milan, September 6 2007

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CIR GROUP – CONSOLIDATED BALANCE SHEET

(in thousands of euro)

ASSETS	Notes	30.06.2007	31.12.2006
NON-CURRENT ASSETS		2,778,185	2,742,536
INTANGIBLE ASSETS	(9.a)	970,676	951,009
TANGIBLE ASSETS	(9.b)	1,123,652	1,091,030
REAL ESTATE INVESTMENTS	(9.c)	17,814	17,604
INVESTMENTS IN COMPANIES VALUED AT EQUITY	(9.d)	244,826	214,163
OTHER EQUITY INVESTMENTS	(9.e)	6,019	8,530
OTHER RECEIVABLES	(9.f)	231,752	250,991
SECURITIES	(9.g)	84,693	98,583
DEFERRED TAXES	(9.h)	98,753	110,626
CURRENT ASSETS		2,992,433	2,984,189
INVENTORIES	(10.a)	211,367	217,082
CONTRACTED WORK IN PROGRESS		2,253	1,685
TRADE RECEIVABLES	(10.b)	911,682	996,477
OTHER RECEIVABLES	(10.c)	300,722	273,992
FINANCIAL RECEIVABLES	(10.d)	8,256	21,354
SECURITIES	(10.e)	554,518	654,248
AVAILABLE-FOR-SALE FINANCIAL ASSETS	(10.f)	407,246	372,867
CASH AND CASH EQUIVALENTS	(10.g)	596,389	446,484
ASSETS HELD FOR DISPOSAL	(2.c)	923	47,589
TOTAL ASSETS		5,771,541	5,774,314
LIABILITIES AND SHAREHOLDERS' EQUITY			
		30.06.2007	31.12.2006
SHAREHOLDERS' EQUITY		2,019,249	1,979,912
SHARE CAPITAL	(11.a)	395,221	390,240
RESERVES	(11.b)	392,593	367,779
RETAINED EARNINGS (LOSSES)	(11.c)	453,538	401,016
NET INCOME FOR THE PERIOD		54,587	101,120
SHAREHOLDERS' EQUITY - GROUP		1,295,939	1,260,155
MINORITY INTERESTS		723,310	719,757
NON-CURRENT LIABILITIES		2,465,366	2,288,420
BONDS	(12.a)	1,183,072	1,187,750
OTHER BORROWINGS	(12.b)	948,296	758,514
OTHER PAYABLES		37	1,178
DEFERRED TAXES	(9.h.)	151,699	137,743
PERSONNEL PROVISIONS	(12.c)	145,044	166,554
PROVISIONS FOR RISKS AND LOSSES	(12.d)	37,218	36,681
CURRENT LIABILITIES		1,286,926	1,469,640
BANK OVERDRAFTS		136,705	265,180
OTHER BORROWINGS	(13.a)	110,699	134,134
TRADE PAYABLES	(13.b)	682,765	748,901
OTHER PAYABLES	(13.c)	282,121	273,962
PROVISIONS FOR RISKS AND LOSSES	(12.d)	74,636	47,463
LIABILITIES HELD FOR DISPOSAL	(2.c.)	--	36,342
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		5,771,541	5,774,314

CIR GROUP – CONSOLIDATED INCOME STATEMENT

(in thousands of euro)

	<i>Notes</i>	<i>1st half 2007</i>	<i>1st half 2006</i>
SALES REVENUES	(14)	2,069,627	2,021,449
CHANGE IN INVENTORIES		1,693	(39)
COSTS FOR THE PURCHASE OF GOODS	(15.a)	(1,137,378)	(1,148,838)
COSTS FOR SERVICES	(15.b)	(372,362)	(382,416)
PERSONNEL COSTS	(15.c)	(300,561)	(288,971)
OTHER OPERATING INCOME	(15.d)	41,647	75,738
OTHER OPERATING COSTS	(15.e)	(40,101)	(41,627)
ADJUSTMENTS TO THE VALUE OF INVESTMENTS VALUED AT EQUITY	(9.d)	17,145	20,978
AMORTIZATION, DEPRECIATION AND WRITE-DOWNS		(60,560)	(47,833)
INCOME BEFORE FINANCIAL ITEMS AND TAXES (E B I T)		219,150	208,441
FINANCIAL INCOME	(16.a)	33,731	32,069
FINANCIAL EXPENSE	(16.b)	(71,723)	(60,757)
DIVIDENDS		616	1,417
GAINS FROM TRADING SECURITIES	(16.c)	49,264	53,271
LOSSES FROM TRADING SECURITIES	(16.d)	(49,264)	(25,750)
ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS		(7,348)	(13,055)
INCOME BEFORE TAXES		194,381	195,636
INCOME TAXES	(17)	(76,357)	(67,981)
INCOME AFTER TAXES FROM OPERATING ACTIVITY		118,024	127,655
NET INCOME (LOSS) FROM ASSETS HELD FOR DISPOSAL		(297)	--
NET INCOME FOR THE PERIOD INCLUDING MINORITY INTERESTS		117,727	127,655
- NET INCOME – MINORITY SHAREHOLDERS		(63,140)	(64,997)
- NET INCOME – THE GROUP		54,587	62,658
BASIC EARNINGS PER SHARE (in euro)		0.0731	0.0835
DILUTED EARNINGS PER SHARE (in euro)		0.0722	0.0829

CIR GROUP – CASH FLOW STATEMENT

(in thousands of euro)

	<i>1st half 2007</i>	<i>1st half 2006</i>
OPERATING ACTIVITIES		
NET INCOME FOR THE PERIOD INCLUDING MINORITY INTERESTS	117,727	127,655
ADJUSTMENTS:		
AMORTIZATION, DEPRECIATION AND WRITE-DOWNS	60,560	47,833
SHARE OF RESULT OF COMPANIES VALUED AT EQUITY	(17,145)	(20,978)
ACTUARIAL VALUATION OF STOCK OPTION PLANS	4,358	4,142
CHANGE IN PERSONNEL PROVISIONS AND PROVISIONS FOR RISKS AND LOSSES	(7,800)	6,275
ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS	7,348	9,516
INCREASE (REDUCTION) IN NON-CURRENT RECEIVABLES AND PAYABLES	154,199	9,451
(INCREASE) REDUCTION IN NET WORKING CAPITAL	5,235	(97,295)
OTHER CHANGES	--	(5,335)
CASH FLOW FROM OPERATING ACTIVITIES	338,482	81,264
of which:		
- interest income (expense)	(22,101)	(16,676)
- income tax disbursements	(43,467)	(7,364)
INVESTMENT ACTIVITIES		
(PURCHASE) SALE OF SECURITIES	(39,062)	(142,773)
NET DISBURSEMENT FOR COMPANY ACQUISITIONS	--	(149,195)
NET INFLOWS FROM TRANSFERS	--	4,265
PURCHASE OF FIXED ASSETS	(113,059)	(109,086)
CASH FLOW FROM INVESTMENT ACTIVITIES	(152,121)	(396,789)
FUNDING ACTIVITIES		
INFLOWS FROM CAPITAL INCREASES	35,007	419
OTHER CHANGES IN SHAREHOLDERS' EQUITY	13,497	(5,517)
BONDS	--	(10,180)
DRAWDOWN/(REPAYMENT) OF OTHER BORROWINGS	174,767	175,823
BUY-BACK OF OWN SHARES	(37,451)	(15,030)
DIVIDENDS PAID OUT	(93,801)	(81,184)
CASH FLOW FROM FUNDING ACTIVITIES	92,019	64,331
INCREASE (REDUCTION) IN NET CASH AND CASH EQUIVALENTS	278,380	(251,194)
NET CASH AND CASH EQUIVALENTS AT START OF PERIOD	181,304	707,327
NET CASH AND CASH EQUIVALENTS AT END OF PERIOD	459,684	456,133

CIR GROUP – STATEMENT OF 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 (losses) for period</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	419	487	--	--	906	5,860	6,766
Dividends to Shareholders	--	--	--	(37,520)	(37,520)	(43,664)	(81,184)
Retained earnings	--	--	50,155	(50,155)	--	--	--
Cancellation of resolution of April 27 2005 to buy back own shares	--	(54,816)	54,816	--	--	--	--
Fair value measurement of hedging instruments	--	178	--	--	178	69	247
Fair value measurement of securities	--	738	--	--	738	--	738
Securities fair value reserve recognized to income statement	--	(11,255)	--	--	(11,255)	--	(11,255)
Adjustment for own share transactions	--	(5,664)	(9,366)	--	(15,030)	--	(15,030)
Notional recognition of stock options	--	966	--	--	966	--	966
Value of equity options of subsidiaries						(20,410)	(20,410)
Effects of equity changes in subsidiaries	--	15,121	--	--	15,121	(12,882)	2,239
Translation differences	--	(14,162)	--	--	(14,162)	(926)	(15,088)
Net income for the period	--	--	--	62,658	62,658	64,997	127,655
BALANCE AT JUNE 30 2006	390,040	333,387	401,550	62,658	1,187,635	664,392	1,852,027

<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 (losses) for period</i>	<i>Total</i>		
BALANCE AT DECEMBER 31 2006	390,240	367,779	401,016	101,120	1,260,155	719,757	1,979,912
Capital increases	4,981	8,950	--	--	13,931	21,076	35,007
Dividends to Shareholders	--	--	--	(*) (37,273)	(37,273)	(56,528)	(93,801)
Retained earnings	--	--	62,930	(62,930)	--	--	--
Amount at disposal of Board of Directors	--	--	--	(917)	(917)	--	(917)
Fair value measurement of hedging instruments	--	623	--	--	623	214	837
Fair value measurement of securities	--	21,465	--	--	21,465	409	21,874
Securities fair value reserve recognized to income statement	--	(10,234)	--	--	(10,234)	(142)	(10,376)
Adjustment for own share transactions	--	--	(10,408)	--	(10,408)	--	(10,408)
Notional recognition of stock options	--	1,131	--	--	1,131	--	1,131
Value of equity options of subsidiaries	--	--	--	--	--	(720)	(720)
Effects of equity changes in subsidiaries	--	5,661	--	--	5,661	(24,878)	(19,217)
Translation differences	--	(2,782)	--	--	(2,782)	982	(1,800)
Net income for the period	--	--	--	54,587	54,587	63,140	117,727
BALANCE AT JUNE 30 2007	395,221	392,593	453,538	54,587	1,295,939	723,310	2,019,249

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

CIR S.p.A. – BALANCE SHEET

(in euro)

ASSETS	<i>Notes</i>	<i>30.06.2007</i>	<i>31.12.2006</i>
NON-CURRENT ASSETS		968,034,133	968,361,309
INTANGIBLE ASSETS	(6.a)	95,793	80,583
TANGIBLE ASSETS	(6.b)	4,590,286	4,575,792
REAL-ESTATE INVESTMENTS	(6.c)	17,813,771	17,604,580
EQUITY INVESTMENTS	(6.d)	944,483,486	944,482,717
SUNDRY RECEIVABLES	(6.e)	178,543	188,832
DEFERRED TAXES	(6.f)	872,254	1,428,805
CURRENT ASSETS		344,839,752	357,257,579
SUNDRY RECEIVABLES	(7.a)	119,471,766	86,031,991
<i>of which with related parties</i>	(7.a)	55,026,958	34,450,292
SECURITIES	(7.b)	191,457,973	206,493,818
CASH AND CASH EQUIVALENTS	(7.c)	33,910,013	64,731,770
TOTAL ASSETS		1,312,873,885	1,325,618,888
LIABILITIES AND SHAREHOLDERS' EQUITY		<i>30.06.2007</i>	<i>31.12.2006</i>
SHAREHOLDERS' EQUITY		938,115,340	940,738,402
SHARE CAPITAL	(8.a)	395,220,734	390,239,534
RESERVES	(8.b)	322,066,543	311,985,099
RETAINED EARNINGS / (LOSSES)	(8.c)	189,915,481	201,816,767
NET INCOME FOR THE PERIOD		30,912,582	36,697,002
NON-CURRENT LIABILITIES		306,262,041	297,378,012
BONDS	(9.a)	304,276,403	295,640,119
DEFERRED TAXES	(6.f)	99,341	179,863
PERSONNEL PROVISIONS	(9.b)	1,886,297	1,558,030
CURRENT LIABILITIES		68,496,504	87,502,474
BANK OVERDRAFTS		--	1,903
BORROWINGS FROM SUBSIDIARIES	(10.a)	13,875,028	43,756,650
OTHER PAYABLES	(10.b)	26,347,425	40,709,217
<i>of which with related parties</i>	(10.b)	980,000	--
PROVISIONS FOR RISKS AND LOSSES	(10.c)	28,274,051	3,034,704
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		1,312,873,885	1,325,618,888

CIR S.p.A. – INCOME STATEMENT

(in euro)

	Notes	1st half 2007	1st half 2006
SUNDRY REVENUES AND INCOME	(11)	3,444,605	3,011,983
<i>of which with related parties</i>	(11)	2,866,820	2,789,000
COSTS FOR SERVICES	(12)	(5,159,407)	(4,798,318)
<i>of which with related parties</i>	(12)	(980,000)	(910,000)
PERSONNEL COSTS	(13)	(3,772,488)	(3,131,061)
OTHER OPERATING COSTS	(14)	(940,620)	(668,994)
AMORTIZATION, DEPRECIATION AND WRITE-DOWNS		(398,132)	(251,445)
OPERATING RESULT		(6,826,042)	(5,837,835)
FINANCIAL INCOME	(15)	5,070,192	5,841,179
<i>of which with related parties</i>	(15)	470,846	64,561
FINANCIAL EXPENSES	(16)	(9,494,274)	(10,228,507)
<i>of which with related parties</i>	(16)	(500,953)	(890,351)
DIVIDENDS	(17)	57,275,463	61,079,051
<i>of which with related parties</i>	(17)	57,243,920	61,045,596
GAINS FROM TRADING SECURITIES	(18)	1,434,285	827,090
LOSSES FROM TRADING SECURITIES	(19)	(15,407,890)	(276,800)
ADJUSTMENT TO THE VALUE OF FINANCIAL ASSETS	(20)	(5,883,992)	(5,926,688)
INCOME / (LOSS) BEFORE TAXES		26,167,742	45,477,490
INCOME TAXES	(21)	4,744,840	4,168,267
NET INCOME FOR THE PERIOD		30,912,582	49,645,757
BASIC EARNINGS PER SHARE (in euro)		0.0414	0.0661
DILUTED EARNINGS PER SHARE (in euro)		0.0409	0.0657

CIR S.p.A. – CASH FLOW STATEMENT

(in euro)

	<i>1st half 2007</i>	<i>1st half 2006</i>
OPERATING ACTIVITIES		
NET INCOME FOR THE PERIOD	30,912,582	49,645,757
ADJUSTMENTS:		
AMORTIZATION, DEPRECIATION AND WRITE-DOWNS	398,132	251,445
LOSSES (INCOME) FROM SALE OF SHAREHOLDINGS AND EQUITIES	472,705	(102,566)
ACTUARIAL VALUATION OF STOCK OPTION PLANS	1,458,046	966,165
PROVISIONS MADE TO TFR FUND	118,344	123,523
ADJUSTMENT TO THE VALUE OF FINANCIAL ASSETS	5,883,992	5,926,688
(INCREASE) REDUCTION IN NET WORKING CAPITAL	(44,238,666)	2,180,227
<i>of which with related parties</i>	<i>25,523,415</i>	<i>(3,331,605)</i>
CASH FLOW FROM OPERATING ACTIVITIES	(4,994,865)	58,991,239
of which:		
- interest income (expense)	823,017	4,082,375
- dividends received	57,275,463	61,079,051
- income tax receipts (disbursements)*	9,631,908	9,527,755
INVESTMENT ACTIVITIES		
(PURCHASE) SALE OF CURRENT SECURITIES	9,733,074	(57,988,089)
PURCHASE OF FIXED ASSETS	(1,691,721)	(42,362,670)
CASH FLOW FROM INVESTMENT ACTIVITIES	8,041,353	(100,350,759)
FUNDING ACTIVITIES		
INFLOWS FROM CAPITAL INCREASES	13,930,786	906,546
BUY-BACK OF OWN SHARES	(10,408,222)	(15,029,996)
DIVIDENDS PAID OUT	(37,272,641)	(37,520,180)
OTHER CHANGES	(116,265)	--
CASH FLOW FROM FUNDING ACTIVITIES	(33,866,342)	(51,643,630)
INCREASE (REDUCTION) IN NET CASH AND CASH EQUIVALENTS	(30,819,854)	(93,003,150)
NET CASH AND CASH EQUIVALENTS AT START OF PERIOD	64,729,867	176,594,116
NET CASH AND CASH EQUIVALENTS AT END OF PERIOD	33,910,013	83,590,966

* The balances refer to current tax assets received on participation in 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 period</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	419,300	487,246	--	--	906,546
Dividends to Shareholders	--	--	(32,721,704)	(4,798,476)	(37,520,180)
Adjustment for own share transactions	--	(5,664,381)	(9,365,615)	--	(15,029,996)
Notional recognition of stock options	--	966,165	--	--	966,165
Cancellation of resolution of April 27 2005 to buy back own shares	--	(54,815,390)	54,815,390	--	--
Net income for the period	--	--	--	49,645,757	49,645,757
BALANCE AT JUNE 30 2006	390,040,134	310,149,561	202,350,553	49,645,757	952,186,005
BALANCE AT DECEMBER 31 2006	390,239,534	311,985,099	201,816,767	36,697,002	940,738,402
Capital increases	4,981,200	8,949,586	--	--	13,930,786
Dividends to Shareholders	--	--	(1,493,064)	(35,779,577)	(37,272,641)
Amount at disposal of Board of Directors	--	--	--	(917,425)	(917,425)
Adjustment for own share transactions	--	--	(10,408,222)	--	(10,408,222)
Notional recognition of stock options	--	1,131,858	--	--	1,131,858
Net income for the period	--	--	--	30,912,582	30,912,582
BALANCE AT JUNE 30 2007	395,220,734	322,066,543	189,915,481	30,912,582	938,115,340