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PRESS RELEASE

Board of Directors examines Interim Financial Report as of March 31 2011

CIR GROUP: RESULTS HIGHER IN FIRST QUARTER

The higher margins and earnings than in January-March 2010 are due to the good performance of the four main operating subsidiaries of the group

Sorgenia, Espresso, Sogefi and KOS benefit from a better competitive positioning thanks to new business development initiatives and actions taken to improve operating efficiency

Consolidated results of Q1 2011

- ***Revenues: € 1,115.5 million (+1% from € 1,104.9 million in Q1 2010)***
- ***EBITDA: € 124.9 million (+85.3% from € 67.4 million in Q1 2010)***
- ***Net income: € 14.4 million (€ 3.3 million in Q1 2010)***
- ***Aggregate net financial surplus: € 112.6 million (€ 123.6 million at 31/12/2010)***
- ***Consolidated net debt: € 2,198 million (€ 2,166.8 million at 31/12/2010)***

Milan, April 29 2011 – The **Board of Directors** of **CIR-Compagnie Industriali Riunite SpA**, which met today under the chairmanship of **Stefano Micossi**, examined the **Interim Financial Report** as of **March 31 2011**.

The CIR group operates in four main business sectors: energy (Sorgenia), media (Espresso), automotive components (Sogefi), and healthcare (KOS).

Performance of operations

The CIR group closed the first quarter of 2011 with a rise in all its economic indicators compared to the same period of 2010. This result was due mainly to the **good performance of the four main operating subsidiaries** (**Sorgenia, Espresso, Sogefi and KOS**), especially in terms of margins and net income. Despite the uncertain macroeconomic scenario, the companies of the group benefited from a better competitive positioning in their respective business sectors thanks to new business development initiatives and the ongoing commitment to improve operating efficiency.

Consolidated results

The **revenues** of the CIR group in the first quarter totalled **1,115.5 million** euro, with a **rise** of **1%** on the figure of 1,104.9 million euro for the first three months of 2010.

The **gross operating margin (EBITDA)** was **124.9 million** euro (11.2% of revenues), and was **up by 85.3%** from 67.4 million euro in the first quarter of 2010. The change from last year was due to the improvement in the profitability of the main operating subsidiaries and especially of Sorgenia, which at the beginning of 2010 was negatively affected by exceptional factors while in first quarter 2011 it benefited from the start of operations at the power plant in the Lodi area.

Operating income (EBIT) came in at **76.8 million** euro (6.9% of revenues), showing **strong growth** from the figure of 27.6 million (2.5% of revenues) in the first three months of 2010.

The financial management result, a negative 22.4 million euro (a negative figure of 14.2 million in first quarter 2010), was the result of net financial expense of 32.3 million euro, partly offset by dividends and net gains from trading securities of 5.3 million euro and positive adjustments to the value of financial assets of 4.6 million euro.

The **net income** of the CIR group for the first quarter of 2011 was **14.4 million** euro, which was **significantly higher** than the 3.3 million euro reported for the same period of 2010. The change was due to the higher contribution of the operating subsidiaries (14.8 million euro compared to 1.9 million in first quarter 2010), especially of Sorgenia and KOS which reported a positive result after the losses of the corresponding period of last year.

The **net debt** of the CIR group stood at **2,198 million** euro at March 31 2011 (2,166.8 million euro at December 31 2010) and was a combination of the following factors:

- An **aggregate net financial surplus at holding level** of **112.6 million** euro (123.6 million euro at December 31 2010);
- **Total net debt of the operating companies** of **2,310.6 million** euro (2,290.4 million euro at December 31 2010). The change in the quarter was due mainly to investments made by Sorgenia in new production capacity in line with plan, and to the increase in working capital net of cash flow generated by operations.

The net financial position includes investment made by the CIR group in shares of hedge funds (80.1 million euro at March 31 2011). In the first three months of 2011 this investment had a positive performance (+0.6%).

Total equity stood at **2,549.2 million** euro at March 31 2011, up from 2,522.9 million euro at December 31 2010. The **group's equity** amounted to **1,504.9 million** euro up from 1,487 million euro at December 31 2010.

At March 31 2011 the CIR group had **13,034 employees** (12,910 at December 31 2010).

<u>Business sectors</u>

Energy (Sorgenia)

Despite the uncertain general economic scenario and the difficulties in the market, in the first quarter of 2011 **Sorgenia reported significant growth in its margins compared to the first quarter of 2010**. The growth was due mainly to the better results of the Energy Supply area, which benefited in particular from the start of commercial production at the new plant at Turano-Bertonico Lodigiano (Lodi). The margins of the first quarter of last year were negatively affected by a breakdown at the Termoli power plant (Campobasso). Sorgenia closed the quarter with a positive net earnings figure compared to a loss in the same period of 2010.

Revenues came in at **549.7 million** euro, and were **down by 8.6%** compared to the figure of first quarter 2010 (601.3 million euro). The change was due mainly to a contraction in natural gas sales volumes – partly because of temporary reductions of availability under the existing sourcing contracts – and to a different client mix. **Adjusted EBITDA**, which is earnings net of the fair value of hedging contracts, came in at **45.5 million** euro, which was sharply higher than the figure of first quarter 2010 (11.5 million euro). **EBITDA** was **51.5 million** euro, up from 14.4 million euro in 2010.

Consolidated adjusted net income was **2.9 million** euro, compared to a loss of 14.4 million in the first quarter of 2010. **Net income** was **6.8 million** euro, versus a loss of 12.2 million euro in the first quarter of 2010.

Media (Espresso group)

The situation of weak growth of the economy with little clarity as to the macroeconomic prospects which typified the year 2010 has continued into 2011. The performance of advertising investment has reflected this scenario, with a decline in the first two months of 2% on the corresponding period of 2010 (*Nielsen Media Research* figures). The internet was the only medium where there was clear growth (+15.5%), while radio and television were substantially unchanged on the first two months of 2010 (+1% and -0.5%, respectively). The press reported a decline (-7.4%): more specifically, advertising collected by the daily newspapers declined by 8.7%, due both to national advertising (-12.8%) and to local advertising and classified advertising (-4.5%). The periodicals reported a more limited yet still significant decline (-4.3%).

In this environment the **revenues** of the **Espresso group** came in at **222.2 million** euro, with a rise of **4%** on the first quarter of 2010 (213.6 million euro). Circulation revenues came to 88.2 million euro and were in line with the same period of last year (+0.1%) thanks to the fact that sales of *la Repubblica*, the periodicals and the optional products held up well. Advertising revenues, totalling 127.6 million euro, reported 5% growth on first quarter 2010, bucking the critical trend of the market. Both the daily press and the periodicals held up reasonably well (+0.3%), thanks to the good performance of *la Repubblica* and to the successful relaunch of *L'Espresso*. Internet collection showed a very positive performance, posting growth of 15%, in line with the dynamics of the sector. Sundry revenues, totalling 6.3 million euro, rose by over 50% compared to the first quarter of 2010 thanks to the first developments of the business of renting out digital terrestrial bandwidth to other operators. **EBITDA** came in at **36.8 million** euro, posting **a rise of 20.9%** on the 30.4 million euro reported for first quarter 2010. **Net income** was **13.1 million** euro and was **up by 8.1%** on the figure of 12.1 million euro for first quarter 2010.

Automotive components (Sogefi)

In the first quarter of 2011 the Sogefi group **continued the trend of significant growth in its results** which began in the second half of 2009, thanks to the ongoing efficiency enhancing actions put in place by the company and to the recovery in vehicle production levels in all the main world markets. **Consolidated revenues** came in at **255.8 million** euro and **were up by 19.6%** on the figure for 2010 (214 million euro).

In the European market the revenues of the Sogefi group rose by 15.8%, reaching 184.5 million euro. In the United States the group benefited from the fact that the production platforms launched last year were fully up and running (revenues were +145.3% on the same quarter of 2010), while in Mercosur growth was 22.9% with revenues in at 55.9 million euro. Sales have continued to grow significantly in China (+27.3%) and India (+44.2%). In the industrial vehicle sector the group reported a rise in revenues of 43% on the same period of 2010.

Despite a general rise in the prices of commodities and components, which has so far been only partly transferred to selling prices, the profitability of the group has improved thanks to greater volumes of business, to the benefits of the reorganization carried out in the previous year and to the efficiency recovered in the quarter with further action taken to reduce headcount, especially in the *Filter Division* and in certain European markets. **EBITDA**, despite the presence of restructuring costs of 0.6 million euro, came to **25 million** euro **up by 21.1%** from 20.6 million in first quarter 2010. The **consolidated net result** for the quarter was **6.7 million** euro, **up by 76.6%** from 3.8 million euro in the same period of 2010.

Healthcare (KOS)
For the first three months of 2011, at consolidated level, **KOS reported an improvement in all its main economic indicators** compared to the same period of 2010, thanks to the development of all the companies of the group and to the extension of the business as a whole. The KOS group today manages **60 facilities**, mainly in the centre and north of Italy, for a total of over 5,600 beds in operation plus another 900 under construction.

Revenues totalled **87 million** euro, **posting a rise of 14.3%** compared to the same period of 2010 (76.1 million euro). **EBITDA** was **12.1 million** euro, and was **up by 18.6%** on the figure for the first quarter of 2010 (10.2 million euro), before non-recurring costs. Last year the company incurred extraordinary costs of approximately 2 million euro for the IPO procedure and for the acquisitions made. Including these costs, the EBITDA of first quarter 2010 came to 8.2 million euro. The **net income** of the group for the first three months came in at **2.8 million** euro, compared to a negative result of 0.4 million euro in the same period of 2010 (a positive figure of 1.2 million euro before non-recurring costs).

Financial Services and other activities
Regarding the financial investments of the group, CIR has a diversified portfolio of funds and minority shareholdings in the private equity sector (with a fair value at March 31 2011 of 72.6 million euro) and the venture capital fund CIR Ventures (with a fair value at March 31 2011 of 15 million dollars). Among its other investments, Jupiter Finance operates in the segment of non-performing loans. At March 31 2011 the nominal value of the loans under management amounted to approximately 2.3 billion euro. The value of CIR's investment in this business totalled 58.4 million euro at March 31 2011.

Outlook for this year

In coming quarters the CIR group will focus on developing its main businesses and reaching maximum efficiency, while continuing to implement the successful action taken over the last two years despite the uncertainty of the general economic environment.

Bonds maturing in the 24 months following March 31 2011

The company, which has a BB rating with a negative outlook issued by Standard&Poor's, has no bonds maturing in the 24 months following March 31 2011.

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 (TUF), that the accounting figures contained in this press release correspond to the results documented in the company's accounts and general ledger.

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Attached are the key figures from the consolidated statement of financial position and income statement.
It should be noted that these accounts have not been externally audited.

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Alternative performance indicators

Below the meaning and content are given of the “alternative performance indicators”, not envisaged by IFRS accounting standards but used in this press release to provide a better evaluation of the economic and financial performance of the CIR group.

- **EBITDA (gross operating margin)**: an indicator of operating performance calculated by adding “amortization, depreciation and write-downs” to the EBIT figure (earnings before interest and taxes);
- **Consolidated net financial debt:** an indicator of the financial structure of the group; it is determined as the balance of borrowings net of cash and cash equivalents and current financial assets (financial receivables, securities and available-for-sale financial assets).
- **Aggregate net financial surplus**: an indicator of the financial structure of CIR and its financial subsidiaries; it is determined as the balance of borrowings net of cash and cash equivalents and current financial assets (financial receivables, securities and available-for-sale financial assets).

1. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in thousands of euro)

ASSETS	*31/3/2011*	*31/12/2010*	*31/3/2010*
NON-CURRENT ASSET	**4,819,883**	**4,791,833**	**4,442,687**
INTANGIBLE ASSETS	1,392,509	1,391,359	1,348,327
TANGIBLE ASSETS	2,563,098	2,553,835	2,280,697
INVESTMENT PROPERTY	23,709	23,890	17,972
INVESTMENTS IN COMPANIES CONSOLIDATED AT EQUITY	322,132	319,469	291,760
OTHER EQUITY INVESTMENTS	5,134	5,041	6,289
OTHER RECEIVABLES	202,640	179,082	195,369
SECURITIES	97,006	100,772	94,269
DEFERRED TAXES	213,655	218,385	208,004
CURRENT ASSETS	**3,703,657**	**2,829,753**	**2,375,859**
INVENTORIES	158,512	151,283	154,719
CONTRACTED WORK IN PROGRESS	10,560	10,421	10,468
TRADE RECEIVABLES	1,245,535	1,137,448	1,088,826
OTHER RECEIVABLES	162,382	177,660	213,572
FINANCIAL RECEIVABLES	1,382,541	399,064	48,250
SECURITIES	224,852	216,552	321,773
AVAILABLE-FOR-SALE FINANCIAL ASSETS	162,074	144,244	143,880
CASH AND CASH EQUIVALENTS	357,201	593,081	394,371
ASSETS HELD FOR DISPOSAL	704	722	699
TOTAL ASSETS	**8,524,244**	**7,622,308**	**6,819,245**

LIABILITIES AND EQUITY	*31/3/2011*	*31/12/2010*	*31/3/2010*
EQUITY	**2,549,208**	**2,522,940**	**2,357,979**
ISSUED CAPITAL	396,059	396,059	396,059
less OWN SHARES	(21,537)	(21,537)	(21,537)
SHARE CAPITAL	374,522	374,522	374,522
RESERVES	325,454	321,923	304,335
RETAINED EARNINGS (LOSSES)	790,583	733,733	726,250
NET INCOME FOR THE PERIOD	14,383	56,850	3,295
EQUITY OF THE GROUP	**1,504,942**	**1,487,028**	**1,408,402**
MINORITY SHAREHOLDERS' EQUITY	1,044,266	1,035,912	949,577
NON-CURRENT LIABILITIES	**3,088,224**	**3,118,360**	**2,929,186**
BONDS AND NOTES	553,342	547,455	566,115
OTHER BORROWINGS	2,125,477	2,171,116	1,965,822
OTHER PAYABLES	2,849	2,021	474
DEFERRED TAXES	204,245	193,228	187,855
PERSONNEL PROVISIONS	123,902	124,343	133,857
PROVISIONS FOR RISKS AND LOSSES	78,409	80,197	75,063
CURRENT LIABILITIES	**2,886,812**	**1,981,008**	**1,532,080**
BANK OVERDRAFTS	192,540	173,671	140,265
BONDS AND NOTES	791	157,978	151,099
OTHER BORROWINGS	1,452,484	469,494	142,095
TRADE PAYABLES	925,235	863,344	758,903
OTHER PAYABLES	239,610	234,170	248,150
PROVISIONS FOR RISKS AND LOSSES	76,152	82,351	91,568
TOTAL LIABILITIES AND EQUITY	**8,524,244**	**7,622,308**	**6,819,245**

2. CONSOLIDATED INCOME STATEMENT

(in thousands of euro)

	01/01-31/03 2011	*01/01-31/03 2010*
SALES REVENUES	1,115,545	1,104,938
CHANGE IN INVENTORIES	5,419	4,115
COSTS FOR PURCHASE OF GOODS	(626,847)	(674,442)
COSTS FOR SERVICES	(198,482)	(185,320)
PERSONNEL COSTS	(176,019)	(167,229)
OTHER OPERATING INCOME	32,982	20,755
OTHER OPERATING EXPENSE	(23,318)	(52,021)
ADJUSTMENT TO THE VALUE OF INVESTMENTS CONSOLIDATED AT EQUITY	(4,365)	16,609
AMORTIZATION, DEPRECIATION & WRITEDOWNS	(48,100)	(39,818)
INCOME BEFORE FINANCIAL ITEMS AND TAXES (E B I T)	**76,815**	**27,587**
FINANCIAL INCOME	15,226	11,603
FINANCIAL EXPENSE	(47,509)	(36,048)
DIVIDENDS	46	--
GAINS FROM TRADING SECURITIES	5,296	6,609
LOSSES FROM TRADING SECURITIES	(66)	(3,180)
ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS	4,573	6,790
INCOME BEFORE TAXES	**54,381**	**13,361**
INCOME TAXES	(27,254)	(5,172)
NET INCOME FOR PERIOD INCLUDING MINORITY INTERESTS	**27,127**	**8,189**
-NET INCOME MINORITY SHAREHOLDERS	(12,744)	(4,894)
- NET INCOME OF THE GROUP	**14,383**	**3,295**

3. NET FINANCIAL POSITION

(in thousands of euro)

		31/3/2011	*31.12.2010*	*31/3/2010*
A.	Cash and bank depositis	357,201	593,081	394,371
B.	Other cash equivalents	162,074	144,244	143,880
C.	Securities held for trading	224,852	216,552	321,773
D.	**Cash and cash equivalents (A) + (B) + (C)**	744,127	953,877	860,024
E.	**Current financial receivables**	1,382,541	399,064	48,250
F.	Current bank borrowings	(264,612)	(244,579)	(215,214)
G.	Bonds and notes issued	(791)	(157,978)	(151,099)
H.	Current part of non-current debt	(1,380,410)	(398,584)	(66,780)
I.	Other current borrowings	(2)	(2)	(366)
J.	**Current financial debt (F) + (G) + (H) + (I)**	(1,645,815)	(801,143)	(433,459)
K.	**Current net financial position (J) + (E) + (D)**	480,853	551,798	474,815
L.	Non-current bank borrowings	(1,986,695)	(1,994,968)	(1,798,131)
M.	Bonds and notes	(553,342)	(547,455)	(566,115)
N.	Other non-current payables	(138,782)	(176,148)	(167,691)
O.	**Non-current financial debt (L) + (M) + (N)**	(2,678,819)	(2,718,571)	(2,531,937)
P.	**Net financial position (K) + (O)**	(2,197,966)	(2,166,773)	(2,057,122)