



PRESS RELEASE

Board of Directors approves the results of financial year 2008

CIR GROUP: NET INCOME RISES TO 95.5 MILLION (+15.6%)

The result benefited from the contribution of the operating companies, from gains from the capital increases in Sorgenia and HSS and capital gains on the partial disinvestment from Medinvest

Revenues rose by 12.2% to 4.7 billion thanks to the expansion of the energy and healthcare businesses, while margins were affected by the lower profitability of the media and automotive businesses

At the indication of Mr Carlo De Benedetti, the Board proposes the appointment of Mr Stefano Micossi as next Chairman of the company

In view of the current situation of the economy and the financial markets, the Board will put forward the proposal to the AGM that no dividends be distributed for 2008 in order to further strengthen the capital structure of the company and give it more resources to support business development

Consolidated results for financial year 2008

Revenues: € 4,728.7 million (+12.2% from € 4,214.9 million in 2007)

EBITDA: € 461.5 million (-8.6% from € 504.8 million in 2007)

Net income: € 95.5 million (+15.6% from € 82.6 million in 2007)

Aggregate net financial surplus: € 44.2 million (€ 112.3 million at December 31 2007)

Consolidated net debt: € 1,685.4 million (1,333.5 million at December 31 2007)

Milan, March 9 2009 – The Board of Directors of CIR (Compagnie Industriali Riunite) SpA, which met today under the chairmanship of Mr Carlo De Benedetti, approved the proposed financial statements and the consolidated financial statements of the group for financial year 2008.

Performance of operations

The CIR group closed 2008 with **double digit growth in revenues and net income** compared to the previous year. The rise in sales (+12.2% to over 4.7 billion euro) was due especially to the **expansion of business in the energy sector (Sorgenia) and in healthcare (HSS)**, while **net income (+15.6% to 95.5 million euro)** benefited particularly from the **positive contribution of the main operating companies**, the **gains from the capital increases** made during the year by minority shareholders in **Sorgenia and HSS** and the **capital gains on the partial disinvestment from Medinvest**. Despite the strong rise in the operating results of Sorgenia and HSS, **margins were affected by the lower profitability of the media business (Espresso group) and of automotive components (Sogefi)**, which were penalized by the general performance of these two sectors.

“In a very difficult year for the economy and financial markets – said Chief Executive of CIR, Rodolfo De Benedetti – the group achieved a significant rise in earnings compared to the previous year and consolidated its industrial businesses. Sorgenia and HSS in particular have continued to grow their

businesses and have strengthened their position of leadership as private operators in Italy in their respective business sectors, while Espresso and Sogefi closed the year 2008 in profit despite a decline in earnings as a result of the critical situation in both publishing and the car industry.

In 2009 we will have to face a general environment that will be much more complex since it is not yet possible to foresee the end of the structural crisis that is affecting the world economy. Our strategy involves concentrating on our current five core businesses (energy, media, automotive components, healthcare and financial services), with an emphasis on cutting costs, refocusing the businesses operating in the sectors in most difficulty and developing all the companies of the group, with the aim of using this phase of discontinuity as an opportunity to strengthen our competitive positioning and our market share”.

Consolidated results

The **consolidated revenues** of the CIR group in 2008 amounted to **4,728.7 million** euro and were **up by 12.2%** from 4,214.9 million euro in 2007. This rise was due principally to the **expansion of the business of Sorgenia**, whose contribution to total revenues of the group rose to **51.5%**, and of **HSS**.

The **consolidated gross operating margin (EBITDA)** was **461.5 million** euro (9.7% of revenues), **down by 8.6%** from 504.8 million euro in 2007. The **consolidated operating income figure (EBIT)** came in at **320.1 million** euro (6.7% of revenues) and was **down by 16.4%** from 382.7 million euro in 2007. The contraction in operating income, despite the good performance of Sorgenia and HSS, was due to the lower profitability of Espresso and Sogefi, which were affected by restructuring costs incurred during the year and by the difficult situation in their respective business sectors.

Financial management gave a negative result of 44.2 million euro, compared to net expense of 81.2 million euro in 2007. The improvement was due mainly to the change in non-recurring gains following the capital increases in Sorgenia and HSS subscribed by minority shareholders.

The **consolidated net income** of the CIR group in 2008 was **95.5 million euro**, up from 82.6 million in 2007 (**+15.6%**). The result benefited from the positive contribution of the operating companies (63.6 million euro), capital gains on partial disinvestment from Medinvest (50.3 million euro) and non-recurring gains from the subscription of capital increases in Sorgenia and HSS by minority shareholders (117.8 million euro). These items more than compensated for the effects of the write-down of the investment in Oakwood (53.6 million euro) and the result at holding level, a negative 80.8 million euro, mainly relating to net financial expense of 30.6 million euro and losses from trading securities of 43.9 million due to the prudential adjustment to fair value of the assets invested in bonds which were negatively affected by the global financial market crisis.

Consolidated net invested capital stood at **3,764.3 million** euro at December 31 2008, up from 3,375.3 million at the end of 2007, with a **rise of 389 million** euro due mainly to a rise in net working capital and to the investments made by Sorgenia.

The **net debt** of the CIR group at December 31 2008 amounted to **1,685.4 million** euro, which was substantially in line with the figure at September 30 2008 (1,643.5 million euro) and up by 351.9 million euro from 1,333.5 million at December 31 2007. The consolidated net debt figure was the result of the following:

- an **aggregate net financial surplus at holding level of 44.2 million** euro. The change from the figure of 112.3 million euro at December 31 2007 was due mainly to disbursements made for investments in companies of the group and in own shares for 65.8 million euro and to the fair value adjustment of bonds for 43 million euro and Medinvest for 53 million euro. These effects were partly offset by the positive balance of 101.3 million euro between dividends received and those paid out.

- **total net debt of the operating companies** totalling **1,729.6 million** euro, up from 1,445.8 million euro at December 31 2007. The rise was mainly due to the higher level of debt of Sorgenia for the investments made and of Sogefi because of the payout of an extraordinary dividend.

In 2008 the partial disinvestment from Medinvest led to the realization of gains, net of write-downs, of 50.3 million euro. CIR's remaining investment in Medinvest, including the redemption of 35 million euro cashed in February 2009, today stands at approximately 130 million euro. This disinvestment strategy has the aim of rebalancing the portfolio with a view to optimizing the financial structure of the group. Despite a decline of 18.3% during 2008, the performance of Medinvest since its inception (April 1994) until December 31 2008 gave a weighted annual return on the portfolio of 7.7%. In January 2009 performance was a positive 0.7%.

Total consolidated equity at December 31 2008 stood at **2,078.9 million** euro versus 2,041.8 million euro at December 31 2007. The **group's equity** amounted to **1,264.9 million** euro, down from 1,319.9 million euro at December 31 2007, with a reduction caused mainly by the negative change in the fair value reserve.

At December 31 2008 the CIR group had **12,969 employees** (12,422 at December 31 2007).

Industrial businesses

Energy (Sorgenia)

In 2008 **Sorgenia continued along its path of growth pursued over the years and consolidated its position in the Italian electricity and gas market, getting close to its target of 500,000 clients.** During the year the company continued to develop plans to **increase its thermoelectric generating capacity and strengthened its presence in renewable sources.**

Specifically, **work on the combined cycle power plant at Modugno (BA) was almost completed** and the plant is scheduled to start operating by the summer of 2009, **two new wind parks with a total output of 28 MW were completed** in Campania and Puglia and the **company's photovoltaic capacity in Italy was increased to 13 MW.** In the gas sector during 2008 the project for building a large **regasification plant at Gioia Tauro** obtained its VIA decree (Valuation of environmental impact).

In 2008 Sorgenia reported **revenues of 2,433.7 million** euro, **up by 30.7%** from 1,861.7 million euro in 2007. In a scenario of declining demand for energy, especially in the later part of the year, Sorgenia actually **increased its sales volumes of electricity** (10.4 TWh from 9.7 TWh in 2007) and maintained its natural gas sales to end user clients in line with 2007 (2.1 billion m³). **EBITDA went up by 24.7%** from 152.1 million euro in 2007 to **189.7 million.** **Net income** came in at **66.7 million** euro, with a **rise of 2.3%** from 65.2 million in 2007. The smaller increase in net income compared with that recorded in EBITDA was due mainly to the impact of the Robin Hood Tax for 12 million euro. The consolidated earnings of Sorgenia without the Robin Hood Tax would have been 78.7 million euro, posting a rise of 18%.

Media (Espresso group)

The results of the **Espresso group in 2008 were affected by the difficult situation in the publishing sector**, which suffered from the **dramatic fall in advertising investment** in the second half of the year. In order to counter the situation and the market prospects, **cost cutting action was taken** which basically involved reducing advertising campaigns and labour costs, with the implementation of **corporate reorganization plans.** These measures should be intensified given the further worsening of the general situation.

The **revenues** of the group at December 31 2008 amounted to **1,025.5 million** euro, posting a **decline of 6.6%** on the previous year (1,098.2 million euro). The advertising revenues of the group, totalling 608.2 million euro, fell by 7.4%, being particularly impacted by the fall recorded by *la Repubblica* and the

periodicals as well as the decline in the radio and television sector, while the advertising collected by the local newspapers held up well and internet advertising again rose sharply. **EBITDA** came in at **142.5 million** euro, **down by 36.2%** compared to 2007 (223.4 million euro). **Net income** came in at **20.6 million** euro (95.6 million euro in 2007).

Automotive components (Sogefi)

In 2008 **Sogefi**, European leader in the production of filters and suspension components, was **hard hit by the crisis in the car market**, which worsened particularly in the fourth quarter of the year. As from September demand and car production went down steadily in all the main markets, with a fall of around 20% on the same period of 2007.

Against this backdrop, the company closed the year with a **positive net result (28.5 million** euro), down by **45.4%** compared to 2007 (**52.2 million** euro). **Sales revenues**, which came in at **1,017.5 million** euro, were **down by 5.1%** on the previous year (1,071.8 million euro), while **EBITDA**, which **declined by 22%** to 104.9 million euro (134.6 million euro in 2007), was also affected by exchange rates and the unfavourable trend of extraordinary items compared to 2007.

Moreover, during 2008 Sogefi put in place a **program of restructuring and cost cutting** to counter the crisis and **entered the promising Indian market** in the *Filter Division*. In the *Suspension Components Division* in 2008 Sogefi started a **new initiative to build products in alternative materials to steel in order to make vehicles lighter and thus less polluting**.

Healthcare (HSS)

During the year, **HSS-Holding Sanità e Servizi continued to follow the growth trend that in just five years of business has enabled the group to become one of the main private healthcare operators in Italy**. The company consolidated its position in the Italian market, particularly in the social welfare sector (with the management of residences for the non self-sufficient elderly), and in the healthcare sector (with the management of hospitals and rehabilitation centres). One of the main events of the year was the acquisition of the Cardinal Ferrari Centre in Fontanellato (PR), through which HSS has further strengthened its presence in the field of rehabilitation.

In 2008 HSS reported **revenues of 246.3 million** euro, which were **up by 34.7%** on 2007 (182.9 million), thanks to the development of all areas of the business and to the new acquisitions made during the year. **EBITDA** was 28.7 million euro, **up by 42.3%** from 2007 (20.2 million). The **net result** was a **negative 1.5 million** euro, compared to net income of 0.3 million in the previous year. This change was due mainly to an extraordinary item, notably a provision of 2 million euro set up in relation to the value of minority shareholdings of the group, resulting from previous acquisitions and considered non-strategic.

Financial services (Jupiter and other businesses)

In the financial services sector, the CIR group is present with the company **Jupiter Finance** and other minor businesses. Jupiter Finance operates in the sector of non-performing loans: since it was set up the company has **acquired loan portfolios** for a total gross book value of around **1.3 billion** at a price of **157 million** euro. **Collections** obtained since 2005, the year in which the company was founded, up to and including December 31 2008 amounted to **56 million** euro and are **more than 25% above the targets forecast** at the moment when the portfolios were acquired. CIR is also a shareholder of **Ktesios**, the company of the Oakwood group active in the sector of loans secured on one fifth of borrowers' salaries. In 2008 Ktesios made loans for approximately **690 million** euro. CIR's remaining investment in the Oakwood group amounted to 20 million euro at December 31 2008.

Performance of the parent company of the group

The **parent company CIR SpA** closed financial year 2008 with **net income** of **33.3 million** euro, down from 79.9 million euro in 2007. **Shareholders' equity** totalled **974.5 million** euro at December 31 2008, versus 983.8 million euro at December 31 2007.

Outlook for the year 2009

In 2009 the results of the CIR group will inevitably feel the effects of the current period of deep recession, with varying intensity on the different business sectors, especially media and automotive components. During the year the group will concentrate on improving efficiency and repositioning the subsidiaries operating in the sectors most in difficulty and on further developing the businesses with more resilience to the crisis and with a higher growth potential.

Shareholders' Meeting

In view of the current situation of the economy and of the financial markets, the Board of Directors will put forward the proposal to the Shareholders' Meeting that no dividend be distributed for the year 2008 in order to strengthen further the capital structure of the company and give it greater resources to support its business development. The AGM has been convened for April 29 at the first call and for April 30 if a second call is necessary.

Proposal for appointment of a new chairman

At the indication of Mr Carlo De Benedetti, who will be leaving the position of chairman of CIR with the approval of the financial statements for 2008, the Board of Directors unanimously accepted the proposal to be put before the Shareholders' Meeting for the entry on to the Board of Mr Stefano Micossi, with a view to his being subsequently appointed as chairman of the company. Mr Micossi, 62, is the general manager of Assonime. Mr Carlo De Benedetti will remain a director of the company.

Proposal to cancel and assign new powers to buy back own shares

The Board of Directors voted to put before the Shareholders' Meeting a motion to cancel and renew the Board's authorization for a period of 18 months to buy back a maximum of 35 million own shares, with a maximum disbursement limit of 50 million euro, at a price that cannot be more than 10% higher or lower than the benchmark price recorded by the shares on regulated markets on the trading day preceding each single buyback transaction. The main reasons why this authorization is being renewed are, on the one hand, the possibility of investing in shares of the company at prices below their actual value based on the real economic value of its equity and its income generating prospects, and on the other hand, the possibility of reducing the average cost of capital.

At December 31 2008 there were 42,974,000 shares in the portfolio (39,644,000 at December 31 2007), equal to 5.43% of capital. As of today CIR is holding 43,074,000 ordinary shares, corresponding to 5.44% of share capital.

Stock option plans and powers to the Board of Directors

The Board of Directors voted to put before the Shareholders' Meeting a stock option plan for 2009 aimed at executives of the company, its subsidiaries and its parent company for a maximum of 8,100,000 options and the proposal reserved for individuals who are already beneficiaries of phantom stock option plans 2007 and 2008 who are still employees of the company, its subsidiaries and its parent company, to replace the above-mentioned phantom option plans with an extraordinary stock option plan for 2009 at the same conditions.

The Board will also propose to the Shareholders, at an extraordinary meeting of the same, that the Board's authorization to increase the capital be rescinded and then renewed for increases of up to a maximum of 500 million euro, for capital increases in favour of employees for a maximum of 20 million euro, and for issuing convertible bonds within the limits of the law.

Bonds maturing in the 24 months following December 31 2008

The company, which has a BB+ rating with a negative outlook issued by Standard&Poor's, has the following bond maturities in the 24 months following December 31 2008. These bonds were issued by the subsidiary CIR International SA and were guaranteed by CIR SpA:

- March 10 2009, maturity of the bond with a residual principal of 330 million euro (originally 500 million euro). The bond (ISIN code XS0095147673), listed on the Luxembourg stock exchange, pays an annual coupon of 5.25%. **The company informs the market that it has today transferred the funds needed to repay the bond and pay the coupon to its Agent Bank.**
- January 10 2011, maturity of the bond with a residual principal of 160 million euro (originally 300 million euro). The bond (ISIN code XS0169896817), listed on the Luxembourg stock exchange, pays an annual coupon of 6.375%.

Conference call

The results of financial year 2008 will be illustrated today at 4.30 pm CET by the **Chief Executive Officer of CIR SpA, Mr Rodolfo De Benedetti**, in a conference call. Journalists can follow the presentation on the phone, in listen-only mode by dialling +39 0683360400, or in a webcast on the website www.cirgroup.com.

The executive responsible for the preparation of the company's financial statements, Mr Alberto Piaser, hereby declares, in compliance with the terms of paragraph 2 Article 154 bis of the Finance Consolidation Act (TUF), that the 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 highlights from the consolidated and statutory balance sheets and income statements.

CIR GROUP – CONSOLIDATED BALANCE SHEET

(in thousands of euro)

ASSETS	31.12.2008	31.12.2007
NON-CURRENT ASSETS	3,804,558	3,476,271
INTANGIBLE ASSETS	1,264,499	1,250,196
TANGIBLE ASSETS	1,789,985	1,473,320
INVESTMENT PROPERTY	18,687	19,259
INVESTMENTS IN COMPANIES VALUED AT EQUITY	282,824	280,554
OTHER EQUITY INVESTMENTS	9,682	11,885
OTHER RECEIVABLES	236,147	251,493
<i>of which with related parties (*)</i>	20,734	111,614
SECURITIES	84,633	96,534
DEFERRED TAXES	118,101	93,030
CURRENT ASSETS	3,168,534	2,863,062
INVENTORIES	195,311	203,967
CONTRACTED WORK IN PROGRESS	2,915	2,564
TRADE RECEIVABLES	1,233,689	1,070,273
<i>of which from related parties (*)</i>	24,661	3,404
OTHER RECEIVABLES	363,753	206,441
<i>of which from related parties (*)</i>	151,288	--
FINANCIAL RECEIVABLES	25,721	37,171
SECURITIES	513,362	275,897
AVAILABLE-FOR-SALE FINANCIAL ASSETS	217,420	372,622
CASH AND CASH EQUIVALENTS	616,363	694,127
ASSETS HELD FOR DISPOSAL	653	6,756
TOTAL ASSETS	6,973,745	6,346,089
LIABILITIES AND SHAREHOLDERS' EQUITY	31.12.2008	31.12.2007
SHAREHOLDERS' EQUITY	2,078,888	2,041,793
ISSUED CAPITAL	395,588	395,466
less OWN SHARES	(21,487)	(19,822)
SHARE CAPITAL	374,101	375,644
RESERVES	307,856	412,983
RETAINED EARNINGS (LOSSES)	487,448	448,674
NET INCOME FOR THE YEAR	95,444	82,580
SHAREHOLDERS' EQUITY OF THE GROUP	1,264,849	1,319,881
MINORITY SHAREHOLDERS' EQUITY	814,039	721,912
NON-CURRENT LIABILITIES	2,931,482	2,812,212
BONDS AND NOTES	895,458	1,189,672
OTHER BORROWINGS	1,653,615	1,281,170
OTHER PAYABLES	3,333	286
<i>of which to related parties (*)</i>	69	--
DEFERRED TAXES	174,903	139,888
PERSONNEL PROVISIONS	147,482	159,278
PROVISIONS FOR RISKS AND LOSSES	56,691	41,918
CURRENT LIABILITIES	1,963,375	1,492,084
BANK OVERDRAFTS	164,801	92,032
BONDS AND NOTES	347,445	
OTHER BORROWINGS	146,987	150,425
<i>of which from related parties (*)</i>	71	--
TRADE PAYABLES	946,989	941,841
<i>of which to related parties (*)</i>	22,089	13,712
OTHER PAYABLES	277,153	244,958
PROVISIONS FOR RISKS AND LOSSES	80,000	62,828
LIABILITIES HELD FOR DISPOSAL	--	--
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	6,973,745	6,346,089

(*) As per Consob resolution no. 6064293 of July 28 2006

CIR GROUP – CONSOLIDATED INCOME STATEMENT

(in thousands of euro)

	2008	2007
SALES REVENUES	4,728,710	4,214,921
<i>of which from related parties (*)</i>	490	1,539
CHANGE IN INVENTORIES	953	2,119
COSTS FOR THE PURCHASE OF GOODS	(2,854,582)	(2,330,124)
<i>of which from related parties (*)</i>	--	(85,284)
COSTS FOR SERVICES	(782,395)	(768,252)
<i>of which from related parties (*)</i>	(2,094)	(2,011)
PERSONNEL COSTS	(687,664)	(617,954)
OTHER OPERATING INCOME	137,679	66,433
<i>of which from related parties (*)</i>	548	531
OTHER OPERATING COSTS	(130,475)	(105,248)
ADJUSTMENTS TO THE VALUE OF INVESTMENTS VALUED AT EQUITY	49,286	42,904
AMORTIZATION, DEPRECIATION AND WRITE-DOWNS	(141,373)	(122,044)
INCOME BEFORE FINANCIAL ITEMS AND TAXES (E B I T)	320,139	382,755
FINANCIAL INCOME	69,104	68,683
<i>of which from related parties (*)</i>	11,244	13,777
FINANCIAL EXPENSE	(198,829)	(157,403)
<i>of which with related parties (*)</i>	(10,112)	--
DIVIDENDS	310	748
GAINS FROM TRADING SECURITIES	218,589	154,202
LOSSES FROM TRADING SECURITIES	(21,343)	(84,372)
ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS	(112,093)	(63,128)
INCOME BEFORE TAXES	275,877	301,485
INCOME TAXES	(98,808)	(100,626)
RESULT AFTER TAXES FROM OPERATING ACTIVITY	177,069	200,859
INCOME/(LOSS) FROM ASSETS HELD FOR DISPOSAL	--	176
NET INCOME FOR THE YEAR INCLUDING MINORITY INTERESTS	177,069	201,035
- NET INCOME OF MINORITY SHAREHOLDERS	(81,625)	(118,455)
- NET INCOME OF THE GROUP	95,444	82,580
BASIC EARNINGS PER SHARE (in euro)	0.1275	0.1102
DILUTED EARNINGS PER SHARE (in euro)	0.1275	0.1093

(*) As per Consob resolution no. 6064293 of July 28 2006

CIR GROUP – CASH FLOW STATEMENT

(in thousands of euro)

	2008	2007
OPERATING ACTIVITY		
NET INCOME FOR THE YEAR INCLUDING MINORITY INTERESTS	177,069	201,035
ADJUSTMENTS:		
AMORTIZATION, DEPRECIATION AND WRITE-DOWNS	141,373	122,044
SHARE OF RESULT OF COMPANIES VALUED AT EQUITY	(49,286)	(42,904)
ACTUARIAL VALUATION OF STOCK OPTION PLANS	8,344	6,988
CHANGES IN PERSONNEL PROVISIONS & PROVISIONS FOR RISKS AND LOSSES	20,149	13,326
ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS	112,093	63,128
CAPITAL GAINS ON SUBSCRIPTION OF CAPITAL INCREASES BY MINORITY SHAREHOLDERS	(117,810)	--
CAPITAL GAINS ON SALE OF SECURITIES	(75,803)	--
RISE (REDUCTION) IN NON-CURRENT RECEIVABLES & PAYABLES	(1,895)	13,566
(RISE) REDUCTION IN NET WORKING CAPITAL	(275,080)	169,927
OTHER CHANGES	50,382	--
CASH FLOW FROM OPERATING ACTIVITY	(10,464)	547,110
of which:		
- interest income (expense)	(124,900)	(78,963)
- income tax disbursements	(75,761)	(117,447)
INVESTMENT ACTIVITY		
(PURCHASE) SALE OF SECURITIES	(189,782)	372,440
NET DISBURSEMENT FOR COMPANY ACQUISITIONS	--	(246,109)
PURCHASE OF FIXED ASSETS	(471,769)	(758,966)
CASH FLOW FROM INVESTMENT ACTIVITY	(661,551)	(632,635)
FUNDING ACTIVITY		
INFLOWS FROM CAPITAL INCREASES	274,006	46,787
OTHER CHANGES IN SHAREHOLDERS' EQUITY	(56,145)	(25,129)
DRAWDOWN/(REPAYMENT) OF OTHER BORROWINGS	433,688	525,052
FINANCIAL RECEIVABLES FROM JOINT VENTURES	42,499	127,406
BUYBACK OF OWN SHARES	(16,770)	(73,938)
DIVIDENDS PAID OUT	(155,796)	(93,862)
CASH FLOW FROM FUNDING ACTIVITY	521,482	506,316
RISE (REDUCTION) IN NET CASH AND CASH EQUIVALENTS	(150,533)	420,791
NET CASH AND CASH EQUIVALENTS AT START OF YEAR	602,095	181,304
NET CASH AND CASH EQUIVALENTS AT END OF YEAR	451,562	602,095

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>Issued capital</i>	<i>less own shares</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 DECEMBER 31 2006	390,240	(17,047)	373,193	384,826	401,016	101,120	1,260,155	719,757	1,979,912
Capital increases	5,226	--	5,226	9,442	--	--	14,668	32,119	46,787
Dividends to Shareholders	--	--	--	--	--	(37,243)	(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 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	--	(2,775)	(2,775)	2,701	(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	(19,822)	375,644	412,983	448,674	82,580	1,319,881	721,912	2,041,793
Capital increases	122	--	122	243	--	--	365	273,641	274,006
Dividends to Shareholders	--	--	--	--	--	(*) (37,410)	(37,410)	(118,386)	(155,796)
Retained earnings	--	--	--	--	45,170	(45,170)	--	--	--
Unclaimed dividends as per Art. 23 of Bylaws	--	--	--	13	--	--	13	--	13
Fair value measurement of hedging instruments	--	--	--	(6,169)	--	--	(6,169)	(5,158)	(11,327)
Fair value measurement of securities	--	--	--	(54,525)	--	--	(54,525)	(34)	(54,559)
Securities fair value reserve recognized to income statement	--	--	--	(53,073)	--	--	(53,073)	365	(52,708)
Adjustment for own share transactions	--	(1,665)	(1,665)	1,665	(6,396)	--	(6,396)	--	(6,396)
Notional recognition of stock options	--	--	--	905	--	--	905	--	905
Effects of equity changes in subsidiaries	--	--	--	(865)	--	--	(865)	(131,185)	(132,050)
Currency translation differences	--	--	--	6,679	--	--	6,679	(8,741)	(2,062)
Result for the year	--	--	--	--	--	95,444	95,444	81,625	177,069
BALANCE AT DECEMBER 31 2008	395,588	(21,487)	374,101	307,856	487,448	95,444	1,264,849	814,039	2,078,888

(*) AGM of April 29 2008: dividend €0.05 per share

CIR S.p.A. – BALANCE SHEET

(in euro)

ASSETS	%(**)	31.12.2008	%(**)	31.12.2007
NON-CURRENT ASSETS		1,041,152,254		1,054,025,294
INTANGIBLE ASSETS		191,477		207,122
TANGIBLE ASSETS		3,176,710		3,381,283
INVESTMENT PROPERTY		18,686,421		19,258,243
EQUITY INVESTMENTS		1,017,990,864		1,029,797,850
SUNDRY RECEIVABLES		24,200		146,590
DEFERRED TAXES		1,082,582		1,234,206
CURRENT ASSETS		293,334,311		268,682,706
SUNDRY RECEIVABLES		54,469,830		74,463,317
of which with related parties (*)	7,827,661 14.4		15,163,047 20.4	
SECURITIES		226,547,842		65,645,001
AVAILABLE-FOR-SALE FINANCIAL ASSETS		--		50,735,295
CASH AND CASH EQUIVALENTS		12,316,639		77,839,093
TOTAL ASSETS		1,334,486,565		1,322,708,000
LIABILITIES AND SHAREHOLDERS' EQUITY	%(**)	31.12.2008	%(**)	31.12.2007
SHAREHOLDERS' EQUITY		974,501,436		983,773,408
ISSUED CAPITAL		395,587,634		395,465,334
less OWN SHARES		(21,487,000)		(19,822,000)
SHARE CAPITAL		374,100,634		375,643,334
RESERVES		345,985,148		343,159,102
RETAINED EARNINGS / (LOSSES)		221,164,387		185,051,374
NET INCOME FOR THE YEAR		33,251,267		79,919,598
NON-CURRENT LIABILITIES		298,631,544		299,018,240
BONDS AND NOTES		295,982,153		295,806,231
DEFERRED TAXES		--		--
PERSONNEL PROVISIONS		2,649,391		3,212,009
CURRENT LIABILITIES		61,353,585		39,916,352
BANK OVERDRAFTS		--		--
BORROWINGS FROM RELATED PARTIES		--		14,196,284
OTHER PAYABLES		11,306,639		11,561,122
of which to related parties (*)	5,456,508 48.3		5,924,081 51.2	
PROVISIONS FOR RISKS AND LOSSES		50,046,946		14,158,946
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		1,334,486,565		1,322,708,000

(*) As per Consob resolution no. 6064293 of July 28 2006

(**) Percentage of whole

CIR S.p.A. – INCOME STATEMENT

(in euro)

		%(**)	2008	%(**)	2007
SUNDRY REVENUES AND INCOME			7,053,387		8,114,059
<i>of which from related parties (*)</i>	5,916,115	83.9	6,441,000	79.4	
COSTS FOR SERVICES			(11,036,154)		(10,854,272)
<i>of which from related parties (*)</i>	(2,280,000)	20.7	(2,251,000)	20.7	
PERSONNEL COSTS			(5,086,680)		(8,062,217)
OTHER OPERATING COSTS			(37,921,421)		(1,977,853)
AMORTIZATION, DEPRECIATION AND WRITE-DOWNS			(866,662)		(821,939)
OPERATING RESULT			(47,857,530)		(13,602,222)
FINANCIAL INCOME			9,252,266		9,962,941
<i>of which from related parties (*)</i>	266,261	2.9	1,154,066	11.6	
FINANCIAL EXPENSE			(17,871,672)		(18,835,352)
<i>of which with related parties (*)</i>	(208,591)	1.2	(995,276)	5.3	
DIVIDENDS			138,738,023		126,523,162
<i>of which from related parties (*)</i>	138,689,930	100.0	126,491,619	100.0	
GAINS FROM TRADING SECURITIES			253,220		13,976,745
LOSSES FROM TRADING SECURITIES			(2,396,079)		(56,137,895)
ADJUSTMENTS TO VALUE OF FINANCIAL ASSETS			(54,721,218)		(6,586,415)
INCOME/ (LOSS) BEFORE TAXES			25,397,010		55,300,964
INCOME TAXES			7,854,257		24,618,634
NET INCOME FOR THE YEAR			33,251,267		79,919,598
BASIC EARNINGS PER SHARE (in euro)			0.0444		0.067
DILUTED EARNINGS PER SHARE (in euro)			0.0444		0.057

(*) As per Consob resolution no. 6064293 of July 28 2006

(**) Percentage of the whole

CIR S.p.A. – CASH FLOW STATEMENT

(in euro)

	2008	2007
OPERATING ACTIVITY		
NET INCOME FOR THE YEAR	33,251,267	79,919,598
ADJUSTMENTS:		
AMORTIZATION, DEPRECIATION AND WRITE-DOWNS	866,662	821,939
LOSSES/(GAINS) FROM THE SALE OF EQUITY INVESTMENTS AND SIMILAR SECURITIES	2,142,858	(9,061,350)
ACTUARIAL VALUATION OF STOCK OPTION PLANS	354,229	3,610,327
PROVISION MADE TO LEAVING INDEMNITY FUND	263,683	259,447
ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS	54,721,218	6,586,415
(RISE) REDUCTION IN NET WORKING CAPITAL	41,893,107	(36,654,448)
<i>of which with related parties</i>	<i>(7,328,471)</i>	<i>43,622,555</i>
CASH FLOW FROM OPERATING ACTIVITY	133,493,024	45,481,928
of which:		
- interest income (expense)	(15,368,371)	(8,510,508)
- dividends received	138,738,023	126,523,162
- income tax receipts (disbursements)*	24,849,027	9,631,908
INVESTMENT ACTIVITY		
(PURCHASE)/SALE OF CURRENT SECURITIES	(126,925,421)	82,328,019
PURCHASE OF FIXED ASSETS	(28,373,837)	(76,462,327)
CASH FLOW FROM INVESTMENT ACTIVITY	(155,299,258)	5,865,692
FUNDING ACTIVITY		
INFLOWS FROM CAPITAL INCREASES	365,308	14,667,635
PAYOUT OF LEAVING INDEMNITY	(274,943)	(286,480)
BUYBACK OF OWN SHARES	(6,396,015)	(15,376,909)
DIVIDENDS PAID OUT	(37,410,570)	(37,242,640)
CASH FLOW FROM FUNDING ACTIVITY	(43,716,220)	(38,238,394)
RISE (REDUCTION) IN NET CASH AND CASH EQUIVALENTS	(65,522,454)	13,109,226
NET CASH AND CASH EQUIVALENTS AT START OF YEAR	77,839,093	64,729,867
NET CASH AND CASH EQUIVALENTS AT END OF YEAR	12,316,639	77,839,093

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

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

<i>(in euro)</i>	<i>Issued capital</i>	<i>less own shares</i>	<i>Share capital</i>	<i>Reserves</i>	<i>Retained earnings (losses)</i>	<i>Net income for year</i>	<i>Total</i>
BALANCE AT DECEMBER 31 2006	390,239,534	(17,047,000)	373,192,534	329,032,099	201,816,767	36,697,002	940,738,402
Capital increases	5,225,800	--	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 Bylaws	--	--	--	55,431	--	--	55,431
Adjustment for own share transactions	--	(2,775,000)	(2,775,000)	2,700,421	(15,302,330)	--	(15,376,909)
Notional recognition of stock options	--	--	--	1,929,316	--	--	1,929,316
Result for the year	--	--	--	--	--	79,919,598	79,919,598
BALANCE AT DECEMBER 31 2007	395,465,334	(19,822,000)	375,643,334	343,159,102	185,051,374	79,919,598	983,773,408
Capital increases	122,300	--	122,300	243,008	--	--	365,308
Dividends to Shareholders	--	--	--	--	--	(37,410,570)	(37,410,570)
Earnings posted to reserves	--	--	--	--	42,509,028	(42,509,028)	--
Unclaimed dividends as per Art. 23 of Bylaws	--	--	--	12,451	--	--	12,451
Adjustment for own share transactions	--	(1,665,000)	(1,665,000)	1,665,000	(6,396,015)	--	(6,396,015)
Notional recognition of stock options	--	--	--	905,587	--	--	905,587
Result for the year	--	--	--	--	--	33,251,267	33,251,267
BALANCE AT DECEMBER 31 2008	395,587,634	(21,487,000)	374,100,634	345,985,148	221,164,387	33,251,267	974,501,436