

PRESS RELEASE

Board of Directors approves results for financial year 2010

**CIR GROUP: REVENUES AT 4.8 BILLION (+12.6%), MARGINS UP,
NET INCOME OF 56.9 MILLION AND RETURN TO DIVIDENDS**

Net income of 2009 (143.4 million) included non-recurring gain of 106.7 million. Net of this, the result for 2010 is up due to the higher contribution of the operating companies

*Sharp rise in revenues and margins thanks to the growth of all the main subsidiaries
Financial surplus at holding level of over 120 million euro*

The Board of Directors will propose that the Shareholders' Meeting distribute a dividend of 0.025 euro per share even in consideration of the better result of the operating companies

Consolidated results for financial year 2010

- **Revenues: € 4,805.5 million (+12.6% from € 4,266.8 million in 2009)**
- **EBITDA: € 400.1 million (+35.8% from € 294.6 million in 2009)**
- **Net income: € 56.9 million (€ 143.4 million, of which 106.7 million of non-recurring gains, in 2009)**
- **Aggregate net financial surplus: € 123.6 million (€ 111.7 million at 30/09/2010)**
- **Consolidated net debt: € 2,166.8 million (€ 2,222.7 million at 30/09/2010)**

Milan, March 10 2011 – The **Board of Directors of CIR-Compagnie Industriali Riunite SpA**, which met today under the chairmanship of **Stefano Micossi**, approved the **proposed statutory financial statements** and the **consolidated financial statements of the group for financial year 2010**.

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

Performance of operations

The group closed 2010 with **revenues and gross operating margin (EBITDA) sharply higher** than in 2009 thanks to the improvement in the operating results of all the main operating subsidiaries. The **net income of the group** came in at **56.9 million** euro. Last year's result, a positive 143.4 million euro, included non-recurring gains of 106.7 million euro. **Net of these**, therefore, **the net income of the group in 2010 was higher than that of 2009**, benefiting from the fact that the **contribution of the operating companies substantially doubled** (64.9 million euro versus 32.7 million euro in 2009).

*"2010 - commented **Rodolfo De Benedetti, Chief Executive of the CIR group** – was a positive year overall for the group despite the difficult economic environment. Our main subsidiaries reaped the benefits of the cost cutting and business development action taken over the last two years, increasing their contribution to the results of the group. At the same time, at holding level, we have worked hard to strengthen our financial solidity even further. Having reached these objectives means we can today propose to the AGM a return to distributing a dividend to our Shareholders. In 2011 in an economic situation that is still uncertain, we will keep our focus on the main activities of the group seeking the maximum efficiency while continuing to invest and improve the growth potential of our businesses".*

Consolidated results

The **consolidated revenues** of the CIR group in 2010 amounted to **4,805.5 million** euro, posting a **rise of 12.6%** on the figure of 4,266.8 million euro for 2009. The change was due to the higher sales reported by Sorgenia, Sogefi and KOS, with those of Espresso holding up on last year.

The **consolidated gross operating margin** came in at **400.1 million** euro (8.3% of revenues), up from 294.6 million euro (6.9% of revenues) in 2009, with a rise of **35.8%**. This change was determined by the growth in the EBITDA of all the main operating subsidiaries. The **consolidated operating result (EBIT)** came to **215.8 million** euro and was **up by 45.8%** from 148 million euro in 2009.

The financial management result, a negative 79.8 million euro, was due to net financial expense of 110.9 million euro, dividends and net gains from trading and valuing securities of 37 million euro and negative adjustments to the value of financial assets of 5.9 million euro. The change from the positive result of 37.1 million euro in 2009 was mainly due to the non-recurring gains present last year.

The **consolidated net income** of the CIR group in 2010 was **56.9 million** euro. The net result for 2009, a positive figure of 143.4 million euro, included non-recurring and capital gains of approximately 106.7 million euro. Net of these, the net income of the group is **higher** than in 2009.

The **net financial debt** of the CIR group stood at **2,166.8** million euro at December 31 2010, versus 2,222.7 million euro at September 30 2010 and 1,801.1 million euro at December 31 2009. The consolidated net debt figure was the result of the following:

- An **aggregate net financial surplus at holding level** of **123.6 million** euro, up from 111.7 million euro at September 30 2010 and 121.6 million euro at December 31 2009;
- The total **net debt of the operating companies** of **2,290.4 million** euro (2,334.4 million euro at September 30 2010). The rise from 1,922.7 million euro at December 31 2009 was mainly the result of investments in new production capacity by Sorgenia, partly offset by the reduction in the debt of Espresso and Sogefi.

The net financial position includes the CIR group's investments in shares of hedge funds (84 million euro at December 31 2010).

Total consolidated equity stood at **2,522.9 million** euro at December 31 2010, up from 2,332.3 million euro at December 31 2009. The **group's equity** rose to **1,487 million** euro from 1,396.7 million euro at December 31 2009.

At December 31 2010 the CIR group had **12,911 employees** (12,746 at December 31 2009).

Industrial businesses

Energy: Sorgenia

The **revenues** of the **Sorgenia** group totalled **2,668.5 million** euro in 2010, with a rise of **14.7%** on the figure for 2009 (2,325.8 million euro). The significant rise in electricity sales volumes compensated for the decline in unit prices of energy products caused by the difficult economic situation. **EBITDA** came in at **151.1 million** euro and was up by **28.2%** on the figure for the same period of 2009 (117.8 million euro).

Sorgenia's EBITDA benefited in particular from the rise in electricity sales volumes, from the contribution of the Modugno power plant and from the higher margins on generation from renewable sources.

These factors, together with the action put in place to preserve margins, more than compensated for the contraction in sales margins on natural gas, higher provisions made for client receivables and high congestion charges on the electricity grid.

Net income was **50.4 million** euro (66.9 million euro in 2009). Compared to the previous year, the result was affected by higher financial expense due to the rise in the average level of debt for the period.

On February 28 2011 Sorgenia presented its *Business Plan 2011-2016* to the financial community. The plan contains the following detail: the entry into the residential market and the launch of a dual fuel supply of electricity and gas with a target of 2 million clients by 2016; investment in the period of 1.2 billion in the three business areas (power market, renewable sources, hydrocarbon exploration and production); continuing growth of revenues and margins, a gradual reduction of the net debt and the net debt/EBITDA ratio.

Media: Espresso

The **revenues** of the **Espresso** group totalled **885 million** euro in 2010, **in line** with the figure for 2009 (886.6 million euro). Net of optional products, revenues rose by 4.1%. Circulation revenues, which did not benefit from any selling price rises, came in at 267.9 million euro versus 274.2 million euro in the previous year (-2.3%). All the main titles of the group performed significantly better than those of their respective markets. On the basis of the most recent data published by ADS and Audipress, *La Repubblica* confirms its ranking as the top Italian newspaper both in terms of number of copies sold on the news-stands and in terms of number of readers. Advertising revenues came to 528.4 million euro, posting a rise of 6.3% compared to 2009. Internet was the medium that showed the most positive evolution (+21.8%). Revenues from optional products amounted to 66.3 million euro and were down by 34% on 2009.

Total costs were down by 6.7% compared to 2009 and recurring costs, net of extraordinary charges, by 5.2%. During the last two years a company reorganization plan was implemented with the aim of obtaining savings of 140 million euro when fully up and running (in 2011), which is equal to 17% of the costs incurred in 2008. Costs reported in 2010 were 16.7% lower than those of 2008 and therefore the savings target has already been fully met and will be overtaken with the completion of the measures put in place. This has happened without reducing the the group's product range or portfolio and without jeopardizing quality in any way.

EBITDA came in at **147.2 million** euro and was **up by 38%** from 106.7 million euro in 2009. All the main businesses of the group posted a sharp rise in profitability which was due, for the newspapers, to the drastic cost cutting action resulting from the reorganization plans and for the radio and internet businesses to the significant rise in revenues. **Net income** came in at **50.1 million** euro versus 5.8 million euro in 2009.

Automotive components: Sogefi

Sogefi's revenues totalled **924.7 million** euro in 2010, with a **rise of 18.4%** on the figure for 2009 (781 million euro). The recovery was particularly significant in the original equipment sector which made up approximately 66% of total revenues. Almost 30% of the consolidated revenues of the group came from non-European markets. In 2010 for the first time ever the sales obtained in Mercosur were higher than those of France, which had been Sogefi's top market for years. Revenues generated in China and India almost doubled compared to 2009, while those from the US rose by approximately 25%.

EBITDA was **86.7 million** euro and was up by **83.6%** on 2009 (47.2 million euro). The significant rise in all the operating results enabled the company to **return to profit** and post net income of **18.8 million** euro which compares with a loss of 7.6 million euro in 2009.

Healthcare: KOS

The **revenues** of **KOS** came in at **325.4 million** euro in 2010, with a **rise of 19%** on 2009 (203.5 million euro), thanks to the development of the three business areas (care-homes, rehabilitation centres, hospital management) and to the acquisitions made during the year.

EBITDA was **42.1 million** euro, and was **up by 27.5%** on 2009 (33 million euro). During the year the company incurred costs of around 3 million euro for the IPO procedure and expenses relating to the acquisitions made in the period.

Net income came in at **4 million** euro whereas it substantially broke even in 2009 (-0.4 million euro). Today the KOS group manages over 5,600 fully operational beds plus another 900 under construction.

Financial investments

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 December 31 2010 of 75 million euro) and the venture capital fund CIR Ventures (with a fair value at December 31 of 15 million dollars). Among its other investments, Jupiter Finance operates in the segment of non-performing loans. At December 31 2010 the nominal value of the loans under management amounted to approximately 2.3 billion euro. The value of CIR's investment in these activities totalled 59.1 million euro at December 31 2010.

Results of the parent company CIR SpA

The **parent company CIR SpA** closed the year 2010 with a loss of 14.7 million euro, compared to a loss of 2 million euro in 2009. The change was due to the lower flow of dividends received from subsidiaries in the year. Shareholders' equity stood at 968.5 million euro at December 31 2010, down from 978.9 million euro at December 31 2009.

Outlook for the year 2011

The performance of the CIR group in 2011 will be affected by the evolution of the macroeconomic scenario characterized by a recovery that is still weak with unclear prospects for the future. In this scenario, in view of the positive results obtained in 2010, the main operating subsidiaries of the group will continue to take action to improve their operating efficiency while at the same time engaging in business development initiatives.

Proposed dividend

The Board of Directors has decided to propose to the Shareholders' Meeting the distribution of a dividend of 0.025 euro per share in view of the higher contribution to the earnings of the group made by the operating companies and, in particular, the return to a dividend of the listed subsidiaries Espresso and Sogefi. The dividend will be paid out as from May 26 2011 against coupon no. 20 of May 23 2011. In the last two years the company did not distribute any dividends.

Shareholders' Meeting

The Shareholders' Meeting (AGM) has been convened for April 28 at the first call and for April 29 if a second call is necessary. The Board approved the following resolutions:

- To put before the Shareholders' Meeting, at an extraordinary meeting of the same, the proposal that some amendments be made to the Company Bylaws to bring them into line with Legislative Decree no. 27 of January 27 2010;
- 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 30 million own shares, with a maximum disbursement limit of 50 million euro, at a unit 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 company's average cost of capital. As of today CIR is holding 43,074,000 ordinary shares, corresponding to 5.44% of share capital.

- To put before the Shareholders' Meeting a stock grant plan for 2011 aimed at directors and/or executives of the company, its subsidiaries and its parent company for a maximum of 4,500,000 conditional rights, each of which will give the beneficiaries the right to be assigned free of charge 1 CIR share. The shares thus assigned will be made available from the own shares that the company holds as treasury stock.
- To put before the Shareholders' Meeting the proposal that the Rules for Shareholders' Meetings be amended to bring them into line with the amendments to the Company Bylaws approved by the Board of Directors on October 28 2010 as well as those being submitted to the approval of the Shareholders at the extraordinary meeting of the same.
- The coming Meeting of the Shareholders will be called upon to approve the renewal of the Board of Directors and the Board of Statutory Auditors.

Bonds maturing in the 24 months following December 31 2010

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 December 31 2010. On January 10 2011 the maturing bond for a remaining amount, including interest, of 157.4 million euro was repaid. As of today the only bond still outstanding is the one issued by CIR SpA maturing on December 16 2024 for a principal amount of 300 million euro. The bond (ISIN code XS0207766170), listed on the Luxembourg Stock Exchange pays an annual coupon of 5.75%.

Conference call

The results of financial year 2010 will be illustrated today at 4.30 pm CET by the **Chief Executive Officer of CIR, Rodolfo De Benedetti**, in a conference call. Journalists can follow the presentation on the phone, in listen-only mode by dialling **+39 02 805 88 27**, or in a webcast on the website www.cirgroup.com.

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 figures contained in this press release correspond to the results documented in the company's accounts and general ledger.

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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).

Attached are key figures from the consolidated and statutory statements of financial position and income statements

CIR GROUP – CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in thousands of euro)

ASSETS	<i>31.12.2010</i>	<i>31.12.2009</i>
NON-CURRENT ASSETS	4,791,833	4,287,814
INTANGIBLE ASSETS	1,391,359	1,316,903
TANGIBLE ASSETS	2,553,835	2,187,369
INVESTMENT PROPERTY	23,890	18,115
INVESTMENTS IN COMPANIES VALUED AT EQUITY	319,469	275,899
OTHER EQUITY INVESTMENTS	5,041	9,629
OTHER RECEIVABLES	179,082	207,899
<i>of which with related parties (*)</i>	<i>277</i>	<i>4,480</i>
SECURITIES	100,772	83,051
DEFERRED TAXES	218,385	188,949
CURRENT TAXES	2,829,753	2,362,336
INVENTORIES	151,283	156,150
CONTRACTED WORK IN PROGRESS	10,421	3,464
TRADE RECEIVABLES	1,137,448	1,042,030
<i>of which with related parties (*)</i>	<i>7,992</i>	<i>18,032</i>
OTHER RECEIVABLES	177,660	200,627
<i>of which with related parties (*)</i>	<i>1,371</i>	<i>1,727</i>
FINANCIAL RECEIVABLES	399,064	27,229
SECURITIES	216,552	278,548
AVAILABLE-FOR-SALE FINANCIAL ASSETS	144,244	104,967
CASH AND CASH EQUIVALENTS	593,081	549,321
ASSETS HELD FOR DISPOSAL	722	700
TOTAL ASSETS	7,622,308	6,650,850

LIABILITIES AND EQUITY	<i>31.12.2010</i>	<i>31.12.2009</i>
EQUITY	2,522,940	2,332,335
ISSUED CAPITAL	396,059	396,059
less OWN SHARES	(21,537)	(21,537)
SHARE CAPITAL	374,522	374,522
RESERVES	321,923	295,983
RETAINED EARNINGS (LOSSES)	733,733	582,818
NET INCOME FOR THE YEAR	56,850	143,432
EQUITY OF THE GROUP	1,487,028	1,396,755
MINORITY SHAREHOLDERS' EQUITY	1,035,912	935,580
NON-CURRENT LIABILITIES	3,118,360	2,958,552
BONDS AND NOTES	547,455	718,262
OTHER BORROWINGS	2,171,116	1,843,359
OTHER PAYABLES	2,021	1,177
<i>of which with related parties (*)</i>	<i>--</i>	<i>69</i>
DEFERRED TAXES	193,228	181,489
PERSONNEL PROVISIONS	124,343	137,346
PROVISIONS FOR RISKS AND LOSSES	80,197	76,919
CURRENT LIABILITIES	1,981,008	1,359,963
BANK OVERDRAFTS	173,671	66,290
BONDS AND NOTES	157,978	731
OTHER BORROWINGS	469,494	132,499
<i>of which from related parties (*)</i>	<i>2</i>	<i>2</i>
TRADE PAYABLES	863,344	836,587
<i>of which to related parties (*)</i>	<i>35,496</i>	<i>28,649</i>
OTHER PAYABLES	234,170	228,178
PROVISIONS FOR RISKS AND LOSSES	82,351	95,678
TOTAL LIABILITIES AND EQUITY	7,622,308	6,650,850

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

CIR GROUP – CONSOLIDATED INCOME STATEMENT

(in thousands of euro)

	2010	2009
SALES REVENUES	4,805,467	4,266,865
<i>of which from related parties (*)</i>	150,680	60,674
CHANGE IN INVENTORIES	2,886	(14,150)
COSTS FOR THE PURCHASE OF GOODS	(2,911,272)	(2,554,020)
<i>of which from related parties (*)</i>	(282,385)	(258,162)
COSTS FOR SERVICES	(783,580)	(744,104)
<i>of which from related parties (*)</i>	(1,238)	(1,531)
PERSONNEL COSTS	(681,680)	(664,835)
OTHER OPERATING INCOME	104,987	104,317
<i>of which from related parties (*)</i>	1,153	1,295
OTHER OPERATING COSTS	(174,268)	(139,110)
ADJUSTMENTS TO THE VALUE OF INVESTMENTS		
CONSOLIDATED AT EQUITY	37,517	39,679
AMORTIZATION, DEPRECIATION AND WRITE-DOWNS	(184,252)	(146,651)
INCOME BEFORE FINANCIAL ITEMS AND TAXES (E B I T)	215,805	147,991
FINANCIAL INCOME	54,118	53,823
<i>of which from related parties (*)</i>	10,225	10,426
FINANCIAL EXPENSE	(165,021)	(157,896)
<i>of which with related parties (*)</i>	(10,200)	(10,201)
DIVIDENDS	108	587
GAINS FROM TRADING SECURITIES	42,170	151,518
LOSSES FROM TRADING SECURITIES	(5,271)	(6,936)
ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS	(5,937)	(4,008)
INCOME BEFORE TAXES	135,972	185,079
INCOME TAXES	(12,586)	4,334
RESULT AFTER TAXES FROM OPERATING ACTIVITY	123,386	189,413
INCOME/(LOSS) FROM ASSETS HELD FOR DISPOSAL	--	--
NET INCOME FOR THE YEAR INCLUDING MINORITY INTERESTS	123,386	189,413
- NET INCOME MINORITY SHAREHOLDERS	(66,536)	(45,981)
- NET INCOME OF THE GROUP	56,850	143,432
BASIC EARNINGS PER SHARE (in euro)	0.0760	0.1917
DILUTED EARNINGS PER SHARE (in euro)	0.0760	0.1917

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

CIR GROUP – CASH FLOW STATEMENT

(in thousands of euro)

	2010	2009
OPERATING ACTIVITY		
NET INCOME FOR THE YEAR INCLUDING MINORITY INTERESTS	123,386	189,413
ADJUSTMENTS:		
AMORTIZATION, DEPRECIATION AND WRITE-DOWNS	184,252	146,651
SHARE OF THE RESULT OF COMPANIES CONSOLIDATED AT EQUITY	(37,517)	(39,679)
ACTUARIAL VALUATION OF STOCK OPTION PLANS	9,668	10,598
CHANGE IN PERSONNEL PROVISIONS & PROVISIONS FOR RISKS AND LOSSES	(23,052)	25,770
ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS	10,937	4,008
CAPITAL GAIN ON THE SUBSCRIPTION OF CAPITAL INCREASES BY MINORITY SHAREHOLDERS	--	(76,735)
INCREASE (REDUCTION) IN NON-CURRENT RECEIVABLES AND PAYABLES	11,942	(38,217)
(INCREASE) REDUCTION IN NET WORKING CAPITAL	(41,792)	84,020
OTHER CHANGES	--	(16,246)
CASH FLOW FROM OPERATING ACTIVITY	237,824	289,583
of which:		
- interest received (paid out)		(62,518)
- income tax payments		(70,756)
INVESTMENT ACTIVITY		
(PURCHASE) SALE OF SECURITIES	18,536	369,039
PURCHASE OF FIXED ASSETS	(656,889)	(625,009)
CASH FLOW FROM INVESTMENT ACTIVITY	(638,353)	(255,970)
FUNDING ACTIVITY		
INFLOWS FROM CAPITAL INCREASES	39,116	187,851
OTHER CHANGES IN SHAREHOLDERS' EQUITY	25,477	32,713
DRAWDOWN/(REPAYMENT) OF OTHER BORROWINGS	279,357	(200,162)
BUYBACK OF OWN SHARES	(91)	(1,160)
DIVIDENDS PAID OUT	(6,951)	(21,386)
CASH FLOW FROM FUNDING ACTIVITY	336,908	(2,144)
INCREASE (REDUCTION) IN NET CASH AND CASH EQUIVALENTS	(63,621)	31,469
NET CASH AND CASH EQUIVALENTS AT START OF YEAR	483,031	451,562
NET CASH AND CASH EQUIVALENTS AT END OF YEAR	419,410	483,031

CIR GROUP – STATEMENT OF CHANGES IN CONSOLIDATED 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 year</i>	<i>Total</i>		
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
Capital increases	471	--	471	528	--	--	999	186,852	187,851
Dividends to Shareholders	--	--	--	--	--	--	--	(21,386)	(21,386)
Retained earnings	--	--	--	--	95,444	(95,444)	--	--	--
Unclaimed dividends as per Art. 23 of Bylaws	--	--	--	14	--	--	14	--	14
Adjustment for own share transactions	--	(50)	(50)	50	(74)	--	(74)	--	(74)
Notional recognition of stock options	--	--	--	5,455	--	--	5,455	--	5,455
Effects of equity changes in subsidiaries	--	--	--	(895)	--	--	(895)	(95,996)	(96,891)
<i>Comprehensive result for the year</i>									
Fair value measurement of hedging instruments	--	--	--	(285)	--	--	(285)	(800)	(1,085)
Fair value measurement of securities	--	--	--	7,668	--	--	7,668	(764)	6,904
Securities fair value reserve released to income statement	--	--	--	(38,918)	--	--	(38,918)	--	(38,918)
Effects of equity changes in subsidiaries	--	--	--	2,257	--	--	2,257	2,336	4,593
Currency translation differences	--	--	--	12,253	--	--	12,253	5,318	17,571
Result for the year	--	--	--	--	--	143,432	143,432	45,981	189,413
<i>Total comprehensive income for the year</i>	--	--	--	(17,025)	--	143,432	126,407	52,071	178,478
BALANCE AT DECEMBER 31 2009	396,059	(21,537)	374,522	295,983	582,818	143,432	1,396,755	935,580	2,332,335
Capital increases	--	--	--	--	--	--	--	39,116	39,116
Dividends to Shareholders	--	--	--	--	--	--	--	(6,951)	(6,951)
Retained earnings	--	--	--	--	143,432	(143,432)	--	--	--
Unclaimed dividends as per Art. 23 of Bylaws	--	--	--	15	--	--	15	--	15
Adjustment for own share transactions	--	--	--	--	--	--	--	--	--
Movements between reserves	--	--	--	(7,483)	7,483	--	--	--	--
Notional recognition of stock options	--	--	--	4,336	--	--	4,336	--	4,336
Effects of equity changes in subsidiaries	--	--	--	6,733	--	--	6,733	(11,068)	(4,335)
<i>Comprehensive result for the year</i>									
Fair value measurement of hedging instruments	--	--	--	5,017	--	--	5,017	5,350	10,367
Fair value measurement of securities	--	--	--	11,240	--	--	11,240	(566)	10,674
Securities fair value reserve released to income statement	--	--	--	(897)	--	--	(897)	399	(498)
Effects of equity changes in subsidiaries	--	--	--	951	--	--	951	1,914	2,865
Currency translation differences	--	--	--	6,028	--	--	6,028	5,602	11,630
Result for the year	--	--	--	--	--	56,850	56,850	66,536	123,386
<i>Total comprehensive result for the year</i>	--	--	--	22,339	--	56,850	79,189	79,235	158,424
BALANCE AT DECEMBER 31 2010	396,059	(21,537)	374,522	321,923	733,733	56,850	1,487,028	1,035,912	2,522,940

CIR S.p.A. – STATEMENT OF FINANCIAL POSITION

(in euro)

ASSETS	%(**)	31.12.2010	%(**)	31.12.2009
NON-CURRENT ASSETS		1,040,482,201		1,012,090,877
INTANGIBLE ASSETS		230,753		213,639
TANGIBLE ASSETS		2,865,389		3,018,487
INVESTMENT PROPERTY		17,542,778		18,114,599
EQUITY INVESTMENTS		918,632,223		856,680,271
SUNDRY RECEIVABLES		101,211,058		133,296,990
<i>of which with related parties (*)</i>	101,188,090	100.0	133,272,790	100.0
DEFERRED TAXES		--		766,891
CURRENT ASSETS		250,539,877		307,202,505
SUNDRY RECEIVABLES		18,249,799		31,587,092
<i>of which with related parties (*)</i>	10,075,867	55.2	1,155,601	3.7
FINANCIAL RECEIVABLES		--		1,418,000
SECURITIES		60,674,692		101,584,046
CASH AND CASH EQUIVALENTS		171,615,386		172,613,367
TOTAL ASSETS		1,291,022,078		1,319,293,382
LIABILITIES AND EQUITY	%(**)	31.12.2010	%(**)	31.12.2009
EQUITY		968,540,558		978,905,531
ISSUED CAPITAL		396,058,634		396,058,634
less OWN SHARES		(21,537,000)		(21,537,000)
SHARE CAPITAL		374,521,634		374,521,634
RESERVES		348,901,164		352,032,278
RETAINED EARNINGS / (LOSSES)		259,833,508		254,341,399
NET INCOME (LOSS) FOR THE YEAR		(14,715,748)		(1,989,780)
NON-CURRENT LIABILITIES		298,949,593		297,733,880
BONDS AND NOTES		297,404,251		296,168,462
PERSONNEL PROVISIONS		1,545,342		1,565,418
CURRENT LIABILITIES		23,531,927		42,653,971
BANK OVERDRAFTS		68		--
OTHER PAYABLES		9,792,512		28,513,339
<i>of which to related parties (*)</i>	5,002,177	51.1	12,961,083	45.5
PROVISIONS FOR RISKS AND LOSSES		13,739,347		14,140,632
TOTAL LIABILITIES AND EQUITY		1,291,022,078		1,319,293,382

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

(**) Percentage of the whole

CIR S.p.A. – INCOME STATEMENT

(in euro)

		%(**)	2010		%(**)	2009
SUNDRY REVENUES AND INCOME			7,115,840			7,139,502
<i>of which from related parties (*)</i>	5,814,431	81.7		5,729,000	80.2	
COSTS FOR SERVICES			(11,747,397)			(14,771,383)
<i>of which from related parties (*)</i>	(1,563,000)	13.3		(1,805,000)	12.2	
PERSONNEL COSTS			(9,312,839)			(9,202,151)
OTHER OPERATING COSTS			(5,692,888)			(2,138,073)
AMORTIZATION, DEPRECIATION & WRITEDOWNS			(862,179)			(865,553)
OPERATING RESULT			(20,499,463)			(19,837,658)
FINANCIAL INCOME			12,136,221			10,207,930
<i>of which from related parties (*)</i>	2,915,301	24.0		3,302,156	32.3	
FINANCIAL EXPENSE			(19,977,508)			(17,533,720)
<i>of which with related parties (*)</i>				--		
DIVIDENDS			5,870,438			11,392,025
<i>of which from related parties (*)</i>	5,849,122	99.6		11,361,610	99.7	
GAINS FROM TRADING SECURITIES			6,801,249			6,910,176
LOSSES FROM TRADING SECURITIES			(684,176)			(942,498)
ADJUSTMENTS TO VALUE OF FINANCIAL ASSETS			(1,517,902)			2,527,965
INCOME / (LOSS) BEFORE TAXES			(17,871,141)			(7,275,780)
INCOME TAXES			3,155,393			5,286,000
NET INCOME (LOSS) FOR THE YEAR			(14,715,748)			(1,989,780)
BASIC EARNINGS (LOSS) PER SHARE (in euro)			(0.0197)			(0.0027)
DILUTED EARNINGS (LOSS) PER SHARE (in euro)			(0.0197)			(0.0027)

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

(**) Percentage of the whole

CIR S.p.A. – CASH FLOW STATEMENT

(in euro)

	2010	2009
OPERATING ACTIVITY		
NET INCOME (LOSS) FOR THE YEAR	(14,715,748)	(1,989,780)
ADJUSTMENTS:		
AMORTIZATION, DEPRECIATION AND WRITEDOWNS	862,179	865,553
LOSSES/(GAINS) ON THE SALE OF EQUITY INVESTMENTS AND CURRENT SECURITIES	(1,105,913)	(4,630,177)
ACTUARIAL VALUATION OF STOCK OPTION PLANS	4,335,313	4,324,835
PROVISIONS MADE FOR LEAVING INDEMNITY (TFR)	276,562	287,329
ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS	1,517,902	(2,527,965)
(INCREASE) REDUCTION IN NET WORKING CAPITAL	(2,699,898)	35,896,586
<i>of which with related parties</i>	<i>(14,316,325)</i>	<i>10,903,845</i>
CASH FLOW FROM OPERATING ACTIVITY	(11,529,603)	32,226,381
of which:		
- interest received (paid out)	(4,898,357)	4,677,352
- dividends received	6,680,438	10,582,025
- income tax receipts (payments) *	929,483	8,342,358
INVESTMENT ACTIVITY		
(PURCHASE)/SALE OF CURRENT SECURITIES	40,509,313	128,061,387
(PURCHASE)/SALE OF FIXED ASSETS	(62,118,274)	129,325,474
CASH FLOW FROM INVESTMENT ACTIVITY	(21,608,961)	257,386,861
FUNDING ACTIVITY		
INFLOWS FROM CAPITAL INCREASES	--	999,389
LEAVING INDEMNITY (TFR) PAYOUTS	(296,639)	(241,648)
BUYBACK OF OWN SHARES	--	(74,255)
REPAYMENT (DRAWDOWN) OF LOANS TO SUBSIDIARIES	32,437,154	(130,000,000)
DIVIDENDS PAID OUT	--	--
CASH FLOW FROM FUNDING ACTIVITY	32,140,515	(129,316,514)
INCREASE (REDUCTION) IN NET CASH AND CASH EQUIVALENTS	(998,049)	160,296,728
NET CASH AND CASH EQUIVALENTS AT START OF YEAR	172,613,367	12,316,639
NET CASH AND CASH EQUIVALENTS AT END OF YEAR	171,615,318	172,613,367

CIR S.p.A. – STATEMENT OF CHANGES IN 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 2008	395,587,634	(21,487,000)	374,100,634	345,985,148	221,164,387	33,251,267	974,501,436
Capital increases	471,000	--	471,000	528,389	--	--	999,389
Dividends to Shareholders	--	--	--	--	--	--	--
Net income allocated to reserve	--	--	--	--	33,251,267	(33,251,267)	--
Unclaimed dividends as per Art. 23 of Bylaws	--	--	--	14,253	--	--	14,253
Adjustment for own share transactions	--	(50,000)	(50,000)	50,000	(74,255)	--	(74,255)
Notional recognition of stock options	--	--	--	5,454,488	--	--	5,454,488
Result for the year	--	--	--	--	--	(1,989,780)	(1,989,780)
BALANCE AT DECEMBER 31 2009	396,058,634	(21,537,000)	374,521,634	352,032,278	254,341,399	(1,989,780)	978,905,531
Capital increases	--	--	--	--	--	--	--
Dividends to Shareholders	--	--	--	--	--	--	--
Net income allocated to reserve	--	--	--	--	(1,989,780)	1,989,780	--
Unclaimed dividends as per Art. 23 of Bylaws	--	--	--	15,462	--	--	15,462
Adjustment for own share transactions	--	--	--	--	--	--	--
Notional recognition of stock options	--	--	--	4,335,313	--	--	4,335,313
Movements between reserves	--	--	--	(7,481,889)	7,481,889	--	--
Result for the year	--	--	--	--	--	(14,715,748)	(14,715,748)
BALANCE AT DECEMBER 31 2010	396,058,634	(21,537,000)	374,521,634	348,901,164	259,833,508	(14,715,748)	968,540,558