

**PRESS RELEASE**

*Board of Directors approves results for financial year 2011*

**CIR GROUP: REVENUES AT 4.5 BILLION (-2.8%), MARGINS HIGHER (EBITDA +17.1%)  
NET INCOME LOWER AT 10.1 MILLION, DIVIDEND CONFIRMED AT 0.025 EURO**

*EBITDA and EBIT sharply higher thanks to the higher margins of Sorgenia, Espresso, Sogefi and KOS. The reduction in net income is due mainly to two factors: the lower contribution of Sorgenia, which had benefited in 2010 from higher extraordinary income, and the impact of the crisis in the markets on the securities portfolio, which has however posted a significant recovery in the early months of 2012*

*The Board of Directors will propose that the Shareholders' Meeting confirm a dividend of 0.025 euro per share, even in consideration of the solid result of the operating companies. The parent company CIR SpA returns to profit after two negative years*

**Consolidated results for the year 2011**

- **Revenues: € 4,522.7 million (-2.8% from € 4,650.8 million in 2010)**
- **EBITDA: € 468.4 million (+17.1% from € 400.1 million in 2010)**
- **Net income: € 10.1 million (€ 56.9 million in 2010)**
- **Aggregate net financial surplus: € 10.8 million (€ 38.7 million at 30/09/2011)**
- **Consolidated net debt: € 2,335.1 million (€ 2,308.1 million at 30/09/2011)**

Milan, March 12 2012 – 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 2011**. The CIR group operates in five business sectors: energy (Sorgenia), media (Espresso), automotive components (Sogefi), healthcare (KOS) and non-core investments (private equity, venture capital and other investments).

**Performance of operations**

In a gradually worsening economic environment, the group closed 2011 with significant growth in its operating results compared to 2010 thanks to the higher margins obtained by its four main operating subsidiaries - Sorgenia, Espresso, Sogefi and KOS. More specifically, consolidated EBITDA rose by 17.1% while EBIT was up by 18.7%. Revenues remained substantially unchanged while the decline in net income was caused mainly by the lower contribution of Sorgenia, which had benefited in 2010 from higher extraordinary income, and by the impact of the sharp fall in the financial markets, which in the second half of the year led to a negative adjustment to the fair value of the securities portfolio compared to the previous year. In the early months of this year, however, the recovery in the markets has meant that a substantial amount of these adjustment losses have been made up again.

**Rodolfo De Benedetti**, Chief Executive of CIR, made the following comment: *“In an extremely complex year for the economy and the financial markets, especially in the second half, our group obtained solid operating results in the four business sectors in which it operates. In automotive components, in particular, with Sogefi we made an important foreign acquisition that will enable us to consolidate our position among the world leaders in the sector of filter systems. Precisely because of the good results achieved by our subsidiaries, we have decided to propose to the Shareholders' Meeting that they confirm CIR's dividend in spite of the decline in the net income of the Group, which was also negatively impacted by the extraordinarily negative performance of the markets.*

*In 2012, in a recessionary economic environment, our commitment will be to achieve maximum operating efficiency while still focusing on every possible opportunity to develop our companies”.*

### **Consolidated results**

The **revenues** of the CIR group in 2011 amounted to **4,522.7 million** euro, down slightly **(-2.8%)** from 4,650.8 million euro in 2010. The change was due to the lower sales of Sorgenia, only partly offset by the higher revenues reported by Espresso, Sogefi and KOS.

**EBITDA** was **468.4 million** euro (10.4% of revenues), posting strong growth **(+17.1%)** compared to the figure of 400.1 million euro (8.6% of revenues) in 2010. This change was due to the rise in the EBITDA of all the main operating subsidiaries. The **operating result (EBIT)** came to **256.2 million** euro and was **up by 18.7%** from 215.8 million euro in 2010.

The financial management result, a negative 134.9 million euro (a negative 79.8 million euro in 2010), was the result of net financial expense of 119.2 million euro, dividends and net gains from trading and valuing securities of 9.2 million euro and negative adjustments to the value of financial assets of 24.9 million euro.

The **net income** of the CIR group in 2011 was **10.1 million** euro, down from 56.9 million euro in 2010. The reduction from last year was due mainly to two factors: the lower earnings of Sorgenia, which in 2010 had benefited from higher extraordinary income, and the negative adjustment to the fair value of the securities portfolio of the group following the turbulence in the financial markets in the second half of the year. In the early months of this year, however, the recovery of the markets has meant that a significant amount of these adjustment losses have now reversed out.

Following the ruling of the Court of Appeal of Milan filed on July 9 2011, which sentenced Fininvest to pay damages caused by the corruption of a judge in the Lodo Mondadori case, on July 26 2011 CIR received from Fininvest payment of 564.2 million euro, inclusive of legal costs and interest. In accordance with international accounting standards (IAS 37), this amount has not had and will not have any impact on the income statement and the net financial position of the group (as it is offset in the balance sheet by a payable of the same amount) until the final level of justice. At December 31 2011, the income from the investment of this sum was substantially in line with the legal interest set aside in a provision.

The **net financial debt** of the CIR group stood **2,335.1 million** euro at December 31 2011, up from 2,308.1 million euro at September 30 2011 and 2,178.5 million euro at December 31 2010. The consolidated net debt figure was the result of the following:

- An **aggregate net financial surplus at holding level** of **10.8 million** euro (38.7 million euro at September 30 2011). The reduction from the figure of 123.6 million euro at December 31 2010 was due mainly to the equity investments made and to the own shares bought back during the year, to disbursements made for operating costs and financial expense and to the negative adjustments made to the fair value of the securities portfolio;
- The total **net debt of the operating companies** of **2,345.9 million** euro (2,346.8 million euro at September 30 2011). The change from 2,302.1 million euro at December 31 2010 came principally from the rise in the debt of Sogefi following its acquisition of Systèmes Moteurs, partly offset by the reduction in the net financial position of the other main operating subsidiaries.

**Total consolidated equity** stood at **2,479.7 million** euro at December 31 2011, down from 2,522.9 million euro at December 31 2010. The **group's equity** totalled **1,438.1 million** euro versus 1,487 million euro at December 31 2010.

At December 31 2011 the CIR group had **14,072 employees** (12,911 at December 31 2010). The increase was due essentially to the acquisition of Systèmes Moteurs by Sogefi.

## Industrial businesses

### **Energia: Sorgenia**

The **revenues** of the **Sorgenia** group totalled **2,120.3 million** euro in 2011, posting a **decline of 15.7%** on 2010 (2,513.8 million euro) which was substantially attributable to the reduction in sales volumes of natural gas and to a different client mix. **Adjusted EBITDA** for the year came to **193.5 million** euro, and was **up by 18.1%** on the figure for 2010 (163.9 million euro). EBITDA came in at 192.2 million euro, up by 27.2% from 151.1 million euro in 2010.

Sorgenia's EBITDA benefited in particular from the start of commercial operations at the Bertónico-Turano Lodigiano combined-cycle power plant (Lodi), from the development, construction and sale of photovoltaic plants by Sorgenia Solar, the joint venture in the wind sector in France with KKR and the sale of the small hydroelectric plants. These effects made it possible to compensate for the narrower electricity production margins caused by a substantial rise in the price of gas for the plants, the lower contribution of the investee Tirreno Power and the congestion charges on the electricity grid, which negatively affected the Modugno (Bari) and Termoli (Campobasso) power plants. **Adjusted net income** came in at **22.3 million** euro (62.8 million euro in 2010). The difference was essentially due to an extraordinary item in the form of a tax credit on the investments in new production capacity made by the company. The net income of the group came to 15.6 million euro, down from 50.4 million euro in 2010.

In the fourth quarter of 2011 Sorgenia announced the launch of new commercial offers for the residential market. The company aims to reach 1.5 million new customers by the end of 2016, bringing its total number of customer to around 2 million.

### **Media: Espresso**

The **revenues** of the **Espresso** group totalled **890.1 million** euro in 2011, **up slightly (+0.6%)** from the figure for 2010 (885 million euro) thanks to the advertising collected and to revenues from the digital business. Circulation revenues came in at 326.9 million euro versus 334.2 million euro in the previous year (-2.2%). *La Repubblica* confirmed its ranking as the top Italian newspaper both in terms of number of copies sold on the news-stands (ADS November 2011) and in terms of number of readers per day (Audipress). Advertising revenues, which came in at 534.7 million euro, posted growth of 1.2% compared to 2010, bucking the negative trend of the market. Advertising in the group's printed titles declined slightly (-1.9%) in a market that recorded a much more significant decline (-6.3%), while advertising on the internet showed a positive evolution, rising by 14.4%, supported by the dynamic growth of the audience of the group's websites. Sundry revenues came to 28.5 million euro and were up by 27% on 2010 thanks to growth in the digital terrestrial bandwidth leasing business.

**EBITDA** came in at **157 million** euro and was **up by 6.6%** from 147.2 million euro in 2010. The results of the press segment held up well despite the unfavourable context thanks in part to further cost cutting. The digital business, which is incurring rising costs for the development and promotion of its products, still managed to achieve positive results thanks to the strong rise in revenues while radio, although maintaining a high level of profitability, reported a slightly lower operating result because of the decline in sales. **Net income** was **58.6 million** euro, up from 50.1 million euro in 2010 **(+17%)**.

### **Automotive components: Sogefi**

**Sogefi's revenues** for 2011 came in at **1,158.4 million** euro, posting a **rise of 25.3%** on the figure of 924.7 million euro for 2010, reaching an all-time high for the thirty years of the group's history. This result was obtained thanks to the acquisition of the businesses of Systèmes Moteurs, which was consolidated as from August 1 2011, and to the organic growth of the businesses of the group. Pro-forma revenues, including the businesses of Systèmes Moteurs in the consolidation as from January 1 2011, would be 1,335 million euro.

In 2011 **Sogefi continued its process of growth in extra-European markets**, making significant progress in Mercosur (+9.6%), North America (+266.1% thanks to the contribution of Systèmes Moteurs; +46.1% with the same consolidation as last year), China (+36.4%) and India (+37.6%).

**EBITDA** for the year was **108.3 million** euro (9.3% of sales revenues), **up by 24.9%** from 86.7 million euro in 2010 (9.4% of sales). Pro-forma EBITDA for 2011, including the businesses of Systèmes Moteurs from January 1 2011, would be 123.1 million euro (9.2% of pro-forma revenues). **Net income** came in at **24.7 million** euro and was **up 31.4%** on the figure for the previous year (18.8 million euro).

**The acquisition of Systèmes Moteurs has enabled Sogefi to achieve three important industrial objectives: the extension of its product lines into engine air and cooling systems; higher penetration in North America, China and India; a greater presence among German prestige car manufacturers.**

#### **Healthcare: KOS**

The **revenues** of **KOS** came in at **349.6 million** euro, with a **rise of 7.4%** on the figure for 2010 (325.4 million euro) thanks to the development of the three business areas (care-homes, rehabilitation centres, hospital management) and to the acquisitions made during the previous year.

**EBITDA** was **52.2 million** euro (including a non-recurring item of 3 million euro relating to the sale of real estate properties), **up by 24%** from 42.1 million euro in 2010. **Net income** came in at **8.9 million** euro compared to 4 million in the previous year. Net debt stood at 165.1 million euro at December 31 2011. The improvement from the figure at December 31 2010 (189.3 million euro) was due to the deconsolidation of properties put into a fund and to the subscription of a capital increase of 20 million euro made in June by the shareholder Axa Private Equity. The KOS group today manages some **60 facilities**, mainly in the centre and north of Italy, with a total of over 5,700 beds in operation, plus more than 1,000 under construction.

#### **Non-core investments**

The non-core investments of the group consist of venture capital and private equity initiatives and other investments. CIR has a diversified portfolio of funds and minority shareholdings in the private equity sector (with a fair value at December 31 2011 of 87.8 million euro) and the venture capital fund CIR Ventures (with a fair value at December 31 of 15,8 million dollars). Among the other investments, it should be noted that in August 2011 a 20% interest was acquired in the company Swiss Education Group, a world leader in managerial training in the hospitality sector, for an amount of approximately 28 million euro. Lastly, the CIR group has a portfolio of non-performing loans. The net value of the investment in this business at December 31 2011 was 64.2 million euro.

#### **Results of the parent company CIR SpA**

The **parent company CIR SpA** returned to profit in the year 2011 after two years of losses. The **net result** was in fact a **positive figure of 0.3 million** euro, versus a loss of 14.7 million euro in 2010. The change was due mainly to the higher dividends received from subsidiaries during the year. **Shareholders' equity** stood at **946 million** euro at December 31 2011, down from 968.5 million euro at December 31 2010.

#### **Outlook for the year 2012**

The performance of the CIR group in 2012 will be affected by the evolution of the macroeconomic environment, which is currently characterized by a recessionary scenario the intensity and duration of which cannot at the moment be predicted.

In this scenario the main operating subsidiaries of the group will continue the strategy of honing their operating efficiency while at the same time engaging in business development initiatives, a strategy that proved successful in 2009.

### **Proposed dividend**

The Board of Directors has decided to propose to the Shareholders' Meeting the distribution of a dividend of 0.025 euro, unchanged from last year, in view of the solid results of the main operating subsidiaries and particularly of the distribution of dividends by Espresso and Sogefi. The dividend will be paid out as from May 24 2012 against coupon no. 21 of May 21 2012.

### **Shareholders' Meeting**

The Shareholders' Meeting (AGM) has been convened for April 26 at the first call and for April 27 if a second call is necessary. The Board approved the following resolutions:

- 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 49,989,000 ordinary shares, corresponding to 6.3% of share capital.
- To put before the Shareholders' Meeting a stock grant plan for 2012 aimed at directors and/or executives of the company, its subsidiaries and its parent company for a maximum of 6,000,000 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.

### **Bonds maturing in the 24 months following December 31 2011**

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

### **Significant events which have occurred since December 31 2011**

As part of the action taken to optimize its financial management, in January the Espresso group carried out a partial buyback of bonds for a total nominal amount of 28.8 million euro at a price of 99.85% of nominal value.

In line with its tradition for innovation, in March Sogefi launched on the market the first suspension springs made from composite materials, patented by the group, which can contribute to a reduction in the weight and consumption of cars. This innovation also guarantees a significant improvement in the environmental impact of the production process compared to the traditional one.

### **Conference call**

The results of financial year 2011 will be illustrated today at 17.30 hours 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](http://www.cirgroup.com).

*The executive responsible for the preparation of the company's financial statements, Gerardo Benuzzi, 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 financial items and taxes);
- **Consolidated net financial debt:** an indicator of the financial structure of the group; it is the algebraic sum of financial receivables, securities, available-for-sale financial assets and cash and cash equivalents in current assets, of bonds and notes and other borrowings in non-current liabilities, and of bank overdrafts, bonds and notes and other borrowings in current liabilities;
- **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*

# 1. STATEMENT OF FINANCIAL POSITION

(in thousands of euro)

<b>ASSETS</b>	<b>31.12.2011</b>	<b>31.12.2010 (**)</b>
<b>NON-CURRENT ASSETS</b>	<b>4,901,207</b>	<b>4,791,833</b>
INTANGIBLE ASSETS	1,493,826	1,391,359
TANGIBLE ASSETS	2,399,721	2,553,835
INVESTMENT PROPERTY	23,551	23,890
INVESTMENTS IN COMPANIES CONSOLIDATED AT EQUITY	386,253	319,469
OTHER EQUITY INVESTMENTS	22,903	5,041
OTHER RECEIVABLES	247,079	179,082
<i>of which with related parties (*)</i>	<i>29,481</i>	<i>277</i>
SECURITIES	107,321	100,772
DEFERRED TAXES	220,553	218,385
<b>CURRENT ASSETS</b>	<b>2,929,298</b>	<b>2,485,685</b>
INVENTORIES	184,530	151,283
CONTRACTED WORK IN PROGRESS	35,330	10,421
TRADE RECEIVABLES	1,215,226	1,137,448
<i>of which with related parties (*)</i>	<i>9,352</i>	<i>7,992</i>
OTHER RECEIVABLES	247,878	211,680
<i>of which with related parties (*)</i>	<i>2,603</i>	<i>1,374</i>
FINANCIAL RECEIVABLES	11,956	20,976
SECURITIES	613,877	216,552
AVAILABLE-FOR-SALE FINANCIAL ASSETS	126,495	144,244
CASH AND CASH EQUIVALENTS	494,006	593,081
ASSETS HELD FOR DISPOSAL	1,924	722
<b>TOTAL ASSETS</b>	<b>7,832,429</b>	<b>7,278,240</b>

<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>31.12.2011</b>	<b>31.12.2010</b>
<b>SHAREHOLDERS' EQUITY</b>	<b>2,479,711</b>	<b>2,522,940</b>
ISSUED CAPITAL	396,666	396,059
less OWN SHARES	(24,995)	(21,537)
SHARE CAPITAL	371,671	374,522
RESERVES	293,015	321,923
RETAINED EARNINGS (LOSSES)	763,246	733,733
NET INCOME FOR THE YEAR	10,144	56,850
<b>EQUITY OF THE GROUP</b>	<b>1,438,076</b>	<b>1,487,028</b>
MINORITY SHAREHOLDERS' EQUITY	1,041,635	1,035,912
<b>NON-CURRENT LIABILITIES</b>	<b>3,091,529</b>	<b>3,118,360</b>
BONDS AND NOTES	525,802	547,455
OTHER BORROWINGS	2,197,337	2,171,116
OTHER PAYABLES	1,856	2,021
DEFERRED TAXES	168,079	193,228
PERSONNEL PROVISIONS	123,766	124,343
PROVISIONS FOR RISKS AND LOSSES	74,689	80,197
<b>CURRENT LIABILITIES</b>	<b>2,260,892</b>	<b>1,636,940</b>
BANK OVERDRAFTS	142,485	173,671
BONDS AND NOTES	4,243	157,978
OTHER BORROWINGS	711,600	103,159
<i>of which from related parties (*)</i>	<i>2</i>	<i>2</i>
TRADE PAYABLES	979,190	863,344
<i>of which to related parties (*)</i>	<i>36,629</i>	<i>35,496</i>
OTHER PAYABLES	337,987	256,437
<i>of which to related parties (*)</i>	<i>251</i>	<i>4,561</i>
PROVISIONS FOR RISKS AND LOSSES	85,387	82,351
LIABILITIES HELD FOR DISPOSAL	297	--
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>7,832,429</b>	<b>7,278,240</b>

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

(\*\*) For the presentation of these Consolidated Financial Statements the Group recalculated the comparison balance of current assets and liabilities at 31 December 2010 to align their accounting presentation to the financial instrument trading transactions of the sub-holding Sorgenia, executed as part of its normal business activities, to those of the leading energy traders.

<b>NET FINANCIAL POSITION</b>	<b>(2,335,133)</b>	<b>(2,178,526)</b>
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## 2. INCOME STATEMENT

(in thousands of euro)

	2011	2010 (**)
SALES REVENUES	4,522,722	4,650,761
of which from related parties (*)	17,551	150,680
CHANGE IN INVENTORIES	(6,582)	2,886
COSTS FOR THE PURCHASE OF GOODS	(2,543,498)	(2,757,125)
of which from related parties (*)	(227,860)	(282,385)
COSTS FOR SERVICES	(844,936)	(783,580)
of which from related parties (*)	(2,660)	(1,244)
PERSONNEL COSTS	(720,032)	(681,680)
OTHER OPERATING INCOME	227,706	103,589
of which from related parties (*)	1,515	1,622
OTHER OPERATING COSTS	(188,841)	(172,311)
of which with related parties (*)	(295)	(3)
ADJUSTMENTS TO THE VALUE OF INVESTMENTS CONSOLIDATED AT EQUITY	21,928	37,517
AMORTIZATION, DEPRECIATION & WRITEDOWNS	(212,267)	(184,252)
<b>INCOME BEFORE FINANCIAL ITEMS AND TAXES ( E B I T )</b>	<b>256,200</b>	<b>215,805</b>
FINANCIAL INCOME	59,514	54,118
of which from related parties (*)	8,796	10,225
FINANCIAL EXPENSE	(178,770)	(165,021)
of which with related parties (*)	(7,629)	(10,200)
DIVIDENDS	285	108
of which from related parties (*)	11	16
GAINS FROM TRADING SECURITIES	13,806	42,170
LOSSES FROM TRADING SECURITIES	(4,865)	(5,271)
ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS	(24,866)	(5,937)
<b>INCOME BEFORE TAXES</b>	<b>121,304</b>	<b>135,972</b>
INCOME TAXES	(57,997)	(12,586)
<b>RESULT BEFORE TAXES FROM OPERATING ACTIVITY</b>	<b>63,307</b>	<b>123,386</b>
INCOME/(LOSS) FROM ASSETS HELD FOR DISPOSAL	--	--
<b>NET INCOME FOR THE YEAR INCLUDING MINORITY INTERESTS</b>	<b>63,307</b>	<b>123,386</b>
- NET INCOME MINORITY SHAREHOLDERS	(53,163)	(66,536)
<b>- NET INCOME OF THE GROUP</b>	<b>10,144</b>	<b>56,850</b>
<b>BASIC EARNINGS PER SHARE (in euro)</b>	<b>0.0136</b>	<b>0.0759</b>
<b>DILUTED EARNINGS PER SHARE (in euro)</b>	<b>0.0136</b>	<b>0.0758</b>

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

(\*\*) For the presentation of these Consolidated Financial Statements the Group recalculated the comparison balances of the income statement at 31 December 2010 to align their accounting presentation to the financial instrument trading transactions of the sub-holding Sorgenia, executed as part of its normal business activities, to those of the leading energy traders.



### 3. STATEMENT OF CASH FLOW

(in thousands of euro)

	2011	2010
<b>OPERATING ACTIVITY</b>		
NET INCOME FOR THE YEAR INCLUDING MINORITY INTERESTS	63,307	123,386
ADJUSTMENTS:		
AMORTIZATION, DEPRECIATION & WRITEDOWNS	212,267	184,252
SHARE OF RESULT OF COMPANIES CONSOLIDATED AT EQUITY	(21,928)	(37,517)
ACTUARIAL VALUATION OF STOCK OPTION PLANS	11,502	9,668
CHANGE IN PERSONNEL PROVISIONS, PROV. FOR RISKS & LOSSES	(3,049)	(23,052)
ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS	24,866	10,937
INCREASE (REDUCTION) IN NON-CURRENT RECEIVABLES/PAYABLES	(96,384)	11,942
(INCREASE) REDUCTION IN NET WORKING CAPITAL	33,561	(53,545)
<b>CASH FLOW FROM OPERATING ACTIVITY</b>	<b>224,142</b>	<b>226,071</b>
of which:		
- interest received (paid out)	(102,920)	(102,422)
- income tax disbursements	(46,826)	(32,527)
<b>INVESTMENT ACTIVITY</b>		
AMOUNT PAID FOR BUSINESS COMBINATIONS	(146,501)	--
NET FINANCIAL POSITION OF COMPANIES ACQUIRED	8,311	--
(PURCHASE) SALE OF SECURITIES	(400,684)	18,536
PURCHASE OF FIXED ASSETS	(121,883)	(656,889)
<b>CASH FLOW FROM INVESTMENT ACTIVITY</b>	<b>(660,757)</b>	<b>(638,353)</b>
<b>FUNDING ACTIVITY</b>		
INFLOWS FROM CAPITAL INCREASES	34,436	39,116
OTHER EQUITY CHANGES	(75,106)	25,477
DRAWDOWN (REPAYMENT) OF OTHER BORROWINGS	468,294	291,110
BUYBACK OF OWN SHARES	(18,349)	(91)
DIVIDENDS PAID OUT	(40,549)	(6,951)
<b>CASH FLOW FROM FUNDING ACTIVITY</b>	<b>368,726</b>	<b>348,661</b>
<b>INCREASE (REDUCTION) IN NET CASH AND CASH EQUIVALENTS</b>	<b>(67,889)</b>	<b>(63,621)</b>
<b>NET CASH AND CASH EQUIVALENTS AT START OF YEAR</b>	<b>419,410</b>	<b>483,031</b>
<b>NET CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>351,521</b>	<b>419,410</b>

#### 4. STATEMENT OF CHANGES IN 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 (losses) for the year</i>	<i>Total</i>		
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
Capital increases	607	--	607	645	--	--	1,252	33,184	34,436
Dividends to Shareholders	--	--	--	--	(18,726)	--	(18,726)	(21,823)	(40,549)
Retained earnings	--	--	--	--	56,850	(56,850)	--	--	--
Unclaimed dividends as per Art. 23 of Bylaws	--	--	--	15	--	--	15	--	15
Adjustment for own share transactions	--	(3,458)	(3,458)	3,458	(9,683)	--	(9,683)	--	(9,683)
Movements between reserves	--	--	--	(1,072)	1,072	--	--	--	--
Notional recognition of stock options	--	--	--	4,370	--	--	4,370	--	4,370
Effects of equity changes in subsidiaries	--	--	--	9,922	--	--	9,922	(23,923)	(14,001)
<i>Comprehensive result for the year</i>									
Fair value measurement of hedging instruments	--	--	--	(32,762)	--	--	(32,762)	(32,298)	(65,060)
Fair value measurement of securities	--	--	--	(13,007)	--	--	(13,007)	(543)	(13,550)
Securities fair value reserve released to income statement	--	--	--	(307)	--	--	(307)	527	220
Effects of equity changes in subsidiaries	--	--	--	(1,810)	--	--	(1,810)	(974)	(2,784)
Currency translation differences	--	--	--	1,640	--	--	1,640	(1,590)	50
Result for the year	--	--	--	--	--	10,144	10,144	53,163	63,307
<i>Total comprehensive result for the year</i>	--	--	--	(46,246)	--	10,144	(36,102)	18,285	(17,817)
BALANCE AT DECEMBER 31 2011	396,666	(24,995)	371,671	293,015	763,246	10,144	1,438,076	1,041,635	2,479,711

## 1. CIR S.P.A - STATEMENT OF FINANCIAL POSITION

(in euro)

ASSETS		%(**)	31.12.2011		%(**)	31.12.2010
<b>NONCURRENT ASSETS</b>			<b>1,515,143,617</b>			<b>1,040,482,201</b>
INTANGIBLE ASSETS			81,051			230,753
TANGIBLE ASSETS			2,776,098			2,865,389
INVESTMENT PROPERTY			16,970,956			17,542,778
EQUITY INVESTMENTS			1,182,997,824			918,632,223
SUNDRY RECEIVABLES			311,238,606			101,211,058
<i>of which with related parties (*)</i>	311,214,640	100.0		101,188,090	100.0	
DEFERRED TAXES			1,079,082			-
<b>CURRENT ASSETS</b>			<b>334,400,267</b>			<b>250,539,877</b>
SUNDRY RECEIVABLES			27,501,423			18,249,799
<i>of which with related parties (*)</i>	22,582,074	82.1		10,075,867	55.2	
FINANCIAL RECEIVABLES			186,382			-
SECURITIES	84,477	45.3		-	-	
CASH & CASH EQUIVALENTS			169,423,608			60,674,692
			137,288,854			171,615,386
<b>TOTAL ASSETS</b>			<b>1,849,543,884</b>			<b>1,291,022,078</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>						
<b>SHAREHOLDERS' EQUITY</b>			<b>946,037,379</b>			<b>968,540,558</b>
ISSUED CAPITAL			396,665,734			396,058,634
less OWN SHARES			(24,994,500)			(21,537,000)
SHARE CAPITAL			371,671,234			374,521,634
RESERVES			356,316,023			348,901,164
RETAINED EARNINGS/ (LOSSES)			217,780,978			259,833,508
RESULT FOR THE YEAR			269,144			(14,715,748)
<b>NONCURRENT LIABILITIES</b>			<b>299,107,127</b>			<b>298,949,593</b>
BONDS AND NOTES			297,561,711			297,404,251
PERSONNEL PROMSIONS			1,545,416			1,545,342
<b>CURRENT LIABILITIES</b>			<b>604,399,378</b>			<b>23,531,927</b>
BANK OVERDRAFTS			-			68
OTHER BORROWINGS			564,573,109			-
<i>of which with related parties (*)</i>	325,000	0.1		-	-	
OTHER PAYABLES			22,372,289			9,792,512
<i>of which with related parties (*)</i>	7,622,246	34.1		5,002,177	51.1	
PROMSIONS FOR RISKS AND LOSSES			17,453,980			13,739,347
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>			<b>1,849,543,884</b>			<b>1,291,022,078</b>

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

(\*\*) Percentage of the whole

## 2. CIR S.P.A - INCOME STATEMENT

(in euro)

	%(**)		2011	%(**)		2010
SUNDRY REVENUES AND INCOME			6,087,377			7,115,840
<i>of which from related parties (*)</i>	5,609,596	92.2		6,135,885	86.2	
COSTS FOR SERVICES			(17,573,772)			(11,747,397)
<i>of which from related parties (*)</i>	(1,420,000)	8.1		(1,563,000)	13.3	
PERSONNEL COSTS			(9,200,875)			(9,312,839)
OTHER OPERATING COSTS			(2,426,622)			(5,692,888)
AMORTIZATION, DEPRECIATION & WRITEDOWNS			(888,684)			(862,179)
<b>OPERATING RESULT</b>			<b>(24,002,576)</b>			<b>(20,499,463)</b>
FINANCIAL INCOME			10,606,815			12,136,221
<i>of which from related parties (*)</i>	7,735,243	72.9		2,915,301	24.0	
FINANCIAL EXPENSE			(21,396,262)			(19,977,508)
DIVIDENDS			29,307,556			5,870,438
<i>of which from related parties (*)</i>	29,282,312	99.9		5,849,122	99.6	
GAINS FROM TRADING SECURITIES			898,187			6,801,249
LOSSES FROM TRADING SECURITIES			(2,192,182)			(684,176)
ADJUSTMENT TO VALUE OF FINANCIAL ASSETS			(1,243,491)			(1,517,902)
<b>INCOME/ (LOSS) BEFORE TAXES</b>			<b>(8,021,953)</b>			<b>(17,871,141)</b>
INCOME TAXES			8,291,097			3,155,393
<b>NET RESULT FOR THE YEAR</b>			<b>269,144</b>			<b>(14,715,748)</b>
<b>BASIC EARNINGS PER SHARE (in euro)</b>			0.0004			(0.0196)
<b>DILUTED EARNINGS PER SHARE (in euro)</b>			0.0004			(0.0196)

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

(\*\*) Percentage of the whole

### 3. CIR S.P.A - STATEMENT OF CASH FLOW

(in euro)

	2011	2010
<b>OPERATING ACTIVITY</b>		
NET INCOME FOR YEAR INCLUDING MINORITY INTERESTS	269,144	(14,715,748)
ADJUSTMENTS:		
AMMORT. DEPRECC. & WRITEDOWNS	888,684	862,179
LOSSES/(GAINS) ON SALE OF EQUITY INVESTMENTS AND CURRENT SECURITIES	1,293,995	(1,105,913)
ACTUARIAL VALUATION OF STOCK OPTION PLANS	4,369,264	4,335,313
PROVISIONS MADE TO TRF FUND	309,954	276,562
ADJUSTMENTS TO VALUE OF FINANCIAL ASSETS	1,243,491	1,517,902
(INCREASE) REDUCTION IN NET WORKING CAPITAL	(1,452,544)	(2,699,898)
<i>of which with related parties</i>	<i>(17,372,165)</i>	<i>(14,316,325)</i>
<b>CASH FLOW FROM OPERATING ACTIVITY</b>	<b>6,921,988</b>	<b>(11,529,603)</b>
of which:		
- interest inflows (disbursements)	(14,431,377)	(4,898,357)
- dividends received	29,307,556	6,680,438
- receipts (payments) of income taxes *	5,635,174	929,483
<b>INVESTMENT ACTIVITY</b>		
(PURCHASE)/SALE OF CURRENT SECURITIES	(109,958,402)	40,509,313
(PURCHASE)/SALE OF FIXED ASSETS	(265,771,470)	(62,118,274)
<b>CASH FLOW FROM INVESTMENT ACTIVITY</b>	<b>(375,729,872)</b>	<b>(21,608,961)</b>
<b>FUNDING ACTIVITY</b>		
INFLOWS FROM CAPITAL INCREASES	1,251,927	-
PAYMENT OF LEAVING INDEMNITY	(309,880)	(296,639)
BUYBACK OF OWN SHARES	(9,682,531)	-
REPAYMENT (DRAWDOWN) LOANS TO SUBSIDIARIES	(202,300,000)	32,437,154
INFLOWS FROM LODO MONDADORI	564,248,109	-
DIVIDENDS PAID OUT	(18,726,205)	-
<b>CASH FLOW FROM FUNDING ACTIVITY</b>	<b>334,481,420</b>	<b>32,140,515</b>
<b>INCREASE (REDUCTION) IN NET CASH &amp; CASH EQUIVALENTS</b>	<b>(34,326,464)</b>	<b>(998,049)</b>
<b>NET CASH &amp; CASH EQUIVALENTS AT START OF YEAR</b>	<b>171,615,318</b>	<b>172,613,367</b>
<b>NET CASH &amp; CASH EQUIVALENTS AT END OF YEAR</b>	<b>137,288,854</b>	<b>171,615,318</b>

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

4. 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 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 posted to reserve	-	-	-	-	(1,989,780)	1,989,780	-
Dividends unclaimed as per Art. 23 of Bylaws	-	-	-	15,462	-	-	15,462
Adjustment for own share transactions	-	-	-	-	-	-	-
National 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
Capital increases	607,100	-	607,100	644,827	-	-	1,251,927
Dividends to Shareholders	-	-	-	-	(18,726,205)	-	(18,726,205)
Net income posted to reserve	-	-	-	-	(14,715,748)	14,715,748	-
Dividends unclaimed as per Art. 23 of Bylaws	-	-	-	15,222	-	-	15,222
Adjustment for own share transactions	-	(3,457,500)	(3,457,500)	3,457,500	(9,682,531)	-	(9,682,531)
National recognition of stock options	-	-	-	4,369,264	-	-	4,369,264
Movements between reserves	-	-	-	(1,071,954)	1,071,954	-	-
Result for the year	-	-	-	-	-	269,144	269,144
BALANCE AT DECEMBER 31 2011	396,665,734	(24,994,500)	371,671,234	356,316,023	217,780,978	269,144	946,037,379