



PRESS RELEASE

Board of Directors approves results at March 31 2010

KOS (CIR GROUP): OPERATING RESULTS HIGHER IN FIRST QUARTER

Revenues and EBITDA up thanks to business development and the larger consolidation area because of the acquisitions made in the quarter. More than 5,500 beds in operation

Positive net result of 1.2 million euro before non-recurring costs incurred in the quarter, in relation to the IPO procedure currently in progress and the acquisitions made

Consolidated results of Q1 2010

- *Revenues: € 76.1 million (+14.4% from € 66.5 million in Q1 2009)*
- *EBITDA: € 10.2 million before non-recurring costs (+36.1% from € 7.5 million in Q1 2009); € 8.2 million after non-recurring costs (+9.1%);*
- *Net result: a positive € 1.2 million before non-recurring costs (breakeven in Q1 2009); net result close to breakeven after non-recurring costs;*
- *Net debt: € 209.7 million (€ 163.5 million at December 31 2009), offset by owned properties with a book value of € 142 million*

Milan, April 26 2010 – The **Board of Directors** of **KOS SpA (CIR group)** met today under the chairmanship of **Claudio Stabon** to examine the **results of first quarter 2010**.

Performance of operations

The **KOS group** is one of the main Italian private operators in the care-home sector. Founded in 2002, the group is today active in **three business areas: nursing homes (RSAs), rehabilitation centres and hospital management**.

In the first quarter of 2010, at consolidated level, KOS posted a **significant rise in its main operating indicators compared to 2009**, thanks to the development of all the business and the enlargement of the consolidation area following the acquisitions made in the period.

Consolidated revenues rose by 14.4% to 76.1 million euro. EBITDA also grew significantly before non-recurring costs (+36.1% to 10.2 million euro). The net result before non-recurring costs was a positive figure of 1.2 million euro. The non-recurring costs incurred in the first quarter were mainly related to the IPO procedure currently in progress and to the acquisitions made in the period.

During the quarter the KOS group **continued to pursue its growth strategy in its two main businesses (nursing homes and rehabilitation)** through the acquisition of a facility in the Marche and two nursing homes in Lombardy.

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KOS today manages **59 facilities** in **seven regions of Italy (Emilia-Romagna, Liguria, Lombardy, Marche, Piedmont, Veneto and Trentino Alto-Adige)** with over **5,500 beds** in operation, plus approximately **400** under construction.

Consolidated results

The **consolidated revenues** of first quarter 2010 totalled **76.1 million** euro and were **up** by **14.4%** on 2009 (**66.5 million** euro), thanks to the development of all areas of the business and to the new acquisitions made in the period.

In the first quarter the company incurred non-recurring costs of approximately 2 million euro in relation to the IPO procedure currently in progress (1.4 million euro) and to the acquisitions made in the period (0.6 million euro, equally distributed between the RSA business and rehabilitation).

The **gross operating margin (EBITDA) before non-recurring costs** amounted to **10.2 million** euro and was **up** by **36.1%** on the first quarter of 2009 (7.5 million euro). EBITDA after non-recurring costs came in at **8.2 million** euro, **up** by **9.1%**.

The **net result for the quarter before non-recurring costs** was a **positive** figure of approximately **1.2 million** euro, versus an overall breakeven (0.1 million euro) in the first quarter of 2009. The net result after non-recurring costs was close to breakeven (-0.4 million euro).

The **consolidated net debt** of the KOS group at March 31 2010 amounted to **209.7 million** euro (163.5 million at December 31 2009), offsetting **owned properties** with a **carrying value** of approximately **142 million** euro. The rise compared to the figure for year end 2009 was due mainly to the acquisitions made during the quarter and to the change in working capital.

The KOS group had **3,647 employees** at March 31 2010 (3,421 at December 31 2009).

Results by business area

RSAs (Nursing homes)

In the **RSA (nursing home)** sector, the KOS group is the **main private operator in the Italian market**. The quarter closed with **revenues** of **30.9 million** euro (**+9.4%** from 28.2 million euro in the first quarter of 2009). **EBITDA** before non-recurring costs amounted to **3.3 million** euro (**+51.5%** compared to 2.2 million euro in the first quarter of 2009). Non-recurring costs came to 0.3 million euro. In the RSA sector the KOS group today manages **37 nursing homes**, with a total of **3,829 beds** in operation.

Rehabilitation

In the **functional and psychiatric rehabilitation** area, the KOS group is the **fourth private operator in the Italian market**. During the quarter the group achieved **revenue** growth of **25.4%** (**33.2 million** euro up from 27.2 million euro in the same period of 2009). **EBITDA** before non-recurring costs grew by **22.8%** (**5.2 million** euro versus 4.3 million euro in 2009). Non-recurring costs came to 0.3 million euro. In the rehabilitation sector the group today manages **12 rehabilitation units**, **9 psychiatric rehabilitation communities** and **13 day hospitals**, for a total of **1,600 beds** in operation.

Hospital management

In **hospital management**, the KOS group closed the quarter with **revenues of 12 million euro** (11 million euro in the same period of 2009). **EBITDA was 2.3 million euro (+21% from 1.9 million euro in 2009)**. In this business area the KOS group manages **seven diagnostic imaging departments** in public and private hospitals and the **“Fratelli Montecchi” Hospital in Suzzara (Mantua)**.

Significant events which have occurred since March 31 2010

In April 2010, the subsidiary Residenze Anni Azzurri S.r.l. (RSA) signed a preliminary agreement to acquire a company that will in future manage a nursing home in Rapallo (Genoa).

Still in April, the sale was finalized of the property on which a nursing home is being built in Monza, for an amount of 7.4 million euro, with a lease-back agreement in favour of Residenze Anni Azzurri S.r.l.

The KOS group (www.kosgroup.com)

KOS SpA (CIR group), founded in 2002, is the company at the head of a prime Italian healthcare group operating in the care-home sector. The group is active in three specific business areas:

- Nursing homes (RSAs): KOS is the top private operator in Italy by number of beds in nursing homes for the non self-sufficient elderly, where it operates under the brand “Anni Azzurri”.
- Rehabilitation: KOS is the fourth private operator in Italy by number of beds in the management of functional and psychiatric rehabilitation centres, where it operates under the brands “Santo Stefano” (functional rehabilitation) and “Redancia” (psychiatric rehabilitation).
- Hospital management: providing and managing complex hi-tech medical technology services (diagnostic imaging, nuclear medicine and radio therapy) for the National Health Service as an external provider under the brand “Medipass”. In this business area the group also manages the “Fratelli Montecchi” Hospital in Suzzara (Mantova).

KOS manages 59 facilities in central and northern Italy, with a total of over 5,500 beds, plus approximately 400 under construction. In 2009 the group reported consolidated revenues of 273.4 million euro and a gross operating margin (EBITDA) of approximately 33 million euro. The breakdown of 2009 revenues by business sector is as follows: Nursing homes (RSAs) 43%, Rehabilitation 41%, Hospital management 16%. The group had approximately 3,400 employees at the end of 2009.

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Attached are the key figures from the income statement and balance sheet at March 31 2010 of the KOS group (prepared according to IAS/IFRS). It should be noted that the firm of auditors has not yet completed the limited audit of the figures as of March 31 2010 for inclusion in the Prospectus. The figures at March 2009, shown for the purposes of comparison, were not subject to an audit.

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION - KOS GROUP

	31.03.2010 (in euro/000)	31.12.2009 (in euro/000)
NON-CURRENT ASSETS	366,032	309,328
CURRENT ASSETS	146,941	111,370
TOTAL ASSETS	512,973	420,698

TOTAL EQUITY	144,111	139,730
- MINORITY SHAREHOLDERS' EQUITY	7,135	2,169
- EQUITY OF THE GROUP	136,976	137,561
NON-CURRENT LIABILITIES	202,929	156,311
CURRENT LIABILITIES	165,933	124,657
TOTAL LIABILITIES AND EQUITY	512,973	420,698

NET FINANCIAL POSITION (209,659) (163,540)

CONSOLIDATED INCOME FIGURES OF THE KOS GROUP

	1st Quarter 2010 (in euro/000)	1st Quarter 2009 (in euro/000)
REVENUES	76,068	66,474
GROSS OPERATING MARGIN (EBITDA)	8,152	7,469
OPERATING INCOME (EBIT)	4,349	4,306
INCOME/(LOSS) BEFORE TAXES	1,745	2,117
INCOME/(LOSS) FOR THE PERIOD INCLUDING MINORITY INTERESTS	(177)	195
- NET INCOME/(LOSS) OF MINORITY SHAREHOLDERS	215	108
- NET INCOME/(LOSS) OF THE GROUP	(392)	87

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