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Semi-annual Interim Financial Report
as of June 30 2009

The Board of Directors
Milan, July 31 2009

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This Semi-annual Interim Financial Report as of June 30 2009 was prepared in accordance with Art. 154 ter of D. Lgs. 58/1998 and in conformity with applicable international accounting standards recognized in the European Union as per EU Regulation no. 1606/2002 of the European Parliament and the Council of July 19 2002, and specifically with IAS 34 - Interim Financial Reporting, and also with the measures issued in implementation of Art. 9 of D. Lgs no. 38/2005.

COMPAGNIE INDUSTRIALI RIUNITE

Public Limited Company – Share Capital € 395,587,633.50 – Registered Office: Via Valeggio, 41 – 10129 Turin – www.cirgroup.it
R.E.A. no. 3933 – Registered with the Turin Register of Companies / Tax Code / VAT no. 00519120018
Company subject to management and coordination by COFIDE S.p.A.

Operating Headquarters: Via Ciovassino, 1 – 20121 Milan – Tel. +39 02 72270.1
Rome Office: Via del Tritone, 169 – 00187 Rome – Tel. +39 06 692055.1

BOARD OF DIRECTORS

Honorary Chairman	CARLO DE BENEDETTI **(5)**
Chairman	STEFANO MICOSSI **(1)**
Chief Executive Officer and General Manager	RODOLFO DE BENEDETTI **(2)**
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Secretary to the Board	FRANCA SEGRE

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Statutory Auditors	LUIGI NANI RICCARDO ZINGALES
Alternate Auditors	MARCO REBOA GIANLUCA PONZELLINI LUIGI MACCHIORLATTI VIGNAT

INDEPENDENT AUDITORS

DELOITTE & TOUCHE S.p.A.

Notice in accordance with the recommendations of Consob contained in its Communiqué no. DAC/RM/97001574 of February 20 1997

(1) Legal Representative
(2) Power to sign with single signature all documents relating to ordinary and extraordinary administration except for those reserved by law to the Board of Directors
(3) Power to sign documents specified in mandate with joint signature
(4) Power to sign documents specified in mandate with single signature
(5) Member of the Compensation Committee
(6) Member of the Internal Control Committee
(7) Member of the Surveillance Body
(8) Member of the Appointments Committee
(9) Lead Independent Director

INTERIM REPORT ON OPERATIONS

In the first six months of 2009 the CIR Group reported a positive consolidated net result of € 120.8 million euro, despite the repercussions that the deep economic recession has had on the business sectors of the group, especially automotive components and media.

The decline in the result compared to that of the first half of 2008, which amounted to € 144.3 million (-16.3%), was due to the lower impact of non-recurring gains which were present in both years. In the first half of 2009 these gains amounted to € 76.7 million and were the result of the subscription by Verbund of a € 150 million capital increase in Sorgenia, based on a valuation of € 3.9 billion. In the same period of 2008, the Group had benefited from a higher amount of non-recurring gains (€ 117.8 million) due to the subscription of capital increases in HSS and Sorgenia by minority shareholders. The value generated for the company and its shareholders by these deals confirms the validity of the industrial and investment strategy pursued by CIR in recent years.

The contribution of the operating companies to net income in the first half of 2009 was a positive € 6.4 million, down significantly from € 45 million in the same period of 2008. The decline was due mainly to a considerable fall in the profitability of the Espresso and Sogefi groups, which were particularly affected by the economic crisis.

The contribution of the financial companies, however, posted strong growth, coming in at a positive € 37.7 million, up from a negative € 19.7 million in the first half of 2008, thanks to the rise in the fair value of the securities in the portfolio and to capital gains on further disinvestment by Medinvest. Specifically:

- the contribution of CIR and the financial holding companies in first half 2009 was a positive € 4.3 million (a negative € 24.6 million in the same period of 2008) and was mainly the result of net financial expense of € 10 million (€ 11.3 million in the first half of 2008) and of net gains from trading and valuing securities of € 20.1 million (net expense of € 6.9 million in the first half of 2008) due to the positive adjustment of the fair value of securities in the portfolio.

- the contribution of the financial subsidiaries was € 33.4 million, up from € 4.9 million in the first half of 2008, and consisted of capital gains on the sale of shares in hedge funds by Medinvest, following further partial redemptions that brought CIR's remaining investment to € 116.8 million at June 30 2009 (€ 166.4 million at December 31 2008).

The CIR Group, which reported revenues of € 2,202.8 million in first half 2009 (€ 2,358.7 million in the corresponding period of 2008), operates in five business sectors: utilities (electricity and gas), media (publishing, radio and television), automotive components (filters and suspension components), healthcare (residences for the elderly, rehabilitation, hospitals) and financial services (non-performing loans and personal loans secured on one fifth of workers' salaries).

In the utilities sector the Sorgenia group reported revenues of € 1,244.2 million, up by 9.1% from € 1,140.6 million in first half 2008, and net income of € 26.5 million (+4.3%) which was up despite the repercussions of the current economic recession on the energy sector with lower demand for electricity and natural gas. Sorgenia has continued to roll out its business plan: by the end of this year the Modugno power plant will start commercial operations, the various procedures are going ahead for the construction of two more CCGT plants (Bertonico-Turano Lodigiano and Aprilia) and in the field of renewable sources work has finished on Sorgenia's largest wind park in Italy at San Gregorio Magno (SA).

In the media sector the Espresso group continued in first half 2009 to feel the effects of the crisis that has been affecting publishing, with a further decline in advertising investment compared to the second half of last year. This phenomenon had a significant impact on the results of the group: revenues fell by 17.3% to € 449.2 million, gross operating income went down to € 40.6 million (-58.1%) and net income came in at a positive € 0.1 million. With such a difficult market scenario, the Espresso group launched a structural cost-cutting plan which, when fully implemented, will give a saving of around € 140 million on 2008.

In the first half of 2009 the Sogefi group, which has been suffering the effects of the sharp contraction of global vehicle production, posted a net loss of € 10.6 million (earnings of € 20.2 million in first half 2008) with revenues of € 374.5 million (-32.7% from € 556.3 million in the first six months of 2008) and EBITDA of € 14.2 million, which was lower than that reported in the same period of 2008 but which was significantly better than the figure for the first quarter of this year thanks to the action taken at the first signs of crisis in the sector.

The HSS – Holding Sanità e Servizi Group continued to strengthen its operating activities in order to consolidate its position in the Italian private healthcare market. During the period the group posted consolidated revenues of € 134.9 million (+13.8%) and EBITDA of € 16.6 million, up from € 14.1 million in the first half of 2008 (+17.3%). Net income came in at € 1 million compared to € 0.7 million in the same period of 2008.

In the financial services sector CIR is present with the company Jupiter Finance and with the company Ktesios which belongs to the KTP group (formerly Oakwood).
The company Jupiter Finance operates in the non-performing loan segment and since it started business it has acquired portfolios of loans with a gross book value of € 1.3 billion for a price of € 157 million. Receipts to date have been above the targets established on acquisition of the portfolios. CIR's remaining investment in the KTP Global Finance group at June 30 2009 amounted to € 20 million. Ktesios operates in the sector of personal loans to people in employment secured on one fifth of their salaries and in the first half of 2009 loans were made for approximately € 370 million.

The charts on the following pages show a breakdown by business sector of the economic and dinancial results and the balance sheets of the Group, a breakdown of the contribution of the main subsidiaries and the aggregate results of the CIR holding and its financial holding company subsidiaries (CIR International, Cirfund, CIGA Luxembourg, CIR Investment Affiliate and Dry Products).

INCOME STATEMENT BY BUSINESS SEGMENT AND CONTRIBUTIONS TO THE RESULTS OF THE GROUP

(in millions of euro)

CONSOLIDATED / AGGREGATE	*Revenues*	*Costs of production* (1)	*Other operating income & expense* (2)	*Adjustments to value of investments consolidated at equity*	*Amortization, depreciation & write-downs*	*Net financial income & expense* (3)	*Dividends, gains and losses from trading and valuing securities* (4)	*Income taxes*	*Net income minority shareholders*	*1st Half 2009* *Net result of the Group*	*1st Half 2008* *Net result of the Group*
Sorgenia group	1,244.2	(1,173.9)	(17.3)	29.2	(17.6)	(20.4)	(0.2)	(12.3)	(19.1)	12.6	13.7
Espresso group	449.2	(403.5)	(5.7)	0.5	(21.2)	(10.6)	1.9	(10.4)	(0.1)	0.1	19.9
Sogefi group	374.5	(346.5)	(12.6)	--	(21.3)	(6.8)	--	2.4	4.2	(6.1)	11.6
HSS group	134.9	(114.1)	(4.9)	--	(6.2)	(4.4)	0.2	(4.3)	(0.6)	0.6	0.4
Other subsidiaries	--	(13.9)	15.5	--	(0.1)	(2.3)	--	--	--	(0.8)	(0.6)
Total operating subsidiaries	**2,202.8**	**(2,051.9)**	**(25.0)**	**29.7**	**(66.4)**	**(44.5)**	**1.9**	**(24.6)**	**(15.6)**	**6.4**	**45.0**
Financial subsidiaries	**--**	**(0.5)**	**--**	**--**	**--**	**(2.4)**	**36.4**	**--**	**(0.1)**	**33.4**	**4.9**
Total subsidiaries	**2,202.8**	**(2,052.4)**	**(25.0)**	**29.7**	**(66.4)**	**(46.9)**	**38.3**	**(24.6)**	**(15.7)**	**39.8**	**49.9**
<u>CIR & financial holding companies</u>											
Revenues	--								--	--	--
Operating costs		(9.3)							--	(9.3)	(9.4)
Other operating income and expense			2.4						--	2.4	2.4
Adjustments to the value of investments consolidated at equity				--					--	--	(0.5)
Amortization, depreciation & write-downs					(0.4)				--	(0.4)	(0.5)
Net financial income and expense						(10.0)			--	(10.0)	(11.3)
Dividends, gains & losses from trading securities							20.1		--	20.1	(6.9)
Income taxes								1.5	--	1.5	1.6
Total CIR & financial holding companies before non-recurring items	**--**	**(9.3)**	**2.4**	**--**	**(0.4)**	**(10.0)**	**20.1**	**1.5**	**--**	**4.3**	**(24.6)**
Non-recurring items	**--**	**--**	**--**	**--**	**--**	**--**	**76.7**	**--**	**--**	76.7	**119.0**
Total consolidated of Group	**2,202.8**	**(2,061.7)**	**(22.6)**	**29.7**	**(66.8)**	**(56.9)**	**135.1**	**(23.1)**	**(15.7)**	**120.8**	**144.3**

(1) This item is the sum of "change in inventories", "costs for the purchase of goods, "costs for services" and "personnel costs" in the consolidated income statement.
The item does not consider the effect of € (9.3) million of intercompany elimination.

(2) This item is the sum of "other operating income" and "other operating expense" in the consolidated income statement. The item does not consider the effect of € 9.3 million of intercompany elimination.

(3) This item is the sum of "financial income" and "financial expense" in the consolidated income statement.

(4) This item is the sum of "dividends", "gains from trading securities", "losses from trading securities" and "adjustments to the value of financial assets" in the consolidated income statement.

CONSOLIDATED BALANCE SHEET BY BUSINESS SEGMENT

(in millions of euro)	30.06.2009									31.12.2008
CONSOLIDATED / AGGREGATE	*Fixed assets (1)*	*Other net non current assets & liabilities (2)*	*Net working capital (3)*	*Net financial position (4)*		*Total equity*	*of which:*	*Minority Shareholders' equity*	*Shareholders' equity of the Group*	*Shareholders' equity of the Group*
Sorgenia group	1,846.9	68.9	253.8	(1,083.3)	(*)	1,086.3		552.4	533.9	450.5
Espresso group	898.8	(167.3)	6.3	(249.1)		488.7		225.5	263.2	262.4
Sogefi group	367.3	(37.8)	58.0	(212.6)		174.9		82.7	92.2	92.6
HSS group	301.0	(21.2)	22.0	(160.9)		140.9		50.0	90.9	90.6
Other subsidiaries	0.4	85.5	(1.8)	(66.0)		18.1		--	18.1	21.6
Total subsidiaries	**3,414.4**	**(71.9)**	**338.3**	**(1,771.9)**		**1,908.9**		**910.6**	**998.3**	**917.7**
CIR & financial holdings										
Fixed assets	129.8					129.8		--	129.8	129.9
Other net non-current assets and liabilities		150.3				150.3		(1.1)	151.4	160.8
Net working capital			(17.6)			(17.6)		--	(17.6)	12.3
Net financial position				93.8		93.8		--	93.8	44.2
Total consolidated of Group	**3,544.2**	**78.4**	**320.7**	**(1,678.1)**		**2,265.2**		**909.5**	**1,355.7**	**1,264.9**

(*) The financial position includes the free cashflow of Sorgenia Holding S.p.A.

(1) This item is the algebraic sum of "intangible assets", "tangible assets", "investment property", "investments in companies valued at equity" and "other equity investments" in the consolidated balance sheet.

(2) This item is the algebraic sum of "other receivables", "securities" and "deferred taxes" in non-current assets and of "other payables", "deferred taxes", "personnel provisions" and "provisions for risks and losses" in non-current liabilities of the consolidated balance sheet. The item also includes "Assets held for disposal" in the consolidated balance sheet.

(3) This item is the algebraic sum of "inventories", "contracted work in progress", "trade receivables", "other receivables" in current assets and of "trade payables", "other payables" and "provisions for risks and losses" in current liabilities of the consolidated balance sheet.

(4) This item 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 assets and of "bank overdrafts", "bonds and notes" and "other borrowings" in current liabilities of the consolidated balance sheet.

1. PERFORMANCE OF THE GROUP

Consolidated revenues for the first half of 2009 came in at € 2,202.8 million, down from € 2,358.7 million in the same period of 2008, posting a decline of € 155.9 million (-6.6%).

Consolidated revenues can be broken down by business sector as follows:

(in millions of euro)	*1st Half 2009*	*%*	*1st Half 2008*	*%*	*Change Absolute*	*%*
Utilities						
Sorgenia Group	1,244.2	56.5	1,140.6	48.4	103.6	9.1
Media						
Espresso Group	449.2	20.4	543.2	23.0	(94.0)	(17.3)
Automotive components						
Sogefi Group	374.5	17.0	556.3	23.6	(181.8)	(32.7)
Healthcare						
HSS Group	134.9	6.1	118.5	5.0	16.4	13.8
Other sectors	-	-	0.1	--	(0.1)	-
Total consolidated revenues	2,202.8	100.0	2,358.7	100.0	(155.9)	(6.6)
of which: ITALY	1,846.6	83.8	1.843.4	78.2	3.2	0.2
FOREIGN COUNTRIES	356.2	16.2	515.3	21.8	(159.1)	(30.9)

The **key figures of the consolidated income statement** are as follows:

(in millions of euro)	*1st Half 2009*	*%*	*1st Half 2008*	*%*
Revenues	2,202.8	100.0	2,358.7	100.0
Consolidated gross operating margin (EBITDA) *(1)*	**148.2**	**6.7**	**249.5**	**10.6**
Consolidated operating income (EBIT)	**81.4**	**3.7**	**183.4**	**7.8**
Financial management result *(2)*	78.2	3.5	60.1	2.5
Income taxes	(23.1)	(1.0)	(57.8)	(2.4)
Net income including minority interests	**136.5**	**6.2**	**185.7**	**7.9**
Net income attributable to minority interests	(15.7)	(0.7)	(41.4)	(1.8)
Net income of the Group	**120.8**	**5.5**	**144.3**	**6.1**

1) This balance is the sum of the items "earnings before interest and taxes (EBIT)" and "amortization, depreciation and write-downs" in the consolidated income statement
2) This balance is the sum of the items "financial income", "financial expense", "dividends", "gains from trading securities", " losses from trading securities" and "adjustments to the value of financial assets" in the consolidated income statement

The **consolidated gross operating margin (EBITDA)** in the first half of 2009 was € 148.2 million (6.7% of revenues), down from € 249.5 million in the same period of 2008 (10.6% of revenues), with a decline of € 101.3 million (-40.6%) mainly due to the significant decline in the profitability of the Espresso and Sogefi groups, which felt the effect of lower revenues and of the restructuring costs incurred.

The **consolidated operating margin (EBIT)** for the first half of 2009 was € 81.4 million (3.7% of revenues) compared to € 183.4 million (7.8% of revenues) in the same period of 2008 and was down by € 102 million (-55.6%).

The financial management result, which was a positive € 78.2 million up from a positive figure of € 60.1 million in the first six months of 2008, was the result of the following factors:
- net financial expense of € 56.9 million (€ 57.2 million in first half 2008),
- dividends and net gains from trading securities for € 46.8 million (net gains of € 4.6 million in first half 2008),
- positive adjustments to the value of financial assets of € 11.6 million (negative for € 5.1 million in first half 2008);
- non-recurring income of € 76.7 million from capital increases (€ 117.8 million in first half 2008).

The **key figures of the consolidated balance sheet of the CIR Group** at June 30 2009, compared with the same figures at December 31 2008, are as follows:

(in millions of euro) (1)	*30.06.2009*	*31.12.2008*
Fixed assets	3,544.2	3,365.7
Other net non-current assets and liabilities	78.4	57.1
Net working capital	320.7	341.5
Net invested capital	**3,943.3**	**3,764.3**
Net financial debt	**(1,678.1)**	**(1,685.4)**
Total shareholders' equity	**2,265.2**	**2,078.9**
Group equity	1,355.7	1,264.9
Minority Shareholders' equity	909.5	814.0

(1) These figures are the result of a different organization of the balance sheet items. For a definition of the same, reference should be made to the notes referring to the chart "Consolidated balance sheet by business segment" shown earlier.

Net invested capital stood at € 3,943.3 million at June 30 2009, up from € 3,764.3 million at December 31 2008, with a rise of € 179 million, due mainly to investments in fixed assets made by the Sorgenia group.

The **net financial position** at June 30 2009 showed net debt of € 1,678.1 million (compared to € 1,685.4 million at December 31 2008) caused by:

- a financial surplus for CIR and its financial holding subsidiaries of € 93.8 million which compares with € 44.2 million at December 31 2008. The rise was due mainly for € 29.9 million to tax rebates for prior periods paid by the Inland Revenue, to the receipt of dividends for € 9.3 million and to the positive fair value adjustment of securities in the portfolio for € 21.5 million;

- total debt in the operating groups of € 1,771.9 million, up from € 1,729.6 million at December 31 2008. The rise of € 42.3 million was due mainly to the investments made in new production capacity by the Sorgenia group.

The net financial position includes CIR's share of the investment in Medinvest, which amounted to € 116.8 million at June 30 2009. The accounting treatment of this investment involves recog-

nizing changes in the fair value of the funds directly to shareholders' equity and the fair value reserve relating to Medinvest at June 30 2009 amounted to € 18.7 million (€ 36.8 million at December 31 2008). In the first half of 2009 the sale of shares in hedge funds by Medinvest led to realized gains, net of write-downs, of € 36.3 million (€ 6.6 million in the first six months of 2008).
In July 2009 a further € 35 million were redeemed bringing the remaining investment in Medinvest to around € 81 million.
The performance of Medinvest since inception (April 1994) up to and including 2008 was very satisfactory, giving a weighted average return on the portfolio in dollar terms of 7.7%. In the first half of 2009 performance was a positive 5.5%.

Total shareholders' equity stood at € 2,265.2 million at June 30 2009, up from € 2,078.9 million at December 31 2008, posting a rise of € 186.3 million after the distribution of € 9.9 million of dividends by the subsidiaries to their minority shareholders.

The **shareholders' equity of the Group** went from € 1,264.9 million at December 31 2008 to € 1,355.7 million at June 30 2009, with a net rise of € 90.8 million.

Minority shareholders' equity rose from € 814 million at December 31 2008 to € 909.5 million at June 30 2009, with a net rise of € 95.5 million.

The evolution of consolidated shareholders' equity is given in the explanatory Notes to the Financial Statements.

The **consolidated statements of cash flow** for the first half of 2009, prepared according to a “managerial” format which, unlike the format used in the statements attached, shows the changes in net financial position instead of the changes in cash and cash equivalents, can be broken down as follows:

(in millions of euro)	*1st Half 2009*	*1st Half 2008*
SOURCES OF FUNDS		
Net income for the period including minority interests	136.5	185.7
Amortization, depreciation and write-downs and other non-monetary changes	(21.3)	(45.2)
Self-financing	**115.2**	**140.5**
Change in working capital	**(7.4)**	**(208.3)**
CASH FLOW GENERATED BY CURRENT OPERATIONS	**107.8**	**(67.8)**
Capital increases	184.2	268.7
Repayment of loan by Tirreno Power	-	42.5
TOTAL SOURCES OF FUNDS	**292.0**	**243.4**
APPLICATIONS		
Net investment in fixed assets	(269.6)	(199.0)
Buy-back of own shares	(1.2)	(13.2)
Payment of dividends	(9.9)	(145.3)
Other changes	(4.0)	(13.8)
TOTAL APPLICATIONS OF FUNDS	**(284.7)**	**(371.3)**
FINANCIAL SURPLUS (DEFICIT)	**7.3**	**(127.9)**
NET FINANCIAL POSITION AT THE BEGINNING OF THE PERIOD	**(1,685.4)**	**(1,333.5)**
NET FINANCIAL POSITION AT THE END OF THE PERIOD	**(1,678.1)**	**(1,461.4)**

The composition of the net financial position is given in the explanatory Notes to the Financial Statements.

The cash flow generated by operations, a positive figure of € 107.8 million, was better than in the first half of last year due to the fact that less cash flow was absorbed by working capital especially in the Sorgenia group. Among the sources of funds the capital increases of Sorgenia in both 2008 and 2009 should be noted.
Applications were affected by lower dividends distributed in 2009 and by the rise in investment in fixed assets of approximately € 70 million.

At June 30 2009 the Group had 12,936 employees, down from 12,969 at December 31, 2008.

2. PERFORMANCE OF THE PARENT COMPANY

The parent company CIR S.p.A. closed the first half of 2009 with **net income** of € 2.9 million, down from € 126.4 million in the first half of 2008. Shareholders' equity stood at € 980.4 million at June 30 2009, up from € 974.5 million at December 31 2008.

The key **income statement** figures of CIR for the first half of 2009, with a comparison with those of the first six months of 2008, are as follows:

(in millions of euro)		*1st Half 2009*	*1st Half 2008*
Net operating costs	*(1)*	(4.6)	(4.9)
Other operating costs and amortization	*(2)*	(1.6)	(1.4)
Financial management result	*(3)*	7.6	131.1
Income before taxes		**1.4**	**124.8**
Income taxes		1.5	1.6
Net income		**2.9**	**126.4**

(1) This item is the algebraic sum of "sundry revenues and income", "costs for services" and "personnel costs" in the income statement of the Parent Company CIR S.p.A.

2) This item is the sum of "other operating costs" and "amortization, depreciation and write-downs" in the income statement of the Parent Company CIR S.p.A.

3) This item is the algebraic sum of "financial income", "financial expense", "dividends", "gains from trading securities", "losses from trading securities" and "adjustments to the value of financial assets" in the income statement of the Parent Company CIR S.p.A.

Net operating costs for the first half of 2009, which totalled € 4.6 million (compared to € 4.9 million in the first six months of 2008), include charges of € 1.9 million resulting from the IAS/IFRS treatment of stock option plans, compared to € 1.3 million in the first half of 2008.

The financial management result includes the dividends of subsidiaries, which totalled € 9.3 million in the first half of 2009, down from € 138.7 million in the same period of 2008 (which included the extraordinary dividend paid out by Sogefi), net financial expense of € 5.3 million (€ 4.4 million in the first six months of 2008) and gains from trading and valuing securities of € 3.6 million (losses of € 3.2 million in the first six months of 2008).

Lastly, the first half of 2009 benefited from a positive tax position of € 1.5 million, compared to € 1.6 million in the same period of 2008.

The **key balance sheet figures** of CIR at June 30 2009, compared with the position at December 31 2008, are as follows:

(in millions of euro)		*30.06.2009*	*31.12.2008*
Fixed assets	*(1)*	949.1	1,040.0
Other net non-current assets and liabilities	*(2)*	130.5	(1.5)
Net working capital	*(3)*	(1.2)	(6.9)
Net invested capital		**1,078.4**	**1,031.6**
Net financial position	*(4)*	**(98.0)**	**(57.1)**
Shareholders' equity		**980.4**	**974.5**

1) This item is the sum of "intangible assets", " tangible assets", "investment property" and "equity investments" in the balance sheet of the Parent Company CIR S.p.A..

2) This item is the algebraic sum of "sundry receivables" and "deferred taxes" in the non-current assets and "personnel provisions" in the non-current liabilities of the balance sheet of the Parent Company CIR S.p.A..

3) This item is the algebraic sum of "sundry receivables" in current assets and "other payables" and "provisions for risks and losses" in the current liabilities of the balance sheet of the Parent Company CIR S.p.A.

4) This item is the algebraic sum of "securities", "available for sale financial assets" and "cash and cash equivalents" in the current assets and "bonds and notes" in the non-current liabilities of the Parent Company CIR S.p.A..

The "Other net non-current assets and liabilities" at June 30 2009 included € 130 million relating to a loan made in March to the subsidiary CIR International.

The net financial position at June 30 2009 was one of net debt of € 98 million, up from € 57.1 million at December 31 2008. The change was mainly the result of rises caused by disbursements totalling € 213.4 million for the above-mentioned loan and for capital increases for subsidiaries, and of decreases relating to the receipt of € 138 million following the reduction in capital of subsidiaries and to the receipt of dividends of € 9.3 million and tax credits of € 29.9 million.

The rise in shareholders' equity from € 974.5 million at December 31 2008 to € 980.4 million at June 30 2009 was mainly due to the earnings for the period and to the effects of the IAS/IFRS treatment of stock options.
At June 30 2009 there were 43,074,000 own shares in the portfolio, equal to 5.44% of capital, for a total value of € 98.6 million, compared with 42,974,000 at December 31 2008.

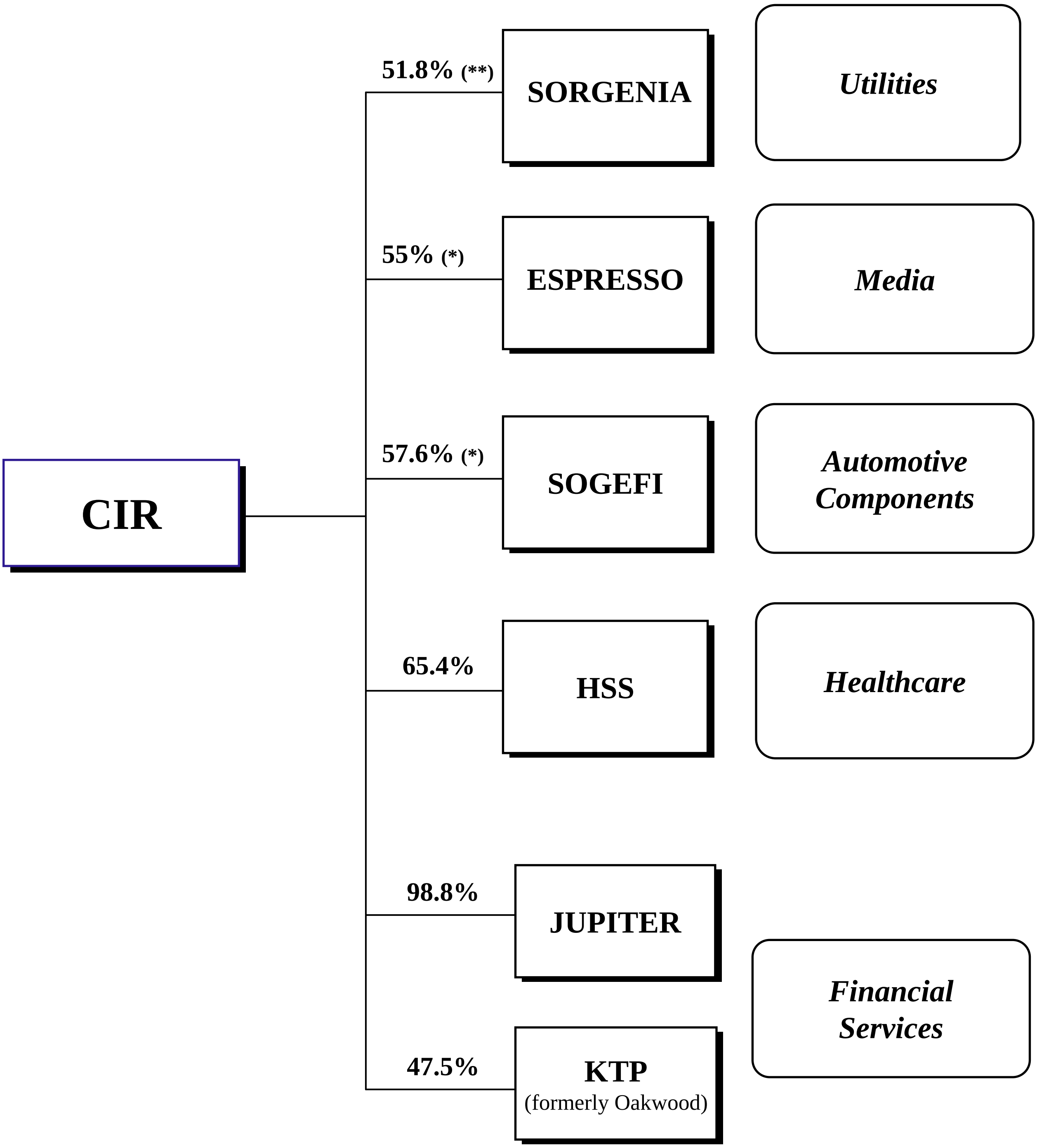
3. CHART RECONCILING THE BALANCE SHEET FIGURES OF THE PARENT COMPANY WITH THOSE OF THE CONSOLIDATED FINANCIAL STATEMENTS

The following chart shows the reconciliation of the results for the period and the shareholders' equity of the Group with the figures of the parent company.

(in thousands of euro)	*30.06.2009*	
	Shareholders' equity	*Of which: Net income 1st Half 2009*
Financial statements of CIR S.p.A.	980,443	2,944
- Dividends from companies included in the consolidation	(9,242)	(9,242)
- Net contribution of consolidated companies	378,834	50,357
- Difference between carrying value of investees and share of their consolidated equity	(71,074)	-
- Other consolidation adjustments	76,735	76,735
Consolidated financial statements (attributable to shareholders of CIR S.p.A.)	1,355,696	120,794

MAIN EQUITY INVESTMENTS OF THE GROUP (*)

AT JUNE 30 2009



(*) The percentage is calculated net of own shares held as treasury stock
(**) Percentage of indirect control through Sorgenia Holding

4. PERFORMANCE OF THE BUSINESS SECTORS

UTILITIES SECTOR

In the first half of 2009 the Sorgenia group reported consolidated revenues of € 1,244.2 million, which were up by 9.1% on the first half of 2008 (when they totalled € 1,140.6 million), despite the repercussions that the current economic recession has had on the energy sector. In the first six months of the year the domestic market saw lower demand for gas (-12.6% compared to first half 2008) and for electricity (-8.2%), especially in thermoelectric generation (-20.1%), and a sharp fall in energy prices on the exchange. In this environment Sorgenia's results were due essentially to the fact that electricity sales volumes held up (4.8 TWh in the half) and to the company's limited exposure to price fluctuations on the exchange.

In the first six months of 2009 the Sorgenia group reported consolidated net income of € 26.5 million, up by 4.3% from € 25.4 million in the same period of last year. The rise in the earnings of the group – net of the rise in tax expense compared to first half 2008 due to the so-called Robin Hood Tax – would have been 8.6%.

Consolidated revenues can be broken down as follows:

(in millions of euro)	*1st Half 2009*		*1st Half 2008*		*Change*
	Values	*%*	*Values*	*%*	*%*
Electricity	856.5	68.8	752.9	66.0	13.8
Natural gas	334.2	26.9	362.4	31.8	(7.8)
Other revenues	53.5	4.3	25.3	2.2	n.s.
TOTAL	1,244.2	100.0	1,140.6	100.0	9.1

The consolidated gross operating margin (EBITDA) came to € 82.5 million (6.6% of revenues), up from € 82 million (7.2% of revenues) in the first six months of 2008. This margin was due mainly to three factors: the good commercial performance of the electricity sector in a particularly difficult market, the contribution of the subsidiary Tirreno Power and the above-mentioned lower exposure of Sorgenia to the fluctuation of energy prices on the exchange because its production is wholly destined for sale to end-user clients.

The consolidated operating income figure (EBIT) for first half 2009 was € 64.8 million compared to € 65.1 million in the same period of last year.

Consolidated net financial debt stood at € 1,091.1 million at June 30 2009, up from € 1,013.9 million at December 31 2008. The change was due mainly to investment in new production capacity (€ 184 million), the rise in working capital because of the growth in revenues (€ 57.2 million), dividends paid to shareholders (€ 14.4 million), offset by the capital increase subscribed by Verbund (€ 150 million) and the self-financing of the group.

At June 30 2009 the group had 357 employees compared to 339 at December 31 2008.

During the first half of 2009 the Sorgenia group continued to roll out its business plan.

In the field of thermoelectric generating, the construction of the combined cycle plant at Modugno (BA) has now been completed and the plant is currently undergoing technical tests prior to the start of commercial operations, which is scheduled to take place by the end of the year. Building work has also been continuing on the Bertonico-Turano Lodigiano plant (LO). Furthermore, after the close of the first half, notice to proceed was given to the contractor Ansaldo Energia for the construction of the Aprilia plant (LT). On July 15 Sorgenia signed a ten-year loan agreement with a pool of prime banks for € 600 million to finance the investments planned in thermoelectric generating.

As for the development of generating from renewable sources, work was completed on the 39 MW wind park at San Gregorio Magno (SA), which will start commercial operations in the third quarter. Meanwhile in France the subsidiary Société Française d’Eoliennes has continued the construction of the 12 MW wind park at Plainchamp (Meuse). The development activities of Sorgenia Romania are also proceeding according to plan with the aim of building, managing and maintaining wind parks.

In the field of renewable energy from biomass and plant fuel derivatives, the company Sorgenia Bioenergy has continued with the building of a biomass plant of approximately 1 MW situated in the local district of Gallina (SI).
In hydrocarbon exploration and production, during the first half Sorgenia E&P began activities in Bulgaria and the North Sea.

MEDIA SECTOR

The Espresso group closed the first half of 2009 with consolidated revenues of € 449.2 million, down by 17.3% from € 543.2 million in the first half of 2008.
Consolidated net income was € 0.1 million compared to € 36.4 million in the first half of 2008.

The revenues of the group can be broken down as follows:

(in millions of euro)	*1st Half 2009*		*1st Half 2008*		*Change*
	Values	*%*	*Values*	*%*	*%*
Circulation	132.7	29.5	135.2	24.9	(1.9)
Advertising	246.2	54.8	323.3	59.5	(23.8)
Add-ons	61.2	13.6	72.0	13.3	(15.0)
Other revenues	9.1	2.1	12.7	2.3	(27.6)
TOTAL	449.2	100.0	543.2	100.0	(17.3)

The results reported by the group in the first half of 2009 should be viewed in the context of the deep crisis affecting the economy and the market in which the group operates in particular. Since autumn 2008 the serious recession affecting the economy has led to a significant contraction of the advertising market (in the last quarter -9.5% and in publishing alone –13.4%) and this became much worse in the first five months of 2009 (globally -17.5% and in publishing -25.1%). The contraction also hit the advertising revenues of the radio stations (-18.6%) while internet advertising actually bucked the trend (+7.8%).

At the same time in a context of declining consumption, even the circulation of the daily newspaper titles fell (-5.5%) as did periodicals (weeklies -6.1% and monthlies -8.2%) (first quarter 2009, source ADS).

Advertising revenues, which amounted to € 246.2 million, showed an overall decline of 23.8%, with a slight improvement in the second quarter (-21.3%) compared with the previous one (-26.8%).
Circulation revenues, excluding add-ons, came in at € 132.7 million, holding up well (-1.9% on the first six months of last year). The revenues of the daily newspapers in particular were in line with 2008 thanks to the stability of sales of the local newspapers and to the rise in sales of *la Repubblica* on the news-stands in the final months of the first half.
The decline in revenues from add-on products (-15%) should be viewed positively since it occurred in a market which contracted much more sharply.

The consolidated gross operating margin was € 40.6 million, down from € 96.7 million in the first six months of 2008 (-58.1%). The impact on margins of the dramatic fall in advertising has already been partly offset by the significant structural cut in operating costs (-12.1%), made possible by the restructuring plan currently being implemented.

Consolidated operating income in the first half of 2009 was € 19.3 million, down from € 75.5 million in the same period of last year.

Consolidated net financial debt totalled € 249.1 million at June 30 2009, down from € 278.9 million at December 31 2008, thanks to the liquidity of € 46 million generated by current operations of which only € 14.6 million was used for investment purposes.

Consolidated shareholders' equity stood at € 478.3 million at June 30 2009 compared to € 478.4 million at December 31 2008.

At June 30 2009 there were 3,208 employees on the group payrolls including temporary staff, down from 3,344 at December 31 2008, reflecting, even if only partially, the effects of the restructuring plans under way.

In the extremely critical context of the drastic fall in revenues in the advertising market, the group is implementing an organic plan of measures aimed at countering the impact of the decline in revenues on earnings while at the same time guaranteeing the necessary development. Action has been taken that will give a total structural saving in the region of € 140 million (-17%) compared to the costs incurred in the year 2008.
At the same time a fresh stimulus has been given to commercial business, enabling the media of the group to recover competitiveness in the advertising market already during the first half of the year.
Lastly, the quality of the journalistic engagement of the titles of the group was confirmed by the better performance of sales than that of the market in which the group operates.
The outlook for the rest of the year is largely dependent on how the economic situation evolves and this is highly uncertain. However as things stand, there are not expected to be any significant changes from the results recorded so far.

AUTOMOTIVE COMPONENTS SECTOR

The consolidated revenues of the Sogefi group in the first half of 2009 amounted to € 374.5 million and were down by 32.7% (-30.7% at the same exchange rates) from € 556.3 million in the first six months of last year, feeling the impact of the sharp contraction in the world production of motor vehicles since the last quarter of 2008.
Despite a recovery in demand by end consumers thanks to the incentives currently being offered, especially in the second quarter, production levels are still below those of 2008 partly as a result of the reduction of the huge stocks of unsold cars by manufacturers.
In Europe, North America and Japan the fall in production was over 30% whereas in South America the sharp fall in exports was partly offset by a more modest decline in local demand. Growth has been continuing in India and China. The market for industrial vehicles, earth moving equipment and agricultural machinery has suffered a sharp decline: investment, without the support of state incentives, contracted sharply by up to 65% in Europe.

The consolidated net result was a loss of € 10.6 million, of which only € 1.8 million reported in the second quarter, and compares with earnings of € 20.2 million in the first six months of 2008.

The breakdown of consolidated sales of the Sogefi group by business sector is as follows:

(in millions of euro)	*1st Half 2009*		*1st Half 2008*		*Change*
	Values	*%*	*Values*	*%*	*%*
Filters	197.6	52.8	271.3	48.8	(27.2)
Suspension components and precision springs	177.7	47.4	286.2	51.4	(37.9)
Intercompany elimination	(0.8)	(0.2)	(1.2)	(0.2)	(33.3)
TOTAL	374.5	100.0	556.3	100.0	(32.7)

Despite the general environment, thanks to the action taken at the first signs of crisis in the sector, the results obtained by the Sogefi group in the second quarter, although down on the same period of 2008, showed a significant recovery compared to the period January-March 2009. The action undertaken involved a structural reduction of cost factors (overheads -18.6% and labour costs -23.1% on the first half of 2008), rationalizing production facilities, improving the financial position and intensifying innovative activities, both in products and in new markets.

In the first half of 2009, EBITDA and EBIT were also penalized by restructuring charges of € 9.9 million (€ 6.9 million in 2008).

Consolidated EBITDA in first half 2009 was € 14.2 million (3.8% of revenues), down from € 61 million (11% of revenues) in the same period of the previous year.

Consolidated EBIT was a negative € 7.1 million down from a positive figure of € 38.7 million in the first six months of 2008 (7% of revenues).

In the first six months of 2009 the result before taxes and minority interests was a loss of € 12.7 million compared to earnings of € 32.7 million in the same period of 2008.

At June 30 2009 the consolidated net financial position was one of net debt of € 212.6 million, an improvement from € 251 million at June 30 2008 and € 257.2 million at December 31 2008, after the sale on a non-recourse basis of client receivables for € 28.2 million.

The group had 5,893 employees at June 30 2009, down from 6,100 at December 31 2008.

The *suspension components division* reported revenues of € 177.7 million in the first six months of 2009, down by 37.9% from € 286.2 million in the same period of 2008 as sales are almost exclusively to the original equipment market mainly in the industrial vehicles segment. The revenues of the *filter division* (€ 197.6 million in first half 2009) declined by 27.2%, being partly to the aftermarket sector, which has been more resilient to the collapse of car and industrial vehicle production.

The second half of the year should see a slow but steady recovery of demand, which will, nonetheless, still be much lower than that of 2008.
Since there is unlikely to be a return to the record levels of 2007 within the next two years, the Sogefi group in coming months will continue with its reorganization measures which aim to recover efficiency, reduce excess production capacity in Europe, cut all variable costs factors and overheads and improve the net financial position. These actions will involve further extraordinary costs, which make it unlikely that there will be a positive net result for the full year.

HEALTHCARE SECTOR

In the first half of 2009 the HSS group continued to pursue its strategy aimed at strengthening its operating subsidiaries and seeking new development opportunities in order to consolidate the presence of the group in the private healthcare sector in Italy.

In the first six months of 2009 the HSS group reported consolidated revenues of € 134.9 million, up from € 118.5 million in the same period of last year (+13.8%), the rise being due to the development of all areas of the business.

(in millions of euro)	*1st Half 2009*		*1st Half 2008*		*Change*
	Values	*%*	*Values*	*%*	*%*
Elderly	57.5	42.6	53.2	44.9	8.1
Rehabilitation/Psychiatric	55.3	41.0	44.1	37.2	25.4
Acute/Hi-tech	22.1	16.4	21.2	17.9	4.2
TOTAL	134.9	100.0	118.5	100.0	13.8

Consolidated EBITDA was € 16.6 million (12.3% of revenues), up by 17.3% from € 14.1 million (11.9% of revenues) in the first six months of 2008.

Consolidated EBIT was € 9.7 million (7.2% of revenues) versus € 9 million in the same period of last year.

Consolidated net income was € 1 million compared to € 0.7 million in the first six months of 2008 (+42.8%).

At June 30 2009 the HSS group had net debt of € 160.9 million offsetting real estate properties with a carrying value of approximately € 120 million. The rise from € 149.1 million at December 31 2008 was due mainly to the acquisitions made and to the change in working capital.

At June 30 2009 consolidated shareholders' equity stood at € 138.9 million compared to € 138.5 million at December 31 2008.

The HSS group, which today manages a total of 5,059 beds with another 368 under construction, is active in the management of:

1) *Residences for the elderly*, with 38 residences under management (3,832 beds operational and 328 under construction);
2) Hospitals and *rehabilitation* centres, with 6 rehabilitation facilities (in Lombardy, Emilia Romagna, Trentino and Marche), 8 psychiatric rehabilitation communities (in Liguria, Piedmont and Lombardy) and 13 day hospitals, with a total of 1,107 beds in operation and 40 under construction;
3) A *hospital* and *hi-tech services* in hospitals, with 7 diagnostic imaging departments.

During the first half of 2009 the management was acquired of two residences for the elderly in Ancona and in the province of Cuneo. After these deals, HSS has now more than 5,000 beds in operation and has further strengthened its position in the area of managing residences for the elderly.

The employees of the group totalled 3,402 at June 30 2009, up from 3,130 at December 31 2008.

FINANCIAL SERVICES SECTOR

The CIR group operates in the financial services sector through the company Jupiter Finance and through its investment in the KTP group, as detailed below.

JUPITER FINANCE – This company, which has been operating in the sector of non-performing loans (NPL) since 2005, has become one of the leading operators in the acquisition and management of problematic loans.

Since it started business Jupiter Finance has acquired portfolios of NPLs through the securitization vehicle Zeus Finance and also, since the end of 2008, through the vehicle Urania Finance S.A., for a total of approximately € 1.3 billion of gross book value (GBV). The total price paid for the portfolios of non-performing loans was € 157 million.

At the end of the first half of 2009 the activities of the company had generated total receipts of € 76.7 million, which were approximately 8% higher than the collection objectives set out in the business plan on acquisition of the portfolios.

The following chart shows the relationship between receipts and the price paid for the portfolios by year of acquisition:

Year of acquisition (in millions of euro)	*GBV*	*Price*	*Receipts*	*Receipts/Price %*
2005	14	1	2.6	260%
2006	314	38	22.6	59%
2007	541	67	38.9	58%
2008	441	51	12.6	25%
GRAND TOTAL	1,309	157	76.7	48%

From the operational point of view, Jupiter Finance has continued to consolidate its credit recovery structure by introducing specialists from the sector.

In the first half of July Jupiter Finance received a management mandate from a prime international investor for a portfolio of non-performing loans with a GBV of approximately € 1 billion. For Jupiter Finance this new business line is an excellent opportunity to increase the value of the company and confirms its role as preferential interlocutor in Italy for financial institutions and institutional investors in the non-performing loan market.

KTP (formerly **OAKWOOD) –** The KTP Global Finance group operates in the financial services sector through the companies Ktesios and Pepper. The value of CIR's investment at June 30 2009 was € 20 million.
Ktesios, the main investee of KTP, operates in Italy in the sector of loans secured on one fifth of a salary or pension, confirming its position as a leader in this segment. In the first half of 2009 the company made loans for € 370 million, up from € 315 million in the same period of 2008.
Pepper has gradually abandoned the lending market, concentrating its activity on servicing loans for lending institutions, where it has reached a position of leadership in the Australian market.

5. OTHER ACTIVITIES

CIR VENTURES – The portfolio of CIR Ventures, the venture capital fund of the Group, contains investments in six companies of which five in the United States and one in Israel. These companies all operate in the sector of information and communications technology.
The total fair value of these investments at June 30 2009 was 15.4 million dollars.
The management activity of the fund is still mainly directed towards supporting the companies in the portfolio and identifying opportunities to take profit.

INVESTMENT IN PRIVATE EQUITY FUNDS – Through its subsidiary CIR International the CIR group manages a diversified portfolio of funds and minority private equity holdings, the fair value of which, determined on the basis of the NAV provided by the various funds, was approximately € 64.4 million at June 30 2009. In the first half of 2009 further investments were made for approximately € 1.7 million and remaining commitments outstanding at June 30 2009 amounted to around € 29 million.

6. SIGNIFICANT EVENTS WHICH OCCURRED AFTER JUNE 30 2009 AND OUTLOOK FOR THE YEAR

Information has already been given on the main events which have occurred since June 30 2009 in the part of this report concerning the performance of the business sectors.

In 2009 the current phase of deep recession will affect with varying intensity the results of the various business sectors in which CIR operates, especially automotive components and media. To counter the difficult international economic environment, already in the last few quarters the group has undertaken a strategy involving financial rigour, cost cutting and repositioning the subsidiaries most hard hit by the crisis, without however sacrificing new investment for the business across the board, especially for those activities with the highest potential for growth. The action undertaken should produce further effects in the second half of the year.

7. PRINCIPAL RISKS AND UNCERTAINTIES AFFECTING THE GROUP

The main risk factors to which the CIR Group is exposed can be grouped into the following categories:

- *Risks connected with the general conditions of the economy*
- *Risks connected with the results of the Group*
- *Risks connected with borrowing requirements*
- *Risks connected with the fluctuation of exchange rates and interest rates*
- *Risks connected with relations with clients and suppliers*
- *Risks connected with competitiveness in the sectors in which the Group operates*
- *Risks connected with environmental policies*

For a description of these risks, reference should be made to the information given in the Financial Statements for the year ended December 31 2008 in the Report on Operations.

8. OTHER INFORMATION

Transactions with companies of the Group and related parties

During the period CIR S.p.A. provided management and strategic support services to its subsidiaries and affiliates which involved, among other things, supplying administrative and financial services, making loans, and issuing guarantees.
Transactions with the controlling parent company consisted of providing services of an administrative and financial nature and being supplied with management support and communication services. The main concern of CIR and its counterparties in relation to these services is to ensure quality and a high level of efficiency of the services rendered, resulting from specific knowledge of the businesses of the Group.

The most significant financial and economic transactions with related parties were in the utilities sector and refer in particular to the transactions carried out with the Verbund group.
Regarding the main equity transactions reference should be made to the appropriate sections of the explanatory Notes to the Financial Statements.

It should be pointed out that the CIR Group did not enter into any transactions with related parties, according to Consob's definition, of a non-typical or unusual nature beyond normal business administration or such as to have any significant impact on the economic, financial or equity situation of the Group.
All transactions with related parties are settled at normal market conditions on the basis of the quality and the specific nature of the services rendered.

The code of conduct governing transactions with related parties was defined by the Board of Directors of the Company in September 2002.

Other

The company CIR S.p.A. – Compagnie Industriali Riunite has its registered office in Via Valeggio 41, Turin, Italy and its operating headquarters in Via Ciovassino 1, Milan, Italy.

CIR shares, which have been quoted on the Milan Stock Exchange since 1973, since 2004 have been traded on the Blue-chip segment (Reuter code: CIRX.MI, Bloomberg code CIR IM). Since March 2009 CIR shares have been included in the FTSE MIB index.

This Financial Report for the period January 1 – June 30 2009 was approved by the Board of Directors on July 31 2009.

CIR S.p.A. is subject to management and coordination by Cofide S.p.A..

CIR Group

Condensed Consolidated Semi-Annual Interim Financial Statements

STATEMENT OF FINANCIAL POSITION

INCOME STATEMENT

STATEMENT OF CASH FLOWS

STATEMENT OF CHANGES IN EQUITY

STATEMENTS OF COMPREHENSIVE INCOME

NOTES TO THE FINANCIAL STATEMENTS

1. STATEMENT OF FINANCIAL POSITION

(in thousands of euro)

ASSETS	Notes		30.06.2009		31.12.2008
NON-CURRENT ASSETS			**4,006,327**		**3,804,558**
INTANGIBLE ASSETS	(7.a)		1,303,680		1,264,499
TANGIBLE ASSETS	(7.b)		1,951,445		1,789,985
INVESTMENT PROPERTY	(7.c)		18,401		18,687
INVESTMENTS IN COMPANIES VALUED AT EQUITY	(7.d)		260,491		282,824
OTHER EQUITY INVESTMENTS	(7.e)		10,171		9,682
OTHER RECEIVABLES	(7.f)		230,618		236,147
of which with related parties (*)	(7.f)	*20,664*		*20,734*	
SECURITIES	(7.g)		88,360		84,633
DEFERRED TAXES	(7.h)		143,161		118,101
CURRENT ASSETS			**2,406,260**		**3,168,534**
INVENTORIES	(8.a)		150,971		195,311
CONTRACTED WORK IN PROGRESS			4,435		2,915
TRADE RECEIVABLES	(8.b)		1,136,519		1,233,689
of which with related parties (*)	(8.b)	*27,730*		*24,661*	
OTHER RECEIVABLES	(8.c)		195,393		363,753
of which with related parties (*)	(8.c)	*1,547*		*151,288*	
FINANCIAL RECEIVABLES	(8.d)		35,164		25,721
SECURITIES	(8.e)		195,394		513,362
AVAILABLE-FOR-SALE FINANCIAL ASSETS	(8.f)		111,114		217,420
CASH AND CASH EQUIVALENTS	(8.g)		577,270		616,363
ASSETS HELD FOR DISPOSAL	(2.c)		730		653
TOTAL ASSETS			**6,413,317**		**6,973,745**

LIABILITIES AND SHAREHOLDERS' EQUITY			30.06.2009		31.12.2008
SHAREHOLDERS' EQUITY			**2,265,238**		**2,078,888**
ISSUED CAPITAL			395,588		395,588
less OWN SHARES			(21,537)		(21,487)
SHARE CAPITAL	(9.a)		374,051		374,101
RESERVES	(9.b)		278,033		307,856
RETAINED EARNINGS (LOSSES)	(9.c)		582,818		487,448
NET INCOME FOR THE PERIOD			120,794		95,444
SHAREHOLDERS' EQUITY OF THE GROUP			**1,355,696**		**1,264,849**
MINORITY SHAREHOLDERS' EQUITY			909,542		814,039
NON-CURRENT LIABILITIES			**2,620,790**		**2,931,482**
BONDS AND NOTES	(10.a)		739,180		895,458
OTHER BORROWINGS	(10.b)		1,497,187		1,653,615
OTHER PAYABLES			3,295		3,333
of which to related parties (*)		*69*		*68*	
DEFERRED TAXES	(7.h.)		180,329		174,903
PERSONNEL PROVISIONS	(10.c)		139,214		147,482
PROVISIONS FOR RISKS AND LOSSES	(10.d)		61,585		56,691
CURRENT LIABILITIES			**1,527,289**		**1,963,375**
BANK OVERDRAFTS			132,217		164,801
BONDS AND NOTES	(11.a)		733		347,445
OTHER BORROWINGS	(11.b)		227,736		146,987
of which from related parties (*)	(11.b)	*2*		*71*	
TRADE PAYABLES	(11.c)		802,135		946,989
of which to related parties (*)	(11.c)	*51,395*		*22,089*	
OTHER PAYABLES	(11.d)		270,486		277,153
PROVISIONS FOR RISKS AND LOSSES	(10.d)		93,982		80,000
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY			**6,413,317**		**6,973,745**

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

2. INCOME STATEMENT

(in thousands of euro)

	Notes		1st Half 2009		1st Half 2008
SALES REVENUES	(14)		2,202,832		2,358,665
of which from related parties (*)	(14)	*8,041*		*882*	
CHANGE IN INVENTORIES			(7,812)		7,412
COSTS FOR THE PURCHASE OF GOODS	(13.a)		(1,339,849)		(1,368,507)
of which from related parties (*)	(13.a)	*(134,157)*		*(79,804)*	
COST FOR SERVICES	(13.b)		(369,250)		(396,396)
of which from related parties (*)	(13,b)	*(850)*		*(1,036)*	
PERSONNEL COSTS	(13.c)		(335,497)		(349,716)
OTHER OPERATING INCOME	(13.d)		40,486		42,569
of which from related parties (*)	(13.d)	*666*		*306*	
OTHER OPERATING COSTS	(13.e)		(72,399)		(51,754)
ADJUSTMENTS TO THE VALUE OF INVESTMENTS VALUED AT EQUITY	(7.d)		29,691		7,186
AMORTIZATION, DEPRECIATION AND WRITE-DOWNS			(66,846)		(66,045)
INCOME BEFORE FINANCIAL ITEMS AND TAXES (E B I T)			**81,356**		**183,414**
FINANCIAL INCOME	(14.a)		29,124		33,847
of which from related parties (*)	(14.a)	*5,059*		*6,131*	
FINANCIAL EXPENSE	(14.b)		(86,033)		(91,096)
of which with related parties (*)	(14.b)	*(195)*		*(12)*	
DIVIDENDS			465		292
GAINS FROM TRADING SECURITIES	(14.c)		141,898		132,577
LOSSES FROM TRADING SECURITIES	(14.d)		(18,844)		(10,438)
ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS			11,583		(5,068)
INCOME BEFORE TAXES			**159,549**		**243,528**
INCOME TAXES	(15)		(23,044)		(57,830)
INCOME AFTER TAXES FROM OPERATING ACTIVITY			**136,505**		**185,698**
INCOME/(LOSS) FROM ASSETS HELD FOR DISPOSAL			--		--
NET INCOME FOR THE PERIOD INCLUDING MINORITY INTERESTS			**136,505**		**185,698**
- NET INCOME MINORITY SHAREHOLDERS			(15,711)		(41,423)
- **NET INCOME OF THE GROUP**			**120,794**		**144,275**
BASIC EARNINGS PER SHARE (in euro)	(16)		0.1615		0.1926
DILUTED EARNINGS PER SHARE (in euro)	(16)		0.1615		0.1926

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

3. STATEMENT OF CASH FLOWS

(in thousands of euro)

	1st Half 2009	*1st Half 2008*
OPERATING ACTIVITY		
NET INCOME FOR THE PERIOD INCLUDING MINORITY INTERESTS	136,505	185,698
ADJUSTMENTS:		
AMORTIZATION, DEPRECIATION AND WRITE-DOWNS	66,846	66,045
SHARE OF RESULT OF COMPANIES VALUED AT EQUITY	(29,691)	(7,186)
ACTUARIAL VALUATION OF STOCK OPTION PLANS	3,764	1,087
CHANGE IN PERSONNEL PROVISIONS, PROVISIONS FOR RISKS & LOSSES	10,608	12,049
ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS	(11,583)	5,068
CAPITAL GAIN ON SUBSCRIPTION OF CAPITAL INCREASES BY MINORITY SHAREHOLDERS	(76,735)	(117,810)
CAPITAL GAINS ON SALE OF SECURITIES	(46,319)	--
RISE (REDUCTION) IN NON-CURRENT RECEIVABLES & PAYABLES	(14,220)	(1,545)
(RISE) REDUCTION IN NET WORKING CAPITAL	6,829	(206,770)
OTHER CHANGES	50,570	--
CASH FLOW FROM OPERATING ACTIVITY	96,574	(63,364)
of which:		
- interest received (paid out)	(14,109)	(47,663)
- income tax disbursements	(62,710)	(30,489)
INVESTMENT ACTIVITY		
(PURCHASE) SALE OF SECURITIES	433,095	(274,512)
PURCHASE OF FIXED ASSETS	(267,201)	(241,818)
CASH FLOW FROM INVESTMENT ACTIVITY	165,894	(516,330)
FUNDING ACTIVITY		
INFLOWS FROM CAPITAL INCREASES	184,219	268,683
OTHER CHANGES IN SHAREHOLDERS' EQUITY	(3,986)	(13,842)
DRAWDOWN/(REPAYMENT) OF OTHER BORROWINGS	(438,112)	(6,742)
FINANCIAL RECEIVABLES WITH JOINT VENTURES	--	42,499
BUYBACK OF OWN SHARES	(1,161)	(13,201)
DIVIDENDS PAID OUT	(9,937)	(145,278)
CASH FLOW FROM FUNDING ACTIVITY	(268,977)	132,119
RISE (REDUCTION) IN NET CASH AND CASH EQUIVALENTS	(6,509)	(447,575)
NET CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	451,562	602,095
NET CASH AND CASH EQUIVALENTS AT END OF PERIOD	445,053	154,520

4. STATEMENT OF CHANGES IN EQUITY

(in thousands of euro)	*Attributable to Shareholders of Parent Company*							*Minority interests*	*Total*
	Issued capital	*less own shares*	*Share capital*	*Reserves*	*Retained earnings(losses)*	*Net income (losses) for period*	*Total*		
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)
Net income for the period	--	--	--	--	--	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
Capital increases	--	--	--	--	--	--	--	--	--
Dividends to Shareholders	--	--	--	--	--	--	--	184,219	184,219
Retained earnings	--	--	--	--	95,444	(95,444)	--	(9,937)	(9,937)
Fair value measurement of hedging instruments	--	--	--	(1,594)	--	--	(1,594)	(1,118)	(2,712)
Fair value measurement of securities	--	--	--	(1,608)	--	--	(1,608)	--	(1,608)
Securities fair value reserve recognized to income statement	--	--	--	(36,304)	--	--	(36,304)	--	(36,304)
Adjustment for own share transactions	--	(50)	(50)	50	(74)	--	(74)	--	(74)
Notional recognition of stock options	--	--	--	3,072	--	--	3,072	--	3,072
Effects of equity changes in subsidiaries	--	--	--	5,098	--	--	5,098	(97,739)	(92,641)
Currency translation differences	--	--	--	1,463	--	--	1,463	4,367	5,830
Net income for the period	--	--	--	--	--	120,794	120,794	15,711	136,505
BALANCE AT JUNE 30 2009	395,588	(21,537)	374,051	278,033	582,818	120,794	1,355,696	909,542	2,265,238

5. STATEMENT OF COMPREHENSIVE INCOME

(in thousands of euro)

	1st Half 2009	*1st Half 2008*
Net income for the period	136,505	185,698
Other items of the comprehensive income statement		
Foreign operation currency translation differences	4,564	816
Net change in fair value of available-for-sale financial assets	(1,609)	(7,157)
Net change in cash flow hedge reserve	(5,975)	348
Taxes on other items of the comprehensive income statement	1,001	(1,141)
Other items of the comprehensive income statement for the period, net of tax	**(2,019)**	**(7,134)**
TOTAL COMPREHENSIVE INCOME STATEMENT FOR THE PERIOD	**134,486**	**178,564**
Total comprehensive income statement attributable to:		
Shareholders of the parent company	116,938	142,906
Minority interests	17,548	35,658

NOTES TO THE FINANCIAL STATEMENTS

1. STRUCTURE AND CONTENT OF THE FINANCIAL STATEMENTS

Criteria used for the preparation of the condensed consolidated semi-annual interim financial report and accounting principles adopted

The consolidated semi-annual interim financial statements of the Group are prepared in accordance with the IFRS international accounting standards issued by the International Accounting Standards Board (IASB) and ratified by the European Union as per the terms of Regulation no. 1606/2002. This consolidated semi-annual interim financial report was prepared in a condensed form in compliance with IAS 34 "Interim Financial Reporting". This semi-annual interim report does not therefore include all the information required for the annual report and must be read together with the annual report and financial statements for the year ended December 31 2008.

The accounting principles adopted in the preparation of this condensed consolidated semi-annual interim financial report are the same as those adopted in the preparation of the annual consolidated financial statements of the Group for the year ended December 31 2008. Below the full text of these principles is given to facilitate consultation.

The consolidated semi-annual interim financial statements as of June 30 2009 include the Parent Company of the Group CIR S.p.A. (hereinafter "CIR") and the companies over which it has control and were prepared using the statements of the individual companies included in the consolidation, either their individual interim financial reports ("separate" in IAS/IFRS terminology), or their consolidations into subgroups, examined and approved by their administrative bodies and suitably modified and reclassified, where necessary, to bring them into line with the accounting standards listed below where these are compatible with Italian regulations.
It should also be noted that some valuation processes, especially the more complex ones such as the determination of any impairment of non-current assets, are generally carried out fully only in the preparation of the annual report, when all the information that may be necessary is likely to be more available and more accurate. This is obviously not true for cases where there are indicators of impairment requiring an immediate valuation of any losses in value.
Income taxes are recognized on the basis of the best estimate of the weighted average tax rate expected for the whole year.

These financial statements were prepared in thousands of euro, which is the "functional" and "presentation" currency of the Group according to the terms of IAS 21, except where expressly indicated otherwise.

2. CONSOLIDATION PRINCIPLES

2.a. **Consolidation methods**

Subsidiaries

All the companies over which the Group exercises control according to the terms of IAS 27, SIC 12 and IFRIC Interpretation 2 are considered as subsidiaries. In particular, companies and investment funds are considered as controlled companies when the Group has the power to make decisions regarding financial and operating policy. The existence of this power is presumed to exist when the Group possesses the majority of the voting rights of a company, including potential voting rights that are exercisable without any restrictions or when it has in any case effective control over Shareholders' Meetings.

Subsidiaries are fully consolidated as from the date on which the Group takes control and are de-consolidated when such control ceases to exist.

Consolidation is carried out using the full line-by-line consolidation method. The main criteria adopted for the application of this method are the following:

- The book value of the holding is eliminated against the appropriate portion of shareholders' equity and the difference between acquisition cost and the shareholders' equity of investee companies is posted, where the conditions exist, to the items of assets and liabilities included in the consolidation. Any remaining part is recognized to the income statement when it is negative or to the "Goodwill" item of the assets when it is positive. Goodwill is subjected to an impairment test to determine its recoverable value;
- Significant transactions between consolidated companies are eliminated as are payables, receivables and unrealized income resulting from transactions between companies of the Group, net of any tax;

Minority shareholders' equity and their share of net income for the period are shown in special items of the consolidated balance sheet and income statement;

- In the event of a reduction of the shareholding, not involving a loss of control, due to an increase in the capital held by minority shareholders, except for cases resulting from the subscription of stock option plans, any gains or losses from the dilution are recognized to the income statement in application of the Parent Company method.

Associates

All those companies in which the Group has a significant influence, without having control, in accordance with the terms of IAS 28, are considered as associated companies or associates. Significant influence is presumed to exist when the Group holds a percentage of the voting rights of between 20% and 50% (excluding cases where there is joint control).

Associates are consolidated using the equity method as from the date on which the Group acquires significant influence in the associate and they are de-consolidated from the moment when significant influence ceases to exist.

The principal criteria adopted for applying the equity method are the following:

- The book value of the holding is eliminated against the appropriate portion of shareholders' equity and any positive difference, identified at the time of the acquisition, net of any lasting loss of value resulting from an impairment test to establish its recoverable value;
- The corresponding share of the net income or loss for the period is recognized to the income statement. Whenever the part attributable to the Group of the losses of the associate exceeds the carrying value of the investment in the accounts, the value of the investment is written off and the share of any further losses is not recognized unless the Group has any contractual obligation to do so;

- Any unrealized gains or losses generated by transactions between companies of the Group are netted out except in cases where the losses represent a permanent loss of value of the assets of the associate;
- The accounting principles of the associate are amended, where necessary, in order to make them compatible with the accounting principles adopted by the Group.

Joint ventures:
All companies in which the Group exercises control jointly with another company according to the terms of IAS 31 are considered as joint ventures. More specifically it is presumed that joint control exists when the Group owns half of the voting rights of a company.
International accounting standards give two methods for consolidating investments in joint ventures:
. Proportional consolidation:
. The equity method.
The Group has adopted the equity method of consolidation.

2.b. Translation of foreign companies' financial statements into euro

The translation into euro of the financial statements of foreign subsidiaries not belonging to the single currency, none of which has an economy subject to hyperinflation according to the definition given in IAS 29, is carried out at the exchange rate prevailing at the reporting date for the balance sheet and at the period average exchange rate for the income statement. Any exchange rate differences resulting from the translation of shareholders' equity at the close of period exchange rate and from the translation of the income statement at the average rate for the period are recorded in the item "Other reserves" under shareholders' equity.

The main exchange rates used are the following:

	1st Half 2009		*1st Half 2008*	
	Average rate	*30.06.2009*	*Average rate*	*30.06.2008*
US Dollar	1.33278	1.4134	1.5304	1.5764
UK Pound	0.8934	0.8521	0.7748	0.7922
Swedish Krona	10.8542	10.8120	9.3756	9.4706
Brazilian Real	2.9173	2.7469	2.5938	2.5112
Argentine Peso	4.8305	5.3585	4.7982	4.7660
Chinese Renminbi	9.0950	9.6544	10.7991	10.8050
Indian Rupee	65.5308	67.5219	--	--

2.c. Consolidation area

The consolidated financial statements as of June 30 2009 and the consolidated financial statements for the previous year of the Group are the result of the consolidation at those dates of the Parent Company of the CIR Group and of all the companies directly or indirectly controlled, jointly controlled or associated, with the exception of any companies being wound up. Assets and liabilities scheduled for disposal are reclassified in the items of assets and liabilities that show such an eventuality. This item at June 30 2009 shows the net value of a property belonging to the Sogefi group which is scheduled to be sold.

The list of equity investments included in the consolidation, with an indication of the method used, and of those not included is given in the appropriate section of this document.

2.d. **Changes in the consolidation**

The main changes in the consolidation compared to the previous year concern the following:

Utilities sector
The following companies entered the consolidation:
- Sorgenia Trading S.p.A.
- Soluxia Sarda II S.r.l.
- Sorgenia Solar Power S.r.l.
- Sorgenia E&P UK Ltd.
- Sorgenia E&P Bulgaria EOOD
- MPX Energy Ltd.
- MPX (Oil & Gas) Limited
- MPX Resources Limited
- MPX North Sea Limited
- Hannu North Sea Limited
- Hannu Exploration Limited
- Eal Compost S.r.l.

Automotive sector
It should be noted that the consolidated income statement at June 30 2009 includes for the first time the figures of the Indian subsidiaries Sogefi M.N.R. Filtration India Private Ltd and EMW Environmental Technologies Private Ltd, while the balance sheet figures were already included in the consolidation at December 31 2008.
During the period there were no further changes to the consolidation.

Healthcare sector
The following companies entered the consolidation:
- Jesilab S.r.l.
- Iniziative Territoriali Integrate S.r.l.

It should also be noted that the company Meia S.r.l. and Le Colline del Po S.r.l. were merged into the company Residenze Anni Azzurri S.r.l. and that the company Cyber Therapy S.r.l. left the consolidation after being put into liquidation on June 20 2009.

3. ACCOUNTING PRINCIPLES APPLIED

3.a. **Intangible assets (IAS 38)**

Intangible assets are recognized only if they can be separately identified, if it is probable that they will generate future economic benefits and if their cost can be measured reliably.
Intangible assets with a finite useful life are valued at purchase or production cost net of amortization and accumulated impairment.

Intangible assets are initially recognized at purchase or production cost. Purchase cost is represented by the fair value of the means of payment used to purchase the asset and any additional direct cost incurred for preparing the asset for use. The purchase cost is the equivalent price in cash as of the date of recognition and, where payment is deferred beyond normal terms of credit, the difference compared with the cash price is recognized as interest for the whole period of deferment.
Amortization is calculated on a straight-line basis following the expected useful life of the asset and starts when the asset is ready for use.

The carrying value of intangible assets is maintained as long as there is evidence that this value can be recovered through use; to this end at least once a year an impairment test is carried out to check that the intangible asset is able to generate future cash flows.
However, intangible assets with an *indefinite useful life* are not amortized but are constantly monitored for any permanent loss of value. It is mainly the newspaper and magazine titles and frequencies of the Espresso Group that are considered as intangible assets with an indefinite useful life.

Development costs are recognized as intangible assets when their cost can be measured reliably, when there is a reasonable assumption that the asset can be made available for use or for sale and that it is able to generate future benefits. Once a year or any time there are reasons which justify it, capitalized costs are subjected to an impairment test.
Research costs are charged to the income statement as and when they are incurred.
Trademarks and licenses, which are initially recognized at cost, are subsequently accounted for net of amortization and any impairment. The period of amortization is defined as the lower of the contractual duration for use of the license and the useful life of the asset.
Software licenses, including associated costs, are recognized at cost and are recorded net of accumulated amortization and any impairment.

Goodwill
In the event of the acquisition of companies, the identifiable assets, liabilities and potential liabilities acquired are recognized at their fair value on the acquisition date. The positive difference between the acquisition cost and the Group's pro-rata share of the fair value of these assets and liabilities is classified as goodwill and is recorded in the balance sheet as an intangible asset. Any negative difference ("negative goodwill") is however posted to the income statement at the moment of acquisition.
After initial recognition, goodwill is valued at cost less any accumulated impairment.
Goodwill always refers to identified income-producing assets, the ability of which to generate income and cash flows is constantly monitored for any impairment.

On the first adoption of IFRS, the Group opted not to apply IFRS 3 – Business combinations - retrospectively to acquisitions made prior to January 1 2004. As a result, the goodwill generated on acquisitions prior to the date of transition to IFRS was maintained at the previous value determined according to Italian Accounting Principles, subject to verification and monitoring for any losses in value.

In relation to acquisitions/sales of holdings in companies that are already controlled, including extraordinary transactions involving a change of the stake in the capital of the said subsidiaries,

IFRS 3 is not applicable because it only applies to transactions involving the acquisition of control by an acquiring entity of the business activity of the enterprise acquired. Thus, acquisitions of further shares in a holding, once control has been obtained, are not specifically regulated by IAS/IFRS.
In the absence of a specific Principle or Interpretation on the subject and with reference to the instructions contained in IAS 8 *(*Accounting Policies, Changes in Accounting Estimates and Errors*)*, the Group decided to apply the accounting treatment given below, identifying two different types of transaction:
- *acquisitions/sales of holdings in companies already controlled*: in application of the parent entity extension method which considers minority shareholders as third parties, the Group:

  - in the case of an acquisition pays third party shareholders an amount in cash or in new shares, thus eliminating their minority holdings and recognizing goodwill equal to the difference between the acquisition cost and the carrying value of the assets and liabilities acquired;
  - in the case of a sale, the difference between the price of the sale and the corresponding carrying value in the consolidated balance sheet is recognized to the income statement;

- *intercompany transfer of holdings in subsidiaries which cause a change in the percentage of ownership:* the shares transferred remain recorded at historical cost and the gain or loss on the transfer is reversed out. The stakes of third party shareholders, who do not take part in the transaction directly, are adjusted to reflect the change in the percentage of their equity holding with an offsetting effect on the equity attributable to the shareholders of the Parent Company without recognizing any goodwill or causing any other effect on earnings or on total equity.

3.b**. Tangible assets (IAS 16)**

Tangible assets are recognized at purchase price or at production cost net of accumulated depreciation.
Cost includes associated expenses and any direct and indirect costs incurred at the moment of acquisition and necessary to make the asset ready for use. Financial expense relating to specific loans for long-term investments are capitalized until the date when the assets start operating.
When there are contractual or compulsory obligations for decommissioning, removing or clearing sites where fixed assets are installed, the value recognized includes an estimate of costs that will be incurred on disposal of the same, discounted to present value.
Fixed assets are depreciated on a straight-line basis for each year in relation to their remaining useful life.

Land, assets under construction and advance payments are not subject to depreciation.

Real estate and land not used for corporate operating purposes are classified under a special item of assets and are accounted for on the basis of the terms of IAS 40 “Investment properties” (see paragraph 3.e. below).
Should there be any events which one can assume will cause a lasting reduction in the value of an asset, its carrying value is checked against its recoverable value, which is the higher of its fair value and its value in use. Fair value is defined on the basis of values expressed by the active market, by recent transactions or from the best information available to determine the potential amount obtainable from the sale of the asset. Value in use is determined from the net present

value of cash flows resulting from the use expected of the same asset, applying the best estimates of its residual useful life and a rate that also takes into account the implicit risk of the specific business sectors in which the Group operates. This valuation is carried out for each individual asset or for the smallest identifiable cash generating unit (CGU).
Where there is a negative difference between the values stated above and the carrying value, the asset's carrying value is written down, while as soon as the reasons for such loss in value cease to exist the asset then undergoes an upward revaluation. Write-downs and revaluations are posted to the income statement.

3.c. **Public entity grants**

Any grants from a public entity are recognized when there is a reasonable degree of certainty that the receiving company will comply with all the conditions stipulated for such a grant, independently of whether or not there is a formal resolution awarding the said grant, and the certainty that the grant will actually be received.
Capital contributions are recognized in the balance sheet either as deferred income, which is posted to the income statement on the basis of the useful life of the asset for which it has been granted so that the depreciation can be reduced, or else they are deducted directly from the asset to which they refer.
Any public entity grants obtained in the form of reimbursement of expenses and costs already incurred or with the purpose of providing immediate support for the beneficiary company without there being any future related costs, are recognized as income in the period in which they can be claimed.

3.d. **Leasing contracts (IAS 17)**

Leasing contracts for assets where the lessee substantially assumes all the risks and rewards of ownership are classified as finance leases. Where there are such finance lease contracts outstanding the asset is recognized at the lower of its fair value and the present value of the minimum lease payments stipulated in the relevant contracts. The total lease payments are allocated either to the liability or to the finance charges so as to achieve a constant rate on the finance balance outstanding. The residual lease payments, net of financial expense, are classified as borrowings. The interest expense is charged to the income statement over the lease period. Assets acquired with financial leasing contracts are depreciated to an extent consistent with the nature of the asset. Leasing contracts in which the lessor substantially retains the risks and rewards of ownership are, on the other hand, classified as operating leases and payments made under such leases are charged to the income statement on a straight-line basis over the period of the lease.
In the event of a sale and lease-back agreement, any difference between the price of sale and the carrying value of the asset is not recognized to the income statement unless there is a loss representing an impairment of the asset itself.

3.e. **Investment property (IAS 40)**

An investment property is a property, either land or building – or part of a building – or both, owned by the owner or by the lessee, through a financial leasing agreement, for the purpose of receiving lease payments or for obtaining a return on the capital invested or for both of these reasons, rather than for the purpose of directly using it for the production or supply of goods or services or for administration of the company or for sales, in ordinary business activities.
The cost of an investment property is represented by its purchase price, any improvements made, any replacements and extraordinary maintenance.

For self-constructed investment property an estimation is made of all costs incurred as of the date on which the construction or the development was finished. Until that date the conditions set forth in IAS 16 apply.
In the event of an asset held through a finance lease contract, the initial cost is determined according to IAS 17 from the lower of the fair value of the property and the present value of the minimum lease payments due.
The Group has opted for the cost method to be applied to all investment property held. According to the cost method, measurement is made net of depreciation and any accumulated impairment losses.

At the moment of disposal or in the event of permanent non-use of the assets, all related income and expense will be charged to the income statement.

3.f. **Impairment of assets (IAS 36)**

At least once a year the Group verifies whether the carrying value of intangible and tangible assets (including capitalized development costs) are recoverable, in order to determine whether there is any indication that the assets may have lost value. If there is such an indication, the carrying value of the assets is written down to the relative recoverable value.
An intangible asset with an indefinite useful life is subjected to an impairment test every year or more frequently any time that there is an indication that it may have undergone a loss in value.
When it is not possible to estimate the recoverable value of an individual asset, the Group estimates the recoverable value of the cash generating unit to which the asset belongs.
The recoverable value of an asset is the higher of fair value net of costs to sell and its value in use. To determine the value in use of an asset the Group calculates the present value of estimated future cash flows, gross of taxes, using a discount rate, before tax, which reflects the current market estimate of the time value of money and the specific risks of the business sector. An impairment loss is recognized if the recoverable value is lower than the carrying value.

If at a later date the loss on an asset other than goodwill ceases to exist or is less, the carrying value of the asset or of the cash generating unit is revalued to the extent of the new estimate of its recoverable value but this cannot exceed the value that would have been determined if there had not been any impairment loss. The recovery of an impairment loss is recognized to the income statement immediately.

3.g. **Other equity investments**

Investments in companies where the Parent Company does not exercise a significant influence are accounted for in accordance with IAS 39 and are therefore classified as available-for-sale investments and are measured at fair value or at cost if the estimation of fair value or market price is not reliable (see paragraph 3.i. below).

3.h. **Receivables and payables (IAS 32, 39 and 21)**

Receivables are recognized at amortized cost and measured at their presumed realization value, while payables are recognized at amortized cost.
Receivables and payables in foreign currencies, which are originally recognized at the spot rates on the transaction date, are adjusted to period-end spot exchange rates and any exchange gains and losses are recognized to the income statement.

3.i. **Securities (IAS 32 and 39)**

In accordance with IAS 32 and IAS 39 investments in companies other than subsidiaries and associates are classified as available-for-sale financial assets and are measured at fair value.
Gains and losses resulting from fair value adjustments are recorded in a special equity reserve. When there are impairment losses or when the assets are sold, the gains and losses recognized previously to shareholders' equity are then posted to the income statement.
Purchases and sales are recognized on the date of the trade.

This category also includes financial assets bought or issued that are classified as either held for trading or at fair value through profit and loss on adoption of the fair value option.
For a more complete description of the principles regarding financial assets we would refer readers to the note specially prepared on the subject ("financial instruments").

3.l. **Income taxes (IAS 12)**

Current taxes are recorded and determined on the basis of a realistic estimate of taxable income following current tax regulations of the country in which the company is based and taking into account any exemptions that may apply and any tax credits that may be claimed.

Deferred taxes are calculated on the basis of time differences, whether taxable or deductible, between the carrying values of assets and liabilities and their tax bases and are classified under non-current assets and liabilities.

A deferred tax asset is recognized if there is likely to be taxable income against which the deductible temporary difference can be used.
The carrying value of deferred tax assets is subject to periodic analysis and is reduced to the extent to which it is no longer probable that there will be sufficient taxable income to allow the benefit of this deferred asset to be utilized.

3.m. **Inventories (IAS 2)**

Inventories are recorded at the lower of purchase or production cost, calculated using the weighted average cost method, and their presumed realizable value.

3.n. **Cash and cash equivalents (IAS 32 and 39)**

Cash and cash equivalents include cash in hand, call deposits and short-term and high-liquidity financial assets, which are easily convertible into cash and have an insignificant risk of change in price.

3.o. **Shareholders' equity**

Ordinary shares are recorded at nominal value. Costs directly attributable to the issuance of new shares are deducted from the shareholders' equity reserves, net of any related tax benefit.

Own shares are classified in a special item which is deducted from reserves; any subsequent transaction of sale, re-issuance or cancellation will have no impact on the income statement but will affect only shareholders’ equity.

Unrealized gains and losses, net of tax, on financial assets classified as available for sale are recorded under shareholders’ equity in the fair value reserve.
The reserve is reversed to the income statement when the asset is realized or when an impairment loss is recognized.

The hedging reserve is formed when fair value changes are recognized on derivatives which, for the purposes of IAS 39, have been designated as “cash flow hedges” or as “hedges of net investments in foreign operations”.
The portion of gains and losses considered as “effective” is recognized to shareholders’ equity and is reversed to the income statement as and when the elements hedged are in turn recognized to the income statement, i.e. when the subsidiary is sold.

When a subsidiary prepares its financial statements in a currency different from the Group’s functional currency, the subsidiary’s financial statements are translated accounting any differences resulting from such translation in a special reserve. When the subsidiary is sold the reserve is reversed to the income statement with a detail of any gains or losses resulting from its disposal.

The item “Retained earnings (losses)” includes accumulated income and losses and the transfer of balances from other equity reserves when these become free of any restrictions to which they have been subject.
This item also shows the cumulative effect of the changes in accounting principles and/or the correction of errors which are accounted for in accordance with IAS 8.

3.p. **Borrowings (IAS 32 and 39)**

Loans are initially recognized at cost represented by their fair value net of ancillary costs incurred. Subsequently loans are measured at amortized cost calculated by applying the effective interest rate, taking into consideration any issuance costs incurred and any premium or discount applied at the time in which the instrument is settled.

3.q. **Provisions for risks and losses (IAS 37)**

Provisions for risks and losses refer to liabilities which are extremely likely but where the amount and/or maturity are uncertain. They are the result of past events which will cause a future cash outflow. Provisions are recognized exclusively in the presence of a current obligation, either legal or constructive, towards third parties which implies an outflow and when a reliable estimate of the amount involved can be made. The amount recognized as a provision is the best estimate of the disbursement required to fulfil the obligation as of the balance sheet date. The provisions recognized are re-examined at the close of each accounting period and are adjusted to represent the best current estimate. Changes in the estimate are recognized to the income statement.

When the estimated disbursement relating to the obligation is expected in a time horizon longer than normal payment terms and the discount factor is significant, the provision represents the present value, discounted at a risk-free interest rate, of the expected future outflows to discharge the obligation.

Contingent assets and liabilities (possible assets and liabilities, or those not recognized because no reliable estimate can be made) are not recognized. However adequate disclosure of such items is given.

3.r. **Revenue recognition (IAS 18)**

Revenues from the sale of goods are recognized at the moment when ownership and the risks of the goods are transferred and are recognized net of returns, discounts and rebates. Revenues for the rendering of services are recognized at the moment when the service is rendered, with reference to the state of completion of the activity as of the balance sheet date.

Income from dividends, interest and royalties is recognized as follows:
- Dividends, when the right to receive payment is established (with an offset in receivables when distribution is approved);
- Interest, using the effective interest rate method (IAS 39);
- Royalties, on an accruals basis, in accordance with the underlying contractual agreement.

3.s. **Employee benefits (IAS 19)**

Benefits to be paid to employees after the termination of their employment and other long term benefits are subject to actuarial valuation.
Following this methodology, liabilities recognized represent the present value of the obligation adjusted for any actuarial gains or losses which have not been accounted for.

Financial Law no. 296/2006 (Budget) made important changes to severance and leaving indemnity (TFR) regulations, introducing the possibility for workers to transfer their TFR maturing after January 1 2007 to selected pension schemes. Thus the TFR accruing as of December 31 2006 for employees who exercised the above option, while remaining within the sphere of defined benefit plans, was determined using actuarial methods that exclude the actuarial / financial components relating to future salary dynamics. Given that this new method of calculation reduces the volatility of actuarial gains / losses, the decision was taken to abandon the corridor method and recognize all the actuarial gains and losses to the Income Statement.

Accounting principle IFRS 2 “Share based payments” issued in February 2005 but applicable as from January 1 2005 stated in its transition instructions that application would be retrospective for all transactions where stock options were awarded before November 7 2002 and where, as of the date of its taking effect, the vesting conditions contained in the various plans had not yet been satisfied.
In compliance with this principle the CIR Group measures the notional cost of stock options and recognizes it to the income statement under personnel costs during the vesting period of the benefit, with a corresponding posting to the appropriate reserve in shareholders’ equity.

The cost of the option is determined at the award date of the plan applying special models and multiplying by the number of options exercisable over the respective period, which is evaluated with the aid of appropriate actuarial variables.
Similarly the cost resulting from the award of phantom stock options is determined in relation to the fair value of the options at the award date and is recognized to the income statement under personnel costs throughout the vesting period of the benefit; the offsetting entry, unlike for stock options, is made in the liabilities (miscellaneous personnel provisions) and not in an equity reserve. Until this liability is extinguished its fair value is recalculated at each balance sheet date and on the date of actual disbursement and all the fair value changes are posted to the income statement.

3.t. **Derivative instruments (IAS 32 and 39)**

Derivative instruments are measured at fair value.
The Group uses derivatives mainly to hedge risks, in particular interest rate, foreign exchange and commodity price risks. The hedging purpose of the derivative is formally documented and the degree of “effectiveness” of the hedge is specified.
For accounting purposes hedging transactions can be classified as:
- *fair value hedges* – where the effects of the hedge are recognized to the income statement;
- *cash flow hedges* – where the effective portion of the hedge is recognized directly to shareholders’ equity while the non-effective part is recognized to income statement;
- *hedges of a net investment in a foreign operation* – where the effective portion of the hedge is recognized directly to shareholders’ equity while the non-effective part is recognized to the income statement.

3.u. **Foreign currency translation (IAS 21)**

The Group’s functional currency is the euro, which is the currency in which its financial statements are prepared and published.
The companies of the Group prepare their financial statements in the currencies used in their respective countries.

Transactions carried out in foreign currencies are initially recognized at the spot exchange rate on the date of the transaction.
At the balance sheet date monetary assets and liabilities denominated in foreign currencies are translated at the spot exchange rate prevailing on that date.
Non-monetary items measured at historical cost in a foreign currency are translated using the historical exchange rate prevailing on the date of the transaction.
Non-monetary items measured at fair value are translated using the spot exchange rate at the date on which the measurements are determined for the financial statements.

The assets and liabilities of the companies of the Group whose functional currency is not the euro are valued using the following procedures:
- assets and liabilities are translated using the spot exchange rate prevailing at the balance sheet date;
- costs and revenues are translated using the average exchange rate for the period.

Exchange rate differences are recognized directly to a special reserve under shareholders' equity. Should an investment in a foreign operation be sold, the accumulated exchange rate differences recognized in the equity reserve are reversed to the income statement.

3.v. **Non-current assets held for sale (IFRS 5)**

A non-current asset is held for sale if its carrying value will be recovered principally through a sale rather than through its use. For this condition to be satisfied the asset must be immediately sellable in its present condition and a sale must be considered as highly probable.
Assets or groups that are classified as held for sale are valued at the lower of their carrying value and expected realization value less costs to sell.
The individual assets or those which are part of a group classified as held for sale are not amortized.
These assets are shown in the financial statements on a separate line of the Income Statement with an indication of the income and losses net of taxes resulting from the sale. Similarly the assets and liabilities must be shown on a separate line of the Balance Sheet.

3.w. **Earnings per share (IAS 33)**

The basic earnings per share figure is determined by dividing the net income attributable to the ordinary shareholders of the Parent Company by the weighted average number of ordinary shares in circulation during the period.
The diluted earnings per share figure is calculated by adjusting the weighted average number of ordinary shares in circulation to take into account the effect of all potential ordinary shares, resulting for example from the possibility of the exercise of stock options assigned, which can have a dilutive effect.

3.x. **Business combinations**

Acquisitions of businesses are recognized using the purchase method in compliance with the terms of IFRS 3, on the basis of which the acquisition cost is equal to the fair value on the date of exchange of the assets transferred, the liabilities incurred or assumed, plus any directly attributable acquisition costs.

The assets, the potential identifiable liabilities of the acquiree which respect the conditions for recognition are accounted for at their fair value as of the acquisition date. Any positive difference between the acquisition cost and the fair value of the share of net assets acquired attributable to the Group is recognized as goodwill or, if negative, is recognized to the income statement.

Initial allocation to the assets and liabilities as above, using the option given in IFRS 3, can be determined provisionally by the end of the year in which the deal is completed, and it is possible to recognize the adjustment to the values provisionally assigned in the initial accounting within twelve months of the date of acquisition of control.

3.y. **Use of estimates**

The preparation of the financial statements and the explanatory notes in application of IFRS requires the use by management of estimates and assumptions which affect the values of the assets and liabilities in the balance sheet and the information regarding potential assets and liabilities as of the balance sheet date.
The estimates and assumptions used are based on experience and on other factors considered relevant. The actual results could therefore differ from these estimates. Estimates and assumptions are revised periodically and the effects of such revision are reflected in the income statement in the period in which the revision is made if the revision has effect only in that period, or even in subsequent periods if the revision has an effect both on the current financial year and on future years.
The items of the financial statements principally affected by this use of estimates are goodwill, deferred taxes and the fair value of financial instruments, stock options and phantom stock options.
It should also be noted that the situation caused by the current economic and financial crisis made it necessary to make assumptions about future trends involving greater uncertainty, which means that it cannot be ruled out that results may be different from those estimated with the need for adjustments to the carrying value of items, which could even be quite substantial and which today obviously cannot be either estimated or predicted.
See the specific business areas for further details.

4. FINANCIAL INSTRUMENTS

Financial instruments take on a particular significance in the economic and financial structure of the CIR Group and for this reason, in order to give a better and clearer understanding of the financial issues involved, it was considered useful to devote a special section to the accounting treatment of IAS 32 and IAS 39.

According to IAS 32 financial instruments are classified into four categories:

a) Financial instruments that are valued at fair value with an offsetting entry in the income statement (“fair value through profit and loss” - FVTPL) in application of the fair value option, which are held for trading purposes;
b) Investments held to maturity (HTM);
c) Loans and receivables (L&R);
d) Available-for-sale financial assets (AFS).

Classification depends on Financial Management’s intended use of the financial instrument in the business context and each involves a different measurement for accounting purposes. Financial transactions are recognized on the basis of their value date.

<u>*Financial instruments at fair value through profit and loss*</u>
Instruments are classified as such if they satisfy one of the following conditions:
- they are held for trading purposes;
- they are a financial asset designated on adoption of the fair value option, the fair value of which can be reliably determined.

Trading generally means frequent buying and selling with the aim of generating profit on price movements in the short term.
Derivatives are included in this category unless they are designated as hedging instruments.

The initial designation of financial instruments, other than derivatives and those held for trading, as instruments at fair value through profit and loss in adoption of the fair value option is limited to those instruments that meet the following conditions:

a) The fair value option designation eliminates or significantly reduces an accounting mismatch;
b) A group of financial assets, financial liabilities, or both are managed and their performance is evaluated on a fair value basis, in accordance with a documented investment risk management strategy, and
c) An instrument contains an implicit derivative which meets particular conditions.

The designation of an individual instrument to this category is definitive, is made at the moment of initial recognition and cannot be modified.

Investments held to maturity

This category includes non-derivative instruments with fixed payments or payments that can be determined and that have a fixed maturity, and which it is intended and possible to hold until maturity.

These instruments are measured at amortized cost and constitute an exception to the general principle of measurement at fair value.

Amortized cost is determined by applying the effective interest rate of the financial instrument, taking into account any discounts or premiums received or paid at the moment of purchase, and recognizing them throughout the whole life of the instrument until its final maturity.

Amortized cost represents the initial recognition value of a financial instrument, net of any capital repayments and of any impairment, plus or minus the cumulated amount of the differences between its initial net value and the nominal amount at maturity calculated using the effective interest rate method.

The effective interest rate method is a calculation criterion used to assign financial expenses to their appropriate time period.

The effective interest rate is the rate that gives a correct present value to expected future cash flows until maturity, so as to obtain the net present carrying value of the financial instrument.

If even one single instrument belonging to this category is sold before maturity, for a significant amount and where there is no special justification for this, the tainting rule is applicable and requires that the whole portfolio of securities classified as Held To Maturity be reclassified and measured at fair value, and this category cannot then be used in the following two years.

Loans and receivables

This refers to financial instruments which are not derivatives, have payments that are either fixed or can be determined, which are not quoted on an active market and which are not intended to be traded.

This category includes trade receivables (and payables), which are classified as current assets or liabilities with the exception of the part due in over 12 months from the balance sheet date.

The measurement of these instruments is made by applying the method of amortized cost, using the effective interest rate and taking into account any discounts or premiums obtained or paid at the moment of acquisition and recognizing them throughout the whole life of the instrument until its final maturity.

Available-for-sale financial assets

This is a “residual” category which includes non-derivative financial instruments that are designated as available for sale and are not included in any of the previous categories.

Financial instruments held as available for sale are recognized at their fair value plus any transaction costs.
Gains and losses are recognized to a special equity reserve until the financial instruments are sold or have been impaired. In such cases the profit or loss accrued under shareholders' equity is released to the income statement.

Fair value is the amount for which an asset can be exchanged or a liability can be settled, between knowledgeable, willing parties in a transaction at arm's length.
In the case of securities listed on regulated markets, the fair value is the bid price at the close of trading on the last day of the accounting period.
When no market prices are available, fair value is determined either on the basis of the fair value of another financial instrument that is substantially similar or by using appropriate financial techniques (for example the discounted cash flow method).
Investments in financial assets can be eliminated from the balance sheet, or derecognized, only when the contractual rights to receive their respective financial cash flows have expired or when the financial asset is transferred to third parties together with all its associated risks and rewards.

5. ACCOUNTING PRINCIPLES, CHANGES IN ACCOUNTING ESTIMATES AND ERRORS

The criteria for making estimates and measurements are re-examined on a regular basis and are based on historical experience and on other factors such as expectations of possible future events that are reasonably likely to take place.
If the initial application of a principle affects the current year or the previous one, its effect is recognized by indicating the change resulting from any transitional rules, the nature of the change, the description of the transitional rules, which may also affect future years, and the amount of any adjustments relating to years preceding those being presented.
If a voluntary change of a principle affects the current or previous year this effect is shown by indicating the nature of the change, the reasons for the adoption of the new principle, and the amount of any adjustments made for years preceding those being presented.
In the event of a new principle/interpretation issued but not yet in force, an indication is given of the fact, of its potential impact, the reason for the principle/interpretation, the date on which it will take effect and the date on which it will first be applied.

A change in accounting estimates involves an indication of the nature and the impact of the change. Estimates are used mainly to show impairment of assets recorded, provisions made for risks, employees benefits, taxes and other provisions. Estimates and assumptions are reviewed regularly and the effects of any changes are reflected in the income statement.
The treatment of accounting errors involves an indication of the nature of the error, the amount of the adjustments and corrections to be made at the beginning of the first accounting period after it was recognized.

6. ADOPTION OF NEW ACCOUNTING STANDARDS, INTERPRETATIONS AND AMENDMENTS

Accounting standards, Interpretations and Amendments applied in 2009

The following accounting standards, amendments and interpretations, revised after the process of Annual Improvement 2008 conducted by the IASB, were applied for the first time by the Group as from January 1 2009.

- *Revised IAS 1 – Presentation of Financial Statements*: the revised version of IAS 1 no longer allows income items such as income and expense (defined as "changes generated by transactions with non-shareholders") to be presented in the Statement of changes in shareholders' equity, requiring them to be indicated separately from changes generated by transactions with shareholders. According to the revised version of IAS 1, therefore, any changes generated by transactions with non-shareholders must be shown in a single separate statement showing performance in the period (comprehensive income statement) or in two separate statements (income statement and comprehensive income statement). These changes must be shown separately even in the Statement of Changes in Shareholders' Equity. The group has applied the revised version of this standard as from January 1 2009 retrospectively, opting to highlight all changes generated by transactions with non-shareholders in two statements measuring the performance for the period, entitled "Consolidated income statement" and "Consolidated comprehensive income statement" respectively. Consequently, the Group has also changed the presentation of the Statement of Changes in Shareholders' Equity. Furthermore, as part of the Annual Improvement process for 2008 conducted by the IASB, an amendment to IAS 1 Revised was published which states that assets and liabilities resulting from derivative financial instruments designated as hedges be classified in the Balance Sheet as either current or non-current assets and liabilities. On this subject it should be noted that the adoption of this amendment did not involve any change in the presentation of assets and liabilities from derivative financial instruments due to the mixed form of presentation of the distinction between current and non-current adopted by the Group which is permitted by IAS 1.
- *IFRS 8 – Operating Segments*: this standard requires a disclosure regarding the operating sectors of the Group and replaces the need to determine the primary reporting segment (by business) and a secondary reporting segment (geographical) of the Group. In particular the standard requires the company to base the information given in its segment reporting on the same elements that management uses to make its operating decisions. It therefore requires operating segments to be identified on the basis of internal reports that are reviewed regularly by management for the allocation of resources to the various segments and for the purposes of analysing performance. The adoption of this principle had no impact on the financial position or on the performance of the Group.

  The Group established that its operating sectors were the same as those established previously according to IAS 14 *Segment Reporting*. The information on this subject is given in Note 20.
- *IAS 23 Revised – Borrowing Costs*: the revised version of this standard no longer allows borrowing costs of qualifying assets, which require a certain period of time to make the asset ready for use or for sale, to be recognized to the income statement immediately. Moreover this version of the standard was amended as part of the *Improvement* 2008 process conducted by the IASB, with a view to revising the definition of borrowing costs considered for capitalization. In accordance with the provisions of the transitional rules for this standard, the Group applied the new accounting standard prospectively as from January 1 2009, capitalizing from January 1 2009 the borrowing costs directly attributable to the acquisition, construction or production of qualifying assets with which the Group undertook the investment, incurred borrowing costs or for which the activities necessary for preparing the asset for its specific use or for sale were commenced. The adoption of this principle did not, however, have any significant effect on the accounts in the first half of 2009.

- *Amendment to IFRS 2 – Vesting Conditions and Cancellations:* the amendment to IFRS 2 – *Vesting Conditions and Cancellations* established that for the purposes of measuring share-based remuneration, only service conditions and performance conditions can be considered as vesting conditions of plans. Any other clauses must be considered as non-vesting conditions and are incorporated into the determination of fair value at the award date of the plan. The amendment also clarifies that in the event of cancellation of a plan, the same accounting treatment is applicable whether the cancellation is made by the entity or by other parties.
  This standard was applied retrospectively by the Group as from January 1 2009 but its application has not had any significant effects for the Group from the accounting point of view.
- *Improvement to IAS 19 – Employee Benefits*: this improvement clarifies the definition of cost/revenue in relation to past periods of service and establishes that if a plan is reduced, the amount posted to the income statement immediately must include only the reduction in the benefit for future periods, while the effect of any reductions relating to past periods of employment must be considered as a negative cost relating to past periods of service. This change is applicable prospectively to changes to plans taking place as from January 1 2009.
  This improvement also modified the definition of return on assets servicing the plan, establishing that this item must be shown net of any administrative costs not included in the value of the obligation. It also clarified the definition of short-term benefits and long-term benefits.
  It should be noted that the adoption of this amendment did not have any significant effect on the accounts at June 30 2009.
- *Improvement to IAS 20 – Accounting for Government Grants and Disclosure of Government Assistance*: this improvement establishes that benefits in the form of loans from the state at interest rates below market rates must be treated as state subsidies and must thus follow the rules for recognition set out in IAS 20. The previous version of IAS 20 established that for loans at a subsidized interest rate received as public entity grants, the company was not required to recognize any benefit. The Group therefore recognized the loan at the value of the cash inflow while the interest saving was posted directly to the income statement in the item Financial income (expense).
  In accordance with the transitional rules of this amendment, the Group applied the new standard as from January 1 2009 to any loans with a subsidized interest rate obtained as from that same date.
  At June 30 2009 there were no significant accounting effects resulting from the application of this improvement.
- *Improvement allo IAS 28 – Investments in Associates*: the improvement to IAS 28 establishes that for investments valued according to the equity method, any loss in value must not be allocated to the individual assets (and especially to any goodwill) that contribute to the carrying value of the investment, but to the value of the investment as a whole. Therefore, where the conditions exist for a subsequent revaluation of the asset, this recovered value must be recognized in its entirety.
  According to the transitional rules for this the Group decided to apply this amendment prospectively to any revaluations made as from January 1 2009, but there was no impact from the accounting point of view from the adoption of this new standard because during the first half of 2009 the Group did not post any recovery of value to goodwill included in the carrying value of its investments.

Moreover it should be noted that this improvement even changed some of the disclosure requirements for investments in associates and joint ventures valued at fair value in accordance with IAS 39, at the same time amending IAS 31 – *Investments in Joint Ventures* and amending IFRS 7 – *Financial Instruments: Additional Disclosures* and IAS 32 – *Financial Instruments: Presentation*. These changes, however, refer to a situation not present in the Group at the date of these Semi-Annual Financial Statements.

- *Improvement to IAS 38 – Intangible Assets*: the improvement establishes that promotional and advertising costs must be recognized to the income statement. In particular it establishes that if a company incurs expenditure giving future economic benefits without recognizing intangible assets then the promotional and advertising costs must be charged to the income statement at the moment when the company obtains the right to access the asset, in the event of a purchase of goods, or when the service is rendered, in the event of a purchase of services. The standard was also amended to allow businesses to adopt the units-of-production method to determine amortization of intangible assets with finite useful lives.
  This amendment was applied retrospectively by the Group as from January 1 2009 but its adoption did not have any particular effect on the accounts.

Amendments and interpretations applied as from January 1 2009 but not relevant for the Group
The following amendments and interpretations, applicable as from January 1 2009, regulate situations not present in the Group at the balance sheet date of these Semi-Annual Financial Statements:

- *Improvement to IAS 16 – Property, Plant and Equipment*
- *Improvement to IAS 29 – Financial Reporting in Hyperinflationary Economies.*
- *Amendment to IAS 32 – Financial Instruments: Presentation and to IAS 1 – Presentation of Financial Statements – Financial Instruments.*
- *Improvement to IAS 36 – Impairment of Assets.*
- *Improvement to IAS 39 – Financial Instruments: Recognition and Measurement.*
- *Improvement to IAS 40 – Investment Property.*
- *IFRIC 13 – Customer Loyalty Programmes.*
- *IFRIC 15 – Agreements for the Construction of Real Estate.*
- *IFRIC 16 – Hedges of a Net Investment in a Foreign Operation.*

Accounting standards, amendments and interpretations not yet applicable and not adopted early by the Group
Below are the main amendments and changes to accounting standards which are not yet applicable and which have not been adopted early by the Group. The Group is currently examining the standards and interpretations indicated and assessing whether their adoption will have a significant impact on the financial statements.

On January 10 2008 the IASB issued an updated version of IFRS 3 – *Business Combinations*, and amended IAS 27 – *Consolidated and Separate Financial Statements*. The main changes made to IFRS 3 concern the elimination of the obligation to value the individual assets and liabilities of the subsidiary at fair value in each subsequent acquisition, in the event of step acquisitions of subsidiaries. The goodwill will be determined only at the acquisition stage and will be equal to the difference between the value of the investments immediately before the acquisition, the transaction consideration and the value of the net assets acquired. Moreover in cases where the company does not acquire a stake of 100%, minority interests can be measured either at fair value or using the method previously given in IFRS 3.

The revised version of this standard also states that all costs relating to the business combination must be charged to the income statement and that liabilities for contingent consideration should be recognized on the acquisition date. In the amendment to IAS 27 the IASB established that any changes to the percentage of the stake non constituting loss of control must be treated as equity transactions and thus have an offset in shareholders' equity. It was also established that when a parent company cedes control of one of its investees but still continues to hold an investment in the company, it must measure the investment kept on its books at fair value and recognize any profit or loss resulting from the loss of control to the income statement.
Lastly, the amendment to IAS 27 requires that all losses attributable to minority shareholders be allocated to minority interests even when these losses are greater than portion of the capital of the investee.
These new rules must be applied prospectively as from January 1 2010.

As part of the Improvement 2008 process conducted by the IASB, the amendment made to IFRS 5 – *Non-current Assets Held for Sale and Discontinued Operations* establishes that if a businesses is engaged in a plan of disposal involving the loss of control of a subsidiary, all the assets and liabilities of the subsidiary must be reclassified under assets held for sale, even if the business will still hold a minority shareholding in that subsidiary after the sale.
This amendment must be applied prospectively as from January 1 2010.

On July 31 2008 the IASB issued an amendment to *IAS 39 – Financial Instruments: Recognition and Measurement*, which must be applied retrospectively as from January 1 2010. The amendment clarifies the application of the standard for the definition of the underlying being hedged in particular situations.
As of the date of these Semi-Annual Financial Statements the competent authorities of the European Union have not yet completed the ratification process necessary for it to be applied.

On November 27 2008 the IFRIC issued Interpretation IFRIC 17 – *Distributions of Non-cash Assets to Owners* in order to harmonize the accounting treatment of distributions of non-cash assets to shareholders. The interpretation specifically clarifies that a dividend payable must be recognized when the dividends have been authorized appropriately and that the payable must be measured at the fair value of the equity that will be used for the dividend payout. Lastly, the company must recognize to the income statement the difference between the dividend paid out and the net book value of the assets used for the payment.
The interpretation is applicable prospectively from January 1 2010. As of the date of these Semi-Annual Financial Statements the competent authorities of the European Union have not yet completed the ratification process necessary for it to be applied.

On January 29 2009 the IFRIC issued Interpretation IFRIC 18 – *Transfers of Assets from Customers* which specifies the accounting treatment to be adopted if a company signs an agreement with a customer to receive from the customer a tangible asset to be used to connect the customer up to a network or provide him with goods and services (e.g. the supply of electricity, gas, water). In some cases the company actually receives cash from the client in order to build or acquire the tangible asset that will be used to fulfil the terms of the contract.

This interpretation is applicable prospectively from January 1 2010. As of the date of these Semi-Annual Financial Statements the competent authorities of the European Union have not yet completed the ratification process necessary for it to be applied.

On March 5 2009 the IASB issued an amendment to IFRS 7 – *Financial Instruments: Additional Disclosures* to enhance the level of disclosures required for fair value measurement, especially regarding the procedure for determining fair value. Through the definition of a fair value "hierarchy", organized into three levels, based on the characteristics of the input used when the instrument is measured.
This amendment is applicable as from January 1 2009. As of the date of these Semi-Annual Financial Statements the competent authorities of the European Union have not yet completed the ratification process necessary for it to be applied.

On March 12 2009, the IASB issued an amendment to IFRIC 9 – *Reassessment of Embedded Derivatives* and to IAS 39 – *Financial Instruments: Recognition and Measurement* which allows entities to reclassify particular financial instruments out of the 'fair value through profit or loss' category in specific circumstances. These amendments clarify that on reclassification of a financial asset out of the 'fair value through profit or loss' category, all embedded derivatives have to be assessed and, if necessary, separately accounted for in the financial statements.
The amendments apply retrospectively and must be applied as from December 31 2009. As of the date of these Semi-Annual Financial Statements the competent authorities of the European Union have not yet completed the ratification process necessary for them to be applied.

On April 16 2009 the IASB issued a set of improvements to IFRS. Below are those indicated by the IASB as changes which involve a change in presentation, recognition and measurement of the items in the financial statements, omitting those which will only involve a change in terminology or styling with minimum effects from the accounting viewpoint, or those which affect standards or interpretations not applicable to the Group.

- IFRS 2 – *Share-based payments*: the amendment, which must be applied as from January 1 2010 (earlier application is permitted) clarified that since IFRS 3 has amended the definition of a business combination, the spin-off of a business arm for the formation of a joint venture or a combination of businesses or business arms into jointly controlled entities is no longer subject to the terms of IFRS 2.
- IFRS 5 – *Non-current Assets Held for Sale and Discontinued Operations*: the amendment, applicable prospectively as from January 1 2010, clarified that IFRS 5 and other IFRS that refer specifically to non-current assets (or groups of assets) classified as available for sale or as discontinued operations contain all the information needed for this kind of asset or operation.
- IFRS 8 – *Operating Sectors*: this amendment, which must be applied as from January 1 2010, requires businesses to give the total value of the assets of each sector subject to disclosure, provided that this value is reported periodically to the chief operating decision maker. Previously this information was required even when the above condition did not exist. Early application of this amendment is permitted.
- IAS 1 – *Presentation of Financial Statements*: this amendment, which must be applied as from January 1 2010 (and with early adoption possible), changes the definition of current liabilities contained in IAS 1. The previous definition required all convertible liabilities that could be cancelled at any moment by the issue of equity instruments to be classified as current liabilities. This meant that liabilities relating to bonds convertible at any time by the issuer into equity had to be recorded as current liabilities. Following this amendment,

for current/non-current classification it is now irrelevant whether a liability has a currently exercisable option for conversion into equity instruments.

- IAS 7 – *Cash Flow Statement*: The amendment, which must be applied as from January 1 2010, requires that only cash flows from expenditure that leads to the recognition of an asset in the Balance Sheet can be classified in the Cash Flow Statement as from investment activity, while cash flows from expenditure which does not give rise to the recognition of a tangible asset (as may be the case for promotional and advertising expense or personnel training costs) must be classified as resulting from operating activity.
- IAS 17 – *Leasing*: following changes made, the general conditions of IAS 17 for the classification of a contract as a finance lease or an operating lease will now apply to leased land independently of whether title of ownership is obtained on expiry of the contract. Before the changes, the accounting standard stated that when ownership title of the land being leased was not transferred on expiry of the lease agreement, then the same was classified as an operating lease as it had an indefinite useful life. This amendment applies as from January 1 2010. As of the adoption date all land with a lease contract already in place which has not yet expired will have to be valued separately, with retrospective recognition of a new leasing agreement accounted for as if the contract was a finance lease.
- IAS 36 – *Impairment of assets*: this amendment, which will apply prospectively from January 1 2010, requires that each operating unit or group of operating units to which goodwill is allocated for the purposes of the impairment test should not be larger than an operating segment as defined in paragraph 5 of IFRS 8, before the combination permitted by paragraph 12 of the same IFRS on the basis of similar economic characteristics or other elements of similarity.
- IAS 38 – *Intangible assets*: the revision of IFRS 3 carried out in 2008 established that there is sufficient information to measure the fair value of an intangible asset acquired during a business combination if the asset is separable or if it derives from contractual or legal rights. IAS 38 was therefore amended to reflect this change to IFRS 3. The amendment also clarified the measurement techniques to be commonly used to measure the fair value of intangible assets for which there is no active market. Specifically these techniques include either an estimate of net cash flows generated by the asset discounted to present value, or an estimate of the costs that the company has avoided by owning the asset and not having to use it under lease from a third party, or an estimate of the costs necessary to recreate or replace it (as in the so-called cost method). This amendment should be applied prospectively from January 1 2010. However where IFRS 3 revised is adopted early this amendment should also be adopted early.
- IAS 39 – *Financial Instruments: Recognition and Measurement*: this amendment limits the scope of exemption contained in paragraph 2g of IAS 39 to forward contracts between a purchaser and a shareholder seller for the purposes of the sale of a business into a business combination at a future acquisition date, when the completion of the business combination does not depend on further shares of one or the other of the parties, but only on the passing of an appropriate period of time.
  The amendment clarifies on the other hand that IAS 39 is applicable to option contracts (whether or not they are currently exercisable) that give one of the two parties control over whether or not future events take place and exercise of which would lead to control of a business. The amendment also clarifies that the implied penalties for the prepayment of loans, the price of which compensates the lender for the loss of any further interest, must be considered as strictly correlated with the loan agreement of which they are a provision, and thus shall not be accounted for separately.
  Lastly, the amendment clarifies that gains and losses on a hedged financial instrument must be reclassified from shareholders' equity to the income statement in the period in

which the expected cash flow affects the income statement. This amendment applies prospectively from January 1 2010 and early adoption is allowed.

- IFRIC 9 – Reassessment of Embedded Derivatives: the amendment, which applies prospectively as from January 1 2010, excludes from the scope of application of IFRIC 9 any derivatives embedded in contracts acquired during business combinations at the moment that jointly controlled companies or joint ventures are formed.

As of the date of these Semi-Annual Financial Statements the competent authorities of the European Union have not yet completed the ratification process necessary for the above improvements to be applied.

In June 2009, the IASB issued an amendment to IFRS 2 – *Share-based Payments*. The amendment clarifies the scope of application of IFRS 2 and the relationships existing between this and other accounting standards. In particular it clarifies that a company receiving goods or services under share-based payment plans must account for these goods or services independently of which company of the group actually settles the transaction, and independently of whether settlement takes place in cash or in shares. It also establishes that the term "group" should have the same meaning that it has in IAS 27 – *Consolidated and Separate Financial Statements*, i.e. it should include the parent company of the group and its subsidiaries. The amendment also specifies that a company must measure the goods or services received within the scope of a transaction settled in cash or in shares from its own viewpoint, which might not coincide with that of the group or with the amount recognized in the consolidated financial statements. The amendment incorporates the guidelines previously included in IFRIC 8 – Scope of IFRS 2 and in IFRIC 11 – IFRS 2 – Group and Treasury Share Transactions. As a result of this, the IASB has withdrawn IFRIC 8 and IFRIC 11.
This amendment applies from January 1 2010. As of the date of these Semi-Annual Financial Statements the competent authorities of the European Union have not yet completed the ratification process necessary for its application.

NOTES ON THE BALANCE SHEET

7. NON-CURRENT ASSETS

7.a. INTANGIBLE ASSETS

	Opening position			*Changes in the period*		
	Historical cost	*Accum. amort. & write-downs*	*Net balance 31.12.2008*	*Acquisitions*	*Combinations sales of businesses*	
(in thousands of euro)					*increases*	*decreases*
Start-up and expansion costs	75	(72)	3	--	--	--
Capitalized development costs						
- purchased	--	--	--	--	--	--
- produced internally	56,044	(34,067)	21,977	3,161	--	--
Industrial patents and intellectual property rights	11,084	(8,877)	2,207	8	--	--
Concessions, licenses, trademarks & similar ri	79,484	(63,472)	16,012	6,266		--
Titles and trademarks	400,245	--	400,245	--	--	--
Frequencies	218,502	--	218,502	380	--	--
Goodwill	643,627	(54,693)	588,934	28,245	2,549	(726)
Assets in process & advance payments						
- purchased	7,658	--	7,658	4,489	208	--
- produced internally	4,336	(7)	4,329	1,962	--	--
Others	11,755	(7,123)	4,632	248	303	--
Total	1,432,810	(168,311)	1,264,499	44,759	3,060	(726)

Intangible assets rose from € 1,264,499 thousand at December 31 2008 to € 1,303,680 thousand at June 30 2009.

In particular, the rises in goodwill due to acquisitions recorded in the period refer substantially to the effects of the subscription by the Group of a capital increase in Sorgenia.

Changes in the period				Closing position		
Exchange rate differences	*Other changes*	*Net disposals cost*	*Amort. & write-downs*	*Historical cost*	*Accum. amort. & write-downs*	*Balance 30.06.2009*
--	--	--	(1)	75	(73)	2
--	--	--	--	--	--	--
790	238	--	(3,452)	61,724	(39,010)	22,714
(2)	182	--	(247)	11,608	(9,460)	2,148
(13)	1,186	--	(4,209)	86,874	(67,632)	19,242
--	--	--	--	400,245	--	400,245
--	--	--	--	218,882	--	218,882
--	(43)	--	--	673,652	(54,693)	618,959
11	(1,350)	--	--	11,016	--	11,016
(70)	(471)	--	--	5,757	(7)	5,750
61	(2)	--	(520)	12,879	(8,157)	4,722
777	(260)	--	(8,429)	1,482,712	(179,032)	1,303,680

DEPRECIATION RATES

Description	*%*
Capitalized development costs	20-33%
Industrial patents and intellectual property rights	4-20%
Concessions, licenses, trademarks and similar rights	16-30%
Other intangible assets	16-30%

GOODWILL, TRADEMARKS AND OTHER ASSETS WITH AN INDEFINITE USEFUL LIFE

A more detailed analysis of the main items making up the item intangible assets with an indefinite useful life is given in the following charts.

Titles and trademarks:

(in thousands of euro)	*30.06.2009*	*31.12.2008*
la Repubblica	229,952	229,952
Il Piccolo / Messaggero Veneto	104,527	104,527
Local newspapers	61,222	61,222
Other titles and trademarks	4,544	4,544
Total	400,245	400,245

Frequencies:

(in thousands of euro)	*30.06.2009*	*31.12.2008*
Radio frequencies	80,599	80,219
Television frequencies	138,283	138,283
Total	218,882	218,502

Goodwill:

(in thousands of euro)	*30.06.2009*	*31.12.2008*
Utilities sector (Sorgenia Group)	260,928	232,964
Media sector (Espresso Group)	140,111	139,830
Healthcare sector (HSS Group)	121,893	120,070
Automotive sector (Sogefi Group)	96,027	96,070
Total	618,959	588,934

In detail, goodwill was allocated to the cash-generating units (CGUs) identified according to the operating sectors of the group. The chart above shows the allocation of goodwill by operating sector of the group.
For the purposes of carrying out the Impairment test on goodwill, the estimate of the value recoverable for each cash generating unit, as defined by IAS 36, was made on the basis of value in use, i.e. fair value less costs to sell.
Value in use was calculated by discounting to net present value, at an appropriate discount rate, the future cash flows generated by the unit in its productive phase and at the moment of its disposal (*discounted cash flow method*).
The cash flows of the single operating units were extrapolated from the budgets and forecasts made by management. These plans were then processed on the basis of economic trends recorded in previous years and using the forecasts made by leading analysts on the outlook for the respective markets and more in general on the evolution of each business sector.

To determine the value in use of a Cash Generating Unit correctly, it was necessary to evaluate the amount of the cash flows expected by the unit, expectations regarding possible changes in amount and timing of these cash flows, the discount rate to use and any other risk factors affecting the specific unit.

In order to determine the discount rate to use, an estimate was made of the weighted average cost of capital invested (WACC) net of inflation, gross of taxes at sector level and independently of the financial structure of the individual company/subgroup.

The fair value less costs to sell of an asset or a group of assets (e.g. a Cash Generating Unit) is best expressed in the price “made” in a binding sale agreement between independent parties, net of any direct disposal costs. If this information was not available, the fair value net of costs to sell was determined in relation to the following trading prices, in order of importance:

- the current price traded in an active market; the previous price for a similar transaction;
- the estimated price based on information obtained by the company.

At June 30 2009 no indicators of impairment were identified. In fact the impairment test carried out at December 31 2008 confirmed that there was no need to make any changes to the values shown in the financial statements. An analysis of the performance of the sales and margins of the CGUs in the first half of 2009 and the prospects in relation to the plans and assumptions used for the impairment test at December 31 2008, allow us to confirm that the results of the impairment test are holding up and that the carrying values are still appropriate.

7.b. TANGIBLE ASSETS

	Opening position			Changes in the period		
	Historical cost	Accum. deprec. & write-downs	Net balance 31.12.2008	Acquisitions	Combinations sales of businesses	
(in thousands of euro)					increases	decreases
Land	54,495	--	54,495	73	--	--
Buildings for business use	343,792	(109,820)	233,972	870	8,554	--
Plant and machinery	1,564,354	(772,990)	791,364	5,164	1,857	--
Industrial & comm. equipment	106,603	(80,607)	25,996	1,212	--	--
Other assets	231,874	(164,257)	67,617	2,637	301	--
Assets under construction & adv. paymen	618,852	(2,311)	616,541	190,461	--	--
Total	2,919,970	(1,129,985)	1,789,985	200,417	10,712	--

Tangible assets rose from € 1,789,985 thousand at December 31 2008 to € 1,951,445 thousand at June 30 2009.

The rises in the period mainly regard the capitalization by the Sorgenia group of costs for the development of plans for the construction of the Modugno thermoelectric power plant and investment in photovoltaic panels relating to the development of projects in the renewable sources business.

DEPRECIATION RATES

Description	*%*
Buildings used for business	3.00%
Plant and machinery	10.00-25.00%
Other assets:	
- Electronic office equipment	20.00%
- Furniture and fittings	12.00%
- Motor vehicles	25.00%

Changes in the period					Closing position		
Capitalized financial expense	*Exchange rate differences*	*Other changes*	*Net disposals cost*	*Depreciation & write-downs*	*Historical cost*	*Accum. deprec. & write-downs*	*Balance 30.06.2009*
--	156	(2,054)	(437)	--	52,233	--	52,233
--	1,750	550	(451)	(5,508)	356,074	(116,337)	239,737
--	3,469	40,342	(3,219)	(40,259)	1,614,801	(816,083)	798,718
--	367	1,895	(5)	(4,270)	109,335	(84,140)	25,195
--	72	1,124	(510)	(8,094)	234,943	(171,796)	63,147
8,744	740	(43,513)	(558)	--	774,726	(2,311)	772,415
8,744	6,554	(1,656)	(5,180)	(58,131)	3,142,112	(1,190,667)	1,951,445

7.c. INVESTMENT PROPERTY

	Opening position			Changes in the period		
	Historical cost	*Accum. deprec. & write-downs*	*Net balance 31.12.2008*	*Acquisitions*	*Combinations sales of businesses*	
(in thousands of euro)					*increases*	*decreases*
Properties	20,299	(1,612)	18,687	--	--	--
Total	20,299	(1,612)	18,687	--	--	--

Investment property declined from € 18,687 thousand at December 31 2008 to € 18,401 thousand at June 30 2009. The value recorded in the financial statements corresponds substantially to market value.

DEPRECIATION RATES

Description	*%*
Buildings	3.00%

Changes in the period					Closing position		
Capitalized financial expense	Exchange rate differences	Other changes	Net disposals cost	Depreciation & write-downs	Historical cost	Accum. deprec. & write-downs	Balance 30.06.2009
--	--		--	(286)	20,299	(1,898)	18,401
--	--	--	--	(286)	20,299	(1,898)	18,401

LEASING

The position of assets under leasing as of June 30 2009 and of restrictions applied to tangible assets on account of guarantees and commitments is as follows:

(in thousands of euro)	*Gross leasing amount*		*Accumulated depreciation*		*Restrictions for guarantees & commitments*	
	30.06.2009	*31.12.2008*	*30.06.2009*	*31.12.2008*	*30.06.2009*	*31.12.2008*
Land	2,515	2,515	--	--	3,139	3,139
Buildings	58,950	49,820	6,569	5,569	76,598	76,598
Plant and machinery	22,426	33,272	9,209	18,901	211,775	211,649
Other assets	2,369	2,047	1,416	1,258	284	287
Assets under construction and advance payments	471	--	--	--	347,113	322,560

The “Restrictions for guarantees and commitments” in the item “Assets under construction and advance payments” refer to collateralized loans made to Energia Modugno S.p.A..

7.d. INVESTMENTS IN COMPANIES VALUED AT EQUITY

(in thousands of euro)

	%	*Balance 31.12.2008*	*Increases*	*Decreases*	*Dividends*	*Share of result Loss*	*Share of result Income*	*Other changes*	*Balance 30.06.2009*
Tirreno Power S.p.A.	50.00	243,612	--	--	(50,121)	--	29,481	(1,922)	221,050
Le Scienze S.p.A.	50.00	385	--	--	(309)	--	122	--	198
Editoriale La Libertà S.p.A.	35.00	23,560	--	--	--	--	304	--	23,864
Editoriale Corriere di Romagna S.p.A.	49.00	3,035	--	--	--	(44)	--	--	2,991
Altrimedia S.p.A.	35.00	770	--	--	(140)	--	61	--	691
Allevard Ressorts Composites S.A.	50.00	101	--	--	--	--	--	--	101
KTP Global Finance S.C.A.	47.54	--	--	--	--	--	--	--	--
Resource Energy B.V.	47.50	1,047	--	--	--	--	--	--	1,047
GICA S.A.	25.00	214	569	--	--	(172)	--	--	611
Fingas S.r.l.	50.00	7,778	--	--	--	(61)	--	--	7,717
Parc Éolien d’Epense S.a.s.	25.00	2,261	--	--	--	--	--	(55)	2,206
Voie Sacrée S.a.s.	24.86	61	--	--	--	--		(46)	15
Total		282,824	569	--	(50,570)	(277)	29,968	(2,023)	260,491

7.e. OTHER EQUITY INVESTMENTS

(in thousands of euro)	*%*	*30.06.2009*	*31.12.2008*
Sanatrix S.r.l.	26.44	5,105	5,105
Ansa S. Coop. A.R.L.	18.48	2,209	2,209
Tecnoparco Valbasento	20.00	516	516
Fidia S.r.l.	50.00	504	402
Emittenti Titoli S.p.A.	5.44	132	132
E-Ink Corporation	0.05	81	81
Others	--	1,624	1,237
Total		10,171	9,682

The values of the investments shown in the balance sheet correspond to cost, less any impairment, where applicable, and are considered to be substantially equivalent to the fair value of the same investments.

7.f. OTHER RECEIVABLES

The item "Other receivables" at June 30 2009 had a balance of € 230,618 thousand, compared to € 236,147 thousand at December 31 2008 and refers for € 20,191 thousand (€ 20,191 thousand at December 31 2008) to the subscription of Preferred Equity Certificates (PECS) by CIR International S.A. and CIR Investment Affiliate S.A. in the company KTP Global Finance (formerly Oakwood Global Finance), a jointly controlled entity.
At June 30 2009 this item also included € 122,065 thousand (€ 126,506 thousand at December 31 2008) of receivables (unsecured and mortgage-based) of the securitization company Zeus Finance S.r.l., € 34,026 thousand (€ 20,800 thousand at December 31 2008) of tax receivables with Inland Revenue for IVA rebates applied for by the Sorgenia group and € 23,971 thousand (€ 22,958 thousand at December 31 2008) of security deposits made to suppliers of the Sorgenia group for the purchase of CIP 6 energy and wind turbines.

7.g. SECURITIES

"Securities" amounted to € 88,360 thousand at June 30 2009, up from € 84,633 thousand at December 31 2008 and refer mainly to investments in private equity funds. These funds were measured at fair value recognizing to the fair value reserve a negative amount of € 5,147 thousand (a positive figure of € 6,351 thousand at December 31 2008).
At June 30 2009 the remaining commitment for investment in private equity funds stood at approximately € 29 million.

7.h. DEFERRED TAXES

The amounts refer to taxes resulting from deductible temporary differences and from losses carried forward, which are deemed to be recoverable.

The breakdown of "Deferred tax assets and liabilities" by type of temporary difference, is as follows:

(in thousands of euro)	*30.06.2009*		*31.12.2008*	
	Difference	*Tax*	*Difference*	*Tax*
Temporary difference liabilities from:				
- write-down of current assets	103,946	32,711	86,713	26,743
- write-down of fixed assets	63,132	21,340	60,913	20,450
- revaluation of current liabilities	14,525	4,627	12,319	4,041
- revaluation of personnel provisions	33,930	10,547	33,909	10,600
- revaluation of provisions for risks and losses	77,645	23,266	66,822	19,740
- revaluation of long-term debt	322	104	205	66
- write-down of financial instruments	44,517	14,157	24,862	7,617
- tax losses from prior periods	120,867	36,409	99,428	28,844
Total deferred tax assets	**458,884**	**143,161**	**385,171**	**118,101**

Temporary difference assets from:				
- revaluation of current assets	35,089	11,834	14,812	6,571
- revaluation of fixed assets	495,474	157,052	506,513	158,491
- write-down of current liabilities	17,110	5,024	5,259	2,733
- valuation of personnel provisions	17,763	4,892	19,245	5,283
- write-down of provisions for risks and losses	1,131	336	1,931	605
- revaluation of financial instruments	3,802	1,191	3,886	1,220
Total deferred tax liabilities	**570,370**	**180,329**	**555,646**	**174,903**
Net deferred taxes		**(37,168)**		**(56,802)**

The deferred taxes credited directly to shareholders' equity during the period amounted to € 314 thousand.

Earlier losses not utilized for the calculation of deferred taxes refer to the company CIR International for € 419.4 million which can be carried forward indefinitely, and the Sogefi group for € 14.5 million. It should be pointed out that no deferred tax assets were calculated for these losses because at present conditions are such that there is no certainty that they can be recovered.

8. <u>CURRENT ASSETS</u>

8.a. INVENTORIES

Inventories can be broken down as follows:

(in thousands of euro)	*30.06.2009*	*31.12.2008*
Raw materials, secondary materials and consumables	58,042	73,668
Work in progress and semi-finished goods	15,337	15,979
Finished goods and merchandise	77,402	105,537
Advance payments	190	127
Total	150,971	195,311

The value of stocks is shown net of any write-down made either in past years or in this current period and take into account the degree of obsolescence of finished goods, merchandise and secondary materials.

8.b. TRADE RECEIVABLES

(in thousands of euro)	*30.06.2009*	*31.12.2008*
Receivables - clients	1,108,789	1,209,028
Receivables – controlling companies	275	--
Receivables – subsidiaries and joint ventures	26,607	24,091
Receivables – associated companies	848	570
Total	1,136,519	1,233,689

"Receivables - clients" are non-interest bearing and have an average maturity in line with market conditions. The net increase is mainly due to the increase in revenues.
Trade receivables are shown net of any write-downs taking credit risk into account.
In the first six months of 2009 provisions were made for the write-down of receivables for the sum of € 21,160 thousand, and there were also losses on receivables of € 2,334 thousand.

The item "Receivables – controlling companies" refers to services carried out by CIR S.p.A. on behalf of its parent company Cofide S.p.A. during the first half of the year.

The "Receivables – subsidiaries and joint ventures" represent intercompany receivables not eliminated because they refer to companies not fully consolidated line by line. The balance at June 30 2009 refers mainly to receivables from Tirreno Power S.p.A..

8.c. OTHER RECEIVABLES

(in thousands of euro)	*30.06.2009*	*31.12.2008*
Receivables – associated companies	1,547	1,288
Tax receivables	116,273	111,875
Receivables - others	77,573	250,590
Total	195,393	363,753

The item "Receivables - others" at December 31 2008 included the receivable of € 150 million with Verbund following the subscription of a Bond issued by Sorgenia Holding S.p.A. and converted into shares on June 17 2009.

8.d. FINANCIAL RECEIVABLES

"Financial receivables" rose from € 25,721 thousand at December 31 2008 to € 35,164 thousand at June 30 2009 and refer for € 33,375 thousand to the fair value of electricity hedging contracts entered into by the Sorgenia group.

8.e. SECURITIES

This item consists of the following categories of securities:

(in thousands of euro)	*30.06.2009*	*31.12.2008*
Italian Government securities or equivalent securities	4,010	345,223
Investments funds and similar funds	28,422	38,253
Bonds and notes	48,937	36,130
Certificates of deposit and miscellaneous securities	114,025	93,756
Total	195,394	513,362

The measurement at fair value of the item "Securities" involved a positive adjustment to the income statement of € 18.2 million.

8.f. AVAILABLE-FOR-SALE FINANCIAL ASSETS

This item consists entirely of shares in hedge funds and redeemable shares in asset management companies held by Medinvest, which collects excess liquidity that the Group has available on a regular basis. The degree of liquidity of the investment is a function of the time required for the redemption of the funds in which Medinvest invests, which normally varies from one to three months.
Diversification between categories of funds gives the performance of Medinvest a low level of volatility.
Assigning a fair value to the funds held by Medinvest meant making an adjustment to the value of these funds of € 18,674 thousand (€ 45,791 thousand at December 31 2008). The effects of this valuation on CIR's shareholders' equity for the amount pertaining to the Group came to € 18,674 thousand (€ 36,768 thousand at December 31 2008). The amount of fair value credited to the income statement for the period on the sale of some of the funds came to € 35,959 thousand.
During the first half of 2009 the adjustment of the fair value of certain funds led to a negative adjustment to the income statement of € 6,895 thousand.
To cover the exchange rate risk resulting from the translation of the part of the equity of Medinvest denominated in USD into the functional currency of the Group, hedging contracts were entered into, the effects of which are indicated under item 9.b. "Reserves" in the breakdown of the "Translation reserve".

8.g. CASH AND CASH EQUIVALENTS

Cash and cash equivalents fell from € 616,363 thousand at December 31 2008 to € 577,270 thousand at June 30 2009.
A breakdown of the change during the period is given in the cash flow statement.

9. SHAREHOLDERS' EQUITY

9.a. SHARE CAPITAL

At June 30 2009 share capital stood at 395,587,633.50, unchanged from December 31 2008, and was made up of 791,175,267 shares each with a nominal value of € 0.50.
At June 30 2009 the Company was holding 43,074,000 of its own shares (5.44% of capital) for a total value of € 98,657 thousand, up from 42,974,000 shares with a value of € 98,583 thousand at December 31 2008.
In application of IAS 32, as from January 1 2005 the treasury stock held by the Parent Company is being deducted from shareholders' equity.

On this subject, for the sake of clarity, the nominal value of the shares held was deducted directly from amount of share capital issued.

The share capital is fully subscribed and paid up. No shares carry any rights, privileges or restrictions on the distribution of dividends, except for the own shares held a treasury stock.

It should be pointed out that Board of Directors was given the power for a period of five years starting from April 27 2005 to increase the share capital either in one or several tranches up to a maximum of € 500 million (nominal value) and for a further maximum of € 20 million (nominal value) in favour of employees of the Company and its subsidiaries and parent companies.

Regarding stock option plans, at June 30 2009 there were 49,204,400 options in circulation, corresponding to the same number of shares.
The figurative cost of the stock options assigned to employees, which was posted to a special equity reserve, totalled € 3,072 thousand at June 30 2009.

9.b. RESERVES

The evolution and breakdown of the item "Reserves" is given below:

(in thousands of euro)	*Share premium reserve*	*Legal reserve*	*Fair value* reserve	*Translation reserve*	*Treasury stock reserve*	*Stock option* reserve	*Other reserves*	*Total reserves*
Balance at December 31 2007	33,359	115,969	154,860	(17,261)	19,822	11,794	94,440	412,983
Capital increases	243	--	--	--	--	--	--	243
Dividends unclaimed as per Art. 23 of the Bylaws	--	--	--	--	--	--	13	13
Fair value measurement of hedging instruments	--	--	(6,169)	--	--	--	--	(6,169)
Fair value measurement of securities	--	--	(54,525)	--	--	--	--	(54,525)
Securities fair value reserve recognized to income statement	--	--	(53,073)	--	--	--	--	(53,073)
Adjustment for own share transactions	--	--	--	--	1,665	--	--	1,665
Recognition of notional cost of stock options	--	--	--	--	--	905	--	905
Effects of equity changes in subsidiaries	--	--	(10,921)	4	--	--	10,052	(865)
Currency translation differences	--	--	7,831	(1,152)	--	--	--	6,679
Balance at December 31 2008	33,602	115,969	38,003	(18,409)	21,487	12,699	104,505	307,856
Capital increases	--	--	--	--	--	--	--	--
Fair value measurement of hedging instruments	--	--	(1,594)	--	--	--	--	(1,594)
Fair value measurement of securities	--	--	(1,608)	--	--	--	--	(1,608)
Securities fair value reserve recognized to income statement	--	--	(36,304)	--	--	--	--	(36,304)
Adjustment for own share transactions	--	--	--	--	50	--	--	50
Recognition of notional cost of stock options	--	--	--	--	--	3,072	--	3,072
Effects of equity changes in subsidiaries	--	--	8,994	--	--	--	(3,896)	5,098
Currency translation differences	--	--	(565)	2,028	--	--	--	1,463
Balance at June 30 2009	33,602	115,969	6,926	(16,381)	21,537	15,771	100,609	278,033

The "Share premium reserve" totalled € 33,602 thousand at June 30 2009 and was unchanged from December 31 2008.

The "Fair value reserve" had a balance at June 30 2009 of € 6,926 (€ 38,033 thousand at December 31 2008) and referred for a negative amount of € 4,620 thousand (a positive € 6,903 thousand at December 31 2008) to the valuation of "Securities" in item 7.g., for € 18,674 thousand (€ 36,768 thousand at December 31 2008) to the valuation of "Available-for-sale financial assets" in item 8.f. and to the valuation of hedging instruments for a negative amount of € 7,128 thousand (a negative € 5,668 thousand at December 31 2008).

The “Translation reserve” had a negative balance of € 16,381 thousand at June 30 2009 with the following breakdown:

(in thousands of euro)	*31.12.2008*	*Increases*	*Decreases*	*30.06.2009*
Sogefi group	(9,110)	5,988	--	(3,122)
CIR Ventures	(2,783)	--	(172)	(2,955)
Medinvest	(5,548)	--	(1,898)	(7,446)
Medinvest hedging effect	(1,006)		(1,863)	(2,869)
Sorgenia	(54)	--	(27)	(81)
Other	92	--	--	92
Total	(18,409)	5,988	(3,960)	(16,381)

The item “Other reserves” had the following breakdown at June 30 2009:

(in thousands of euro)

Reserve for capital increases	3
Extraordinary reserve	89
Reserve as per Art. 6 of D.Lgs no. 38 of 28/02/2005	(74)
Reserve for the difference between the carrying values of investee companies and the respective portions of consolidated shareholders’ equity	100,591
Total	100,609

The changes in treasury stock during the period were as follows:

(in thousands of euro)	*Number of shares*	*Value*
Balance at December 31 2008	42,974,000	98,583
Increases	100,000	74
Balance at June 30 2009	43,074,000	98,657

9.c. RETAINED EARNINGS (LOSSES)

The changes in Retained earnings (losses) are shown in the “Statement of Changes in Shareholders’ Equity”.

10. NON-CURRENT LIABILITIES

10.a. BONDS AND NOTES

The detail of the item “Bonds and Notes”, net of intercompany elimination, is as follows:

(in thousands of euro)	*Effective rate*	*30.06.2009*	*31.12.2008*
CIR S.p.A. 5.75% Note 2004/2024	5.90%	274,515	266,724
CIR International S.A. 6.375% Note 2003/2011	6.03%	152,964	170,935
Gruppo Editoriale L’Espresso S.p.A. 5.125% Note 2004/2014	4.82%	309,264	307,221
Sorgenia Holding S.p.A. Bond		--	150,000
Société Française d’Eoliennes (SFE) 6.5% Note 2006/2016	6.50%	2,437	578
Total		739,180	895,458

In application of IAS 32 and 39, the original values of bond and note issues were written down to account for expenses incurred and bond issuance discounts.

At June 30 2009 CIR International was holding a nominal € 30,000 thousand (unchanged from December 31 2008) of the CIR 5.75% Note issue 2004/2024.

It should be noted that during the first half of 2009 CIR International S.A. bought back and then cancelled a nominal € 12,000 thousand of the Note maturing in 2011.
It should also be remembered that the Sorgenia Holding S.p.A. bond was converted into shares on June 17 2009.

10.b. OTHER BORROWINGS

(in thousands of euro)	*30.06.2009*	*31.12.2008*
Collateralized bank loans	142,020	154,194
Other bank loans	1,183,930	1,344,104
Finance leases	82,798	67,067
Other borrowings	88,439	88,250
Total	1,497,187	1,653,615

The item “Other bank loans” consists mainly of the following:

- a nominal € 44,000 thousand made to Energia Italiana by Banca Monte dei Paschi di Siena at a floating rate and with maturity in 2010, the interest rate being Euribor 3/6M + spread;

- a nominal € 149,500 thousand made to Sorgenia by Banca Intesa SanPaolo at a floating rate and with maturity in 2012, the interest being Euribor 3/6M + spread;

- a nominal € 100,000 thousand made to Sorgenia by Banca Intesa SanPaolo at a floating rate and with maturity in 2014, the interest rate being Euribor 3/6M + spread;

- a nominal € 363,000 thousand made to Sorgenia by Banca Monte dei Paschi di Siena at a floating rate and with maturity in 2012, the interest rate being Euribor 3/6M + spread;

- a nominal € 162,000 thousand made to Sorgenia Power S.p.A. by Banca Monte dei Paschi di Siena at a floating rate and with maturity in 2013, the interest rate being Euribor 3/6M + spread;

- a nominal € 215,650 thousand made to Sorgenia Puglia S.p.A. by Banca Monte dei Paschi di Siena at a floating rate and with maturity in 2014, the interest rate being Euribor 3/6M + spread;

- a nominal € 11,000 thousand made to Sorgenia Idro S.r.l. by Banca Popolare di Milano at a floating rate and with maturity in 2015, the interest rate being Euribor 3/6M + spread;

- € 36,018 thousand as partial drawdown of a loan agreement for € 50,000 thousand, signed by Sogefi S.p.A. with maturity in 2013 at a floating rate of three month Euribor plus a spread of 32.5 basis points;

- € 77,581 thousand as partial drawdown of a loan agreement for € 100,000 thousand, signed by Sogefi S.p.A. with maturity in 2013 at a floating rate with a spread of 30 basis points over three month Euribor;

- € 59,518 thousand as partial drawdown of a syndicated loan agreement signed in June 2008 by Sogefi S.p.A. with maturity in 2013 for a total of € 160,000 thousand with a pool of banks lead managed by ING Bank N.V. and Intesa Sanpaolo S.p.A., at a floating rate and a spread of 50 basis points over three month Euribor.

10.c. PERSONNEL PROVISIONS

The breakdown of these provisions is as follows:

(in thousands of euro)	*30.06.2009*	*31.12.2008*
Employee leaving indemnity (TFR)	107,941	112,682
Retirement funds and similar obligations	31,273	34,800
Total	139,214	147,482

(in thousands of euro)	*30.06.2009*	*31.12.2008*
Opening balance	147,482	159,278
Provisions made for work done during the period	11,694	24,820
Increases for interest	683	5,480
Actuarial gains or losses	(1,226)	(289)
Benefits paid out	(10,902)	(20,866)
Increases or decreases due to changes in consolidation area	12	2,088
Other changes	(8,529)	(23,029)
Closing balance	139,214	147,482

10.d. PROVISIONS FOR RISKS AND LOSSES

The breakdown and changes in the non-current part of these provisions is as follows:

(in thousands of euro)	*Provision for disputes in progress*	*Provision for restructuring charges*	*Provision for miscellaneous risks*	*Total*
Balance at December 31 2008	15,304	4,734	36,653	56,691
Sums set aside in period	1,670	5,347	1,243	8,260
Withdrawals	(776)	(921)	(852)	(2,549)
Exchange rate differences	916	--	34	950
Other changes	(1,716)	(274)	223	(1,767)
Balance at June 30 2009	15,398	8,886	37,301	61,585

The breakdown and changes in the current part of these provisions is as follows:

(in thousands of euro)	*Provision for disputes in progress*	*Provision for restructuring charges*	*Provision for miscellaneous risks*	*Total*
Balance at December 31 2008	8,122	19,113	52,765	80,000
Sums set aside in period	450	16,388	5,799	22,637
Withdrawals	(1,964)	(4,523)	(4,223)	(10,710)
Other changes	1,716	274	65	2,055
Balance at June 30 2009	8,324	31,252	54,406	93,982

Apart from the libel disputes regarding the Espresso group, which are typical of all publishing businesses, the Provision for disputes in progress includes risks for disputes of a commercial nature and labour disputes.
The Provision for restructuring charges includes sums set aside for restructuring action that has been announced to the parties concerned and in particular refers to the production reorganization programs affecting companies of the Espresso group.
The Provision for miscellaneous risks is mainly to cover tax disputes outstanding with local tax authorities.

11. **CURRENT LIABILITIES**

11.a. BONDS AND NOTES

This item refers to the current part of the Société Française d'Eoliennes (SFE) 6.5% Bond 2006/2016.
At December 31 2008 it also included the CIR International S.A. 5.25% Bond 1999/2009 repaid on March 10 2009.

11.b. OTHER BORROWINGS

(in thousands of euro)	*30.06.2009*	*31.12.2008*
Collateralized bank loans	23,551	24,076
Other bank loans	140,387	34,877
Finance leases	6,602	6,034
Other borrowings	57,194	81,929
Loans from subsidiaries and associates	2	71
Total	227,736	146,987

The increase in the item “Other bank loans” was mainly due to the current part of € 40 million, repaid at the beginning of July, of the syndicated loan agreement signed by Sogefi S.p.A. in 2008 for a total of € 160 million and utilized at June 30 2009 for € 100 million and to the current part of € 22.2 million of the loan of € 100 million obtained by Sogefi S.p.A. in 2006 and fully drawn down as of June 30 2009.

11.c. TRADE PAYABLES

(in thousands of euro)	*30.06.2009*	*31.12.2008*
Payables – parent companies	850	--
Payables – subsidiaries and joint ventures	48,470	20,892
Payables – associated companies	2,075	1,197
Payables - suppliers	741,862	917,164
Advance payments	8,870	7,713
Payables in the form of notes	8	23
Total	802,135	946,989

The item “Payables – parent companies” refers to management support and communication services received by CIR S.p.A. from its parent company Cofide S.p.A..
The item “Payables - subsidiaries” refers mainly to the trade payables of Sorgenia S.p.A. to Tirreno Power S.p.A..

11.d. OTHER PAYABLES

(in thousands of euro)	*30.06.2009*	*31.12.2008*
Due to employees	82,899	72,571
Tax payables	81,928	104,258
Social security payables	38,785	47,705
Other payables	66,874	52,619
Total	270,486	277,153

NOTES ON THE INCOME STATEMENT

12. **REVENUES**

BREAKDOWN BY BUSINESS SECTOR

(in millions of euro)	*1st Half 2009*		*1st Half 2008*		*Change*
	amount	*%*	*amount*	*%*	*%*
Utilities	1,244.2	56.5	1,140.6	48.4	9.1
Media	449.2	20.4	543.2	23.0	(17.3)
Automotive components	374.5	17.0	556.3	23.6	(32.7)
Healthcare	134.9	6.1	118.5	5.0	13.8
Other	--	--	0.1	--	--
Total consolidated revenues	**2,202.8**	**100.0**	**2,358.7**	**100.0**	**(6.6)**

BREAKDOWN BY GEOGRAPHICAL AREA

(in millions euro)

1st Half 2009	*Total revenues*	*Italy*	*Rest of Europe*	*North America*	*South America*	*Asia*	*Other countries*
Utilities	1,244.2	1,228.9	15.3	--	--	--	--
Media	449.2	449.2	--	--	--	--	--
Automotive components	374.5	33.6	259.5	7.2	67.4	6.1	0.7
Healthcare	134.9	134.9	--	--	--	--	--
Others	--	--	--	--	--	--	--
Total consolidated revenues	2,202.8	1,846.6	274.8	7.2	67.4	6.1	0.7
Percentages	100.0%	83.8%	12.5%	0.3%	3.1%	0.3%	0.0%

(in millions of euro)

1st Half 2008	*Total revenues*	*Italy*	*Rest of Europe*	*North America*	*South America*	*Asia*	*Other countries*
Utilities	1,140.6	1,131.8	8.8	--	--	--	--
Media	543.2	543.2	--	--	--	--	--
Automotive components	556.3	49.8	401.8	10.3	86.2	6.3	1.9
Healthcare	118.5	118.5	--	--	--	--	--
Others	0.1	0.1	--	--	--	--	--
Total consolidated revenues	2,363.8	1,843.4	410.6	10.3	86.2	6.3	1.9
Percentages	100.0%	78.2%	17.4%	0.4%	3.6%	0.3%	0.1%

The types of products marketed by the Group and the nature of the business sectors in which it operates mean that revenues flows are reasonably linear throughout the year and are not subject to any particular cyclical phenomena provided that the basis of consolidation remains unchanged.

13. OPERATING COSTS AND REVENUES

13.a. COSTS FOR THE PURCHASE OF GOODS

Costs for the purchase of goods went from € 1,368,507 thousand in the first half of 2008 to € 1,339,849 thousand in the same period of 2009.

13.b. COSTS FOR SERVICES

This item declined from € 396,396 thousand in the first half of 2008 to € 369,250 thousand in the first half of 2009, as can be seen from the following breakdown:

(in thousands of euro)	*1st Half 2009*	*1st Half 2008*
Technical and professional consulting	46,490	42,272
Distribution and transportation costs	20,958	26,870
Outsourcing	41,408	55,343
Other expenses	256,407	271,911
Total	365,263	396,396

13.c. PERSONNEL COSTS

Personnel costs totalled € 335,497 thousand in the first half of 2009 (€ 349,716 thousand in the first half of 2008) with the following breakdown:

(in thousands of euro)	*1st Half 2009*	*1st Half 2008*
Salaries and wages	228,398	241,287
Social security contributions	71,005	74,650
Employee leaving indemnity	10,441	10,567
Retirement and similar benefits	27	6,654
Valuation of stock option plans	3,764	1,087
Other costs	21,862	15,471
Total	335,497	349,716

There were an average of 12,944 employees on the payrolls of the Group in the first half of the year 2009 (12,941 in 2008).

13.d. OTHER OPERATING INCOME

This item can be broken down as follows:

(in thousands of euro)	*1st Half 2009*	*1st Half 2008*
State grants and contributions	1,762	2,039
Capital gains on disposals	405	1,658
Non-recurring gains and other income	38,319	38,872
Total	40,486	42,569

13.e. OTHER OPERATING COSTS

This item can be broken down as follows:

(in thousands of euro)	*1st Half 2009*	*1st Half 2008*
Write-downs and losses on receivables	23,494	11,958
Provisions made for risks and losses	4,748	8,144
Indirect taxes	13,787	11,093
Taxes relating to prior periods	--	1
Restructuring charges	9,939	6,887
Capital losses on disposal of assets	924	265
Non-recurring losses and other charges	19,507	13,406
Total	72,399	51,754

The item “Restructuring charges” in first half 2009 referred to costs of restructuring programs already being implemented by the Sogefi group.

14. **FINANCIAL INCOME AND EXPENSE**

14.a. FINANCIAL INCOME

This item has the following breakdown:

(in thousands of euro)	*1st Half 2009*	*1st Half 2008*
Interest income on bank accounts	3,904	9,963
Interest on securities	3,349	6,700
Other interest income	11,736	10,692
Interest rate derivatives	378	382
Exchange rate gains	5,525	3,200
Other financial income	4,232	2,910
Total	29,124	33,847

The item "Interest rate derivatives" totalling € 378 thousand includes € 342 thousand which relates to the net fair value measurement of hedging transactions.

14.b. FINANCIAL EXPENSE

This item includes the following:

(in thousands of euro)	*1st Half 2009*	*1st Half 2008*
Interest expense on bank accounts	25,794	34,820
Interest expense on bonds	23,181	31,093
Other interest expense	9,580	7,828
Interest rate derivatives	5,185	1,673
Exchange rate losses	12,748	4,834
Other financial expenses	9,545	10,848
Total	86,033	91,096

The item "Interest rate derivatives" amounting to € 5,185 thousand includes € 447 thousand relating to the net fair value measurement of hedging transactions.

The item "Other financial expenses" includes € 5,058 thousand relating to the write-down of the interest matured during the first half on the PECS subscribed in relation to the investment in KTP Global Finance.

14.c. GAINS FROM TRADING SECURITIES

The breakdown of "Gains from trading securities" is the following:

(in thousands of euro)	*1st Half 2009*	*1st Half 2008*
Shares and options - subsidiaries	76,735	117,810
Shares and options - other companies	12,722	2,964
Other securities and other gains	52,441	11,803
Total	141,898	132,577

The item "Shares and options - subsidiaries" refers to gains on the subscription of capital increases by Minority Shareholders in the company Sorgenia Holding.

14.d. LOSSES FROM TRADING SECURITIES

The breakdown of "Losses from trading securities" is the following:

(in thousands of euro)	*1st Half 2008*	*1st Half 2008*
Shares and options - other companies	12,435	2,679
Other securities and other losses	6,409	7,759
Total	18,844	10,438

15. INCOME TAXES

Income taxes can be broken down as follows:

(in thousands of euro)	*1st Half 2009*	*1st Half 2008*
Current taxes	40,340	57,473
Deferred taxes	(17,296)	357
Total	23,044	57,830

16. EARNINGS PER SHARE

The basic earnings per share is calculated by dividing the net income for the period attributable to ordinary Shareholders by the weighted average number of shares in circulation. The diluted earnings per share is calculated by dividing the net income for the period attributable to ordinary Shareholders by the weighted average number of ordinary shares in circulation during the period, adjusted for the capital dilution effects of any options outstanding. The calculation of the shares in circulation does not include own shares held as treasury stock.
The parent company of the Group has only one category of potential ordinary shares, which are those shares resulting from the stock options awarded to employees.
To determine the average number of options, the average fair value of the shares for the period under examination (the financial year) was used. The average fair value of CIR ordinary shares in the first half of 2009 was € 0.9063 compared to an average fair value of € 1.881 in the first half of 2008.

The following chart shows the information on the shares used to calculate the basic and diluted earnings per share.

	1st Half 2009	*1st Half 2008*
Net income attributable to the Shareholders (in thousands of euro)	120,794	144,275
Weighted average number of ordinary shares in circulation	748,117,934	749,213,200
Basic earnings per share (euro)	**0.1615**	**0.1926**

Net income attributable to the Shareholders (in thousands of euro)	120,794	144,275
Weighted average number of ordinary shares in circulation	748,117,934	749,213,200
Weighted average number of options	31,925,233	30,925,800
Fair value of weighted average number of options	--	--
Adjusted weighted average number of shares in circulation	748,117,934	749,213,200
Diluted earnings per share (euro)	**0.1615**	**0.1926**

17. DIVIDENDS PAID OUT

During the first half of 2009 the Company did not distribute any dividends.
In the first half of 2008 dividends paid out amounted to € 34,710 thousand, equal to € 0.050 per share.

18. **FINANCIAL RISK MANAGEMENT: ADDITIONAL DISCLOSURES** (IFRS 7)

The CIR Group operates in different sectors of industry and services both at national and international level and thus its business is exposed to various kinds of financial risk, including market risk (exchange rate risk and price risk), credit risk, liquidity risk and interest rate risk.
To minimize these risks the Group uses financial derivative instruments for hedging purposes.
Risk management is carried out by the central finance and treasury function on the basis of policies approved by the Management of CIR and transmitted to the subsidiaries on July 25 2003.

Market risk

Foreign currency risk

Operating internationally and buying commodities denominated in USD the Group is subject to the risk that fluctuations in foreign exchange rates may affect the fair value of some of its assets and liabilities. Although the Group produces and sells mainly in the euro area it is subject to exchange rate risk especially in relation to the British pound, the Brazilian real, the US dollar, the Argentine peso, the Chinese renminbi and the Indian rupee.
The Group uses forward contracts to reduce the risk of fluctuations in the EUR/USD exchange rate. As described in the paragraph on Price risk, in some cases it covers its purchase and sales formulae directly and the price of this cover depends on the EUR/USD exchange rate. By fixing its formulae in euro, the exchange rate is indirectly hedged too.
Regarding the exchange rate risk of translating the financial statements of foreign operations, the operating companies generally have a degree of convergence between their sourcing costs and their sales revenues and this kind of risk is also limited by the fact that the companies operate in their local currencies, are active in their own domestic markets and abroad and, in the event of need, can raise funding locally.

Moreover, with reference to the net capital invested in Medinvest Plc, which is denominated in USD, a special hedging strategy is followed which aims to protect the investment from the volatility of the spot EUR/USD exchange rate when translating the capital of the subsidiary into the functional currency of the Group, i.e. the euro. Any rise or fall in the exchange rate would not have any significant effect on the equity or financial situation of the Group.

Price risk

Through the activity in the utilities sector of the Sorgenia group, the Group is exposed to the risk of fluctuations in energy commodity prices on the purchase of fuels for its power production plants and on its purchases and sales of gas and electricity (where contracts stipulate specific indexing to baskets of fuels). Moreover since almost all of the commodities in question are priced in US dollars, the Group is also exposed to fluctuations in the EUR/USD exchange rate.
Sorgenia continually monitors this exposure by breaking its contractual formulae down into the underlying risk factors and managing the exposure using a two-stage procedure.
First, taking part in the negotiation of contracts for the purchase of electricity and gas and in the definition of pricing policies enables the Group to verify rates used and thus achieve a high level of natural hedging, minimizing the impact on margins of the factors of uncertainty mentioned above not only at business line level but also at consolidated portfolio level.

Secondly, monitoring net remaining exposure after the action described above.
Sorgenia trades derivative instruments with prime financial institutions in order to minimize counterparty risk. The derivatives in question are traded over the counter (OTC), directly with the counterparties, and are mainly fixed to floating swaps or vice versa for commodity price hedges, and outright forwards for exchange rate hedges.
Since 2008, in view of the greater liquidity in the derivatives markets, in order to reduce basis risk on the hedges as far as possible, the group has started negotiating with its financial counterparties contracts where the underlying is the whole formula for the purchase or sale of natural gas or electricity. These hedges make it possible to eliminate the change in costs and revenues due to the commodity risk factor and the exchange rate risk factor by entering into just one contract.
Although these commodity derivative contracts are entered into exclusively for hedging purposes, they are not accounted for according to the rules of hedge accounting as set out in IAS 39. Therefore the effects in terms of profit and loss of the changes in their fair value are recognized directly to the Income Statement in the item "Other operating income (losses)" as they relate to the typical operations of the Group.
The fair value of derivatives contracts is calculated using market forward prices as of the balance sheet date, when the underlying commodities are traded in markets where there is a forward price structure. Otherwise the fair value is calculated using internal models based on data and information available in the market, supplied by reputable and reliable third party sources.
The valuation techniques for derivatives outstanding are the same as those adopted last year.
For commodities the maturity of the swap contracts is not longer than 12 months.

It should be pointed out that even though the derivative contracts in commodities do not meet the formal requirements of IAS 39 to be accounted for as hedges of specific commitments or future transactions, they are in fact entered into by the Group for the exclusive purpose of hedging. Therefore the changes in the results of commodity derivative positions are offset by changes in the physical underlying positions, with the impact on the Income Statements essentially reduced to the basis risk on all deals where there is a discrepancy between the underlying physical commodity and the commodities settled and traded on the regulated and OTC markets on which the derivatives are based.
In the first six months of 2009 the Group managed to reduce this remaining risk factor thanks to its ability to negotiate with its financial counterparties both hedges of its sales formulae and less liquid commodities with which the values of the underlying physical contracts are directly correlated.

Credit risk

Credit risk can be valued both in commercial terms relating to client type, the terms of the contract and the concentration of sales, and in financial terms connected with the type of counterparty dealt with in financial transactions. Within the Group there is no significant concentration of credit risk.
Some time ago adequate policies were put in place to ensure that sales are made to clients with a suitable credit history. Counterparties for derivative products and cash transactions are exclusively financial institutions with a high credit rating. The Group also has policies that limit credit exposure to individual financial institutions.

Credit risk is different for the various sectors of business in which it occurs. In the energy sector, for example, the assessment of exposure to credit risk is made using internal processes and with the aid of companies with expertise both in the sector of assessment and granting credit lines and in credit recovery. The number of clients and their diversification make exposure to a concentration of credit risk irrelevant.
In the “Automotive components” sector there is no excessive concentration of risk since the Original Equipment and After-market distribution channels through which it operates are car manufacturers or large purchasing groups.
The “Media” sector has no areas of risk for trade receivables of a significant entity and in any case the Group adopts operating procedures that prevent the sale of products or services to clients without an adequate credit profile or a collateral guarantee.
The healthcare sector has no concentration of risk because credit exposure is spread over a large number of clients and counterparties especially in the sector of residences for the elderly. The hospital sector, however, has a higher concentration of risk because the most significant counterparties are the local health authorities.
Moreover, since 2006 the CIR Group has been acquiring and managing non-performing loans and has put in place procedures for evaluating and establishing the fair value of its portfolios.

Liquidity risk

Prudent management of liquidity risk implies maintaining sufficient liquidity and short term securities and ensuring an adequate supply of credit lines to ensure that sufficient financial resources can be raised.
The Group meets its maturities and commitments systematically, and such conduct enables it to operate in the market with the necessary flexibility and reliability to maintain a correct balance between funding and the application of its financial resources.
The companies that head the four most significant business sectors manage their liquidity risk directly and independently. Tight control is exercised over the net financial position and its evolution in the short, medium and long term. In general the CIR Group follows an extremely prudent financial policy using funding structures mainly in the medium long term. The operating Groups manage their treasury functions in a centralized manner.

Interest rate risk (fair value risk and cash flow risk)

Interest rate risk depends on the movements in interest rates in the market which can cause changes in the fair value of the cash flows of financial assets and liabilities.
Interest rate risk mainly concerns long-term bond and note borrowings which are issued at a fixed rate thus exposing the Group to the risk of fair value changes on the loans themselves as interest rates move.
Following risk management policies, the Parent Company and the subsidiaries have entered into various IRS contracts over the years to hedge the interest rate risk on their bond and note issues and on loan agreements.

Measurement of financial assets and liabilities

The fair value of financial assets and liabilities is determined as follows:

- The fair value of financial assets and liabilities with standard terms and conditions which are listed on an active market is measured on the basis of prices published on the active market;
- The fair value of other financial assets and liabilities (with the exception of derivatives) is measured using commonly accepted valuation techniques and based on analytical models using discounted cash flows, which use as variables the prices observable on recent market transactions and from broker quotes for similar instruments;

- For derivatives listed on an active market the fair value is calculated on the basis of market prices; if these prices are not published, different measurement techniques are used for the various types of instruments.

In particular, for the measurement of certain investments in bond instruments where there is no regular market for them, i.e. where there is not a sufficient number of transactions on an ongoing basis with a bid-offer spread and a sufficiently limited volatility, then the fair value of these instruments is mainly calculated using quotes provided by prime international brokerage houses at the request of the Company, which are then validated through a comparison with the prices present in the market, albeit of a limited number of deals, or with those observable for other instruments with similar characteristics.

In measuring investments in private equity funds, the fair value is determined on the basis of the NAV communicated by the respective fund administrators at the balance sheet date. In cases where this information is not available at the balance sheet date, the last official communication available is used, which must not however be more than three months old at the balance sheet date and should be validated with subsequent information made available to investors by the fund managers.

Derivative instruments
Derivative instruments are recognized at their fair value.

For accounting purposes hedging transactions are classified as:
- *fair value hedges* if they are subject to price changes in the market value of the underlying asset or liability;
- *cash flow hedges* if they are entered into to protect from the risk of changing cash flows from an existing asset and liability, or from a future transaction;
- *hedges of net investments in foreign operations* if they are entered into to protect from the exchange rate risk in the conversion of the equity of subsidiaries denominated in a currency other than the functional currency of the Group.

For derivative instruments classified as fair value hedges, gains and losses resulting from both the determination of their market value and the adjustment to fair value of the element underlying the hedge are posted to the income statement.
For instruments classified as cash flow hedges (for example interest rate swaps), gains and losses from marking them to market are posted directly to shareholders' equity for the part which "effectively" covers the risk they are intended to cover, while any "non-effective" part is posted to the income statement.
For instruments classified as hedges of net investments in foreign operations, gains and losses obtained from marking them to market are posted directly to shareholders' equity for the part which "effectively" hedges the risk they are intended to cover, while any "non-effective" part is posted to the income statement.
Derivatives used for hedging purposes, when the hedge accounting is entered, are accompanied by a hedging relationship which designates the individual instrument as entered into for the purposes of hedging and gives the parameters of effectiveness of the hedge in relation to the financial instrument being hedged.
The level of effectiveness of the hedge is evaluated at regular intervals and the effective part of the relationship is posted to shareholders' equity while any non-effective part is recognized to the income statement. More specifically, the hedge is considered to be effective when the change in fair value or in the financial flows of the instrument hedged is almost entirely compensated for by

the change in the fair value or the financial flows of the hedging instrument and when the results achieved are in a range of between 80% and 125%.

At June 30 2009 the Group had the following specific derivatives contracts booked as hedges outstanding. They are shown at their notional value:

(a) Interest rate swaps:
hedging Sogefi bank loans, notional value € 45 million – maturing in 2010 (€ 35 million) and in 2012 (€ 10 million);
hedging Sorgenia bank loans, notional value € 150 million;
hedging HSS bank loans, notional value € 109 million;

(b) Foreign currency hedges:
forward sales of a total of USD 230 million hedging investments in Medinvest Plc and in private equity funds;
a forward sale of USD 11 million against Euro maturing in 2009;
a forward purchase of € 4.3 million against GBP maturing in 2009;
a forward sale of GBP 2 million against Euro maturing in 2009;
a forward purchase of USD 0.7 million against Euro maturing in 2009;
a forward purchase of USD 2.6 million against Brazilian Reals maturing in 2009;
a zero cost collar – a forward purchase of USD 1.1 million against Brazilian Reals maturing in 2009.

<u>Capital parameters</u>

Management regulates the use of leverage to guarantee solidity and flexibility in the asset and liability structure of CIR and its financial holding companies, measuring the ratio of funding sources to investment activity.
Leverage is calculated as the ratio between net financial debt (represented by bond or notes issued net of free cash flow and investments in financial instruments considered as liquid, according to parameters agreed on with the rating agency) and the total investment assets measured at fair value (including equity investments and the remaining part of investments in financial instruments).
Management's objective is to maintain a sold and flexible financial structure in order to maintain this ratio below 30%. Today it stands at 19%.

GUARANTEES AND COMMITMENTS

At June 30 2009 the position of guarantees and commitments was the following:

<u>CIR and financial holding companies</u>

In relation to the incentive plans for directors and employees, CIR, jointly with Verbund, has made the undertaking to buy back the shares of Sorgenia S.p.A. resulting from the exercise of options by employees who are beneficiaries of the stock option plans outstanding at June 30 2009.
The Parent Company of the CIR Group has signed a series of shareholder agreements with the minority shareholders of HSS. Under these agreements, CIR sold a put option on part or all of the holdings of other shareholders exercisable, according to the terms of the agreement, on or before October 31 2009 or on or before February 10 2012 if the shares of HSS have not been listed on MTA by September 30 2009 or by January 31 2012 respectively. This option will be exercisable at the market price on the date of exercise.

Other guarantees and commitments of CIR are as follows:

- Guarantees in favour of Inland Revenue for VAT credits totalling € 6,781 thousand;
- Commitments for investment in private equity funds by CIR International for € 29 million;
- An annual commitment to cover just the running costs of the company KTP Global Finance SCA, the holding company of the Oakwood group.

Sorgenia Group

Within the group there are guarantees made to third parties for a total amount of € 418,074 thousand.
These are mainly bonds deposited as collateral for sums to be paid. These relate to the purchase and transportation of electricity and gas and to commitments in favour of Inland Revenue for IVA for which a rebate has been applied.
Also in this category are guarantees requested for the construction of wind parks and for the purchase of land where photovoltaic plants will be built and for the Modugno thermoelectric power plant.
As collateral for loans obtained by the subsidiary Sorgenia Puglia S.p.A. and by the jointly controlled company Tirreno Power S.p.A., shares of the two companies (worth € 105,397 thousand for Sorgenia Puglia S.p.A. and € 123,577 thousand representing 50% of its capital for Tirreno Power S.p.A.) have been pledged.
On May 19 2008 Sorgenia Puglia S.p.A. set up a first degree mortgage in favour of lending banks on its present and future real estate, appurtenances and accessions, easements as well as on new buildings, the land on which they are built and further storeys erected for a total amount € 356,000 thousand.
The commitments outstanding at the reporting date of these financial statements refer mainly to guarantees in favour of lending banks following the administrative appeals under way with the Molise Regional Administrative Court (TAR) (€ 162,000 thousand). There were also commitments to make a financial contribution to the associate GICA S.A. and to the subsidiary Noventi Ventures II LP of up to a maximum of € 15,000 thousand and USD 30,000 thousand (of which USD 13,520 thousand have already been paid) respectively. There is also a commitment of € 6,080 thousand in relation to the tender published for the infrastructure works to be carried out on the industrial estate where the Bertonico-Turano Lodigiano power plant will be constructed (LO).
Lastly, it should be noted that just for the natural gas business, the supply contract includes a take or pay clause which makes it obligatory for the purchaser to pay for any shortfall in the amount withdrawn compared to the minimum stipulated in the contract.
This clause was not applicable during the period.

Espresso Group

Guarantees issued totalled € 2,382 thousand and referred to guarantees made by the parent company of the Group and the subsidiaries Elemedia and A. Manzoni & C. for the lease of their respective premises and by the subsidiary Ksolutions in favour of Public Administration clients with whom they have service contracts.

Commitments outstanding, for a total of € 7,639 thousand, referred to:

- contracts for the purchase of plant and equipment (€ 3,565 thousand) mainly for Repubblica, Finegil Editoriale and Editoriale La Nuova Sardegna for the full-colour project;
- a contract for the purchase of a property as the new headquarters of the North-West division of Finegil Editoriale for € 1,692 thousand.

Sogefi Group

Operating Leases

For accounting purposes, leasing and hire contracts are classified as operating leases when the following conditions apply:

- a significant part of the risks and benefits of ownership are maintained by the lessor;
- there are no options giving the right to buy the leased asset at a price that does not represent the presumed market value of the same at the close of the period;
- the duration of the contract does not extend over most of the useful life of the asset rented or hired.

The rental payments for operating leases are recognized to the income statement in line with the underlying contracts.

The main operating lease refers to a contract signed by the American subsidiary Allevard Sogefi U.S.A. Inc. for the lease of the production site situated in Prichard (West Virginia). The contract terminates on October 27 2018 and the remaining instalments total USD 3,703 thousand, of which USD 396 thousand by the end of the year.
Against this contract Sogefi S.p.A. has issued a guarantee for approximately 50% of the remaining lease instalments which is renewed at the end of each year on the basis of the remaining amount. There are no restrictions of any kind connected with this kind of leasing and at the end of the contract the US company will have the right to buy the property at a market price.

Commitments for investments

At June 30 2009 there were commitments for investments for a total of € 1,528 thousand.

Guarantees issued

The detail of these guarantees is as follows:

(in thousands of euro)	*30.6.2009*	*31.12.2008*
Guarantees in favour of third parties	974	974
Other guarantees in favour of third parties	9,714	9,714
Collateral security provided for debt shown in the balance sheet	1,337	1,587

Guarantees are issued to certain clients and to operating leases and are recorded at the value of the commitment outstanding as of the balance sheet date.
The item “Other guarantees in favour of third parties” refers to the commitment of LPDN GmbH towards the employee pension fund of the two business divisions at the time of the acquisition made in 1996. This commitment is covered by contractual obligations on the part of the vendor, a prime German economic operator.
Collateral security refers to bonds or privileges granted to lenders against loans obtained.

Other risks

At June 30 2009 the Sogefi group had assets belonging to third parties on the premises of its companies for a value of € 6,486 thousand.

20. INFORMATION ON THE BUSINESS SECTORS

The business sectors coincide with the Groups of companies over which CIR S.p.A. has control. These are specifically:
- the Sorgenia group: utilities;
- the Espresso group: media;
- the Sogefi group: automotive components;
- the HSS group: healthcare.

Geographically, with the exception of the Sogefi group, the business is carried out almost exclusively in Italy.
A breakdown of income components and balance sheet information by business sector is shown in the Report on Operations, while a breakdown of revenues by geographical area is provided in the Notes to the Financial Statements in the section regarding revenues (Note 12).

21. JOINTLY CONTROLLED COMPANIES

As of June 30 2009 the joint ventures were Tirreno Power and Oakwood.

For consolidating these companies the Group has adopted the equity method for the sake of consistency with the way the accounts have been presented to date.

The chart below shows the key financial figures of the company Tirreno Power and of the Oakwood group:

Tirreno Power

(in millions of euro)	*1st Half 2009*	*1st Half 2008*
Income statement		
Electricity sold (TWh)	6.7	7.9
Revenues from sales and services	635.1	725.6
Gross operating margin	159.9	120.7
Net income	59.0	14.9

	30.06.2009	*31.12.2008*
Balance sheet		
Total assets	1,906.4	1,838.6
Net financial debt	1,043.6	897.4
Shareholders' equity	380.0	425.1
No. of employees	617	617

The pertinent part of the earnings of Tirreno Power, consolidated using the equity method on the basis of values determined by the application of IAS/IFRS accounting standards, totalled € 29.5 thousand in the first half of 2009, compared to € 7.5 million in the first half of 2008.

Oakwood

(in millions of euro)	*30.06.2009*	*31.12.2008*
Assets		
- Current	150.8	131.8
- Non-current	481.7	482.3
Total assets	632.5	614.1
Liabilities and equity		
- Current	589.9	566.8
- Non-current	267.7	267.6
Shareholders' equity	(225.1)	(220.3)
Total liabilities and equity	632.5	614.1

(in millions of euro)	*1st Half 2009*	*1st Half 2008*
Income statement		
Interest income	16.6	24.1
Commissions income	50.0	50.2
Total income	66.6	74.3
Interest expense	(21.6)	(33.3)
Commissions expense	(23.8)	(32.8)
Operating costs and other costs	(23.7)	(20.2)
Taxes	(3.2)	(1.0)
Total costs	(72.3)	(87.3)
Result	(5.7)	(13.0)

22. NET FINANCIAL POSITION

The net financial position can be broken down as follows:

(in thousands of euro)			*30.06.2009*	*31.12.2008*
A.	Cash and bank deposits		577,250	616,363
B.	Other free cash flow		111,114	217,420
C.	Securities held for trading		195,394	513,362
D.	**Cash and cash equivalents (A) + (B) + (C)**		883,778	1,347,145
E.	**Current financial receivables**	(*)	35,164	175,721
F.	Current bank borrowings	(**)	(296,155)	(223,754)
G.	Bonds and notes issued		(733)	(347,445)
H.	Current part of non-current debt		(63,796)	(87,963)
I.	Other current borrowings		(2)	(71)
J.	**Current financial debt (F) + (G) + (H) + (I)**		(360,686)	(659,233)
K.	**Net current financial position (J) + (E) + (D)**		558,256	863,233
L.	Non-current bank borrowings	(***)	(1,325,950)	(1,498,298)
M.	Bonds and notes issued		(739,180)	(895,458)
N.	Other non-current borrowings	(***)	(171,237)	(155,317)
O.	**Non-current financial debt (L) + (M) + (N)**		(2,236,367)	(2,549,073)
P.	**Net financial position (K) + (O)**		(1,678,111)	(1,685,440)

(*) At December 31 2008 this item included € 150,000 thousand classified in the Balance Sheet under "Other receivables""
(**) The amount of € 163,938 thousand (€ 296,155 - € 132,217) is classified in the Balance Sheet in the item "Other borrowings".
(***) Classified in the item "Other borrowings" – Non-current liabilities

23. LEGAL DISPUTES

It should be remembered that certain companies of the Group have legal proceedings outstanding against which their respective Boards have set aside risk provisions for amounts considered to be appropriate, taking into account the opinion of their consultants and based on the degree of likelihood that significant liabilities will actually occur.

24. DISCLOSURES REGARDING SHARE-BASED INCENTIVE PLANS

The following chart shows the incentive plans of the Parent company of the CIR Group:

STOCK OPTION PLANS OUTSTANDING AT JUNE 30 2009

The following chart shows the stock option plans of the Parent Company CIR S.p.A..

	Options in circulation at start of period		*Options awarded during the period*		*Options exercised during the period*		*Options cancelled*		*Options in circulation at end of period*			*Options exercisable at end of period*	
	No. of options	*Weighted average strike price*	*No. of options*	*Weighted average strike price*	*No. of options*	*Weighted average strike price*	*No. of options*	*Weighted average strike price*	*No. of options*	*Average strike price*	*Average duration (years)*	*No. of options*	*Weighted average strike price*
Stock Option Plan March 7 2000	2,631,000	3.70	--	--	--	--	--	--	2,631,000	3.70	1.25	2,631,000	3.70
Stock Option Plan September 13 2000	29,000	4.06	--	--	--	--	--	--	29,000	4.06	1.75	29,000	4.06
Stock Option Plan January 30 2001	1,488,000	2.62	--	--	--	--	--	--	1,488,000	2.62	2.25	1,488,000	2.62
Stock Option Plan September 7 2001	21,400	1.28	--	--	--	--	--	--	21,400	1.28	2.50	21,400	1.28
Stock Option Plan March 7 2002	2,200	0.84	--	--	--	--	--	--	2,200	0.84	4.25	2,200	0.84
Stock Option Plan September 5 2003	121,300	1.13	--	--	--	--	--	--	121,300	1.13	4.67	121,300	1.13
Stock Option March 12 2004	411,000	1.60	--	--	--	--	--	--	411,000	1.60	5.25	411,000	1.60
Stock Option Plan September 6 2004	1,540,700	1.56	--	--	--	--	--	--	1,540,700	1.56	5.67	1,540,700	1.56
Stock Option Plan March 11 2005	4,009,800	2.34	--	--	--	--	--	--	4,009,800	2.34	6.25	4,009,800	2.34
Stock Option Plan September 6 2005	2,705,000	2.49	--	--	--	--	--	--	2,705,000	2.49	6.67	2,426,000	2.49
Stock Option Plan 2006 1st tranche	2,765,000	2.50	--	--	--	--	--	--	2,765,000	2.50	7.51	1,990,800	2.50
Stock Option Plan 2006 2nd tranche	2,765,000	2.47	--	--	--	--	--	--	2,765,000	2.47	8.01	1,659,000	2.47
Stock 2007 - 1st tranche			3,852,500	3.0877	--	--	--	--	3,852,500	3.0877	8.26	2,080,350	3.0877
Stock 2007 - 2nd tranche			3,852,500	2.7344	--	--	--	--	3,852,500	2.7344	8.76	1,618,050	2.7344
Stock 2008 - 1st tranche			3,935,000	1.6806	--	--	--	--	3,935,000	1.6806	9.26	1,180,500	1.6806
Stock 2008 - 2nd tranche			3,935,000	1.0178	--	--	--	--	3,935,000	1.0178	9.76	708,300	1.0178
I tranche 2009			4,090,000	0.9907	--	--	--	--	4,090,000	0.9907	10.26		
Total	18,489,400	2.53	19,665,000	1.8974	--	--	--	--	38,154,400	2.2055	7.5117	21,917,400	2.5125
SHARES BEING HELD													
Stock Option Plan January 11 2005	11,050,000	2.15	--	--	--	--	--	--	11,050,000	2.15	0.83	11,050,000	2.15
Total	11,050,000	2.15	--	--	--	--	--	--	11,050,000	2.15	0.83	11,050,000	2.15
Grand total	29,539,400	2.39	19,665,000	1.8974	--	--	--	--	49,204,400	2.1931	6.0111	32,967,400	2.3910

	Options in circulation at start of period		*Options awarded during the period*		*Options exercised during the period*		*Options cancelled*		*Options in circulation at end of period*			*Options exercisable at end of period*	
	No. of options	*Weighted average strike price*	*No. of options*	*Weighted average strike price*	*No. of options*	*Weighted average strike price*	*No. of options*	*Weighted average strike price*	*No. of options*	*Average strike price*	*Average duration (years)*	*No. of options*	*Weighted average strike price*
Phantom 2007 - 1st tranche	3,052,500	3.0877	--	--	--	--	3,052,500	3.0877	--	--	--	--	--
Phantom 2007 - 2nd tranche	3,052,500	2.7344	--	--	--	--	3,052,500	2.7344	--	--	--	--	--
Phantom 2008 - 1st tranche	3,125,000	1.6806	--	--	--	--	3,125,000	1.6806	--	--	--	--	--
Phantom 2008 - 2nd tranche	3,125,000	1.0718	--	--	--	--	3,125,000	1.0718	--	--	--	--	--
Total	12,355,000	2.1346	--	--	--	--	12,355,000	2.1346	--	--	--	--	--

STOCK OPTIONS PLANS FOR EMPLOYEES AT JUNE 30 2009 (SORGENIA group)

Stock Option Plans	*Stock options awarded*	*Stock options exercised at reporting date*	*Stock options to be exercised*
December 22 1999	16,900,000	16,848,000	52,000
June 27 2000	1,300,000	1,300,000	--
September 6 2000	18,070,000	18,070,000	--
October 24 2000	2,964,000	2,756,000	208,000
November 28 2000	2,496,000	2,496,000	--
September 28 2001	2,004,000	1,714,000	290,000
March 11 2002	1,785,000	1,718,000	67,000
April 15 2003	9,215,000	7,135,000	2,080,000
February 25 2005	8,236,300	408,000	7,828,300
July 9 2005	22,120,565	--	22,120,565
October 24 2005	200,000	--	200,000
April 18 2006	9,515,300	228,000	9,287,300
2009-2012 I Tranche	21,723,005	305,064	21,417,941
2009-2012 II Tranche	15,122,800	16,800	15,106,000
Total	131,651,970	52,994,864	78,657,106

STOCK OPTION PLANS FOR EMPLOYEES AT JUNE 30 2009 (ESPRESSO group)

	Options in circulation at start of period		*Options awarded during period*		*Options cancelled during period*		*Options exercised during period*			*Options in circulation at end of period*			*Options exercisable at end of period*	
	No. of options	*Weighted average strike price*	*No. of options*	*Weighted average strike price*	*No. of options*	*Weighted average strike price*	*No. of options*	*Weighted average strike price*	*Average market price on exercise date*	*No. of options*	*Average strike price*	*Average duration (years)*	*No. of options*	*Weighted average strike price*
Stock Option Plan 2000	1,285,000	25.60			30,000	25.60				1,255,000	25.60	1.25	1,255,000	25.60
Stock Option Plan April 24 2001	577,500	6.25			22,500	6.25				555,000	6.25	2.25	555,000	6.25
Stock Option Plan October 24 2001	113,200	2.51			12,600	2.51				100,600	2.51	2.75	100,600	2.51
Stock Option Plan March 6 2002	307,125	3.30			14,725	3.30				292,400	3.30	3.25	292,400	3.30
Stock Option Plan July 24 2002	368,050	3.36			16,900	3.36				351,150	3.36	3.50	351,150	3.36
Stock Option Plan February 26 2003	435,725	2.86			24,025	2.86				411,700	2.86	4.25	411,700	2.86
Stock Option Plan July 23 2003	599,450	3.54			27,100	3.54				572,350	3.54	4.50	572,350	3.54
Stock Option Plan February 25 2004	1,218,500	4.95			75,000	4.95				1,143,500	4.95	5.25	1,143,500	4.95
Stock Option Plan July 28 2004	1,225,500	4.80			75,000	4.80				1,150,500	4.80	5.50	1,150,500	4.80
Stock Option Plan February 23 2005	1,247,900	4.75			17,300	4.75				1,230,600	4.75	6.25	1,230,600	4.75
Stock Option Plan July 27 2005	1,265,700	4.65			18,200	4.65				1,247,500	4.65	6.50	1,201,200	4.65
Stock Option Plan 2006 - I tranche	1,271,200	4.33			32,400	4.33				1,238,800	4.33	7.50	908,400	4.33
Stock Option Plan 2006 - II tranche	1,253,200	3.96			33,600	3.96				1,219,600	3.96	8.00	747,600	3.96
Ord. Stock Option Plan 2009 - I tranche			1,520,000	3.84						1,520,000	3.84	8.25	820,800	3.84
Ord. Stock Option Plan 2009 - II tranche			1,520,000	3.60						1,520,000	3.60	8.75	638,400	3.60
Ord. Stock Option Plan 2009 - III tranche			1,790,000	2.22						1,790,000	2.22	9.25	537,000	2.22
Ord. Stock Option Plan 2009 - IV tranche			1,840,000	1.37						1,840,000	1.37	9.75	331,200	1.37
Extraord. Stock Option Plan 2009 - I tranche			2,500,000	1.00						2,500,000	1.00	10.25		1.00
Total	11,168,050	6.86	9,170,000	2.21	399,350	5.96				19,938,700	4.74	7.16	12,247,400	6.35

STOCK OPTIONS PLANS FOR EMPLOYEES AT JUNE 30 2009 (SOGEFI group)

The following chart shows the total number of options outstanding in relation to the plans of the period 2004-2009 and their average strike price:

	2009	
	Investments	*Average strike price*
Not exercised/not exercisable at the start of the year	3,947,600	4.55
Awarded during the year	3,350,000	1.90
Cancelled during the year	(190,000)	4.50
Exercised during the year	--	--
Not exercised/not exercisable at the end of the year	7,107,600	3.30
Exercisable at the end of the year	2,825,900	4.77

The line “Not exercised/not exercisable at the end of the year” refers to the total amount of the options net of those exercised or cancelled in the year or in previous years.
The line “Exercisable at the end of the year” refers to the total amount of the options vested at the end of the year and not yet subscribed

The chart below shows the breakdown of the number of options exercisable at June 30 2009

	Total
No. of options remaining and exercisable at December 31 2008	1,953,400
Options vesting in the year	1,264,900
Options exercised in the year	--
Options cancelled in the year	(392,400)
No. of options remaining and exercisable at June 30 2009	2,825,900

The chart below shows the breakdown of the number of phantom stock options as of June 30 2009:

	30.06.2009
Not exercised/not exercisable at the beginning of the year	2,966,800
Awarded in the year	--
Cancelled in the year	(1,045,000)
Exercised in the year	--
Not exercised/not exercisable at the end of the year	1,921,800
Exercisable at the end of the year	842,400

STOCK OPTION PLANS FOR EMPLOYEES AT JUNE 30 2009 (HSS group)

	Options in circulation at start of period		*Options awarded during period*		*Options exercised during period*		*Options in circulation at end of period*			*Options exercisable at end of period*		*Maturity of options*	
	No. of options	*Weighted average strike price*	*No. of options*	*Weighted average strike price*	*No. of options*	*Weighted average strike price*	*No. of options*	*Average strike price*	*Average duration (years)*	*No. of options*	*Weighted average strike price*	*Vesting date*	*Expiry date*
Stock Option Plan '02	2,400	4.925					2,400	4.925	3.75	2,400	4.925	31/12/2006	31/03/2013
Stock Option Plan '03	63,200	5.0					63,200	5.0	4.75	63,200	5.0	31/12/2007	31/03/2014
Stock Option Plan '05	239,732	17.0					239,732	17.0	6.25	239,732	17.0	30/06/2009	30/09/2015
Investment & Stock Option Plan '05	88,406	17.0					88,406	17.0	6.25	88,406	17.0	30/06/2009	30/09/2015
Stock Option Plan '06	132,020	22.0					132,020	22.0	7.26	102,976	22.0	30/06/2010	30/09/2016
Investment & Stock Option Plan '06	7,884	22.0					7,884	22.0	7.26	6,150	22.0	30/06/2010	30/09/2016
Stock Option Plan June '06	196,700	22.0					196,700	22.0	7.76	129,822	22.0	31/12/2010	31/03/2017
Stock Option Plan '07	74,000	34.0					74,000	34.0	11.26	0	34.0	30/09/2010	30/09/2020
Total	**804,342**	**19.68**	**0**	**0**	**0**	**0.0**	**804,342**	**19.68**	**7.13**	**632,686**	**17.64**		

25. SUBSEQUENT EVENTS

Regarding subsequent events, reference should be made to the appropriate paragraph of the Interim Report on Operations. It should be noted that the Interim Financial Statements as of June 30 2009 were approved – together with the Semi-Annual Financial Report – by the Board of Directors on July 31 2009.

26. SIGNIFICANT NON-RECURRING EVENTS AND TRANSACTIONS AND ANY NON-TYPICAL AND/OR UNUSUAL TRANSACTIONS

During the first half of the year there were no non-recurring items in the operating result. However it should be noted that the consolidated result contained the positive effect of the capital increase reserved for the minority shareholders of Sorgenia Holding (see details given in Note 14.c).
No non-typical or unusual transactions were entered into during the first half of the year.

27. RELATED-PARTIES TRANSACTIONS

Information showing the percentage of related-parties transactions in the balance sheet, the cash flow statement and the net income for the first half of the year are given in the comments on the individual items of the financial statements.
The paragraph "Other information" in the Interim Report on Operations shows the nature of related-party transactions, the amounts of which are given in the Notes to the Financial Statements.

28. CHART SHOWING THE KEY FIGURES OF THE FINANCIAL STATEMENTS FOR 2008 OF THE PARENT COMPANY COFIDE S.p.A.

(Art. 2497-bis, paragraph 4, Civil Code)

BALANCE SHEET

(in euro)

ASSETS	*31.12.2008*
NON-CURRENT ASSETS	580,814,405
CURRENT ASSETS	133,454,484
TOTAL ASSETS	714,268,889

LIABILITIES AND SHAREHOLDERS' EQUITY	*31.12.2008*
SHAREHOLDERS' EQUITY	561,087,376
NON-CURRENT LIABILITIES	151,142,351
CURRENT LIABILITIES	2,039,162
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	714,268,889

INCOME STATEMENT

(in euro)

		%(**)	*2008*
SUNDRY REVENUES AND INCOME			2,158,394
of which from related parties (*)	*2,118,695*	98,2	
COSTS FOR PURCHASE OF GOODS			(69,097)
COSTS FOR SERVICES			(3,222,102)
of which from related parties (*)	*(657,600)*	20,4	
PERSONNEL COSTS			(1,132,549)
OTHER OPERATING COSTS			(609,133)
AMORTIZATION, DEPRECIATION AND WRITE-DOWNS			(94,102)
OPERATING RESULT			(2,968,589)
FINANCIAL INCOME			3,588,930
of which from related parties (*)	*2,066,134*	57,6	
FINANCIAL EXPENSE			(9,100,133)
DIVIDENDS			21,810,291
of which from related parties (*)	*19,611,331*	89,9	
GAINS FROM TRADING SECURITIES			834,489
LOSSES FROM TRADING SECURITIES			(22)
ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS			1,769,212
INCOME / LOSS BEFORE TAXES			15,934,178
INCOME TAXES			291,872
NET INCOME (LOSS) FOR THE YEAR			16,226,050

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

The financial highlights of the parent company COFIDE S.p.A. shown in the chart above, which are required by Article 2497-bis of the Civil Code, were taken from the financial statements of that company for the year ended December 31 2008. For a correct and full understanding of the equity and financial situation of COFIDE S.p.A. at December 31 2008, and of the results the company obtained in the year ended as of that date, we would refer readers to the financial statements in question which of course include the Report of the Statutory Auditors and that of the Independent Auditors and are available at the Company offices or from Borsa Italiana.

CERTIFICATION OF THE SEMI-ANNUAL FINANCIAL REPORT AS OF JUNE 30 2009 IN ACCORDANCE WITH ART. 154 BIS OF D.LGS 58/98

Consolidated Semi-Annual Financial Report as of June 30 2009.

1. The undersigned:
Rodolfo De Benedetti – Chief Executive Officer of CIR S.p.A.
Alberto Piaser – Officer responsible for the preparation of the accounting and corporate documents of CIR S.p.A.
Do hereby certify, taking into account even the terms of Art. 154-*bis*, paragraphs 3 and 4, of Legislative Decree no. 58 of February 24 1998:

- that the administrative and accounting procedures for the preparation of the Semi-Annual Financial Report as of June 30 2009, during the period January 1 2009 – June 30 2009, were adequate in relation to the size and nature of the business and
- that they were effectively applied

2. On this subject no aspects emerged that needed to be notified.

3. It is also certified that the Condensed Consolidated Semi-Annual Financial Statements as of June 30 2009:

a) Were prepared in conformity with the international accounting standards recognized by the European Union according to the terms of Regulation (EC) No. 1606/2002 of the European Parliament and of the Council, of July 19 2002;
b) Correspond to the results of the books and the general ledger;
c) Are suitable to give a true and fair representation of the equity, economic and financial position of the issuer and of all the companies included in the consolidation.

The Semi-Annual Interim Report on Operations as of June 30 2009 includes a reliable analysis of performance and of the result of operations as well as the position of the issuer and of all the companies included in the consolidation, together with a description of the principal risks and uncertainties to which they are exposed.

Milan, August 25 2009

Signed by	*Signed by*
Rodolfo De Benedetti	Alberto Piaser
Chief Executive Officer	Officer Responsible

LIST OF EQUITY INVESTMENTS AT JUNE 30 2009

in accordance with Art. 38.2 of D.Lgs. no. 127/91

SUBSIDIARIES CONSOLIDATED USING THE FULL INTEGRATION METHOD

(in euro or foreign currency)

Name of Company	***Registered Office***	***Share Capital***	***Currency***	***Parent Companies***	***% of ownership***
CIR GROUP					
CIR INTERNATIONAL S.A.	Luxembourg	10,000,000.00	€	CIR S.p.A.	100.00
INTERGEFI S.r.l.	Italy	500,000.00	€	CIR S.p.A.	100.00
COFIDEFIN SERVICOS DE CONSULTORIA Lda	Portugal	125,000.00	€	CIR S.p.A.	74.40
CIRINVEST S.p.A.	Italy	121,750.00	€	CIR S.p.A.	100.00
JUPITER FINANCE S.p.A.	Italy	600,000.00	€	CIR S.p.A.	98.80
JUPITER MARKETPLACE S.p.A.	Italy	1,000,000.00	€	JUPITER FINANCE S.p.A.	100.00
JUPITER ASSET MANGEMENT. S.r.l.	Italy	10,000,00	€	JUPITER FINANCE S.p.A.	100.00
CIGA LUXEMBOURG S.A.r.l.	Luxembourg	180,200,000.00	€	CIR S.p.A.	100.00
NEXENTI S.r.l.	Italy	50,000.00	€	CIR S.p.A.	100.00
SORGENIA GROUP					
SORGENIA HOLDING S.p.A.	Italy	136,176747.00	€	CIR S.p.A.	65.03
SORGENIA S.p.A.	Italy	9,077,053.21	€	SORGENIA HOLDING S.p.A.	79.73
ENERGIA ITALIANA S.p.A.	Italy	26,050,000,00	€	SORGENIA S.p.A.	78.00
SORGENIA IDRO S.r.l.	Italy	50,000.00	€	SORGENIA S.p.A.	100.00
ENERGIA LUCANA S.p.A. *(in liquidation)*	Italy	750,000.00	€	SORGENIA S.p.A.	80.00
SORGENIA PROGETTI S.r.l.	Italy	500,000.00	€	SORGENIA S.p.A.	100.00
SORGENIA POWER S.p.A. (formerly Energia Molise S.p.A.)	Italy	14,600,000.00	€	SORGENIA S.p.A.	100.00
ENERGIA APRILIA S.r.l.	Italy	10,000.00	€	SORGENIA S.p.A.	100.00
SORGENIA MINERVINO S.p.A.	Italy	1,700,000.00	€	SORGENIA S.p.A.	75.00
ENERGIA LOMBARDA S.p.A.	Italy	120,000.00	€	SORGENIA S.p.A.	100.00
SORGENIA PUGLIA S.p.A.	Italy	8,191,420.00	€	SORGENIA S.p.A.	90.67
SORGENIA BIOENERGY	Italy	500,000.00	€	SORGENIA S.p.A.	100.00
SORGENIA ROMANIA S.r.l.	Romania	3,565,800.00	Ron	SORGENIA S.p.A.	100.00
SORGENIA VENTO S.p.A.	Italy	1,343,156.00	€	SORGENIA S.p.A.	100.00
SORGENIA MENOWATT S.r.l.	Italy	136,050.00	€	SORGENIA S.p.A.	70.00
NOVENTI VENTURES II LP	USA	19,438,999.00	USD	SORGENIA S.p.A.	69.47
RACOON S.r.l.	Italy	20,000.00	€	SORGENIA S.p.A.	100.00
SORGENIA SOLAR S.r.l.	Italy	670,000.00	€	SORGENIA S.p.A.	100.00
SOLUXIA SARDA S.r.l.	Italy	85,200.00	€	SORGENIA SOLAR S.p.A.	90.00
SORGENIA E&P S.p.A.	Italy	2,500,000.00	€	SORGENIA S.p.A.	100.00
SORGENIA INTERNATIONAL B.V. S.p.A.	Netherlands	2,000,000.00	€	SORGENIA E&P S.p.A.	100.00
SORGENIA TRADING S.p.A.	Italy	5,000,000	€	SORGENIA S.p.A.	100.00
SORGENIA E&P UK LTD	UK	1	GBP	SORGENIA E&P S.p.A.	100.00
SORGENIA E&P BULGARIA EOOD	Bulgaria	5,000	BGN	SORGENIA E&P S.p.A.	100.00
MPX ENERGY LTD	UK	364,632.7	GBP	SORGENIA INT. BV	53.37
MPX (Oil & Gas) Ltd.	UK	100	GBP	MPX ENERGY LTD	100.00
MPX RESOURCES Ltd.	UK	10	GBP	MPX ENERGY LTD	100.00
MPX NORTH SEA Ltd.	UK	10	GBP	MPX ENERGY LTD	100.00
HANNU NORTH SES Ltd.	UK	10	GBP	MPX ENERGY LTD	100.00
HANNU EXPLORATION Ltd.	UK	10	GBP	MPX ENERGY LTD	100.00
SOLUXIA SARDA II S.r.l.	Italy	10,000	€	SORGENIA SOLAR S.r.l.	90.00
SORGENIA SOLAR POWER S.r.l.	Italy	10,000	€	SORGENIA SOLAR S.r.l.	100.00
COMPAGNIE FINANCIERE DE SUROIT S.A.	France	310,700.00	€	SORGENIA S.p.A.	100.00

Name of Company	*Registered Office*	*Share Capital*	*Currency*	*Parent Companies*	*% of ownership*
SOCIÉTÉ FRANÇAISE D'EOLIENNES S.A.	France	10,604,187.00	€	SORGENIA S.p.A.	85.47
				COMPAGNIE FIN. DE SUROIT S.A.	14.52
					99.99
SOCIÉTÉ FRANÇAISE DES ALIZÉS SARL	France	580,125.00	€	SOCIÉTÉ FRANÇAISE D'EOLIENNES S.A.	100.00
PARC ÉOLIEN DE SAINT CRÉPIN S.a.s.	France	1,657,000.00	€	SOCIÉTÉ FRANÇAISE D'EOLIENNES S.A.	100.00
PARC ÉOLIEN DE L'ARGONNE S.a.s.	France	2,179,000.00	€	SOCIÉTÉ FRANÇAISE D'EOLIENNES S.A.	100.00
PARC ÉOLIEN DE CÔTE DE CHAMPAGNE SUD S.a.s.	France	802,000.00	€	SOCIÉTÉ FRANÇAISE D'EOLIENNES S.A.	100.00
PARC ÉOLIEN DE CÔTE DE CHAMPAGNE S.a.s.	France	2,179,000.00	€	SOCIÉTÉ FRANÇAISE D'EOLIENNES S.A.	100.00
PARC ÉOLIEN DE LA VALLÉE DE L'AUTHIE S.a.s.	France	37,000.00	€	SOCIÉTÉ FRANÇAISE D'EOLIENNES S.A.	100.00
PARC ÉOLIEN DE BERNAY ST MARTIN S.a.s.	France	987,400.00	€	SOCIÉTÉ FRANÇAISE D'EOLIENNES S.A.	100.00
PARC ÉOLIEN DE LA VALLE DE L'EPTE S.a.s.	France	37,000.00	€	SOCIÉTÉ FRANÇAISE D'EOLIENNES S.A.	100.00
HOLDING DES PARCS ÉOLIENS DE LA VOIE SACRÉE S.a.s.	France	9,757,000.00	€	SOCIÉTÉ FRANÇAISE D'EOLIENNES S.A.	100.00
PARC ÉOLIEN DE LONGEVILLE SUR MER S.a.s.	France	37,000.00	€	SOCIÉTÉ FRANÇAISE D'EOLIENNES S.A.	100.00
PARC ÉOLIEN DE MAURECHAMPS S.a.s.	France	1,117,000.00	€	HOLDING DES PARCS ÉOLIENS DE LA VOIE SACRÉE S.a.s.	100.00
PARC ÉOLIEN DE L'ORME CHAMPAGNE S.a.s.	France	37,000.00	€	SOCIÉTÉ FRANÇAISE D'EOLIENNES S.A.	100.00
PARC ÉOLIENS DU NORD PAS-DE-CALAIS S.a.s.	France	400,000.00	€	SOCIÉTÉ FRANÇAISE D'EOLIENNES S.A.	100.00
PARC ÉOLIEN DE RAIVAL S.a.s.	France	1,117,000.00	€	HOLDING DES PARCS ÉOLIENS DE LA VOIE SACRÉE S.a.s.	100.00
PARC ÉOLIEN DE LA VALETTE S.a.s.	France	1,117,000.00	€	HOLDING DES PARCS ÉOLIENS DE LA VOIE SACRÉE S.a.s.	100.00
PARC ÉOLIEN DE VILLER S.a.s.	France	577,000.00	€	HOLDING DES PARCS ÉOLIENS DE LA VOIE SACRÉE S.a.s.	100.00
PARC ÉOLIEN DE BOUILLANCOURT EN SÉRY S.a.s.	France	37,000.00	€	SOCIÉTÉ FRANÇAISE D'EOLIENNES S.A.	100,00
PARC ÉOLIEN DE SAINT GERMAIN MARENCENNES S.a.s.	France	37,000.00	€	SOCIÉTÉ FRANÇAISE D'EOLIENNES S.A.	100.00
PARC ÉOLIEN DE LA CÔTE DE LA SAUSETTE S.a.s.	France	37,000.00	€	SOCIÉTÉ FRANÇAISE D'EOLIENNES S.A.	100.00
PARC ÉOLIEN DE MACHAULT S.a.s.	France	37,000.00	€	SOCIÉTÉ FRANÇAISE D'EOLIENNES S.A.	100.00
PARC ÉOLIEN DE SEMIDE CONTREUVE S.a.s.	France	37,000.00	€	SOCIÉTÉ FRANÇAISE D'EOLIENNES S.A.	100.00
PARC ÉOLIEN DE LEFFINCOURT S.a.s.	France	37,000.00	€	SOCIÉTÉ FRANÇAISE D'EOLIENNES S.A.	100.00
PARC ÉOLIEN DE LA RENARDIÈRE S.a.s.	France	37,000.00	€	SOCIÉTÉ FRANÇAISE D'EOLIENNES S.A.	100.00
PARC ÉOLIEN DE PLAINCHAMP S.a.s.	France	37,000.00	€	SOCIÉTÉ FRANÇAISE D'EOLIENNES S.A.	100.00
SOCIÉTÉ FRANÇAISE DE PHOTOVOLTAIQUE	France	37,000.00	€	SOCIÉTÉ FRANÇAISE D'EOLIENNES S.A.	100.00
PARC ÉOLIEN DE HERBISSONNE S.a.s.	France	37,000.00	€	SOCIÉTÉ FRANÇAISE D'EOLIENNES S.A.	50.00

ESPRESSO GROUP

GRUPPO EDITORIALE L'ESPRESSO S.p.A. (*)	Italy	61,384,768.20	€	CIR S.p.A.	53.95
FIN.E.GI.L. EDITORIALE S.p.A.	Italy	18,161,000.00	€	GRUPPO EDITORIALE L'ESPRESSO S.p.A.	100.00
S.E.T.A. S.p.A.	Italy	774,750.00	€	GRUPPO EDITORIALE L'ESPRESSO S.p.A.	71.00
A. MANZONI & C. S.p.A.	Italy	15,000,000.00	€	GRUPPO EDITORIALE L'ESPRESSO S.p.A.	100.00
CENTRO PREPARAZIONE STAMPA – C.P.S. S.p.A.	Italy	520,000.00	€	GRUPPO EDIT. L'ESPRESSO S.p.A.	100.00
ROTOCOLOR S.p.A.	Italy	23,000,000.00	€	GRUPPO EDIT. L'ESPRESSO S.p.A.	100.00

(*) 55.02% of voting rights

Name of Company	*Registered Office*	*Share Capital*	*Currency*	*Parent Companies*	*% of ownership*
SOMEDIA S.p.A.	Italy	500,000.00	€	GRUPPO EDITORIALE L'ESPRESSO S.p.A.	100.00
ROTOSUD S.p.A.	Italy	2,860,000.00	€	GRUPPO EDITORIALE L'ESPRESSO S.p.A.	100.00
ELEMEDIA S.p.A.	Italy	25,000,000.00	€	GRUPPO EDITORIALE L'ESPRESSO S.p.A.	100.00
EDITORIALE FVG S.p.A.	Italy	87,959,976.00	€	GRUPPO EDITORIALE L'ESPRESSO S.p.A.	92.12
EDITORIALE LA NUOVA SARDEGNA S.p.A.	Italy	775,500.00	€	FIN.E.GI.L. EDITORIALE S.p.A.	100.00
E.A.G. S.p.A.	Italy	815,000.00	€	FIN.E.GI.L. EDITORIALE S.p.A.	100.00
EDIZIONI NUOVA EUROPA S.p.A.	Italy	104,000.00	€	FIN.E.GI.L. EDITORIALE S.p.A.	100.00
EDITORIALE LA CITTÀ S.p.A.	Italy	332,000.00	€	FIN.E.GI.L. EDITORIALE S.p.A.	100.00
S.E.L.P.I. S.p.A.	Italy	1,000,000.00	€	GRUPPO EDITORIALE L'ESPRESSO S.p.A.	100.00
EDIGRAF S.r.l.	Italy	312,000.00	€	EDITORIALE FVG S.p.A.	66.67
KATAWEB NEWS S.r.l.	Italy	10,330.00	€	ELEMEDIA S.p.A.	100.00
KSOLUTIONS S.p.A. *(in liquidation)*	Italy	1,000,000.00	€	ELEMEDIA S.p.A.	100.00
EDITORIALE METROPOLI S.p.A.	Italy	500,000.00	€	ELEMEDIA S.p.A.	100.00
RETE A S.p.A.	Italy	13,198,000.00	€	GRUPPO EDITORIALE L'ESPRESSO S.p.A.	100.00
ALL MUSIC S.p.A.	Italy	6,500,000.00	€	RETE A S.p.A.	100.00
SAIRE S.r.l.	Italy	46,800.00	€	GRUPPO EDITORIALE L'ESPRESSO S.p.A.	100.00
ROTONORD S.p.A.	Italy	120,000.00	€	ROTOCOLOR S.p.A.	100.00
SOGEFI GROUP					
SOGEFI S.p.A. (**)	Italy	60,397,475.84	€	CIR S.p.A.	56.60
REJNA S.p.A.	Italy	5,200,000.00	€	SOGEFI S.p.A.	99.84
FILTRAUTO S.A.	France	5,750,000.00	€	SOGEFI S.p.A.	99.99
SOGEFI FILTRATION Ltd	UK	5,126,737	GBP	SOGEFI S.p.A.	100.00
SOGEFI FILTRATION B.V.	Netherlands	1,125,000.00	€	SOGEFI S.p.A.	100.00
SOGEFI FILTRATION A.B.	Sweden	100,000	SEK	SOGEFI S.p.A.	100.00
SOGEFI FILTRATION S.A.	Spain	12,953,713.60	€	SOGEFI S.p.A. FILTRAUTO S.A.	86.08 13.92 100.00
SOGEFI FILTRATION d.o.o.	Slovenia	10,291,798.00	€	SOGEFI S.p.A.	100.00
ALLEVARD REJNA AUTOSUSPENSIONS S.A.	France	36,000,000.00	€	SOGEFI S.p.A.	99.98
SOGEFI FILTRATION S.p.A.	Italy	21,951,000.00	€	SOGEFI S.p.A.	100.00
SOGEFI PURCHASING S.a.s.	France	100,000.00	€	SOGEFI S.p.A.	100.00
ALLEVARD SOGEFI U.S.A. Inc.	US	20,055,000	USD	SOGEFI S.p.A.	100.00
FILTRAUTO GmbH *(in liquidation)*	Germany	51,130.00	€	SOGEFI FILTRATION B.V.	100.00
SOGEFI FILTRATION DO BRASIL Ltda	Brazil	29,857,374	Real	SOGEFI FILTRATION S.A.	99.99
SOGEFI FILTRATION ARGENTINA S.A.	Argentina	10,691,607	Pesos	SOGEFI FILTRATION DO BRASIL Ltda FILTRAUTO S.A. SOGEFI FILTRATION S.p.A.	91.90 7.28 0.81 99.99
SHANGHAI SOGEFI AUTO PARTS Co., Ltd	China	9,980,000	USD	SOGEFI FILTRATION S.p.A.	100.00
ALLEVARD SPRINGS Co. Ltd.	UK	4,000,002	GBP	ALLEVARD REJNA AUTOSUSPENSIONS S.A.	99.99
ALLEVARD FEDERN GmbH	Germany	50,000.00	€	ALLEVARD REJNA AUTOSUSPENSIONS S.A.	100.00
ALLEVARD REJNA ARGENTINA S.A.	Argentina	600,000	Pesos	ALLEVARD REJNA AUTOSUSPENSIONS S.A.	99.97
IBERICA DE SUSPENSIONES S.L. (ISSA)	Spain	10,529,668.00	€	ALLEVARD REJNA AUTOSUSPENSIONS S.A.	50.00

(**) 57.57% of voting rights

Name of Company	*Registered Office*	*Share Capital*	*Currency*	*Parent Companies*	*% of ownership*
ALLEVARD MOLAS DO BRAZIL Ltda	Brazil	37,161,683	Real	ALLEVARD REJNA AUTOSUSPENSIONS S.A.	99.99
				ALLEVARD SPRINGS Co. Ltd	0.01
					100.00
UNITED SPRINGS Ltd	UK	6,500,000	GBP	ALLEVARD REJNA AUTOSUSPENSIONS S.A.	100.00
UNITED SPRINGS B.V.	Netherlands	254,979.00	€	ALLEVARD REJNA AUTOSUSPENSIONS S.A.	100.00
SHANGHAI ALLEVARD SPRINGS Co. Ltd	China	5,335,308.00	€	ALLEVARD REJNA AUTOSUSPENSIONS S.A.	60.58
UNITED SPRINGS S.A.S.	France	10,218,000.00	€	ALLEVARD REJNA AUTOSUSPENSIONS S.A.	99.99
LUHN & PULVERMACHER – DITTMANN & NEUHAUS GmbH	Germany	50,000.00	€	ALLEVARD FEDERN GmbH	100.00
FILTRAUTO DO BRASIL Ltda	Brazil	354,600	Real	SOGEFI FILTRATION DO BRASIL Ltda	99.00
				FILTRAUTO S.A.	1.00
					100.00
S.ARA COMPOSITE S.a.S.	France	2,000,000.00	€	ALLEVARD REJNA AUTOSUSPENSIONS S.A.	50.00
SOGEFI M.N.R. FILTRATION INDIA Pvt Ltd	India	15,893,480	INR	FILTRAUTO S.A.	60.00
EMW ENVIRONMENTAL TECHNOLOGIES Pvt Ltd	India	475,000	INR	FILTRAUTO S.A.	60.00
HOLDING SANITÀ E SERVIZI GROUP					
HSS – HOLDING SANITÀ E SERVIZI S.p.A.	Italy	6,479,972.00	€	CIR S.p.A.	65.42
REDANCIA S.r.l.	Italy	100,000.00	€	HOLDING SANITÀ E SERVIZI S.p.A.	100.00
OSPEDALE DI SUZZARA S.p.A.	Italy	120,000.00	€	HOLDING SANITÀ E SERVIZI S.p.A.	99.90
MEDIPASS S.p.A.	Italy	700,000.00	€	HOLDING SANITÀ E SERVIZI S.p.A.	100.00
RESIDENZA ANNI AZZURRI S.r.l.	Italy	27,079,034.00	€	HOLDING SANITÀ E SERVIZI S.p.A.	100.00
HSS REAL ESTATE S.p.A.	Italy	2,064,000.00	€	HOLDING SANITÀ E SERVIZI S.p.A	100.00
PARCO IMMOBILIARE S.r.l.	Italy	100,000.00	€	HOLDING SANITÀ E SERVIZI S.p.A.	100.00
ISTITUTO DI RIABILITAZIONE S. STEFANO S.r.l.	Italy	2,550,000.00	€	HOLDING SANITÀ E SERVIZI S.p.A.	100.00
TUGA S.r.l.	Italy	50,000.00	€	REDANCIA S.r.l.	90.00
ABITARE IL TEMPO S.r.l.	Italy	99,000.00	€	ISTITUTO DI RIABILITAZIONE S. STEFANO S.r.l.	55.00
CASA ARGENTO S.r.l.	Italy	1,096,500.00	€	ABITARE IL TEMPO S.r.l.	51.00
ARIEL TECHNOMEDICAL S.r.l.	Italy	10,000.00	€	ISTITUTO DI RIABILITAZIONE S. STEFANO S.r.l.	51.00
SANITECH SOCIETÀ CONSORTILE S.r.l.	Italy	100,000.00	€	ISTITUTO DI RIABILITAZIONE S. STEFANO S.r.l.	93.00
				ABITARE IL TEMPO S.r.l.	7.00
					100.00
HEALTH EQUITY S.r.l.	Italy	100,000.00	€	ISTITUTO DI RIABILITAZIONE S. STEFANO S.r.l.	60.00
JESILAB S.r.l.	Italy	80,000.00		ISTITUTO DI RIABILITAZIONE S. STEFANO S.r.l.	80.00
INIZIATIVE TERRITORIALI INTEGRATE S.r.l.	Italy	50,000.00	€	RESIDENZA ANNI AZZURRI S.r.l.	100.00
DRY PRODUCTS GROUP					
DRY PRODUCTS S.p.A.	Italy	3,000,000.00	€	CIR S.p.A.	100.00
FOOD MACHINERY MEDIUM VOLUME S.p.A. *(in liquidation)*	Italy	3,000,000.00	€	DRY PRODUCTS S.p.A.	100.00
CIR INTERNATIONAL GROUP					
CIR VENTURES L.P.	USA	23,353,535.00	USD	CIR INTERNATIONAL S.A.	99.00
CIR INVESTMENT AFFILIATE S.A.	Luxembourg	278,588.00	€	CIR INTERNATIONAL S.A.	96.00
CIGA LUXEMBOURG GROUP					
CIRFUND – CONSULTADORIA ECONOMICA E PARTECIPAÇOES, SOCIEDADE UNIPESSOAL LDA	Portugal	118,000,000.00	€	CIGA LUXEMBOURG S.A.r.l.	100.00
MEDINVEST Plc	Ireland	57,161,179	USD	CIRFUND – CONSULTADORIA ECONOMICA E PARTECIPAÇOES, SOCIEDADE UNIPESSOAL LDA	100.00

INVESTMENTS IN JOINT VENTURES AND ASSOCIATES
CONSOLIDATED USING THE EQUITY METHOD

(in euro or foreign currency)

Name of Company	***Registered Office***	***Share Capital***	***Currency***	***Parent Companies***	***% of ownership***
SORGENIA GROUP					
TIRRENO POWER S.p.A.	Italy	91,130,000.00	€	ENERGIA ITALIANA S.p.A.	50.00
GICA S.A.	Switzerland	7,000,000.00	CHF	SORGENIA S.p.A.	25.00
LNG MED GAS TERMINAL S.r.l.	Italy	18,440,655.10	€	FIN GAS S.r.l	69.77
VOIE SACRÉE S.a.s.	France	2,197,000.00	€	SOCIÉTÉ FRANÇAISE D'EOLIENNES S.A.	24.86
PARC ÉOLIEN D'EPENSE S.a.s.	France	802,000.00	€	SOCIÉTÉ FRANÇAISE D'EOLIENNES S.A.	25.00
FIN GAS S.r.l.	Italy	10,000.00	€	SORGENIA S.p.A.	50.00
OTA S.a.s.	France	37,000.00	€	SOCIÉTÉ FRANÇAISE D'EOLIENNES S.A.	50.00
ESPRESSO GROUP					
LE SCIENZE S.p.A.	Italy	103,400.00	€	GRUPPO EDITORIALE L'ESPRESSO S.p.A.	50.00
EDITORIALE CORRIERE ROMAGNA S.r.l.	Italy	2,856,000.00	€	FIN.E.GI.L. EDITORIALE S.p.A.	49.00
EDITORIALE LIBERTÀ S.p.A.	Italy	1,000,000.00	€	FIN.E.GI.L. EDITORIALE S.p.A.	35.00
ALTRIMEDIA S.p.A.	Italy	517,000.00	€	FIN.E.GI.L. EDITORIALE S.p.A.	35.00
SOGEFI GROUP					
ALLEVARD RESSORTS COMPOSITES S.A.S.	France	300,000.00	€	ALLEVARD REJNA AUTOSUSPENSIONS S.A.	50.00
CIR INTERNATIONAL GROUP					
KTP GLOBAL FINANCE S.C.A.	Luxembourg	566,573.75	€	CIR INTERNATIONAL S.A.	35.86
(formerly Oakwood Global Finance S.C.A.)				CIR INVESTMENT AFFILIATE S.A.	11.59
					47.45
RESOURCE ENERGY B.V.	Netherlands	100,000	€	CIR INTERNATIONAL S.A.	47.50

INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES
CONSOLIDATED USING THE COST METHOD (*)

(in euro or foreign currency)

Name of Company	***Registered Office***	***Share Capital***	***Currency***	***Parent Companies***	***% of ownership***
SORGENIA GROUP					
TECNOPARCO VALBASENTO S.p.A.	Italy	945,000.00	€	SORGENIA S.p.A.	20.00
E-ENERGY S.r.l.	Italy	15,000.00	€	SORGENIA S.p.A.	20.00
EOLICA BISACCIA S.r.l.	Italy	10,000.00	€	SORGENIA S.p.A.	20.00
SUNNEXT	Italy	10,000.00	€	SORGENIA S.p.A.	100.00
TORRE MAGGIORE WIND POWER S.r.l.	Italy	10,000.00	€	SORGENIA S.p.A.	75.00
EAL COMPOST S.r.l.	Italy	2,424,385.98	€	SORGENIA BIOENERGY S.p.A.	20.62
ESPRESSO GROUP					
ENOTRYA S.r.l. *(in liquidation)*	Italy	78,000.00	€	ELEMEDIA S.p.A.	70.00
CELLULARMANIA.COM S.r.l. *(in liquidation)*	Italy	10,400.00	€	ELEMEDIA S.p.A.	100.00
UHURU MULTIMEDIA S.r.l. *(non-operational)*	Italy	10,400.00	€	KSOLUTIONS S.p.A.	100.00
BENEDETTINE S.r.l. *(in liquidation)*	Italy	255,000.00	€	FIN.E.GI.L. EDITORIALE S.p.A.	35.00
SOGEFI GROUP					
MAKKAWI CARS & LORRIES Co.	Sudan	900,000	Ls.Pt.	REJNA S.p.A.	25.00
HOLDING SANITÀ E SERVIZI GROUP					
OSIMO SALUTE S.p.A.	Italy	750,000.00	€	ABITARE IL TEMPO S.r.l.	25.50
CONSORZIO OSPEDALE DI OSIMO	Italy	20,000.00	€	ABITARE IL TEMPO S.r.l.	24.70
FIDIA S.r.l.	Italy	10,200.00	€	HEALTH EQUITY S.r.l.	50.00
SANATRIX S.r.l.	Italy	843,700.00	€	ISTITUTO DI RIABILITAZIONE S. STEFANO S.r.l.	26.44
CIR INTERNATIONAL GROUP					
BANQUE DUMENIL LEBLE S.A. *(in liquidation)*	France	16,007,146.81	€	CIR INTERNATIONAL S.A.	100.00
DUMENIL LEBLE (SUISSE) S.A.	Switzerland	102,850	CHF	CIR INTERNATIONAL S.A.	100.00
PHA – Participations Hotelières Astor	France	12,150.00	€	CIR INTERNATIONAL S.A.	99.99
CIR VENTURES MANAGEMENT CO. L.L.C.	USA	7,100	USD	CIR INTERNATIONAL S.A.	20.00
KTP GLOBAL FINANCE MANAGEMENT S.A. (formerly Oakwood Global Finance Management S.A.)	Luxembourg	31,000.00	€	CIR INTERNATIONAL S.A.	34.69
				CIR INVESTMENT AFFILIATE S.A.	11.31
					46.00

(*) Investments which are non-significant, non-operational or that have been recently acquired, unless stated otherwise

INVESTMENTS IN OTHER COMPANIES
CONSOLIDATED USING THE COST METHOD (*)

(in euro or foreign currency)

Name of Company	*Registered Office*	*Share Capital*	*Currency*	*Parent Companies*	*% of ownership*
ESPRESSO GROUP					
A.G.F. S.r.l.	Italy	30,000.00	€	GRUPPO EDITORIALE L'ESPRESSO S.p.A.	10.00
AGENZIA A.N.S.A. S. COOP. a.r.l.	Italy	11,921,162.64	€	GRUPPO EDITORIALE L'ESPRESSO S.p.A.	3.81
				FIN.E.GI.L. EDITORIALE S.p.A.	3.81
				EDITORIALE LA NUOVA SARDEGNA S.p.A.	3.17
				EDITORIALE FVG S.p.A.	3.28
				S.E.T.A. S.p.A.	2.53
				E.A.G. S.p.A.	1.88
					18.48
CONSULEDIT S. CONSORTILE a.r.l.	Italy	20,000.00	€	GRUPPO EDITORIALE L'ESPRESSO S.p.A.	6.62
				FIN.E.GI.L. EDITORIALE S.p.A.	3.99
				EDITORIALE LA NUOVA SARDEGNA S.p.A.	0.62
				S.E.T.A. S.p.A.	0.49
				EDITORIALE FVG S.p.A.	0.47
				E.A.G. S.p.A.	0.39
					12.58
E-INK CORPORATION	USA	165,456,000	USD	GRUPPO EDITORIALE L'ESPRESSO S.p.A.	0.05
IMMOBILIARE EDITORI GIORNALI S.r.l.	Italy	830,462.00	€	S.E.T.A. S.p.A.	0.17
				EDITORIALE LA NUOVA SARDEGNA S.p.A.	0.12
					0.29
TRENTO PRESS SERVICE S.r.l.	Italy	260,000.00	€	S.E.T.A. S.p.A.	14.40
AGENZIA INFORMATIVA ADRIATICA d.o.o.	Slovenia	12,767.75	Sit.	EDITORIALE FVG S.p.A.	19.00
CLUB D.A.B. ITALIA – CONSORZIO	Italy	18,075.96	€	ELEMEDIA S.p.A.	14.29
AUDIRADIO S.r.l.	Italy	258,000.00	€	A. MANZONI & C. S.p.A.	3.63
PRESTO TECHNOLOGIES Inc. *(non- operational)*	USA	7,663,998.4	USD	ELEMEDIA S.p.A.	7.83
CERT – CONSORZIO EMITTENTI RADIO TELEVISIVE	Italy	177,531.00	€	RETE A S.p.A.	6.67
CONSORZIO COLLE MADDALENA	Italy	62,224.08	€	RETE A S.p.A.	4.17
TELELIBERTÀ S.p.A.	Italy	500,000.00	€	FIN.E.GI.L. EDITORIALE S.p.A.	19.00
SOGEFI GROUP					
AFICO FILTERS S.A.E.	Egypt	10,000,000	EGP	SOGEFI FILTRATION S.p.A.	19.00

(*) Holdings of less than 20%

INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES AND IN OTHER COMPANIES
NOT INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS

(in euro or foreign currency)

Name of Company	***Registered Office***	***Share Capital***	***Currency***	***Parent Companies***	***% of ownership***
CIR GROUP					
C.B.D.O. - COMPAGNIE BOURGUIGNONNE DES OENOPHILES SARL	France	9,000.00	€	CIGA LUXEMBOURG S.A.r.l.	100.00
SO.GE.LOC. S.a.r.l. *(in liquidation)*	France	7,622.45	€	C.B.D.O. EURL	99.80
VICTOR HUGO CENTRE D'AFFAIRES S.A.r.l. *(in liquidation)*	France	7,622.45	€	C.B.D.O. EURL	76.00
FINAL S.A. *(in liquidation)*	France	2,324,847.00	€	C.B.D.O. EURL	47.73
SORGENIA GROUP					
OWP Parc Eolienne du Banc des Olives SARL	France	10,000.00	€	SOCIÉTÉ FRANÇAISE D'EOLIENNES S.A.	20.00
SOGEFI GROUP					
INTEGRAL S.A.	Argentina	2,515,600	Pesos	FILTRAUTO S.A.	93.50
				SOGEFI FILTRATION ARGENTINA S.A.	6.50
					100.00
LES NOUVEAUX ATELIERS MECANIQUES S.A. *(in liquidation)*	Belgium	2,880,000.00	€	SOGEFI S.p.A.	74.90
				REJNA S.p.A.	25.10
					100.00

CIR S.p.A.

Financial Statements of the Parent Company as of June 30 2009

STATEMENT OF FINANCIAL POSITION

INCOME STATEMENT

STATEMENT OF CASH FLOWS

STATEMENT OF CHANGES IN EQUITY

STATEMENTS OF COMPREHENSIVE INCOME

1. STATEMENT OF FINANCIAL POSITION

(in euro)

ASSETS		%(**)	30.06.2009		%(**)	31.12.2008
NON-CURRENT ASSETS			**1,081,213,520**			**1,041,152,254**
INTANGIBLE ASSETS			172,713			191,477
TANGIBLE ASSETS			3,096,323			3,176,710
INVESTMENT PROPERTY			18,400,510			18,686,421
EQUITY INVESTMENTS			927,480,735			1,017,990,864
SUNDRY RECEIVABLES			131,296,348			24,200
of which with related parties (*)	*131,272,148*	100.0		--	--	
DEFERRED TAXES			766,891			1,082,582
CURRENT ASSETS			**233,573,902**			**293,334,311**
SUNDRY RECEIVABLES			26,971,672			54,469,830
of which with related parties (*)	*4,050,871*	15.0		*7,827,661*	14.4	
SECURITIES			9,753,054			226,547,842
CASH AND CASH EQUIVALENTS			196,849,176			12,316,639
TOTAL ASSETS			**1,314,787,422**			**1,334,486,565**

LIABILITIES AND SHAREHOLDERS EQUITY		%(**)	30.06.2009		%(**)	31.12.2008
SHAREHOLDERS' EQUITY			**980,442,786**			**974,501,436**
ISSUED CAPITAL			395,587,634			395,587,634
less OWN SHARES			(21,537,000)			(21,487,000)
SHARE CAPITAL			374,050,634			374,100,634
RESERVES			349,106,888			345,985,148
RETAINED EARNINGS / (LOSSES)			254,341,399			221,164,387
NET INCOME FOR THE PERIOD			2,943,865			33,251,267
NON-CURRENT LIABILITIES			**306,177,520**			**298,631,544**
BONDS AND NOTES			304,628,427			295,982,153
DEFERRED TAXES			--			--
PERSONNEL PROVISIONS			1,549,093			2,649,391
CURRENT LIABILITIES			**28,167,116**			**61,353,585**
BANK OVERDRAFTS			--			--
BORROWINGS FROM SUBSIDIARIES			--			--
OTHER PAYABLES			13,526,484			11,306,639
of which to related parties (*)	*9,647,250*	71.3	--	*5,456,508*	48.6	
PROVISIONS FOR RISKS AND LOSSES			14,640,632			50,046,946
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY			**1,314,787,422**			**1,334,486,565**

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

2. INCOME STATEMENT

(in euro)

		%(**)	1st Half 2009		%(**)	1st Half 2008
SUNDRY REVENUES AND INCOME			3,827,755			3,618,116
of which from related parties (*)	*2,917,850*	76.2		*3,082,822*	85.2	
COSTS FOR SERVICES			(3,959,633)			(4,745,006)
of which from related parties	--	--		*(1,156,000)*	24.4	
PERSONNEL COSTS			(4,508,719)			(3,816,660)
OTHER OPERATING COSTS			(1,134,484)			(944,137)
AMORTIZATION, DEPRECIATION & WRITE-DOWNS			(423,168)			(421,758)
OPERATING RESULT			**(6,198,249)**			**(6,309,445)**
FINANCIAL INCOME			3,912,901			4,512,732
of which from related parties	*1,290,740*	33.0		*128,622*	2.9	
FINANCIAL EXPENSE			(9,196,866)			(8,924,627)
of which with related parties	--	--		*(208,591)*	2.3	
DIVIDENDS			9,271,962			138,738,023
of which from related parties	*9,241,547*	99.7		*138,689,930*	100.0	
GAINS FROM TRADING SECURITIES			4,246,715			369,898
LOSSES FROM TRADING SECURITIES			(942,498)			(2,370,000)
ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS			346,900			(1,202,902)
INCOME / (LOSS) BEFORE TAXES			**1,440,865**			**124,813,679**
INCOME TAXES			1,503,000			1,591,392
NET INCOME FOR THE PERIOD			**2,943,865**			**126,405,071**

BASIC EARNINGS PER SHARE (in euro)	0.0039	0.1687
DILUTED EARNINGS PER SHARE (in euro)	0.0039	0.1687

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

(**) Percentage of the total

3. STATEMENT OF CASH FLOWS

(in euro)

		1st Half 2009		1st Half 2008
OPERATING ACTIVITY				
NET INCOME FOR THE PERIOD		2,943,865		126,405,071
ADJUSTMENTS:				
AMORTIZATION, DEPRECIATION & WRITE-DOWNS		423,168		421,758
LOSSES (GAINS) ON THE SALE OF EQUITY INVESTMENTS		(3,304,217)		2,000,102
ACTUARIAL VALUATION OF STOCK OPTION PLANS		1,942,086		1,263,936
PROVISIONS TO LEAVING INDEMNITY FUND (TFR)		122,487		136,081
ADJUSTMENT TO VALUE OF FINANCIAL ASSETS		(346,900)		1,202,902
(RISE) REDUCTION IN NET WORKING CAPITAL		2,001,508		4,090,779
of which with related parties	*7,967,532*		*(562,984)*	
CASH FLOW FROM OPERATING ACTIVITY		3,781,997		135,520,629
of which:				
- interest income (expense)		18,553,381		(521,098)
- dividends received		9,271,962		138,738,023
- income tax receipts (payments) *		8,342,358		16,609,750
INVESTMENT ACTIVITY				
(PURCHASE) SALE OF CURRENT SECURITIES		220,445,905		(130,863,344)
(PURCHASE) SALE OF FIXED ASSETS		90,472,023		(22,968,227)
CASH FLOW FROM INVESTMENT ACTIVITY		310,917,928		(153,831,571)
FUNDING ACTIVITY				
INFLOWS FROM CAPITAL INCREASES		--		365,308
BUY-BACK OF OWN SHARES		(74,255)		(6,396,015)
LOANS MADE TO SUBSIDIARIES		(130,000,000)		--
DIVIDENDS PAID OUT		--		(37,410,570)
OTHER CHANGES		(93,133)		(197,070)
CASH FLOW FROM FUNDING ACTIVITY		(130,167,388)		(43,638,347)
RISE (REDUCTION) IN NET CASH AND CASH EQUIVALENTS		184,532,537		(61,949,289)
NET CASH AND CASH EQUIVALENTS AT START OF PERIOD		12,316,639		77,839,093
NET CASH AND CASH EQUIVALENTS AT END OF PERIOD		196,849,176		15,889,804

** These amounts refer to current tax amounts received following tax consolidation*

4. STATEMENT OF CHANGES IN EQUITY

(in euro)	*Issued Capital*	*less own shares*	*Share Capital*	*Reserves*	*Retained earnings (losses)*	*Net income for period*	*Total*
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
Capital increases	--	--	--		--	--	--
Dividends to Shareholders	--	--	--	--	--		--
Earnings posted to reserves	--	--	--	--	33,251,267	(33,251,267)	--
Adjustment for own share transactions	--	(50,000)	(50,000)	50,000	(74,255)	--	(74,255)
Notional recognition of stock options	--	--	--	3,071,740	--	--	3,071,740
Result for the period	--	--	--	--	--	2,943,865	2,943,865
BALANCE AT JUNE 30 2009	395,587,634	(21,537,000)	374,050,634	349,106,888	254,341,399	2,943,865	980,442,786

5. STATEMENT OF COMPREHENSIVE INCOME

(in thousands of euro)

	1st Half 2009	*1st Half 2008*
Net income for the period	2,943,865	126,405,071
Other items of comprehensive income statement	--	--
Other items of comprehensive income statement for the period, net of tax	--	--
TOTAL COMPREHENSIVE INCOME STATEMENT FOR THE PERIOD	**2,943,865**	**126,405,071**

Independent Auditors' Review Report

Deloitte.

Deloitte & Touche S.p.A.
Via Tortona, 25
20144 Milano
Italia

Tel: +39 02 83322111
Fax: +39 02 83322112
www.deloitte.it

AUDITORS' REVIEW REPORT ON THE HALF-YEARLY CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Translation from the original Italian text)

To the Shareholders of
CIR S.p.A.

1. We have reviewed the half-year condensed consolidated financial statements of CIR S.p.A. and subsidiaries (the "CIR Group"), which comprise the statement of financial position as of June 30, 2009, and the income statement, statement of comprehensive income, statement of changes in equity and cash flow statement for the six-month period then ended, and the related explanatory notes. The Company's directors are responsible for the preparation and presentation of this interim financial information in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to issue a report on these half-year condensed consolidated financial statements based on our review.

2. We conducted our review in accordance with the standards recommended by the Italian Regulatory Commission for Companies and the Stock Exchange ("Consob") for the review of the half-year interim financial statements under Resolution n° 10867 of July 31, 1997. Our review consisted principally of applying analytical procedures to the underlying financial data, assessing whether accounting policies have been consistently applied and making enquiries of management responsible for financial and accounting matters. The review excluded audit procedures such as tests of controls and substantive procedures of the assets and liabilities and was therefore substantially less in scope than an audit performed in accordance with established auditing standards. Accordingly, unlike our report on the year-end consolidated financial statements, we do not express an audit opinion on the half-year condensed consolidated financial statements.

   As far as comparative figures related to the year ended December 31, 2008 and the six-month period ended June 30, 2008 are concerned, reclassified to consider the changes to the financial statements required by the amendment of IAS 1 (2007), reference should be made to our auditors' report dated 3 April, 2009 and our auditors' review report dated 27 August, 2008, respectively.

3. Based on our review, nothing has come to our attention that causes us to believe that the half-year condensed consolidated financial statements of CIR Group as of June 30, 2009 are not prepared, in all material respects, in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union.

DELOITTE & TOUCHE S.p.A.

Signed by
Riccardo Motta
Partner

Milan, Italy
26 August, 2009

This report has been translated into the English language solely for the convenience of international readers.