CIR GROUP

INTERIM REPORT AND FINANCIAL STATEMENTS
AS OF MARCH 31 2008

Turin, April 29 2008

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R.E.A. no. 3933 – Turin Register of Companies / Tax Code / IVA no. 00519120018
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C O N T E N T S

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MANAGEMENT REPORT ON THE PERFORMANCE OF OPERATIONS AS OF MARCH 31 2008

In the first three months of 2008 the CIR Group reported consolidated net income of € 17.3 million compared with € 28.3 million in the same period of last year.
In the first quarter consolidated revenues came in at € 1,202.8 million, up from € 1,047 million in the same period of 2007 (+14.9%).

The contribution of the operating groups to consolidated earnings was € 20.6 million with a decline of € 3.8 million from € 24.4 million in the first three months of 2007, which affected to a lesser extent all sectors except the healthcare sector which actually improved its profitability.

The contribution of the financial subsidiaries went down from € 8.9 million in the first quarter of 2007 to € 5.2 million mainly as a result of lower capital gains on the sale of shares in hedge funds by Medinvest.

The result of CIR and the financial holdings in the first three months of 2008, a negative € 8.5 million (€ 5 million in the same period of 2007), was the result of overheads of € 3.2 million and of the following:

- Adjustments to the value of investments valued at equity, negative for € 0.2 million;
- Net financial expense of € 6.6 million;
- Net gains from trading and valuing securities of € 0.6 million;
- Net positive taxes of € 0.9 million.

Consolidated net financial debt stood at € 1,531 million at March 31 2008 (€ 1,333.5 million at December 31 2007) and was made up of a net financial surplus for CIR and the financial holdings of € 72.8 million (€ 112.3 million at December 31 2007) and net debt for the operating groups of € 1,603.8 million (€ 1,445.8 million at December 31 2007).

The balance sheet at March 31 2008 showed shareholders' equity of the Group amounting to € 1,313.3 million compared to € 1,319.9 million at December 31 2007 and total equity of € 2,045 million compared to € 2,041.8 million at December 31 2007.

The charts on the following pages show a breakdown by business sector of the economic and financial results of the Group, together with a breakdown of the contribution of the main subsidiaries and the aggregate results of CIR and the financial holding companies.

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

(in millions of euro)

CONSOLIDATED / AGGREGATE	*1st Quarter 2008*										*1st Quarter 2007*
	Revenues	*Costs of production*	*Other operating costs & revenues*	*Adjustments to value of investments valued at equity*	*Amort., deprec. and write-downs*	*Net financial income & expense*	*Dividends, gains and losses from trading and valuing securities*	*Income taxes*	*Result of minority interests*	*Net result of Group*	*Net result of Group*
Sorgenia Group	610.3	(568.4)	(2.2)	6.7	(7.3)	(11.4)		(9.0)	(8.8)	9.9	10.5
Espresso Group	262.3	(224.9)	(2.0)	0.3	(10.3)	(4.4)		(10.4)	(4.9)	5.7	7.1
Sogefi Group	271.7	(237.8)	(3.7)	--	(11.2)	(3.3)		(6.1)	(4.5)	5.1	7.4
HSS Group	58.5	(49.3)	(2.2)	--	(2.4)	(2.5)		(1.6)	(0.2)	0.3	(0.5)
Other subsidiaries	--	(4.3)	4.6	--	--	(0.7)		--	--	(0.4)	(0.1)
Total operating subsidiaries	**1,202.8**	**(1,084.7)**	**(5.5)**	**7.0**	**(31.2)**	**(22.3)**	**--**	**(27.1)**	**(18.4)**	**20.6**	**24.4**
Financial subsidiaries	**--**	**(0.4)**	**--**	**--**	**--**	**--**	**6.6**	**--**	**(1.0)**	**5.2**	**8.9**
Total subsidiaries	**1,202.8**	**(1,085.1)**	**(5.5)**	**7.0**	**(31.2)**	**(22.3)**	**6.6**	**(27.1)**	**(19.4)**	**25.8**	**33.3**
CIR and financial holding companies											
Revenues	--									--	--
Costs of production		(4.2)								(4.2)	(4.3)
Other operating revenues and costs			1.2							1.2	0.2
Adjustments to the value of investments valued at equity				(0.2)						(0.2)	(3.2)
Amortization, depreciation & write-downs					(0.2)					(0.2)	(0.2)
Net financial income and expense						(6.6)				(6.6)	(5.9)
Dividends, gains and losses from trading securities							0.6			0.6	6.9
Income taxes								0.9		0.9	1.5
Total CIR & financial holding companies	**--**	**(4.2)**	**1.2**	**(0.2)**	**(0.2)**	**(6.6)**	**0.6**	**0.9**	**--**	**(8.5)**	**(5.0)**
Total consolidated of the Group	**1,202.8**	**(1,089.3)**	**(4.3)**	**6.8**	**(31.4)**	**(28.9)**	**7.2**	**(26.2)**	**(19.4)**	**17.3**	**28.3**

CONSOLIDATED BALANCE SHEET BY BUSINESS SECTOR

(in millions of euro)

CONSOLIDATED / AGGREGATE	*31.03.2008*							*31.12.2007*
	Fixed assets	*Other net non-current assets/liabil.*	*Net working capital*	*Net financial position*	*Total equity of which:*	*Minority equity*	*Group equity*	*Shareholders' equity of the Group*
Sorgenia Group	1,426.9	78.2	156.9	(1,066.5) (*)	595.5	285.5	310.0	301.8
Espresso Group	904.9	(162.0)	43.5	(234.7)	551.7	257.0	294.7	290.4
Sogefi Group	351.0	(46.1)	129.1	(101.4)	332.6	152.1	180.5	179.5
HSS Group	256.5	(19.9)	31.3	(163.1)	104.8	35.5	69.3	69.5
Other subsidiaries	0.3	58.2	3.7	(38.1)	24.1	2.1	22.0	15.3
Total subsidiaries	**2,939.6**	**(91.6)**	**364.5**	**(1,603.8)**	**1,608.7**	**732.2**	**876.5**	**856.5**
<u>CIR and financial holding companies</u>								
Fixed assets	128.3				128.3	--	128.3	125.4
Other net non-current assets & liabilities		201.2			201.2	(0.5)	201.7	197.8
Net working capital			34.0		34.0	--	34.0	27.9
Net financial position				72.8	72.8	--	72.8	112.3
Total consolidated of Group	**3,067.9**	**109.6**	**398.5**	**(1,531.0)**	**2,045.0**	**731.7**	**1,313.3**	**1,319.9**

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

1. PERFORMANCE OF THE GROUP

Consolidated revenues in the first three months of 2008 were € 1,202.8 million, up from € 1,047 million in the same period of 2007, with a rise of € 155.8 million (+14.9%).

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

(in millions of euro)	*1st Quarter*					
	2008	*%*	*2007*	*%*	*Change absolute*	*%*
Utilities						
Sorgenia Group	610.3	50.7	472.4	45.1	137.9	29.2
Media						
Espresso Group	262.3	21.8	272.5	26.0	(10.2)	(3.7)
Automotive components						
Sogefi Group	271.7	22.6	267.1	25.5	4.6	1.7
Healthcare						
HSS Group	58.5	4.9	35.0	3.4	23.5	67.1
Other sectors	--	--	--	--	--	--
Total consolidated revenues	1,202.8	100.0	1,047.0	100.0	155.8	14.9

The **comparison of the key figures of the income statement** of the CIR Group with those of the previous year is as follows:

(in millions of euro)	*1st Quarter*			
	2008	*%*	*2007*	*%*
Revenues	1,202.8	100.0	1,047.0	100.0
Consolidated gross operating margin (EBITDA)	**116.0**	**9.6**	**114.5**	**10.6**
Consolidated operating income (EBIT)	**84.6**	**7.0**	**84.8**	**7.8**
Financial management result	(21.7)	(1.8)	(1.5)	(0.1)
Income taxes	(26.2)	(2.2)	(30.5)	(2.8)
Net income including minority interests	**36.7**	**3.1**	**52.8**	**4.9**
Net income – minority interests	(19.4)	(1.6)	(24.5)	(2.3)
Net income of the Group	**17.3**	**1.4**	**28.3**	**2.6**

In the first three months of 2008 the **consolidated gross operating margin (EBITDA)** was € 116 million (9.6% of revenues) up from € 114.5 million in the first three months of 2007 (10.6% of revenues), with a rise of € 1.5 million (+1.3%). This result was determined by:

- An improvement in the profitability of the Sorgenia group, due to higher sales margins on both electricity and gas, and of the HSS group, thanks to the contribution of the new acquisitions;
- A decline in the profitability of the Espresso group, caused mainly by the decline in advertising, and of the Sogefi group, because of a decline in sales in the filter aftermarket.

The **consolidated operating income (EBIT)** in the first three months of 2008 was € 84.6 million (7% of revenues) which was substantially unchanged from € 84.8 million (7.8% of revenues) in the same period of 2007.

The financial management result came in at a negative € 21.7 million, which was the result of the following:
- Net financial expense of € 28.9 million (€ 19.8 million in the first three months of 2007);
- Dividends and net gains from trading securities of € 9.1 million (€ 15 million of net gains in the first three months of 2007);
- Negative adjustments to the value of financial assets of € 1.9 million (positive for € 3.3 million in first quarter 2007).

The **comparison of the key figures of the balance sheet** of the CIR Group at March 31 2008 with those at December 31 2007 and March 31 2007 is as follows:

(in millions of euro)	*31.03.2008*	*31.12.2007*	*31.03.2007*
Fixed assets	3,067.9	3,035.2	2,341.1
Other net non-current assets and liabilities	109.6	106.5	228.1
Net working capital	398.5	233.6	343.7
Net invested capital	**3,576.0**	**3,375.3**	**2,912.9**
Net financial debt	**(1,531.0)**	**(1,333.5)**	**(888.5)**
Total shareholders' equity	**2,045.0**	**2,041.8**	**2,024.4**
Shareholders' equity of the Group	1,313.3	1,319.9	1,292.4
Minority Shareholders' equity	731.7	721.9	732.0

Consolidated net capital invested at March 31 2008 stood at € 3,576 million compared to € 3,375.3 million at December 31 2007, with a rise of € 200.7 million.

Consolidated net financial debt at March 31 2008, as has already been indicated, amounted to € 1,531 million (up from € 1,333.5 million at December 31 2007) and was the result of:
- a net financial surplus for CIR and the financial holding companies of € 72.8 million which compares with € 112.3 million at December 31 2007. The net absorption of cash flow of € 39.5 million was mainly due to investments made in private equity funds and in own shares and for € 25 million to the fair value adjustment of securities owned by Medinvest;
- total debt in the operating groups of € 1,603.8 million up from € 1,445.8 million at December 31 2007. The rise of € 158 million was caused mainly by the absorption of working capital and by investment made in new production capacity by the Sorgenia group.

CIR's share of the investment in Medinvest, equal to 87%, amounted to € 282.1 million at March 31 2008. The accounting treatment of Medinvest involves recognizing directly to shareholders' equity the fair value changes in the funds; the fair value reserve relating to Medinvest at March 31 2008 amounted to € 108.3 million (€ 133.4 million at December 31 2007). In first quarter 2008 the sale of shares in hedge funds by Medinvest produced a gain of € 5.7 (€ 9 million in first quarter 2007).
Since its inception (April 1994) the performance of Medinvest up to and including 2007 has been particularly satisfactory, giving the portfolio a weighted average annual return in dollar terms of 9.9%. In the first three months of 2008 performance gave a positive return, net of commissions, of 4% due to the extreme volatility of the financial markets, as can also be seen from the monthly performance of Medinvest which was negative in January and March (-3.4% and -2.7% respectively) and positive in February (+2.1%).

Total shareholders' equity at March 31 2008 stood at € 2,045 million compared to € 2,041.8 million at December 31 2007, with a rise of € 3.2 million.

The **shareholders' equity of the Group** amounted to € 1,313.3 million at March 31 2008 compared to € 1,319.9 million at December 31 2007, with a net decrease of € 6.6 million.

Minority shareholders' equity amounted to € 731.7 million at March 31 2008 up from € 721.9 million at December 31 2007, with a rise of € 9.8 million.

The **consolidated cash flow statement** in the first three months of 2008, prepared according to a managerial format which shows the changes in net financial position, can be summed up in the following chart :

(in millions of euro)	*1st Quarter 2008*	*1st Quarter 2007*
SOURCES OF FUNDING		
Net income for the period including minority interests	36.7	52.8
Amortization, depreciation, write-downs and other non-monetary changes	26.7	24.6
Self-financing	**63.4**	**77.4**
Change in working capital	**(166.2)**	**75.5**
CASH FLOW GENERATED (ABSORBED) BY OPERATIONS	**(102.8)**	**152.9**
Capital increases	4.8	6.6
TOTAL SOURCES OF FUNDS	**(98.0)**	**159.5**
APPLICATIONS		
Net investments in fixed assets	(60.6)	(180.6)
Buy-back of own shares	(12.8)	(21.0)
Payment of dividends	(1.6)	(1.5)
Other changes	(24.5)	5.7
TOTAL APPLICATIONS	**(99.5)**	**(197.4)**
FINANCIAL SURPLUS (DEFICIT)	**(197.5)**	**(37.9)**
NET FINANCIAL DEBT AT BEGINNING OF PERIOD	**(1,333.5)**	**(850.6)**
NET FINANCIAL DEBT AT END OF PERIOD	**(1,531.0)**	**(888.5)**

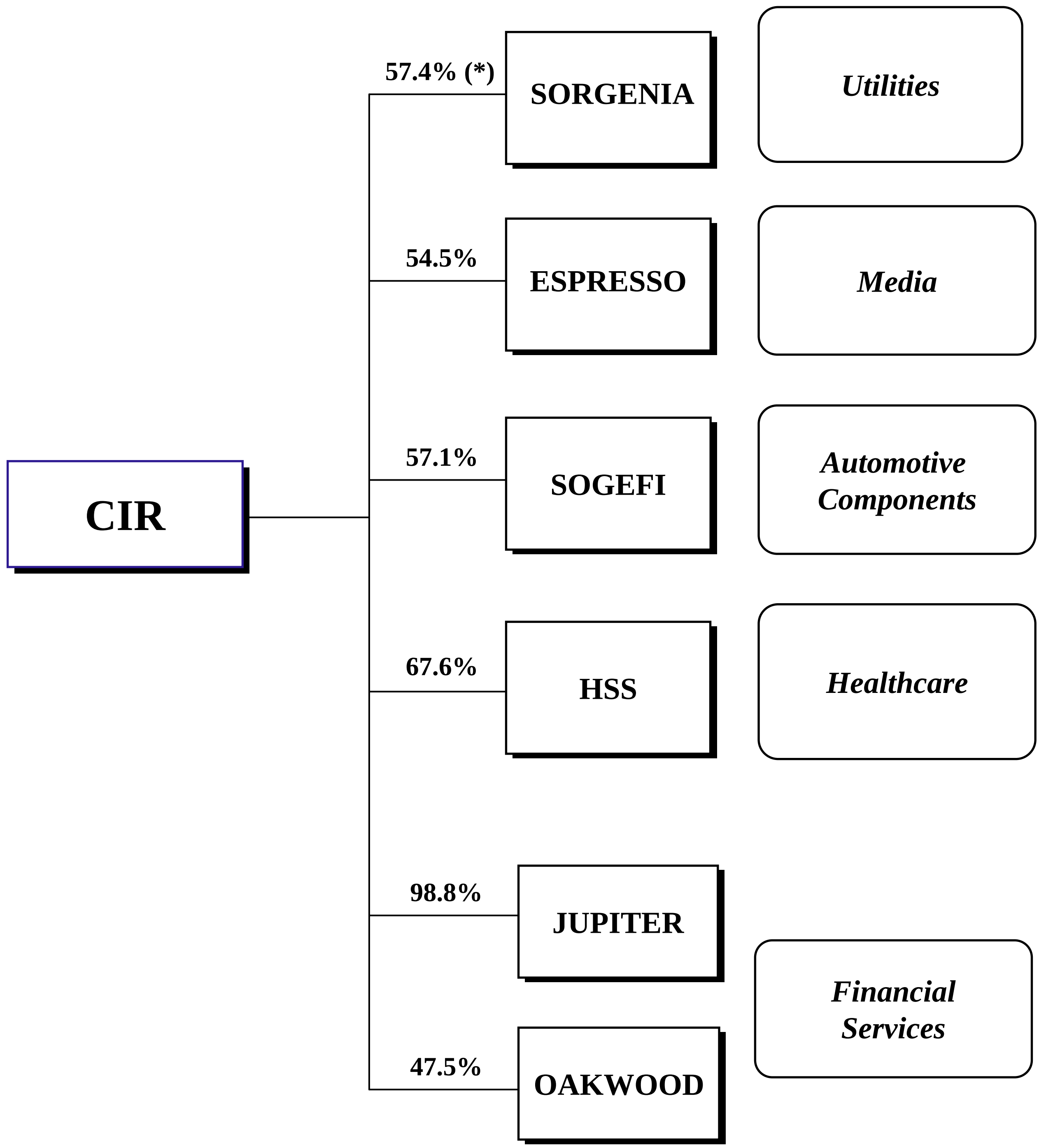
The cash flow absorbed by operations amounted to € 102.8 million and was essentially due to the higher level of working capital in the Sorgenia group. Investments in fixed assets related mainly to the investments in new production capacity for the Modugno power plant under construction and the photovoltaic plants of Soluxia.

The breakdown of the net financial position is given in the section containing the accounts.

At March 31 2008 the Group had 12,786 employees on its books, up from 12,422 at December 31 2007.

MAIN EQUITY INVESTMENTS OF THE GROUP

AT MARCH 31 2008



(*) percentage of indirect control through Energia Holding

2. PERFORMANCE OF THE BUSINESS SECTORS

UTILITIES SECTOR

The chart below shows the main performance indicators of the Sorgenia group for this current year and a comparison with those of the same periods of the previous year:

(in millions of euro)	*1st Quarter 2008*	*1st Quarter 2007*	*Change absolute*	*%*
Revenues	610.3	472.4	137.9	29.2
Net income	17.2	18.1	(0.9)	(5.0)

	31/03/2008	*31/12/2007*	*31/03/2007*
Net financial position	(1,076.7)	(904.9)	(563.6)
No. of employees	299	276	227

In the first three months of 2008 the Sorgenia group reported consolidated revenues of € 610.3 million, with a rise of 29.2% from € 472.4 million in the first quarter of 2007, thanks to the rise in sales of both electricity (+30.8%) and natural gas (+15.9%).

Consolidated EBITDA rose from € 41.3 million in the first three months of 2007 to € 46.5 million in the first quarter of 2008, the quarter having benefited from higher margins from the sale of both electricity (especially in the segment of clients with lower consumption who are more profitable), and natural gas.

Consolidated EBIT rose from € 35.7 million in the first three months of 2007 to € 39.2 million in the first quarter of 2008.

In the first three months of 2008 the Sorgenia group reported consolidated net income € 17.2 million compared to € 18.1 million in the same period of 2007. This decline was mainly due to the rise in financial expense because of the higher debt over the period.

The consolidated net financial position at March 31 2008 showed net debt of € 1,076.7 million, up from € 904.9 million at December 31 2007. This rise was mainly due to the absorption of working capital and to the investments in new production capacity, in relation to the power plant under construction at Modugno and the photovoltaic plants of Soluxia.

In the first few months of 2008 the roll-out of the business plan of Sorgenia continued. This involves a significant development of the business of the group in the power generation sector, with particular attention being devoted to sources with a low environmental impact and to renewables. The industrial objectives of the plan, after the entry into production of the Termoli plant, are to build three more combined cycle gas fired plants (CCGTs each with an output of 770 MW), the completion of the repowering program of the subsidiary Tirreno Power, the construction of wind plants for 450 MW and investments in the photovoltaic sector.

Regarding generating from wind sources, construction work continued on the new plants located in the local districts of Minervino Murge, Castelnuovo di Conza and San Gregorio Magno, for a total installed capacity of approximately 70 MW, while the acquisition in France of Société Française d'Eoliennes (SFE) in December 2007 enabled the Sorgenia group to add a further 100 MW installed, 39 MW authorized and soon to be built and 1,000 MW at various stages of development to its wind generating portfolio. Then, at the end of March 2008, the company Sorgenia Romania, with registered offices in Bucharest, was set up to build, manage and maintain wind parks in Romania.

As far as solar energy is concerned, at the close of first quarter 2008 nine photovoltaic plants belonging to the subsidiary Soluxia, each with an output of approximately 1 MW, had live connections to the national electricity grid.

Regarding the Sorgenia group's plan of investment in thermoelectric power plants, in the first quarter of this year work continued on the construction of the combined cycle plant at Modugno (Puglia), which is scheduled to start operating at the end of 2008.

The repowering of Tirreno Power is proceeding according to plan. In particular, in the early months of 2008 work went ahead on the construction of a 380 MW combined cycle module at Napoli Levante, which should start operating by the end of this year.

LNG Med Gas Terminal, the company 69.77% controlled by Fin Gas Srl, an equal share joint venture between Iride and Sorgenia, has obtained its Via decree (Valuation of environmental impact) for building a 12 billion cubic metre regasification terminal at Gioia Tauro (Calabria).

MEDIA SECTOR

The chart below shows the main performance indicators of the Espresso group for this current year and a comparison with those of the same periods of the previous year:

(in millions of euro)	***1st Quarter 2008***	***1st Quarter 2007***	***Change absolute***	***%***
Revenues	262.3	272.5	(10.2)	(3.7)
Net income	10.5	13.5	(3.0)	(22.4)

	31/03/2008	***31/12/2007***	***31/03/2007***
Net financial position	(234.7)	(264.9)	(218.3)
No. of employees	3,456	3,414	3,407

In the first quarter of 2008 sales revenues of the Espresso group came in at € 262.3 million, with a decline of 3.7% on the same period of 2007.
The fall of almost 13% in the amount of advertising received in the month of March compared with March 2007 caused by the worsening of the macroeconomic scenario and other phenomena which traditionally have a negative impact on the propensity for advertising investment, which multiplied the effects of the negative trend of the Italian and international economies, determined a fall of 3% in advertising revenues during the quarter, reversing the positive performance of the first two months of the year when a rise of 4.8% on last year was recorded.
However on a positive note, the optional add-on products sold with the titles of the group performed well, increasing their contribution to consolidated operating margin. The impact of the fall in revenues on margins was limited by the decline in the price of paper (-1.5%), by the partial hir-

ing freeze, by the reduction of industrial costs relating to investments made last year and by the initial effects of company restructuring plans, which over the next three months should lead to a reduction of around 100 jobs.
In addition to this action, during the quarter a new plan for cutting operating costs was put in place. This plan should be fully implemented in the second half of the year and which will affect all cost items. Should the market situation deteriorate, however, further action on costs will be necessary.

The consolidated gross operating margin for the first three months of 2008 was € 35.6 million (€ 42.5 million in the first three months of 2007) and operating income came in at € 25.4 million, down from € 32.4 million.

Net of add-ons, compared with the first three months of 2007, sales totalled € 222.4 million (-3.9%) and the operating result was € 10.1 million (-56.9%).

Circulation of the daily newspapers remained substantially stable. *la Repubblica* sold 632 thousand average copies per issue (-1.4% on the first quarter of 2007) but still maintained its lead over other newspapers with some 3 million readers, almost 10% more than the nearest competitor. As well as these readers, over 11 million unique users visit the Repubblica.it. website every month. The local dailies reported circulation of 460 thousand every copies per issue (-1.3%) while the circulation figures for *L'espresso*, totalling 428 thousand average copies per week (- 4.6% on first quarter 2007), were affected by lower sales by newsagents and of add-ons, which were only partially offset by the good performance of subscription copies.

Listening figures were good for the group radio stations which reached an audience of 8.4 million listeners on an average day and 22.9 million over the whole week (source: Audiradio), with *Radio Deejay* maintaining its top ranking among private broadcasters with 5.4 million listeners on an average day and 13.3 million over the whole week.

Consolidated net debt at March 31 2008 amounted to € 234.7 million, with an improvement from € 264.9 million at December 31 2007, thanks to the good performance of the cash flow of operations (€ 52.8 million), helped by the seasonal nature of the publishing business, which more than compensated for the purchase of own shares for € 5.6 million and net disbursements for investments of € 12 million.

The were a total of 3,456 employees on the books of the group at March 31 2008, with a rise of 42 people from the figure of 3,414 at December 31 2007. This increase was due to the fact that certain activities that were previously outsourced are now being managed in house.

Circulation of the group titles and the sale of optional products are continuing to follow the trend seen in the first quarter, while advertising space reservations in the months of April and May have shown some signs of recovery compared with March.
To date it is difficult to give an indication of the results obtainable by year end, since it depends largely on how much advertising is collected and its visibility is still reduced. In any case the worse macroeconomic environment together with the fact that the positive one-off effects in 2007 of the new legislation on leaving indemnity (TFR) and of the recalculation of deferred taxes, which were only partially offset by lower IRAP and IRES tax rates, have ceased, will mean a decline in earnings for 2008 compared with the previous year.

AUTOMOTIVE COMPONENTS SECTOR

The chart below shows the main performance indicators of the Sogefi group for this current year and a comparison with those of the same periods of the previous year:

(in millions of euro)	*1st Quarter 2008*	*1st Quarter 2007*	*Change absolute*	*%*
Revenues	271.7	267.1	4.6	1.7
Net income	9.0	12.7	(3.7)	(29.3)

	31/03/2008	*31/12/2007*	*31/03/2007*
Net financial position	(101.4)	(92.4)	(124.5)
No. of employees	6,319	6,208	6,193

With vehicle production declining in the main world markets, in first quarter 2008 the consolidated sales revenues of the Sogefi group came in at € 271.7 million, with a rise of 1.7% from the figure of € 267.1 million in the same period of 2007, despite the negative effect of the strong euro on the main currencies in the consolidation.

The revenues of the *suspension components* division rose by 6.6%, reaching € 139.2 million from € 130.5 million in the first quarter of 2007, thanks mainly to the performance of the industrial vehicle sector, while sales of the *filter division* totalled € 133 million compared to € 136.7 million in first quarter 2007, with a decline of 2.7% due to the negative performance of the aftermarket sector in Europe.

The profitability of the quarter was negatively impacted by the fall in aftermarket sales in the *filter* division, the sector with the best margins, and also the comparison with last year was with particularly positive results in first quarter 2007, which had benefited from adjustments to pension fund liabilities for € 1.8 million.
Consolidated EBITDA was € 29.1 million (10.7% of sales) down from € 34.6 million (13% of sales) in first quarter 2007. The *suspension components* division reported a slight improvement (€ 17.5 million up from € 17.3 million), while the EBITDA of the *filter* division went down from € 18.4 million in the first quarter of 2007 (which had benefited from the above positive adjustments) to € 13 million.

In first quarter 2008 consolidated EBIT was € 17.9 million (6.6% of sales), down from € 22.9 million (8.6% of sales) in the same period of 2007. The *suspension components* division reported E-BIT of € 11 million (€ 10.4 million in first quarter 2007) while the *filter* division reported EBIT of € 8.5 million, down from € 13.8 million.

Consolidated net income was € 9 million, down from € 12.7 million in first quarter 2007.

The net debt of the group totalled € 101.4 million at March 31 2008 compared to € 92.4 million at December 31 2007.

The group had 6,319 employees on its books at March 31 2008, up from 6,208 at December 31 2007.

After a first quarter that was penalized by the negative factors already mentioned, the Sogefi group expects to improve its profitability already in the second quarter. However the objective of reaching an operating result for the whole of 2008 in line with that of 2007 will be more difficult to achieve because of the slowdown of demand in automotive markets and the rise in commodity prices.

HEALTHCARE SECTOR

The chart below shows the main performance indicators of the HSS group for this current year and a comparison with those of the same periods of the previous year:

(in millions of euro)	*1st Quarter 2007*	*1st Quarter 2006*	*Change absolute*	*%*
Revenues	58.5	35.0	23.5	67.1
Net result	0.4	(0.6)	1.0	n.a.

	31/03/2007	*31/12/2007*	*31/03/2007*
Net financial position	(163.1)	(148.6)	(108.1)
No. of employees	2,661	2,472	1,329

In the first three months of 2008 the HSS group continued to develop and manage the new initiatives that it has undertaken in the healthcare sector.

In the first three months of 2008 the HSS group reported revenues of € 58.5 million, with a rise of € 23.5 million from € 35 million in the same period of 2007, mainly due to the contribution of the companies acquired after March 31 of last year.

EBITDA for first quarter 2008 was € 7.1 million, with a rise of 69% from € 4.2 million in the same period of 2007 and EBIT came in at € 4.6 million compared with € 2.3 million in the first three months of 2007.

Consolidated net income was € 0.4 million which compares with a net loss of € 0.6 million in the same period of 2007.

At March 31 2008 the HSS group had net debt € 163.1 million compared with € 148.6 million at December 31 2007; the increase was due to the acquisitions made in the first three months of the year and to the absorption of resources by working capital.

The activity of the HSS group is currently directed at managing three kinds of services:

1) *Residences and nursing homes (RSAs)* with 34 residences managed and 4 under construction (approximately 3,500 beds operational with another 400 under construction);
2) *Rehabilitation services* with 4 hospital facilities and 8 psychiatric rehabilitation communities for a total of around 1,000 beds and 13 day-hospitals facilities;
3) Management of a *hospital* and *high-tech activities* in hospitals, with 7 diagnostic imaging departments.

The HSS group currently manages a total of some 4,600 beds plus a further 400 or so under construction.

The group had 2,661 employees as of March 31 2008.

FINANCIAL SERVICES SECTOR

JUPITER FINANCE – This company, operating in the non-performing loans sector, was set up at the end of 2005 to become an independent industrial partner of Italian banks and businesses in the management of problem loans. The company therefore carries out credit recovery services, deals with incoming and outgoing payments in securitization deals as master servicer, providing both operational services and carrying out a guarantee function, making sure that the procedures of the securitization process are followed correctly.
At March 31 2008 the total loans being managed by Jupiter Finance, in its role as master servicer, amounted to € 880.4 million of gross book value for a purchase price of € 107.2 million.
During 2007 Jupiter Finance, in its role of master servicer, set up a program of securitization of portfolios of loans through the vehicle company (as per Law 130/99) Zeus Finance which was included in the consolidated financial statements of CIR. This program involves the issue of securities for a maximum amount of € 400 million, in two different classes, a senior class for a maximum amount of € 200 million and a junior class for a maximum amount of € 200 million, which is subordinate for both capital and interest to the former. At December 31 2007 the securities issued, amounting to € 89 million, were subscribed by CIR International for the junior part amounting to € 38 million, and by CIR S.p.A. for the senior part, which amounted to € 51 million. The latter was then sold on March 5 2008 to a prime financial institution on finalization of the contract for selling the whole of the senior tranche for a total of € 200 million.
In July 2007 Jupiter Finance started operating abroad, focusing on certain specific countries in central and southern Europe: as of December 31 2007 three acquisitions had been made for a gross book value of € 41 million at a purchase price of € 11 million.

OAKWOOD – CIR, in a joint venture with Merrill Lynch, made an investment of € 131.6 million, in the Oakwood Global Finance group, which operates in the financial services sector. Because of the serious crisis that hit the financial markets in 2007, this investment was written down in the financial statements as of December 31 2007 by approximately € 65 million, which involved writing off the value of the companies operating in the United Kingdom (*edeus*, *Blue Motor Finance* and *OWL*) that went out of business. This decision was due to the credit crunch which made it impossible to fund the businesses.
The remaining value of the investment, which remained unchanged in the first quarter of 2008, refers to the other two companies belonging to the Oakwood group, which were affected less by the market crisis, i.e. *Ktesios*, which specializes in loans to private individuals secured on a fifth of their salaries or pensions, and is the market leader in Italy in its segment, and *Pepper*, a company which operates in the Australian non-conforming mortgage market.

3. OTHER ACTIVITIES

CIR VENTURES – At March 31 2008 the portfolio of CIR Ventures, the venture capital fund of the Group, contained investments in seven companies of which six 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 March 31 2008 was 18.3 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. The prospects for the evolution of the business of these companies remain cautiously optimistic within a scenario of a general improvement in the technology sector.

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 € 80 million at March 31 2008. Remaining commitments outstanding as of the same date amounted to € 40 million.

4. SIGNIFICANT EVENTS WHICH OCCURRED AFTER MARCH 31 2008 AND OUTLOOK FOR THE REST OF THE YEAR

With regard to the principal events which have taken place since March 31 2008 information has been given in the part of this report on the performance of the business sectors.

The economic performance of the CIR Group in the whole of the year 2008 will depend on the evolution of the international financial market crisis and how it affects the economic environment. As indicated in the comments on the operating groups active in the sectors most exposed to critical trends, action has been taken to counter this negative cycle.

5. OTHER INFORMATION

Other

The company CIR S.p.A. – Compagnie Industriali Riunite has its registered office in Strada Volpiano 53, Leinì (To), 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).

This Report for the period January 1 – March 31 2008 was approved by the Board of Directors on April 29 2008.

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

CONSOLIDATED FINANCIAL STATEMENTS

BALANCE SHEET

INCOME STATEMENT

NET FINANCIAL POSITION

1. CONSOLIDATED BALANCE SHEET

(in thousands of euro)

ASSETS	*31.032008*	*31.122007*	*31.032007*
NON-CURRENT ASSETS	**3,514,605**	**3,476,271**	**2,900,856**
INTANGIBLE ASSETS	1,258,264	1,250,196	959,101
TANGIBLE ASSETS	1,488,586	1,473,320	1,124,264
INVESTMENT PROPERTY	19,116	19,259	17,864
INVESTMENTS IN COMPANIES VALUED AT EQUITY	290,130	280,554	230,812
OTHER INVESTMENTS	11,831	11,885	9,090
OTHER RECEIVABLES	258,424	251,493	355,700
SECURITIES	96,403	96,534	97,525
DEFERRED TAXES	91,851	93,030	106,500
CURRENT ASSETS	**2,784,848**	**2,863,062**	**2,749,918**
INVENTORIES	191,493	203,967	205,510
CONTRACTED WORK IN PROGRESS	2,211	2,564	1,962
TRADE RECEIVABLES	1,080,502	1,070,273	906,691
OTHER RECEIVABLES	215,837	206,441	241,043
FINANCIAL RECEIVABLES	19,914	37,171	1,591
SECURITIES	296,472	275,897	633,638
AVAILABLE-FOR-SALE FINANCIAL ASSETS	323,722	372,622	375,257
CASH AND CASH EQUIVALENTS	654,697	694,127	384,226
ASSETS HELD FOR DISPOSAL	6,689	6,756	48,976
TOTAL ASSETS	**6,306,142**	**6,346,089**	**5,699,750**

LIABILITIES AND SHAREHOLDERS' EQUITY	*31.032008*	*31.122007*	*31.032007*
SHAREHOLDERS' EQUITY	**2,045,024**	**2,041,793**	**2,024,439**
SHARE CAPITAL	395,490	395,466	391,689
RESERVES	375,340	393,161	381,361
RETAINED EARNINGS (LOSSES)	525,214	448,674	491,083
NET INCOME FOR THE PERIOD	17,294	82,580	28,323
SHAREHOLDERS' EQUITY OF THE GROUP	**1,313,338**	**1,319,881**	**1,292,456**
MINORITY SHAREHOLDERS' EQUITY	731,686	721,912	731,983
NON-CURRENT LIABILITIES	**2,481,026**	**2,812,212**	**2,368,359**
BOND AND NOTE ISSUES	767,262	1,189,672	1,169,860
OTHER BORROWINGS	1,369,974	1,281,170	853,598
OTHER PAYABLES	286	286	12
DEFERRED TAXES	142,772	139,888	142,487
PERSONNEL PROVISIONS	159,182	159,278	165,554
PROVISIONS FOR RISKS AND LOSSES	41,550	41,918	36,848
CURRENT LIABILITIES	**1,780,092**	**1,492,084**	**1,271,194**
BANK OVERDRAFTS	156,645	92,032	112,725
BOND AND NOTE ISSUES	387,445	--	--
OTHER BORROWINGS	144,473	150,425	147,004
TRADE PAYABLES	791,790	941,841	690,802
OTHER PAYABLES	235,104	244,958	273,488
PROVISIONS FOR RISKS AND LOSSES	64,635	62,828	47,175
LIABILITIES HELD FOR DISPOSAL	--	--	35,758
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**6,306,142**	**6,346,089**	**5,699,750**

2. CONSOLIDATED INCOME STATEMENT

(in thousands of euro)

	01/01-31/03 2008	*01/01-31/03 2007*
SALES REVENUES	1,202,788	1,047,039
CHANGE IN INVENTORIES	980	1,881
COSTS FOR PURCHASE OF GOODS	(716,310)	(597,314)
COSTS FOR SERVICES	(196,392)	(182,333)
PERSONNEL COSTS	(174,795)	(156,443)
OTHER OPERATING INCOME	13,454	15,823
OTHER OPERATING COSTS	(20,541)	(18,216)
ADJUSTMENTS TO THE VALUE OF INVESTMENTS VALUED AT EQUITY	6,784	4,144
AMORTIZATION, DEPRECIATION AND WRITE-DOWNS	(31,388)	(29,700)
INCOME BEFORE FINANCIAL ITEMS AND TAXES (E B I T)	**84,580**	**84,881**
FINANCIAL INCOME	16,645	16,101
FIINANCIAL EXPENSE	(45,558)	(35,957)
DIVIDENDS	--	108
GAINS FROM TRADING SECURITIES	11,691	18,115
LOSSES FROM TRADING SECURITIES	(2,602)	(3,239)
ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS	(1,920)	3,355
INCOME BEFORE TAXES	**62,836**	**83,364**
INCOME TAXES	(26,145)	(30,539)
NET INCOME FOR THE PERIOD INCLUDING MINORITY INTERESTS	**36,691**	**52,825**
- NET INCOME - MINORITY SHAREHOLDERS	(19,397)	(24,502)
- **NET INCOME - THE GROUP**	**17,294**	**28,323**

3. NET FINANCIAL POSITION

(in thousands of euro)

		31.03.2008	*31.12.2007*	*31.03.2007*
A.	Cash and bank deposits	654,697	694,127	384,226
B.	Other cash equivalents	323,722	372,622	375,257
C.	Securities held for trading	296,472	275,897	633,638
D.	**Cash and cash equivalents (A) + (B) + (C)**	1,274,891	1,342,646	1,393,121
E.	**Current financial receivables**	19,914	37,171	1,591
F.	Current bank borrowings	(224,992)	(159,316)	(164,937)
G.	Bonds and notes issued	(387,445)	--	--
H.	Current part of non-current debt	(76,108)	(83,141)	(94,791)
I.	Other current borrowings	(18)	--	(1)
J.	**Current financial debt (F) + (G) + (H) + (I)**	(688,563)	(242,457)	(259,729)
K.	**Current net financial position (J) + (E) + (D)**	606,242	1,137,360	1,134,983
L.	Non-current bank borrowings	(1,244,603)	(1,204,348)	(806,402)
M.	Bonds and notes issued	(767,262)	(1,189,672)	(1,169,860)
N.	Other non-current payables	(125,371)	(76,822)	(47,196)
O.	**Non-current financial debt (L) + (M) + (N)**	(2,137,236)	(2,470,842)	(2,023,458)
P.	**Net financial position (K) + (O)**	(1,530,994)	(1,333,482)	(888,475)

EXPLANATORY NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. FOREWORD

This consolidated interim report as of March 31 2008, which has not be subjected to an audit, was prepared in accordance with IAS/IFRS international accounting standards which have been mandatory since 2005 for preparing the consolidated financial statements of companies listed on European regulated markets.
The figures given for the purposes of comparison were also determined in accordance with IAS/IFRS

This interim report was prepared according to the provisions of Art. 154/ter paragraph 5 of D.Lgs. no. 58 of February 24 1998 and subsequent amendments (TUF). Therefore the instructions of the international accounting standard regarding interim financial statements were not adopted (IAS 34 "Interim Financial Statements").

2. CONSOLIDATION PRINCIPLES

Consolidation is carried out using the full line-by-line method. The criteria adopted for the application of this method are the same as those used at December 31 2007.

The consolidated interim financial statements of the Group as of March 31 2008, like those as of December 31 2007, are the result of the consolidation at those dates of the financial statements of the Parent Company CIR and of all the companies directly or indirectly controlled, joint ventures or associates with the exception of companies in liquidation. The assets and liabilities of companies scheduled for disposal are stated in the items of assets and liabilities that show this specific eventuality.

3. ACCOUNTING PRINCIPLES APPLIED

The Accounting Principles adopted for the preparation of the interim financial statements as of March 31 2008 are the same as those adopted for the financial statements for the year ended December 31 2007.

4. SHARE CAPITAL

Share capital rose from € 395,465,333.50 at December 31 2007 (comprising 790,930,667 shares each with a nominal value of € 0.50) to € 395,490,233.50 (790,980,467 shares) at March 31 2008

as a result of the issuance of 49,800 shares in execution of the exercise of stock options by those holding option rights, the beneficiaries of existing stock option plans.
At March 31 2008 the Company was holding 42,774,000 of its own shares as treasury stock, compared to 39,644,000 shares at December 31 2007.
In application of IAS 32, since January 1 2005 own shares held by the Parent Company have been deducted from shareholders' equity.

The share capital is fully subscribed and paid up. None of the shares are subject to any rights, privileges or limitations on the distribution of dividends, with the exception of own shares.

It should be noted that the Board of Directors has been authorized for a period of five years as from April 27 2005 to increase the share capital either once or more than once 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 March 31 2008 there were 30,909,200 options in circulation, corresponding to the same number of shares.
The notional cost of stock options awarded to employees, which has been posted to a special equity reserve, totalled € 283 thousand at March 31 2008.

DECLARATION IN ACCORDANCE WITH THE TERMS OF ART. 154 BIS, PARAGRAPH 2, OF D.LGS. NO. 58/1998

The undersigned Alberto Piaser, officer responsible for the preparation of the financial statements of the company,

Hereby declares

in accordance with paragraph 2 of Article 154 bis of the Finance Consolidation Act (TUF) that the accounting information contained in this document corresponds to the documented results and to the books and general ledger of the Company.

Turin, April 29 2008

CIR S.p.A.
Alberto Piaser