

PRESS RELEASE

Board approves results as of June 30 2008

CIR GROUP: 144.3 MILLION OF NET INCOME REVENUES UP BY 15%

Consolidated results for the first half of 2008

Revenues € 2,363.8 million (+14.8%)

EBITDA € 249.5 million (-10.8%)

EBIT € 183.4 million (-16.3%)

Net income € 144.3 million up from € 68.6 million in first half 2007

Thanks to non-recurring income from capital increases in Sorgenia and HSS

Aggregate net financial surplus of €154.5 million (112.3 million at December 31 2007)

Consolidated net financial debt of € 1,461.4 million (1,333.5 million at December 31 2007)

Total equity € 2,207.1 million (2,041.8 million at December 31 2007)

Today in Milan, under the chairmanship of Mr Carlo De Benedetti, the Board of Directors of **CIR SpA** met to examine the results of the Group as of June 30 2008.

The first half of 2008 saw the subscription of two capital increases, one by Verbund, historical partner of CIR, for 200 million euro in Sorgenia, and the other by Morgan Stanley and CIR for 40 million euro in HSS. The capital increase in Sorgenia was made on the basis of an equity valuation of the company of 3.3 billion euro, and that of HSS was based on an equity valuation of the company of over 200 billion euro. The two transactions confirmed the validity of the investment choices made by CIR, which have led to an important creation of value.

These capital increases generated non-recurring income of approximately 117.8 million euro.

The current configuration of the Group includes five business sectors: **utilities** (electricity and gas), **media** (publishing, radio and television), **automotive components** (filters and suspension systems), **healthcare** (residences for the elderly, rehabilitation and hospitals) and the **financial services sector** (non-performing loans and financial products for non-prime clients).

Consolidated results for the first half of 2008

In the first six months of the year, the CIR Group reported:

- **consolidated net income** of 144.3 million euro, up from 68.6 million in the same period of 2007, with a rise of 75.7 million (+110.3%);
- **consolidated revenues** of 2,363.8 million euro, up from 2,059.4 million in the first half of 2007 (+14.8%).

The contribution of the operating groups to consolidated earnings, which totalled 45 million euro (65.6 million in the first half of 2007), was impacted for 7 million by the so-called Robin Hood Tax which affected the earnings in the first half of Sorgenia and by restructuring charges affecting Sogefi. The contribution of the financial holding companies was 4.9 million euro, down from 10.5 million in the first half of 2007, which had benefited from the capital gains of the subsidiary Medinvest.

In first half 2008 the **consolidated gross operating margin (EBITDA)** was 249.5 million euro (10.6% of revenues), compared to 279.7 million (13.6% of revenues) in the same period of 2007, with a decline of 10.8%. This result was due to a combination of the following factors:

- The decline in the revenues of the Espresso Group, particularly in relation to advertising;
- The effects of the application of the Robin Hood Tax on the company Tirreno Power (Sorgenia Group);
- The effects of the restructuring costs incurred by the Sogefi Group;
- The improvement in the profitability of the HSS Group.

The **consolidated operating margin (EBIT)** was 183.4 million euro (7.8% of revenues) down from 219.1 million (10.6% of revenues) in the same period of 2007 (-16.3%). The greater decline compared with the EBITDA figure was due to higher amortization posted by the Sorgenia Group.

Consolidated net invested capital totalled 3,668.5 million euro at June 30 2008, up from 3,375.3 million at December 31 2007, with a rise of 293.2 million due mainly to a rise in net working capital and to the investment made in capital assets by the Sorgenia Group.

At June 30 2008 the **consolidated net financial debt** of CIR amounted to 1,461.4 million euro (1,333.5 million at December 31 2007), which was the result of the following:

- A net financial surplus for CIR and the financial holding companies of 154.5 million euro, up from 112.3 million at December 31 2007. The rise of 42.2 million was due mainly to the positive balance of 101 million of dividends received and paid out and the disbursement of approximately 42 million for equity investments, private equity funds and own shares;
- The net debt of the operating groups of 1,615.9 million euro, which rose by 170.1 million from 1,445.8 million at December 31 2007, due mainly to the higher debt of the Sogefi Group after the payout of ordinary and extraordinary dividends.

The **consolidated shareholders' equity of the Group** rose from 1,319.9 million euro at December 31 2007 to 1,419.9 million at June 30 2008 (+100 million). **Minority equity** rose from 721.9 million at December 31 2007 to 787.2 million at June 30 2008 (+65.3 million). The **total shareholders' equity of the Group** stood at 2,207.1 million euro at June 30 2008, up from 2,041.8 million at December 31 2007 (+165.3 million, after the distribution of 37.4 million in dividends by CIR and a total of 107.9 million by the subsidiaries to their minority shareholders).

At June 30 2008 the CIR Group had 13,067 **employees** on its payrolls, up from 12,422 at December 31 2007.

The performance of the industrial businesses of the Group

UTILITIES

In the first half of 2008, the **Sorgenia Group** reported consolidated revenues of 1,145.7 million euro, with a rise of 29.7% on the same period of 2007 (883.7 million), thanks to the rise in volumes of electricity sold. Ebitda would have risen by 5.4% to 92 million euro, but the Robin Hood Tax trimmed it back to 82 million. Consolidated net income came in at 25.4 million euro, down from 38.9 million in the first half of 2007 because of higher financial expense and the above-mentioned new surtax. The consolidated net financial position at June 30 2008 showed net debt of 897 million euro, down slightly from 904.9 million at December 31 2007.

In the first six months of 2008 the Sorgenia Group continued to roll out its business plan, which involves significant development in the field of power generating, with particular attention being devoted to sources with a low environmental impact and renewable sources such as wind and photovoltaic. On July 3 **Business Plan 2008-2012** was presented to the financial community. This plan involves reaching an installed capacity of 5.2 GW by 2012 with four greenfield CCGT plants (each of around 770 MW), the pro-rata portion of the capacity of Tirreno Power post repowering, the development of 920 MW of wind power generation (of which 450 MW in Italy) and the installation of 50 MW of photovoltaic plants.

Regarding wind power generating, during the first half of the year construction continued of the new plants situated in the local districts of Minervino Murge, Castelnuovo di Conza and San Gregorio Magno, for a total installed capacity of approximately 70 MW. In the field of solar energy, 10 photovoltaic plants each with an output of approximately 1 MW were in operation at the end of the first six months of 2008, all belonging to the subsidiary **Sorgenia Solar**. A further 5 plants should enter production by the end of 2008.

As far as the Sorgenia Group's program of investment in thermoelectric plants is concerned, in the first half of this year construction work began on the combined cycle plant at Bertónico-Turano Lodigiano (Lombardy), a favourable ruling by the Council of State closed the dispute regarding the Aprilia power plant project once and for all, and work continued on the construction of the Modugno plant (Puglia) which is scheduled to be up and running by the end of this year.

The Sorgenia Group is also engaged in important projects that guarantee diversification of gas sourcing, improving the safety of the whole Italian gas network. **LNG Med Gas Terminal**, the company 69.77% controlled by Fin Gas Srl, an equal share joint venture between Iride and Sorgenia, concluded successfully the investigatory process for obtaining the Via approval (Valuation of environmental impact) for the construction of a 12 billion cubic metre regasification terminal at Gioia Tauro (Calabria).

Lastly, in June the company **Sorgenia E&P SpA**, which is 100% controlled by Sorgenia SpA, was set up for the purpose of exploring and producing hydrocarbons.

MEDIA

In first half 2008 the **ESPRESSO Group** reported consolidated revenues of 543.2 million euro, down from 561.6 million in first half 2007 and consolidated net income of 36.4 million euro, down from 50 million in the same period of 2007, which had benefited from the positive impact of the different accounting treatment of leaving indemnity (TFR) which generated 7.8 million of net income. Without considering this phenomenon, net income fell by 5.8 million.

Earnings were affected negatively on the revenues front (advertising and sales), which were offset only in part by other positive figures (optional products) and by the recovery of costs. This happened thanks to investment made in past years and to the first effects of a series of new initiatives taken in 2008 which, when fully implemented, including company reorganization bringing a reduction of some 100 people over the next three years, will lead to a reduction in costs on an annual basis of approximately 40 million euro.

Advertising, which was negatively impacted by the gradual worsening of the international and domestic economic crisis, fell markedly during the first half (-10% approximately) for national commercial advertising in Repubblica and the magazines, while local advertising rose (+5.7%) and as did internet advertising (+30.3%) both at higher than market rates.

There was one area where all the titles of the Group had a similar result and that was in the growth in the traffic of their respective websites, and their readership indexes were also either stable or up, with 8.4 million contacts with the media of the Group. In first half 2008 the radio stations of the Espresso Group also confirmed their top ranking in terms of audience.

At June 30 2008 the net financial position, affected as every year by the seasonal nature of the business, showed net debt of 328.8 million euro, up from 264.9 million at December 31 2007.

AUTOMOTIVE COMPONENTS

In first half 2008 the **SOGEFI Group** confirmed its leadership in Europe in the two sectors in which it operates, filters and suspension components. In a vehicle market in difficulty because of the worsening economic scenario of the mature markets with at the same time a significant rise in the prices of raw materials and oil, in the first half of 2008 the SOGEFI Group nonetheless achieved a rise in revenues and substantially confirmed its operating profitability compared with the same period of last year.

Consolidated revenues came in at 556.3 million euro, up by 2.7% from 541.7 million in first half 2007, thanks to the excellence performance of the South American market and to increased business in suspension components. Consolidated net income, penalized by restructuring charges, came in at 20.2 million euro, down from 28.9 million in the first half of 2007, which had benefited from non-recurring items of income.

The consolidated net financial position of the Sogefi Group at June 30 2008 showed net debt of 251 million euro, up from 92.4 million at December 31 2007 following the disbursement of 159.5 million euro for the payout of ordinary and extraordinary dividends.

HEALTHCARE

In the first half of 2008 HSS (Holding Sanità e Servizi) continued to strengthen its operating activities in order to consolidated its presence in the healthcare sector.

During the period, the HSS Group reported consolidated revenues of 118.5 million euro, up by 64% on the first half of 2007 (72.3 million). Ebitda was 14.1 million euro, up by 44% on the first six months of 2007 (9.8 million). The consolidated net result was income of 0.7 million euro, up from an income figure of 0.5 million in the same period of 2007.

The consolidated net financial position at June 30 2008 showed net debt of 124 million euro, down from 148.6 million at December 31 2007. The improvement was the result, on the one hand, of the subscription on June 24 2008 by CIR and the Morgan Stanley funds already shareholders of HSS of a capital increase

in HSS for a total of 40 million euro, and on the other hand to the borrowings needed for the acquisitions and investments made during the first six months of the year.

The HSS Group is today active in:

- The management of residences for the elderly, with 35 residences under management and 4 residences under construction (approximately 3,500 beds operational and over 450 under construction);
- The management of hospitals and rehabilitation centres, with 5 rehabilitation hospitals, 8 psychiatric rehabilitation communities and 13 day hospital facilities, for a total of 1,100 beds operational and 50 beds under construction;
- The management of a hospital and high-tech facilities inside hospitals, with 7 diagnostic imaging units.

FINANCIAL SERVICES

At June 30 2008 **Jupiter Finance**, the company set up at the end of 2005 to acquire non-performing loans from financial institutions and manage them, had purchased portfolios for a total of 111.8 million euro and a gross book value of 942.8 million.

A year ago Jupiter Finance began operating abroad, focusing on certain countries of central and southern Europe: at June 30 2008 four portfolios of receivables had been acquired with a total gross book value of 54 million euro for a purchase price of 13 million.

In January 2007, through its subsidiary CIR International, CIR acquired joint control of the **Oakwood Global Finance** group in a joint venture with Merrill Lynch. The group specializes in financial products for non-prime clients. The Group operates through the companies Ktesios in the Italian market and Pepper in the Australian market. The carrying value at June 30 2008 of the investment made by CIR in the Oakwood Group was 75 million euro.

The **PARENT COMPANY CIR SpA** closed the first half of 2008 with net income of 126.4 million euro, up from 44.9 million in the first half of 2007. Shareholders' equity stood at 1,067.3 million euro at June 30 2008 versus 983.8 million at December 31 2007.

Between January 1 2008 and today CIR bought back 3,330,000 of its own shares for 6.4 million euro. As of today there are 42,974,000 own shares being held as treasury stock, equal to 5.43% of capital.

Moreover between January 1 2008 and today 244,600 shares were issued following the exercise of options by the beneficiaries of existing stock option plans. After this transaction share capital consists of 791,175,267 shares each with a nominal value of 0.50 euro for a total of 395,587,633.50 euro.

Regarding the outlook for the CIR Group for the rest of the year, it can reasonably be expected that for the whole of 2008 consolidated Ebitda will be lower than that of 2007, while consolidated net income should be higher than that of last year as a result of the non-recurring income already realized in the first half of the year.

The Executive responsible for the preparation of the company's financial statements, Alberto Piaser, hereby declares, in compliance with the terms of paragraph 2 article 154-bis of the Finance Consolidation Act (TUF) that the figures contained in this press release correspond to the results documented in the company's accounts and general ledger.

Milan, July 31 2008

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CIR GROUP – CONSOLIDATED BALANCE SHEET

(in thousands of euro)

ASSETS	<i>30.06.2008</i>	<i>31.12.2007</i>
NON-CURRENT ASSETS	3,582,613	3,476,271
INTANGIBLE ASSETS	1,305,984	1,250,196
TANGIBLE ASSETS	1,593,592	1,473,320
INVESTMENT PROPERTY	18,972	19,259
INVESTMENTS IN COMPANIES VALUED AT EQUITY	240,189	280,554
OTHER EQUITY INVESTMENTS	11,996	11,885
OTHER RECEIVABLES	216,549	251,493
<i>of which with related parties (*)</i>	<i>75,542</i>	<i>111,614</i>
SECURITIES	95,817	96,534
DEFERRED TAXES	99,514	93,030
CURRENT ASSETS	3,095,697	2,863,062
INVENTORIES	207,447	203,967
CONTRACTED WORK IN PROGRESS	3,261	2,564
TRADE RECEIVABLES	1,241,692	1,070,273
<i>of which with related parties (*)</i>	<i>2,033</i>	<i>3,404</i>
OTHER RECEIVABLES	267,545	206,441
<i>of which with related parties (*)</i>	<i>34,522</i>	<i>--</i>
FINANCIAL RECEIVABLES	51,273	37,171
SECURITIES	622,456	275,897
AVAILABLE-FOR-SALE FINANCIAL ASSETS	339,011	372,622
CASH AND CASH EQUIVALENTS	363,012	694,127
ASSETS HELD FOR DISPOSAL	6,692	6,756
TOTAL ASSETS	6,685,002	6,346,089
LIABILITIES AND SHAREHOLDERS' EQUITY	<i>30.06.2008</i>	<i>31.12.2007</i>
SHAREHOLDERS' EQUITY	2207,130	2,041,793
CAPITAL ISSUED	395,588	395,466
less OWN SHARES	(21,487)	(19,822)
SHARE CAPITAL	374,101	375,644
RESERVES	414,092	412,983
RETAINED EARNINGS (LOSSES)	487,448	448,674
NET INCOME FOR THE PERIOD	144,275	82,580
SHAREHOLDERS' EQUITY OF THE GROUP	1,419,916	1,319,881
MINORITY SHAREHOLDERS' EQUITY	787,214	721,912
NON-CURRENT LIABILITIES	2,406,353	2,812,212
BONDS AND NOTES	774,796	1,189,672
OTHER BORROWINGS	1,275,971	1,281,170
OTHER PAYABLES	309	286
DEFERRED TAXES	147,642	139,888
PERSONNEL PROVISIONS	164,514	159,278
PROVISIONS FOR RISKS AND LOSSES	43,121	41,918
CURRENT LIABILITIES	2,071,519	1,492,084
BANK OVERDRAFTS	208,492	92,032
BONDS AND NOTES	382,182	--
OTHER BORROWINGS	195,678	150,425
TRADE PAYABLES	942,613	941,841
<i>of which with related parties (*)</i>	<i>19,050</i>	<i>13,712</i>
OTHER PAYABLES	274,116	244,958
PROVISIONS FOR RISKS AND LOSSES	68,438	62,828
LIABILITIES HELD FOR DISPOSAL	--	--
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	6,685,002	6,346,089

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

CIR GROUP – CONSOLIDATED INCOME STATEMENT

(in thousands of euro)

	<i>1st Half 2008</i>	<i>1st Half 2007</i>
TRADE REVENUES	2,363,808	2,059,458
<i>of which with related parties (*)</i>	<i>882</i>	<i>6,459</i>
CHANGE IN INVENTORIES	7,412	1,693
COSTS FOR PURCHASE OF GOODS	(1,373,650)	(1,127,209)
<i>of which with related parties (*)</i>	<i>(79,804)</i>	<i>(53,815)</i>
COSTS FOR SERVICES	(396,396)	(372,362)
PERSONNEL COSTS	(349,716)	(300,561)
OTHER OPERATING INCOME	42,569	41,647
OTHER OPERATING EXPENSE	(51,754)	(40,101)
ADJUSTMENTS TO THE VALUE OF INVESTMENTS VALUED AT EQUITY	7,186	17,145
AMORTIZATION, DEPRECIATION AND WRITE-DOWNS	(66,045)	(60,560)
INCOME BEFORE FINANCIAL ITEMS AND TAXES (E B I T)	183,414	219,150
FINANCIAL INCOME	33,847	33,731
<i>of which with related parties (*)</i>	<i>6,131</i>	<i>8,041</i>
FINANCIAL EXPENSE	(91,096)	(71,723)
DIVIDENDS	292	616
GAINS FROM TRADING SECURITIES	132,577	49,264
LOSSES FROM TRADING SECURITIES	(10,438)	(15,309)
ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS	(5,068)	(7,348)
INCOME BEFORE TAXES	243,528	208,381
INCOME TAXES	(57,830)	(76,357)
INCOME AFTER TAXES FROM OPERATING ACTIVITY	185,698	132,024
INCOME/(LOSS) FROM BUSINESSES HELD FOR DISPOSAL	--	(297)
INCOME FOR THE PERIOD INCLUDING MINORITY INTERESTS	185,698	131,727
- NET INCOME MINORITY INTERESTS	(41,423)	(63,140)
- NET INCOME OF THE GROUP	144,275	68,587
BASIC EARNINGS PER SHARE (in euro)	0.1926	0.0919
DILUTED EARNINGS PER SHARE (in euro)	0.1926	0.0907

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

CIR GROUP – CASH FLOW STATEMENT

(in thousands of euro)

	<i>1st Half 2008</i>	<i>1st Half 2007</i>
OPERATING ACTIVITY		
NET INCOME FOR THE PERIOD INCLUDING MINORITY INTERESTS	185,698	131,727
ADJUSTMENTS:		
AMORTIZATION, DEPRECIATION AND WRITE-DOWNS	66,045	60,560
SHARE OF THE RESULT OF COMPANIES VALUED AT EQUITY	(7,186)	(17,145)
ACTUARIAL VALUATION OF STOCK OPTION PLANS	1,087	4,358
CHANGE IN PERSONNEL PROVISIONS & PROVISIONS FOR RISKS & LOSSES	12,049	(7,800)
ADJUSTMENTS TO VALUE OF FINANCIAL ASSETS	5,068	7,348
CAPITAL GAINS FROM SUBSCRIPTION OF CAPITAL INCREASES BY MINORITY SHAREHOLDERS	(117,810)	--
RISE (REDUCTION) IN NON-CURRENT RECEIVABLES AND PAYABLES	(1,545)	154,199
(RISE) REDUCTION IN NET WORKING CAPITAL	(206,770)	5,235
CASH FLOW FROM OPERATING ACTIVITY	(63,364)	338,482
of which:		
- interest income (expense)	(47,663)	(22,101)
- payment of income taxes	(30,489)	(43,467)
INVESTMENT ACTIVITY		
(PURCHASE) SALE OF SECURITIES	(274,512)	(39,062)
PURCHASE OF CAPITAL ASSETS	(241,818)	(113,059)
CASH FLOW FROM INVESTMENT ACTIVITY	(516,330)	(152,121)
FUNDING ACTIVITY		
INFLOWS FROM CAPITAL INCREASES	268,683	35,007
OTHER CHANGES IN SHAREHOLDERS' EQUITY	(13,842)	13,497
DRAWDOWN/(REPAYMENT) OF OTHER BORROWINGS	(6,742)	174,767
FINANCIAL RECEIVABLES FROM JOINT VENTURES	42,499	--
OWN SHARES BOUGHT BACK	(13,201)	(37,451)
DIVIDENDS PAID OUT	(145,278)	(93,801)
CASH FLOW FROM FUNDING ACTIVITY	132,119	92,019
INCREASE (REDUCTION) IN NET CASH AND CASH EQUIVALENTS	(447,575)	278,380
NET CASH AND CASH EQUIVALENTS AT START OF PERIOD	602,095	181,304
NET CASH AND CASH EQUIVALENTS AT CLOSE OF PERIOD	154,520	459,684

CIR GROUP – STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

<i>(in thousands of euro)</i>	<i>Attributable to shareholders of the parent company</i>							<i>Minority interests</i>	<i>Total</i>
	<i>Capital issued</i>	<i>less own shares</i>	<i>Share capital</i>	<i>Reserves</i>	<i>Retained earnings (losses)</i>	<i>Net income (losses) for period</i>	<i>Total</i>		
BALANCE AT DECEMBER 31 2006	390,240	(17,047)	373,193	384,826	401,016	101,120	1,260,155	719,757	1,979,912
Capital increases	5,226	--	5,226	9,442	--	--	14,668	32,119	46,787
Dividends to Shareholders	--	--	--	--	--	(37,243)	(37,243)	(56,619)	(93,862)
Retained earnings	--	--	--	--	62,960	(62,960)	--	--	--
Amount at disposal of Board of Directors	--	--	--	--	--	(917)	(917)	--	(917)
Dividends no longer valid as per Art. 23 of Bylaws	--	--	--	55	--	--	55	--	55
Fair value measurement of hedging instruments	--	--	--	372	--	--	372	170	542
Fair value measurement of securities	--	--	--	34,195	--	--	34,195	458	34,653
Securities fair value reserve recognized to income statement	--	--	--	(13,836)	--	--	(13,836)	(156)	(13,992)
Adjustment for own share transactions	--	(2,775)	(2,775)	2,701	(15,302)	--	(15,376)	--	(15,376)
Notional recognition of stock options	--	--	--	1,929	--	--	1,929	--	1,929
Effects of equity changes in subsidiaries	--	--	--	17,591	--	--	17,591	(90,964)	(73,373)
Translation differences	--	--	--	(24,292)	--	--	(24,292)	(1,308)	(25,600)
Net income for the period	--	--	--	--	--	82,580	82,580	118,455	201,035
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	268,318	268,683
Dividends to Shareholders	--	--	--	--	--	(*) (37,410)	(37,410)	(107,868)	(145,278)
Retained earnings	--	--	--	--	45,170	(45,170)	--	--	--
Fair value measurement of hedging instruments	--	--	--	1,587	--	--	1,587	851	2,438
Fair value measurement of securities	--	--	--	(6,684)	--	--	(6,684)	(37)	(6,721)
Securities fair value reserve recognized to income statement	--	--	--	(573)	--	--	(573)	--	(573)
Adjustment for own share transactions	--	(1,665)	(1,665)	1,665	(6,396)	--	(6,396)	--	(6,396)
Notional recognition of stock options	--	--	--	532	--	--	532	--	532
Effects of equity changes in subsidiaries	--	--	--	8,956	--	--	8,956	(136,161)	(127,205)
Translation differences	--	--	--	(4,617)	--	--	(4,617)	(1,224)	(5,841)
Net income for the period	--	--	--	--	--	144,275	144,275	41,423	185,698
BALANCE AT JUNE 30 2008	395,588	(21,487)	374,101	414,092	487,448	144,275	1,419,916	787,214	2,207,130

(*) AGM of April 29 2008: dividend € 0.05 per share

CIR S.p.A. – BALANCE SHEET

(in euro)

ASSETS	%(**)	30.06.2008	%(**)	31.12.2007
NON-CURRENT ASSETS		1,076,766,017		1,054,025,294
INTANGIBLE ASSETS		187,549		207,122
TANGIBLE ASSETS		3,285,146		3,381,283
INVESTMENT PROPERTY		18,972,332		19,258,243
EQUITY INVESTMENTS		1,052,741,076		1,029,797,850
SUNDRY RECEIVABLES		144,316		146,590
DEFERRED TAXES		1,435,598		1,234,206
CURRENT ASSETS		329,708,444		268,682,706
SUNDRY RECEIVABLES		69,773,140		74,463,317
<i>of which with related parties (*)</i>	7,776,974	11.1	15,163,047	20.4
SECURITIES		244,045,500		65,645,001
AVAILABLE-FOR-SALE FINANCIAL ASSETS		--		50,735,295
CASH AND CASH EQUIVALENTS		15,889,804		77,839,093
TOTAL ASSETS		1,406,474,461		1,322,708,000
LIABILITIES & SHAREHOLDERS' EQUITY	%(**)	30.06.2008	%(**)	31.12.2007
SHAREHOLDERS' EQUITY		1,067,268,801		983,773,408
CAPITAL ISSUED		395,587,634		395,465,334
less OWN SHARES		(21,487,000)		(19,822,000)
SHARE CAPITAL		374,100,634		375,643,334
RESERVES		345,598,709		343,159,102
RETAINED EARNINGS / (LOSSES)		221,164,387		185,051,374
NET INCOME FOR THE PERIOD		126,405,071		79,919,598
NON-CURRENT LIABILITIES		308,330,724		299,018,240
BONDS AND NOTES		304,447,367		295,806,231
DEFERRED TAXES		--		--
PERSONNEL PROVISIONS		3,883,357		3,212,009
CURRENT LIABILITIES		30,874,936		39,916,352
BANK OVERDRAFTS		--		--
BORROWINGS FROM SUBSIDIARIES		--		14,196,284
OTHER PAYABLES		16,715,990		11,561,122
<i>of which with related parties (*)</i>	12,171,308	72.8	5,924,081	51.2
PROVISIONS FOR RISKS AND LOSSES		14,158,946		14,158,946
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY		1,406,474,461		1,322,708,000

(**) In percentage terms

CIR S.p.A. – INCOME STATEMENT

(in euro)

		%(**)	1st Half 2008		%(**)	1st Half 2007
SUNDRY REVENUES AND INCOME			3,618,116			3,444,605
<i>of which with related parties (*)</i>	3,082,822	85.2		2,866,820	83.2	
COSTS FOR SERVICES			(4,745,006)			(5,159,407)
<i>of which with related parties</i>	(1,156,000)	24.4		(980,000)	19.0	
PERSONNEL COSTS			(3,816,660)			(3,772,488)
OTHER OPERATING COSTS AMORTIZATION, DEPRECIATION & WRITE- DOWNS			(944,137)			(940,620)
			(421,758)			(398,132)
OPERATING INCOME (LOSS)			(6,309,445)			(6,826,042)
FINANCIAL INCOME			4,512,732			5,070,192
<i>of which with related parties</i>	128,622	2.9		470,846	9.3	
FINANCIAL EXPENSE			(8,924,627)			(9,494,274)
<i>of which with related parties</i>	(208,591)	2.3		(500,953)	5.3	
DIVIDENDS			138,738,023			57,275,463
<i>of which from related parties</i>	138,689,930	100.0		57,243,920	99.9	
GAINS FROM TRADING SECURITIES			369,898			1,434,285
LOSSES FROM TRADING SECURITIES			(2,370,000)			(1,407,890)
ADJUSTMENTS TO VALUE OF FINANCIAL ASSETS			(1,202,902)			(5,883,992)
INCOME / (LOSS) BEFORE TAXES			124,813,679			40,167,742
INCOME TAXES			1,591,392			4,744,840
NET INCOME FOR THE PERIOD			126,405,071			44,912,582
BASIC EARNINGS PER SHARE (in euro)			0.1687			0.0602
DILUTED EARNINGS PER SHARE (in euro)			0.1687			0.0594

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

(**) In percentage terms

CIR S.p.A. – CASH FLOW STATEMENT

(in euro)

	1st Half 2008	1st Half 2007
OPERATING ACTIVITY		
NET INCOME FOR THE PERIOD	126,405,071	44,912,582
ADJUSTMENTS:		
AMORTIZATION, DEPRECIATION AND WRITE-DOWNS	421,758	398,132
LOSSES (GAINS) ON THE SALE OF EQUITY INVESTMENTS AND SHARES	2,000,102	472,705
ACTUARIAL VALUATION OF STOCK OPTION PLANS	1,263,936	1,458,046
PROVISION MADE TO STAFF LEAVING INDEMNITY FUND (TFR)	136,081	118,344
ADJUSTMENTS TO VALUE OF FINANCIAL ASSETS	1,202,902	5,883,992
(INCREASE) REDUCTION IN NET WORKING CAPITAL	4,090,779	(58,238,666)
<i>of which with related parties</i>	<i>(562,984)</i>	<i>25,523,415</i>
CASH FLOW FROM OPERATING ACTIVITY	135,520,629	(4,994,865)
of which:		
- interest income (expense)	(521,098)	823,017
- dividends received	138,738,023	57,275,463
- inflows (payments) of income taxes *	16,609,750	9,631,908
INVESTMENT ACTIVITY		
(PURCHASE) SALE OF CURRENT SECURITIES	(130,863,344)	9,733,074
PURCHASE OF CAPITAL ASSETS	(22,968,227)	(1,691,721)
CASH FLOW FROM INVESTMENT ACTIVITY	(153,831,571)	8,041,353
FUNDING ACTIVITY		
INFLWS FROM CAPITAL INCREASES	365,308	13,930,786
OWN SHARES BOUGHT BACK	(6,396,015)	(10,408,222)
DIVIDENDS PAID OUT	(37,410,570)	(37,272,641)
OTHER CHANGES	(197,070)	(116,265)
CASH FLOW FROM FUNDING ACTIVITY	(43,638,347)	(33,866,342)
INCREASE (REDUCTION) IN NET CASH & CASH EQUIVALENTS	(61,949,289)	(30,819,854)
NET CASH & CASH EQUIVALENTS AT START OF PERIOD	77,839,093	64,729,867
NET CASH & CASH EQUIVALENTS AT CLOSE OF PERIOD	15,889,804	33,910,013

* The amounts refer to current tax receivables from participation in tax consolidation

CIR S.p.A. – STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

<i>(in euro)</i>	<i>Capital issued</i>	<i>less own shares</i>	<i>Share Capital</i>	<i>Reserves</i>	<i>Retained earnings (losses)</i>	<i>Net income for period</i>	<i>Total</i>
BALANCE AT DECEMBER 31 2006	390,239,534	(17,047,000)	373,192,534	329,032,099	201,816,767	36,697,002	940,738,402
Capital increases	5,225,800	--	5,225,800	9,441,835	--	--	14,667,635
Dividends to Shareholders	--	--	--	--	(1,463,063)	(35,779,577)	(37,242,640)
Amount at disposal of Board of Directors	--	--	--	--	--	(917,425)	(917,425)
Dividends no longer valid as per Art. 23 of Bylaws	--	--	--	55,431	--	--	55,431
Adjustment for own share transactions	--	(2,775,000)	(2,775,000)	2,700,421	(15,302,330)	--	(15,376,909)
Notional recognition of stock options	--	--	--	1,929,316	--	--	1,929,316
Net income for the year	--	--	--	--	--	79,919,598	79,919,598
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)
Net income posted to reserves	--	--	--	--	42,509,028	(42,509,028)	--
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	--	--	--	531,599	--	--	531,599
Net income for the period	--	--	--	--	--	126,405,071	126,405,071
BALANCE AT JUNE 30 2008	395,587,634	(21,487,000)	374,100,634	345,598,709	221,164,387	126,405,071	1,067,268,801