



CIR GROUP

INTERIM REPORT AND FINANCIAL STATEMENTS AS OF SEPTEMBER 30 2008

Milan, October 31 2008



**INTERIM REPORT AND FINANCIAL STATEMENTS
AS OF SEPTEMBER 30 2008**

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MANAGEMENT REPORT ON THE PERFORMANCE OF OPERATIONS AS OF SEPTEMBER 30 2008

In the **first nine months of 2008** the CIR Group reported consolidated net income of €117.1 million, compared to €116.1 million in the corresponding period of last year (+0.9%).

Consolidated revenues in the first nine months of 2008 totalled €3,539.7 million, up from €3,041.9 million in the same period of 2007 (+16.4%).

The consolidated net result for the period included non-recurring income of €117.8 million resulting from the subscription of dedicated capital increases in the company Sorgenia (a capital increase of €200 million by Verbund) and in HSS (€40 million by Morgan Stanley and CIR), and non-recurring expense of €52.6 million from the write-down of the investment in the Oakwood Group.

The contribution of the operating groups to consolidated earnings was €62.7 million, down from €87 million in the first nine months of 2007, the decline being due to the lower profitability of the period and to non-recurring items of cost in the Sorgenia group (Robin Hood Tax) and in the Sofefi group (restructuring charges).

The contribution of the financial subsidiaries came to €55.4 million (€20.3 million in the first nine months of 2007) and consisted of capital gains on the sale of shares in hedge funds by Medinvest, following redemptions totalling 180 million dollars that were fully received (USD 160 million on the basis of the NAV at June 30 and USD 20 million on the basis of the NAV at September 30). This disinvestment was made to meet the need to reposition the portfolio in order to optimize the financial structure of the Group.

The result of CIR and the financial holding companies in the first nine months of 2008, a negative €66.2 million (€21.5 million in the same period of 2007), was mainly due to a combination of net financial expense of €20.4 million (€18.9 million in the first nine months of 2007) and net losses from trading and valuing securities of €44 million (€2.3 million in the first nine months of 2007), due to the adjustment to fair value of the part of the assets in the balance sheet invested in bonds, which were penalized by the global crisis in the financial markets.

This mark-to-market of securities issued by banks with A/AA ratings was made without recourse to any of the exceptions provided under the revised version of IAS 39 on the basis of a fair value determined prudentially, taking into account the worsening of the credit default risk of the issuers as well as the lack of liquidity in the market and the fact that it is impossible to get dealing prices for this paper.

The consolidated net financial debt at September 30 2008 stood at €1,643.5 million (€1,333. million at December 31 2007) and consisted of a net financial surplus for CIR and the financial holding companies of €60.5 million (€112.3 million at December 31 2007) and net debt for the operating groups of €1,704 million (€1,445.8 million at December 31 2007).

The equity structure at September 30 2008 showed equity of the Group totalling €1,318.8 million versus €1,319.9 million at December 31 2007 and total shareholders' equity of €2,137.1 million up from €2,041.8 million at December 31 2007.

In **third quarter 2008** the consolidated net result of the CIR Group was a negative €27.2 million, compared to positive earnings of €47.5 million in the same period of 2007. This was mainly due to the negative items resulting from the write-down of the investment in Oakwood and from the fair value adjustment of bonds.

Consolidated revenues came to €1,175.9 million, up from €972.2 million in the same period of 2007, with a rise of 20.9%, wholly attributable to Sorgenia .

The charts on the following pages show a breakdown by business sector of the economic and financial results of the Group, a breakdown of the contribution of the main subsidiaries and the aggregate results of CIR and the financial holding companies (CIR International, Cifund, Ciga Luxembourg and Cir Investment Affiliate).

INCOME STATEMENT BY BUSINESS SECTOR AND CONTRIBUTIONS TO GROUP RESULTS

(in millions of euro)

	1/1-30/9 2008										1/1-30/9 2007
CONSOLIDATED	Revenues	Costs of production	Other operating income/expense	Adjustments to value of investments valued at equity	Amortization depreciation and write-downs	Net financial income & expense	Dividends, gains & losses from trading & valuing securities	Income taxes	Result of minority shareholders	Net result of Group	Net result of Group
AGGREGATE											
Sorgenia Group	1,784.1	(1,695.0)	(5.5)	34.9	(24.2)	(32.3)	--	(14.9)	(25.6)	21.5	33.2
Espresso Group	762.3	(633.3)	(4.0)	0.8	(31.9)	(13.7)	0.1	(36.4)	(20.2)	23.7	30.6
Sogefi Group	813.3	(703.3)	(12.1)	(0.3)	(38.2)	(10.6)	0.1	(17.1)	(14.7)	17.1	24.2
HSS Group	179.9	(152.1)	(6.5)	--	(7.8)	(7.5)	--	(4.6)	(0.6)	0.8	(0.1)
Other subsidiaries	0.1	(15.2)	17.6	--	(0.1)	(2.9)	--	--	0.1	(0.4)	(0.9)
Total operating subsidiaries	3,539.7	(3,198.9)	(10.5)	35.4	(102.2)	(67.0)	0.2	(73.0)	(61.0)	62.7	87.0
Financial subsidiaries	--	(0.9)	--	--	--	--	69.2	--	(12.9)	55.4	20.3
Total subsidiaries	3,539.7	(3,198.8)	(10.5)	35.4	(102.2)	(67.0)	69.4	(73.0)	(73.9)	118.1	107.3
CIR & financial holdings											
Revenues	--									--	--
Costs of production		(15.6)								(15.6)	(14.8)
Other operating income and expense			8.4							8.4	1.9
Adjustments to the value of investments valued at equity				(0.5)						(0.5)	(10.5)
Amortization, depreciation and write-downs					(0.7)					(0.7)	(0.7)
Net financial income and expense						(20.5)			0.1	(20.4)	(18.9)
Dividends, gains and losses from trading securities							(44.0)			(44.0)	(2.3)
Income taxes								6.6		6.6	23.8
Total CIR & financial holdings	--	(15.6)	8.4	(0.5)	(0.7)	(20.5)	(44.0)	6.6	0.1	(66.2)	(21.5)
Non-recurring items	--	--	--	--	--	--	64.7	--	0.5	65.2	30.3
Total consolidated of Group	3,539.7	(3,215.4)	(2.1)	34.9	(102.9)	(87.5)	90.1	(66.4)	(73.3)	117.1	116.1

CONSOLIDATED BALANCE SHEET BY BUSINESS SECTOR

(in millions of euro)

	30.09.2008								31.12.2007
	CONSOLIDATED	Fixed assets	Other net non-current assets/liabilities	Net working capital	Net financial position	Total equity of which:	Minority equity	Equity of Group	Shareholders' equity of Group
AGGREGATE									
Sorgenia Group		1,575.9	24.7	229.7	(974.8) (*)	855.5	423.2	432.3	301.8
Espresso Group		914.5	(164.1)	45.4	(283.3)	512.5	237.7	274.8	290.4
Sogefi Group		352.6	(40.0)	146.6	(263.3)	195.9	92.2	103.7	179.5
HSS Group		269.9	(21.6)	23.0	(125.0)	146.3	51.9	94.4	69.5
Other subsidiaries		0.2	87.3	7.9	(57.6)	37.8	14.4	23.4	15.3
Total subsidiaries		3,113.1	(113.7)	452.6	(1,704.0)	1,748.0	819.4	928.6	856.5
CIR & financial holdings									
Fixed assets		130.4				130.4	..	130.4	125.4
Other net non-current assets and liabilities			170.0			170.0	(1.1)	171.1	197.9
Net working capital				28.2		28.2	..	28.2	27.8
Net financial position					60.5	60.5	..	60.5	112.3
Total consolidated of Group		3,243.5	56.3	480.8	(1,643.5)	2,137.1	818.3	1,318.8	1,319.9

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

1. PERFORMANCE OF THE GROUP

Consolidated revenues for the first nine months of 2008 came in at €3,539.7 million, up from €3,041.9 million in the same period of 2007, with a rise of €497.8 million (+16.4%).

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

<i>(in millions of euro)</i>	<i>1/1-30/09</i>						<i>3rd Quarter</i>					
	<i>2008</i>	<i>%</i>	<i>2007</i>	<i>%</i>	<i>Change absolute</i>	<i>%</i>	<i>2008</i>	<i>%</i>	<i>2007</i>	<i>%</i>	<i>Change absolute</i>	<i>%</i>
Utilities												
Sorgenia Group	1,784.1	50.4	1,321.5	43.4	462.6	35.0	638.4	54.3	427.6	44.0	210.8	49.3
Media												
Espresso Group	762.3	21.5	797.1	26.2	(34.8)	(4.4)	219.1	18.6	235.5	24.2	(16.4)	(7.0)
Automotive components												
Sogefi Group	813.3	23.0	797.4	26.2	15.9	2.0	257.0	21.9	255.6	26.3	1.4	0.5
Healthcare												
HSS Group	179.9	5.1	125.6	4.1	54.3	43.2	61.4	5.2	53.3	5.5	8.1	15.2
Other sectors												
Other sectors	0.1	-	0.3	-	(0.2)	-	-	-	0.2	-	(0.2)	-
Total consolidated revenues	3,539.7	100.0	3,041.9	100.0	497.8	16.4	1,175.9	100.0	972.2	100.0	203.7	20.9

The **key figures of the consolidated income statement** of the CIR Group for the first nine months and for the third quarter are shown below together with a comparison with the previous periods:

<i>(in millions of euro)</i>	<i>1/1-30/09</i>		<i>3rd Quarter</i>	
	<i>2008</i>	<i>2007</i>	<i>2008</i>	<i>2007</i>
Revenues	3,539.7	3,041.9	1,175.9	972.2
Consolidated gross operating margin (EBITDA)	357.1	378.4	107.7	98.7
Consolidated operating result (EBIT)	254.2	285.6	70.8	66.5
Financial Management result	2.6	0.9	(57.5)	11.6
Income taxes	(66.4)	(81.2)	(8.6)	(4.8)
Income (loss) from businesses held for disposal	-	(0.4)	-	(0.1)
Net result including minority interests	190.4	204.9	4.7	73.2
Net result minority shareholders	(73.3)	(88.8)	(31.9)	(25.6)
Net result of the Group	117.1	116.1	(27.2)	47.6

In the first nine months of 2008 the **consolidated gross operating margin (EBITDA)** was €357.1 million (10.1% of revenues) versus €378.4 million in the first nine months of 2007 (12.4% of revenues), and was down by €21.3 million (-5.6%). This result was due to a combination of the following factors:

- A decline in the revenues of the Espresso group especially those from advertising;
- Restructuring costs incurred by the Sogefi group;
- The liability for the “Robin Hood tax” of the company Tirreno Power in the Sorgenia group;
- An improvement in the profitability of the HSS group.

The **consolidated operating margin (EBIT)** in the first nine months of 2008 was €254.2 million (7.2% of revenues) down by €31.4 million (-11%) from €285.6 million (9.4% of revenues) in the same period of 2007. The further decline compared with EBITDA was due to higher amortization in the Sorgenia group.

The financial management result, a positive €2.6 million, up from €0.9 million in the first nine months of 2007, was due to a combination of the following factors:

- Net financial expense of €87.5 million (€59.4 million in the first nine months of 2007)
- Net gains from trading and valuing securities of €25.4 million (net gains of €24.3 million in the first nine months of 2007),
- Non-recurring income of €64.7 million (€36 million in the first nine months of 2007) including income from capital increases for €117.8 million and charges of €53.1 million from the write-down of Oakwood.

In the third quarter of 2008 the **consolidated gross operating margin (EBITDA)** was €107.7 million (9.2% of revenues), up by €9 million (+9.1%) from €98.7 million in the same period of 2007 (10.2% of revenues).

The **consolidated operating margin (EBIT)** for the third quarter of 2008 was €70.8 million (6% of revenues) up from €66.5 million (6.8% of revenues) in the same period of 2007 (+6.5%).

The **key figures of the consolidated balance sheet** of the CIR Group at September 30 2008, compared with the same position at June 30 2008 and December 31 2007, are as follows:

<i>(in millions of euro)</i>	<i>30.09.2008</i>	<i>30.06.2008</i>	<i>31.12.2007</i>
Fixed assets	3,243.5	3,170.7	3,035.2
Other net non-current assets and liabilities	56.3	63.0	106.5
Net working capital	480.8	434.8	233.6
Net invested capital	3,780.6	3,668.5	3,375.3
Net financial position	(1,643.5)	(1,461.4)	(1,333.5)
Total shareholders' equity	2,137.1	2,207.1	2,041.8
Shareholders' equity of the Group	1,318.8	1,419.9	1,319.9
Minority shareholders' equity	818.3	787.2	721.9

Consolidated net invested capital stood at €3,780.6 million at September 30 2008, up from €3,375.3 million at December 31 2007 (€3,668.5 million at June 30 2008), with a rise of €405.3 million, due mainly to a rise in working capital and fixed asset investment in the Sorgenia group.

The **consolidated net financial position** at September 30 2008, as already indicated, showed net debt of €1,643.5 million (up from €1,333.5 million at December 31 2007 and €1,461.4 million at June 30 2008) resulting from the following:

- A financial surplus for CIR and the financial holding companies of €60.5 million, down from €112.3 million at December 31 2007. The decline of €51.8 million in the first nine months of 2008 was mainly due to disbursements made for investments in companies of the Group and in own shares for €60.3 million and to the negative adjustment to the fair value of bonds for

€67.2 million, partially offset by the positive balance of €101.3 million between dividends received and those paid out;

- Total debt in the operating groups of €1,704 million up from €1,445.8 million at December 31 2007. The rise of €258.2 million in the debt of the operating groups was mainly due to the higher debt of the Sogefi group, as a result of the disbursement made for the payout of ordinary and extraordinary dividends, and of the Sorgenia group after investments made.

The net financial position included the share of CIR's investment in Medinvest, totalling 81.5% equal to €188.9 million at September 30 2008. The accounting treatment of this investment involves posting any fair value changes in the funds directly to shareholders' equity. At September 30 2008 the amount of the fair value reserve relating to Medinvest stood at €43.8 million (€133.4 million at December 31 2007). In the first nine months of 2008 the sale of shares in hedge funds by Medinvest gave realized gains of €62.6 million (€21.3 million in the first nine months of 2007).

The performance of Medinvest since it was set up in April 1904 until the end of 2007 was very satisfactory, with the portfolio recording a weighted average annual return in dollar terms of 9.9%. In the first nine months of 2008 performance was a negative 12.3%, all of which was in the third quarter.

Total shareholders' equity stood at €2,137.1 million at September 30 2008, up from €2,041.8 million at December 31 2007 (€2,207.1 million at June 30 2008), with a rise of €95.3 million.

The **shareholders' equity of the Group** totalled €1,318.8 million at September 30 2008 compared to €1,319.9 million at December 31 2007 (€1,419.9 million at June 30 2008), with a net decrease of €1.1 million.

At September 30 2008 **minority shareholders' equity** totalled €818.3 million, up from €721.9 million at December 31 2007 (€787.2 million at June 30 2008), with a rise of €96.4 million.

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

<i>(in millions of euro)</i>	<i>1/1-30/09 2008</i>	<i>1/1-30/09 2007</i>
SOURCES OF FUNDING		
Net income for the period including minority interests	190.4	204.9
Amortization, depreciation and write-downs and other non monetary changes	(58.6)	53.8
Self-financing	131.8	258.7
Change in working capital	(238.4)	1.7
CASH FLOW GENERATED BY OPERATIONS	(106.6)	260.4
Capital increases	268.7	68.3
Repayment of Tirreno Power loan	42.5	127.3
TOTAL SOURCES OF FUNDING	204.6	456.0
APPLICATIONS		
Net investment in fixed assets	(343.7)	(480.2)
Buyback of own shares	(16.2)	(55.2)
Payment of dividends	(145.3)	(93.9)
Other changes	(9.4)	(1.5)
TOTAL APPLICATIONS	(514.6)	(630.8)
FINANCIAL SURPLUS (DEFICIT)	(310.0)	(174.8)
NET FINANCIAL POSITION AT START OF PERIOD	(1,333.5)	(850.6)
NET FINANCIAL POSITION AT CLOSE OF PERIOD	(1,643.5)	(1,025.4)

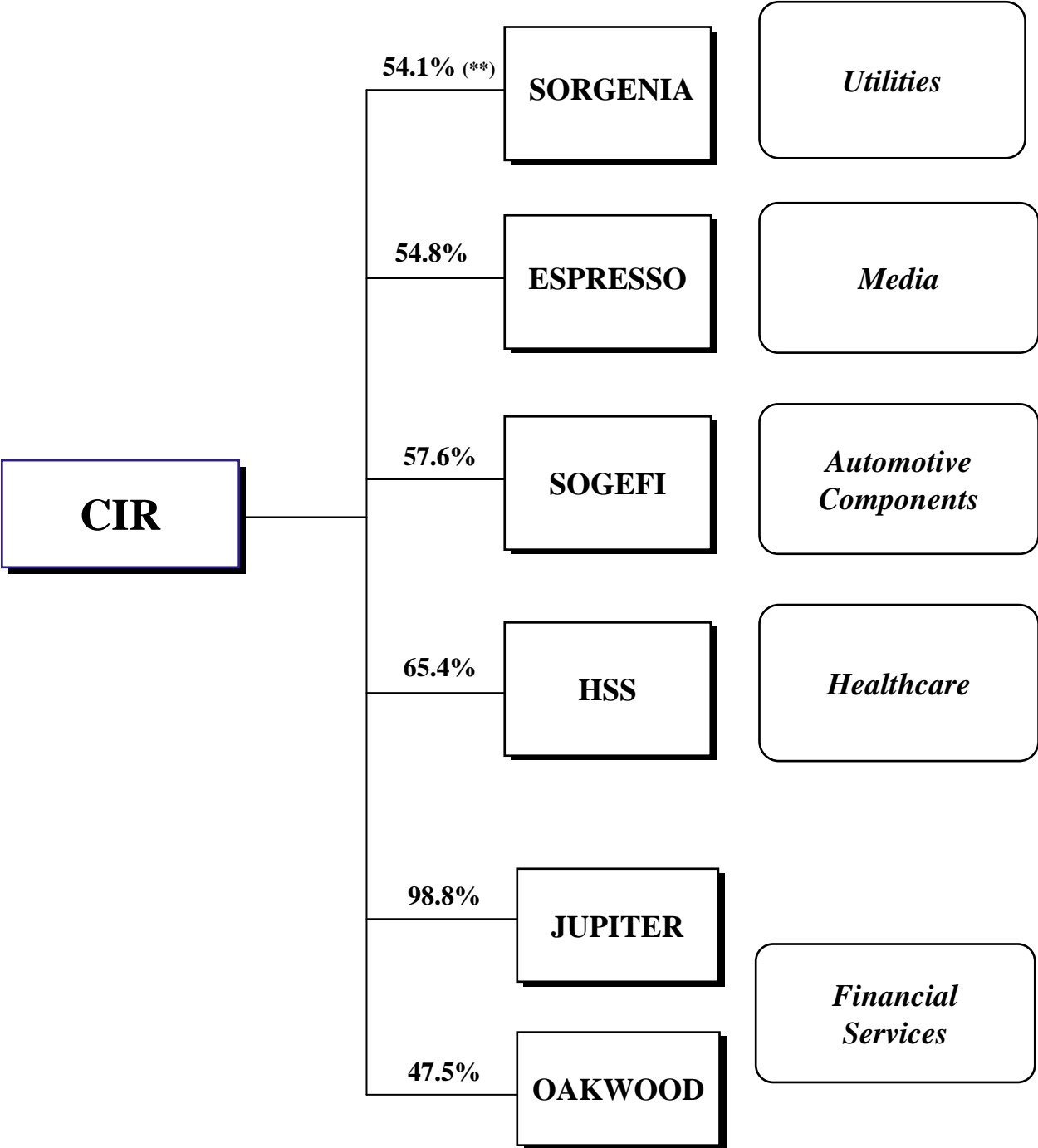
The cash flow generated by operations shows that liquidity was absorbed for around €240 million by the increase in working capital of the Sorgenia group.

For a breakdown of the net financial position see the appropriate section of the financial statements.

At September 30 2008 the Group had 12,881 employees compared to 12,422 at December 31 2007.

MAIN EQUITY INVESTMENTS OF THE GROUP (*)

AT SEPTEMBER 30 2008



(*) The percentage is calculated net of any own shares held as treasury stock

(**) Percentage of indirect control through Sorgenia 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:

Results of the period January 1 – September 30 2008

<i>(in millions of euro)</i>	<i>1/1-30/9 2008</i>	<i>1/1-30/9 2007</i>	<i>Change absolute</i>	<i>%</i>
Revenues	1,784.1	1,321.5	462.6	35.0
Net income	39.8	57.8	(18.0)	(31.1)

Results of 3rd quarter 2008

<i>(in millions of euro)</i>	<i>3rd Quarter 2008</i>	<i>3rd Quarter 2007</i>	<i>Change absolute</i>	<i>%</i>
Revenues	638.4	427.6	210.8	49.3
Net income	14.4	18.9	(4.5)	(23.8)

Position at September 30 2008

	<i>30/9/2008</i>	<i>30/6/2008</i>	<i>31/12/2007</i>
Net financial position	(997.4)	(897.0)	(904.9)
No. of employees	325	317	276

In the first nine months of 2008 the Sorgenia group reported consolidated revenues of €1,784.1 million, which were up by 35% from €1,321.5 million in the same period of 2007. With national demand for electricity up only very slightly from last year (+0.8%), the group reported a rise of 9.9% in its electricity sales volumes, a higher rise than that of the market, while its gas sales were in line with the figures for 2007.

The consolidated gross operating margin (EBITDA) was €118.7 million (6.7% of sales), down by 5.7% from €125.9 million (9.5% of sales) mainly because of the introduction of the new tax, known as the Robin Hood Tax, which penalized the net income of the affiliate Tirreno Power. The impact on Sorgenia at group level was €12.7 million (it should be noted that the net income of Tirreno Power, according to the equity method of consolidation, contributes pro-rata to the EBITDA of the group).

Consolidated EBIT for the first nine months of 2008 was €94.4 million (5.3% of sales) down from €106.1 million (8% of sales) in the same period of 2007.

In the first nine months of 2008 the group reported consolidated net income of €39.8 million compared with €57.8 million in the same period of 2007. Although this decline was partly due to the impact of the Robin Hood Tax, it was also largely due to higher amortization for the new

plants which started operating this year and to the rise in financial expense because of the higher average debt during the period.

The consolidated net financial position at September 30 2008 showed net debt of €997.4 million, up by €92.5 million from €904.9 million at December 31 2007. The change was mainly due, on the one hand, to disbursements made for investment in new production capacity for approximately €156 million (relating to the power plants under construction at Modugno and Lodi, the photovoltaic plants of Sorgenia Solar and the various wind plants being built) and to the change in working capital of approximately €241 million, outlays that were partly offset by the subscription of a capital increase in Sorgenia of €200 million by Verbund Italia in June 2008, the repayment of loans made to Tirreno Power for €42.5 million, dividends received for a total of €59 million and self-financing for €56 million.

In the third quarter of 2008 the Sorgenia group reported consolidated revenues of €638.4 million up from €427.6 million in third quarter 2007 (+49.3%).

Consolidated EBIT in third quarter 2008 came in at €29.2 million compared to €29.9 million in the same period of 2007.

Consolidated net income was €14.4 million down from €18.9 million in third quarter 2007.

In the first nine months of 2008 the roll-out of the **Business Plan** of the Sorgenia Group continued.

In *wind generation*, work continued on the construction 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. The Molise Region has authorized Sorgenia to build and operate another wind plant in the local districts of San Martino in Pensilis and Ururi for a total installed capacity of 12 MW.

In France, through Société Française d'Eoliennes (SFE), the Sorgenia Group has 100 MW of wind generation installed, over 71 MW authorized and soon to be built, and a significant portfolio of projects at various stages of development. The development work of Sorgenia Romania is also continuing with the object of building, operating and maintaining wind parks.

In the photovoltaic sector, a new manufacturing site is to be built at Villacidro (Sardinia), devoted to the production of crystalline silicon photovoltaic modules. As for solar energy generation, at the end of the first nine months of this year there were 10 photovoltaic plants in operation each with an output of around 1 MW, belonging to the subsidiary Sorgenia Solar, while building work is continuing on new plants, again of 1 MW, which should start functioning by the end of 2008.

In the *thermoelectric sector* work went ahead on the construction of the combined cycle power plant at Modugno (Puglia), while work is also continuing on a similar plant at Bertinico-Turano Lodigiano (Lombardy). Lastly, with the ruling issued by the Council of State, the dispute regarding the power plant planned at Aprilia (Lazio) was definitively settled in a favourable way for Sorgenia.

Regarding the *repowering* plan of Tirreno Power, the new 380 MW combined cycle unit at Napoli Levante is scheduled to start operating by the end of 2008.

The Sorgenia Group is continuing to develop important projects to guarantee the diversification of its gas sourcing and to improve the safety of the whole domestic gas network. In particular, the project for building a 12 billion cubic metre regasification terminal at Gioia Tauro (Calabria) by

LNG Med Gas Terminal, a company 69.77% controlled by Fin Gas Srl (an equal share joint venture between Sorgenia and Iride), has obtained its Valuation of Environmental Impact (VIA) and is awaiting the Service Conference as the last step in the administrative process.

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:

Results of the period January 1 – September 30 2008

<i>(in millions of euro)</i>	<i>1/1-30/9 2008</i>	<i>1/1-30/9 2007</i>	<i>Change</i>	
			<i>absolute</i>	<i>%</i>
Revenues	762.3	797.1	(34.8)	(4.4)
Net income	43.3	57.1	(13.8)	(24.1)

Results of 3rd Quarter 2008

<i>(in millions of euro)</i>	<i>3rd Quarter 2008</i>	<i>3rd Quarter 2007</i>	<i>Change</i>	
			<i>absolute</i>	<i>%</i>
Revenues	219.1	235.5	(16.4)	(7.0)
Net income	6.9	7.1	(0.2)	(3.3)

Position at September 30 2008

	<i>30/9/2008</i>	<i>30/06/2008</i>	<i>31/12/2007</i>
Net financial position	(283.3)	(328.8)	(264.9)
No. of employees	3,412	3,450	3,414

In the first nine months of 2008 the Espresso group reported consolidated revenues of €762.3 million, which were down by 4.4% from €797.1 million in the same period of the previous year. Consolidated net income came in at €43.3 million compared to €57.1 million in the first nine months of 2007, which had benefited for €7.8 million from the one-off positive effect of the different accounting treatment of TFR after the changes in the regulations.

Advertising revenues came to €443.5 million versus €465 million in the first nine months of 2007 (-4.6%). Performance in the first nine months of 2008 was particularly affected by both the decline in national commercial advertising in *la Repubblica*, the periodicals and the local newspapers, and the decline in the radio and television sector, while local advertising and internet advertising both rose at above market rates.

Despite a slight fall in revenues and volumes realized, optional add-on products actually increased their profitability and managed to obtain positive results in a sharply contracting market.

One factor that all the titles of the group had in common was the increase in their respective website traffic figures, while their readership indices were either stable or up. Overall these figures give a total of 8.6 million contacts with the media of the group.

Circulation revenues were €300.7 million in the first nine months of 2008 compared to €308.1 million (-2.4%) in the same period of 2007.

Circulation figures performed differently for the various titles partly because a decision was made to change certain marketing initiatives. This caused a decline in circulation for *la Repubblica* to 575 thousand average copies per issue (-6.6% on the first nine months of 2007) and a decline of 4.7% for *L'espresso* (from 409 thousand average copies per week in the first nine months of 2007 to 390 thousand in 2008), due partly to the fact that add-ons had less impact on sales on the newsstands. Both titles obtained positive results in terms of readership: *la Repubblica* maintained its total readership at around 3.1 million and clocked up 12.2 million unique users on the internet in the month of September, consolidating its ranking as number one Italian news site, while *L'Espresso* confirmed its readership figure of 2.4 million.

Lastly, the local papers had an overall circulation figure of 471 thousand average copies per issue (477 thousand in the same period of 2007) and reached over 3.1 million readers and 1.3 million unique users of their websites.

In the most recent Audiradio survey (4th bimester 2008), *Radio DeeJay's* audience figures declined to 4.9 million listeners on an average day (12.5 million over the week), losing its number one ranking among Italian private radio broadcasters. The performance of *m2o* was good, with over one and a half million listeners every day (3.7 million over the week), while *Radio Capital* maintained its audience figures at around 1.6 million listeners on an average day and 5.7 million over the week.

The consolidated operating income figure was €93.9 million down from €123.9 million in the first nine months of 2007.

Consolidated net financial debt stood at €283.3 million at September 30 2008, up from €264.9 million at the end of 2007 after the payment of dividends (€68.8 million), net disbursement for investment activity (€40.2 million) and the buyback of own shares (€8.5 million), which absorbed more liquidity than that generated by operating activity.

There were 3,412 employees on the payroll at September 30 2008 compared to 3,414 at December 31 2007.

In third quarter 2008 the group reported consolidated revenues of €219.1 million, down from €235.5 million (-7%). Operating income came in at €18.4 million down from €21.8 million and net income was €6.9 million compared to €7.1 million in third quarter 2007. Since the critical situation present in the advertising sector in the previous quarter was amplified even further in the third quarter, various cost-cutting measures taken in the first half of the year have now taken full effect.

The worsening of the economic crisis and the recession which is now certain have accentuated fears that the slowdown of the economy could be a prolonged one. The publishing sector in particular is being affected and will continue to be affected by the sharp and still growing decline in household spending and even more by the decline in advertising investment by businesses. Indeed the latest estimates available show that there will be a further contraction of advertising revenues in the last quarter October-December.

In this environment the economic results for this year will be positive but will be significantly lower than those reported in 2007 even if the exceptional one-off income of last year is netted out. It is therefore likely that further structural cost cutting action will be necessary.

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:

Results of the period January 1 – September 30 2008

<i>(in millions of euro)</i>	<i>1/1-30/9 2008</i>	<i>1/1-30/9 2007</i>	<i>Change absolute</i>	<i>%</i>
Revenues	813.3	797.4	15.9	2.0
Net income	29.6	41.9	(12.3)	(29.3)

Results of 3rd Quarter 2008

<i>(in millions of euro)</i>	<i>3rd Quarter 2008</i>	<i>3rd Quarter 2007</i>	<i>Change absolute</i>	<i>%</i>
Revenues	257.0	255.6	1.4	0.5
Net income	9.5	13.0	(3.5)	(27.2)

Position at September 30 2008

	<i>30/9/2008</i>	<i>30/6/2008</i>	<i>31/12/2007</i>
Net financial position	(263.3)	(251.0)	(92.4)
No. of employees	6,165	6,308	6,208

The worsening of the global economic and financial outlook did not prevent the Sogefi group from increasing its consolidated revenues by 2% in the first nine months of 2008 compared to the same period of 2007 (with the same exchange rates the rise would be +4%).

Consolidated revenues were €813.3 million, up from €797.4 million in the first nine months of 2007. The improvement was due to the excellent performance of South American markets (+29.4%) and of the suspension components for industrial vehicle business (+26.3%), as well as to the price rise in the suspension components sector, which balanced out the rise in steel costs. In Europe, however, revenues declined by 1.7%, due to the reduction in sales volumes in the after market.

In the first nine months of 2008, the sales of the *suspension components* division rose by 7.8% compared to the same period of 2007, while those of the *filter* division declined by 3.2%.

Consolidated EBITDA came to €91.2 million (11.2% of sales revenues) versus €106.8 million (13.4% of sales) in the first nine months of 2007, and was strongly penalized by restructuring charges of €8.8 million, while the corresponding period of 2007 benefited from positive items of €9 million (sale of a property, revaluation of assets and adjustments to liabilities), which were only partly offset by costs for acquisitions which were not carried out of €4.6 million.

The *filter* division reported EBITDA of €39.1 million (9.9% of sales) which compares with €57.1 million (13.9% of sales) in the first nine months of 2007, while the EBITDA of the *suspension components* division was €56.1 million (13.4% of sales) down from €57.5 million (14.8% of sales) in the first nine months of 2007.

Consolidated EBIT was €58.6 million (7.2% of sales) versus €73.5 million (9.2% of sales). The *filter* division reported EBIT of €25.7 million (6.5% of sales) down from €43.4 million (10.6% of sales) while the *suspension components* division reported EBIT of €37.1 million (8.9% of sales) compared to €38.3 million (9.9% of sales).

Consolidated net income came in at €29.6 million (3.6% of sales) down by 29.2% from €41.9 million (5.3% of sales) in the first nine months of 2007.

The net financial debt of the group at September 30 2008 amounted to €263.3 million, up from €92.4 million at December 31 2007, following the disbursement of €159.5 million for the ordinary and extraordinary dividend payout.

There were 6,165 employees on the payroll at September 30 2008 compared to 6,208 at December 31 2007.

In third quarter 2008 the Sogefi group reported consolidated revenues of €257 million (€255.6 million in the same quarter of 2007), resulting from growth of 6.5% in the sales of the *suspension* division (€132.3 million up from €124.2 million) and a contraction of 5% in the sales of the *filter* division (€125.2 million down from €131.7 million).

Consolidated EBITDA, affected by the decline in *filter* sales, higher restructuring costs and the still partial transfer of higher steel costs on to selling prices, recorded a decline of 5.5%, closing at €30.2 million (11.8% of sales) compared to €32 million (12.5% of sales).

Consolidated net income for the quarter came in at €9.5 million (3.7% of sales) down from €13 million in the same period of 2007 (5.1% of sales).

In September 2008 the Sogefi group signed a joint-venture agreement with the French company Sardou SA to build suspension components for motor vehicles in composite materials. The aim is to reduce by 50% the weight of the current steel products, thus meeting the need of constructors to make vehicles significantly lighter in order to comply with the ever stricter rules established by the European Commission on the subject of emissions.

In the last quarter of the year, sales levels will largely be conditioned by the global financial crisis that will have an inevitable impact on the vehicle industry worldwide. Despite the fact that appropriate measures were taken promptly to limit as far as possible the negative effects of the contraction in revenues, results for the whole year are still likely to be substantially lower than those of 2007.

HEALTHCARE

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:

Results of the period January 1 – September 30 2008

<i>(in millions of euro)</i>	<i>1/1-30/9 2008</i>	<i>1/1-30/9 2007</i>	<i>Change absolute</i>	<i>%</i>
Revenues	179.9	125.6	54.3	43.2
Net income (loss)	1.1	(0.2)	1.3	n.s.

Results of 3rd Quarter 2008

<i>(in millions of euro)</i>	<i>3rd Quarter 2008</i>	<i>3rd Quarter 2007</i>	<i>Change absolute</i>	<i>%</i>
Revenues	61.4	53.3	8.1	15.2
Net income (loss)	0.5	0.6	(0.1)	(16.6)

Position at September 30 2008

	<i>30/9/2008</i>	<i>30/06/2008</i>	<i>31/12/2007</i>
Net financial position	(125.0)	(124.0)	(148.6)
No. of employees	2,929	2,940	2,472

In the first nine months of 2008 the HSS group reported revenues of €179.9 million, compared to €125.6 million in the same period of 2007, with a rise of 43.2% thanks to the development of all areas of the business.

Consolidated EBITDA was €21.2 million, up by 42.2% from €14.9 million in the first nine months of 2007 and consolidated EBIT was €13.4 million, up from €8.8 million in the same period of the previous year.

Consolidated net income in the first nine months of 2008 was €1.1 million which contrasts with a net loss of €0.2 million in the same period of 2007.

At September 30 2008 the HSS group had a net debt position of €125 million, down from €148.6 million at December 31 2007. The improvement was the result, on the one hand, of the subscription in June 2008 by CIR and the Morgan Stanley funds already shareholders of HSS, of a capital increase in HSS for a total of €40 million, and on the other hand of the effect of the acquisition and investments made in the first nine months of this year.

In the third quarter of 2008 the HSS group reported revenues of €61.4 million, up from €53.3 million in the corresponding period of 2007, posting a rise of 15.2%.

Consolidated EBITDA was €7.1 million compared to €5.1 million in third quarter 2007 and consolidated EBIT was €4.4 million versus €2.7 million in the same period of last year.

Net income was €0.4 million compared to €0.6 million in the same period of 2007.

In the first nine months of 2008, the HSS group continued to strengthen its operating subsidiaries and seek out new development opportunities to consolidate the presence of the group in the healthcare sector.

In particular, on October 3 2008 Istituto di Riabilitazione S. Stefano S.r.l., a company 100% controlled by HSS, completed the acquisition from Générale de Santé Italia of 100% of the capital of

Centro Cardinal Ferrari S.r.l., a company which manages a hospital specializing in neurological rehabilitation at Fontanellato (Parma). The hospital, which has 91 beds, operates on the basis of an accreditation system with the National Health Service and belongs to the Emilia regional network of rehabilitation from serious acquired brain injury (*Gracer*).

The business of the HSS is currently focused on managing:

- 1) *Residences and nursing homes (RSAs)*, with 35 residences under management (approximately 3,600 beds operational and more than 450 under construction);
- 2) Hospitals and *rehabilitation* centres, with 7 rehabilitation hospitals (in Lombardy, Emilia Romagna, Trentino and Marche), 8 psychiatric rehabilitation communities (in Liguria, Piedmont and Lombardy) and 13 day hospitals for a total of 1,100 beds operational and 50 under construction;
- 3) One *hospital and high tech activities* within hospitals, with 7 diagnostic imaging departments.

The HSS group currently manages a total of 4,823 beds plus a further 500 soon to be completed.

The group had 2,929 employees at September 30 2008 compared to 2,472 at December 31 2007.

FINANCIAL SERVICES

JUPITER FINANCE – This company, which operates in the sector of non-performing loans, was set up at the end of 2005 with the aim of becoming an independent industrial partner of Italian banks and businesses in the management of non-performing loans. The company thus carries out a debt collection activity and collects payment in securitization deals as master servicer, and providing both operational services and carrying out a guarantee function makes sure that the procedures of the securitization process are followed correctly.

At September 30 2008 the total number of loan receivables under the management of Jupiter Finance as master servicer amounted to €1,266.5 million of gross book value purchased for a price of €156.2 million. As of the same date the company had collected receivables for €48.4 million exceeding expectations.

During 2008 Jupiter Finance continued in its role as master servicer in the program of securitization of portfolios of receivables through the vehicle company (as per law 130) Zeus Finance, which is included in the consolidated financial statements of CIR. This program involves the issue of securities for a maximum amount of €400 million, subdivided into two classes, a senior class for a maximum of €200 million and a class of junior securities for a maximum of €200 million, which are subordinate to the first class both for the capital and the interest. At September 30 2008 the securities issued, totalling €132 million, were underwritten by CIR International for the junior part amounting to €54 million and by a prime bank for the senior part amounting to €78 million as part of an underwriting agreement for all of the senior tranche for a total value of €200 million.

In September 2008 an agreement was reached with a prime financial institution for the subscription of the senior securities resulting from the securitization program aimed at investing in foreign markets which began in July 2007 and focused on certain countries in central and southern Europe. This agreement involves the issue of securities for a maximum total amount of €200 million, subdivided into two classes, a senior class for a maximum of €100 million and a junior class for a maximum of €100 million. As of September 30 2008 four acquisitions had been made of portfolios of “foreign” receivables for a gross book value of €54 million at a purchase price of €13 million.

OAKWOOD – The Oakwood Global Finance group operates in the financial services sector with the companies Ktesios and Pepper. The recent worsening of the crisis in the financial markets led to a revision of the development plans of the two companies which was followed by a substantial write-down (€52.6 million) of CIR's investment. The value of this investment was therefore reduced to €20 million at September 30 2008.

Ktesios, the main investee company of Oakwood, operates in Italy in the loan business making loans secured on one fifth of salaries or pensions and has confirmed its ranking as leader in this segment of the market. During the first nine months of 2008 it made loans of €520 million compared to €466 million in the same period of 2007.

Pepper has gradually abandoned the loan business, moving towards the servicing sector where it acts on behalf of loan originators. It has now acquired a position of leadership in the Australian market.

3. OTHER ACTIVITIES

CIR VENTURES – At September 30 2008 the portfolio of CIR Ventures, the venture capital fund of the Group, contained 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 September 30 2008 amounted to 19.2 million dollars.

INVESTMENT IN PRIVATE EQUITY FUNDS - Through its subsidiary CIR International the CIR Group holds 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 €97 million at September 30 2008. During the first nine months of 2008 further investments were made for approximately €9 million and funds were redeemed for €4 million. Remaining commitments outstanding at September 30 2008 amounted to €38 million.

4. SIGNIFICANT EVENTS WHICH OCCURRED AFTER SEPTEMBER 30 2008 AND OUTLOOK FOR THE REST OF THE YEAR

The global financial crisis and the recession that is now under way, the consequences of which are not yet entirely clear, will have negative effects of varying intensities on the business sectors in which the Group operates and will be particularly accentuated in the automotive and media sectors which are more exposed to fluctuation in demand. The lack of liquidity in the financial markets makes it essential that the financial structure of the Group be managed as rigorously as possible. In this environment the subsidiaries have taken and will be continuing to take any measures necessary to counter the economic and financial effects of this current crisis.

In view of the non-recurring income and charges already recorded, the consolidated net result for the whole of 2008 should be higher than that of last year.

Regarding the proposed demerger, under its mandate the management of CIR has ascertained that the conditions are not right for the transaction to be carried out with the full support of all its stakeholders, as it was hoped, and without a cost that in light of the negative evolution of the economic environment and the growing climate of grave uncertainty in the financial markets, would today be unjustifiable compared to the conditions in which the demerger was initially put forward. Thus on October 31 2008 the Board of Directors of CIR decided not to go ahead with the proposed proportional demerger of CIR's non media businesses, which was therefore cancelled.

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 Management Report for the period January 1 – September 30 2008 was approved by the Board of Directors on October 31 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. BALANCE SHEET

(in thousands of euro)

ASSETS	<i>30.09.2008</i>	<i>30.06.2008</i>	<i>31.12.2007</i>
NON-CURRENT ASSETS	3,652,960	3,582,613	3,476,271
INTANGIBLE ASSETS	1,310,161	1,305,984	1,250,196
TANGIBLE ASSETS	1,632,378	1,593,592	1,473,320
INVESTMENT PROPERTY	18,830	18,972	19,259
INVESTMENTS UN COMPANIES VALUED AT EQUITY	269,183	240,189	280,554
OTHER EQUITY INVESTMENTS	12,906	11,996	11,885
OTHER RECEIVABLES	197,211	216,549	251,493
SECURITIES	105,820	95,817	96,534
DEFERRED TAXES	106,471	99,514	93,030
CURRENT ASSETS	3,074,507	3,095,697	2,863,062
INVENTORIES	221,085	207,447	203,967
CONTRACTED WORK IN PROGRESS	3,244	3,261	2,564
TRADE RECEIVABLES	1,218,541	1,241,692	1,070,273
OTHER RECEIVABLES	300,564	267,545	206,441
FINANCIAL RECEIVABLES	38,960	51,273	37,171
SECURITIES	574,339	622,456	275,897
AVAILABLE-FOR-SALE FINANCIAL ASSETS	219,100	339,011	372,622
CASH AND CASH EQUIVALENTS	498,674	363,012	694,127
ASSETS HELD FOR DISPOSAL	6,689	6,692	6,756
TOTAL ASSETS	6,734,156	6,685,002	6,346,089
LIABILITIES AND SHAREHOLDERS' EQUITY	<i>30.09.2008</i>	<i>30.06.2008</i>	<i>31.12.2007</i>
SHAREHOLDERS' EQUITY	2,137,085	2,207,130	2,041,793
CAPITAL ISSUED	395,588	395,588	395,466
less OWN SHARES	(21,487)	(21,487)	(19,822)
SHARE CAPITAL	374,101	374,101	375,644
RESERVES	340,156	414,092	412,983
RETAINED EARNINGS (LOSSES)	487,448	487,448	448,674
NET INCOME FOR THE PERIOD	117,093	144,275	82,580
SHAREHOLDERS' EQUITY OF THE GROUP	1,318,798	1,419,916	1,319,881
MINORITY SHAREHOLDERS' EQUITY	818,287	787,214	721,912
NON-CURRENT LIABILITIES	2,574,445	2,406,353	2,812,212
BONDS AND NOTES	784,992	774,796	1,189,672
OTHER BORROWINGS	1,429,525	1,275,971	1,281,170
OTHER PAYABLES	1,211	309	286
DEFERRED TAXES	148,872	147,642	139,888
PERSONNEL PROVISIONS	171,531	164,514	159,278
PROVISIONS FOR RISKS AND LOSSES	38,314	43,121	41,918
CURRENT LIABILITIES	2,022,626	2,071,519	1,492,084
BANK OVERDRAFTS	246,961	208,492	92,032
BONDS AND NOTES	388,294	382,182	--
OTHER BORROWINGS	124,810	195,678	150,425
TRADE PAYABLES	901,528	942,613	941,841
OTHER PAYABLES	294,058	274,116	244,958
PROVISIONS FOR RISKS AND LOSSES	66,975	68,438	62,828
LIABILITIES HELD FOR DISPOSAL	--	--	--
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	6,734,156	6,685,002	6,346,089

2. INCOME STATEMENT

(in thousands of euro)

	1/1-30/9 2008	1/1-30/9 2007	3rd Quarter 2008	3rd Quarter 2007
SALES REVENUES	3,539,739	3,041,867	1,175,931	972,240
CHANGE IN INVENTORIES	10,363	2,852	2,951	1,159
COSTS FOR PURCHASE OF GOODS	(2,121,013)	(1,668,766)	(747,363)	(531,388)
COSTS FOR SERVICES	(580,571)	(557,234)	(184,175)	(184,872)
PERSONNEL COSTS	(514,146)	(449,014)	(164,430)	(148,453)
OTHER OPERATING INCOME	66,921	43,911	24,352	2,264
OTHER OPERATING COSTS	(79,104)	(59,852)	(27,350)	(19,751)
ADJUSTMENTS TO VALUE OF INVESTMENTS VALUED AT EQUITY	34,943	24,613	27,757	7,468
AMORTIZATION, DEPRECIATION & WRITE-DOWNS	(102,883)	(92,758)	(36,838)	(32,198)
INCOME BEFORE FINANCIAL ITEMS	254,249	285,619	70,835	66,469
FINANCIAL INCOME	51,936	51,281	18,089	17,550
FINANCIAL EXPENSE	(139,395)	(110,648)	(48,299)	(38,925)
DIVIDENDS	310	619	18	3
GAINS FROM TRADING SECURITIES	200,944	141,690	68,367	92,426
LOSSES FROM TRADING SECURITIES	(10,943)	(76,726)	(505)	(61,417)
ADJUSTMENTS TO VALUE OF FINANCIAL ASSETS	(100,255)	(5,354)	(95,187)	1,994
INCOME BEFORE TAXES	256,846	286,481	13,318	78,100
INCOME TAXES	(66,419)	(81,185)	(8,589)	(4,828)
INCOME AFTER TAXES FROM OPERATING ACTIVITY	190,427	205,296	4,729	73,272
INCOME/(LOSS) FROM ASSETS HELD FOR DISPOSAL	--	(444)	--	(147)
NET INCOME FOR PERIOD INCLUDING MINORITY INTERESTS	190,427	204,852	4,729	73,125
- NET INCOME OF MINORITY SHAREHOLDERS	(73,334)	(88,704)	(31,911)	(25,564)
- NET INCOME OF THE GROUP	117,093	116,148	(27,182)	47,561

3. NET FINANCIAL POSITION

(in thousands of euro)

	30.09.2008	30.06.2008	31.12.2007
A. Cash and bank deposits	498,674	363,012	694,127
B. Other cash equivalents	219,100	339,011	372,622
C. Securities held for trading	574,339	622,456	275,897
D. Cash and cash equivalents (A) + (B) + (C)	1,292,113	1,324,479	1,342,646
E. Current financial receivables	38,960	51,273	37,171
F. Current bank borrowings	(301,959)	(317,106)	(159,316)
G. Bond and note issues	(388,294)	(382,182)	--
H. Current part of non-current debt	(69,756)	(87,008)	(83,141)
I. Other current borrowings	(56)	(56)	--
J. Current financial debt (F) + (G) + (H) + (I)	(760,065)	(786,352)	(242,457)
K. Net current financial position (J) + (E) + (D)	571,008	589,400	1,137,360
L. Non-current bank borrowings	(1,278,855)	(1,150,155)	(1,204,348)
M. Bond and note issues	(784,992)	(774,796)	(1,189,672)
N. Other non-current payables	(150,670)	(125,816)	(76,822)
O. Non-current financial debt (L) + (M) + (N)	(2,214,517)	(2,050,767)	(2,470,842)
P. Net financial position (K) + (O)	(1,643,509)	(1,461,367)	(1,333,482)

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. FOREWORD

This consolidated interim report as of September 30 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 financial report as of September 30 2008 of the CIR Group was prepared in accordance with the provisions of Art. 154-ter (Financial Reports) of D.Lgs. no. 58/1998 (Finance Consolidation Act–TUF) and subsequent amendments and additions, and with the Rules for Issuers no. 11971/1999 issued by Consob (as amended by resolution no. 16515 of June 18 2008) and Consob Communication no. DEM/8041082 of April 30 2008 (Quarterly corporate disclosures of companies issuing listed shares which have Italy as their Member State of origin). This report was not prepared in accordance with the instructions given in the international accounting principle on the subject of interim financial reporting (IAS 34 "Interim Financial Reporting").

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 September 30 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 September 30 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 €395,587,633.50 (791,175,267 shares) at September 30 2008 as a result of the issuance of 244,600 shares in execution of stock options by those holding option rights, the beneficiaries of existing stock option plans.

At September 30 2008 the Company was holding 42,974,000 of its own shares (5.4% of capital) up from 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.

For the sake of clarity, the nominal value of own shares held as treasury stock has been reclassified and deducted from the share capital issued.

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 September 30 2008 there were 29,539,400 options in circulation, corresponding to the same number of shares.

Certification as per Articles 36 and 37 of Consob Regulation no. 16191 of October 29 2007

In relation to the obligations contained in Art. 2.6.2, paragraph 15, of the Rules of Borsa Italiana, in view also of the provisions of Articles 36 and 37 of Consob Resolution 16191, it is hereby attested that there are no conditions that could prevent CIR shares from being listed on the automated stock market (*Mercato Telematico Azionario*) organized and managed by Borsa Italiana S.p.A. since the foreign subsidiaries not belonging to the European Union, which are of significant importance for CIR (the “Company”), publish their respective company bylaws, details of their administrative bodies and the powers thereof in compliance with the legislation to which they are subject or else voluntarily, and in addition they also provide the auditors of the Company with the information needed for the annual and semi-annual audits of CIR to be conducted, moreover they have administrative and accounting systems able to provide Management and the Company’s auditors with the economic, equity and financial information needed for the preparation of the consolidated financial statements. Furthermore – because CIR is subject to management and coordination by its parent company COFIDE – Compagnia Finanziaria De Benedetti S.p.A. – it has fulfilled the disclosure requirements set out in Art. 2497-bis of the Civil code, it has the power to negotiate independently in its relations with clients and suppliers, and has no centralized treasury function with COFIDE. Out of a total of 13 members of the Board of Directors, 7 directors have the requisites for independence and are thus a sufficient number to ensure that their opinion carries significant weight when Board resolutions are adopted.

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

Re: Interim Management Report as of September 30 2008

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.

Milan, October 31 2008

Signed by
C I R S.p.A.
Alberto Piaser