



CIR GROUP

QUARTERLY INTERIM REPORT AS OF SEPTEMBER 30 2007

Milan, October 30 2007



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REPORT OF THE BOARD OF DIRECTORS ON OPERATIONS FOR THE PERIOD ENDED SEPTEMBER 30 2007

In the **first nine months of 2007** the CIR Group reported consolidated net income of €116.1 million, up from €77.5 million in the same period of last year (+49.8%).

Consolidated revenues in the first nine months of 2007 totalled € 3,041.9 million compared €2,971.8 million in the same period of 2006 (+2.4%).

The contribution of the operating groups to consolidated earnings in the first nine months of 2007 rose by €4.3 million (+5.2%) from €82.7 million in the first nine months of 2006 to €87 million in the same period of 2007, thanks to the higher profitability of the Sorgenia and Sogefi groups.

The contribution of the financial subsidiaries rose by €5.8 million as a result of capital gains on sales of hedge funds by Medinvest.

The result of the holding (CIR and CIR International) in the first nine months of 2007 was a negative €21.5 million (€ 19.7 million in the same period of 2006) which, apart from overheads of €12.9 million, was the result of a combination of the following factors:

- Adjustments to the value of investments valued at equity for a negative €10.6 million;
- Net financial expense of €18.9 million;
- Net losses from trading and valuing securities of €2.2 million;
- Deferred tax assets of €23.8 million.

The consolidated net income figure for the period benefited from non-recurring income of €30.3 million resulting from the subscription of rights issue subscribed by minority shareholders in the companies Sorgenia and HSS.

Consolidated net financial debt stood at €1,025.4 million at September 30 2007 (€850.6 million at December 31 2006) and was made up of a net financial surplus for CIR and CIR International of €108.6 million (€258.2 million at December 31 2006) and net debt for the operating groups of €1,134 million (€1,108.8 million at December 31 2006).

The change of € 149.6 million in the financial surplus of CIR and CIR International was due mainly to investments made in the buyback of own shares for €139.9 million.

The rise of €25.2 million in the debt of the operating groups was the result of investment in fixed assets for €390.4 million offsetting cash flow of €324.5 million generated by operations and other sources for €40.7 million.

The balance sheet at September 30 2007 showed shareholders' equity of the Group totalling €1,348.2 million compared with € 1,260.2 million at December 31 2006 and total equity of €2,071.3 million, up from €1,979.9 million at December 31 2006.

In the **third quarter of 2007** the consolidated net income of the CIR Group was €47.5 million, up from € 14,8 million in the same period of last year and consolidated sales revenues totalled €972.2 million, up from €950.4 million in the same period of 2006 (+2.3%).

The charts on the following pages show a breakdown by business sector of the financial and income figures of the Group together with a breakdown of the contributions of the main subsidiaries and the aggregate results of the holding (CIR and CIR International).

BREAKDOWN OF INCOME STATEMENT BY BUSINESS SECTOR AND CONTRIBUTION TO THE RESULTS OF THE GROUP

(in millions of euro)

	1/1-30/9 2007											1/1-30/9 2006	
	CONSOLIDATED	Revenues	Costs of production	Other operating income and costs	Adjustments to the value of investments valued at equity	Amortization, depreciation and write-downs	Net financial income and expense	Dividends, gains and losses from trading and valuation of securities	Income taxes	Income (loss) from operations sold	Net income (loss) minority interests	Net income (loss) for the Group	Net income (loss) for the Group
AGGREGATE													
Sorgenia group		1,321.5	(1,229.0)	(0.8)	34.1	(19.8)	(13.7)	0.2	(26.6)	--	(32.7)	33.2	28.2
Espresso group		797.1	(640.1)	(2.8)	1.1	(31.4)	(14.0)	--	(52.3)	--	(27.0)	30.6	34.2
Sogefi group		797.4	(681.3)	(7.1)	--	(34.7)	(7.7)	0.1	(22.7)	--	(19.8)	24.2	23.0
HSS group		125.6	(106.1)	(4.6)	--	(6.1)	(5.3)	--	(3.5)	(0.4)	0.3	(0.1)	(2.0)
Other subsidiaries		0.3	(3.2)	1.5	--	(0.1)	0.4	--	0.1	--	0.1	(0.9)	(0.7)
Total operating subsidiaries		3,041.9	(2,659.7)	(13.8)	35.2	(92.1)	(40.3)	0.3	(105.0)	(0.4)	(79.1)	87.0	82.7
Financial subsidiaries		--	(1.6)	(0.1)	--	--	(0.2)	26.1	--	--	(3.9)	20.3	14.5
Total subsidiaries		3,041.9	(2,661.3)	(13.9)	35.2	(92.1)	(40.5)	26.4	(105.0)	(0.4)	(83.0)	107.3	97.2
Holding companies (CIR & CIR International)													
Revenues		--										--	--
Costs of production			(14.8)									(14.8)	(12.3)
Other operating income and expense				1.9								1.9	1.8
Adjustments to the value of investments valued at equity					(10.6)						0.1	(10.5)	--
Amortization, depreciation and write-downs						(0.7)						(0.7)	(0.4)
Net financial income and expense							(18.9)					(18.9)	(14.2)
Dividends, gains and losses from trading securities								(2.2)			(0.1)	(2.3)	(0.2)
Income taxes									23.8			23.8	5.6
Net income (loss) from operations sold										--		--	--
Total holding companies (CIR & CIR International)		--	(14.8)	1.9	(10.6)	(0.7)	(18.9)	(2.2)	23.8	--	--	(21.5)	(19.7)
Non-recurring items		--	--	--	--	--	--	36.0	--	--	(5.7)	30.3	--
Consolidated total for the Group		3,041.9	(2,676.1)	(12.0)	24.6	(92.8)	(59.4)	60.2	(81.2)	(0.4)	(88.7)	116.1	77.5

CONSOLIDATED BALANCE SHEET FIGURES BY BUSINESS SECTOR

(in millions of euro)

		30.09.2007							31.12.2006	
AGGREGATE	CONSOLIDATED	Fixed assets	Other net non-current assets and liabilities	Net working capital	Net financial position	Total shareholders' equity	of which:	Minority shareholders' equity	Shareholders' equity - Group	Shareholders' equity - Group
	Sorgenia group		971.6	106.4	111.3	(601.4) (*)	587.9		291.1	296.8
Espresso group		904.4	(163.9)	49.9	(266.2)	524.2		249.1	275.1	293.7
Sogefi group		358.6	(57.9)	120.3	(102.8)	318.2		143.1	175.1	163.3
HSS group		242.8	(21.4)	25.4	(142.8)	104.0		34.9	69.1	54.2
Other subsidiaries		0.2	12.7	79.2	(20.8)	71.3		4.9	66.4	43.4
Total subsidiaries		2,477.6	(124.1)	386.1	(1,134.0)	1,605.6		723.1	882.5	806.4
Holding companies (CIR & CIR International)										
Fixed assets		117.9				117.9			117.9	103.0
Other net non-current assets and liabilities			209.3			209.3			209.3	107.3
Net working capital				29.9		29.9			29.9	(14.7)
Net financial position					108.6	108.6			108.6	258.2
Consolidated total - Group		2,595.5	85.2	416.0	(1,025.4)	2,071.3		723.1	1,348.2	1,260.2

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

1. PERFORMANCE OF THE GROUP

Consolidated revenues for the first nine months of 2007 were € 3,041.9 million, up from €2,971.8 million in the same period of 2006, with a rise of €70.1 million (+2.4%).

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>2007</i>	<i>%</i>	<i>2006</i>	<i>%</i>	<i>Change absolute</i>	<i>%</i>	<i>2007</i>	<i>%</i>	<i>2006</i>	<i>%</i>	<i>Change absolute</i>	<i>%</i>
Utilities												
Sorgenia group	1,321.5	43.4	1,327.4	44.7	(5.9)	(0.4)	427.6	44.0	471.6	49.6	(44.0)	(9.3)
Media												
Espresso group	797.1	26.2	814.1	27.4	(17.0)	(2.1)	235.5	24.2	212.6	22.4	22.9	10.8
Automotive components												
Sogefi group	797.4	26.2	765.5	25.7	31.9	4.2	255.6	26.3	232.5	24.5	23.1	9.9
Healthcare												
HSS group	125.6	4.1	64.6	2.2	61.0	94.4	53.3	5.5	33.6	3.5	19.7	58.6
Other sectors	0.3	-	0.2	-	0.1	n.a.	0.2	-	0.1	-	0.1	n.a.
Total consolidated revenues	3,041.9	100.0	2,971.8	100.0	70.1	2.4	972.2	100.0	950.4	100.0	21.8	2.3

The following chart shows the **key figures of the consolidated income statement** of the CIR Group for the first nine months and for the third quarter and a comparison with the figures for the previous year:

<i>(in millions of euro)</i>	<i>1/1-30/09</i>		<i>3rd Quarter</i>	
	<i>2007</i>	<i>2006</i>	<i>2007</i>	<i>2006</i>
Revenues	3,041.9	2,971.8	972.2	950.4
Consolidated gross operating margin (EBITDA)	378.4	334.8	98.7	78.6
Consolidated operating income (EBIT)	285.6	261.0	66.5	52.6
Financial management result	0.9	(26.6)	11.6	(13.8)
Income taxes	(81.2)	(76.3)	(4.8)	(8.3)
Income (loss) from businesses held for disposal	(0.4)	-	(0.1)	-
Net result including minority interests	204.9	158.1	73.2	30.5
Net result – minority shareholders	(88.8)	(80.6)	(25.6)	(15.7)
Net income of the Group	116.1	77.5	47.6	14.8

In the first nine months of 2007 the **consolidated gross operating margin (EBITDA)** was €378.4 million (12.4% of revenues), up from €334.8 million in the first nine months of 2006 (11.3% of revenues), with a rise of €43.6 million (+13%). This result was due to a combination of the following factors:

- a significant improvement of approximately €38.5 million in the Sorgenia group, which benefited for the entire period from the energy produced by the Termoli power plant, which started operating in the second half of 2006;
- higher profitability of the HSS and Sorgenia groups;
- lower profitability of the Espresso group caused mainly by a decline in revenues and margin on add-on products.

Consolidated EBITDA also includes the group's share of the result for the first nine months of the Oakwood group, which was a negative €10.6 million and was partially offset by interest income of €6 million from the financial receivable (PECS) of CIR International with Oakwood.

The **consolidated operating margin (EBIT)** in the first nine months of 2007 was a positive €285.6 million (9.3% of revenues), up from €261 million (8.8% of revenues) in the same period of 2006 with a rise of 9.4%.

The financial management result was a positive €0.9 million, resulting from net financial expense of €59.4 million (€47.2 million in the first nine months of 2006) offsetting dividends and net gains from trading and valuing securities of €60.3 million (€20.6 million of net gains in the first nine months of 2006).

In third quarter 2007 the **consolidated gross operating margin (EBITDA)** was €98.7 million (10.2% of revenues) compared with €78.6 million in the same period of 2006 (8.3% of revenues), with a rise of €20.1 million (25.6%).

The **consolidated operating margin (EBIT)** in the third quarter of 2007 was a positive €66.5 million (6.8% of revenues) up from €52.6 million (5.5% of revenues) in the same period of 2006 (+26.4%).

The financial management result for the third quarter was a positive €11.6 million and consisted of net financial expense of €21.3 million and dividends and net gains from trading and valuing securities of €32.9 million. The latter refer in particular to income generated following rights issues for minority shareholders of the companies Sorgenia and HSS.

The following chart shows the **key figures of the consolidated balance sheet** of the CIR Group at September 30 2007, with a comparison with the same figures at June 30 2007 and December 31 2006:

<i>(in millions of euro)</i>	<i>30.09.2007</i>	<i>30.06.2007</i>	<i>31.12.2006</i>
Fixed assets	2,595.5	2,363.0	2,282.3
Other net non-current assets and liabilities	85.2	82.1	129.3
Net working capital	416.0	400.5	418.9
Net invested capital	3,096.7	2,845.6	2,830.5
Net financial position	(1,025.4)	(812.4)	(850.6)
Total Shareholders' equity	2,071.3	2,033.2	1,979.9
Shareholders' equity of the Group	1,348.2	1,309.9	1,260.2
Minority Shareholders' equity	723.1	723.3	719.7

Consolidated net invested capital stood at €3,096.7 million at September 30 2007, up from €2,830.5 million at December 31 2006 (€2,845.6 million at June 30 2007), with a rise of €266.2 million mainly due to the significant investments made during the period by the Sorgenia and HSS groups in particular.

The **consolidated net financial position** at September 30 2007, as indicated above, showed net debt of €1,025.4 million (up from €850.6 million at December 31 2006 and €812.4 million at June 30 2007) which was the result of the following:

- a financial surplus for CIR and CIR International of €108.6 million which contrasts with €258.2 million at December 31 2006. The reduction of €149.6 million that took place during the first nine months of 2007 was mainly due to disbursements made for investments in share-holdings, financial receivables and own shares for €139.9 million, to outlays made for buying back tax credits for €18 million, only partially offset by the positive balance of €20.2 million between dividends received and those paid out, and capital increases resulting from the exercise of stock options for €14.6 million;
- total debt in the operating groups of €1,134 million compared to €1,108.8 million at December 31 2006. The rise of €25.2 million in the debt of the operating groups is the balance of investment in fixed assets for €390.4 million, made principally by the Sorgenia and HSS groups, the repayment of the loan by Tirreno Power for €127.3 million, disbursements for capital increases, the buyback of own shares and the distribution of dividends for a total of €86.6 million and cash flow generated by operations for €324.5 million.

Total shareholders' equity stood at €2,071.3 million at September 30 2007, up from €1,979.9 million at December 31 2006 (€2,033.2 million at June 30 2007), with a rise of €91.4 million.

The **shareholders' equity of the Group** totalled €1,348.2 million at September 30 2007 versus €1,260.2 million at December 31 2006 (€1,309.9 million at June 30 2007), with a net rise of €88 million.

At September 30 2007 **minority shareholders' equity** amounted to €723.1 million compared to €719.7 million at December 31 2006 (€723.3 million at June 30 2007), with a rise of €3.4 million.

The net financial position and shareholders' equity figures at September 30 2007 include €128 million resulting from the fair value adjustment of available-for-sale securities, held mainly by the company Medinvest. In fact the accounting treatment of Medinvest involves recognizing to shareholders' equity any changes in the fair value of the funds, which increased in value, gross of amounts realized during the period (€20.6 million) and before hedging transactions, by €30.5 million in the first nine months of 2007 compared with €19.2 in the same period of 2006.

The performance of Medinvest since it started (April 1994) up to the end of 2006 was particularly satisfactory, recording a weighted average annual return on the portfolio in dollar terms of 9.7%. In the first nine months of 2007 performance was also positive with a return, net of commissions, of 8.6%.

The key figures of the **consolidated cash flow statement** for the first nine months of 2007, prepared according to a managerial format showing changes in the net financial position, is as follows:

<i>(in millions of euro)</i>	<i>1/1-30/09 2007</i>	<i>1/1-30/09 2006</i>
SOURCES OF FUNDS		
Net income for the period including minority interests	204.9	158.1
Amortization, depreciation, write-downs and other non-monetary changes	53.8	69.5
Self-financing	258.7	227.6
Change in working capital	1.7	(90.6)
CASH FLOW GENERATED BY OPERATIONS	260.4	137.0
Capital increases	68.3	0.4
Repayment of Tirreno Power loan	127.3	-
TOTAL SOURCES OF FUNDS	456.0	137.4
APPLICATIONS OF FUNDS		
Net investment in fixed assets	(480.2)	(370.3)
Buyback of own shares	(55.2)	(15.5)
Payment of dividends	(93.9)	(81.2)
Other changes	(1.5)	(7.7)
TOTAL APPLICATIONS	(630.8)	(474.7)
FINANCIAL SURPLUS (DEFICIT)	(174.8)	(337.3)
NET FINANCIAL POSITION AT BEGINNING OF PERIOD	(850.6)	(465.2)
NET FINANCIAL POSITION AT END OF PERIOD	(1,025.4)	(802.5)

The breakdown of the net financial position is given in the Explanatory Notes to the Financial Statements.

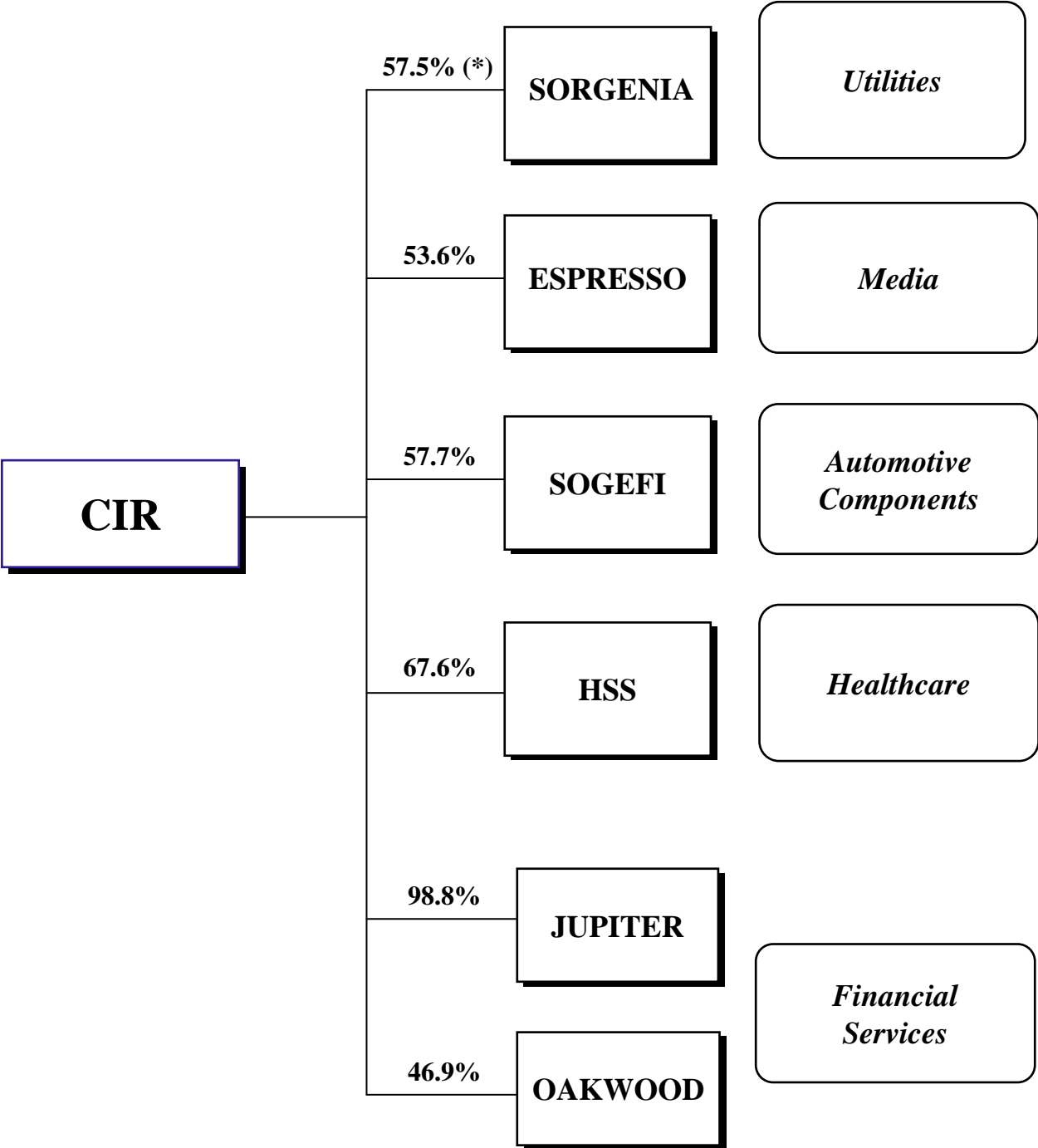
The cash flow generated by operations was positively affected by the change in net working capital, mainly in the Sorgenia group, which in the first nine months of 2006 had absorbed liquidity. Among the other sources of funding in the period we should highlight the capital increases for HSS and Sorgenia, and the partial repayment of the loan by Tirreno Power to Energia Italiana (Sorgenia group).

Applications refer mainly to the disbursement made during the period for the acquisition in a joint venture of the Oakwood group for €106.7 million (the total value of which then becomes €120.3 million) and investment made by the Sorgenia group for €194.2 million.

At September 30 2007 the Group had 12,435 employees compared with 11,102 at December 31 2006.

MAIN EQUITY INVESTMENTS OF THE GROUP

AS OF SEPTEMBER 30 2007



(*) percentage of indirect control through Energia Holding

2. PERFORMANCE OF THE BUSINESS SECTORS

UTILITIES SECTOR

The charts below show the main performance indicators of the Sorgenia group for this current year and a comparison with the figures for the corresponding periods of the previous year:

Results for the period January 1 – September 30 2007

<i>(in millions of euro)</i>	<i>1/1-30/9 2007</i>	<i>1/1-30/9 2006</i>	<i>Change absolute</i>	<i>%</i>
Revenues	1,321.5	1,327.4	(5.9)	(0.4)
Net income	57.8	47.9	9.9	20.7

Results of 3rd Quarter 2007

<i>(in millions of euro)</i>	<i>3rd Quarter 2007</i>	<i>3rd Quarter 2006</i>	<i>Change absolute</i>	<i>%</i>
Revenues	427.6	471.6	(44.0)	(9.3)
Net income	18.9	10.9	8.0	73.4

Situation at September 30 2007

	<i>30/9/2007</i>	<i>30/6/2007</i>	<i>31/12/2006</i>
Net financial position	(607.6)	(459.1)	(601.9)
No. of employees	238	230	208

In the first nine months of 2007 the Sorgenia group reported consolidated revenues of €1,321.5 million, substantially unchanged from €1,327.4 million in the same period of 2006. Volumes of electricity and gas sold were not significantly different from those of the first nine months of 2006 either.

The consolidated gross operating margin (EBITDA) rose sharply (+30.5%) from €96.5 million (7.3% of revenues) in the first nine months of 2006 to €125.9 million (9.5% of revenues), having benefited for the entire period from the energy produced by the Termoli power plant, which started operating in the second half of 2006, and from higher sales margins for both electricity and natural gas.

Consolidated EBIT was €106.1 million (8% of sales) in the first nine months of 2007, up by 17.1% from €90.6 million (6.8% of sales) in the same period of 2006.

In the first nine months of 2007 the Sorgenia group reported consolidated net income of €57.8 million, up significantly from €47.9 million in the same period of 2006 (+20.7%).

The consolidated net financial position at September 30 2007 showed net debt of €607.6 million, up slightly from €601.9 million at December 31 2006. The rise of €5.7 million was caused by cash disbursements due to industrial investments made for €194.2 million, to the acquisition of 16% of Energia Italiana for €59.5 million and to the payment of €15.7 million in dividends, almost entirely offset by a positive change in working capital of €74.6 million, by the partial repayment of the loans made by the Sorgenia group to Tirreno Power for €127.3 million and to self-financing generated by the group for a total of €51.5 million.

In the third quarter of 2007 the Sorgenia group reported consolidated revenues of €427.6 million compared to €471.6 million in the third quarter of 2006 (-9.3%).

Consolidated EBIT for third quarter 2006 was €29.9 million, up from €24.6 million in the same period of 2006.

Consolidated net income came in at €18.9 million, up from €10.9 million in the third quarter of 2006.

In the third quarter of 2007 Sorgenia increased its controlling stake in Energia Italiana, acquiring 16% of the capital from financial shareholders Banca Monte dei Paschi di Siena and BNL International Investments for a total of €59.5 million. Following this transaction Sorgenia now owns 78% of Energia Italiana (the remaining 22% is held by Iride and Hera in equal parts). At the end of September Banca Monte dei Paschi di Siena subscribed a capital increase in Sorgenia for an amount of approximately €33 million, acquiring a stake of 1.2%.

Regarding the rollout of the business plan 2007-2010 of the Sorgenia group, in the first nine months of 2007 work went ahead on the construction of the 770 MW combined cycle plant at Modugno (Puglia).

Also in the third quarter of the year three new photovoltaic plants built by Soluxia, each with an output of 1 MW, were connected up to the local grids. Production is expected to be in the region of 4,200 MWh per year. These plants are the first result of the decision of the Sorgenia group to invest in renewable sources and in production technologies that are more compatible with the environment to produce energy while privileging efficiency and safeguarding the environment.

The repowering plan for the Tirreno Power plants is proceeding according to schedule, specifically with the conversion of a section of the Vado Ligure plant into a 760 MW combined cycle plant, which is scheduled to start production very shortly, and with the construction of a 380 MW combined cycle module at Napoli Levante, which will start operating in 2008. To finance the completion of the repowering, in June the company signed a new loan agreement for €1.2 billion with a duration of 7 years. This loan enabled the previous €900 million loan to be repaid and the shareholders' loans to be partially repaid.

In the first nine months of the year Tirreno Power reported revenues of €727.1 million (€712.4 million in the same period of last year), from a net production volume of approximately 8.4 TWh (compared with 8.5 TWh in the same period of 2006). The gross operating margin was €196.8 million, up from €151.2 million in the first nine months of 2006 and net income was €68.3 million, up from €40.6 million in the same period of 2006.

MEDIA SECTOR

The charts below show the main performance indicators of the Espresso group for this current year and a comparison with the figures for the corresponding periods of the previous year:

Results for the period January 1 – September 30 2007

<i>(in millions of euro)</i>	<i>1/1-30/9 2007</i>	<i>1/1-30/9 2006</i>	<i>Change absolute</i>	<i>%</i>
Revenues	797.1	814.1	(17.0)	(2.1)
Net income	57.1	65.6	(8.5)	(12.9)

Results of 3rd Quarter 2007

<i>(in millions of euro)</i>	<i>3rd Quarter 2007</i>	<i>3rd Quarter 2006</i>	<i>Change absolute</i>	<i>%</i>
Revenues	235.5	212.6	22.9	10.8
Net income	7.1	10.8	(3.7)	(34.2)

Situation at September 30 2007

	<i>30/9/2007</i>	<i>30/06/2007</i>	<i>31/12/2006</i>
Net financial position	(266.2)	(313.2)	(262.7)
No. of employees	3,405	3,427	3,384

In the first nine months of 2007 the Espresso group reported consolidated revenues of €797.1 million, down by 2.1% from €814.1 million in the same period of the previous year.

Consolidated net income came in at €57.1 million, down from €65.6 million in the first nine months of 2006. The earnings figure for 2007 benefited for €7.8 million from the one-off positive effect of the new accounting treatment of TFR (severance and leaving indemnity) after changes to the legislation, while the figure for 2006 was affected by deferred tax assets of €10.6 million relating to prior losses of the subsidiary Elemedia, appropriation of which terminated last year.

The good performance of the third quarter of the year, which saw significant growth in advertising revenues (+8.3% compared with the corresponding quarter of 2006) and a positive contribution of optional products, which recovered from the two previous quarters, enabled the Espresso group to maintain its ratio of operating income to sales unchanged at 14.1% in the first nine months of the year compared with the same period of 2006. Consolidated operating income in the first nine months of 2007 was €112.2 million versus €114.9 million in the same period of 2006.

If the contribution of the add-on products is excluded, consolidated revenues rose from €656.6 million in the first nine months of 2006 to €696.5 million (+6.1%) in 2007 and operating income improved both in absolute terms to €82.3 million (+16.9%), and in terms of ratio to sales (from 10.7% to 11.8%).

Advertising revenues reached €465 million at the end of September with a rise of 7.4% on the same period of 2006.

Circulation revenues totalled €312.7 million (-13.5% on the same period of 2006 but up by 4.2% excluding revenues from optional products) and benefited from the rise in cover prices, the positive effects of which were partly mitigated by the strikes staged by journalists in support of the renewal of their labour contract and by a slight decline in the number of copies sold.

La Repubblica sold 615 thousand average copies compared to 626 thousand in the first nine months of 2006, but still maintained its number one ranking among Italian daily newspapers in terms of readership with approximately 3 million readers (Audipress).

The local newspapers of the group, however, reported circulation figures of 477 thousand average copies, which was substantially in line with the same period of last year, and reached an overall 2.9 million readers.

L'Espresso sold an average of 409 thousand copies per issue (405 thousand in the first nine months of 2006) thanks to the renewed interest generated by the surveys published and to a higher number of subscriptions.

The results of the radio stations of the group were also good – reaching a total audience of 9.1 million listeners on an average day and 23.1 million over the week (Audiradio 4th bimester of 2007). *Deejay* maintained its top ranking among private broadcasters, clocking up 5.7 million listeners on an average day and 13.2. over the week; *Radio Capital* consolidated at around 2 million its listeners on an average day and at 6.3 million those over the week; *m2o* increased its listeners on a daily basis to 1.5 million and those over the week to 3.5 million.

Lastly, *All Music* had over 2.8 million viewers in the 15-34 age group (IPSOS), with higher growth rates than those of other television broadcasters for young people.

The user figures for the internet websites of the group rose sharply and in September 2007 unique users reached 12.3 million with 510 million page views. Repubblica.it confirmed its status as the number one Italian news site with 10 million unique users, up by 58% from a year ago.

Consolidated net financial debt stood at €266.2 million at September 30 2007, virtually unchanged from the end of 2006, thanks to the good trend of operating cash flow (€147 million) which compensated for the distribution of dividends for €67.2 million, the buyback of own shares for €41.2 million and disbursements for investment of €30.5 million.

At September 30 2007 the group had 3,405 employees, with a rise of 21 people from 3,384 at December 31 2006.

In third quarter 2007 the Espresso group reported consolidated revenues of €235.5 million compared to €212.6 million in the third quarter of 2006 (+10.8%).

Consolidated operating income came in at €21.8 million, up from €9.2 million in the third quarter of 2006 and the consolidated net income figure for the quarter was €7.1 million compared to €10.8 million in third quarter 2006.

Estimates for advertising revenues for the last quarter are again forecasting an improvement on last year, but with lower growth rates than those seen to date.

Regarding the outlook for the close of the year, net income for the year will be lower than that of 2006 due to the already mentioned absence of deferred tax assets relating to prior losses of subsidiaries.

AUTOMOTIVE COMPONENTS SECTOR

The charts below show the main performance indicators of the Sogefi group for this current year and a comparison with the figures for the corresponding periods of the previous year:

Results for the period January 1 – September 30 2007

<i>(in millions of euro)</i>	<i>1/1-30/9 2007</i>	<i>1/1-30/9 2006</i>	<i>Change absolute</i>	<i>%</i>
Revenues	797.4	765.5	31.9	4.2
Net income	41.9	39.3	2.6	6.5

Results of 3rd Quarter 2007

<i>(in millions of euro)</i>	<i>3rd Quarter 2007</i>	<i>3rd Quarter 2006</i>	<i>Change absolute</i>	<i>%</i>
Revenues	255.6	232.5	23.1	9.9
Net income	13.0	11.9	1.1	9.5

Situation at September 30 2007

	<i>30/9/2007</i>	<i>30/6/2007</i>	<i>31/12/2006</i>
Net financial position	(102.8)	(121.2)	(126.3)
No. of employees	6,250	6,268	6,168

The significant rise in revenues reported in the third quarter of this year (+9.9% on the same period of 2006) enabled the group to further improve on the results obtained in the first half of the year.

Consolidated revenues in the first nine months of 2007 came in at €797.4 million, up by 4.2% from €765.5 million in the same period of 2006.

Sales were up both for the *filter division* (+4.4%) and for the *suspension components division* (+4.1%) and the improvement was seen in all the main markets in which the Sogefi group operates: Europe (+2.1%), Mercosur (+17.3%), USA (+2.9%) and China (+62.9%).

Operating profitability benefited from a partial transfer of higher steel costs on to selling prices, which has a particular impact on suspension components.

Consolidated EBITDA was €106.8 million (13.4% of sales revenues) compared to €102.8 million (13.4% of revenues) in the first nine months of 2006, with a rise of 4% despite one-off costs incurred in relation to acquisition projects that were not finalized. By contrast profitability benefited from the recovery of a write-down carried out in 2006 of a production plant in the US that was under-used, but which is scheduled to return to normal production capacity after it is moved to Brazil.

Both divisions improved their results: the *filter division* posted EBITDA of €57.1 million (13.9% of revenues), which was 8.1% higher than in the same period of 2006, while the EBITDA of the *suspension components division* was €57.5 million (14.8% of revenues), up by 11%.

More significant was the rise in consolidated EBIT, which rose from €68 million (8.9% of revenues) to €73.5 million (9.2% of revenues), with a rise of 8.2% in the first nine months of 2007 compared with the same period of 2006.

The *filter division* reported EBIT of €43.4 million (10.6% of revenues) with a rise of 11% while the *suspension components division* reported EBIT of €38.3 million (9.9% of revenues), posting growth of 22.7%.

Consolidated net income rose by 6.5% from €39.3 million (5.1% of revenues) in the first nine months of 2006 to €41.9 million (5.3% of revenues) in the first nine months of 2007.

The net financial debt of the group at September 30 2007 stood at €102.8 million, down further from €126.3 million at December 31 2006, thanks to the substantial cash flow generated.

The employees of the group totalled 6,250 at September 30 2007 up from 6,168 at December 31 2006.

In third quarter 2007 the Sogefi group reported consolidated revenues of €255.6 million, up from €232.5 million in the third quarter of 2006, with a rise of 9.9% thanks to the excellent performance of the South American market and to the recovery of demand from French manufacturers and of the industrial vehicle sector.

During the quarter the group reported consolidated EBITDA of €32.1 million (12.6% of revenues), affected by non-recurring items, compared with €32.6 million (14% of revenues) in the third quarter of 2006, which had profited from an insurance payout of €2.3 million.

Consolidated net income came in at €13 million, up by 9.5% from €11.9 million in the same period of 2006.

During the quarter Sogefi obtained an important commercial success, receiving for the first time an order for gasoil filter systems from Ford in the US market, with expected revenues of over 25 million dollars per year starting from 2010.

The Sogefi group expects that sales in the last quarter of the year will also perform positively, with income results in line with those reported at the end of September. Although there are expected to be restructuring charges in the last part of the year, earnings for the whole of year 2007 are not forecast to be any lower than those of 2006.

HEALTHCARE SECTOR

The charts below show the main performance indicators of the HSS group for this current year and a comparison with the figures for the corresponding periods of the previous year:

Results for the period January 1 – September 30 2007

<i>(in millions of euro)</i>	<i>1/1-30/9 2007</i>	<i>1/1-30/9 2006</i>	<i>Change absolute</i>	<i>%</i>
Revenues	125.6	64.6	61.0	94.4
Net income (loss)	(0.2)	(2.3)	2.1	n.s.

Results of 3rd Quarter 2007

<i>(in millions of euro)</i>	<i>3rd Quarter 2007</i>	<i>3rd Quarter 2006</i>	<i>Change absolute</i>	<i>%</i>
Revenues	53.3	33.6	19.7	58.6
Net income (loss)	0.6	(1.2)	1.8	n.s.

Situation at September 30 2007

	<i>30/9/2007</i>	<i>30/06/2007</i>	<i>31/12/2006</i>
Net financial position	(142.8)	(55.8)	(110.7)
No. of employees	2,496	1,351	1,302

In the first nine months of 2007 the HSS group reported revenues of €125.6 million, up from €64.6 million in the same period of 2006, posting a rise of 94.4% mainly due to the contribution of the companies acquired in the second half of 2006 (Anni Azzurri, Meia and Medipass).

Consolidated EBITDA came in at €14.9 million compared with €2.9 million in the first nine months of 2006 and consolidated EBIT was €8.8 million, up from €0.5 million in the same period of the previous year.

The net result was a negative €0.2 million compared with a net loss of €2.3 million in the same period of 2006.

At September 30 2007 the HSS group had net debt of €142.8 million, up from €110.7 million at December 31 2006. The rise of €32.1 million was mainly due to the purchase of the shareholding in S. Stefano, which caused the debt figure to rise by €100 million, but this was partly offset by the sale of properties for €23 million and by share capital increases reserved for Morgan Stanley for €16 million and for the company S. Stefano Partecipazioni for €21.6 million. These two deals were prestigious recognition of the results achieved so far and confirm the value created in HSS in just four years of business.

In third quarter 2007 the HSS group reported revenues of €53.3 million compared with €33.6 million in the same period of 2006, with a rise of 58.6%.

Consolidated EBITDA came to €5.1 million, up from €1.7 million in the third quarter of 2006 and consolidated EBIT was a positive €2.7 million, up from €0.5 million in the same period of last year.

Net income came in at €0.6 million compared to a net loss of €1.2 million in the same period of 2006.

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

- 1) *Residential Nursing Homes (RSAs)*, through the companies Villa Margherita, which manages three residences, Casaverde (eight residences), Meia (five residences) and Anni Azzurri (eleven residences);
- 2) *Rehabilitation*, through the S. Stefano group and the companies Rehab, which specializes in functional recovery and rehabilitation, and Redancia which manages eight psychiatric care communities;
- 3) *Hospital services*, with the company Ospedale di Suzzara (controlled by HSS) which in 2004 was awarded management of the Presidio Ospedaliero F.lli Montecchi di Suzzara (Mantua) and with the company Medipass, which manages diagnostic imaging units in public and private hospitals.

At September 30 2007 the HSS group was managing a total of approximately 4,261 beds.

In July HSS acquired the S. Stefano group, leader in the Marche region in rehabilitation both in hospital and out of hospital. The S. Stefano group has been operating for over 40 years and recently extended the scope of its business to residences for the non self-sufficient elderly. Today it manages a total of around 730 beds and in 2006 reported consolidated revenues of approximately €71 million with an EBITDA of €10.2 million.

The total enterprise value of the deal was around €100 million while the equity value was approximately €62 million, funded with own resources for €37 million and with bank debt for the remaining €25 million.

This deal will enable the HSS group to strengthen its presence considerably in the rehabilitation sector and to reach, in just four years of business, a total turnover year on year of approximately €215 million.

FINANCIAL SERVICES SECTOR

The CIR group has recently broadened the scope of its business in the financial services sector with the establishment of the company Jupiter Finance and the investment in the Oakwood group, details of which are given below.

JUPITER FINANCE – This company was set up on September 2 2005 with the aim of acquiring portfolios of non-performing loans from financial institutions and managing them.

The company aims to become an independent industrial partner of Italian banks and businesses in the management of non-performing loans, both for bloc sales on a non-recourse basis and for programs of optimization of a credit portfolio over a period of time.

Target segments include: distressed bank loans (loan agreements), problem securitized loans, consumer credit in arrears (credit cards and personal loans), irrecoverable receivables of industrial companies and public administrations, overdue leasing (with purchase of asset) and mortgage receivables.

At September 30 2007 the company had acquired portfolios of non-performing loans with a gross book value of some €800 million for a total of approximately €75 million. In the first nine

months of 2007 portfolios were acquired with a nominal value of around €550 million for approximately €51 million.

As from July 2007 Jupiter Finance has been operating abroad, focusing on certain target countries of central and southern Europe: to date 80% of the portfolio acquired was originated in Italy and 20% abroad.

OAKWOOD - In January 2007 CIR, through its subsidiary CIR International, finalized the acquisition of a shareholding, in joint control with Merrill Lynch, in Oakwood Global Finance, with a total disbursement as of September 30 2007 of €120.3 million and a further possible investment of €33.5 million.

The Oakwood Group specializes in the creation, acquisition and management of retail finance companies making loans to non-conforming and near-prime clients, who do not meet the traditional criteria for obtaining credit, specifically in the mortgage loan segment, in consumer credit, vehicle loans and leasing solutions and operates through the following companies:

Pepper, the company that operates in Australia and specializes in originating subprime mortgages. Its business model involves the complete management of the product until securitization. The company is now developing its business more and more in the near-prime segment of the market by introducing extremely competitive financial products distributed in the market with the support of independent distribution partners.

edeus, which specializes in the origination of near-prime mortgage loans, was set up in October 2006 by the management of Oakwood. The business model of *edeus* involves the design, construction, sale and securitization of mortgage loans either directly or through third parties.

Blue Motor Finance, a British company, makes loans to private individuals in the near-prime segment of the market for the purchase and hire of motor vehicles. The company was acquired by the Oakwood Group in December 2005. *Blue* is technically able to provide an assessment of a credit facility and loan for operators in the automotive market in a very short period of time. Its business model includes the design and implementation of the contract, as well as after-sale services.

Ktesios is an Italian company specializing in loans for private individuals secured on a fifth of their salaries or pensions. *Ktesios* was 90% acquired by the Oakwood Group in April 2006 and is the market leader in Italy in its sector with a market share of 15%. The business model of *Ktesios* involves developing the product, underwriting it and then managing it in conjunction with local financial partners.

The credit crunch caused by the American subprime mortgage crisis has influenced mainly *Edeus* and *Pepper*. Neither has had default problems in making loans to their clients but they have suffered important repercussions caused by the liquidity crisis in the market which has involved a reduction in lending volumes and profit margins.

The new scenario that has developed and which could be subject to further changes has meant that the business model has had to be revisited as indeed have the various plans for development in terms of volumes traded, cost and revenue structure and the raising of funds which will involve, among other things, a greater reliance on the company's own funds.

CIR VENTURES – At September 30 2007 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 fair value of these investments at September 30 2007 totalled 17.2 million dollars.

During the first half of 2007 the sale to Hewlett-Packard of the stake in Bitfone was completed, generating a capital gain of 1.2 million dollars.

The management activity of the fund is still mainly directed towards supporting the companies in the portfolio and identifying opportunities for taking profit. The prospects for the evolution of the business of these companies remain cautiously optimistic in a scenario of a general improvement in the technology sector.

INVESTMENTS IN PRIVATE EQUITY FUNDS – Through its subsidiary CIR International the CIR group holds a diversified portfolio of funds and minority private equity holdings, of which the fair value determined on the basis of the NAV provided by the various funds was approximately €77.3 million at September 30 2007. Remaining commitments outstanding as of the same date amounted to €133.4 million. During the first nine months of 2007 approximately €18.9 million of realized gains were recognized to the accounts.

3. SIGNIFICANT EVENTS THAT HAVE TAKEN PLACE SINCE SEPTEMBER 30 2007 AND OUTLOOK FOR THE WHOLE YEAR

Information has already been given in this report on the principal events which have taken place since September 30 2007.

For the whole of the year it can reasonably be expected that there will be an improvement in the gross operating margin compared with that of 2006.

4. 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 Interim Report for the period January 1 – September 30 2007 was approved by the Board of Directors on October 30 2007.

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

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

BALANCE SHEET

INCOME STATEMENT

NET FINANCIAL POSITION

1. BALANCE SHEET

(in thousands of euro)

ASSETS	<i>30.09.2007</i>	<i>30.06.2007</i>	<i>31.12.2006</i>
NON-CURRENT ASSETS	3,038,910	2,778,185	2,742,536
INTANGIBLE ASSETS	1,017,685	970,676	951,009
TANGIBLE ASSETS	1,283,569	1,123,652	1,091,030
REAL-ESTATE INVESTMENTS	17,677	17,814	17,604
INVESTMENTS VALUED AT EQUITY	260,997	244,826	214,163
OTHER EQUITY INVESTMENTS	15,586	6,019	8,530
OTHER RECEIVABLES	250,790	231,752	250,991
SECURITIES	90,712	84,693	98,583
DEFERRED TAX ASSETS	101,894	98,753	110,626
CURRENT ASSETS	2,929,017	2,992,433	2,984,189
INVENTORIES	211,551	211,367	217,082
WORK IN PROGRESS	1,874	2,253	1,685
TRADE RECEIVABLES	922,365	911,682	996,477
OTHER RECEIVABLES	333,437	300,722	273,992
FINANCIAL RECEIVABLES	14,719	8,256	21,354
SECURITIES	499,546	554,518	654,248
AVAILABLE-FOR-SALE FINANCIAL ASSETS	368,676	407,246	372,867
CASH AND CASH EQUIVALENTS	576,849	596,389	446,484
ASSETS HELD FOR SALE	893	923	47,589
TOTAL ASSETS	5,968,820	5,771,541	5,774,314
LIABILITIES AND SHAREHOLDERS' EQUITY	<i>30.09.2007</i>	<i>30.06.2007</i>	<i>31.12.2006</i>
SHAREHOLDERS' EQUITY	2,071,298	2,033,249	1,979,912
SHARE CAPITAL	395,424	395,221	390,240
RESERVES	386,644	392,593	367,779
RETAINED EARNINGS (LOSSES)	450,005	453,538	401,016
NET INCOME FOR THE PERIOD	116,148	68,587	101,120
SHAREHOLDERS' EQUITY - GROUP	1,348,221	1,309,939	1,260,155
MINORITY INTERESTS	723,077	723,310	719,757
NON-CURRENT LIABILITIES	2,593,839	2,465,366	2,288,420
BONDS	1,200,253	1,183,072	1,187,750
OTHER BORROWINGS	1,034,448	948,296	758,514
OTHER PAYABLES	151	37	1,178
DEFERRED TAX LIABILITIES	156,256	151,699	137,743
PERSONNEL OBLIGATIONS	156,262	145,044	166,554
PROVISIONS FOR RISKS AND LOSSES	46,469	37,218	36,681
CURRENT LIABILITIES	1,303,683	1,272,926	1,469,640
BANK OVERDRAFT FACILITIES	108,219	136,705	265,180
OTHER BORROWINGS	142,298	110,699	134,134
TRADE PAYABLES	700,607	682,765	748,901
OTHER PAYABLES	287,799	282,121	273,962
PROVISIONS FOR RISKS AND LOSSES	64,760	60,636	47,463
LIABILITIES HELD FOR SALE	--	--	36,342
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	5,968,820	5,771,541	5,774,314

2. INCOME STATEMENT

(in thousands of euro)

	1/1-30/9 2007	1/1-30/9 2006	3rd Quarter 2007	3rd Quarter 2006
REVENUES FROM SALES AND SERVICES	3,041,867	2,971,807	972,240	950,358
CHANGE IN INVENTORIES	2,852	2,034	1,159	2,073
COSTS FOR PURCHASE OF GOODS	(1,668,766)	(1,726,062)	(531,388)	(577,224)
COSTS FOR SERVICES	(557,234)	(538,217)	(184,872)	(155,801)
PERSONNEL COSTS	(449,014)	(423,421)	(148,453)	(134,450)
OTHER OPERATING INCOME	43,911	81,928	2,264	6,190
OTHER OPERATING EXPENSE	(59,852)	(54,437)	(19,751)	(12,810)
ADJUSTMENTS TO THE VALUE OF INVESTMENTS VALUED AT EQUITY	24,613	21,206	7,468	228
AMORTIZATION, DEPRECIATION AND WRITE-DOWNS	(92,758)	(73,828)	(32,198)	(25,995)
INCOME BEFORE INTEREST AND TAXES (E B I T)	285,619	261,010	66,469	52,569
FINANCIAL INCOME	51,281	48,863	17,550	16,794
FINANCIAL EXPENSES	(110,648)	(96,051)	(38,925)	(35,294)
DIVIDENDS	619	1,441	3	24
GAINS FROM TRADING SECURITIES	141,690	71,375	92,426	18,104
LOSSES FROM TRADING SECURITIES	(76,726)	(36,534)	(61,417)	(10,784)
ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS	(5,354)	(15,698)	1,994	(2,643)
INCOME BEFORE TAXES	286,481	234,406	78,100	38,770
INCOME TAXES	(81,185)	(76,269)	(4,828)	(8,288)
INCOME AFTER TAX FROM OPERATING ACTIVITY	205,296	158,137	73,272	30,482
NET INCOME (LOSS) FROM BUSINESSES HELD FOR DISPOSAL	(444)	--	(147)	--
NET INCOME FOR THE YEAR INCLUDING MINORITY INTERESTS	204,852	158,137	73,125	30,482
- NET INCOME - MINORITY INTERESTS	(88,704)	(80,672)	(25,564)	(15,675)
- NET INCOME- GROUP	116,148	77,465	47,561	14,807

3. NET FINANCIAL POSITION

(in thousands of euro)

	<i>30.09.2007</i>	<i>30.06.2007</i>	<i>31.12.2006</i>
A. Cash and bank deposits	576,849	596,389	446,484
B. Other free cash flow	368,676	407,246	372,867
C. Securities held for trading	499,546	554,518	654,248
D. Cash and cash equivalents (A) + (B) + (C)	1,445,071	1,558,153	1,473,599
E. Current financial receivables	14,719	8,256	21,354
F. Current bank borrowings	(186,278)	(173,926)	(338,730)
G. Current part of non-current debt	(64,238)	(73,477)	(60,353)
H. Other current borrowings	(1)	(1)	(231)
I. Current financial debt (F) + (G) + (H)	(250,517)	(247,404)	(399,314)
J. Net current financial position (I) + (E) + (D)	1,209,273	1,319,005	1,095,639
K. Non-current bank borrowings	(994,017)	(908,324)	(728,444)
L. Bonds issued	(1,200,253)	(1,183,072)	(1,187,750)
M. Other non-current borrowings	(40,431)	(39,972)	(30,070)
N. Non-current financial debt (K) + (L) + (M)	(2,234,701)	(2,131,368)	(1,946,264)
O. Net financial position (J) + (N)	(1,025,428)	(812,363)	(850,625)

EXPLANATORY NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. FOREWORD

The consolidated interim financial statements for the period ended September 30 2007, which have not been subjected to an audit, were prepared in accordance with IAS/IFRS international accounting standards, which since 2005 have been mandatory for the preparation of the consolidated financial statements of companies listed on European regulated markets.

The figures given for the periods used for the purposes of comparison were also determined in accordance with IAS/IFRS.

The quarterly interim report was prepared in accordance with the provisions of Article 82 of Rules Issuers no. 11971/1999 (as amended by Consob resolution no. 14990 of April 14 2005) and by Annex 3D of the same Rules. Therefore, the instructions of the international accounting standard regarding interim financial statements were not adopted (IAS 34 “Interim Financial Reporting”).

2. CONSOLIDATION PRINCIPLES

Consolidation is carried out using the line-by-line method. The criteria adopted for the application of this method are the same as those used at December 31 2006.

The consolidated interim financial statements of the Group as of September 30 2007, like those as of December 31 2006, 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 affiliates 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 2007 are the same as those adopted for the financial statements for the year ended December 31 2006.

4. SHARE CAPITAL

Share capital rose from €390,239,533.50 at December 31 2006 (comprising 780,479,067 shares each with a nominal value of €0.50) to €395,423,533.50 (790,847,067 shares) at September 30 2007 as a result of the issuance of 10,368,000 shares in execution of the exercise of stock options by those holding option rights, the beneficiaries of existing stock option plans.

At September 30 2007 the Company was holding 39,074,000 of its own shares as treasury stock compared with 34,094,000 of such shares at December 31 2006.

In application of IAS 32, as from January 1 2005 own shares held by the Parent Company of the Group are being deducted from share capital.

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 2007 there were 31,042,600 options in circulation, corresponding to the same number of shares.

The total notional cost of stock options awarded to employees, which has been posted to a special equity reserve, totalled €11,430 thousand at September 30 2007.