



CIR GROUP

INTERIM FINANCIAL REPORT AS OF MARCH 31 2010

Turin, April 30 2010



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AS OF MARCH 31 2010**

CIR S.p.A. – Share Capital €396,058,633.50 – Registered Office: Via Valeggio, 41 – 10129 Turin – www.cirgroup.it
R.E.A. no. 3933 – Turin Company Register / Tax Code / VAT no. 00519120018
Company subject to management and coordination by COFIDE S.p.A.

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

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REPORT OF THE BOARD OF DIRECTORS ON OPERATIONS AS OF MARCH 31 2010

In the first three months of 2010 the CIR Group reported consolidated net income of €3.3 million compared to €19.5 million in the same period of last year, which had benefited from a capital gain of €16.3 million on the partial divestment of the shares in hedge funds held by the Group. Consolidated revenues came in at €1,139.5 million, substantially in line with €1,138.3 million in the first quarter of 2009.

In first quarter 2010 the contribution of the operating groups was €1.9 million, up from €0.1 million in the same period of 2009. This result was affected positively by the earnings of the Sogefi and Espresso groups partly offset by the loss of the Sorgenia group due mainly to events of an exceptional nature which characterized the first quarter of 2010.

The result of CIR and the financial holdings in the first three months of 2010, a positive figure of €1.5 million (versus €3.1 million in the same period of 2009), was principally made up of net financial expense of €2 million (€3.6 million in first quarter 2009) and net gains from trading and valuing securities of €6.2 million (€10.2 million in first quarter 2009).

Consolidated net debt stood at €2,057.1 million at March 31 2010 (€1,801.1 million at December 31 2009) and consisted of a net financial surplus for CIR and the financial holding companies of €123 million (€121.6 million at December 31 2009) and net debt for the operating groups of €2,180.1 million (€1,922.7 million at December 31 2009).

The equity of the Group totalled €1,408.4 million at March 31 2010, up from €1,396.8 million at December 31 2009.

Apart from a breakdown by business sector of the economic and financial results of the Group, the charts on the following pages also show the breakdown of the contribution of the main subsidiaries and the aggregate results of CIR and its financial holding subsidiaries.

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

(in millions of euro)

	1st Quarter 2010										1st Quarter 2009
CONSOLIDATED	Revenues	Costs of production	Other operating income & costs	Adjustments to value of investments consolidated at equity	Amortization depreciation & writedowns	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		(1)	(2)			(3)	(4)				
Sorgenia group	635.9	(616.7)	(23.4)	16.4	(15.6)	(12.1)	--	6.5	2.5	(6.5)	7.0
Espresso group	213.6	(177.2)	(6.1)	0.2	(9.3)	(4.8)	4.0	(8.3)	(5.4)	6.7	(1.4)
Sogefi group	214.0	(191.5)	(2.1)	--	(11.1)	(2.3)	--	(2.9)	(1.9)	2.2	(5.1)
KOS group	76.0	(65.2)	(2.9)	--	(3.6)	(2.6)	--	(1.9)	(0.1)	(0.3)	0.1
Other subsidiaries	--	(4.5)	4.9	--	--	(0.6)	--	--		(0.2)	(0.5)
Total operating subsidiaries	1,139.5	(1,055.1)	(29.6)	16.6	(39.6)	(22.4)	4.0	(6.6)	(4.9)	1.9	0.1
Financial subsidiaries	--	(0.1)	--	--	--	--	--	--	--	(0.1)	16.3
Total subsidiaries	1,139.5	(1,055.2)	(29.6)	16.6	(39.6)	(22.4)	4.0	(6.6)	(4.9)	1.8	16.4
CIR and financial holding companies											
Revenues	--								--	--	--
Operating costs		(5.2)							--	(5.2)	(4.4)
Other operating income and costs			1.3						--	1.3	1.0
Adjustments to the value of investments consolidated at equity				--					--	--	--
Amortization, depreciation & writedowns					(0.2)				--	(0.2)	(0.2)
Net financial income and expense						(2.0)			--	(2.0)	(3.6)
Dividends, gains & losses from trading securities							6.2		--	6.2	10.2
Income taxes								1.4	--	1.4	0.1
Total CIR and financial holding companies	--	(5.2)	1.3	--	(0.2)	(2.0)	6.2	1.4	--	1.5	3.1
Total consolidated of Group	1,139.5	(1,060.4)	(28.3)	16.6	(39.8)	(24.4)	10.2	(5.2)	(4.9)	3.3	19.5

(1) This item is the sum of "change in inventories", "costs for the purchase of goods", "costs for services", "personnel costs" in the consolidated income statement.

The item does not consider the effect of € (3) million of intercompany elimination.

(2) This item is the sum of "other operating income" and "other operating costs" in the consolidated income statement. It does not consider € 3 million of intercompany elimination.

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

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

CONSOLIDATED BALANCE SHEET BY BUSINESS SECTOR

(in millions of euro)

CONSOLIDATED	31.03.2010								31.12.2009
	Fixed assets (1)	Other net non-current assets & liabilities (2)	Net working capital (3)	Net financial position (4)	Total equity which:	Minority equity	Equity of the Group	Equity of the Group	
AGGREGATE									
Sorgenia group	2,220.1	125.9	300.5	(1,523.0) (*)	1,123.5	572.3	551.2	557.8	
Espresso group	873.4	(181.2)	16.0	(200.0)	508.2	234.2	274.0	266.9	
Sogefi group	361.9	(33.4)	50.4	(188.4)	190.5	89.9	100.6	96.0	
KOS group	359.9	(27.1)	20.9	(209.6)	144.1	54.5	89.6	90.0	
Other subsidiaries	1.5	75.4	(1.2)	(59.1)	16.6	0.1	16.5	16.0	
Total subsidiaries	3,816.8	(40.4)	386.6	(2,180.1)	1,982.9	951.0	1,031.9	1,026.7	
CIR & financial holding companies									
Fixed assets	128.2				128.2	--	128.2	128.6	
Other net non-current assets & liabilities		141.5			141.5	(1.4)	142.9	139.1	
Net working capital			(17.6)		(17.6)	--	(17.6)	(19.3)	
Net financial position				123.0	123.0	--	123.0	121.6	
Total consolidated of the Group	3,945.0	101.1	369.0	(2,057.1)	2,358.0	949.6	1,408.4	1,396.7	

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

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

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

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

(4) The item is the algebraic sum of "financial receivables", "securities", "available-for-sale financial assets" & "cash & cash equivalents" in current assets, of "bonds & notes" & "other borrowings" in non-current liabilities & of "bank overdrafts", "bonds & notes" & "other borrowings" in current liabilities of the consolidated balance sheet.

1. PERFORMANCE OF THE GROUP

Consolidated revenues for the first three months of 2010 came in at €1,139.5 million compared to €1,138.3 million in the same period of 2009, with a rise of €1.2 million (+0.1%).

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

<i>(in millions of euro)</i>	<i>1st Quarter</i>					
	<i>2010</i>	<i>%</i>	<i>2009</i>	<i>%</i>	<i>Change absolute</i>	<i>%</i>
Utilities						
Sorgenia group	635.9	55.8	682.0	59.9	(46.1)	(6.8)
Media						
Espresso group	213.6	18.7	215.0	18.9	(1.4)	(0.7)
Automotive components						
Sogefi group	214.0	18.8	174.8	15.4	39.2	22.4
Healthcare						
KOS group	76.0	6.7	66.5	5.8	9.5	14.3
Total consolidated revenues	1,139.5	100.0	1,138.3	100.0	1.2	0.1

The **comparison of the key figures of the income statement** of the CIR Group for first quarter 2010 with those of the same quarter of the previous year is as follows:

<i>(in millions of euro)</i>	<i>1st Quarter</i>			
	<i>2010</i>	<i>%</i>	<i>2009</i>	<i>%</i>
Revenues	1,139.5	100.0	1,138.3	100.0
Consolidated gross operating margin (EBITDA) (1)	67.4	5.9	59.3	5.2
Consolidated operating income (EBIT)	27.6	2.4	27.3	2.4
Financial management result (2)	(14.2)	(1.2)	6.9	0.6
Income taxes	(5.2)	(0.5)	(4.9)	(0.4)
Net income including minority interests	8.2	0.7	29.3	2.6
Net income minority interests	(4.9)	(0.4)	(9.8)	(0.9)
Net income of the Group	3.3	0.3	19.5	1.7

1) This item is the sum of "income before financial items and taxes (EBIT)" and "amortization, depreciation and write-downs" in the consolidated income statement

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

In the first three months of 2010 the **consolidated gross operating margin (EBITDA)** was €67.4 million (5.9% of revenues), up from €59.3 million in the first three months of 2009 (5.2% of revenues) with a rise of €8.1 million (+13.7%). This change was the result of the improvement in the profitability of the Sogefi and Espresso groups which more than compensated for the contraction in the margins of the Sorgenia group, which was due partly to exceptional factors which, as mentioned above, characterized the first quarter of the year.

The **consolidated operating result (EBIT)** for the first three months of 2010 came to €27.6 million (2.4% of revenues), which was in line with the figure of €27.3 million (2.4% of revenues) reported for the same period of 2009.

The financial management result, which was a negative €14.2 million (a positive figure of €6.9 million in first quarter 2009), was the result of the following factors:

- Net financial expense of €24.4 million (€24.8 million in the first three months of 2009);
- Dividends and net gains from trading securities of €3.4 million (€38.1 million of net gains in the first three months of 2009);
- Adjustments to the value of financial assets for €6.8 million (a negative value of €6.4 million in first quarter 2009).

The **comparison of the key figures of the balance sheet** of the CIR Group at March 31 2010 with those at December 31 2009 and March 31 2009 is as follows:

<i>(in millions of euro) (1)</i>	<i>31.03.2009</i>	<i>31.12.2009</i>	<i>31.03.2009</i>
Fixed assets	3,945.0	3,807.9	3,470.6
Other net non-currents assets and liabilities	101.1	83.7	61.7
Net working capital	369.0	241.8	375.2
Net invested capital	4,415.1	4,133.4	3,907.5
Net financial debt	(2,057.1)	(1,801.1)	(1,837.0)
Total equity	2,358.0	2,332.3	2,070.5
Equity of the Group	1,408.4	1,396.7	1,258.7
Minority Shareholders' equity	949.6	935.6	811.8

(1) The figures given are the result of a different grouping of the various financial statements. For a full description see the notes below the chart "Consolidated balance sheet by business sector" shown earlier.

Consolidated net invested capital stood at €4,415.1 at March 31 2010, up from €4,133.4 million at December 31 2009, with a rise of €281.7 million.

The **consolidated net financial position** at March 31 2010, as already mentioned, showed net debt of €2,057.1 million (up from €1,801.1 million at December 31 2009) which was the result of:

- a net financial surplus for CIR and the financial holding companies of €123 million which compares with €121.6 million at December 31 2009;
- total debt in the operating groups of €2,180.1 million, up from €1,922.7 million at December 31 2009. The rise of €257.4 million was due mainly to the investment in new production capacity and the higher working capital of the Sorgenia group.

The net financial position includes shares in hedge funds which amounted to €88.4 million at March 31 2010. The accounting treatment of these investments involves recognizing directly to shareholders' equity the fair value changes in the funds; the fair value reserve relating to these funds totalled €14.4 million at March 31 2010 (€13.2 million at December 31 2009). In first quarter 2010 the sale of shares of hedge funds led to the realization of capital gains, net of write-downs, of €0.2 million (€18 million in first quarter 2009).

The performance of these investments since inception (April 1994) up to and including 2009 gave a weighted average return in dollar terms of 7.8%. In the first three months of 2010 performance was a positive 1.3%.

Total equity stood at €2,358 million at March 31 2010, compared to €2,332.3 million at December 31 2009, with a rise of €25.7 million.

The **equity of the Group** amounted to €1,408.4 million at March 31 2010, up from €1,396.7 million at December 31 2009, with a net rise of €11.7 million.

At March 31 2010 **minority Shareholders' equity** totalled €949.6 million, compared to €935.6 million at December 31 2009, posting a rise of €14 million.

The **consolidated cash flow statement** in the first three months of 2010, prepared according to a managerial format which shows the changes in net financial position, can be summed up in the following chart:

<i>(in millions of euro)</i>	<i>1st Quarter 2010</i>	<i>1st Quarter 2009</i>
SOURCES OF FUNDING		
Net income for the period including minority interests	8.2	29.3
Amortization, depreciation, write-downs and other non-monetary changes	13.7	(25.3)
Self-financing	21.9	4.0
Change in working capital	(123.9)	(48.0)
CASH FLOW GENERATED (ABSORBED) BY OPERATIONS	(102.0)	(44.0)
Capital increases	3.1	--
TOTAL SOURCES OF FUNDS	(98.9)	(44.0)
APPLICATIONS		
Net investments in fixed assets	(169.9)	(107.7)
Buy-back of own shares	--	(0.9)
Other changes	12.8	1.0
TOTAL APPLICATIONS	(157.1)	(107.6)
FINANCIAL SURPLUS (DEFICIT)	(256.0)	(151.6)
NET FINANCIAL DEBT AT BEGINNING OF PERIOD	(1,801.1)	(1,685.4)
NET FINANCIAL DEBT AT END OF PERIOD	(2,057.1)	(1,837.0)

The cash flow absorbed by operations amounted to €102 million. A comparison with the same period of the previous year shows that more cash flow was absorbed by working capital, which was due mainly to changes that took place in the Sorgenia group.

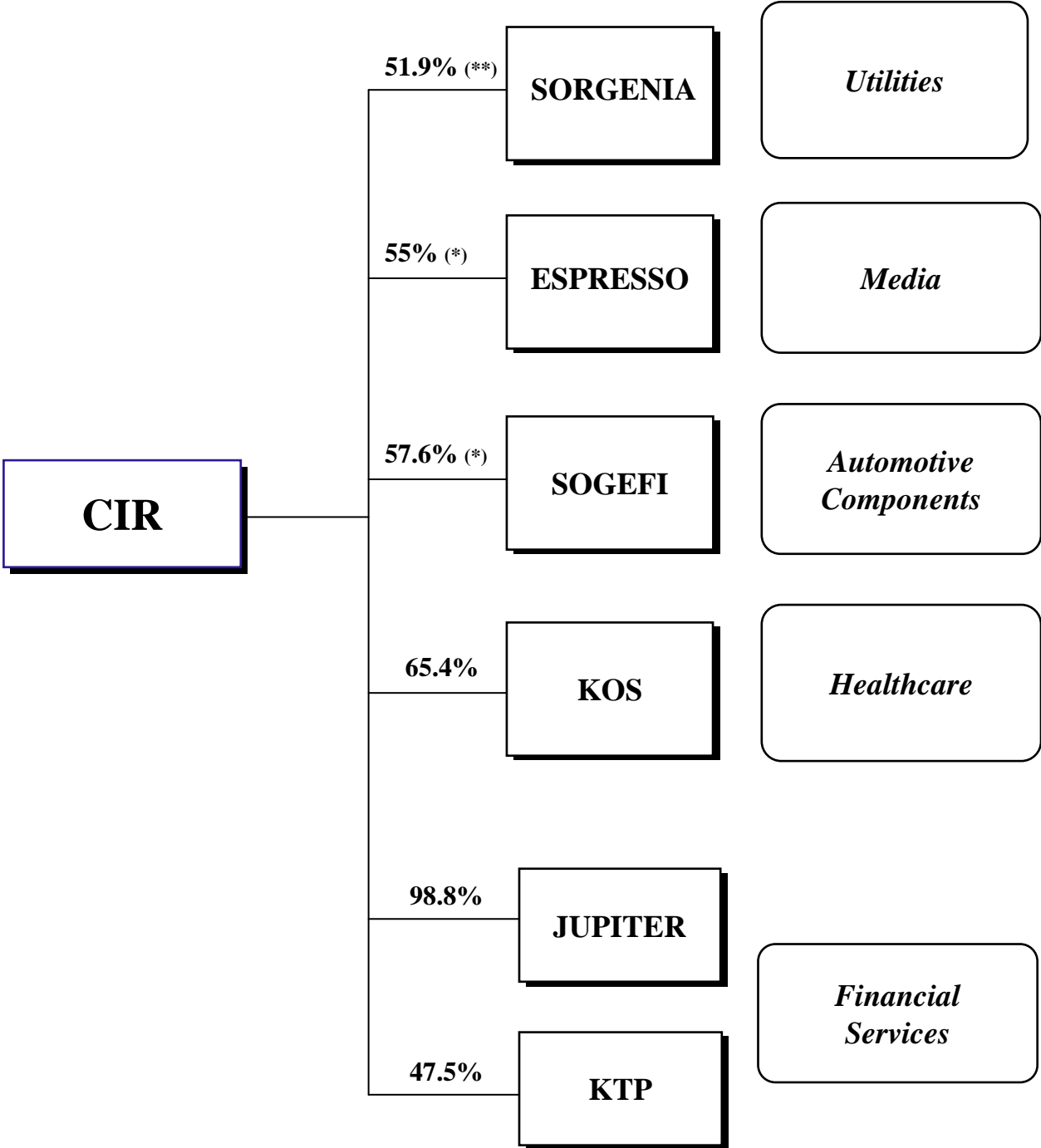
The applications during the period related mainly to the investment in production capacity made by the Sorgenia group.

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

At March 31 2010 the Group had 12,823 employees on its books, up from 12,746 at December 31 2009.

MAIN EQUITY INVESTMENTS OF THE GROUP (*)

AT MARCH 31 2010



(*) The percentage is calculated net of 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:

<i>(in millions of euro)</i>	<i>1st Quarter 2010</i>	<i>1st Quarter 2009</i>	<i>Change</i>	
			<i>absolute</i>	<i>%</i>
Revenues	635.9	682.0	(46.1)	(6.8)
Net result	(12.2)	12.9	(25.1)	n.a.

	<i>31/03/2010</i>	<i>31/12/2009</i>	<i>31/03/2009</i>
Net financial position	(1,520.6)	(1,341.0)	(1,186.5)
No. of employees	408	380	354

In the first three months of 2010 the Sorgenia group reported consolidated revenues of €635.9 million, down slightly (-6.8%) from €682 million in the first quarter of 2009. Sales volumes of the electricity business rose by 17.3% compared to the same period of last year, but volumes of natural gas sold were substantially unchanged. The growth in volumes partly offset the sharp fall in the unit prices of energy products.

The gross operating margin (EBITDA) was €14.4 million, down from €35.8 million in the first quarter of 2009. The size of the decline was due to the following factors:

- A fault that affected the Termoli power plant at the end of 2009. The plant was fully up and running again only at the end of March. The plant has an insurance policy covering direct and indirect damage and so the company has commenced the procedures for obtaining compensation both for the breakdown of the plant and for the lost earnings;
- The contraction in sales margins of natural gas, mainly caused by the sourcing costs on existing contracts, which have been under renegotiation since 2009 and which will be retrospective, as per the terms of the contracts;
- Higher provisions made for client receivables because of the worsening of the economic situation which became evident in the last year;
- The lower contribution of Tirreno Power, which in its turn was affected by the electricity market scenario;
- The lack of a contribution by the new Modugno power plant, still at the start-up stage and negatively affected by high levels of congestion on the electricity grid.

Of the positive elements of EBITDA, it should be noted that generation from renewable sources was higher than in the first quarter of 2009 and there was a slight increase in the fair value of commodity, foreign exchange and interest rate hedging contracts.

Consolidated EBIT, a negative €1.3 million versus a positive figure of €28.4 million in first quarter 2009, was impacted by higher amortization in the period as well as by the decline in EBITDA.

The consolidated net result was a loss of €12.2 million, which compares with earnings of €12.9 million in the same period of 2009, partly also because of higher financial expense.

In general, the first quarter also had a negative impact from green certificates and CO2 emission rights of approximately €6 million, which will be recovered in following periods.

The consolidated net financial position at March 31 2010 showed net debt of €1,520.6 million, up from €1,341 million at December 31 2009. The rise was due mainly to investment made in new production capacity, especially in thermoelectric generating. Moreover, in the first quarter the company extended the duration of two syndicated loans signed in 2007 for a total of €805 million from 2012 to 2015, further improving its financial structure.

In first quarter 2010 the Sorgenia group continued to roll out its business plan.

In the field of thermoelectric generating, the first ignition tests were carried on the CCGT plant at Bertónico-Turano Lodigiano (LO), which is scheduled to start operating in the second half of this year. Construction work is also progressing on the plant at Aprilia (LT).

In generation from wind sources, the 12 MW wind park at San Martino in Pensilis (CB) will soon be fully operational. As for international activities in renewable energies, during the first quarter the French subsidiary Société Française d'Eoliennes started construction work on a 32 MW wind park at Leffincourt, while Sorgenia Romania has obtained authorization to build an 88 MW wind park.

In generation from photovoltaic solar sources, the subsidiary Sorgenia Solar has started building a plant of approximately 3 MW in the province of Sassari. In the sphere of renewable energy from biomass, the company Sorgenia Bioenergy has finished construction work on a biomass plant of approximately 1 MW situated in the local district of Castiglione d'Orcia (SI), which is scheduled to start operating by the end of the first half of this year.

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:

<i>(in millions of euro)</i>	<i>Ist Quarter 2010</i>	<i>Ist Quarter 2009</i>	<i>Change absolute</i>	<i>%</i>
Revenues	213.6	215.0	(1.4)	(0.7)
Net result	12.1	(2.5)	14.6	n.a.

	<i>31/03/2010</i>	<i>31/12/2009</i>	<i>31/03/2009</i>
Net financial position	(200.0)	(208.2)	(248.8)
No. of employees	2,955	3,116	3,266

In the first quarter of 2010 the revenues of the Espresso group came in at €213.6 million and were substantially unchanged (-0.7%) from the same period of 2009. Excluding optional products revenues rose by 6.5%.

Circulation revenues, not considering add-ons, were €65.3 million, in line with the €65.8 million of the same period of the previous year. The performance of circulation revenues, which did not benefit from any price increase, shows that sales of the Group titles held up well.

In particular, both *la Repubblica* and *L'espresso* reported a slight rise in sales on the news-stands. Total circulation, however, declined because promotional distribution to hotels and schools, which had been in place in the first quarter of 2009, came to an end. For schools a special dedicated internet service has been set up.

Advertising revenues, totalling €121.6 million, rose by 11.2% compared to the first quarter of 2009. The advertising collected through the group's own channels, i.e. excluding third party channels and the new concessions acquired, rose by 8.4%, showing a performance that was markedly better than that of their respective markets.

Advertising collected by the group radio stations grew significantly in the first quarter (+24%), showing a much sharper recovery than the market. Even the press sector experienced a positive trend (+5.2%) which has involved both newspapers and periodicals. Lastly, internet advertising rose by 19%, thanks not only to the fact that all sectors of the concessionaire were far more dynamic, but also to the particular success of the website Repubblica.it, which reached over 1.5 million unique users per day, once again showing strong growth compared to the corresponding period of last year (+35%).

Revenues from optional products came to €22.8 million and were down by 36.3% compared to the same period of 2009. In 2009 the various initiatives were mostly concentrated in the first quarter of the year, thus leading to higher revenues.

Total operating costs were down by 9.1% on first quarter 2009, which in light of the savings already achieved in the first half of 2009, is entirely in line with the objective of the plan which, it should be remembered, envisaged an overall reduction in costs of 17% compared to financial year 2008 (the benchmark on which the company restructuring plan was based). This result was achieved without reducing the consolidation or the group's product portfolio and without jeopardizing quality.

The consolidated gross operating margin of the first three months of 2010 was €30.4 million (€16.7 million in the first three months of 2009).

Operating income was €21.2 million, up from €6 million in the first quarter of 2009. All the divisions of the group saw an improvement, reporting profitability levels that were high for radio and digital, positive for the local newspapers and still recovering for Repubblica and the periodicals, whose restructuring plans have not yet been completed.

The consolidated net income figure came in at €12.1 million which compares with a loss of €2.5 million in the same period of 2009.

The consolidated net financial position showed net debt of €200 million at March 31 2010, which was a further improvement from €208.2 million at December 31 2009.

There were a total of 2,955 employees on the books of the group at March 31 2010, with a reduction of 161 people from the figure of 3,116 at December 31 2009, reflecting the effects of the restructuring programs currently in progress.

The evolution of the macroeconomic scenario during 2010 still has broad margins of uncertainty, which do not favour a net and generalized recovery of advertising investment.

The performance of advertising investment in the first two months, although slightly up (+2.7%), was of little significance compared to the sharp fall in investment recorded in the early months of 2009 (-19.5%).

In this context the group reported a substantial rise in the amount of advertising collected in the first quarter, due largely to the good performance of its media and to the strengthening of its commercial organization.

For the whole year, in the absence of any changes in scenario which are at present unpredictable, it is considered that the evolution of advertising should remain positive but that it is unlikely that the growth rate seen in the first quarter will be confirmed.

Furthermore, as confirmed by the results of the quarter, the group will see further significant effects from its cost-cutting program and the result for the year should be better than that of 2009.

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:

<i>(in millions of euro)</i>	<i>Ist Quarter 2010</i>	<i>Ist Quarter 2009</i>	<i>Change</i>	
			<i>absolute</i>	<i>%</i>
Revenues	214.0	174.9	39.1	22.4
Net result	3.8	(8.8)	12.6	143.3

	<i>31/03/2010</i>	<i>31/12/2009</i>	<i>31/03/2009</i>
Net financial position	(188.4)	(170.2)	(260.9)
No. of employees	5,758	5,770	6,003

The first quarter of 2010 confirmed the trend of gradual recovery in the production levels of the car industry in the markets most hit by the crisis that began in the last part of 2008 (Europe, United States and Japan). The recovery in demand for cars, underpinned by the state incentives adopted by many countries, and the end of the drastic stock reducing policy by manufacturers led to a growth in production volumes, with positive repercussions on the supply system. The markets that had reported growth in volumes in 2009 (Brazil, India, China) confirmed this positive trend even in the early part of this year thanks to growing internal demand.

By contrast, the performance of production in the industrial vehicle sector in Europe has remained particularly weak and was thus substantially unchanged from the first quarter of last year, while the after-market confirmed the levels of the second half of 2009.

Overall growth in production levels in the automotive sector and the drastic cost-cutting actions taken by Sogefi during 2009 enabled the company to achieve a significant rise in all its main economic indicators in the first quarter of 2010 compared to the first three months of 2009 and a return to profit.

In the first quarter of 2010 the Sogefi group benefited from the evolution of the market, reporting consolidated revenues showing growth of €214 million (+22.4%) compared to €174.9 million in the same period of 2009.

As for the main markets in which the group operates, sales rose by 15.3% in Europe (€159.3 million, up from €138.2 million in first quarter 2009), by 53.2% in South America (€45.5 million, up from €29.7 million in 2009) thanks partly to the revaluation of the Brazilian real, by 179.9% in China and by 40.1% in India. The only downturn was that recorded in the North American market, which in 2009 had benefited from revenues from the local production of suspension components, which was discontinued in July of last year.

The *Filter Division* reported revenues of €106.6 million (+18.2%) compared to €90.2 million in the first quarter of 2009, while the *Suspension Components Division*, despite the negative performance of the industrial vehicle and precision spring sectors, closed the quarter with sales up by 27.1% to €108 million from €84.9 million in the first three months of 2009.

After the drastic reduction in structure costs achieved by the company in 2009, the rise in revenues led to a significant recovery of profitability at all levels compared to the first three months of the previous year.

Consolidated EBITDA came in at €20.6 million (9.6% of sales), compared to €2.2 million (1.3% of sales) in the first quarter of 2009. EBIT was €9.5 million (4.5% of sales), compared to a negative figure of €8.4 million euro in the same period of last year.

The consolidated net result turned positive, coming in at €3.8 million euro (1.8% of sales), after a net loss of €8.8 million in the first three months of 2009.

At March 31 2010 net debt stood at €188.4 million, up from €170.2 million at December 31 2009 and €260.9 million at March 31 2009. The policies of selling receivables on a non-recourse basis and lengthening the payment terms of suppliers are continuing but the latter to a lesser extent than in previous quarters.

The group had 5,758 employees on its books at March 31 2010, down from 5,770 at December 31 2009.

For 2010 the Sogefi group confirms its forecast of higher revenues and earnings compared to the previous year and a return to profit. The results will benefit from a slight increase in car production levels in Europe, where an absence of the inventory reduction that weighed on volumes in 2009 should offset the decline in sales due to the end of incentives in many countries.

It is also expected that the good start to the year will be confirmed in the BIC markets (Brazil, India and China) and in the after-market. In the next few months the company will also be taking further action to restructure its production facilities, involving significantly lower costs than those of 2009. If the current tensions in commodity prices persist, price rises will have to be passed on rapidly to selling prices. Any impact of this would however only affect the last part of the year.

HEALTHCARE SECTOR

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

<i>(in millions of euro)</i>	<i>Ist Quarter 2010</i>	<i>Ist Quarter 2009</i>	<i>Change absolute</i>	<i>%</i>
Revenues	76.1	66.5	9.6	14.4
Net result	(0.4)	0.1	(0.3)	n.a.

	<i>31/03/2009</i>	<i>31/12/2009</i>	<i>31/03/2009</i>
Net financial position	(209.7)	(163.5)	(161.2)
No. of employees	3,647	3,421	3,235

During the first three months of 2010 the KOS group continued to pursue its strategy aimed at strengthening its operating subsidiaries and identifying new opportunities for development in order to consolidate its presence in the private healthcare sector in Italy. During the first quarter a facility was acquired in the Marche and two care homes for the elderly were acquired in Lombardy.

On March 31 KOS filed an application to Borsa Italiana and Consob for admission to the listing of its ordinary shares on the MTA Market (*Mercato Telematico Azionario*), and a request for authorization to publish its listing prospectus.

In the first three months of 2010 the group reported revenues of €76.1 million, which were up by €9.6 million (+14.4%) from €66.5 million in the same period of 2009, thanks to the development of all areas of the business and to the acquisitions made in the period.

EBITDA for first quarter 2010 was €8.2 million, up by 9.3% from €7.5 million in the same period of 2009, despite non-recurring costs of approximately €2 million relating to the IPO procedure in progress and expenditure for the acquisitions made in the period. Without these items, EBITDA would have risen by 36%.

EBIT was €4.3 million which was in line with first quarter 2009.

The consolidated net result of the first quarter was a loss of € 0.4 million after the above-mentioned non-recurring costs, and compares with net income of €0.1 million in the same period of 2009.

At March 31 2010 the KOS group had net financial debt of € 209.7 million, offsetting owned properties with a carrying value of approximately 142 million euro. The rise compared to the figure of €163.5 million at December 31 2009 was due mainly to the acquisitions made during the quarter and to the change in working capital.

KOS currently manages over 5,500 beds plus approximately 400 under construction.

The KOS group is active in three sectors:

- 1) *RSAs* (nursing homes for the non self-sufficient elderly), with 37 care homes under management (3,829 beds operational and 336 under construction);
- 2) *Rehabilitation* (management of hospitals and rehabilitation units), with 12 rehabilitation facilities (in Lombardy, Emilia Romagna, Trentino and Marche), 9 psychiatric rehabilitation communities (in Liguria, Piedmont and Lombardy) and 13 day hospitals, for a total of 1,600 beds in operation and 52 beds under construction;

- 3) *Hospital management* (management of a hospital and high-tech services in hospitals), with 7 diagnostic imaging departments.

FINANCIAL SERVICES SECTOR

JUPITER FINANCE – This company is one of the main operators in Italy in the sector of non-performing loans. It is active in the following fields:

- the acquisition of non-performing loans on a non-recourse basis;
- management and collection of non-performing loans;
- structuring transactions involving the sale of loan receivables and servicing for securitization vehicles as per Law 130/99.

At March 31 2010 the loans managed by Jupiter Finance amounted to €2,218 million (net book value unchanged from December 31 2009), of which €1,299 million are “owned” (i.e. acquired through the securitization vehicles Zeus Finance and Urania Finance), and €919 million are managed for third parties (i.e. managed on behalf of other investors).

The breakdown of the owned portfolio has a high degree of diversification, from several viewpoints:

- Approximately 10,000 loans are corporate and mortgage loans with an average credit exposure of approximately €200,000;
- The portfolio consists of 100 deals with 75 different vendors (banks, financial companies, leasing companies);
- Mixed geographical distribution: no region in Italy accounts for more than 10% of the total portfolio.

KTP – The KTP Global Finance group operates in the financial services sector through the companies Ktesios and Pepper. The value of CIR’s investment was €4 million at March 31 2010.

The continuing volatility of the financial markets with a generalized contraction in consumer credit availability and the introduction of regulatory restrictions in the sector of loans secured on one fifth of salaries or pensions are having a negative impact on loan volumes and on margins.

Ktesios, the main investee of KTP, operates in Italy in the market of loans secured on one fifth of workers’ salaries or pensions, confirming its position as one of the leaders in this segment. In the first quarter of 2010 the company made loans for approximately €89 million, down from €139 million in the first quarter of 2009.

Pepper continues to pursue its conservative policy regarding its lending volumes, consolidating its business in servicing portfolios of specialty mortgages originated by other lenders, in which it has reached a position of leadership in the Australian market.

3. OTHER ACTIVITIES

CIR VENTURES – The portfolio of CIR Ventures, the venture capital fund of the Group, contains investments in six companies, of which five in the United States and one in Israel. These companies all operate in the sector of information and communications technology. The total fair value of these investments at March 31 2010 was €14.5 million dollars.

INVESTMENTS IN “PRIVATE EQUITY FUNDS” – The CIR Group, through its subsidiary CIR International, manages a diversified portfolio of funds and minority private equity holdings, the fair value of which determined on the basis of the NAV provided by the various funds at March 31 2010 was approximately €70.5 million. Remaining commitments outstanding at March 31 2010 amounted to €25.6 million.

4. SIGNIFICANT EVENTS WHICH HAVE OCCURRED SINCE MARCH 31 2010 AND OUTLOOK FOR THE YEAR

Regarding the main events which have taken place since March 31 2010, information has already been given in the part of this report on the performance of the business sectors.

In the coming quarters CIR will be continuing to make investments aimed at developing all sectors of the business and to implement its cost-cutting action. The group confirms that to date there is not expected to be any non-recurring income in 2010 such as that which affected the last two years. Consolidated net income for this year will, therefore, be lower than that of 2009.

5. OTHER INFORMATION

Other

The company CIR S.p.A. – Compagnie Industriali Riunite has its registered office in Via Valeggio 41, Turin (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). Since March 2009 CIR stock has been part of the FTSE MIB index.

This Financial Report for the period January 1 – March 31 2010 was approved by the Board of Directors on April 30 2010.

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

CONSOLIDATED FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION

INCOME STATEMENT

NET FINANCIAL POSITION

1. STATEMENT OF FINANCIAL POSITION

(in thousands of euro)

ASSETS	<i>31.03.2010</i>	<i>31.12.2009</i>	<i>31.03.2009</i>
NON-CURRENT ASSETS	4,442,687	4,287,814	3,909,214
INTANGIBLE ASSETS	1,348,327	1,316,903	1,266,788
TANGIBLE ASSETS	2,280,697	2,187,369	1,870,198
INVESTMENT PROPERTY	17,972	18,115	18,544
INVESTMENTS IN COMPANIES CONSOLIDATED AT EQUITY	291,760	275,899	300,225
OTHER EQUITY INVESTMENTS	6,289	9,629	14,781
OTHER RECEIVABLES	195,369	207,899	234,573
SECURITIES	94,269	83,051	75,380
DEFERRED TAXES	208,004	188,949	128,725
CURRENT ASSETS	2,375,859	2,362,336	2,686,635
INVENTORIES	154,719	156,150	183,885
CONTRACTED WORK IN PROGRESS	10,468	3,464	3,171
TRADE RECEIVABLES	1,088,826	1,042,030	1,211,373
OTHER RECEIVABLES	213,572	200,627	372,159
FINANCIAL RECEIVABLES	48,250	27,229	18,520
SECURITIES	321,773	278,548	230,001
AVAILABLE-FOR-SALE FINANCIAL ASSETS	143,880	104,967	174,426
CASH AND CASH EQUIVALENTS	394,371	549,321	493,100
ASSETS HELD FOR DISPOSAL	699	700	668
TOTAL ASSETS	6,819,245	6,650,850	6,596,517
LIABILITIES AND EQUITY	<i>31.03.2010</i>	<i>31.12.2009</i>	<i>31.03.2009</i>
TOTAL EQUITY	2,357,979	2,332,335	2,070,456
ISSUED CAPITAL	396,059	396,059	395,588
less OWN SHARES	(21,537)	(21,537)	(21,537)
SHARE CAPITAL	374,522	374,522	374,051
RESERVES	304,335	295,983	282,326
RETAINED EARNINGS (LOSSES)	726,250	582,818	582,818
NET INCOME FOR THE PERIOD	3,295	143,432	19,474
GROUP EQUITY	1,408,402	1,396,755	1,258,669
MINORITY SHAREHOLDERS' EQUITY	949,577	935,580	811,787
NON-CURRENT LIABILITIES	2,929,186	2,958,552	2,900,459
BONDS AND NOTES	566,115	718,262	882,682
OTHER BORROWINGS	1,965,822	1,843,359	1,640,119
OTHER PAYABLES	474	1,177	3,333
DEFERRED TAXES	187,855	181,489	173,203
PERSONNEL PROVISIONS	133,857	137,346	144,321
PROVISIONS FOR RISKS AND LOSSES	75,063	76,919	56,801
CURRENT LIABILITIES	1,532,080	1,359,963	1,625,602
BANK OVERDRAFTS	140,265	66,290	186,712
BONDS AND NOTES	151,099	731	2,799
OTHER BORROWINGS	142,095	132,499	220,632
TRADE PAYABLES	758,903	836,587	864,356
OTHER PAYABLES	248,150	228,178	267,530
PROVISIONS FOR RISKS AND LOSSES	91,568	95,678	83,573
TOTAL LIABILITIES AND EQUITY	6,819,245	6,650,850	6,596,517

2. INCOME STATEMENT

(in thousands of euro)

	<i>01/01-31/03 2010</i>	<i>01/01-31/03 2009</i>
TRADE REVENUES	1,139,498	1,138,318
CHANGE IN INVENTORIES	4,115	(7,172)
COSTS FOR THE PURCHASE OF GOODS	(708,903)	(733,298)
COSTS FOR SERVICES	(185,332)	(180,761)
PERSONNEL COSTS	(167,229)	(159,705)
OTHER OPERATING INCOME	20,668	11,496
OTHER OPERATING COSTS	(52,021)	(29,502)
ADJUSTMENTS TO THE VALUE OF INVESTMENTS CONSOLIDATED AT EQUITY	16,609	19,907
AMORTIZATION, DEPRECIATION & WRITEDOWNS	(39,818)	(31,940)
INCOME BEFORE FINANCIAL ITEMS AND TAXES (E B I T)	27,587	27,343
FINANCIAL INCOME	11,603	19,050
FINANCIAL EXPENSE	(36,048)	(43,905)
DIVIDENDS	--	--
GAINS FROM TRADING SECURITIES	6,609	40,940
LOSSES FROM TRADING SECURITIES	(3,180)	(2,793)
ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS	6,790	(6,365)
INCOME BEFORE TAXES	13,361	34,270
INCOME TAXES FOR THE PERIOD	(5,172)	(4,958)
NET INCOME FOR THE PERIOD INCLUDING MINORITY INTERESTS	8,189	29,312
- NET INCOME MINORITY SHAREHOLDERS	(4,894)	(9,838)
- NET INCOME OF THE GROUP	3,295	19,474

3. NET FINANCIAL POSITION

(in thousands of euro)

	<i>31.03.2010</i>	<i>31.12.2009</i>	<i>31.03.2009</i>
A. Cash and bank deposits	394,371	549,321	493,100
B. Other cash equivalents	143,880	104,967	174,426
C. Securities held for trading	321,773	278,548	230,001
D. Cash and cash equivalents (A) + (B) + (C)	860,024	932,836	897,527
E. Current financial receivables	48,250	27,229	198,420
F. Current bank borrowings	(215,214)	(157,506)	(319,409)
G. Bonds and notes issued	(151,099)	(731)	(2,799)
H. Current part of non-current debt	(66,780)	(41,281)	(87,927)
I. Other current borrowings	(366)	(2)	(8)
J. Current financial debt (F) + (G) + (H) + (I)	(433,459)	(199,520)	(410,143)
K. Net current financial position (J) + (E) + (D)	474,815	760,545	685,804
L. Non-current bank borrowings	(1,798,131)	(1,676,126)	(1,486,848)
M. Bonds and notes issued	(566,115)	(718,262)	(882,682)
N. Other non-current payables	(167,691)	(167,233)	(153,271)
O. Non-current financial debt (L) + (M) + (N)	(2,531,937)	(2,561,621)	(2,522,801)
P. Net financial position (K) + (O)	(2,057,122)	(1,801,076)	(1,836,997)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. FOREWORD

This consolidated interim report as of March 31 2010, which has not be subjected to an audit, was prepared in accordance with IAS/IFRS international accounting standards which have been mandatory since 2005 for preparing the consolidated financial statements of companies listed on European regulated markets.

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

This interim report was prepared in compliance with the provisions of Art. 154/*ter* paragraph 5 of D.Lgs. no. 58 of February 24 1998 and subsequent amendments (TUF). Therefore the instructions of the international accounting standards regarding interim financial statements were not adopted (IAS 34 “Interim Financial Statements”).

2. CONSOLIDATION PRINCIPLES

Consolidation is carried out using the full line-by-line method. The criteria adopted for the application of this method are the same as those used at December 31 2009.

The consolidated interim financial statements of the Group as of March 31 2010, like those as of December 31 2009, 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 and 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 which show this specific eventuality.

3. ACCOUNTING PRINCIPLES APPLIED

The Accounting Principles adopted for the preparation of the interim financial statements as of March 31 2010 are the same as those adopted for the financial statements for the year ended December 31 2009.

4. SHARE CAPITAL

Share capital stood at €396,058,633.50 at March 31 2010, unchanged from December 31 2009, and consisted of 792,117,267 shares each with a nominal value of €0.50.

At March 31 2010 the Company was holding 43,074,000 of its own shares, which was unchanged from December 31 2009.

In application of IAS 32, since January 1 2005 own shares held by the Parent Company have been deducted from shareholders' equity.

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

It should be noted that the Board of Directors was authorized for a period of five years as from April 27 2005 to increase the share capital either once or more than once up to a maximum of €500 million (nominal value) and for a further maximum of €20 million (nominal value) in favour of employees of the Company and its subsidiaries and parent companies.

Regarding stock option plans, at March 31 2010 there were 52,152,400 options in circulation, corresponding to the same number of shares.

DECLARATION AS PER THE TERMS OF ART. 154 BIS, PARAGRAPH 2,
D.LGS. No. 58/1998

Re: Intermediate Financial Report as of March 31 2010

The undersigned Alberto Piaser, as the Officer responsible for the preparation of the accounting and corporate documents of the company, does hereby

Declare

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

Turin, April 30 2010

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