

CIR GROUP

INTERIM REPORT ON OPERATIONS AS OF SEPTEMBER 30 2010

Milan, October 28 2010



**INTERIM FINANCIAL REPORT
AS OF SEPTEMBER 30 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 SEPTEMBER 30 2010

In the **first nine months of 2010** the CIR Group reported consolidated net income of €53.7 million compared to €138 million in the same period of last year, which had benefited from non-recurring income and capital gains of approximately €117 million (resulting for €76.7 million from the subscription of a capital increase in Sorgenia by Verbund and for €40 million from the partial divestment from the shares of hedge funds held by the Group).

In the first nine months of 2010 consolidated revenues amounted to €3,513.7 million, up from €3,152 million in the same period of 2009 (+11.5%).

The contribution of the operating companies increased considerably, rising from €5.8 million in the first nine months of 2009 to €58.8 million in the first nine months of 2010, thanks to the significant improvement in the net results of all the main operating groups.

The result of CIR and the financial holdings was a negative €3.4 million, compared to a positive figure of €15.4 million in the first nine months of 2009, which had benefited from significant gains from the fair value adjustment of the securities portfolio.

At September 30 2010 consolidated net debt stood at €2,222.7 million (€1,801.1 million at December 31 2009) and consisted of a net financial surplus for CIR and the financial holding companies of €111.7 million (€121.6 million at December 31 2009) and net debt for the operating groups of €2,334.4 million (€1,922.7 million at December 31 2009).

Total equity stood at €2,457.4 million at September 30 2010, up from €2,332.3 million at December 31 2009, the rise being due mainly to the earnings for the period; the equity of the Group was €1,458.6 million at September 30 2010 (€1,396.7 million at December 31 2009).

In the **third quarter of 2010** the consolidated net income of the CIR Group was €11.5 million, compared to €17.2 million in the same period of 2009, which had benefited from gains from the partial divestment from shares of hedge funds.

Consolidated revenues of third quarter 2010 came in at €1,170.6 million, up from €949.2 million in the same period of 2009, posting a rise of 23.3%.

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 (CIR International, Ciga Luxembourg, Cir Investment Affiliate and Dry Products).

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

(in millions of euro)

CONSOLIDATED	1/1-30/9 2010										1/1-30/9 2009	
	Revenues	Costs of production	Other operating income & expense	Adjustments to the 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 the Group	Net result of the Group	
AGGREGATE	(1)	(2)				(3)	(4)					
Sorgenia group	1,947.2	(1,851.6)	(34.5)	39.5	(56.3)	(34.0)	(0.6)	56.8	(37.0)	29.5	10.9	
Espresso group	639.5	(527.7)	(8.6)	0.8	(27.2)	(13.5)	3.7	(30.3)	(16.7)	20.0	0.7	
Sogefi group	687.0	(605.4)	(16.5)	--	(33.3)	(8.0)	--	(8.9)	(7.2)	7.7	(4.9)	
Kos group	239.0	(199.0)	(9.7)	--	(11.2)	(6.6)	--	(8.0)	(1.9)	2.6	0.1	
Other subsidiaries	1.0	(16.2)	18.7	--	(0.5)	(4.0)	--	(0.1)	0.1	(1.0)	(1.0)	
Total operating subsidiaries	3,513.7	(3,199.9)	(50.6)	40.3	(128.5)	(66.1)	3.1	9.5	(62.7)	58.8	5.8	
Financial subsidiaries	--	(0.2)	--	--	--	--	(1.9)	--	0.4	(1.7)	40.1	
Total subsidiaries	3,513.7	(3,200.1)	(50.6)	40.3	(128.5)	(66.1)	1.2	9.5	(62.3)	57.1	45.9	
CIR & financial holdings												
Revenues	--									--	--	
Costs of production		(16.9)								(16.9)	(13.8)	
Other operating income & expense			3.3							3.3	4.4	
Adjustment to the value of investments consolidated at equity				--						--	--	
Amortization, depreciation & writedowns					(0.6)					(0.6)	(0.6)	
Net financial income & expense						(12.0)			0.1	(11.9)	(14.3)	
Dividends, gains & losses from trading securities							21.7			21.7	37.3	
Income taxes								1.0		1.0	2.4	
Total CIR & financial holdings	--	(16.9)	3.3	--	(0.6)	(12.0)	21.7	1.0	0.1	(3.4)	15.4	
Non-recurring items	--	--	--	--	--	--	--	--	--	--	76.7	
Total consolidated of the Group	3,513.7	(3,217.0)	(47.3)	40.3	(129.1)	(78.1)	22.9	10.5	(62.2)	53.7	138.0	

(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 € (10.2) million of intercompany elimination.

(2) This item is the sum of "other operating income" and "other operating expense" in the consolidated income statement. The item does not consider the effect of € 10.2 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" and "adjustments to the value of financial assets" in the consolidated income statement.

CONSOLIDATED BALANCE SHEET BY BUSINESS SECTOR

(in millions of euro)

CONSOLIDATED	30.09.2010							31.12.2009
	Fixed assets (1)	Other net non-current assets & liabilities (2)	Net working capital (3)	Net financial position (4)	Total equity of which:	Minority Shareholders equity	Equity of the Group	Equity of the Group
AGGREGATE								
Sorgenia group	2,417.7	180.3	330.7	(1,746.2) (*)	1,182.5	602.3	580.2	557.8
Espresso group	866.7	(187.8)	(7.6)	(136.9)	534.4	246.3	288.1	266.9
Sogefi group	359.3	(31.1)	57.0	(182.6)	202.6	95.1	107.5	96.0
Kos group	364.5	(26.6)	22.6	(211.9)	148.6	56.2	92.4	90.0
Other subsidiaries	4.8	76.1	(8.0)	(56.8)	16.1	0.3	15.8	16.0
Total subsidiaries	4,013.0	10.9	394.7	(2,334.4)	2,084.2	1,000.2	1,084.0	1,026.7
CIR & financial holdings								
Fixed assets	127.9				127.9	--	127.9	128.6
Other net non-current assets & liabilities		141.9			141.9	(1.4)	143.3	139.1
Net working capital			(8.3)		(8.3)	--	(8.3)	(19.3)
Net financial position				111.7	111.7	--	111.7	121.6
Total consolidated - the Group	4,140.9	152.8	386.4	(2,222.7)	2,457.4	998.8	1,458.6	1,396.7

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

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

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

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

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

1. PERFORMANCE OF THE GROUP

Consolidated revenues for the first nine months of 2010 came in at €3,513.7 million compared to €3,152 million in the same period of 2009, with a rise of €361.7 million (+11.5%).

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

<i>(in millions of euro)</i>	<i>1/1-30/10</i>						<i>3rd Quarter</i>					
	<i>2010</i>	<i>%</i>	<i>2009</i>	<i>%</i>	<i>Change absolute</i>	<i>%</i>	<i>2010</i>	<i>%</i>	<i>2009</i>	<i>%</i>	<i>Change absolute</i>	<i>%</i>
Utilities												
Sorgenia group	1,947.2	55.4	1,733.8	55.0	213.4	12.3	666.0	56.9	489.6	51.6	176.4	36.0
Media												
Espresso group	639.5	18.2	640.9	20.3	(1.4)	(0.2)	194.4	16.6	191.7	20.2	2.7	1.4
Automotive components												
Sogefi group	687.0	19.6	573.8	18.2	113.2	19.7	229.4	19.6	199.3	21.0	30.1	15.1
Healthcare												
Kos group	239.0	6.8	203.5	6.5	35.5	17.4	80.0	6.8	68.6	7.2	11.4	16.6
Other	1.0	-	-	-	1.0	n.a.	0.8	0.1	-	-	0.8	n.a.
Total consolidated revenues	3,513.7	100.0	3,152.0	100.0	361.7	11.5	1,170.6	100.0	949.2	100.0	221.4	23.3

The **comparison of the key figures of the income statement** of the CIR Group for the first nine months of the year and for the third quarter, is as follows:

<i>(in millions of euro)</i>	<i>1/1-30/10</i>		<i>3rd Quarter</i>	
	<i>2010</i>	<i>2009</i>	<i>2010</i>	<i>2009</i>
Revenues	3,513.7	3,152.0	1,170.6	949.2
Consolidated gross operating margin (EBITDA)	289.7	205.8	95.8	57.6
Consolidated operating income (EBIT)	160.6	104.8	52.4	23.4
Financial management result	(55.2)	79.6	(12.3)	1.5
Income taxes	10.5	(29.9)	(18.6)	(6.9)
Net income including minority interests	115.9	154.5	21.5	18.0
Net income minority interests	(62.2)	(16.5)	(10.0)	(0.8)
Net income of the Group	53.7	138.0	11.5	17.2

In the first nine months of 2010 the **consolidated gross operating margin (EBITDA)** was €289.7 million (8.2% of revenues), up from €205.8 million in the first nine months of 2009 (6.5% of revenues), with a rise of €83.9 million (+ 40.8%). This change was the result of the improvement in the profitability of all the main operating groups.

The **consolidated operating result (EBIT)** for the first nine months of 2010 came to €160.6 million (4.6% of revenues) which compares with €104.8 million (3.3% of revenues) in the same period of 2009, posting a rise of €55.8 million (+53.2%).

The financial management result, which was a negative €55.2 million, was the result of net financial expense of €78.1 million, dividends and net gains from trading and valuing securities of

€18.6 million and positive adjustments to the value of financial assets for €4.3 million. This result compares with net gains of €79.6 million in the first nine months of 2009. The lower result was due for approximately €117 million to the non-recurring income and capital gains present in the first nine months of 2009.

In the third quarter of 2010 the **consolidated gross operating margin (EBITDA)** was €95.8 million (8.2% of revenues), up from €57.6 million in the same period of 2009 (6.1% of revenues), posting a rise of 38.2 million (+66.3%).

The **consolidated operating margin (EBIT)** in the third quarter of 2010 was €52.4 million (4.5% of revenues), up from €23.4 million (2.5% of revenues) in the same period of 2009 (+123.9%).

The **comparison of the key figures of the balance sheet** of the CIR Group at September 30 2010 with those at June 30 2010 and December 31 2009 is as follows:

<i>(in millions of euro)</i>	<i>30.09.2010</i>	<i>30.06.2010</i>	<i>31.12.2009</i>
Fixed assets	4,140.9	4,115.3	3,807.9
Other net non-currents assets and liabilities	152.8	152.3	83.7
Net working capital	386.4	378.6	241.8
Net invested capital	4,680.1	4,646.2	4,133.4
Net financial position	(2,222.7)	(2,195.7)	(1,801.1)
Total equity	2,457.4	2,450.5	2,332.3
Equity of the Group	1,458.6	1,454.7	1,396.7
Minority Shareholders' equity	998.8	995.8	935.6

Consolidated net invested capital stood at €4,680.1 million at September 30 2010, up from €4,133.4 million at December 31 2009 (€4,646.2 million at June 30 2010), with a rise of €546.7 million, due mainly to investments made by the Sorgenia group in fixed assets and to changes in working capital.

The **consolidated net financial position** at September 30 2010, as already mentioned, showed net debt of €2,222.7 million (up from €1,801.1 million at December 31 2009 and €2,195.7 million at June 30 2010), which was the result of:

- a net financial surplus for CIR and the financial holding companies of €111.7 million which compares with €121.6 million at December 31 2009. The reduction of €9.9 million was due mainly to disbursements made for structure costs in the period;
- total debt in the operating groups of €2,334.4 million, up from €1,922.7 million at December 31 2009. The rise of €411.7 million was due mainly to the investments made in new production capacity by the Sorgenia group and to the rise in working capital.

The net financial position includes shares in hedge funds which amounted to €78 million at September 30 2010. The accounting treatment of these investments involves recognizing directly to equity the fair value changes in the funds; the fair value reserve relating to these funds totalled €12.2 million at September 30 2010 (€13.2 million at December 31 2009). In the first nine

months of 2010 the sale of shares of hedge funds led to the realization of capital gains, net of write-downs, of €0.3 million (€44.6 million in the first nine months of 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 nine months of 2010 performance was a negative 1.2%.

Total equity stood at €2,457.4 million at September 30 2010, up from €2,332.3 million at December 31 2009 (€2,450.5 million at June 30 2010), with a rise of €125.1 million.

The **equity of the Group** amounted to €1,458.6 million at September 30 2010, up from €1,396.7 million at December 31 2009 (€1,454.7 million at June 30 2010), with a net rise of €61.9 million.

At September 30 2010 **minority Shareholders' equity** totalled €998.8 million, compared to €935.6 million at December 31 2009 (€995.8 million at June 30 2010), with a net rise of €63.2 million.

The **consolidated cash flow statement** in the first nine 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>1/1-30/09 2010</i>	<i>1/1-30/09 2009</i>
SOURCES OF FUNDING		
Net income for the period including minority interests	115.9	154.5
Amortization, depreciation, write-downs and other non-monetary changes	24.2	14.8
Self-financing	140.1	169.3
Change in working capital	(133.0)	71.5
CASH FLOW GENERATED BY OPERATIONS	7.1	240.8
Capital increases	3.4	184.2
TOTAL SOURCES	10.5	425.0
APPLICATIONS		
Net investments in fixed assets	(430.5)	(435.4)
Buy-back of own shares	(0.1)	(1.2)
Payment of dividends	(7.0)	(9.9)
Other changes	5.5	(21.2)
TOTAL APPLICATIONS	(432.1)	(467.7)
FINANCIAL SURPLUS (DEFICIT)	(421.6)	(42.7)
NET FINANCIAL POSITION AT BEGINNING OF PERIOD	(1,801.1)	(1,685.4)
NET FINANCIAL POSITION AT END OF PERIOD	(2,222.7)	(1,728.1)

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

In the first nine months of 2010, current operations generated cash flow of €7.1 million; against self-financing of €140.1 million, net working capital rose by €133 million, mainly because of the rise in revenues of the operating groups, especially Sorgenia and Sogefi.

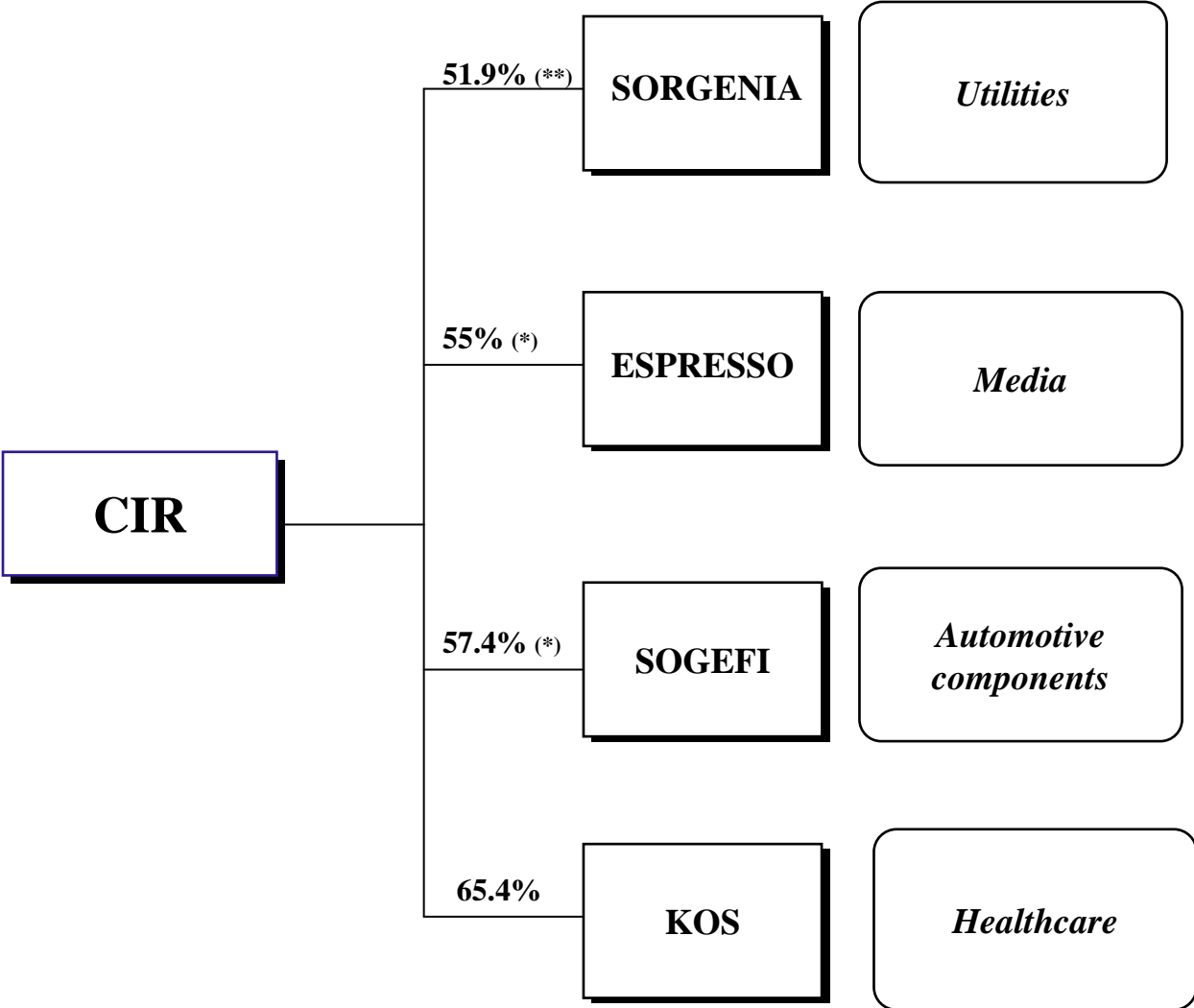
Net investments in fixed assets came to €430.5 million, of which approximately €380 million referred to the Sorgenia group.

For a breakdown of the items making up the net financial position, reference should be made to the section containing the financial statements.

At September 30 2010 the Group had 12,903 employees on its payrolls, up from 12,746 at December 31 2009.

MAIN EQUITY INVESTMENTS OF THE GROUP (*)

AT SEPTEMBER 30 2010



(*) The percentage is calculated net of the own shares owned

(**) Percentage of indirect control through Sorgenia Holding

2. PERFORMANCE OF THE BUSINESS SECTORS

UTILITIES SECTOR

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

Results for the period January 1 – September 30 2010

<i>(in millions of euro)</i>	<i>1/1-30/9 2010</i>	<i>1/1-30/9 2009</i>	<i>Change absolute</i>	<i>%</i>
Revenues	1,947.2	1,733.8	213.4	12.3
Net result	57.6	21.1	36.5	n.s.

Results for 3rd Quarter 2010

<i>(in millions of euro)</i>	<i>3rd Quarter 2010</i>	<i>3rd Quarter 2009</i>	<i>Change absolute</i>	<i>%</i>
Revenues	666.0	489.6	176.4	36.0
Net result	1.7	(5.4)	7.1	n.a.

Position at September 30 2010

	<i>30/9/2010</i>	<i>30/6/2010</i>	<i>31/12/2009</i>
Net financial position	(1,740.9)	(1,675.8)	(1,341)
No. of employees	411	409	380

In the first nine months of 2010 the Sorgenia group reported consolidated revenues of €1,947.2 million, which were up by 12.3% from €1,733.8 million in the same period of 2009, thanks to the rise in electricity sales volumes which more than compensated for the fall in the unit prices of energy products.

The consolidated gross operating margin (EBITDA) came in at €107.7 million (5.5% of revenues), posting a rise of 11.6% on the figure of €96.4 million (5.6% of revenues), having benefited above all from the rise in volumes of the electricity business, from the start of contributions from the Modugno power plant (BA) and from higher margins on generation from renewable sources. These factors more than compensated for the contraction in natural gas sales margins, due mainly to the sourcing costs on existing contracts, higher provisions set aside for client receivables because of the worsening economic climate, high congestion costs on the electricity grid, particularly affecting the Modugno plant, and the breakdown at the Termoli power plant which remained idle for the whole of the first quarter. The renegotiation continued in the third quarter of gas supply contracts, the effect of which will be retrospective, and the procedures also went ahead for obtaining compensation for the breakdown at the Termoli power plant.

Consolidated EBIT for the first nine months of 2010 was €51.3 million (2.6% of revenues), compared to €69.4 million (4% of revenues) in the same period of 2009, partly because of the higher amortization in relation to the entry into production of the Modugno thermoelectric plant and the renewable plants.

In the first nine months of 2010 the group reported consolidated net income of €57.6 million, up from €21.1 million in the corresponding period of 2009, the rise being the result of a tax credit for investments in new production capacity made by the company.

The consolidated net financial position at September 30 2010 showed net debt of €1,740.9 million, with a rise of €399.9 million from the figure of €1,341 million at December 31 2009 mainly because of the investments made in new production capacity, especially in thermoelectric and wind generation, and the rise in working capital.

In third quarter 2010 the Sorgenia group reported consolidated revenues of €666 million, up from 489.6 million in third quarter 2009 (+36%).

The consolidated EBITDA of third quarter 2010 was €42.4 million, up from €14.3 million in the same period of 2009 and consolidated EBIT was €23 million, up from €4.6 million in the third quarter of last year, thanks to the better margins recorded in the period.

The consolidated net result was a positive €1.7 million which compares with a net loss of €5.4 million in third quarter 2009.

The group had 411 employees at September 30 2010, up from 380 at December 31 2009.

During the first nine months of 2010 roll-out of the Sorgenia group business plan continued.

In the field of thermoelectric generation, Sorgenia completed construction of the Bertinico-Turano Lodigiano CCGT plant (LO), which involved an investment of approximately €450 million. Construction work is going ahead on the Aprilia plant (LT).

In the field of generation from wind sources, the 12 MW wind park at San Martino in Pensilis (CB) is now in operation. As far as international activities in renewable energies are concerned, the plants at Leffincourt (32 MW) and Bouillancourt (9 MW) will be finished by the end of the year, bringing the group's wind generating capacity in France to over 150 MW, while in Romania authorization has been obtained for the construction of wind parks for a total output of 106 MW.

In generation from photovoltaic solar sources, the subsidiary Sorgenia Solar has begun production at the 2.6 MW plant at Ozieri (Sassari) and has a further 8 MW under construction.

In the sphere of renewable energy from biomass, the company Sorgenia Bioenergy has started operating a biomass plant with an output of approximately 1 MW in the local district of Castiglione d'Orcia (SI).

MEDIA SECTOR

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

Results for the period January 1 – September 30 2010

<i>(in millions of euro)</i>	<i>1/1-30/9 2010</i>	<i>1/1-30/9 2009</i>	<i>Change</i>	
			<i>absolute</i>	<i>%</i>
Revenues	639.5	640.9	(1.4)	(0.2)
Net result	36.3	1.2	35.1	n.a.

Results for 3rd Quarter 2010

<i>(in millions of euro)</i>	<i>3rd Quarter 2010</i>	<i>3rd Quarter 2009</i>	<i>Change</i>	
			<i>absolute</i>	<i>%</i>
Revenues	194.4	191.7	2.7	1.5
Net result	7.7	1.1	6.6	n.a.

Position at September 30 2010

	<i>30/9/2010</i>	<i>30/06/2010</i>	<i>31/12/2009</i>
Net financial position	(136.9)	(183.9)	(208.2)
No. of employees	2,828	2,908	3,116

In the first nine months of 2010 the Espresso group reported consolidated revenues of €639.5 million, which was in line with the figure of €640.9 million in the same period of last year. Net of optional products, revenues grew by 4%.

Consolidated net income came in at €36.3 million, which was a definite improvement on the figure of €1.2 million in the first nine months of 2009.

In the first nine months of 2010, in the context of a very weak recovery of the Italian economy with prospects still uncertain, advertising investment rose by 4.8% in August compared to the same period of 2009 (Nielsen Media Research figures). The most dynamic media were the internet, radio and TV, which grew by 17.7%, 12.8% and 7.7% respectively. By contrast the press was still in decline overall (-3.8%), with the various segments showing different trends. As far as circulation is concerned, ADS figures (the moving average for the last 12 months as of June 2010 with the consolidation remaining constant) showed a decline in sales on the news-stands of 4.5% for daily newspapers, 4.3% for weeklies and 9.9% for monthly publications.

Excluding optional products circulation revenues, which did not benefit from any price increases, totalled €202.2 million, compared to €206.9 million in the same period of last year (-2.3%).

All the main titles of the group have shown significantly better performance during 2010 than that of their respective markets.

On the basis of the latest figures published by ADS and Audipress, *La Repubblica* confirms its ranking as the top Italian daily newspaper both in terms of number of copies sold on the news-stands and in terms of number of readers.

L'espresso reported a rise in circulation of 1.3% compared to last year (ADS in June) and continues to have a weekly average of 2.5 million readers.

Lastly, the local dailies reported a slight decline in sales (-2.5%), albeit less than the market, which was due to the economic crisis, but confirmed an average daily number of readers of 3.4 million.

Advertising revenues came in at €369.3 million and were up by 7.1% from €344.7 million in the first nine months of 2009, confirming in the third quarter the recovery already reported in the first half of the year.

The internet is the sector that has shown the most positive trend (+21.7%), thanks in part to the performance of the specific market but also to the growing success of the website Repubblica.it which, with an average of 1.5 million unique users per day, posted another strong increase in its users compared to the previous year (+25%) and confirms its ranking as the top Italian news website.

Also very positive was the performance of advertising collected by the Group radios (+13.6%). Lastly, the advertising collected by the press segment did undergo a decline (-1.8%) but this was more contained than that recorded by the market in general.

Revenues from optional add-ons amounted to €53.4 million in the first nine months of 2010 (-31.2%). In a sharply contracting market environment, the group has decided to focus on a reduced number of initiatives, maintaining the profitability of the sector high.

The consolidated gross operating margin was €104 million, up from €60.7 million in the first nine months of 2009 (+71.4%).

Total costs were cut by 8% compared to the first nine months of last year, and current costs, net of extraordinary charges, were cut by 6.1%. Considering the savings already obtained in the first nine months of 2009, the trend of costs is fully in line with the objective of the plan, which, it should be remembered, involved an overall reduction of 17% compared to the year 2008 (benchmark on which the company restructuring plan was based). This result was achieved without reducing the consolidation or the product portfolio of the group and without compromising quality.

The consolidated gross operating margin for the first nine months of 2010 was €76.8 million, up from €29.3 million in the same period of last year.

All the main businesses of the group reported a marked improvement in their profitability. For the daily newspapers this was due to the drastic cost cutting achieved by the restructuring plans while for the radio and internet businesses it was due to the substantial rise in revenues.

The consolidated net debt figure at September 30 2010 was €136.9 million, showing a further decline from €208.2 million at December 31 2009, with a financial surplus for the period of €71.3 million.

Consolidated equity stood at €524.1 million at September 30 2010, up from €485.6 million at December 31 2009.

At September 30 2010 there were 2,828 employees on the group payrolls, including temporary staff, with a reduction of 288 people compared to the beginning of the year and of 584 people in the last two years, as a result of the restructuring plans in progress.

In the third quarter of 2010 the group reported consolidated revenues of €194.4 million, which were up by 1.5% from €191.6 million in the same period of 2009. The advertising collected showed growth of 5.9% while circulation revenues, including optional add-ons, declined by 6.9%.

The gross operating margin was €29.2 million and was up by 45.3% from €20.1 million in the third quarter of 2009. The net income of the third quarter amounted to €7.7 million, up from €1.1 million in the same period of 2009.

During 2010 the weak growth of the economy and the continuing uncertainty regarding the macro-economic prospects have not enabled advertising investment to pick up in any clear or generalized way after the sharp contraction in the years 2008 and 2009. Advertising investment has however recovered slightly across the board (+4.8% in August), but this has not yet affected the press segment.

In this context, the advertising revenues of the group have shown good dynamics, partly thanks to the diversification of the media portfolio, and it is expected that the evolution will remain equally positive for the whole year.

Moreover, thanks to the cost-cutting action currently in progress, the group has achieved important savings, which are fully in line with objectives.

As a result of this, profitability has risen significantly and this is expected to be the case for the whole year as well.

AUTOMOTIVE COMPONENTS SECTOR

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

Results for the period January 1 – September 30 2010

<i>(in millions of euro)</i>	<i>1/1-30/9 2010</i>	<i>1/1-30/9 2009</i>	<i>Change</i>	
			<i>absolute</i>	<i>%</i>
Revenues	687.0	573.8	113.2	19.7
Net result	13.5	(8.6)	22.1	n.a.

Results for 3rd Quarter 2010

<i>(in millions of euro)</i>	<i>3rd Quarter 2010</i>	<i>3rd Quarter 2009</i>	<i>Change</i>	
			<i>absolute</i>	<i>%</i>
Revenues	229.4	199.3	30.1	15.1
Net result	3.5	2.0	1.5	77.2

Position at September 30 2010

	<i>30/9/2010</i>	<i>30/6/2010</i>	<i>31/12/2009</i>
Net financial position	(182.6)	(182.5)	(170.2)
No. of employees	5,597	5,723	5,770

The first nine months of 2010 saw a gradual recovery in world vehicle production levels compared to 2009 thanks to the continuing growth in the emerging markets (especially China, India and South America) and to the recovery of demand in the mature markets (Europe, North America and Japan). In Europe in particular new vehicle production levels were good in the third quarter too as destocking phenomena came to an end, offsetting the decline in sales caused by the end of incentives. Even in the industrial vehicle sector there were objective signs of a recovery in production.

Consolidated revenues came in at €687 million and were up by 19.7% on the figure of €573.8 million reported for the same period of 2009. The greatest rise was seen in the *suspension components* division (+26.2%), while the *filter* division grew by 14%.

The positive performance of revenues, in the presence of overall stability in selling prices and the costs of the main commodities (the ratio of material costs to revenues declined from 45.7% in the first nine months of 2009 to 45.5% in 2010), associated with further organizational action taken by Sogefi in the third quarter (the restructuring of the Dutch company that markets filters and the closure of the French filter plant at Louvigny), enabled the group to achieve a strong increase in its profitability levels. The overall cost of reorganization came to €10.5 million compared to €12.6 million in the same period of 2009, which led to a reduction in the ratio of labour costs to revenues to 24.9% from the previous figure of 26.3%.

Consolidated EBITDA was €64.5 million (9.4% of revenues), up from €32.2 million (5.6% of revenues) in the first nine months of 2009.

EBIT was €31.3 million (4.6% of revenues), up from €0.7 million (0.1% of revenues).

Consolidated net income turned positive again, coming in at €13.5 million compared to a net loss of €8.6 million in the first nine months of 2009.

The net financial debt of the group stood at €182.6 million at September 30 2010, up from €170.2 million at December 31 2009.

There were 5,597 employees on the books at September 30 2010 compared to 5,770 at December 31 2009.

In the third quarter of 2010 the group confirmed the rising trend in revenues seen in the first half of the year thanks mainly to its growing presence in emerging markets, and it consolidated the levels of operating profitability reported in the previous quarter, benefiting also from further organizational action undertaken in the period.

The revenues of the third quarter, totalling €229.4 million, were up by 15.1% on the corresponding period of 2009.

Consolidated EBITDA, which was negatively affected by €6.2 million of restructuring charges, came to €18 million (9% of revenues) compared to €30.2 million (11.8% of revenues) in the same period of last year.

The consolidated net income for the quarter was a positive €3.5 million (1.5% of revenues), up from €2 million in the same period of 2009 (1% of revenues).

In the later part of the year the levels of business volumes recorded in the third quarter should be confirmed while no significant restructuring charges are expected. Therefore, although there is some tension in certain commodities, the company should see a further improvement in its net result compared to the first nine months, unless there are any exceptional events not foreseeable at present.

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:

Results for the period January 1 – September 30 2010

<i>(in millions of euro)</i>	<i>1/1-30/9 2010</i>	<i>1/1-30/9 2009</i>	<i>Change absolute</i>	<i>%</i>
Revenues	239.0	203.5	35.5	17.4
Net result	4.0	0.2	3.8	n.a.

Results for 3rd Quarter 2010

<i>(in millions of euro)</i>	<i>3rd Quarter 2010</i>	<i>3rd Quarter 2009</i>	<i>Change absolute</i>	<i>%</i>
Revenues	80.0	68.6	11.4	16.6
Net result	2.0	(0.8)	2.8	n.a.

Position at September 30 2010

	<i>30/9/2010</i>	<i>30/06/2010</i>	<i>31/12/2009</i>
Net financial position	(211.9)	(215.6)	(163.5)
No. of employees	3,954	3,823	3,421

In the first nine months of 2010 the KOS group reported revenues of €239 million, which were up 17.4% from €203.5 million in the corresponding period of 2009 thanks to the development of the three business areas and to the new acquisitions made in the period.

Consolidated EBITDA came to €32.2 million and was up by 30.9% from €24.6 million in the first nine months of 2009. In the first nine months the company incurred costs of approximately €2.4 million for the IPO procedure(€1.8 million) and for expenses relating to the acquisitions made in the period (€0.6 million).

Consolidated EBIT was €19.2 million, up from €13 million in the same period of the previous year.

The consolidated net income of the first nine months of 2010 was €4 million, up from €0.2 million in the same period of 2009.

The consolidated net debt of the KOS group at September 30 2009 amounted to €211.9 million, offsetting owned properties with a carrying value of €144.9 million. The rise from the figure of €163.5 million at December 31 2009 was due mainly to the acquisitions made and to the change in working capital.

In the third quarter of 2010 the KOS group reported revenues of €80 million, up from €68.6 million in the corresponding period of 2009, posting a rise of 16.6%.

Consolidated EBITDA was €12 million, up from €8 million in the third quarter of 2009 and consolidated EBIT was €7.2 million, up from €3.3 million in the same period of last year. The net income figure was €2 million which compares with a net loss of €0.8 million in the same period of 2009.

KOS currently manages 60 facilities, mainly in the centre-north of Italy with a total of over 5,600 beds, plus approximately 400 more under construction.

The group had 3,954 employees at September 30 2010 compared to 3,421 at December 31 2009.

3. FINANCIAL INVESTMENTS

JUPITER FINANCE – This company operates in the sector of non-performing loans and at September 30 2010 was managing such loans for €2,326 million (nominal value). These can be distinguished between “owned” loans (i.e. acquired through the securitization vehicles Zeus Finance and Urania Finance) amounting to €1,371 million, and “third party” loans (i.e. managed on behalf of other investors) totalling €955 million.

The value at September 30 2010 of CIR’s investment in this business was €58.3 million.

In October Bank of Italy notified Jupiter Finance of a measure on the basis of which the company must refrain from entering into new transactions because various observations of an administrative and organizational nature were made. Regarding this official notification, CIR S.p.A. has begun a process that will lead to a capital injection for Jupiter Finance S.p.A. of an amount of €1.5 million euro, the aim of which is to bring the subsidiary’s total capital into line with the coefficients required by current regulations. Jupiter Finance S.p.A. is also making a series of amendments to its corporate governance and its operating and control organization in order to comply with the points raised by Bank of Italy and thus create the conditions for a return to deal making as soon as possible.

KTP - The KTP Global Finance group (in which CIR has a holding of approximately 47%) operates through the company Ktesios in the market of loans secured on one fifth of salaries or pensions. In June KTP sold 100% of its interest in Pepper for an amount of approximately €16 million.

The value of CIR’s investment in the KTP group at September 30 2010 was €4 million.

CIR VENTURES – At September 30 2010 the portfolio of CIR Ventures, the venture capital fund of the Group, contained investments in five companies, of which four in the United States and one in Israel. These companies all operate in the sector of information and communications technology. The total fair value of these investments at September 30 2010 was €14.6 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 September 30 2010 was approximately €70.3 million. Remaining commitments outstanding at September 30 2010 amounted to €21.6 million.

4. SIGNIFICANT EVENTS WHICH OCCURRED AFTER SEPTEMBER 30 2010 AND OUTLOOK FOR THE REST OF THE YEAR

Information has already been given of the main events which occurred after September 30 2010 in the part of the Report dealing with the performance of the business sectors.

In relation to the outlook for the rest of the year, the CIR group will be continuing even in these last months of the year with its management efficiency actions and the investment programs planned for the development of all sectors of the business. The group confirms that for the full year 2010, as was the case in the first nine months of the year, consolidated earnings will be lower overall than those of 2009, as there are not expected to be any non-recurring gains as there were last year. The significant growth of the contribution of the operating subsidiaries to net earnings is however confirmed.

5. OTHER INFORMATION

Other

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

This Financial Report for the period January 1 – September 30 2010 was approved by the Board of Directors on October 28 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. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in thousands of euro)

ASSETS	<i>30.09.2010</i>	<i>30.06.2010</i>	<i>31.12.2009</i>
NON-CURRENT ASSETS	4,685,266	4,665,225	4,287,814
INTANGIBLE ASSETS	1,352,867	1,351,215	1,316,903
TANGIBLE ASSETS	2,445,528	2,427,329	2,187,369
INVESTMENT PROPERTY	21,583	21,700	18,115
INVESTMENTS IN COMPANIES CONSOLIDATED AT EQUITY	314,687	309,788	275,899
OTHER EQUITY INVESTMENTS	6,230	5,221	9,629
OTHER RECEIVABLES	207,915	198,949	207,899
SECURITIES	92,419	101,846	83,051
DEFERRED TAXES	244,037	249,177	188,949
CURRENT ASSETS	2,401,651	2,567,435	2,362,336
INVENTORIES	164,988	155,229	156,150
CONTRACTED WORK IN PROGRESS	5,039	11,344	3,464
TRADE RECEIVABLES	1,100,888	1,090,274	1,042,030
OTHER RECEIVABLES	180,651	187,323	200,627
FINANCIAL RECEIVABLES	47,301	280,787	27,229
SECURITIES	277,491	359,739	278,548
AVAILABLE-FOR-SALE FINANCIAL ASSETS	139,645	159,160	104,967
CASH AND CASH EQUIVALENTS	485,648	323,579	549,321
ASSETS HELD FOR DISPOSAL	723	761	700
TOTAL ASSETS	7,087,640	7,233,421	6,650,850
LIABILITIES AND EQUITY	<i>30.09.2010</i>	<i>30.06.2010</i>	<i>31.12.2009</i>
TOTAL EQUITY	2,457,382	2,450,459	2,332,335
ISSUED CAPITAL	396,059	396,059	396,059
less OWN SHARES	(21,537)	(21,537)	(21,537)
SHARE CAPITAL	374,522	374,522	374,522
RESERVES	300,477	311,711	295,983
RETAINED EARNINGS (LOSSES)	729,908	726,250	582,818
NET INCOME FOR THE PERIOD	53,729	42,173	143,432
EQUITY OF THE GROUP	1,458,636	1,454,656	1,396,755
MINORITY SHAREHOLDERS' EQUITY	998,746	995,803	935,580
NON-CURRENT LIABILITIES	3,063,045	2,940,316	2,958,552
BONDS AND NOTES	570,044	563,210	718,262
OTHER BORROWINGS	2,100,656	1,978,682	1,843,359
OTHER PAYABLES	1,873	1,355	1,177
DEFERRED TAXES	186,782	190,821	181,489
PERSONNEL PROVISIONS	126,135	129,497	137,346
PROVISIONS FOR RISKS AND LOSSES	77,555	76,751	76,919
CURRENT LIABILITIES	1,567,213	1,842,646	1,359,963
BANK OVERDRAFTS	213,482	257,738	66,290
BONDS AND NOTES	155,678	153,373	731
OTHER BORROWINGS	132,900	365,966	132,499
TRADE PAYABLES	731,772	734,531	836,587
OTHER PAYABLES	248,644	244,032	228,178
PROVISIONS FOR RISKS AND LOSSES	84,737	87,006	95,678
TOTAL LIABILITIES AND EQUITY	7,087,640	7,233,421	6,650,850

2. INCOME STATEMENT

(in thousands of euro)

	1/1-30/9 2010	1/1-30/9 2009	3rd Quarter 2010	3rd Quarter 2009
SALES REVENUES	3,513,720	3,151,992	1,170,644	949,160
CHANGE IN INVENTORIES	5,737	(6,145)	(718)	1,667
COSTS FOR THE PURCHASE OF GOODS	(2,146,351)	(1,896,735)	(726,195)	(556,886)
COSTS FOR SERVICES	(564,695)	(540,463)	(177,890)	(171,213)
PERSONNEL COSTS	(501,532)	(490,438)	(155,655)	(154,941)
OTHER OPERATING INCOME	59,900	50,030	15,075	9,544
OTHER OPERATING EXPENSE	(117,404)	(98,615)	(37,899)	(26,216)
ADJUSTMENTS TO THE VALUE OF INVESTMENTS CONSOLIDATED AT EQUITY	40,331	36,129	8,487	6,438
AMORTIZATION, DEPRECIATION & WRITEDOWNS	(129,153)	(100,978)	(43,406)	(34,132)
INCOME BEFORE FINANCIAL ITEMS AND TAXES (E B I T)	160,553	104,777	52,443	23,421
FINANCIAL INCOME	38,698	41,635	10,969	12,511
FINANCIAL EXPENSE	(116,835)	(123,725)	(36,667)	(37,692)
DIVIDENDS	115	519	27	54
GAINS FROM TRADING SECURITIES	23,062	160,048	8,966	18,150
LOSSES FROM TRADING SECURITIES	(4,509)	(34,746)	(1,101)	(15,902)
ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS	4,295	35,901	5,470	24,318
INCOME BEFORE TAXES	105,379	184,409	40,107	24,860
INCOME TAXES	10,525	(29,926)	(18,577)	(6,882)
RESULT AFTER TAXES FROM OPERATING ACTIVITY	115,904	154,483	21,530	17,978
INCOME/(LOSS) FROM ASSETS HELD FOR DISPOSAL
NET INCOME FOR THE PERIOD INCLUDING MINORITY INTEI	115,904	154,483	21,530	17,978
- NET INCOME MINORITY SHAREHOLDERS	(62,175)	(16,494)	(9,974)	(783)
- NET INCOME OF THE GROUP	53,729	137,989	11,556	17,195

3. NET FINANCIAL POSITION

(in thousands of euro)

	<i>30.09.2010</i>	<i>30.06.2010</i>	<i>31.12.2009</i>
A. Cash and bank deposits	485,648	323,579	549,321
B. Other cash equivalents	139,645	159,160	104,967
C. Securities held for trading	277,491	359,739	278,548
D. Cash and cash equivalents (A) + (B) + (C)	902,784	842,478	932,836
E. Current financial receivables	47,301	280,787	27,229
F. Current bank borrowings	(287,595)	(332,266)	(157,506)
G. Bonds and notes issued	(155,678)	(153,373)	(731)
H. Current part of non-current debt	(58,737)	(291,023)	(41,281)
I. Other current borrowings	(50)	(415)	(2)
J. Current financial debt (F) + (G) + (H) + (I)	(502,060)	(777,077)	(199,520)
K. Current net financial position (J) + (E) + (D)	448,025	346,188	760,545
L. Non-current bank borrowings	(1,924,475)	(1,802,489)	(1,676,126)
M. Bonds and notes issued	(570,044)	(563,210)	(718,262)
N. Other non-current payables	(176,181)	(176,193)	(167,233)
O. Non-current financial debt (L) + (M) + (N)	(2,670,700)	(2,541,892)	(2,561,621)
P. Net financial position (K) + (O)	(2,222,675)	(2,195,704)	(1,801,076)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. FOREWORD

This consolidated interim financial report as of September 30 2010, which has not been 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 standard regarding interim financial statements were not adopted (IAS 34 “Interim Financial Statements”).

2. CONSOLIDATION PRINCIPLES

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

The consolidated interim financial statements of the Group as of September 30 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 or associates with the exception of companies in liquidation. The assets and liabilities of companies scheduled for disposal are stated in the items of assets and liabilities which show this specific eventuality.

3. ACCOUNTING PRINCIPLES APPLIED

The Accounting Principles adopted for the preparation of the interim financial statements as of September 30 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 September 30 2010, unchanged from December 31 2009, and consisted of 792,117,267 shares each with a nominal value of €0.50.

At September 30 2010 the Company was holding 43,074,000 of its own shares (5.44% of capital) for a value of €98,657 thousand, unchanged from December 31 2009.

In application of IAS 32, the own shares held by the Parent Company are deducted from total equity.

On this subject, for clarity of representation, the nominal value of own shares held was reclassified and deducted directly from share capital issued.

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

It should be noted that the Board of Directors was authorized for a period of five years as from April 30 2009 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 2010 there were 42,546,400 options in circulation, corresponding to the same number of shares.

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

Re: Interim Financial Report as of September 30 2010

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

Hereby declares

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

Milan, October 28 2010

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