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# SOPAF S.p.A.

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Registered office: Foro Bonaparte, 24, 20121 Milan  
Share capital: € 80,001,850.64 fully paid  
Milan Register of Businesses and Fiscal Code n. 05916630154  
Registered with the Italian Foreign-Exchange Office. n. 20641

## CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2007

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## BOARD OF DIRECTORS

Chairman	Giorgio Cirila
Vice Chairman and Managing Director	Giorgio Magnoni
Directors	Giancarlo Boschetti Renato Cassaro Adriano Galliani Guidalberto Guidi Luca Magnoni Francesco Micheli Giovanni Jody Vender

## BOARD OF STATUTORY AUDITORS

Chairman	Giovanni Sala
Acting Auditors	Paolo Gualtieri David Reali
Substitute Auditors	Francesco Dori Riccardo Ronchi Marco Salvatore

# Consolidated Financial Statements as of 30 September 2007

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## DIRECTORS' REPORT

### INTRODUCTION

The financial statements for the quarter ending 30 September 2007 represent the Sopaf Group's first quarterly report that coincides with the first nine months of the calendar year since the merger of 29 July 2005. The reporting period was determined by the meeting of the shareholders on 10 November 2006 with its resolution to change the fiscal year to the calendar year.

Accordingly, the year-to-date data for this quarterly report are compared with the year-to-date data for the corresponding interim period for the calendar year of 2006; the comparison is not particularly significant since the quarter ending 30 September 2006 represented the first quarter of the fiscal year ending on 31 December 2006 (six-month fiscal year).

### KEY DATA FOR THE SOPAF GROUP

#### *Earnings data (in EUR 000's)*

	30/09/07 (9 months)	30/06/07 (6 months)	31/12/06 (6 months)
Operating profit	41,000	40,984	3,681
Profit before interest and taxes	42,911	42,209	14,340
Profit before taxes	42,004	42,967	10,509
Consolidated net profit	40,310	40,171	10,091

#### *Data on capital and financial position (in EUR 000's)*

	30/09/07 (9 months)	30/06/07 (6 months)	31/12/06 (6 months)
Consolidated shareholders' equity	175,820	177,683	156,306
Net financial position	(135,917)	(76,481)	(121,734)
Net invested capital	315,354	257,505	301,363

## **GROUP'S PERFORMANCE**

The Sopaf Group earned a net profit of €40.3 million for the first nine months of 2007, compared with earnings of €1.7 million posted for the same period ending 30 September 2006 (and a net profit of €40.2 million as of 30 June 2007). Consolidated shareholders equity and minority interests totalled €179.4 million as of 30 September 2007, compared with €177.3 million as of 30 September 2006 (€181 million as of 30 June 2007). Consolidated shareholders' equity was €175.8 million as of 30 September 2007, compared with €126 million as of 30 September 2006 (€177.7 million as of 30 June 2007).

The principal data for the Group in relation to the first nine months of the current year and the same period of 2006 are reported in the tables in the pages which follow.

During the quarter, Sopaf S.p.A. perfected an important financial investment in Banca BPL Network S.p.A., thereby creating a presence in the banking sector, in the specific segment of independent distribution of a range of various brands, using an open-architecture distribution format.

The Group also continued its corporate reorganization process, with the board of directors approving more streamlining of the chain of control through the merger-by-incorporation of LM Real Estate S.p.A., Acal S.p.A. and Ida S.r.l. into Sopaf S.p.A., a project to be submitted to the shareholders at the next shareholders' meeting scheduled for 27 November 2007.

Key events during the quarter also included the placement of Sopaf 2007-2012 3.875% convertible bonds for €49.7 million; with the net proceeds from the issue, the Group has diversified its financing sources, thereby reducing the cost of debt to support the investment activity.

It is noted that the placement was completed despite the particularly complex climate for the financial markets as a result of tensions created by the sub-prime mortgage crisis in the United States. Accordingly, when also taking into consideration a banking system that has become less willing to grant credit, Sopaf's strategy of diversifying financing looks particularly important for future investment projects, both in terms of unused bank credit lines and in terms of flows of available liquidity. From the perspective of optimizing the debt-equity relationship, the holding company is evaluating the sale of certain non-strategic assets within the portfolio, market conditions permitting.

In relation to the aforementioned sub-prime mortgage crisis, it is noted that as of 30 September 2007, the Sopaf Group's portfolio did not contain any financial products whose underlying assets were sub-prime mortgages or assets referring to sub-prime mortgages (including, but not limited to, asset-backed securities (ABS), collateralized debt obligations (CDO) or unfunded positions in credit derivatives).

With reference to indirect risks, such as the increased volatility of the equity markets or less overall liquidity to support investments, the Sopaf Group booked a €3.8 million negative change in its fair-value reserve during the quarter, with the entire amount attributable to the adjustment of the market value as of 30 September 2007 of certain listed equity securities and units in investment funds held in the portfolio.

In the opinion of the board of directors, the present scenario provides a group such as Sopaf with broader potential for perfecting new business transactions and for maintaining satisfactory profitability.

## **PRINCIPAL TRANSACTIONS CARRIED OUT DURING THE QUARTER**

### ***Product companies***

On 1 July 2007, the new hedge fund of funds PWM AIGGIG Multimanager Fund became operational. The fund is managed by the subsidiary, Private Wealth Management SGR, in partnership with AIG Global Investment Group (the asset management arm of the U.S.-based, AIG, a leader in financial services and insurance). On 29 July 2007, Sopaf S.p.A. sold several units of the aforementioned hedge fund of funds to third-party investors for €1.5 million, thereby reducing the investment of Sopaf S.p.A. (which is the financial co-sponsor together with AIG Group) to €13 million.

### ***Industrial investments***

As part of the sale of the investment in Omnipartecipazioni (a transaction described in detail in the Group's half-year report as of 30 June 2007), LM Real Estate S.p.A. further reduced the number of IMMSI shares held during the quarter, selling 1,486,408 shares on the market for a total of €3.475 million and thus realizing a capital gain of €2.6 million.

Also during the quarter, a project was initiated for extracting more value from several industrial investments in the Group's portfolio, with the objective of keeping the activity under the Group's management and simultaneously proceeding with the sale of assets to third-party investors.

### ***Financial services and insurance***

At an extraordinary meeting held on 5 July 2007, the shareholders of **Delta S.p.A.** approved a capital increase following changes in legislation that resulted in Delta's registration as of 1 January 2007 on the register referenced in Article 64 of the Consolidated Banking Act. As a result of such registration, Delta needs to guarantee to the regulatory authorities a level of capitalization different from the current level.

The means for effecting the capital increase and the presentation of a revised business plan evidenced differences in the strategic positions of the shareholders, so much so that, as an immediate consequence thereof, on 16 July 2007, a shareholder agreement that had provided for the governance of Delta to that date was dissolved.

Given the termination of the shareholder agreement and the resignation of several members of board of directors in June 2007, the shareholders held a meeting on 18 July 2007, electing a new board of directors without any representatives of the Sopaf Group (the owner of 24% of Delta S.p.A.) and Banco Popolare (the owner of 20% of Delta S.p.A.).

These events have radically changed the governance of Delta: the dissolution of the shareholder agreement and the exclusion of a Sopaf representative on the new board of directors of Delta S.p.A. are decisive factors for ruling out the premise of significant influence as defined by IAS 28, the international accounting principle covering the reporting of investments in affiliate companies

Accordingly, in light of the mentioned events, the investment in Delta S.p.A. was reclassified among "assets available for sale" in the half-year report, and as a result, the investment is stated at fair value, with any gains or losses with respect to the previous carrying value being booked directly to shareholders' equity.

It is noted that the fair value of the investment is €96 million.

The computation of such value has taken into consideration the valuation supplied by a leading investment bank appointed by the company's management in order to support the capital increase approved by the shareholders' meeting on 5 July 2007 and already subscribed by certain shareholders (Delta Group's pre-money valuation equal to €456 million); in addition, within the framework of such valuation, the computation of the fair value has been supported and validated by additional studies supplied to Sopaf S.p.A. by other consultants/investment banks.

On the basis of such analyses, the directors determined the investment's fair value by adopting the lowest of the various valuations.

On 26 September 2007, with reference to the agreements signed on 1 August 2007, Sopaf S.p.A., De Agostini Invest SA and Aviva Italia Holding S.p.A. perfected the purchase of 79.73% of the share capital of **Banca Bipielle Network S.p.A.** ("BPL NET") from the Banco Popolare Soc. Coop. for €104,724,223. The transaction was finalized following the previously mentioned authorization of the regulatory authorities issued on 25 June 2007.

It is noted in this regard that the price paid by Sopaf (and De Agostini Invest SA) for the purchase of 14.99% of BPL Net's share capital was €19,689,186.28, whereas the price paid by Petunia for the purchase of 49.75% of BPL Net's share capital was €65,345,850.45.

In relation thereto, it is noted that Petunia is the special-purpose company held by: Aviva S.p.A., which owns 51% of the voting rights and thus controls it pursuant to Article 2359 of the Italian Civil Code, and Sopaf, which holds 49% of the voting rights and 59.38% of the economic rights.

In relation to the subdivision of the ownership mentioned above, the shareholders subscribed a capital increase on 25 September 2007 in order to provide Petunia with the financial resources needed for the acquisition, and they simultaneously made a payment to a capital granting reserve. In particular, Sopaf S.p.A. paid (i) €29,333,720 as part of the capital increase and (ii) €10,024,466 as part of the funds going into the capital granting reserve. In turn, Aviva paid €20,066,280 as part of the capital increase, and €6,857,424 as part of the funds going into the capital granting reserve.

Following the aforementioned acquisition, the shareholders of BPL NET include: Petunia S.p.A. (49.75%), Banco Popolare Soc. Coop. (19.90%), Sopaf (14.99%), De Agostini Invest SA (14.99%) and New Era SA (0.37%).

As of the same date, Sopaf and Aviva perfected the acquisition of 100% of share capital of Area Life International Assurance Ltd (55% interest for Aviva and 45% for Sopaf) from Banco Popolare Soc. Coop. The purchase price was equal to €18,348,544 (the adjusted value of Area Life's net equity as of 30 June 2007 compared with the €23,500,000 indicated in the agreements executed on 1 August 2007).

It is also noted that Sopaf and Aviva signed another contract with the Banco Popolare Soc. Coop. on 1 August 2007 for the acquisition of 100% of the share capital of Aviva Previdenza S.p.A. (55% interest for Aviva and 45% for Sopaf). The purchase price for the transaction was set at €34,276,000. The perfection of the transaction is subject to the procurement of the necessary authorizations from the regulatory authorities.

As of 30 September 2007, the aforementioned investments are stated at cost.

### ***Other transactions***

On 4 September 2007, the offer available under option to the SOPAF S.p.A. shareholders of 56,520,463 bonds convertible into newly issued SOPAF S.p.A. ordinary shares (the "**Convertible Bonds**") was concluded; the bonds are part of the "SOPAF 2007-2012 3.875% convertible" issue.

Upon the termination of the offer on the market of the rights not exercised, a total of 152,120,000 option rights had been exercised for 20,384,080 Convertible Bonds with a countervalue of €17,937,990 (36.065% of the total Convertible Bonds covered by the offer), while the remaining 36,136,383 Convertible Bonds, or 63.935% of the offer

(corresponding to the option rights that were not exercised at the end of the offer on the market) were subscribed by Banca Akros by virtue of an underwriting agreement signed with the issuer. Accordingly, the transaction culminated with the subscription of all of the 56,520,463 Convertible Bonds covered by the bond issue, for a total countervalue of €49,738,007.44.

As part of the Group's reorganization and the objective of streamlining the chain of control, the Sopaf S.p.A. board of directors passed a resolution on 12 September 2007 approving the planned merger-by-incorporation of LM Real Estate S.p.A., Acal S.p.A. and Ida S.r.l. into the holding company, Sopaf S.p.A., with the accounting and tax effects thereof to be made retroactive to 1 January 2007.

As a preparatory step to the aforementioned resolution, on 11 September 2007, Sopaf S.p.A. acquired 100% of the share capital of the subsidiary, LM Real Estate, thereby perfecting the purchase of minority interests held respectively by the subsidiary, LM IS S.a.r.l. (in liquidation) (10.81% for €8,541,738) and Giorgio Magnoni (0.3% for €181,739).

On 26 September 2007, Tenerani S.r.l. proceeded to subscribe 99.99% of a newly incorporated Swiss company, Eolia S.A., with the payment of CHF 99,998.

## **GROUP'S SHAREHOLDINGS AS OF 30 SEPTEMBER 2007**

### **CONTROLLING INVESTMENTS HELD DIRECTLY BY THE HOLDING COMPANY, SOPAF S.P.A., AS OF 30 SEPTEMBER 2007**

#### **ACAL S.P.A.**

As of 30 September 2007, Sopaf S.p.A. was holding 100% of the share capital of Acal S.p.A., a special-purpose company that owns 24% of Delta S.p.A., a consumer credit company, offering a wide range of products and services for the retail segment. The Delta Group closed the first half of 2007 with a consolidated profit of €6.5 million. It is also noted that on 12 September 2007, the Sopaf S.p.A. board of directors passed a resolution approving the merger-by-incorporation of Acal S.p.A., with the accounting and tax effects thereof retroactive to 1 January 2007. The merger is part of the effort to streamline the chain of control within the Group.

#### **CUTTER S.ÀR.L.**

As of 30 September 2007, Sopaf S.p.A. was holding 100% of Cutter S.àr.l., a Luxembourg law company that is currently not operational.

#### **TERGESTE FUND**

As of 30 September 2007, Sopaf S.p.A. was holding 50,8% of the units of the real estate fund, Tergeste, with the remaining 49.2% owned by LM Real Estate. The fund invests in real estate development and trading transactions

As of 30 September 2007, the fund was holding equity investment in real estate companies as outlined below:

- 40% of Telma S.r.l., a company developing a real estate project in the southern part of Milan that entails the restructuring of some of the existing buildings and the construction of new buildings;
- 15% of Immobiliare Appia 2005 S.r.l., a company that owns a portfolio of properties in the center of Rome;
- 25.5% of Firanegocios S.L., a Spanish law company that involved in a prestigious real estate development project in area of Barcelona undergoing urban renewal;

- 50% of CO.SE. S.r.l., a company that owns a property in Como.

#### **IDA S.R.L.**

As of 30 September 2007, Sopaf S.p.A. was holding 100% of the share capital of IDA S.r.l., a company through which the Sopaf Group held 2.9% of the share capital of Sadi Servizi Industriali S.p.A. Publicly traded on the Italian Borsa, Sadi Servizi Industriali S.p.A. operates in environmental services (industrial waste treatment, recovery and disposal), the planning, construction and management of ecological plants, and environmental clean-up. As of 30 June 2007, the value of production reported by Sadi S.p.A. was equal to €53 million and the gross operating margin was equal to €8.8 million. It is also noted that on 12 September 2007, the Sopaf S.p.A. board of directors passed a resolution approving the merger-by-incorporation of IDA S.r.l., with the accounting and tax effects thereof retroactive to 1 January 2007. The merger is part of the effort to streamline the chain of control within the Group.

#### **LM LS S.P.A.**

LM LS S.p.A., which is 53% owned by Sopaf and 15.7% owned by LM IS S.à.r.l. (in liquidation), is a special-purpose investment company used for purchasing shareholdings in companies operating in the healthcare, diagnostics, bio-technology, pharmaceutical, and fitness sectors.

The investments in company's portfolio currently include:

- An 18.6% interest in **Advanced Accelerator Applications S.A.**, an Italian-French concern active in radiopharmaceuticals (investment of roughly €3.2 million); the company is a producer of radiotracers used in diagnostic exams, and has a production plant in Switzerland and two under construction in Italy. During the first half 2007, the company moved ahead with its planned expansion, starting up production in one of the two Italian plants and securing authorization for the building of another three plants (one in Italy and two in France). As of 31 December 2006, the company reported EBITDA of roughly €1 million and revenues of €5.4 million.
- A 17.86% stake in **iM3D S.p.A.** (f/k/a I.MED S.p.A.), an up-and-coming firm in the market for medical imaging and diagnostics (computer-aided detection); the company is developing new technologies for imaging in order to identify, diagnose and monitor tumours. During the first half of 2007, the company embarked on the marketing and sale of its first product.
- **Cerma S.r.l.**, a French company active in the cure of varicose veins in which LM LS acquired a 7.05% interest for €0.3 million on 31 July 2007.

#### **LM REAL ESTATE S.P.A.**

LM Real Estate is a sub-holding company 100% owned by Sopaf S.p.A. and mainly active in investing in real estate.

Following the divestiture of the interests in the property companies described in the preceding section, LM Real Estate was holding following investments as of 30 September 2007:

- 57% of Vector 102 S.r.l., a special-purpose company that is currently not operational;
- 15% of Demofonte S.r.l., a special-purpose company that owns a portfolio of properties acquired from Enel S.p.A. in February 2007;
- 225 units of the Tergeste Fund, or 49.2% of the fund's units for a countervalue of €6.3 million as of 30 September 2007;
- 3,445,585 shares of IMMSI S.p.A. for a countervalue of €6.2 million as of 30 September 2007.

It is also noted that on 12 September 2007, the Sopaf S.p.A. board of directors passed a resolution approving the merger-by-incorporation of LM Real Estate S.p.A., with the accounting and tax effects thereof retroactive to 1 January 2007. The merger is part of the effort to streamline the chain of control within the Group

#### **PRIVATE WEALTH MANAGEMENT SGR S.P.A.**

Sopaf S.p.A. holds 66.64% of the share capital of Private Wealth Management SGR S.p.A., a funds management company dedicated to the management and distribution of Italian-law hedge funds. The company currently manages five hedge funds, with total assets of roughly €180 million.

#### **SOPAF ASIA S.ÀR.L.**

As of 30 September 2007, Sopaf S.p.A. was holding through LM IS S.àr.l. (in liquidation) 85% of the share capital of Sopaf Asia S.àr.l., a company which provides advisory services to China Opportunity S.A. Sicàr. Sopaf Asia S.àr.l. has representative offices in Shanghai and Hong Kong.

#### **SOPAF CAPITAL MANAGEMENT SGR S.P.A.**

As of 30 September 2007, Sopaf S.p.A. was holding 100% of the share capital of Sopaf Capital Management SGR S.p.A., an asset management firm which currently manages a long/short equity arbitrage fund (Cartesio Global Equity Fund) with assets of roughly €47.2 million.

#### **TENERANI**

As of 30 September 2007, Sopaf S.p.A. was holding 100% of the share capital of Tenerani S.r.l., a special-purpose company that is currently not operational.

#### **OTHER INVESTMENTS HELD DIRECTLY BY THE HOLDING COMPANY, SOPAF S.P.A., AS OF 30 SEPTEMBER 2007**

##### **AFT S.R.L.**

Sopaf holds 40% of AFT S.r.l. directly and another 17.76% indirectly, through LM IS S.a.r.l. (in liquidation) and Nearco Invest S.a.r.l. Even though holding 57.76% of AFT, the Sopaf Group does not control the company's governance which is covered by agreements executed between other shareholders that do not allow Sopaf to appoint and/or to remove the majority of the members of board of directors and that consequently do not permit Sopaf to control the financial and operating policies of the company.

AFT S.r.l. is the owner of roughly 1,150 telephone exchanges nationwide that used to belong to Telecom Italia. The company also holds 100% of Linkem S.p.A. (f/k/a Megabeam Italia S.p.A), a company set up in 2001 that has become the national leader in designing, building and managing networks for wireless broad-band connections.

The company is working on its participation in an upcoming tender for the assignment of wimax licenses. For the nine months ending 30 September 2007, AFT had revenues of €5.9 million.

##### **CORONET S.P.A.**

As of 30 September 2007, Sopaf S.p.A. was holding 30% of the share capital of Coronet S.p.A., a company specializing in the production, marketing and sale of synthetic materials used mainly in the footwear business. As described in detail in the half-year report as of 30 June 2007, Coronet drew up a revised 2008-2010 business plan that is significantly different from the previous plan, with revenue estimates some 30% below those previously indicated and the achievement of operating breakeven not expected until the end of 2010. On the basis of such elements and in advance of the approval of the company's financial statements as of 30 June 2007 (approval that was later

deferred to mid-November 2007), the value of the investment was written down by €10 million as of 30 June 2007, to a carrying value of €3.4 million.

#### **ESSERE S.P.A.**

As of 30 September 2007, Sopaf was holding 35.77% of Essere S.p.A., a financial broker set up in November 2004 which is active in the distribution of mortgages and insurance products. During the first nine months of 2007, the company placed mortgages with a value of around €282 million, reporting revenues of roughly €17 million.

#### **FIVE STARS S.A.**

Sopaf holds 100% of the Class A shares in the Luxembourg company. The company is controlled by a group of investors through the assignment of warrants entitling the holders to subscribe the Class B shares at any time. After having paid a preferential return of 9% of annual earnings to investors, Five Stars pays out 75% of the residual earnings to the warrant holders and 25% to Sopaf S.p.A.

Five Stars S.A. owns 450 units of the closed-end real estate investment fund, "FIP - Fondo Immobili Pubblici", promoted by the Italian Ministry of the Economy and Finance and acquired for a total investment of €57 million.

#### **PETUNIA S.P.A.**

As of 30 September 2007, Sopaf was holding 59.38% of Petunia, a special-purpose company that holds 49.75% of the share capital of Banca Bipielle Network S.p.A. Sopaf S.p.A. does not control the company since 122,118 of the total shares held (or 10.38% of the capital) are Class B shares without voting rights; the control of the company is in the hands of Aviva Italia Holding S.p.A. which owns 51% of the Class A shares with voting rights.

#### **POLIS FONDI SGR.P.A.**

As of 30 September 2007, Sopaf S.p.A. was holding 49% of Polis Fondi Sgr.p.A., a funds management company is active in the management of real estate funds. The company currently manages the Polis Fund, a closed-end real estate fund for the retail market that was set up in June 2000 and has assets under management amounting to €319 million, and the Tergeste Fund, a closed-end real estate fund for qualified investors, set up with transfer of assets from the Sopaf Group.

#### **PWM AIGGIG MULTIMANAGER FUND**

As of 30 September, Sopaf S.p.A. was holding around 44% of the hedge fund of funds, PWM AIGGIG Multimanager Fund, serving as the financial co-sponsor of the fund together with American group, AIG.

#### **S.F.E.R.A. S.R.L.**

As of 30 September 2007, Sopaf S.p.A. was holding 50% of the share capital of S.F.E.R.A. S.r.l., a special-purpose company dedicated to seeking out and developing business opportunities in the renewable energy sector.

#### **SHAREHOLDINGS IN LIQUIDATION/BANKRUPTCY:**

##### **LM & PARTNERS S.C.A. (IN LIQUIDATION)**

LM & Partners S.C.A. is a Luxembourg-law company, whose liquidation was approved on 19 December 2006.

As of 30 September 2007, the Sopaf Group was holding 100% of the company.

#### **LM IS S.ÀR.L. (IN LIQUIDATION)**

LM IS S.àr.l. (in liquidation), a Luxembourg-law company that is wholly owned by Sopaf, is the management company for LM & Partners S.C.A. (in liquidation); following the decision to liquidate the latter company, the shareholders of LM IS passed a resolution on 27 December 2006 approving the company's voluntary liquidation and the appointment of a liquidator.

#### **VOLARE (GROUP) S.P.A. (IN EXTRAORDINARY ADMINISTRATION)**

As of 30 September 2007, Sopaf S.p.A. was holding 24% of Volare S.p.A. with a carrying value of zero.

#### **FORMULA SPORT GROUP S.R.L. (IN BANKRUPTCY)**

The 19% interest in the company previously booked at €998,000 was written down to nil value in prior years. The shareholders are proceeding with the appeal of a bankruptcy order handed down by the Court of Milan; the appeal is in line with a previous opinion expressed by the temporary administrator in favour of the company's liquidation.

#### **INVESTMENTS HELD THROUGH THE SUBSIDIARY, LM & PARTNERS S.C.A. (IN LIQUIDATION) AS OF 30 SEPTEMBER 2007**

##### **VALORE BY AVERE ASSET MANAGEMENT S.C.A.**

As of 30 September 2007, LM & Partners S.C.A. (in liquidation) was holding 11.9% of the real estate investment company, Valore By Avere Asset Management S.C.A. The company is active in buying and selling residential real estate in the Berlin area. The company's property portfolio currently embraces roughly 80,000 square meters, with 80% of the total represented by properties for residential use.

##### **BLUE H GROUP LTD.**

As of 30 September 2007, LM & Partners S.C.A. (in liquidation) was holding 1.6% of the share capital of Blue H Group, a company operating in the eolic energy sector. The company is planning the construction of innovative offshore platforms for energy production.

##### **BEVEN FINANCE S.ÀR.L.**

As of 30 September 2007, LM & Partners S.C.A. (in liquidation) was holding 50% of the share capital of Beven Finance S.àr.l., a Luxembourg company that was set up as a 50/50 joint venture with the American fund, Ramius. The company holds 5.44% of the share capital of Management & Capitali S.p.A., a company traded on the Italian Borsa that specializes in turning around small and medium-sized businesses.

##### **CHINA OPPORTUNITY S.A. SICÀR**

As of 30 September 2007, LM & Partners S.C.A. (in liquidation) was holding 9.9% of the Class B shares of China Opportunity, a Luxembourg Sicàr focusing on investing in Chinese businesses with potential for developing internationally. China Opportunity was set up with initial capital of roughly €33 million and a six-year term. In addition, LM IS (in liquidation) was holding all of the Class A shares (which guarantee higher returns than the Class B shares). As a result, the Group's interest in the Sicàr is equal to 46% of the capital.

##### **GREEN BIT S.P.A.**

As of 30 September 2007, LM & Partners S.C.A. (in liquidation) was holding 23.72% of the share capital of Green Bit S.p.A. The company plans and builds finger-print recognition devices used for identification, recognition and security systems. During the

first half of 2007, the company and its partners were awarded contracts by the Spanish Interior Ministry for the supply of biometric systems to be developed for the production and distribution of electronic identification cards in Spain. As of 30 September, the company had revenues of roughly €4 million.

#### **RES FINCO A.G.**

As of 30 September 2007, LM & Partners S.C.A. (in liquidation) was holding 24.72% of Res Finco A.G., the German RES Rennergys AG's holding company. The company is active in the renewable energy business. Through its different operating company, Res Finco AG is able to offer integrated solutions (planning, development, construction and management) in the renewable energy business, specializing on the development of wind parks; the company also manages the parks and providing accessory services in relation thereto. The company operates through two divisions: the first refers to the wind parks in operation, and the second is charged with identifying new development opportunities, and currently has a portfolio of projects at different stages of authorization in France, Germany, Spain, Poland and Italy. The company currently operates one of largest wind parks in Germany, with installed capacity of 76.5 MW, and is setting up two parks in France for a total of 67 MW of power.

#### **SISKIN S.A./SILA HOLDING INDUSTRIALE S.P.A.**

As of 30 September 2007, LM & Partners S.C.A. (in liquidation) was holding 100% of the share capital of Siskin S.A., special-purpose company through which the Group holds 27.5% of the share capital of Sila Holding Industriale S.p.A.

The Sila Group operates in the automobile components business, and specifically, in the production, marketing and sale of complete gear shifters control systems, push-pull cables for autos and industrial vehicles and car interiors. For the first nine months of 2007, Sila Group reported revenues of €101 million and EBITDA of roughly €13 million, with both figures well above those posted for the same period of 2006.

#### **WESTINDUSTRIE S.R.L.**

As of 30 September 2007, LM & Partners S.C.A. (in liquidation) was holding 22% of Westindustrie S.r.l, a special-purpose company that is currently not operational.

#### **LEISURE LINK LTD. (IN LIQUIDATION)**

As of 30 September 2007, the company was in voluntary liquidation; in prior periods, LM & Partners S.C.A. (in liquidation) wrote down the value of the investment to its current carrying value of €0.2 million.

#### **MIRROR TRE S.ÀR.L. (IN LIQUIDATION )**

As of 30 September 2007, LM & Partners S.C.A. (in liquidation) was holding 25% of the share capital of Mirror Tre S.àr.l. (in liquidation).

#### **SECOND MIRROR S.A. (IN LIQUIDATION)**

As of 30 September 2007, LM & Partners S.C.A. (in liquidation) was holding 36% of the share capital of Second Mirror S.A. (in liquidation).

#### ***Schedule of the Sopaf Group's main shareholdings as of 30 September 2007***

## Investments in affiliates valued with the net equity method

in EUR 000's

	30.09.2007	30.06.2007	31.12.2006
<b>Financial area</b>			
Beven Finance S.a.r.l.	12.052	13.259	13.718
Five Stars S.a.r.l.	5.118	4.330	2.554
Essere S.p.A.	1.060	1.139	838
China Opportunity SA Sicar	5.420	5.471	5.365
Petunia S.r.l.	39.794	541	476
BPL Network S.p.A.	19.740	-	-
Area Life International Assurance Limited	8.385	-	-
PWM AIG Multimanager	12.979	14.500	-
Polis Fondi S.G.R.P.A.	7.980	7.828	7.983
<b>Industrial area</b>			
AFT S.r.l./Nearco Sarl	9.301	9.144	10.740
SILA S.p.A.	4.087	4.087	4.087
<b>Real estate area</b>			
Firanegocios L.S.	3.832	3.878	2.827
Telma Srl (*)	6.365	6.753	5.289

## Financial assets available for sale stated at fair value

in EUR 000's

	30.09.2007	30.06.2007	31.12.2006
<b>Financial area</b>			
Delta S.p.A	96.000	96000	-
HSBC Monétaire	1.544	1528	1.655
PWM GILV	1.108	1143	1.092
Fondo immobiliare 'Valore' by Avere AM	2.000	2000	2.000
<b>Industrial area</b>			
IMMSI S.p.A.	6.202	11125	-
Coronet S.p.A.	3.400	3400	13.400
Advanced Accelerator Applications S.A.	5.954	5954	3.202
Green BIT S.r.l.	3.514	3514	3.514
I.MeD S.r.l.	1.500	1500	1.500
Sadi S.p.A.	6.182	7128	6.210
Res Finco AG (*)	10.421	10421	7.401
<b>Real estate area</b>			
Immobiliare Appia 2005 S.r.l.	1.868	1868	1.920
Demofonte S.r.l. (*)	3311	3011	-

(\*) Inclusive of financial receivables due from the company in which the investment is held

## Material events subsequent to 30 September 2007

At the end of September, the Sopaf Group notified the other shareholders of Delta S.p.A. of its decision not to proceed with underwriting the share capital increase approved by Delta's extraordinary shareholders' meeting on 5 July 2007.

The Sopaf Group explained its decision, indicating that it did not agree with the approach to the company's governance.

Based on the foregoing considerations and on the fact that several shareholders illegally declared the termination of the shareholder agreements in relation to Delta S.p.A. on 17 July 2007, the Company presented a statement of claim to the Court of Bologna on 18 October 2007 with respect to Delta S.p.A. and several of its shareholders in order to have the aforementioned resolution for the capital increase annulled by the court.

On 23 October 2007, the board of directors of Sopaf S.p.A. approved a share-buyback plan to be submitted to the shareholders' meeting.

The share-buyback program ("the Program"), which will be used for the employment of liquidity, will provide that:

- The purchases will be made through one or more transactions over a period of 18 months from the date of the shareholder resolution approving the Program;
- The purchases will be made exclusively in regulated markets, according to the operational conditions established by Borsa Italiana S.p.A., which do not permit the direct matching of buy bids with pre-determined offers for sale (pursuant to Article 144-bis of the CONSOB Regulation n. 11971 of 14 May 1999);
- The purchases will be made for a maximum of EUR 2.7 million, without prejudice to the respect of the limits referenced in Article 2357 and the articles thereafter of the Italian Civil Code, corresponding to a maximum of 5.2 million own shares;
- Each purchase will be made at a unit price not exceeding 5% of the average of the prices of reference registered through the Borsa Italiana electronic system in the three market sessions preceding any individual transaction;
- The quantity of shares purchased will not exceed 25% of the average daily volume of shares traded on the regulated market in which the transaction is effected, as calculated on the basis of the average daily volume of the trades of the month preceding the month during which the Program is announced to the public, and fixed, on such basis, for the entire duration of the Program;
- All purchase transactions will be effected in compliance with any applicable laws and regulations;
- Information about the execution and the outcome of the Program shall be communicated to the public at the end of the period for which the authorization of the shareholders shall be given;
- The financial resources needed for the share purchases will be procured from transactions involving the disposal of non-core investments held by Sopaf;
- Sopaf, for the purpose of the execution of the Program, will provide a mandate for the negotiation of financial instruments for the account of third parties to a securities market intermediary of prime standing, specifying the limits, conditions and timing of the transactions involving the purchase of Sopaf's shares.

At present, Sopaf does not own any of its own shares, and the subsidiary companies do not own any shares of the holding company.

As of the same date, the board of directors convened ordinary and extraordinary shareholders' meetings, the first session of which to be held on 24 November 2007 at 11:00 a.m. at the Company's registered office at Foro Buonaparte 24, Milan, and the second session of which to be held on day 27 November 2007 at 11.00 a.m. at the Residenza Liberty, Corso Vercelli 57, Milan, and on 28 November at the Company's office at 11.00.

At the ordinary meeting, the shareholders will be called on to approve the share-buyback program described above, and the addition of a maximum of two directors to the board of directors. At the extraordinary meeting, the shareholders will be called upon to approve the merger-by-incorporation of LM Real Estate S.p.A., Acal S.p.A. and Ida S.r.l. into Sopaf S.p.A. and several changes to the Company's by-laws which are being made for the purpose of incorporating new provisions introduced by Legislative Decree n. 303 of 29 December 2006.

On 25 October 2007, LM Real Estate S.p.A. proceeded to sell its entire holding in Vector 102, namely, 57% of the share capital. It is noted that Vector 102 was a non-operational special-purpose company for the Group.

On 7 November 2007, the Tergeste Fund, all of which is held by Sopaf Group, finalized an agreement with third parties to sell the 40% interest in Telma S.r.l., a special-purpose company that owns an industrial area spanning roughly 75,000 square meters in Milan. The sale generated a capital gain of roughly €8 million that will be booked to the consolidated financial statements as of 31 December 2007.

On 7 November 2007, Sopaf S.p.A. acquired 128 Class A units of the closed-end real estate fund, FIP-Fondo Immobili Pubblici, perfecting the purchase with third-party investors on the secondary market for a total of €18.2 million.

It is noted that the fund is managed by Investire Immobiliare Sgr S.p.A. and, as explained in detail in other sections of this report, other units of the same fund are currently held by the Group's affiliate, Five Stars SA.

## **OUTLOOK**

In consideration of the results achieved as of 30 September 2007 and of the Tergeste Fund's sale of the investment in Telma S.r.l., the board believes the Group will close 2007 with significantly higher earnings than those reported in recent years.

Milan, 13 November 2007

Giorgio Ciria  
Chairman of the Board of Directors

# CONSOLIDATED FINANCIAL STATEMENTS

## SOPAF GROUP

### CONSOLIDATED PROFIT AND LOSS STATEMENT

in EUR 000's

	Notes	Quarter		1.01.2007 30.09.2007	01.07.2006 30.09.2006	01.07.2006 31.12.2006
		01.7.07 30.09.07	01.07.06 30.09.06			
				9 months	3 months	6 months
Revenues	16	1.098	2.199	4.220	2.199	2.952
Other income	17	159	4.353	1.043	4.353	2.071
Materials purchases and external services	18	(1.804)	(3.135)	(8.076)	(3.135)	(4.394)
Personnel expense	19	(1.108)	(783)	(3.750)	(783)	(2.076)
Other operating expenses	20	(656)	(843)	(4.083)	(843)	(2.978)
<b>Gross profit</b>		<b>(2.311)</b>	<b>1.791</b>	<b>(10.646)</b>	<b>1.791</b>	<b>(4.425)</b>
Risk provisions and writedowns	21	-	-	(10.295)	-	(59)
Depreciation and amortization		(226)	(18)	(656)	(18)	(141)
Gains (losses) from sale of non-current assets	22	2.553	-	62.597	-	8.306
<b>Operating profit</b>		<b>16</b>	<b>1.773</b>	<b>41.000</b>	<b>1.773</b>	<b>3.681</b>
Earnings accrued on shareholdings valued with net equity method	23	686	1.321	1.911	1.321	10.659
<b>Profit before interest and taxes</b>		<b>702</b>	<b>3.094</b>	<b>42.911</b>	<b>3.094</b>	<b>14.340</b>
Financial income		360	705	4.690	705	2.563
Financial charges		(2.025)	(1.548)	(5.597)	(1.548)	(6.394)
Financial income (charges), net	24	(1.665)	(843)	(907)	(843)	(3.831)
<b>Profit before taxes</b>		<b>(963)</b>	<b>2.251</b>	<b>42.004</b>	<b>2.251</b>	<b>10.509</b>
Current taxes		87	(142)	(102)	(142)	(1.654)
Deferred taxes		824	(98)	(1.663)	(98)	1.179
Income taxes		911	(240)	(1.765)	(240)	(475)
<b>Net profit from continuing operations</b>		<b>(52)</b>	<b>2.011</b>	<b>40.239</b>	<b>2.011</b>	<b>10.034</b>
Net profit from operations sold		-	-	-	-	-
<b>Net profit</b>		<b>(52)</b>	<b>2.011</b>	<b>40.239</b>	<b>2.011</b>	<b>10.034</b>
<b>Allocable to:</b>						
Minority interests		(191)	(267)	(71)	(267)	(57)
<b>Group</b>		<b>139</b>	<b>1.744</b>	<b>40.310</b>	<b>1.744</b>	<b>10.091</b>
<b>Earnings per share (in €)</b>						
- Primary				0,0954	0,0041	0,0239
- Diluted				0,0840	0,0040	0,0229

# CONSOLIDATED FINANCIAL STATEMENTS

## CONSOLIDATED BALANCE SHEET

in EUR 000's

	Note	30.9.2007	31.12.2006	30.09.2006
Goodwill		2.476	1.599	-
Intangible fixed assets		198	81	48
Tangible fixed assets	4	14.297	7.365	1.080
Shareholdings in affiliate companies / jointly controlled companies	5	129.968	99.517	96.861
Financial assets	6	152.915	169.633	123.317
Other assets		103	-	-
Tax credits	7	18.085	17.840	36.653
Deferred tax assets	8	5.944	8.964	6.493
<b>Total non-current assets</b>		<b>323.986</b>	<b>304.999</b>	<b>264.452</b>
Inventories		-	-	78.031
Customer receivables and other trade receivables	9	3.068	594	894
Other receivables and other assets	10	29.858	42.613	15.523
Other financial assets		4.218	3.132	328
Cash and cash equivalents		23.788	2.420	23.612
<b>Total current assets</b>		<b>60.932</b>	<b>48.759</b>	<b>118.388</b>
Non-current assets held for sale		-	-	-
<b>Total assets</b>		<b>384.918</b>	<b>353.758</b>	<b>382.840</b>
Capital		80.000	80.000	80.000
Undivided profits		95.820	76.306	46.014
<b>Shareholders' equity</b>		<b>175.820</b>	<b>156.306</b>	<b>126.014</b>
Minority interests		3.617	23.323	51.277
<b>Total shareholders' equity</b>		<b>179.437</b>	<b>179.629</b>	<b>177.291</b>
Bonds		43.314	-	-
Due to banks and other lenders	11	62.914	41.360	130.714
Financial leases payable	12	8.663	4.600	-
Other liabilities	13	22.112	12.552	-
Pension and employment-severance liabilities		342	249	163
Deferred tax liabilities		3.067	4.403	-
Provisions		1.758	2.660	1.730
<b>Total non-current liabilities</b>		<b>142.170</b>	<b>65.824</b>	<b>132.607</b>
Due to banks and other lenders	14	48.894	81.326	55.509
Financial leases payable		138	-	-
Trade accounts payable		3.165	3.115	5.158
Other liabilities	15	11.114	23.864	12.275
<b>Total current liabilities</b>		<b>63.311</b>	<b>108.305</b>	<b>72.942</b>
<b>Total current liabilities</b>		<b>-</b>	<b>-</b>	<b>-</b>
<b>Total liabilities and shareholders' equity</b>		<b>384.918</b>	<b>353.758</b>	<b>382.840</b>

## CONSOLIDATED NET FINANCIAL POSITION

As of 30 September 2007, the Sopaf Group had net debt amounting to €135,917,000, computed as follows:

in EUR 000's

<b>NET FINANCIAL POSITION</b>	<b>30.09.2007</b>	<b>31.12.2006</b>	<b>30.09.2006</b>
A) Cash on hand	127	847	283
B) Other cash and cash equivalents	23.661	1.573	23.329
C) Securities held for trading	1.176	-	-
<b>D) TOTAL LIQUIDITY (A+B+C)</b>	<b>24.964</b>	<b>2.420</b>	<b>23.612</b>
<b>E) Current financial receivables</b>	<b>3.042</b>	<b>3.132</b>	<b>328</b>
F) Current bank debt	19.236	61.624	53.302
G) Current maturities of long-term debt	29.058	19.572	2.031
H) Other current financial debt	738	130	176
<b>I) CURRENT FINANCIAL DEBT (F+G+H)</b>	<b>49.032</b>	<b>81.326</b>	<b>55.509</b>
<b>J) NET CURRENT FINANCIAL DEBT (I-E-D)</b>	<b>21.026</b>	<b>75.774</b>	<b>31.569</b>
K) Non-current bank debt	63.510	39.207	115.885
L) Bonds issues	43.314	-	-
M) Other non-current debt	8.067	6.753	14.837
<b>N) NON-CURRENT FINANCIAL DEBT (K+L+M)</b>	<b>114.891</b>	<b>45.960</b>	<b>130.722</b>
<b>O) NET FINANCIAL DEBT (J+N)</b>	<b>135.917</b>	<b>121.734</b>	<b>162.291</b>

The net financial position as of 30 September 2007 reflects various changes with respect to the position as of 31 December 2006, including a marked increase in non-current financial debt (issuance of the convertible bonds and new medium-term bank financing to support investment activity) and a general reduction of short-term bank debt which reflects the use of both the liquidity generated by the sale of several equity investments and the proceeds of the bond issue. The shifting of the debt toward medium-term maturities reflects the Group's strategy to reorganize the financial liabilities in relation to the term of the investments.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2007

## 1 FORM AND CONTENT OF THE FINANCIAL STATEMENTS

The quarterly report been prepared in accordance with the provisions of the CONSOB Resolutions no. 14990 of 14 April 2005 (which modifies the Issuer Regulation no. 11971 of 1999), the provisions contained in the Borsa Italiana Notice n. 5043 of 21 April 2005, and the criteria set out in Exhibit 3D of the referenced resolution.

The Sopaf Group has prepared this quarterly report in accordance with the provisions of Article 82 of the aforementioned regulations and in conformity with international accounting principles, with exclusion of IAS 34, as allowed by Article 82 of the aforementioned regulations.

Since Sopaf holds controlling interests in companies, the quarterly report has been prepared on a consolidated basis. As in previous quarters, all of the information included in this report refers to the Sopaf Group's consolidated data.

It is furthermore noted that the information disclosures in this report are not similar to those for a complete set of financial statements prepared in accordance with IAS 1.

### General principles

As indicated above, the quarterly report has been prepared in conformity with the the International Financial Reporting Standards (IFRS).

The accounting principles and valuation criteria adopted in this quarterly report are therefore the same accounting principles and valuation criteria used in the preparation of the previously published consolidated quarterly reports and the consolidated financial statements for the year ending 31 December 2006, which are illustrated in the section of the annual report entitled "Accounting Policies and Basis for Preparation" to which reference is made.

The preparation of this report did not entail any significantly greater use of estimates vis-à-vis the preparation of the annual accounts; the valuation and consolidation criteria used for the preparation of this report are the same as those used for the preparation of the consolidated financial statements as of 31 December 2006.

The quarterly financial statements of the subsidiary companies used for the preparation of the consolidated quarterly report are those made available by the respective administrative areas of the companies; such statements have been reclassified, if necessary, to bring them in line with the statements of the holding company.

### Period of reference

The extraordinary meeting of the shareholders of Sopaf S.p.A. held on 10 November 2006 passed a resolution to change the fiscal year end from 30 June to 31 December in order to align the fiscal year period for the Company with that for companies in which investments are held.

The change in the fiscal year end from 30 June to 31 December approved by the holding company, Sopaf S.p.A., has entailed the related change of the date of reference of the consolidated financial statements.

For the effect of the aforementioned resolution, this quarterly report as of 30 September 2007 refers to an interim period of nine months (from 1 January 2007 to 30 September 2007), and includes, for comparative purposes, the data and information in relation to

the corresponding three-month interim period of the preceding year (from 1 July 2006 to 30 September 2006).

Accordingly, the profit-and-loss data in the quarterly report are compared with those for the first quarter of the preceding year, whereas the balance-sheet data are compared with the data from the consolidated financial statements of the previous year (six months ending 31 December) prepared using the same criteria.

Unless otherwise specified, the figures in the quarterly report are denominated in thousands of euros.

#### **Consolidation criteria**

The consolidation area includes the holding company, Sopaf S.p.A., and the companies controlled by the holding company, namely, those companies over which the holding company has the power, directly or indirectly, to determine the financial and operating policies for the purpose of obtaining the benefits therefrom.

The financial statements of the subsidiaries are included in the consolidated financial statements from the date on which the control is effectively transferred to the Group until the date on which the control is transferred outside of the Group.

#### **Accounting principles - Investments in affiliate and/or jointly controlled companies**

The shareholdings in affiliate companies are valued on the basis of the net equity method in accordance with international accounting principles. Pursuant to IAS 28, an affiliate company is a company over which the Group is able to exercise significant influence inasmuch as the Group works with management / other shareholders in making decisions about operating and financial policies of the company.

The shareholdings in companies other than affiliate companies are recorded as non-current assets in the account, "Other financial assets", and, as provided by IAS 39 with reference to financial assets available for sale, are valued at fair value, or at cost whenever fair value cannot be reliably determined.

The gains and losses from changes in fair value are booked directly to shareholders' equity until the assets are sold or until a loss is recognized due to impairment of value. Upon the sale of the assets or the recognition of an impairment loss, the total gains and losses previously booked to shareholders' equity are transferred to the profit and loss statement for the then current period. The original value may be reinstated in subsequent years should the premises for the writedown effected no longer apply.

The risk arising from any losses exceeding shareholders' equity is quantified in a special reserve to the extent to which the investing company is required to meet legal or implicit obligations with respect to the company in which the investment is held or to cover such company's losses.

#### **Accounting principles - financial assets**

Receivables and financial assets held to maturity are booked at cost, which is equal to the fair value of the initial price paid, increased by any transaction costs (e.g. commissions, costs for advisory services, etc.). The initial carrying value is later adjusted to take into account: the repayments of principal; writedowns, if any; and the amortization of the difference between the repayment value and the initial carrying value. The amortization is based on the actual internal rate of return represented by the rate that equalizes, upon the initial recognition of the assets, the present value of the expected cash flows from the assets and the initial carrying value of the assets ("amortized cost method").

Receivables and financial assets held to maturity are classified as non-current assets unless the directors intend to dispose of the investments within 12 months from the balance-sheet date.

The unrealized gains and losses arising from change in fair value on non-monetary securities classified as assets available for sale are booked to shareholders' equity.

Whenever the securities classified as available for sale are sold or experience a reduction in value, the cumulative changes in fair value are booked to the profit and loss statement as gains or losses from investment securities.

The fair value of listed investments is based on current bid prices.

Whenever there is no active market for a financial asset (unlisted securities), the Group establishes the fair value by using valuation techniques.

Such techniques may include references to recent transactions between knowledgeable and willing parties, references to other, substantially similar instruments, and the analysis of discounted cash flows adapted in order to reflect the issuer's specific situation.

Receivables and loans are non-derivative financial assets entailing fixed or determinable payments which are not traded in an active market, and which are not intended to be traded. The assets mature 12 months or more following the balance-sheet date.

At each balance-sheet date, the Group conducts a review to determine the existence of any objective evidence that a financial asset or a group of financial assets has experienced impairment of value. In the case of equity securities classified as assets available for sale, the determination of impairment of value also includes any significant and continuing decrease of fair value that would put the fair value below the cost of the securities.

Derivatives instruments are booked and carried at fair value. The rules established by IAS 39 for hedge accounting are applied in the valuation of hedging instruments.

#### **Accounting principles – convertible bonds**

The component of the convertible bonds that has the characteristics of debt is booked as a liability, net of issuance costs. The fair value of the debt component is computed at the date of issue by using the market price for an equivalent non-convertible bond; such amount is classified as a long-term liability, and is adjusted thereafter until the date of conversion or reimbursement with the use of the amortized cost method.

The residual portion of the nominal value of the bond loan is assigned to the conversion option, which is booked to shareholders' equity, net of issuance costs. The value of the conversion option is not adjusted in later periods.

The issuance costs are proportionally split between the debt and equity components of the bond at the time such components are initially reported.

#### **SPECIFIC CRITERIA FOR REPORTING INTERIM RESULTS**

##### **Seasonality**

The profit and loss statement for the third quarter is not influenced to any significant extent by seasonal factors.

##### **Taxes**

Taxes are computed on interim earnings on the basis of the tax rate that is expected to be applied for the full year.

##### **Costs**

Costs that are incurred unevenly during a financial year are anticipated or deferred for interim reporting purposes if the anticipation or deferral complies with the accounting principles used for the preparation of the annual financial statements.

### 3 CONSOLIDATION AREA

The consolidated financial statements have been prepared with reference to the financial statements as of 30 September 2007 that have been submitted by the respective consolidated companies, and adjusted, where necessary, to bring them into line with the Group's classification criteria and accounting principles (IFRS).

The table below shows the companies included in the consolidation area as of 30 September 2007.

#### SOPAF S.p.A.

#### CONSOLIDATION AREA

Company	Directly	Indirectly	Total % Held	Registered Office	Country	Currency	Consolidation Method
<b>Holding company:</b>							
SoPaF S.p.A.							
<b>Direct subsidiary companies:</b>							
ACAL S.p.A.	100,0%	-	100,0%	Milan	Italy	Euro	Full
Cutter S.a.r.l.	100,0%	-	100,0%	Luxembourg	Luxembourg	Euro	Full
IDA S.r.l.	100,0%	-	100,0%	Milan	Italy	Euro	Full
LM IS S.a.r.l. (in liquid.)	100,0%	-	100,0%	Luxembourg	Luxembourg	Euro	Full
LM & Partners S.C.A. (in liquid.) (****)	89,2%	10,8%	100,0%	Luxembourg	Luxembourg	Euro	Full
PWM Sgr.p.A.	66,7%	-	66,7%	Milan	Italy	Euro	Full
Tergeste (**)	50,8%	49,2%	100,0%	Milan	Italy	Euro	Full
LM Real Estate S.p.A.	100,0%	-	100,0%	Milan	Italy	Euro	Full
Sopaf Capital management SGR S.p.A.	100,0%	-	100,0%	Milan	Italy	Euro	Full
LM LS S.p.A. (*)	53,0%	15,7%	68,8%	Milan	Italy	Euro	Full
Tenerani srl	100,0%	-	100,0%	Milan	Italy	Euro	Full
<b>Direct affiliate companies:</b>							
Polis Fondi S.gr.p.A.	49,0%	-	49,0%	Milan	Italy	Euro	Net equity method
Petunia S.p.A.	59,4%	-	59,4%	Milan	Italy	Euro	Net equity method
S.f.e.r.a. S.r.l.	50,0%	-	50,0%	Milan	Italy	Euro	Net equity method
Essere S.p.A.	35,8%	-	35,8%	Milan	Italy	Euro	Net equity method
Five Stars S.A.	99,9%	-	99,9%	Luxembourg	Luxembourg	Euro	Net equity method
Aft S.r.l. (**)	40,0%	17,7%	57,7%	Milan	Italy	Euro	Net equity method
PWM AIGGIG Multimanager Fund	44,0%	-	44,0%	Milan	Italy	Euro	Net equity method
Bipielle Network S.p.A.	15,0%	29,5%	44,5%	Lodi	Italy	Euro	Net equity method
Area Life International Assurance Ltd	45,0%	-	45,0%	Dublin	Ireland	Euro	Net equity method
Nearco Invest Sarl	49,0%	-	49,0%	Luxembourg	Luxembourg	Euro	Net equity method
<b>Direct investments:</b>							
Coronet S.p.A.	30,0%	-	30,0%	Milan	Italy	Euro	Fair value
Parc Eolien De S.Riquier	40,0%	-	40,0%	Lion Sur Mer	France	Euro	Cost
Noventi Field Venture LP	11,7%	-	11,7%	Menlo Parc CA	USA	Euro	Cost
Volare S.p.A. (in liquidazione)	24,6%	-	24,6%	Vicenza	Italy	Euro	Cost
<b>Indirect subsidiary companies:</b>							
- through LM & Partners S.C.A. Siskin S.A.		100,0%	100,0%	Luxembourg	Luxembourg	Euro	Full
- through LM Real Estate S.p.A. Vector 102 S.r.l.		57,0%	57,0%	Milan	Italy	Euro	Full
- through LM IS S.a.r.l. Sopaf Asia Sarl		85,0%	85,0%	Luxembourg	Luxembourg	Euro	Full
- through Tenerani srl Eolia SA		100,0%	100,0%	Bellinzona	Switzerland	Euro	Full
<b>Indirect affiliate companies:</b>							
- through LM & Partners S.C.A. Beven Finance S.a.r.l.		50,0%	50,0%	Luxembourg	Luxembourg	Euro	Net equity method
Second Mirror S.A. (in liquidazione)		36,0%	36,0%	Luxembourg	Luxembourg	Euro	Net equity method
Mirror tre S.a.r.l. (in liquidazione)		25,0%	25,0%	Luxembourg	Luxembourg	Euro	Net equity method
Westindustrie S.r.l.		22,0%	22,0%	Milan	Italy	Euro	Net equity method
- through Petunia Bipielle Network S.p.A.		49,75%	44,5%	Lodi	Italy	Euro	Net equity method
- through Siskin S.A. Sila S.p.A.		27,5%	27,5%	Turin	Italy	Euro	Net equity method
- through Aft S.r.l. Linkem S.p.A.		100,0%	57,8%	Milan	Italy	Euro	Net equity method
Linkem Service S.r.l.		100,0%	57,8%	Palermo	Italy	Euro	Net equity method
- through LMIS S.a.r.l. e LM&Partners SCA China opportunity SA		42,4%	42,4%	Luxembourg	Luxembourg	Euro	Net equity method
- through Fondo Tergeste Telma Srl		40,0%	40,0%	Milan	Italy	Euro	Net equity method
Intarch S.r.l.		39,6%	40,0%	Milan	Italy	Euro	Net equity method
Facere S.r.l.		39,6%	40,0%	Milan	Italy	Euro	Net equity method
Agorà S.r.l.		39,6%	40,0%	Milan	Italy	Euro	Net equity method
Buena Suerte S.r.l.		39,6%	40,0%	Milan	Italy	Euro	Net equity method
Valim S.r.l.		39,6%	40,0%	Milan	Italy	Euro	Net equity method
TauCeti S.r.l.		39,6%	40,0%	Milan	Italy	Euro	Net equity method
Firanecogios SA		25,5%	25,5%	Barcelona	Spain	Euro	Net equity method
Immobiliare Appia		15,0%	15,0%	Milan	Italy	Euro	Fair value
Cose S.r.l.		50,0%	50,0%	Milan	Italy	Euro	Net equity method
- through Nearco S.a.r.l. Aft S.r.l.		21,0%	57,76%	Milan	Italy	Euro	Net equity method
<b>Indirect investments:</b>							
- through LM&Partners SCA Leisure Link Ltd.		1,4%	1,4%		UK	Euro	Fair value
Green BIT S.r.l.		23,7%	23,7%	Turin	Italy	Euro	Fair value
Res Finco AG		24,7%	24,7%	Sankt Gallen	Switzerland	Euro	Fair value
Blue H Goup		1,6%	1,6%	Oosterhout	Netherlands	Euro	Cost
Valore by Avere AM SCA		11,9%	11,9%	Luxembourg	Luxembourg	Euro	Cost
- through ACAL S.p.A. Delta S.p.A.		24,0%	24,0%	Bologna	Italy	Euro	Fair value
- through LM LS S.p.A. Advanced Accelerator Applications S.A.		18,6%	12,8%	Saint Genis Pouilly	France	Euro	Fair value
IM3d		17,9%	12,3%	Turin	Italy	Euro	Cost
Cerma srl		7,0%	4,8%	Archamps	France	Euro	Cost
- through Five Stars S.A. Fondo Immobili Pubblici		3,4%	3,4%	Roma	Italy	Euro	Fair value
- through LM Real Estate S.p.A. Demofonte Srl		15,0%	15,0%	Milan	Italy	Euro	Cost
Immsi S.p.a.		1,00%	1,0%	Mantova	Italy	Euro	Fair value
- through IDA S.r.l. Sadi S.p.A.		2,9%	2,9%	Milan	Italy	Euro	Fair value
- through Beven finance sarl Management & Capitali S.p.a.		5,5%	2,8%	Milan	Italy	Euro	Fair value
- through PWM SGR SpA Fondo PWM Global Income Low Volatility			0,6%			Euro	Fair value
Fondo HSBC AM Monetaire			-			Euro	Fair value

(\*) 15,74% through LMIS  
 (\*\*) 7,42% through LMIS  
 (\*\*\*) 49,23% through LMRE  
 (\*\*\*\*) 10,84% through LM IS

Changes in the consolidation area with respect to 31 December 2006 are summarized in the table below:

**NEW SUBSIDIARY COMPANIES**

	<b>Country</b>	<b>Activity</b>
<b>Full consolidation method</b>		
<input type="checkbox"/> Sopaf Capital Management SGR S.p.A. (f/k/a Cartesio Alternative Inv. SGR S.p.A.)	Italy	Financial services
<input type="checkbox"/> Mercato 24 S.r.l. (merged into LM Real Estate)	Italy	Investments in shareholdings
<input type="checkbox"/> Eolia S.A.	Switzerland	Investments in shareholdings
<input type="checkbox"/> Tenerani S.r.l.	Italy	Investments in shareholdings

**SUBSIDIARY COMPANIES ELIMINATED**

	<b>Country</b>	<b>Activity</b>
<b>Full consolidation method</b>		
<input type="checkbox"/> Star Venture Management S.A.	Luxembourg	Investments in shareholdings
<input type="checkbox"/> Star Venture I S.c.p.a.	Luxembourg	Investments in shareholdings
<input type="checkbox"/> MGO Lux S.A.	Luxembourg	Investments in shareholdings
<input type="checkbox"/> Mercato 24 S.r.l. (merged into Lm Real Estate)	Italy	Investments in shareholdings
<input type="checkbox"/> Vegastar S.A.	Luxembourg	Investments in shareholdings

**NEW AFFILIATE COMPANIES**

	<b>Country</b>	<b>Activity</b>
<b>Net equity method</b>		
<input type="checkbox"/> BPL Network S.p.A.	Italy	Financial services
<input type="checkbox"/> Area Life Int. Ass. Ltd	Ireland	Insurance services
<input type="checkbox"/> Nearco S.a.r.l.	Luxembourg	Investments in shareholdings
<input type="checkbox"/> PWM AIGGIG Multimanager Fund	Italy	Investment fund

**AFFILIATE COMPANIES ELIMINATED**

	<b>Country</b>	<b>Activity</b>
<b>Net equity method</b>		
<input type="checkbox"/> Delta S.p.A.	Italy	Financial services
<input type="checkbox"/> Cartesio Alternative Inv. SGR S.p.A.	Italy	Asset management

Changes in the consolidation area with respect to 30 September 2006 are summarized in the table below:

#### NEW SUBSIDIARY COMPANIES

	Country	Activity
<b>Full consolidation method</b>		
<input type="checkbox"/> Private Wealth Management SGR S.p.A.	Italy	Financial services
<input type="checkbox"/> Tergeste Fund	Italy	Real estate fund
<input type="checkbox"/> Sopaf Asia S.a.r.l.	Luxembourg	Financial advisory
<input type="checkbox"/> Sopaf Capital Management SGR S.p.A. (f/k/a Cartesio Alternative Inv SGR S.p.A.)	Italy	Financial services
<input type="checkbox"/> Mercato 24 S.r.l. (merged into LM Real Estate)	Italy	Investments in shareholdings
<input type="checkbox"/> Tenerani S.r.l.	Italy	Investments in shareholdings
<input type="checkbox"/> Eolia SA	Switzerland	Investments in shareholdings

#### SUBSIDIARY COMPANIES ELIMINATED

	Country	Activity
<b>Full consolidation method</b>		
<input type="checkbox"/> Forobonaparte S.r.l.	Italy	Real estate
<input type="checkbox"/> Forobonaparte Due S.r.l.	Italy	Real estate
<input type="checkbox"/> Tivoli 102 S.r.l.	Italy	Real estate
<input type="checkbox"/> Cruiser S.r.l.	Italy	Real estate
<input type="checkbox"/> Giallo Milano S.r.l.	Italy	Real estate
<input type="checkbox"/> Tivoli S.r.l.	Italy	Real estate
<input type="checkbox"/> Telma S.r.l.	Italy	Real estate
<input type="checkbox"/> Vector 101 S.r.l.	Italy	Real estate
<input type="checkbox"/> Star Venture 1 Scpa	Luxembourg	Investments in shareholdings
<input type="checkbox"/> Five Stars S.r.l.	Luxembourg	Investments in shareholdings
<input type="checkbox"/> MGO S.A.	Luxembourg	Investments in shareholdings
<input type="checkbox"/> Vegastar S.A.	Luxembourg	Investments in shareholdings
<input type="checkbox"/> Star Venture Management S.A.	Luxembourg	Financial advisory
<input type="checkbox"/> Intarch S.r.l.	Italy	Real estate
<input type="checkbox"/> Tau Ceti S.r.l.	Italy	Real estate
<input type="checkbox"/> Buena Suerte S.r.l.	Italy	Real estate
<input type="checkbox"/> Facere S.r.l.	Italy	Real estate
<input type="checkbox"/> Valim S.r.l.	Italy	Real estate
<input type="checkbox"/> Agorà S.r.l.	Italy	Real estate

#### NEW AFFILIATE COMPANIES

	Country	Activity
<b>Net equity method</b>		
<input type="checkbox"/> BPL Network S.p.A.	Italy	Financial services
<input type="checkbox"/> Area Life Int. Ass. Ltd	Ireland	Insurance services
<input type="checkbox"/> Nearco S.a.r.l.	Luxembourg	Investments in shareholdings
<input type="checkbox"/> PWM AIGGIG Multimanager Fund	Italy	Investment fund

AFFILIATE COMPANIES ELIMINATED	Country	Activity
<b>Net equity method</b>		
<input type="checkbox"/> Sadi S.p.A.	Italy	Industrial
<input type="checkbox"/> Eurogiochi SA In liquidation	Luxembourg	Investments in shareholdings
<input type="checkbox"/> Cartesio Alternative SGR S.p.A.	Italy	Financial services
<input type="checkbox"/> S.Apostoli S.r.l	Italy	Real estate
<input type="checkbox"/> Vector 101 S.r.l.	Italy	Real estate
<input type="checkbox"/> Axxon S.r.l.	Italy	Real estate
<input type="checkbox"/> Giallo S.r.l.	Italy	Real estate
<input type="checkbox"/> Delta S.p.A.	Italy	Financial services
<input type="checkbox"/> Megabeam S.p.A.	Italy	Industrial

### Consolidation criteria and valuation of shareholdings

The consolidation area includes shareholdings in affiliate companies whenever the investing company owns more than 20 percent, a percentage deemed sufficient for presuming the investing company's significant influence, but not control, over the financial and operating policies of the affiliate. The shareholdings in such affiliate companies are valued with the net equity method.

The Group's shareholdings in excess of 20 percent include the following companies for which neither the holding company nor any of its subsidiaries or affiliates exercises significant influence:

- Coronet S.p.A.: As a result of its sale of a 30-percent interest in the company on 4 August 2005, Sopaf S.p.A. neither controls nor significantly influences the company, and thus, the investment has been classified as an investment available for sale.
- Green Bit (Group's investment is equal to 23.72%): The investment is stated at fair value since LM & Partners S.C.A. (in liquidation) does not actively participate in the determination of the company's business and financial policies.
- Res Finco A.G. (Group's investment is equal to 24.72%): The investment is stated at fair value since the Group considers it a financial investment; as a confirmation thereof, LM & Partners S.C.A. (in liquidation), by virtue of the shareholders' agreement in effect, does not exercise any influence over the company's business and financial policies.
- Delta S.p.A. (Group's investment is equal to 24%): The investment has been reclassified as an asset available for sale and stated at fair value as a result of events occurring during the year (culminating in the termination of the shareholder agreement on 16 July 2007 and the exclusion of the Sopaf Group's representation on the new board of directors of Delta S.p.A. elected on 18 July 2007) which are decisive factors for ruling out the premise of significant influence as defined by IAS 28, the international accounting principle covering the reporting of investments in affiliate companies. The investment is thus valued at fair value. Accordingly, in light of the mentioned events, the investment in Delta S.p.A. was reclassified among "assets available for sale", and as a result, the investment is stated at fair value, with any gains or losses with respect to the previous carrying value being booked directly to shareholders' equity.

Although the Group holds the majority in Five Stars S.A. (99.9 percent), the investment is not fully consolidated inasmuch as the company's board of directors approved resolutions on 10 May 2006 to modify the by-laws, thereby eliminating the conditions precedent for the holders of warrants to exercise and convert their warrants into Class B shares. In light of this circumstance (the immediate conversion into Class B shares would give an absolute majority of the voting rights to the warrant holders), and the fact that the current shareholder does not assume the majority of the business risks tied to the company and

enjoys only a limited portion of the benefits of the investment, the Group no longer fully consolidates the investment, as provided by IAS 27. In this regard, it is noted that the free exercise of the warrants and the mechanism that governs the substitution of the directors are elements that automatically vest the control of the board of directors with the warrant holders (in other words, if the current directors were to take business/financial decisions against the warrant holders' will, the formal control of the company, via the conversion of the warrants into shares, would be effected immediately).

Although holding 57.76% of AFT, the Group does not control the company's governance which is covered by agreements executed between other shareholders that do not allow the Group to appoint and/or to remove the majority of the members of board of directors and that consequently do not permit the Group to control the financial and operating policies of the company. Accordingly, the investment is valued with the net equity method.

In addition, the Group holds 59.4% of Petunia S.p.A., but does not control the company since it holds 49% of the Class A shares with voting rights and the remaining percentage is held in Class B shares that provide economic rights but no voting rights. Accordingly, the investment is valued with the net equity method.

The shareholding in SILA S.p.A. (Group's investment is equal to 27.5%) has been maintained at cost since the consolidated data for 30 September 2007 are not yet available. As indicated in the past, the operating data supplied by the company indicate a positive growth trend with respect to 2006. SILA S.p.A. has commissioned an independent expert to provide for the first-time adoption of the IAS/IFRS accounting principles with regard to the preparation of its consolidated financial statements as of 1 January 2007. The company is planning to prepare its consolidated financial statements in accordance with IFRS principles starting with the year of 2008. Based on the independent expert's analysis, the application of international accounting principles would not have any significant effect on the company's financial data.

The investments in BPL Network S.p.A, Area Life Int. Assurance Ltd, IM3d, Resfinco, Demofonte, Blue H Group and Noventi have been maintained at cost inasmuch as they are new investments or start-up ventures; given the elements of uncertainty linked to the development of the companies' activities, it is not possible make a reliable determination of fair value, and thus fair value is approximated by cost.

## INFORMATION ON THE CONSOLIDATED BALANCE SHEET

The data on capital and financial position refer to the last day of the third quarter of 2007 and are compared with the data for the year ending 31 December 2006 and the data for the quarter ending 30 September 2006.

### ASSETS

#### NON-CURRENT ASSETS

##### 4 Tangible fixed assets

The account balance of €14,297,000 reflects an increase of €6,932,000 with respect to the prior year, mainly due to the capitalization of a part of a real estate lease (€5,377,000) contracted by LM Real Estate in the aggregate amount €10,426,000. The leased building is currently being renovated, and thus the amount booked among the tangible fixed assets is that portion of the lease referring to the area of the building already available for use.

Another significant increase of €1,857,000 was recorded in the account balance in comparison with 31 December 2006. Such amount refers to other financial leases contracted by the subsidiary, LM Real Estate, for the acquisition of furnishings and equipment to be used for outfitting the Group's head office

##### 5 Shareholdings in affiliate companies / jointly controlled companies

The account balance of €129,968,000 reflects an increase of €30,451,000 compared with the balance as of 31 December 2006.

The account consists of the following:

	30/09/2007	31/12/2006	30/09/2006
Delta S.p.A.	-	49,738	48,739
Beven Finance S.a.r.l.	12,052	13,718	14,556
AFT S.r.l.	7,837	10,740	11,096
Polis Fondi S.G.R.P.A.	7,980	7,983	7,875
SADI S.p.A.	-	-	-
SILA S.p.A.	4,087	4,087	3,920
Firanegocios L.S.	3,832	2,827	2,834
Vector 101 S.r.l.	-	-	2,531
Five Stars S.a.r.l.	5,118	2,554	1,899
Cartesio SGR S.p.A.	-	1,032	1,004
Essere S.p.A.	1,060	838	823
Fondo China Opportunity	5,420	5,365	-
Mirror tre S.a.r.l. (In liquidation)	-	-	267
Co.se S.r.l.	113	113	112
Sfera S.r.l.	35	38	36
Westindustrie S.r.l.	2	2	2
Tivoli 101 S.r.l.	-	-	-
Petunia S.r.l.	39,794	476	457
S.Apostoli S.r.l.	-	-	395
Fondo China Opportunità	-	-	309
Axxon S.r.l.	-	-	6
Telma S.r.l. and controlled companies	70	6	-
Nearco Invest S.a.r.l.	1,464	-	-
BPL Network S.p.A.	19,740	-	-
Area Life International Assurance Limited	8,385	-	-
PWM AIG Multimanager	12,979	-	-
	<b>129,968</b>	<b>99,517</b>	<b>96,861</b>

The changes in shareholdings during the quarter are reported in a special schedule to these notes.

The increases during the quarter mainly refer to:

- €39,340,000, for the payments made by the holding company, Sopaf S.p.A., toward Petunia's capital increase and capital granting reserve; as of 30 September 2007, Sopaf was holding 59.38% of Petunia, a special-purpose company that holds 49.75% of the share capital of Banca Bipielle Network S.p.A.;
- €8,385,000, for the acquisition of 14.99% of the share capital of Banca Bipielle Network S.p.A.;
- €19,740,000, for the acquisition of the 45% of the share capital of Area Life International Assurance Ltd;
- The accrual of the Group's share of quarterly earnings of the following companies in which investments are held: Polis Fondi S.G.R.P.A. (€102,000), Nearco S.a.r.l. (€10,000), Five Stars S.A. (€ 788,000), Valim S.r.l. (€20,000), AFT S.r.l. (€113,000) and Agorà S.r.l. (€17,000);

The decreases during the quarter mainly refer to:

- The accrual of the Group's share of quarterly losses for the following companies in which investments are held: Co.Se. S.r.l. (€6,000), Telma S.r.l. (€127,000), Beven Finance S.a.r.l. (€6,000), Petunia S.r.l. (€9,000), Firanegocios S.L. (€46,000), Buena Suerte S.r.l. (€3,000), Facere S.r.l. (€3,000), Intarch S.r.l. (€5,000), Tauceti S.r.l. (€7,000), China Opportunity SA (€51,000), Sfera S.r.l. (€2,000) and Essere S.p.A. (€79,000);
- The adjustment to fair value of financial assets (investment in Management & Capitali S.p.A.) held by Beven Finance S.a.r.l.: €1,201,000.

## 6 Financial assets

The account balance of €152,915,000 reflects a decrease of €16,718,000 compared with the balance as of 31 December 2006.

The account includes the following categories of financial assets:

	30/09/2007	31/12/2006	30/09/2006
Financial assets available for sale	139,534	160,235	117,062
Bond securities	777	732	663
Financial derivatives instruments	-	-	-
Receivables and loans	12,579	8,656	5,581
Security deposits	25	10	11
	<b>152,915</b>	<b>169,633</b>	<b>123,317</b>

### *Financial assets available for sale*

The account includes instruments representative of the shareholders' equity in various companies; such instruments are carried as financial assets available for sale, and include:

	30/09/2007	31/12/2006	30/09/2006
Omniapartecipazioni S.p.A.	-	81,790	63,144
Delta S.p.A.	96,000	-	-
IMMSI S.p.A.	6,202	-	-
Fondo Immobiliare 'Aster'	-	35,468	24,875
Coronet S.p.A.	3,400	13,400	10,400
Advanced Accelerator Applications S.A.	5,954	3,202	3,201
Green BIT S.r.l.	3,514	3,514	2,555
Fondo immobiliare 'Valore' by Avere AM	2,000	2,000	2,000
Gabetti S.p.A.	-	1,622	1,649
Bama S.r.l.	-	-	852
I.MED S.r.l.	1,500	1,500	750
PWM SGR S.p.A.	-	-	693
Blue H Group Ltd.	160	160	160
Option Newman Lowther & Associates	322	322	377
Immobiliare Appia 2005 S.r.l.	1,868	1,920	251
Leisure Link Ltd.	200	200	200
Forza Quattro S.r.l.	1	14	14
Volare S.p.A. (in liquidation)	-	-	40
Demofonte S.r.l.	2	1	1
HSBC Monétaire	1,544	1,655	-
PWM GILV	1,108	1,092	-
Sadi S.p.A.	6,182	6,210	-
Res Finco AG	9,165	6,165	-
Cerma S.r.l.	250	-	-
Noventi Field Venture LP	146	-	-
Parc Eolien De S.Riquier	16	-	-
	<b>139,534</b>	<b>160,235</b>	<b>117,062</b>

The changes during the period in the balance of financial assets available for sale are detailed in a special schedule attached to these notes.

During the quarter, the balance of financial assets available for sale decreased by the following amounts:

- €734,000, due to the sale of IMMSI S.p.A. shares; in addition, the valuation of the investment in IMMSI S.p.A. reflects a decrease in fair value of €1,331,000 as of 30 September 2007;
- €946,000, as a result of the adjustment of the fair value of the investment held in Sadi S.p.A. as of 30 September 2007;
- €35,000, as a result of the adjustment of the fair value of the investment held in PWM GILV as of 30 September 2007.

The increases during the quarter in the balance of financial assets available for sale mainly refer to:

- €72,000, as a result of the acquisition of an investment in Noventi Field Venture LP;
- €250,000, as a result of the acquisition of 7.05% of Cerma S.r.l.;
- €15,000, as a result of the adjustment of the fair value of the investment held in HSBC Monétaire as of 30 September 2007.

### *Bond securities*

Sopaf S.p.A. underwrote a €1 million convertible bond issued by the South African firm, Newman Lowther & Associates Ltd., which operates in financial consulting. The bonds

come due in 2011.

Should the bond issue be converted into shares, Sopaf S.p.A. will own 30% of the company's current share capital. The coupon payment on the bonds is to be equal to 43% of the dividend paid.

The bond securities reported at a value of €777,000 represent the financing component of the financial instrument. The call option held by Sopaf and embedded in the instrument has a value of €322,000, which has been separated from the financing component and classified among the financial assets available for sale.

#### *Other financial assets*

The account balance of €12,579,000 reflects an increase of €3,923,000 compared with the balance as of 31 December 2006.

	30/09/2007	31/12/2006	30/09/2006
<b>Financial receivables due from companies in which investments are held</b>			
Immobiliare Appia 2005 S.r.l.	390	420	120
Giallo Milano S.r.l.	-	-	674
Polis Fondi S.G.R.P.A.	3	-	-
Res Renerys AG	1,256	1,236	-
Bama S.r.l.	-	-	712
Co.Se S.r.l.	188	188	188
S.Apostoli S.r.l.	-	-	2,430
Telma S.r.l.	6,295	5,283	-
Nearco S.r.l.	22	-	-
Demofonte S.r.l.	3,009	-	-
Sfera S.r.l.	15	10	4
Essere S.p.A.	-	-	75
	<b>11,178</b>	<b>7,137</b>	<b>4,203</b>
Other financial receivables	1,401	1,519	1,378
	<b>12,579</b>	<b>8,656</b>	<b>5,581</b>

## **7 Tax credits**

The account balance of €18,085,000 includes tax credits claimed by the holding company, Sopaf S.p.A. The balance includes €13,613,000 of credits regarding the year of 1997 which have been transferred to third parties as a guarantee for credit lines and €4,373,000 of credits transferred to factoring companies.

## **8 Deferred tax assets**

The account includes deferred tax assets of €5,944,000 (almost all of which refer to the holding company), stated net of deferred tax liabilities in the amount of €1,897,000.

The deferred tax assets have mainly originated from tax loss carryforwards booked by Sopaf S.p.A. in prior periods.

As provided by the Group's accounting principles, the deferred tax assets have been booked considering the probability that the Group will generate sufficient taxable income in coming years against which the amounts booked can be used. The forecasts are based on the taxable income that can be generated with reasonable certainty, considering the present trend of Sopaf's business and the Group's future prospects.

Sopaf S.p.A.'s taxes for the quarter have been calculated by taking into account the merger-by-incorporation of LM Real Estate S.p.A., Acal S.p.A. and Ida S.r.l. into the holding company, a transaction approved by the board of directors on 12 September 2007, with the accounting and tax effects thereof made retroactive to 1 January 2007.

The deferred tax liabilities amount to €1,897,000 and mainly consist of the residual deferred taxes booked during the period in relation to the deferral of taxes on the equity component of the convertible bond (€1,833,000) and the valuation adjustments in relation to the valuation of investments in affiliate companies (based on the net equity method) and financial assets available for sale (based on fair value).

## **CURRENT ASSETS**

### **9 Other receivables and other current assets**

The account balance of €29,858,000 reflects a decrease of €12,755,000 compared with the balance as of 31 December 2006.

	<b>30/09/2007</b>	<b>31/12/2006</b>	<b>30/09/2006</b>
VAT tax credits	-	3,280	2,262
Tax credits	2,224	9,648	4,518
Other receivables	21,415	24,769	2,753
Accrued income and prepayments	6,219	4,916	5,990
	<b>29,858</b>	<b>42,613</b>	<b>15,523</b>

The reduction in the balance of other receivables reflects the collection on amounts due in relation to real estate investments sold by the holding company and the subsidiary, LM Real Estate S.p.A.

### **10 Other financial assets**

The account balance of €4,218,000 mainly consists of:

- €3,040,000 of short-term marketable securities held by Sopaf Capital Management SGR S.p.A. (f/k/a Cartesio Alternative Investments SGR S.p.A), a company that was not fully consolidated as of 31 December 2006;
- €1,176,000 of equity securities acquired by holding company, Sopaf S.p.A., during the quarter.

The securities represent a temporary investment of liquidity, but do not meet the requisites for classification as cash equivalents.

Compared with 31 December 2006, the account balance decreased as a result of the repayment of €3,132,000 of interest-bearing financing to Vector 101 S.r.l., a company in which an investment had been held.

# LIABILITIES AND SHAREHOLDERS' EQUITY

## NON-CURRENT LIABILITIES

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### 11 Convertible bonds

On 4 September 2007, the offer available under option to the SOPAF S.p.A. shareholders of 56,520,463 bonds convertible into newly issued SOPAF S.p.A. ordinary shares was concluded; the bonds are part of the "SOPAF 2007-2012 3.875% convertible" issue.

Upon the termination of the offer on the market of the rights not exercised, a total of 152,120,000 option rights had been exercised for 20,384,080 convertible bonds with a countervalue of €17,937,990 (36.065% of the total convertible bonds covered by the offer), while the remaining 36,136,383 convertible bonds, or 63.935% of the offer (corresponding to the option rights that were not exercised at the end of the offer on the market) were subscribed by Banca Akros by virtue of an underwriting agreement signed with the issuer. Accordingly, the transaction culminated with the subscription of all of the 56,520,463 convertible bonds covered by the bond issue, for a total countervalue of €49,738,000.

The bonds are convertible into ordinary shares of the Company at any time during the life of the loan, on the basis of a conversion ratio equal to one share for every bond held. Should the bonds not be converted, they will be reimbursed at a unit value of EUR 0.88. The bonds pay interest at an annual rate of 3.875% through maturity.

The bond component representing debt is booked as a liability, net of issuance costs. According to international accounting principles, the fair value of the debt component is determined at the time of issue by using the market price of a non-convertible bond, and it corresponds to the difference between the discounting of the interest at bond's contractual rate of interest and the discounting of the interest at the market rate of interest; such difference is booked to the profit and loss statement in accordance with the amortized cost method until the date of conversion or reimbursement.

At the date of issue, the differential, which is representative of the value assigned to the conversion option, is booked to shareholders' equity, net of issuance costs. The value of the conversion option is not adjusted in later periods.

The issuance costs are proportionally split between the debt and equity components of the bond.

The table below presents a breakdown of the valuation of the bonds, in accordance with the criteria described above.

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	<i>in EUR,000's</i>
Nominal value of bonds issued	49.738
Equity component (net of deferred taxes)	(3.828)
Deferred taxes	(1.886)
<b>Debt component at issuance date</b>	<b>44.024</b>
Interest booked:	
Contractual interest	269
Interest differential on the basis of market interest rates	159
Interest paid	
Placement expenses	(1.138)
<b>Debt component as of 30 September 2007</b>	<b>43.314</b>

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## 12 Due to banks and other lenders

The account balance of €62,914,000 reflects an increase of €21,554,000 compared with the balance as of 31 December 2006,

	30/09/2007	31/12/2006	30/09/2006
Bank financing	58,609	39,207	115,885
Financial debt due to affiliate companies	-	-	6,104
Due to other lenders	4,305	2,153	8,725
	<b>62,914</b>	<b>41,360</b>	<b>130,714</b>

The bank financing includes:

- €9,724,000 of medium-/long-term liabilities on loans totalling €15,691,000; €5,967,000 of the debt come due before 30 September 2008; the financing is backed by the pledge of 23,001 shares of LM & Partners S.C.A. (in liquidation) owned by Sopaf S.p.A.;
- €10,000,000 with reference to a loan from a leading bank with a term of 18 months less one day;
- €30,936,000 representing the non-current portion of a syndicated financing obtained during quarter, and used for acquisition of the investments in BPL Net and Area Life;
- €3,003,000 of medium-term financing secured by LM Real Estate to support its investment activity;
- €4,946,000 representing the medium-term portion of financing obtained from a leading bank and secured by tax credits.

It is noted that the amortization plans for the aforementioned financing contemplate all repayments within five years.

The amounts due to other lenders (€4,305,000) refers to financing secured by the holding company, Sopaf S.p.A., for the factoring of receivables without recourse.

## 13 Financial leases payable – non-current portion

Pursuant to IAS 17, the account includes €8,663,000 referring to the principal amount due on a property lease contracted by the subsidiary LM Real Estate for a building situated in Milan (Foro Buonaparte 24) and other assets of the Group under financial lease.

## 14 Other liabilities

The other liabilities of €22,112,000 reflect an increase of €9,560,000 compared with the prior year, and include:

- €11,065,000, which is the non-current portion of debt contracted with the third-party shareholders of LM & Partners S.C.A. (in liquidation) for the purchase of the minority shareholdings in the company. Some €3,325,000 of the non-current portion of the debt mentioned above consists of borrowings formalized through the issue of promissory notes maturing on 31 December 2009. The amounts of the promissory notes already incorporate the interest due to maturity, adjusted for the portion thereof related to future year (€171,000). The residual amount of the non-current portion of the debt mentioned above (€7,740,000) consists of amounts due beyond one year, that are to be paid out according to a repayment plan providing for principal payments in December 2008 and December 2009; this amount bears interest at a rate of 4% per annum.
- €11,047,000, which is the non-current portion of debt contracted with the third-party shareholders of Star Venture I Scpa; such debt was booked by Sopaf S.p.A. as provided by a plan established for the distribution of assets and liabilities upon the company's liquidation (which was completed in the first half of 2007); according to the terms and conditions of the contract, the debt matures in December 2008-2009; this amount bears interest at a rate of 4% per annum.

The increase with respect to the prior period is mainly due to the deconsolidation of Star Venture I Scpa upon liquidation of the same, and the consequent registration of the holding company's liabilities with respect to the minority shareholders of Star Venture I. It is noted that the latter company had a receivable from the parent company for the purchase of a minority interest in LM & Partners S.C.A.

## CURRENT LIABILITIES

### 14 Due to banks and other lenders

The account balance of €48,894,000 reflects a decrease of €32,432,000 compared with the balance as of 31 December 2006.

	30/09/2007	31/12/2006	30/09/2006
Bank financing	46,124	81,196	55,333
Financial debt due to affiliate companies	81	-	-
Due to other lenders	2,689	130	176
	<b>48,894</b>	<b>81,326</b>	<b>55,509</b>

The bank financing mainly consists of:

- €5,967,000: the current maturities on three medium-/long-term loans totalling €15,691,000; €9,724,000 of the debt is booked as a non-current liability; the financing is backed by the pledge of 23,001 shares of LM & Partners S.C.A. (in liquidation) owned by Sopaf S.p.A.
- €21,714,000: the current portion of the syndicated financing secured during the quarter and used for the acquisition of the investments in BPL Net and Area Life;
- €5,143,000: a line of credit obtained by LM Real Estate to support investment activity; the line is secured by the pledge of the residual packet of IMMSI S.p.A. shares;
- €977,000: the current portion of a financing provided by a leading bank and guaranteed by tax credits;
- €5,656,000: a line of credit granted to the Tergeste Fund;

- €5,572,000: lines of credit and short-term financing to the holding company for temporary case needs;
- €1,095,000: ordinary current-account overdrafts.

In comparison with 31 December 2006, the balance of bank debt decreased by:

- €37,100,000, following the repayment of a loan that had been secured by the subsidiary, ACAL S.p.A., for the purchase of the investment in Delta S.p.A. and had been backed by the pledge of the Delta S.p.A. shares;
- €10,400,000, following the repayment of a loan that had been secured by LM Real Estate for the subscription of an Omnipartecipazioni S.p.A. capital increase, and had been backed by the pledge of the Omnipartecipazioni S.p.A. shares.

The amount due to other lenders refers to a fiduciary financing totalling €2,689,000, and includes the interest due to the final maturity of 6 March 2008, which has been adjusted in the prepayments account for the portion related to future years.

## 15 Other liabilities

The account balance of €11,114,000 consists of the following:

	30/09/2007	31/12/2006	30/09/2006
Taxes payable	417	237	106
Reserve for taxes	69	-	401
Due to social-welfare institutions	347	217	91
Other payables	9,998	23,202	11,141
Accrued liabilities and deferred income	283	208	536
	<b>11,114</b>	<b>23,864</b>	<b>12,275</b>

Other payables mainly include:

- €5,172,000: the current portion of debt contracted with the minority shareholders of LM & Partners S.C.A. (in liquidation) for the transaction covering the purchase of the shares held by such shareholders; the transaction is discussed in various sections of this document;
- €2,762,000: the current portion of debt contracted with the minority shareholders of Star Venture I Scpa; such debt was booked by Sopaf S.p.A. as provided by a plan established for the distribution of assets and liabilities upon the company's liquidation (which was completed in the first half of 2007);
- €382,000: deferred salaries and wages due to full-time personnel;
- €291,000 compensation due to the members of the board of directors and board of statutory auditors;
- €181,000: payable due to a related party for the sale of a portion of the investment in LM Real Estate S.p.A.

## INFORMATION ON THE CONSOLIDATED PROFIT AND LOSS STATEMENT

The tables below summarize the principal profit-and-loss data for the Group.

The profit-and-loss data refer to the third quarter and to the first nine months of 2007 and are compared with data for the quarter ending 30 September 2006 (quarter referring to the year of six months ending on 31 December 2006).

The year-to-date data as of 30 September 2006 are not presented separately as they correspond to a period of three months only, and thus are not significant for the purpose of a comparison with the year-to-date data presented in this report.

### 16 Revenues

The account balance of €4,220,000 consists of the following:

	01/07/2007 30/09/2007	01/07/2006 30/09/2006	01/01/2007 30/09/2007
Service revenues	-	409	816
Commission revenues	1,098	-	3,404
Revenues from property sales	-	1,790	-
	<b>1,098</b>	<b>2,199</b>	<b>4,220</b>

### 17 Other income

The account balance of €1,043,000 consists of the following:

	01/07/2007 30/09/2007	01/07/2006 30/09/2006	01/01/2007 30/09/2007
Capital gains on sales of shareholdings	-	967	-
Other capital gains	143	2,503	143
Rental income	16	30	116
Other income	-	853	784
	<b>159</b>	<b>4,353</b>	<b>1,043</b>

### 18 Materials purchases and external services

The account balance of €8,076,000 consists of the following:

	01/07/2007 30/09/2007	01/07/2006 30/09/2006	01/01/2007 30/09/2007
Change in inventories	-	(396)	-
Consulting services	270	465	2,594
Service commissions	303	58	890
General and administrative services	360	389	1,103
Legal services	47	12	509
Compensation to directors and statutory auditors	435	322	1,675
Expense reimbursements	84	68	216
Leases	59	49	322
Rentals	90	17	240
Utilities	51	30	255
General office expenses	20	9	78
Insurance	85	35	194
Property operating costs	-	2,077	-
Property purchases	-	-	-

1,804                      3,135                      8,076

## 19 Personnel expense

The account balance of €3,750,000 consists of the following:

	01/07/2007 30/09/2007	01/07/2006 30/09/2006	01/01/2007 30/09/2007
Salaries and wages	793	602	2,763
Social-welfare charges	257	143	802
Provision to employment severance indemnity reserve	58	38	185
	<b>1,108</b>	<b>783</b>	<b>3,750</b>

## 20 Other operating expenses

The account balance of €4,083,000 consists of the following:

	01/07/2007 30/09/2007	01/07/2006 30/09/2006	01/01/2007 30/09/2007
Bank expenses	88	105	500
Taxes and duties	381	87	1,361
Miscellaneous operating expenses	112	155	917
Losses on equity investments	4	484	4
Reversal of previously accrued income	71	12	1,301
	<b>656</b>	<b>843</b>	<b>4,083</b>

## 21 Risk provisions and writedowns

The account balance of €10,295,000 consists of the following:

	01/07/2007 30/09/2007	01/07/2006 30/09/2006	01/01/2007 30/09/2007
Provisions for risks	-	-	295
Writedowns of shareholdings	-	-	10,000
	<b>-</b>	<b>-</b>	<b>10,295</b>

The writedowns of shareholdings refer to the writedown of the investment in Coronet (€10,000,000).

## 22 Gains (losses) on the disposal of non-current assets

In order to make it easier to measure the actual trend of normal operations, a separate indication is provided of the revenue and expense components arising from transactions covering the sale of non-current assets.

The gains (losses) on the disposal of non-current assets include:

- the capital gains/losses on the sale of shareholdings in subsidiary companies;
- the capital gains/losses on the sale of those shareholdings classified as assets available for sale and booked as other non-current financial assets.

The components of the account are set out in the table below:

	01/07/2007 30/09/2007	01/07/2006 30/09/2006	01/01/2007 30/09/2007
<b>Capital gains on sale or liquidation of controlling interests:</b>			
<b>Capital losses on the distribution effected upon liquidation of subsidiary companies:</b>			
Star Venture I S.c.p.a. (in liquidation)	-	-	(890)
	-	-	<b>(890)</b>
<b>Capital gains on sale of non-current financial assets:</b>			
Omnipartecipazioni S.p.A./Immsi S.p.A.	-	-	49,176
Immsi S.p.A. (other sales by LM Real Estate S.p.A.)	2,553	-	4,369
Fondo Aster	-	-	17,248
	<b>2,553</b>	-	<b>70,793</b>
<b>Capital losses and related charges on disposal of assets available for sale:</b>			
Fondo Aster	-	-	(6,595)
Omnipartecipazioni S.p.A.	-	-	(711)
	-	-	<b>(7,306)</b>
<b>Capital losses on sale of shareholdings:</b>			
Star Venture I S.c.p.A. (in liquidation)	-	-	-
	-	-	-
<b>Income from acquisitions of interests in subsidiary companies:</b>			
LM & Partners S.C.A. (in liquidation)	-	-	-
	-	-	-
<b>Gains (losses) on disposal of non-current assets</b>	<b>2,553</b>	-	<b>62,597</b>

As of 30 September 2007, the balance includes a total net capital gain of €48.5 million derived from the sale of the investment in Omnipartecipazioni S.p.A./IMMSI S.p.A. in the first half of the year, and capital gains of €4,369,000 realized on other sales of IMMSI S.p.A. shares, €2,553,000 of which was accrued during the quarter.

## 23 Earnings accrued on shareholdings valued with net equity method

The account includes the Group's portion of income (losses) on investments valued with the net equity method and the net gains (losses) from the sale of investments in affiliate companies:

	01/07/2007 30/09/2007	01/07/2006 30/09/2006	01/01/2007 30/09/2007
<b>Group's share of income</b>			
Delta S.p.A.	-	840	368
Polis Fondi S.G.R.p.A.	102	64	253
Five Stars S.A.	788	504	1,260
Essere S.p.A.	-	110	222
Cartesio Alternative Inv. SGR	-	7	17
AFT S.r.l.	113	5	144
Sila S.p.A.	-	108	-
Valim S.r.l.	20	-	50
Agorà S.r.l.	17	-	58
Nearco S.a.r.l.	10	-	8
China Opportunity SA	-	-	92
	<b>1,050</b>	<b>1,638</b>	<b>2,472</b>
<b>Group's share of losses</b>			
Co.se S.r.l.	(6)	(1)	(6)
Telma S.r.l.	(127)	-	(89)
Beven Finance S.a.r.l.	(6)	(3)	(15)
Petunia S.r.l.	(9)	-	(22)
Firanegocios S.L.	(46)	-	(15)
Intarch S.r.l.	(5)	-	(14)
Tau Ceti S.r.l.	(7)	-	(12)
Facere S.r.l.	(3)	-	(8)
Buena Suerte S.r.l.	(3)	-	(8)
S.Apostoli S.r.l.	-	(94)	-
Vector 101 S.r.l.	-	(183)	-
Sfera S.r.l.	(2)	(1)	(3)
Giallo Milano S.r.l.	-	(26)	-
Petunia S.r.l.	-	(9)	-
China Opportunity SA	(51)	-	-
Essere S.p.A.	(79)	-	-
	<b>(344)</b>	<b>(317)</b>	<b>(193)</b>
<b>Capital gains (capital losses) on sales</b>			
AFT S.r.l.	-	-	(348)
PWM AIGGIG Multimanager	(20)	-	(20)
	<b>(20)</b>	<b>-</b>	<b>(368)</b>
	<b>686</b>	<b>1,321</b>	<b>1,911</b>

The Group's share of Five Stars S.a.r.l.'s income for the quarter mainly comes from an extraordinary dividend distribution by the Fondo Immobili Pubblici - FIP .

## 24 Net financial income (charges)

The account consists of the following:

	01/07/2007 30/09/2007	01/07/2006 30/09/2006	01/01/2007 30/09/2007
Interest income	357	699	825
Dividends	-	-	3,858
Capital gains on securities and other financial assets	1	6	1
Foreign-exchange income	2	-	6
<b>Financial income</b>	<b>360</b>	<b>705</b>	<b>4,690</b>
Foreign-exchange losses	(9)	-	(12)
Capital losses on securities and other financial assets	(31)	-	(34)
Interest on bond loan	(428)	-	-
Interest expense	(1,557)	(1,548)	(5,551)
<b>Financial charges</b>	<b>(2,025)</b>	<b>(1,548)</b>	<b>(5,597)</b>
	<b>(1,665)</b>	<b>(843)</b>	<b>(907)</b>

The dividends include the dividends received by LM Real Estate S.p.A. and distributed by Omniapartecipazioni S.p.A.

# **EXHIBITS**

**DECLARATION PURSUANT TO ARTICLE 154-BIS, PARAGRAPH 2 OF  
LEGISLATIVE DECREE 58/1998 (CONSOLIDATED FINANCIAL ACT)**

The undersigned, Alberto Ciaperoni, as the executive placed in charge of the preparation of the corporate accounting documents of Sopaf S.p.A.,

declares

that, in conformity with the provisions of Paragraph 2 of Article 154-bis of the Consolidated Financial Act, the accounting information in relation to Sopaf S.p.A.'s consolidated financial statements as of 30 September 2007 corresponds to the data contained in the accounting books, records and documents.

Executive in Charge

Alberto Ciaperoni

## SOPAF GROUP

### STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

in EUR 000's

	Capitale	Utili indivisi	Patrimonio netto di pertinenza del Gruppo	Interessenze di minoranza	Totale
<b>Balance as of 1 July 2006</b>	<b>80.000</b>	<b>47.398</b>	<b>127.398</b>	<b>57.024</b>	<b>184.422</b>
Change in fair value of financial assets available for sale	-	(2.706)	<b>(2.706)</b>	-	<b>(2.706)</b>
Deferred taxes on revaluing financial assets available for sale at fair value	-	(422)	<b>(422)</b>	-	<b>(422)</b>
<b>Profits (losses) booked to shareholders' equity during the period</b>	<b>-</b>	<b>(3.128)</b>	<b>(3.128)</b>	<b>-</b>	<b>(3.128)</b>
Net profit (loss) for the period	-	1.744	<b>1.744</b>	267	<b>2.011</b>
<b>Total profits (losses) reported during the period</b>	<b>-</b>	<b>(1.384)</b>	<b>1.744</b>	<b>267</b>	<b>2.011</b>
Effects of changes in the consolidation area during the period	-	-	-	(6.014)	<b>(6.014)</b>
Dividendis	-	-	-	-	-
<b>Balance as of 30 September 2006</b>	<b>80.000</b>	<b>46.014</b>	<b>126.014</b>	<b>51.277</b>	<b>177.291</b>
<b>Balance as of 1 January 2007</b>	<b>80.000</b>	<b>76.306</b>	<b>156.306</b>	<b>23.323</b>	<b>179.629</b>
Change in fair value of financial assets available for sale	-	(22.002)	<b>(22.002)</b>	-	<b>(22.002)</b>
Deferred taxes on revaluing financial assets available for sale at fair value	-	1.390	<b>1.390</b>	-	<b>1.390</b>
<b>Profits (losses) booked to shareholders' equity during the period</b>	<b>-</b>	<b>(20.612)</b>	<b>(20.612)</b>	<b>-</b>	<b>(20.612)</b>
Amounts booked to profit and loss statement for transfer of financial assets available for sale	-	65.087	<b>65.087</b>	-	<b>65.087</b>
Net profit (loss) for the period	-	(24.777)	<b>(24.777)</b>	(71)	<b>(24.848)</b>
<b>Total profits (losses) reported during the period</b>	<b>-</b>	<b>40.310</b>	<b>40.310</b>	<b>(71)</b>	<b>40.239</b>
Capital gain on purchase of incremental investment in subsidiary company	-	(4.022)	<b>(4.022)</b>	-	<b>(4.022)</b>
Effects of changes in the consolidation area during the period	-	-	-	(19.635)	<b>(19.635)</b>
Capital reserve for equity component of convertible bond	-	5.714	<b>5.714</b>	-	<b>5.714</b>
Deferred taxes for equity component of convertible bond	-	(1.886)	<b>(1.886)</b>	-	<b>(1.886)</b>
Other entries	-	10	<b>10</b>	-	<b>10</b>
Dividendis	-	-	-	-	-
<b>Balance as of 30 September 2007</b>	<b>80.000</b>	<b>95.820</b>	<b>175.820</b>	<b>3.617</b>	<b>179.437</b>

## SOPAF GROUP

### STATEMENT OF SHAREHOLDINGS IN AFFILIATE COMPANIES / JOINTLY CONTROLLED COMPANIES

in EUR 000's

Company	% Held	Opening Balances		Changes During the Period									Values as of 30.09.2007	
		Values as of 31.12.2006	Changes in Consolidation Area	Repayment from Liquidation	Purchases	Capital Increases (Reductions)	Sales	Pro-Rata Share of Profits	Dividends Paid	Pro-Rata Share of Losses	Changes in Fair Valuation	Coverage of Losses		Other Changes
Delta S.p.A.	24,0%	49.738	(50.106)	-	-	-	-	368	-	-	-	-	-	0
Polis Fondi S.G.R.P.A.	49,0%	7.983	-	-	50	-	-	253	(306)	-	-	-	-	7.980
Sila S.p.A.	27,5%	4.087	-	-	-	-	-	-	-	-	-	-	-	4.087
Sopaf Capital Management S.p.A.	100,0%	1.032	(3.968)	-	2.878	-	-	58	-	-	-	-	-	(0)
Essere S.p.A.	35,8%	838	-	-	-	-	-	301	-	(79)	-	-	-	1.060
Co.Se. S.r.l.	50,0%	113	-	6	-	-	-	-	-	(6)	-	-	-	113
Five Stars S.a.r.l.	99,99%	2.554	-	-	-	(30)	-	1.260	-	-	1.334	-	-	5.118
China opportunity sa	42,4%	5.365	-	-	-	-	(37)	143	-	(51)	-	-	-	5.420
Sfera S.r.l.	50,0%	38	-	-	-	-	-	-	-	(3)	-	-	-	35
Beven Finance S.à.r.l.	50,0%	13.718	-	-	-	-	-	-	-	(15)	(1.651)	-	-	12.052
AFT S.r.l.	70,8%	10.740	-	-	34	-	(3.081)	144	-	-	-	-	-	7.837
Petunia S.p.a.	59,4%	476	-	-	-	39.339	-	-	-	(22)	-	-	-	39.793
Westindustrie S.r.l.	22,0%	2	-	-	-	-	-	-	-	-	-	-	-	2
Telma	40,0%	-	-	-	-	-	-	38	-	(127)	-	-	-	(89)
Veicoli Telma	39,6%	6	-	-	-	-	-	109	-	(44)	-	-	-	71
Nearco sarl	49,0%	-	-	-	1.455	-	-	10	-	(0)	-	-	-	1.464
Pwm Aig multimanager fund	49,15%	-	-	-	14.500	-	(1.521)	-	-	-	-	-	-	12.979
Firanegocios L.S.	25,5%	2.827	-	-	-	1.020	-	31	-	(46)	-	-	-	3.832
Area Life Int ass. Limited	45,0%	-	-	-	8.385	-	-	-	-	-	-	-	-	8.385
BPL Network S.p.A.	44,5%	-	-	-	19.740	-	-	-	-	-	-	-	-	19.740
		<b>99.517</b>	<b>(54.074)</b>	<b>6</b>	<b>47.042</b>	<b>40.329</b>	<b>(4.639)</b>	<b>2.714</b>	<b>(306)</b>	<b>(393)</b>	<b>(317)</b>	<b>-</b>	<b>0</b>	<b>129.878</b>

## SOPAF GROUP

### STATEMENT OF FINANCIAL ASSETS AVAILABLE FOR SALE

in EUR 000's

Changes During the Period											
Company	% Held	Values as of 31.12.2006	Changes in Consolidation Area	Purchases	Capital Increases	Divestitures	Sales	Decrease for Divestitures	Writedowns	Adjustments to Fair Value	Values as of 30.09.2007
Omnia Partecipazioni S.p.A.	25,5%	81.790	-	-	-	-	(10.953)	(70.837)	-	-	0
Immsi S.p.A.	1,4%	-	-	-	-	35.573	(28.040)	-	-	(1.331)	6.202
Coronet S.p.A.	30,0%	13.400	-	-	-	-	-	-	(10.000)	-	3.400
Leisure link Ltd.	1,4%	200	-	-	-	-	-	-	-	-	200
Advanced Accelerator Applications S.A.	18,6%	3.202	-	-	-	-	-	-	-	2.752	5.954
Green BIT S.r.l.	23,7%	3.514	-	-	-	-	-	-	-	-	3.514
Forza quattro S.r.l.	15,0%	14	-	-	-	-	(14)	-	-	-	1
Demofonte S.r.l.	15,0%	2	-	-	-	-	-	-	-	-	2
Fondo Aster	33,3%	35.468	-	-	-	-	(21.775)	-	-	(13.693)	0
IMED S.r.l.	17,86%	1.500	-	-	-	-	-	-	-	-	1.500
Immobiliare Appia S.r.l.	15,0%	1.920	-	-	-	-	-	-	-	(52)	1.868
Gabetti SpA	1,30%	1.622	-	-	-	-	(1.622)	-	-	-	0
Delta S.p.A.	24%	-	50.106	-	-	-	-	-	-	45.894	96.000
Sadi S.p.A.	2,92%	6.210	-	-	-	-	-	-	-	(28)	6.182
Fondo Valore sa	11,6%	2.000	-	-	-	-	-	-	-	-	2.000
Blue H Group Ltd.	1,60%	160	-	-	-	-	-	-	-	-	160
HSBC AM Monetaire	0,57%	1.655	-	-	-	-	-	-	-	(111)	1.544
Fondo PWM Global income low volatility	0,01%	1.092	-	-	-	-	-	-	-	17	1.108
Res Finco AG	24,72%	6.165	-	-	3.000	-	-	-	-	-	9.165
Noventi Field Venture LP	11,65%	-	-	146	-	-	-	-	-	-	146
Parc Eolien De S.Riquier	40,00%	-	-	16	-	-	-	-	-	-	16
Cerma Srl	7,05%	-	-	250	-	-	-	-	-	-	250
Opzione Newmann Lowther&Associates Ltd	-	322	-	-	-	-	-	-	-	-	322
		<b>160.235</b>	<b>50.106</b>	<b>412</b>	<b>3.000</b>	<b>35.573</b>	<b>(62.403)</b>	<b>(70.837)</b>	<b>(10.000)</b>	<b>33.448</b>	<b>139.534</b>