

S O P A F

PRESS RELEASE

Sopaf:

- Board of Directors approves results for six months ending 30 June 2007:

- **Consolidated net profit: €40.2 million** (€10.1 million for the fiscal year consisting of six months ending on 31 December 2006 and €10.8 million for the corresponding six-month period of the 2006 calendar year)
- **Consolidated shareholders' equity: €177.7 million** (€156.3 million as of 31 December 2006)
- **Significant writedown of the shareholding in Coronet: €10 million**

- Approval of merger-by-incorporation of wholly-owned subsidiaries, LM Real Estate S.p.A., Acal S.p.A. and Ida S.p.A., into Sopaf

Milan, 12 September 2007 – At a meeting held today, the Sopaf S.p.A. Board of Directors approved the financial statements for the six months ending 30 June 2007.

It is noted that the extraordinary meeting of the Sopaf shareholders held on 10 November 2006 passed a resolution to change the fiscal year end from 30 June to 31 December. Accordingly, the first-half report approved today is compared with the fiscal year (consisting of six months only) ending 31 December 2006 and with the corresponding period for the calendar year of 2006. It also noted that the comparison with the results of the first six months of the year of 2006 is not considered highly significant in consideration of important changes occurring in the area of consolidation, following the Sopaf Group's reorganization, and in particular, the deconsolidation of the real estate assets as part of that reorganization.

Consolidated results for the first half of the year *

Revenues and other income for the first half amounted to €4.0 million (including €2.5 million of commissions generated by the management companies consolidated on a line-by-line basis), whereas, consistent with Sopaf's core business activity, the most

** The area of consolidation is different compared with the six-month periods used as a basis for comparison; the difference is due to both a different criterion for consolidation of several shareholdings and changes in the portfolio of shareholdings. In addition, the data relative to the first half of 2006 were obtained as the difference between the annual figures as of 30 June 2006 the first-half figures as of 31 Dicembre 2005 and include management's estimates and assumptions.*

significant components of earnings are included among the profits realized on the disposal of assets, which amounted to €60 million. The latter amount includes the profits derived from the sale of the shareholding in Omnipartecipazioni S.p.A., the sale of the Immsi S.p.A. shares (€50.3 million) and the disposal of the interest held in the Aster real estate fund (€10.6 million).

Therefore, while the gross operating margin (after €12.3 million of expenditures, inclusive of €2.3 million in relation to the management companies consolidated on a line-by-line basis) is a loss of €8.3 million (compared with a loss of €4.4 million for the fiscal year consisting of six months, and a profit of €0.6 million for the corresponding six-month period of 2006), the Group earned an operating profit of €41.0 million (versus a profit of €3.7 million for the fiscal year consisting of six months and an operating loss of €5.1 million for the corresponding six-month period of 2006).

As to shareholdings, the Group's share of the profits reported by companies valued with the net equity method amounted to €1.2 million (compared with €10.7 million for the fiscal year consisting of six months and €4.5 million for the corresponding six-month period of 2006), while the risk provisions and writedowns include a €10 million charge against the value of the interest held in Coronet.

Earnings before interest and taxes amounted to €42.2 million, compared with a profit of €14.3 million for the fiscal year consisting of six months and a loss of €0.6 million the corresponding six-month period of 2006.

The Group realized net financial income of €0.8 million, inclusive of €3.8 million of dividends distributed by the companies in which equity investments are held; the result compares with net financial charges of €3.8 million for the fiscal year consisting of six months and €1.2 million the corresponding six-month period of 2006).

Pre-tax profit was thus €43.0 million (versus a pre-tax profit of €10.5 million for the fiscal year consisting of six months and a pre-tax loss of €1.7 million for the corresponding six-month period of 2006).

Consolidated net profit (after €2.7 million of income taxes and €0.1 million of earnings accruing to minority interests) amounted to €40.2 million (compared with €10.1 million for the fiscal year consisting of six months and €10.8 million for the corresponding six-month period of 2006).

The balance of equity investments and other financial assets was €227.6 million as of 30 June 2007 (€269.2 million as of 31 December 2006), with the change mainly reflecting the sale of Omnipartecipazioni and the Aster Fund and the fair-value adjustment of the holding in Delta S.p.A., which was classified as of 31 December as an investment in an affiliate and as of 30 June 2007 as an asset available for sale (book value of €96 million as of 30 June 2007, versus €49.7 million as of 31 December 2006).

The balance of shareholders' equity and minority interests as of 30 June 2007 was €181.0 million (versus €179.6 million as of 31 December 2006), and included €3.3 million of minority interests (versus €23.3 million as of 31 December 2006) and €177.7

million of consolidated shareholders' equity (versus €156.3 million as of 31 December 2006).

The increase in consolidated shareholders' equity during the six-month period is the result of the accrual of earnings and changes in the fair-value reserve, while the minority interests were lower for the effect of the elimination of the company, Star Venture 1 Scpa, from the consolidation area (the company was liquidated on 29 June 2007).

The Group's consolidated net financial debt as of 30 June 2007 was €76.5 million, and thus had decreased with respect to the €121.7 million posted on 31 December 2006, with most of the decline due to the effect of the Omniapartecipazioni/Immsi and Aster Fund sales.

Holding company's results

Sopaf S.p.A. closed the first half with a loss of €18.7 million, mostly due to the writedown of the shareholding in Coronet and operating expenses. Shareholders' equity as of 30 June 2007 amounted to €64.5 million.

Principal events for the first half of 2007

During the first half of 2007, Sopaf continued to expand according to the strategies previously outlined, and thus by reinforcing the activity of tapping third-party funding and by broadening the range of investment vehicles to be offered to co-investors.

Specific developments include the following.

- In April, the Group perfected the purchase of the remaining 70% of Cartesio Alternative Investments SGR S.p.A., whose name was changed in May to Sopaf Capital Management SGR S.p.A.; this company has embarked on a process of setting up hedge funds investing in securities.
- The subsidiary, Private Wealth Management SGR, set up a new hedge fund of funds, PWM AIGGIG Multimanager Fund, in partnership with AIG Global Investment Group (the asset management arm of the U.S.-based AIG, a leader in financial and insurance services). The fund, which secured the investment of both financial sponsors (Sopaf S.p.A. for €14.5 million and AIG for €15 million) inaugurated operations on 1 July 2007.
- China Opportunity Sicar made its first investment (USD5 million) in a company involved in the oil and gas sector.
- In June, the liquidation of the Luxembourg companies, Star Venture Management SA and Star Venture 1 Scpa, was completed.

In addition to the previously mentioned sales of Omniapartecipazioni, Immsi and the Aster Fund, in May, Sopaf invested another €3 million in Res Finco AG, a German company active in the renewable energy business (Sopaf owns 24.72% of the company). Res Finco is the owner and manager of one of Germany's largest wind parks (installed capacity of 76.5 MW), and is at an advanced stage in developing

wind parks in France (roughly 60 MW); the company is also pursuing expansion through acquisitions mainly in Germany, France, Poland, and off-shore locations.

Outlook for the full year

The management of Sopaf expects, partly in consideration of the earnings results for the first half, that the full-year profit will be significantly higher than the profits earned in prior years.

Material events subsequent to the close of the first half of 2007

- On 1 August Sopaf, De Agostini Invest Sa and Aviva Italia Holding S.p.A. signed an agreement with the Banco Popolare to purchase 79.73% of Banca Bipielle Network S.p.A. As of the same date, Sopaf and Aviva signed two contracts with the Banco Popolare to purchase 100% of Area Life International Assurance Ltd and Aviva Previdenza S.p.A. (see press release issued on 1 August 2007).
- On 4 September, the offering under option to the Sopaf shareholders of the "Sopaf 2007-2012 3.875% convertible bonds" expired, with all 56,520,463 convertible bonds issued having been subscribed for a total countervalue of €49,738,007.44 (see press releases issued on 23 April, 29 June, 19 July, 16 August, 23 August and 5 September).
- As part of the plan to simplify and streamline the Group's structure, the Sopaf Board of Directors today approved the merger-by-incorporation of wholly-owned subsidiaries, LM Real Estate S.p.A., Acal S.p.A. and Ida S.p.A., into Sopaf, and approved a resolution to convene an extraordinary meeting of the shareholders to approve the merger transaction as well as a special meeting of the bondholders in order to proceed with the appointment of a bondholder representative, the setting up of an expenditure fund, and the approval of the referenced merger.

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In accordance with Paragraph 2 of Article 154-bis of the Law Decree n. 58/1998, the manager in charge of the preparation of the Sopaf S.p.A. corporate accounting documents, Alberto Ciaperoni, affirms that the accounting information contained in this press release corresponds to the Company's documented results and accounting books and records.

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Per additional information

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The profit and loss statement, balance sheet and statement of net financial position for the six months ending 30 June 2007 are provided as exhibits to this press release; the data contained therein are now undergoing a limited review by the independent auditors.

SOPAF GROUP

CONSOLIDATED PROFIT AND LOSS STATEMENT

in €000's

	1.01.2007 30.06.2007	01.01.2006 30.06.2006	01.07.2006 31.12.2006
		(**)	
Revenues	3.020	24.354	2.952
Other income	986	1.258	2.071
Materials purchases and external services	(6.272)	(21.920)	(4.394)
Personnel expense	(2.642)	(1.006)	(2.076)
Other operating expenses	(3.427)	(2.040)	(2.978)
Gross profit	(8.335)	646	(4.425)
Risk provisions and writedowns	(10.295)	(5.700)	(59)
Depreciation and amortization	(430)	(25)	(141)
Gains (losses) from sale of non-current assets	60.044	-	8.306
Operating profit	40.984	(5.079)	3.681
Earnings accrued on shareholdings valued with net equity method	1.225	4.507	10.659
Profit before interest and taxes	42.209	(572)	14.340
Financial income (charges). net	758	(1.157)	(3.831)
Profit before taxes	42.967	(1.729)	10.509
Income taxes	(2.676)	8.251	(475)
Net profit from continuing operations	40.291	6.522	10.034
Net profit from operations sold	-	-	-
Net profit	40.291	6.522	10.034
Allocable to:			
Minority interests	120	(4.232)	(57)
Group	40.171	10.754	10.091
Earnings per share (in €)			
- Primary	0,0955	0,0155	0,0239
- Diluted	0,0921	0,0148	0,0229

CONSOLIDATED BALANCE SHEET

in € 000's

	30.6.2007	31.12.2006
Goodwill	2.476	1.599
Intangible fixed assets	181	81
Tangible fixed assets	12.992	7.365
Shareholdings in affiliate companies / jointly controlled companies	64.417	99.517
Financial assets	158.047	169.633
Other assets	5.091	-
Tax credits	17.988	17.840
Deferred tax assets	6.452	8.964
Total non-current assets	267.644	304.999
Inventories	-	-
Customer receivables and other trade receivables	2.047	594
Other receivables and other assets	40.202	42.613
Other financial assets	3.007	3.132
Cash and cash equivalents	6.108	2.420
Total current assets	51.364	48.759
Non-current assets held for sale	-	-
Total assets	319.008	353.758
Capital	80.000	80.000
Undivided profits	97.683	76.306
Shareholders' equity	177.683	156.306
Minority interests	3.341	23.323
Total shareholders' equity	181.024	179.629
Bonds	-	-
Due to banks and other lenders	29.474	41.360
Financial leases payable	8.924	4.600
Other liabilities	24.932	12.552
Pension and employment-severance liabilities	295	249
Deferred tax liabilities	4.529	4.403
Provisions	1.883	2.660
Total non-current liabilities	70.037	65.824
Due to banks and other lenders	50.279	81.326
Financial leases payable	121	-
Trade accounts payable	2.850	3.115
Other liabilities	14.697	23.864
Total current liabilities	67.947	108.305
Liabilities related to assets held for sale	-	-
Total liabilities and shareholders' equity	319.008	353.758

STATEMENT OF CHANGES IN CONSOLIDATED FINANCIAL POSITION

30.06.2007 30.06.2006 31.12.2006

OPERATING ACTIVITY

Net profit (loss) for the period	40.170	10.754	10.091
<i>Adjustments for:</i>			
Quota of affiliate companies' profits (losses)	(1.226)	(4.508)	(10.659)
Dividends received	(3.858)	(2.821)	(977)
Financial charges	3.566	1.233	6.393
Income taxes	2.659	(8.251)	480
Depreciation of property, plant and equipment	391	26	127
Writedowns of financial assets available for sale	10.295	5.700	59
Amortization of other intangible assets	39	(1)	14
Cash flow from operating activity before changes in working capital	52.036	2.132	5.528
(Increase)/Decrease in receivables	958	9.548	(27.249)
(Increase)/Decrease in inventories for real estate development	-	(40.965)	77.636
Increase/(Decrease) in trade accounts payable and other current liabilities	(12.089)	2.795	20.004
Increase/(Decrease) in other non-current liabilities	12.380	-	-
Cash generated from operating activity	53.285	(26.490)	75.919
Interest paid	(3.566)	(1.233)	(6.393)
Net change in reserves for risks and charges	(777)	319	930
Net change in employment-severance liabilities	46	13	117
Writedowns of financial assets	(295)	-	(59)
Change in non-current tax credits	(148)	(12.091)	18.470
Change in deferred taxes	2.638	(8.624)	3.616
NET CASH ARISING FROM OPERATING ACTIVITY	51.183	(48.106)	92.600

INVESTMENT ACTIVITY

Interest received	461	-	1.585
Dividends received from affiliate companies	306	3.668	70
Dividends received from financial investments	3.858	2.821	907
Quota of affiliate companies' profits (losses)	1.226	4.508	10.659
Increases in shareholdings in affiliate companies	(20.136)	(17.223)	-
Liquidation of shareholdings	-	-	267
Goodwill on acquisition of shareholdings in subsidiary companies	(877)	-	(1.599)
Capital subscriptions in companies in which investments are held	(3.990)	(275)	(15.257)
Increases in financial assets available for sale	(90)	(18.257)	(33.474)
Increases in shareholdings to cover losses	-	(490)	-
Sale of shareholdings and financial assets available for sale	99.703	28.351	23.935
Increases/decreases in fair value of financial assets available for sale	(39.487)	(3.186)	(17.123)
Changes in net assets in consolidation area	3.928	5.340	-
Increases in tangible fixed assets	(305)	(570)	(1.216)
Increases for properties under financial lease	(6.157)	-	(5.049)
Purchases of intangible fixed assets	(139)	(70)	(66)
Change in financial derivatives	-	(59)	990
Change in non-current financial receivables	(8.639)	-	(3.602)
Net change for sale of fixed assets:			
- <i>Tangible</i>	444	23	-
- <i>Intangible</i>	-	69	-
NET CASH EMPLOYED IN INVESTMENT ACTIVITY	30.106	4.650	(38.972)

FINANCIAL ACTIVITY

Repayment of bank financing	(64.500)	-	-
Increase (decrease) in current accounts with banks	29.022	39.452	14.472
Change in current financial assets	125	(2.324)	(3.132)
Change in non-current financial assets	-	(27.226)	-
Change in financial debt	(3.592)	32.943	(73.338)
Change in minority interests	(19.982)	(17.763)	(33.701)
Other medium-/long-term liabilities	121	-	-
Changes in shareholders' equity	(3.742)	-	4.550
Change del fair value of shareholdings and financial assets available for sale	(15.052)	(172)	14.266
NET CASH ARISING FROM (EMPLOYED IN) FINANCIAL ACTIVITY	(77.601)	(18.546)	(79.435)
CASH AND CASH EQUIVALENTS AT THE START OF THE PERIOD	2.420	34.195	28.227
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	6.108	15.649	2.420

SOPAF S.p.A.

PROFIT AND LOSS STATEMENT

in €

	01.01.2007	01.01.2006	01.07.2006
	30.06.2007	30.06.2006	31.12.2006
		(**)	
Dividends and other income from shareholdings	305.760	1.146.366	-
Capital gains (losses) on sale of shareholdings	2.017.137	1.898.018	7.971.364
(Writedowns) writebacks to value of shareholdings	(10.000.000)	(3.700.878)	(227.070)
Other operating revenues	117.095	315.557	140.973
Purchase of materials and external services	(3.014.592)	(457.774)	(2.341.515)
Personnel expense	(1.439.575)	(381.340)	(887.116)
Other operating expenses	(961.922)	(517.360)	(768.805)
Depreciation and amortization	(73.283)	(15.287)	(40.881)
Provisions to reserves for future charges	-	(85.466)	-
Profits (losses) from disposal of non-current assets	-	-	-
Operating profit	(13.049.380)	(1.798.164)	3.846.950
<i>Financial income</i>	306.386	350.855	331.806
<i>Financial charges</i>	(3.485.379)	(2.032.895)	(2.721.524)
Net financial income (charges)	(3.178.993)	(1.682.040)	(2.389.718)
Profit before taxes	(16.228.373)	(3.480.204)	1.457.232
Income taxes	-	8.537.480	340.755
Net profit from continuing operations	(16.228.373)	5.057.276	1.797.987
Net profit from operations sold	-	-	-
Net profit	(16.228.373)	5.057.276	1.797.987

Earnings per share (in €)

- Primary	(0,03847)	0,01199	0,00426
- Diluted	(0,03711)	0,01150	0,00408

SOPAF S.p.A.

BALANCE SHEET

in €

	30.06.2007	31.12.2006
Intangible fixed assets	166.951	50.837
Tangible fixed assets	365.237	251.612
Shareholdings	162.080.905	145.709.877
Financial assets	10.222.613	22.499.452
Other assets	5.091.011	-
Tax credits	17.928.461	17.838.963
Deferred tax assets	6.419.594	8.910.346
Total non-current assets	202.774.771	195.261.087
Customer receivables and other trade receivables	166.762	193.159
Other receivables and other assets	16.541.267	19.229.130
Other financial assets	-	3.131.704
Cash and cash equivalents	2.576.324	225.141
Total current assets	19.284.353	22.779.134
Non-current assets held for sale	-	-
Total assets	221.559.125	218.040.221
Share capital	80.000.000	80.000.000
Other reserves		21.038.651
Valuation reserves		4.424.835
Retained earnings (losses carried forward)	(22.663.007)	(24.460.994)
Profit (loss) for the period	(16.228.373)	1.797.987
Total shareholders' equity	66.968.942	82.800.479
Due to banks and other lenders	23.388.670	21.886.683
Other liabilities	35.779.274	41.356.096
Pension and employment-severance liabilities	127.480	127.993
Provisions	289.000	289.000
Total non-current liabilities	59.584.424	63.659.772
Due to banks and other lenders	80.620.383	47.481.220
Trade accounts payable	1.274.257	1.536.881
Other liabilities	15.569.761	22.561.869
Total current liabilities	97.464.401	71.579.970
Liabilities related to assets held for sale	-	-
Total liabilities and shareholders' equity	224.017.767	218.040.221

SOPAF S.p.A.

in €000's

STATEMENT OF CHANGES IN FINANCIAL POSITION	30.06.2007	30.06.2006	31.12.2006
OPERATING ACTIVITY			
Net profit (loss) for the period	(16.228)	5.057	1.798
<i>Adjustments for:</i>			
Current and deferred taxes	-	(8.537)	(341)
Depreciation of tangible fixed assets	39	11	31
Amortization of intangible fixed assets	35	18	10
Writedowns of financial assets	10.000	3.701	227
Cash flow from operating activity before changes in working capital	(6.154)	250	1.725
(Increase)/Decrease in receivables and other current assets	2.715	3.567	(15.867)
Increase/(Decrease) in payables	(262)	(694)	725
Cash generated from operating activity	(3.701)	3.123	(13.417)
Net change in reserves for risks and charges	-	85	-
Net change in employment-severance liabilities	(1)	(34)	29
Other changes in non-current liabilities	(5.577)	-	41.356
Other changes in current liabilities	(6.995)	(121)	21.827
Change in tax liabilities	-	8.537	341
Change in tax assets	(89)	(289)	6.670
Change in deferred taxes	32	(8.564)	(346)
NET CASH ARISING FROM OPERATING ACTIVITY	(16.331)	2.737	56.460
INVESTMENT ACTIVITY			
Investments in shareholdings for:			
<i>Acquisitions</i>	(27.688)	(9.725)	(162.477)
<i>Recapitalization of subsidiary companies</i>	(150)	-	(4.696)
Other investments (tangible and intangible fixed assets and other financial assets)	(305)	(108)	(202)
Proceeds from sale of:			
<i>Shareholdings</i>	11.467	560	115.795
<i>Other non-current assets (tangible and intangible fixed assets and other assets)</i>	2	-	5
NET CASH EMPLOYED IN INVESTMENT ACTIVITY	(16.674)	(9.273)	(51.575)
FINANCIAL ACTIVITY			
Change in financial assets	318	(8.756)	15.847
Increase (decrease) in amounts due to banks and other lenders	34.641	13.386	(25.523)
Changes in shareholders' equity	397	(262)	4.479
Capital increase	-	-	-
NET CASH ARISING FROM (EMPLOYED IN) FINANCIAL ACTIVITY	35.356	4.368	(5.197)
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS	2.351	(2.168)	(312)
CASH AND CASH EQUIVALENTS AT THE START OF THE PERIOD	225	2.705	537
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	2.576	537	225