

S O P A F

PRESS RELEASE

Board of Directors approves the interim management report as at 30 September 2009.

- **Consolidated net profit for the third quarter equal to EUR 0.6 million** (EUR 2.1 million in the same period of 2008)*.
- **Consolidated net financial position equal to EUR 118.4 million** (EUR 162.7 million as at 30 June 2009 and EUR 146.9 million as at 31 December 2008)*.
- **Consolidated net result for the first nine months of 2009: negative by EUR 17.6 million** (EUR 2.2 million in the same period of 2008)*.
- **Group shareholders' equity equal to EUR 97 million** (EUR 100.3 million as at 30 June 2009 and EUR 146.3 million as at 31 December 2008)*.

Milan, 13 November 2009 – The Board of Directors of Sopaf S.p.A., which met today, approved the interim management report as at 30 September 2009.

Consolidated quarterly results *

With regard to the third quarter of the year 2009, revenues and other income are equal to EUR 1.9 million (EUR 2.0 million in the same period of 2008).

Gains from disposals of non-current assets are equal to EUR 4.6 million (EUR 3.1 million in the third quarter of 2008).

The operating profit (loss), which has been affected by EUR 3.3 million in costs (EUR 4.1 million in the same period of 2008) is equal to EUR 3.1 million (EUR 1 million in the same period of 2008), while pre-tax profit is equal to EUR 1.1 million (EUR 1.2 million in the third quarter of 2008).

Lastly, Group net profit for the third quarter of 2009 is equal to EUR 0.6 million (EUR 2.1 million in the same period of 2008).

With regard to the first nine months of the year, revenues and other income are equal to EUR 4.6 million (EUR 23.7 million in the same period of 2008). These items specifically include the commissions generated by the management companies consolidated on a line-line for basis for EUR 1.9 million and EUR 0.6 million relating to commissions for financial consulting.

* Compared to the reference period the scope of consolidation has changed due to changes in the investments portfolio and to the different criterion for consolidation of some investees.

The gross operating margin, which has been affected by EUR 15.8 million in costs, is negative by EUR 11.2 million (negative by EUR 9.3 million in the same nine months of 2008), while the operating profit (loss), which specifically includes EUR 4.6 million in gains deriving from disposals of non-current assets, is negative by EUR 7.2 million (positive by EUR 9.8 million in the same period of 2008).

With regard to investees, the portion of the profit (loss) of investments valued by the equity method is negative by EUR 3 million (negative by EUR 5.1 million in the same period of 2008) and has been particularly affected by the pro-rata losses totalling EUR 8.9 million relating to the investments in Banca Network Investimenti S.p.A. and Petunia.

EBITDA is negative by EUR 10.2 million and compares with a profit of EUR 4.6 million in the same period of 2008.

Financial income is equal to EUR 2.9 million (EUR 7.1 million in the same period of 2008), while financial charges are equal to EUR 10.1 million (financial charges of EUR 12.5 million in the first nine months of 2008).

Pre-tax profit is negative by EUR 17.5 million (negative by EUR 0.7 million in the same period of 2008).

The net profit (loss) attributable to the Group, which benefits from the positive impact of income taxes for EUR 0.3 million, is negative by EUR 17.6 million (negative by EUR 2.2 million in the same period of 2008).

Investments and other financial assets, equal to EUR 180.1 million (EUR 231 million as at 31 December 2008), have mainly been affected by disposal of the investment in Delta S.p.A. following the agreements finalised on 31 July 2009.

Total shareholders' equity as at 30 September 2009 is equal to EUR 97.1 million (compared to EUR 150.9 million as at 31 December 2008), of which EUR 0.1 million in minority interests (EUR 4.5 million at 31 December 2008) and EUR 97 million attributable to the Group (EUR 146.3 million as at 31 December 2008), posting a downturn which is mainly due to the result of the nine months and the decrease in the fair value reserve associated with the investment in Delta S.p.A.

Group net financial borrowings as at 30 September 2009 are equal to EUR 118.4 million and compare to EUR 162.7 million as at 30 June 2009 and EUR 146.9 million as at 31 December 2008. The changes are mainly attributable to the increase in the items "Securities and other financial assets held for trading" and "Non-current financial assets" due to recording of the deposit certificates received from Cassa di Risparmio di San Marino, as consideration for the option right/release of the investment in Delta S.p.A. for EUR 55 million, of which EUR 38.3 million with maturity within 12 months. Furthermore, the change in the item "Current bank payables" is mainly attributable to the reclassification, performed as at 30 June 2009, of the medium/long-term debt component for EUR 34.4 million relating to the syndicated loan entered into by Sopaf S.p.A. to support acquisition of Banca Network Investimenti S.p.A. and Area Life International Assurance Ltd. due to failure to satisfy two financial covenants, which are currently being renegotiated with the pool of banks. As at 30 September 2009, accounting of the deposit certificates received against release of the investment in Delta allowed one of the failed covenants to be restored following improvement of the net financial position.

Main events in the quarter

- On 31 July 2009, Sopaf finalised agreements, including settlement agreements, with Cassa di Risparmio di San Marino (“CRSM”) aimed at settling the existing or potential disputes between the parties concerning Delta. These agreements were finalised in order to facilitate rapid disposal of control of Delta by CRSM as hoped by the Supervisory Authorities. Greater details on the agreements can be found in the press releases issued on 27 July 2009 and on 31 July 2009, as well as in the informative document “Transaction for disposal of the investment in Delta S.p.A. in Amministrazione Straordinaria” released on 24 August 2009.
- On 4 August 2009, as deliberated by the Board of Directors of China Opportunity Sa Sicar in the meeting held on 16 July 2009, Sopaf S.p.A., as holder of class A shares (with related right to subscribe share capital increases of class B shares at par value), subscribed 3,114 class B shares for a total par value of EUR 62.3 thousand, at the same time increasing the cost of the investment by a further EUR 4.8 million, an amount equal to the differential between the par value of subscription and the last N.A.V. available for the company and already recorded as at 30 June 2009 in the financial payables to group investees.
- On 10 September 2009 Banco Popolare finalised an agreement with Banca Network Investimenti which ended the disputes and litigation concerning the original agreement for disposal of Banca Network Investimenti (former Bipielle.net). The agreement includes deletion of one clause of the original agreement which provided for recognition of a “price adjustment” by the purchasers linked to the possible exceeding of specific objectives in terms of assets under management at pre-established expiry dates. Definition of this agreement led to a positive adjustment to the liability relating to the price adjustment reported in the financial statements as at 31 December 2008 which was completely discharged and the recognition of total income of EUR 2.8 million.
- On 30 September 2009 Sopaf S.p.A. paid in a total of EUR 8.9 million for the share capital increase of Banca Network Investimenti approved by the bank’s Shareholders’ Meeting on 30 April 2009.
- Also on 30 September 2009 Sopaf collected EUR 3.5 million, equal to the last and final instalment of the price for disposal of the investment in Life Science Capital S.p.A.

Significant events after 30 September 2009

- On 8 October 2009 the Court of Milan gave its authorisation to the procedure for arrangement with creditors of Ovo S.r.l., a company held by Nova Fronda S.r.l. (a company which Sopaf left in January 2009, exercising the right of withdrawal), to which in July 2009 Sopaf addressed a purchase offer pertaining to the company’s assets (approximately 1,000 audiovisual documentary clips) for a consideration of EUR 1 million, or EUR 1.2 million if the software platform was included with the clips. The offer was subordinate to the aforementioned approval of the procedure for arrangement with creditors and the payment on the part of one shareholder of Ovo of the sum of EUR 0.5 million.
- On 9 October 2009 an agreement was finalised between Sopaf S.p.A. and an institutional investor for disposal of the units of Fondo Immobili Pubblici (FIP) held in the portfolio, and the contract is to be settled by 31 December 2009.

- On 21 October 2009 Sopaf S.p.A. paid to Essere S.p.A., by way of reserve to cover losses for 2009, EUR 948 thousand and, at the same time, waived repayment of the shareholders' loans for EUR 250 thousand subscribed on 16 March 2009.

Business Outlook

As in previous quarters, it is expected that in the last quarter the Group will continue in its endeavour to identify opportunities to implement transactions aimed at improving the income statement and reducing the net financial position in order to create the resources required for repositioning its activities.

Publication of the interim management report as at 30 September 2009

The Interim Management Report as at 30 September 2009 (not subject to audit) will be available to the public at the company's registered office, at Borsa Italiana S.p.A. and on the company's website www.sopafgroup.it in accordance with the terms established by laws in force.

The executive in charge of drawing up the corporate accounting documents (Alberto Ciaperoni) declares pursuant to sub-section 2, Article 154 bis of the Consolidated Financial Law that the accounting disclosures contained in this release are consistent with the documentary results, accounting books and entries.

For further information

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The statements relating to the consolidated income statement, balance sheet and net financial position are attached. These statements have not been audited by the Independent Auditors.

SOPAF GROUP

CONSOLIDATED INCOME STATEMENT

Values in EUR/thousands

	Third Quarter				
	01.07.2009	01.07.2008	01.01.2009	01.01.2008	01.01.2008
	30.09.2009	30.09.2008	30.09.2009	30.09.2008	31.12.2008
	3 months	3 months	9 months	9 months	12 months
Revenues	1,451	1,863	3,206	5,065	10,607
Other income	431	176	1,421	18,657	19,009
Purchase of materials and external services	(2,281)	(2,470)	(10,471)	(7,820)	(14,049)
Personnel costs	(719)	(1,233)	(4,231)	(4,984)	(6,780)
Other operating costs	(259)	(433)	(1,137)	(1,625)	(1,772)
Gross operating margin	(1,377)	(2,097)	(11,212)	9,293	7,015
Provisions for risk and write-downs	-	-	(209)	(4,577)	(1,682)
Depreciation and amortisation	(138)	(60)	(384)	(582)	(714)
Gains/Losses from disposal of non-current assets	4,624	3,127	4,624	5,622	(1,453)
Operating profit	3,109	970	(7,181)	9,756	3,166
Percentage of profit/loss on investments measured by the equity method	(240)	(84)	(3,014)	(5,110)	(10,241)
Result before interest and tax	2,869	886	(10,195)	4,646	(7,075)
<i>Financial income</i>	573	4,954	2,859	7,064	36,634
<i>Financial charges</i>	(2,341)	(4,600)	(10,133)	(12,458)	(18,762)
Net financial income/(charges)	(1,768)	354	(7,274)	(5,394)	17,872
Profit before tax	1,101	1,240	(17,469)	(748)	10,797
Income taxes	106	1,374	328	(1,016)	(5,981)
Net result from operating activities	1,207	2,614	(17,141)	(1,764)	4,816
Income from discontinued operations	(618)	(661)	(486)	(731)	(1,446)
Net result	589	1,953	(17,627)	(2,495)	3,370
Attributable to:					
Minority interest result	7	(170)	(8)	(272)	(267)
Group result	596	2,123	(17,635)	(2,223)	3,637

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Values in EUR/thousands

	30.09.2009	31.12.2008
Goodwill	2,476	2,476
Intangible assets	60	130
Property, plant and equipment	2,415	2,619
Investments in associated companies/joint ventures	125,726	116,877
Financial assets	54,401	114,089
Tax credits	4,396	4,434
Prepaid taxes	2,579	2,778
Total non-current assets	192,053	243,403
Inventories	24,800	27,000
Trade receivables and other business	3,661	2,392
Other receivables and other assets	8,033	21,157
Derivatives	4,662	32,246
Other financial assets	57,840	3,055
Cash and cash equivalents	1,686	4,421
Total current assets	100,682	90,271
Discontinued assets	24,304	37,688
Total Assets	317,039	371,362
Capital	80,100	80,100
Treasury shares	(2,363)	(2,363)
Undivided profits	19,236	68,586
Group shareholders' equity	96,973	146,323
Minority interests	71	4,537
Total shareholders' equity	97,044	150,860
Bonds	45,698	44,669
Payables to banks and other lenders	31,759	73,105
Lease payables	508	534
Other liabilities	-	944
Pension scheme and Employee severance indemnity liabilities	324	465
Deferred tax liabilities	-	236
Provisions	816	1,028
Total non-current liabilities	79,105	120,981
Bonds - current share	269	754
Payables to banks and other lenders	120,045	66,889
Lease payables	34	40
Derivatives	841	616
Trade payables	2,971	4,762
Other liabilities	12,425	21,117
Total current liabilities	136,585	94,178
Discontinued liabilities	4,305	5,343
Total shareholders' equity and liabilities	317,039	371,362

SOPAF GROUP

Values in EUR/thousands

NET FINANCIAL POSITION	30.09.2009	30.06.2009	31.12.2008
A) Cash on Hand	12	14	10
B) Other cash equivalents	1,674	2,129	4,411
C) Securities and other financial assets held for trading	60,964	22,770	32,246
D) TOTAL CASH AND CASH EQUIVALENTS (A+B+C)	62,650	24,913	36,667
E) Current loans	1,538	1,538	3,055
F) Current bank payables	(70,909)	(64,009)	(55,370)
G) Current portion of non-current borrowings	(31,018)	(19,620)	(11,497)
H) Other current loans	(19,262)	(20,894)	(1,432)
I) CURRENT BORROWINGS (F+G+H)	(121,190)	(104,523)	(68,299)
J) NET CURRENT BORROWINGS (I-E-D)	(57,002)	(78,072)	(28,577)
K) Non-current loans	16,579	-	-
L) Non-current bank payables	(26,955)	(33,937)	(68,412)
M) Bond issues	(45,698)	(45,351)	(44,669)
N) Other non-current payables	(5,312)	(5,290)	(5,227)
O) NON-CURRENT BORROWINGS (K+L+M+N)	(61,387)	(84,578)	(118,308)
P) NET BORROWINGS (J+N)	(118,388)	(162,650)	(146,885)