



Consolidated quarterly report at 31 March 2004



Translated from the Italian original, which remains the definitive version, by SEL, the translation company owned by the University of Salford, Manchester UK. www.sel-uk.com

Consolidated quarterly report at 31 March 2004

(in accordance with art. 82 of Consob regulation no. 11971 of 14 May 1999)



Composition of Statutory Bodies

Board of Directors

Honorary Chairman	Salvatore	Ligresti
Chairman and Managing Director	Fausto	Marchionni *
Vice Chairman	Gioacchino Paolo	Ligresti *
Vice Chairman	Cosimo	Rucellai *

Directors	Mario	Casartelli
	Flavio	Dezzani
	Maurizio	Di Maio
	Emanuele	Erbetta
	Mariano	Frey
	Giulia Maria	Ligresti *
	Jonella	Ligresti *
	Lia	Lo Vecchio
	Emilio	Perrone da Zara
	Massimo	Pini *
	Salvatore	Rubino *
	Nicola	Squillace *
	Simone	Tabacci
	Antonio	Talarico *
	Vincenzo	Vicari
	Sergio	Viglianisi

Secretary to the Board and the Executive Committee

	Alberto	Marras
--	---------	---------------

Board of Auditors

Chairman	Graziano	Visentin
Statutory auditor	Vittorio	Amadio
Statutory auditor	Alessandro	Rayneri
Alternate auditor	Giuseppe	Aldé
Alternate auditor	Stefano	Casagni
Alternate auditor	Claudio	De Re

- The names of the Directors who are on the Executive Committee have been marked with an asterisk.
- An Internal Control Committee has been set up, to deal with consultation and proposals as laid down by the Listed Companies Self-Regulation Code. This Committee consists of the Directors Mariano Frey, Emilio Perrone Da Zara and Vincenzo Vicari.
- With reference to CONSOB notice n. 97001574 of 20 February 1997, the nature of the powers conferred upon the directors is stated below:
- The Chairman and Managing Director, Dr. Fausto Marchionni, has responsibility for the Legal Representation in accordance with Art. 19 of the Articles of Association. He also has all powers of ordinary and extraordinary administration, to be exercised with his signature alone and with the possibility of conferring mandates and powers of attorney except for the following powers exclusively:
 - sale and/or purchase of property of a value greater than € 7,5 million for each operation;
 - sale and/or purchase of holdings of a value greater than € 25 million for each operation and also of controlling interests;
 - taking on loans of over € 50 million for each operation;
 - issue of sureties of a non-insurance type to third parties.

- The Executive Committee shall retain all the powers not already attributed to the Chairman and Managing Director, with the exception of those which by law or by the articles of association are the exclusive responsibility of the Board of Directors, and without prejudice to the exclusive responsibility of the Board for any resolution concerning operations with related parties as identified by the Board of Directors.
- The Board of Directors was originally appointed by the meeting on 30 August 2002. Dr. Fausto Marchionni – already co-opted by the Board of Directors on 6 March 2003, in accordance with the law, to replace Prof. Paolo Ferro-Luzzi, who resigned the positions of Chairman and Director on 28 February 2003 – was therefore appointed by the meeting on 24 April 2003, when the Board also appointed him as Chairman and Managing Director. It should also be mentioned that Dr. Roberto Gavazzi resigned the post of Managing Director of the Company on 6 March 2003. The meeting of 18 July 2003 therefore raised the number of members of the Board of Directors from 13 to 19, and appointed the following in addition to Sig. Giocchino Paolo Ligresti, already co-opted by the Board on 24 April 2003: Maurizio Di Maio, Emanuele Erbetta, Giulia Maria Ligresti, Jonella Ligresti, Lia LoVecchio, Antonio Talarico and Vincenzo Vicari.
- The meeting of 26 April 2004 appointed Dr. Simone Tabacchi to the post of Director.

*Consolidated quarterly report at
31 March 2004*

Introduction

This report has been drawn up in accordance with the provisions in CONSOB regulation no. 11971 of 14 May 1999 and more specifically, the criteria in annex 3D of that regulation. In particular

- all the data and accounts tables have been drawn up on a consolidated basis, according to the principles laid down for annual and consolidated accounts.
- the economic data is compared with the data for the same period in the previous financial year; the financial data is compared with the position at the end of the previous quarter and the previous year.

It should be remembered that on 31 December 2003 the merger by incorporation of Nuova Maa Assicurazioni and Maa Vita Assicurazioni into Milano Assicurazioni took place; to allow meaningful comparisons with the data for the first quarter of last year, in addition to showing this data with reference to Milano Assicurazioni alone, the figures are also shown in similar terms by aggregating the values at 31 March 2003 of Milano Assicurazioni, Nuova Maa and Maa Vita and taking into account SIS Assicurazioni, a subsidiary of Nuova Maa, which has consequently become part of the basis of consolidation.

All the amounts are expressed in thousand Euro.

Valuation criteria and basis of consolidation

The data given in the accounts tables derives from the application of the same accounting principles as are used to draw up the annual accounts.

However, some items of a technical nature, mainly relating to TPL Motor business, have been determined on the basis of the business figures for the period, supplemented by statistical valuations which also take account of the probable change in the indices relating to the technical result for this business during the financial year.

The basis of consolidation has not undergone any changes compared to the position at 31 December 2003.

There was a total of 13 subsidiaries, affiliated companies and associated companies at 31 March 2004. Amongst these, 4, in addition to the Group Leader, operate in the insurance sector, 3 in the finance sector, 1 in the property sector and 5 in the service sector.

A list is attached of the consolidated companies, those valued using the net equity method and the other holdings maintained at cost.

ECONOMIC POSITION FOR THE QUARTER

In the first quarter of 2004, the Milano Assicurazioni Group showed a profit in ordinary business of € 110,812 K, compared to € 37,392 K in the corresponding period of the previous financial year, which, to make the comparisons meaningful, has also been shown pro forma, aggregating the data relating to Milano Assicurazioni, Nuova Maa and Maa Vita and taking SIS into account.

The table below shows the main components of the profit and loss account for the quarter, according to the usual aggregation methods.

		<i>(in thousand Euro)</i>			
Profit and loss account		31/3/2004	31/3/2003 pro-forma	31/12/2003	31/3/2003
NON-LIFE BUSINESS					
Premiums applicable		636,653	595,770	2,413,252	424,853
Charges relating to losses		-446,255	-449,836	-1,725,036	-314,630
Operating costs		-118,174	-115,668	-461,346	-81,182
Other technical income and charges		-30,266	-20,161	-35,310	-19,421
Result of technical account non-life business		41,958	10,105	191,560	9,620
LIFE BUSINESS					
Premiums retained		110,205	84,158	414,287	79,881
Charges relating to losses and change in technical provisions		-132,189	-106,242	-478,259	-100,259
Operating costs		-6,844	-7,068	-37,927	-6,522
Other technical income and charges		-2,243	-2,622	-4,621	-2,622
Quota of profit from investments		31,584	33,089	131,485	32,120
Income and unrealised gains net of charges and unrealised losses relating to investments for the benefit of life policyholders		9,270	2,702	9,798	2,201
Result of technical account life business		9,783	4,017	34,763	4,799
Income from investments net of related charges		107,102	62,057	193,295	52,093
Quota of life investment profit transferred to the technical account		-31,584	-33,089	-131,485	-32,120
Other income, net of other charges		-16,447	-5,698	-66,549	-4,828
Ordinary business result		110,812	37,392	221,584	29,564

The technical account for non-life business shows a profit of € 41,958 K compared to a profit of € 10,105 K in the corresponding period in the previous financial year.

While Motor TPL shows an improvement compared to the corresponding period in the previous year, it continues to be influenced by the negative progress of some large “registration book” policies, acquired in previous years; however, the effects of these policies will come to an end during the current year as they were subject to termination notices by the Company during 2003.

Land vehicles continue to show fully satisfactory progress in line with the same period in 2003.

In the other non-life business the result is fully positive, demonstrating the fact that, in this sector also, the Company policy is to bring together profitability and development, adopting consistent policies for taking on business to maintain the high level of quality in the portfolio.

The technical account in life business shows a profit of € 9,783 K which is a significant improvement compared to the profit in the first quarter of 2003, equal to € 4,017 K due to the development of the portfolio and a higher level of profitability in new business in the quarter under examination.

The net income from investment as at 31 March 2004 amounts to € 107,102 K compared to € 62,057 K recorded at 31 March in the previous financial year. The significant increase derives mainly from the higher capital gains realised with securities trading entered in the current assets, taking advantage of the market opportunities which occurred during the quarter. The possibility of realising further significant capital gains from securities trading during 2004 will depend on the progress of the financial markets, which at the moment are showing signs of uncertainty.

The data at 31 March 2004 does not include income of € 2,900 K for potential upturns in value on the securities portfolio (€ 6,483 K) and the potential value adjustments (€ 3,583 K).

NET POSITION IN PROPERTY AND FINANCIAL MANAGEMENT

The tables below show the investments at 31 March 2004, the amount of the technical provisions, net of the quotas of reinsurance cessions, and the financial debts; the data is compared with the position at the end of the preceding financial year and the end of the first quarter of 2003 which, to make the comparisons meaningful, is shown pro-forma in similar terms and therefore also includes the data from Nuova Maa and Maa Vita, incorporated in Milano Assicurazioni on 31 December 2003 and of SIS Assicurazioni, originally a subsidiary of Nuova Maa.

Investments	<i>(thousand Euro)</i>			
	31/3/2004	31/12/2003	Chg %	31/3/2003 pro-forma
Land and buildings	504,649	505,659	-0.2	727,252
Investments in group undertakings and other participating interests				
Stocks and shares	95,502	94,462	1.1	94,554
Bonds	4,000	4,000	0.0	-
Loans	-	26,520	-100.00	-
Total investments in group undertakings and other participating interests	99,502	124,982	-20.4	94,554
Other financial investments:				
Stocks and shares	772,059	778,507	-0.8	998,000
Unit trusts	75,794	77,022	-1.6	66,241
Bonds and other fixed income securities	5,941,066	5,695,299	4.3	5,018,376
Loans	66,528	65,622	1.4	16,907
Others	239,969	52,535	356.8	307,482
Total other financial investments	7,095,416	6,668,985	6.4	6,407,006
Deposits with transferor companies	7,592	7,553	0.5	8,242
Total investments	7,707,159	7,307,179	5.5	7,237,054
Investments where the risk is borne by the policyholders and arising out of pension fund management	319,434	302,378	5.6	254,082
Liquid assets	161,564	174,730	-7.5	93,850
Grand total	8,188,157	7,784,287	5.2	7,584,986

The structure of the investments is substantially unchanged compared to the position at 31 December 2003. Under the "other financial investments" the item "others" mainly includes repo contract operations concerning debt securities.

Technical provisions	31/3/2004	31/12/2003	Chg %	31/3/2003 pro-forma
Net technical provisions:				
Non-life business	3,854,512	3,790,870	1.7	3,607,713
Life business	3,196,160	3,227,304	-1.0	3,218,242
Total	7,050,672	7,018,174	0.5	6,825,955
Technical provisions when the investment risk is borne by the policyholders and reserves arising out of pension fund management				
	319,360	302,344	5.6	253,846
Grand total	7,370,032	7,320,518	0.7	7,079,801

Financial debts	31/3/2004	31/12/2003	Chg. %	31/3/2003 pro-forma
Loans from group companies	14,237	9,337	52.5	217,683
Others	1,695	1,695	0.0	3,127
Total	15,932	11,032	44.4	220,810

Loans from companies in the group include € 9,337 of loans received from the affiliated company Fondiaria Nederland which relate to the liquid assets arising from the issue, by that affiliated company, during 2001, of two convertible bonded loans in listed shares also owned by Milano Assicurazioni. In particular, this concerns a remaining tranche of € 8,337 K, already reimbursed on 20 April 2004, and one of € 1,000 K falling due on 29 June 2004. The item also includes a loan of € 4,900 K granted by Fondiaria-Sai to the subsidiary Uniservizi to cover financial requirements relating to the current management and intended to be reimbursed in the short term.

PROGRESS OF BUSINESS AND COMMENTS

Premiums written

Premiums written at 31 March 2004 amount to a total of € 777,607 K and show an increase of 6.16% compared to the same period in the previous financial year.

Under direct business, non-life business shows an increase of 3.0% for premiums written of € 662,372 K, of which € 493,152 K refer to motor (+3.47%) while € 169,220 K concern the other classes of business where an increase of 2.43% is recorded compared to the corresponding period in the previous year. The progress of the first quarter confirms the company's policy, whose objective is to bring together development and profitability through policies for taking on business which will maintain the portfolio's high level of quality.

The development of life business is particularly satisfying which, despite the loss of the portfolio obtained through the branches of the San Paolo banking group, showed a rise of 29.91%, due above all to the significant increase in production from the agency network; in particular, the increase can be seen in line I, including products of a traditional type characterised by a higher level of profitability, which show growth of 6.67% and line V of pure capitalisation products (+184.41%) while the premiums in line III, including index and unit linked policies, fell.

The table below shows the detail of the premiums written, the percentage composition of the portfolio, and the changes compared to the first quarter of 2003.

Premiums written

<i>(thousand Euro)</i>					
<i>Direct business</i>	<i>1° quar. 2004</i>	<i>1° quar. 2003 Pro-forma</i>	<i>Chg.%</i>	<i>Distrib % 1° quar 2004</i>	<i>1° quar. 2003</i>
<i>NON-LIFE BUSINESS</i>					
Accidents and health	52,733	52,565	0.32	6.78	43,478
Marine, aviation and transport insurance	3,389	4,343	-21.97	0.44	3,726
Fire and other damage to property	56,743	56,548	0.34	7.30	47,514
General TPL	43,123	38,236	12.78	5.55	31,975
Credits and bonds	6,708	7,068	-5.09	0.86	6,064
Pecuniary losses of various kinds	1,610	1,638	-1.71	0.21	731
Legal protection	1,376	1,380	-0.29	0.18	1,194
Assistance	3,538	3,435	3.00	0.45	2,057
Total non-motor business	169,220	165,213	2.43	21.76	136,739
TPL land vehicles	429,308	412,144	4.16	55.21	265,046
Motor vehicles other classes	63,844	64,459	-0.95	8.21	38,276
Total motor business	493,152	476,603	3.47	63.42	303,322
Total non-life business	662,372	641,816	3.20	85.18	440,061
<i>LIFE BUSINESS</i>					
I – Life assurance	63,342	59,380	6.67	8.15	54,851
III – Insurance associated with investment funds and market indices	9,595	13,787	-30.41	1.23	13,787
IV – Health insurance	11	15	-26.67	0.00	15
V – Capitalisation operations as stated in art. 40 of D.Lgs 17 March 1995 no. 174	40,728	14,320	184.41	5.24	12,739
Total life business	113,676	87,502	29.91	14.62	81,392
Total direct business	776,048	729,318	6.41	99.80	521,453
Indirect business	1,559	3,138	-50.32	0.20	3,088
Grand total	777,607	732,456	6.16	100.00	524,541

**Progress of
Claims**

In the first quarter 199,960 claims were notified, a decrease of 0.13% compared to the first quarter of 2003.

Claims paid in the first quarter of 2004 amount to € 406,548 K with a decrease of 7.17% compared to the first quarter of 2003.

With regard to Motor Vehicles TPL alone, the number of claims notified decreased by 1.49%, while the average cost of current generation claims settled shows an increase of 2%.

**Administration
costs**

In the first three months of the year, the administration costs, net of the allocations of quotas applicable to the technical items, amount to € 17,152 K compared to € 18,728 K for the corresponding period in the previous financial year; the incidence on the premiums written fell to 2.2% compared to 2.6% recorded at 31 March 2003.

Subsidiaries

In the first quarter of 2004 Dialogo Assicurazioni (Insurance Dialogue), which mainly markets motor products by telephone, wrote premiums of € 6,018 K recording an increase of 77,05% compared to the 1st quarter of 2003. The technical balance, negative by € 666 K, continues to feel the effects of the depreciation allowances for the investments in advertising of recent years. The ordinary business result closed with a loss of € 543 K, a decrease compared to the loss recorded in the corresponding period in the previous year, which was € 858 K.

Systema Compagnia di Assicurazioni, which markets non-life insurance products through the banks, wrote premiums in the first quarter of 2004 of € 3,854 K compared to € 4,487 K in the corresponding period of the previous year (-14.11%). The profit and loss account at 31 March shows a profit in ordinary business of € 113 K compared to a loss of € 316 K in the first quarter of 2003.

In the first quarter of 2004, SIS wrote premiums of € 10,724 K of which € 8,886 K relates to Motor TPL. The profit and loss account records a negative ordinary business result of € 988 K.

Fondiprev, which operates in life business, closed the first quarter of 2004 with an ordinary business result of € 57 K compared to € 86 K recorded on 31 March 2003.

Other information

Milano Assicurazioni is under the management and co-ordination of Fondiaria-SAI in accordance with art. 2497 and following of the Civil Code.

The Company receives rules of conduct sent by the holding company Fondiaria-SAI to the Companies under its control, to ensure that the tasks of co-ordination and control of the Companies in the Group are carried out, and to guarantee compliance with the obligations of transparency and information with regard to the public which are the responsibility of issuers as quoted by the current legislation. Among other things, these rules of conduct provide for appropriate resolutions by the Board of Directors or Executive Committee of Fondiaria-SAI on some operations concerning the Company, which are considered to be significant on the basis of the nature of the operation or its amount.

Important events occurring after the end of the quarter

No important events occurred after the end of the quarter.

Foreseeable business development

Concerning motor insurance, where we consider that there will be strong competition, the actions of the Company will be aimed at maintaining the market share with particular reference to land vehicles which continue to show excellent results. Therefore, as from May the Company networks will market a new product which has features considered to be more suitable for the needs of the clientele in this sector.

We will also continue to select risks in the non-motor classes carefully to maintain the excellent results we have achieved.

Life business will aim to expand by developing traditional type products which offer greater guarantees of maintaining the portfolio over the long term and higher profitability margins.

We will continue to give particular attention to costs with a view to achieving even greater levels of efficiency.

It is foreseeable that in the next few months, following authorisation from Isvap, the merger by incorporation of SIS will take place.

Milan, 10 May 2004

MILANO ASSICURAZIONI S.p.A.
The Board of Directors

Basis of consolidation

MILANO ASSICURAZIONI S.p.A.

NAME	HEAD OFFICE		SHARE CAPITAL
COMPANIES INCLUDED IN THE CONSOLIDATION USING THE FULLY CONSOLIDATED METHOD			
DIALOGO ASSICURAZIONI S.p.A.	Assago Milanofiori (I)	€	8,831,774
FONDIPREV S.p.A.	Florence (I)	€	6,240,000
MAA FINANZIARIA S.p.A.	Milan (I)	€	774,000
MERIDIANO EUR	Milan (I)	€	10,000
MERIDIANO ORIZZONTI	Milan (I)	€	10,000
SIS COMPAGNIA DI ASSICURAZIONI S.p.A.	Rome (I)	€	15,000,000
SYSTEMA COMPAGNIA DI ASS.NI S.p.A.	Assago Milanofiori (I)	€	5,164,600
UNISERVIZI Gruppo Fondiaria Soc. Cons. a r.l.	Assago Milanofiori (I)	€	5,200,000
HOLDINGS IN COMPANIES VALUED USING THE NET EQUITY METHOD			
Subsidiaries			
FINITALIA S.p.A.	Milan (I)	€	11,750,000
SOGEINT S.r.l.	Milan (I)	€	10,000
Associated companies			
SISTEMI SANITARI S.p.A.	Milan (I)	€	1,872,000
Affiliated companies			
EFFE SERVIZI S.r.l.	Florence (I)	€	45,900
SERVICE GRUPPO FONDIARIA-SAI S.r.l.	Florence (I)	€	104,000
OTHER HOLDINGS			
Holding companies			
FONDIARIA - SAI S.p.A.	Florence (I)	€	170,535,593
PREMAFIN HDP S.p.A.	Rome (I)	€	310,998,066
Affiliated companies			
NUOVE INIZIATIVE TOSCANE S.r.l.	Florence (I)	€	26,000,000
MERCANTILE LEASING S.p.A.	Florence (I)	€	27,157,851,76
SAIAGRICOLA S.p.A.	Turin (I)	€	50,000,000
Other participating interests			
BANCAPULIA	San Severo (I)	€	10,244,000
CESTAR S.r.l.	Milan (I)	€	2,040,000
COMPAGNIA TIRRENA DI ASS.NI S.p.A. (in liquid.)	Milan (I)	€	17,850,000
UFFICIO CENTRALE ITALIANO S.r.l.	Milan (I)	€	1,000,000

QUOTA % DIRECT	QUOTA % THROUGH SUBSIDIARY	TOTAL QUOTA	% OF VOTES IN MEETING	GROUP INTEREST
99.85		99.85	99.85	99.85
60.00		60.00	60.00	60.00
100.00		100.00	100.00	100.00
100.00		100.00	100.00	100.00
100.00		100.00	100.00	100.00
100.00		100.00	100.00	100.00
100.00		100.00	100.00	100.00
56.80	1.00 Systema Compagnia Ass.ni 0.10 Dialogo Assicurazioni 0.10 Finitalia	58.00	58.00	57.96
60.00		60.00	60.00	60.00
100.00		100.00	100.00	100.00
25.71		25.71	25.71	25.71
40.00		40.00	40.00	40.00
30.00		30.00	30.00	30.00
2.12		2.12	2.81	
0.30		0.30	0.30	
3.12		3.12	3.12	
9.00		9.00	9.00	
6.80		6.80	6.80	
0.18		0.18	0.18	
11.35		11.35	11.35	
11.14		11.14	11.14	
10.96		10.96	10.96	