

HALF YEAR REPORT TO 30 JUNE 2007



Part A - Management Report

The first half of the 2007 financial year closed with a net profit of € 140,973K, a significant increase compared with the € 89,253K (+ 57.9%) reported in the corresponding period of the previous financial year.

The elements which determined that positive performance can be summarised as follows:

- The total technical balance in the non-Life business, net of outward reinsurance, reported a profit of € 64,987K (+6.2% compared with the result in the first half of 2006 of € 61,204K). The improvement was derived principally from the Motor TPL class, also following the commercial interventions in the geographical areas and tariff sectors which showed unsatisfactory technical performance and, in particular, the reorganisation of the fleet portfolio.
There was a significant innovation, moreover, in the half year in question in the Motor TPL class: on 1 February, the new direct settlement system started whereby, in the event of a road accident, the injured parties not liable, or only partly liable, are compensated directly by their own insurer. The Fondiaria-SAI Group's investments in the adaptation of the computer systems and the training of the resources involved enabled the transition process towards the new compensation method to be managed with a good level of efficiency. The short period of time since the start of the new compensation procedure and the scope of the innovations introduced, in any event, suggest that we need to wait longer before producing a precise picture of profitability levels and the trend in the economic and management indicators, which are not all homogeneous compared with the same period in the previous financial year.
- The technical balance in the Life business closed with a profit of € 19,032K, compared with €15,981K in the first half of 2006. The result, although lower than in the first half of 2006, continues to be conditional on the trend of the rise in interest rates, which penalises the prices of fixed rate bond securities already in the portfolio, determining adjustments to bring the book value into line with the market prices. Adjustments made in the half year in question on the securities portfolio in the Life business, net of write-ups, totalled € 31,494K (€ 39,044K in the first half of 2006) and, as is well-known, these all affect the technical balance even if they relate essentially to hedge securities in the technical provisions in the Life business, due to the effect of the regulations in force which stipulate that the share borne by policyholders is recorded only if and when those value adjustments have to be converted into actual losses due to the effect of the trading of the securities. The impact of the value adjustments was moreover attenuated by the trading activities in the half year, which enabled a net profit of € 15,955K (€ 30,002K in the first half of 2006) to be achieved.
- Asset and financial management achieved net income of € 198,550K, compared with € 178,137K in the first half of 2006. The net profit from trading, realised by seizing market opportunities with careful trading activity, totalled € 23,855K (€ 28,137K as at 30 June 2006).

The value adjustments, net of the relative write-ups, have a negative impact on the profit and loss account of € 24,826K, compared with € 71,353K recorded in the first half of 2006.

It is important to state in relation to this that the amount in the half year is net of a write-up on the Capitalia shares in the portfolio, made in accordance with art. 16, paragraph 3, of Legislative Decree 173 of 1997.

We report in fact that, in past financial years, value adjustments were recorded on the Capitalia shares following the reduction of the relevant *fair value*. In particular, the unit book value was reduced from the original amount of € 5.66 to € 4.36 in the accounts for the 2002 financial year and from € 4.36 to € 3.5 in the accounts for the 2003 financial year.

The adjustments were necessary due to the effect of the losses reported by Capitalia in the year, which determined a significant reduction of the net equity and the consequent negative performance in the stock exchange price.

The operation to combine Capitalia and Unicredito, recently approved by the respective general meetings, determines the creation of the largest Italian and the second largest banking group in Europe and the brilliant recovery of profitability achieved by Capitalia's management in recent years, underlined, moreover, by the extraordinary performance of the security's stock exchange price make it compulsory to write off value adjustments made in the past, reinstating the original

book value. The write-up, made taking account of the transactions on the security in the mean time, had a positive impact on the profit and loss account for the year of € 25,507K.

Finally, it is reported that the result for the period was not influenced by any non-recurrent significant or outside events or transactions.

The table below shows the summary of the profit and loss account for the first half of 2007, compared with that for the corresponding period in the previous financial year.

	<i>(in €K)</i>	
	30/06/2007	30/06/2006
Result of the Life business technical account	19,032	15,981
Non-life business technical balance	64,987	61,204
Share of profit transferred to the Non-life business technical account	86,921	39,511
Result of the non-life business technical account	151,908	100,715
<i>Overall result of core business</i>	170,940	116,696
Net income from investments	198,550	178,137
Value adjustments on investments net of write-ups	-24,826	- 71,353
Net gains on the realisation of investments	15,124	14,000
Net income relating to investments where the risk is borne by policyholders	5,949	2,484
Less: income allocated to the technical accounts	- 166,744	- 112,212
Amount of goodwill amortised	- 11,996	- 11,996
Other income, net of other expenditure	-841	- 2,683
Result for ordinary business	186,156	113,073
Net profits from trading long-term investments	8,731	14,137
Other extraordinary income and expenditure	- 2,150	913
Pre-tax profit	192,737	128,123
Taxes	- 51,764	- 38,870
NET PROFIT	140,973	89,253

Insurance Business

Premium and additional income

In the first half of 2007, premium income totalled € 1,662,766K, including € 1,655,955K relating to the direct business, where a fluctuation of 2.90% was recorded compared with the first half of 2006, and € 6,811K relating to the indirect business (- 47.52%).

Within the scope of the direct business, the non-life business recorded a fluctuation of 3.15%, with premiums written of € 1,369,089K, including € 997,935K relating to the motor classes (- 4.59% compared with the corresponding period in the previous financial year) and € 371,154K relating to other non-life business (+ 0.95%).

The trend in premiums in motor classes is in line with the planned commercial actions targeted at a gradual improvement of the *combined ratio* by reorganising the fleet portfolio, already mainly implemented and restructuring actions in geographical areas and tariff sectors showing unsatisfactory technical performance

In the other non-Life classes, an underwriting policy continued which proposes combining development and profitability, safeguarding the quality level of the portfolio acquired. In particular, compared with the boost given to the *retail* sector which offers satisfactory income margins in the corporate sector, the continuation of extremely competitive market conditions makes it difficult to achieve a significant development in turnover, taking account of the fact that, in some specific areas, such as the Third Party Liability sector, criteria were strengthened aimed at maintaining a risk underwriting policy based on compliance with strict technical parameters.

In particular, the segment of Public Institutions closed the half year with falling premiums, compared moreover with a significant contraction of the cost of current year claims.

In the sector of public contracts for insurance services, information on premiums based on tendering are increasingly contained and, in the Third Party Liability class, there is increasing use of the deductible tool, which involves a reduction of the average premium.

In the area of health, hospitals are continuing their attempt to make use even more often of forms of insurance agreements on a territorial basis, a phenomenon which involves a reduction of the number of policies and the total amounts of the premiums written. In that sector, the performance of third party liability cover continues to represent a critical area. For that reason, the appropriate *Group's Public Institutions* structure is operating with action on the reform or cancellation of structurally negative policies.

In Life business, premium income totalled € 286,866K (-1.71% compared with the first half of 2006, which reported premium income of € 291,871K). The fluctuation is principally attributable to lower production through the banking channel (which penalised premiums for traditional type products, a fall of 11.25%) and to lower pure capitalisation premiums administered at management level. However, the total number of premiums written by the agency network is increasing.

The reduction of pure capitalisation premiums (- 12.88%) follows increasing difficulties with the penetration of the segment of customers at which the product is aimed (institutional policyholders with vast amounts of liquidity), where, also compared with the current developments on the financial markets, the distribution of policies tends to involve decreasing profitability margins. Underwriting was therefore limited to transactions which guaranteed an adequate level of return, on the basis of the stipulations of the guidelines in the operating plan.

Significant numbers of index- and unit-linked policies were written recording premiums of € 32,280K (€ 2,732K as at 30 June 2006).

In particular, two new products were brought onto the market in the half year in question:

- Match Race index-linked, characterised by an optional innovative mechanism which allows two share indices to be compared, one European, constructed on a selection of high income securities and a "generalist" index representing the whole of the USA share market;

- Global Race index-linked, characterised by the comparison, in the 3 main financial areas, of the performance of a share index constructed on a selection of high dividend (Select Dividend) securities and the corresponding generic index, representative of the whole market, and which thereby allow the potential of the securities with the highest returns compared with the whole of the reference market to be targeted.

The indirect business continues to have a marginal weight due to the decision, already taken in the past, to stop underwriting on the inward reinsurance market with companies which are not part of the Fondiaria-SAI Group. The further reduction compared with the first half of 2006 is derived from the lower contribution of the proportional treaty with the affiliated company Siat, affecting the non-life business excluding the transport classes.

The table below shows the detail of the premiums written, the percentage composition of the portfolio and the variations compared with the first half of 2006.

	30.6.2007	30.6.2006	Variation	Distribution %	
	(in €K)		%	2007	2006
ITALIAN DIRECT BUSINESS					
NON-LIFE BUSINESS					
Accident	88,307	86,764	1.78	5.31	5.05
Health	27,559	27,710	-0.54	1.66	1.61
Railway rolling stock	0	0		0.00	0.00
Aircraft hull	44	746	-94.10	0.00	0.04
Marine, lake and rivercraft hull	1,962	1,715	14.40	0.12	0.10
Goods in transit	2,898	3,191	-9.18	0.17	0.19
Fire and other natural forces	71,036	70,990	0.06	4.27	4.13
Other damage to property	59,757	57,280	4.32	3.59	3.33
Aircraft TPL	93	112	-16.96	0.01	0.01
Marine, lake and rivercraft TPL	1,792	1,647	8.80	0.11	0.10
General TPL	91,153	92,848	-1.83	5.48	5.40
Credit	3	0		0.00	0.00
Bonds	12,943	12,029	7.60	0.78	0.70
Miscellaneous pecuniary losses	3,983	3,391	17.46	0.24	0.20
Legal protection	3,006	2,936	2.38	0.18	0.17
Assistance	6,618	6,288	5.25	0.40	0.37
Total non-life business excluding motor classes	371,154	367,647	0.95	22.32	21.39
Land vehicles - own damage or loss	135,788	140,944	-3.66	8.17	8.20
Land vehicle TPL	862,147	904,973	-4.73	51.85	52.66
Total Motor classes	997,935	1,045,917	-4.59	60.02	60.87
Total Non-life business	1,369,089	1,413,564	-3.15	82.34	82.26
LIFE BUSINESS					
Life Insurance	142,470	160,537	-11.25	8.57	9.34
Insurance linked to investment funds and market indices	32,280	2,732	1081.55	1.94	0.16
Health insurance	32	35	-8.57	0.00	0.00
Capitalisation operations	112,011	128,567	-1.88	6.74	7.48
Pension fund management operations	73	0		0.00	0.00
Total Life business	286,866	291,871	-1.71	17.25	16.98
Total Italian Direct business	1,655,955	1,705,435	-2.90	99.59	99.24
INDIRECT BUSINESS					
Non-Life business	6,764	12,915	-47.63	0.41	0.75
Life business	47	64	-26.56	0.00	0.00
Total indirect business	6,811	12,979	-47.52	0.41	0.76
OVERALL TOTAL	1,662,766	1,718,414	-3.24	100.00	100.00

Claims paid and reported

The table below shows the amount of compensation paid and the number of Italian direct business claims reported, compared with equivalent data reported at the close of the corresponding period of the previous financial year.

	Compensation paid (amounts in €K)			Claims reported (number)		
	1st half 2007	1st half 2006	Variation %	1st half 2007	1st half 2006	Variation %
Accident	39,274	40,287	-2.52	19,018	20,615	-7.75
Health	15,955	15,003	6.35	18,760	17,018	10.24
Aircraft hull	44	17	162.20	1	-	-
Marine, lake and rivercraft hull	583	1,620	-64.01	66	88	-25.00
Goods in transit	1,092	812	34.36	221	212	4.25
Fire and other natural forces	43,241	38,508	12.29	12,083	14,687	-17.73
Other damage to property	38,047	34,922	8.95	22,944	22,808	0.60
Aircraft TPL	-	-	-	4	-	-
Marine, lake and rivercraft TPL	1,298	316	311.27	83	71	16.90
General TPL	63,655	62,973	1.08	20,834	22,267	-6.44
Credit	25	75	-66.41	-	-	-
Bonds	10,044	12,368	-18.79	293	302	-2.98
Pecuniary losses	704	594	18.55	186	177	5.08
Legal protection	248	247	0.39	259	250	3.60
Assistance	3,330	2,943	13.17	17,632	17,474	0.90
Total non-motor business	217,540	210,684	3.25	112,384	115,969	-3.09
Land vehicles – own damage or loss	59,905	61,608	-2.76	48,984	47,598	2.91
Land vehicle TPL	686,711	702,945	-2.31	210,023	223,179	-5.89
Total motor business	746,616	764,553	-2.35	259,007	270,777	-4.35
TOTAL NON-LIFE BUSINESS	964,156	975,238	-1.14	371,391	386,746	-3.97

Brief comments on the core business and claims trends follow.

Accident

Premium income € 88,307K (+ 1.78%)

Claims reported 19,018 (- 7.75 %)

The favourable trend in claims reported determined a further improvement in the loss ratio in the current year, which gives wide profitability margins. The technical balance in the class is very positive and a significant improvement compared with the first half of 2006, also due to the effect of a better development in the claims in previous years, already recorded in the reserves. The speed of settlement, net of claims eliminated not followed up was 22.5% for claims in the current year (23.7% as at 30 June 2006) and 39.4% for claims in previous years (40.6% as at 30 June 2006).

In February, new standards were issued on the underwriting of *Corporate* Accident risks for schools, with the relevant tariffs made available by the agency network, which incorporate the adaptation of the terms of insurance cover to the requirements of the sector.

Health

Premium income € 27,559K (-0.54%)

Claims reported 18,760 (+ 10.24%)

The reinsurance policy is still based on selective criteria, with the objective of safeguarding the quality level of the portfolio. Premiums written remain substantially stable compared with the first half of 2006, which benefited from specific sales campaigns. For the current financial year, similar commercial initiatives were planned for the second half of the year, considering that the trend in premiums is tending towards a gradual strengthening during the year both in absolute values and in terms of the increase compared with the previous financial year.

Although the trend in claims reported remains substantially favourable, it is showing a modest deterioration compared with the first half of 2006 (loss ratio in the current year 56.6% compared with 54.7%). The total technical balance was furthermore influenced by a negative development in claims from previous years, also following an extremely prudential reserves policy. The speed of settlement of claims in the current year was 55.5%, compared with 65% in the first half of 2006, whereas in previous years it was 59.7% compared with 60.8%.

Land vehicles - own damage or loss

Premium income € 135,788K (- 3.66%)

Claims reported 48,984 (+ 2.91%)

The trend in premiums reflects the planned commercial actions which, through the reorganisation of the fleet portfolio and restructuring in geographical areas with a negative technical performance, are planning a gradual improvement in profitability in terms of the *combined ratio*. The development is furthermore conditional on increasing pressure on prices on the market, in a sector which, for several years already, is guaranteeing a high level of profitability.

The technical performance is maintained at extremely satisfactory levels, with a loss ratio in the current year of approximately 44%. The speed of settlement of claims in the current year is 60.3% (75.3% as at 30 June 2006).

Marine, lake and rivercraft TPL

Premium income € 1,962K (+ 14.40%)

Claims reported 66 (- 25.00%)

In line with what happened in recent years, underwriting was directed essentially towards sports craft risks, a sector which is showing an adequate level of profitability and is maintaining attractive growth levels. Only the contribution of premiums in other classes of business (fishing vessels, construction risks, port craft) remained marginal.

Premiums are purchased principally through the agency network, following the decision to withdraw gradually from the business through brokers, within the scope of the reorganisation of the Fondiaria-

SAI Group.

The technical balance in the half year is positive and improving compared with the first half of 2006 following the favourable trend in claims reported.

Goods in transit

Premium income € 2,898K (- 9.18%)

Claims reported 221 (+ 4.25%)

The reference market is showing signs of a recovery in terms of demand. The reduction in the number of premiums written is derived from the change in the accounting method which, with effect from the 2007 financial year, in line with the main directions on the market, is used only for overdue premium instalments rather than according to the criterion of the so-called "instalments due" used up to the 2006 financial year. In homogeneous terms, premiums written are showing an increase of 12% and are essentially collected by the agency network following the gradual withdrawal from the transport business brokered through brokers, realised within the scope of the reorganisation of the Fondiaria-SAI Group.

The technical balance is substantially balanced, as the increase in the number of claims reported corresponds to a fall in the average cost of the claims followed up.

Fire and other natural forces

Premium income € 71,036K (+ 0.06%)

Claims reported 12,083 (- 17.73%)

There was favourable performance in the total number of claims reported confirmed by some large-scale claims covered by reinsurance, which determined a rise in the loss ratio in the current year in the gross direct business. The technical balance was maintained at very positive levels in line with those recorded in the first half of 2006, also due to the effect of better performance on claims from previous years, already recorded in the reserves.

The speed of settlement of claims was 49.5% for claims in the current year and 56.5% for claims in previous years (57.9% as at 30 June 2006 for claims in the current year and those already recorded in the reserves).

Other damage to property

Premium income € 59,757K (+ 4.32%)

Claims reported 22,944 (+ 0.60%)

There was virtually a stationary trend in claims reported, associated with an increase in the average cost of claims followed up, which determined a rise in the loss ratio in the current year. The technical balance is positive, even if it is positioned at lower levels than those in the corresponding period of the previous financial year.

With regard to hail risks, there was a reduction in the average rates on the market, as a consequence of the good performance in previous years. However, the establishment of multi-risk and pluri-risk cover has provided a partial recovery of that negative factor and it can be forecast that the 2007 financial year will close with approximately a 5% increase in premiums. Substantial damage occurred in the first ten days of July, however, the result does not appear to be compromised. Risk exposure remains significant up to September.

The speed of settlement is 47.9% for current year claims and 49.6% for claims from previous years (respectively 50.9% and 50.4% as at 30 June 2006).

Land vehicle TPL

Premium income € 862,147K (- 4.73%)

Claims reported 210,023 (- 5.89%)

The trend in premiums reflects the planned commercial actions proposed to achieve a gradual improvement in the *combined ratio* by reorganising the fleet portfolio, which has already been implemented, and reorganisation in the geographical areas and tariff sectors with unsatisfactory technical performance. It is therefore necessary to recall that the “Bersani Decree” came into force which makes it compulsory to assign to insurance policies for further vehicles purchased by a customer or a member of his family the same category assigned to the first vehicle, rather than the entry category given by the company. That translates into a reduction of the premiums for new purchases, which are recording a contraction in the average policy premium.

The action taken is reporting the expected positive effects on claims reported, which recorded a fall of 5.89%.

On 1 February 2007, the new direct settlement system which, in the case of a road accident, enables the injured parties not liable or only partly liable to be compensated directly by their own insurer. The short period of time between the start of the new compensation methods does not allow us to give a complete and definitive assessment of the relevant economic and financial impacts. Moreover, investments by the Fondiaria-SAI Group in the adaptation of the computer systems and the training of the resources involved have enabled the transition process to the new compensation methods to be managed with a good level of efficiency.

As at 30 June, there were 75,636 claims reported followed up from our policyholders within the scope of the new settlement system (CARD management), including 40,830 which have already been paid in full. Claims reported and followed up received from the clearing house set up for that purpose at CONSAP, for claims in which our policyholders are fully or partly liable (the so-called CARD debtor) of which there were 87,395, including 43,533 which gave rise to full payment of the compensation and 43,862 were recorded in the reserves.

From the financial point of view, as at 30 June 47,371 debits with a total value of € 92,018K were received from the clearing house. 45,221 credits were received with a value of € 88,278K.

With regard to claims made in January, therefore, before the new direct settlement system came into force and those which were made subsequently, but not under that system (mainly because they related to more than two vehicles involved or persons affected by permanent loss of health due to the after-effects of injuries greater than 9%), the speed of settlement in the first half of 2007 was 45.02%. For the so-called *CARD management* claims reported by our policyholders who were involved in road accidents for which they were not liable or only partly liable, the speed of settlement was 54%. Claims from previous years were settled with a speed of 48.9%, compared with 51.2% reported as at 30 June of the previous financial year.

Overall, the technical performance in the class is moderately positive, even if the new system introduced suggests we should wait longer before producing a more precise picture of profitability levels and the trend in the economic and management indicators, which are not completely homogeneous compared with the same period in the previous financial year.

General TPL

Premium income € 91,153K (- 1.83%)

Claims reported 20,834 (- 6.44%)

The trend in premiums and in claims reported principally reflects the interventions, which started in the previous financial year, on policies in the company sector with negative performance, with the aim of making significant reforms in terms of profitability or of carrying out cancellations where the situations are no longer recoverable. Those interventions have had a positive impact in terms of claims reported and an improvement of the loss ratio in the current year, even if critical areas remain, in particular in the hospitals sector.

The unfavourable development of claims from previous years, already recorded in the reserves, however, had a negative effect on the technical balance, which is continuing to make a loss, even if it

is showing a trend towards improvement compared with what was recorded in the last part of the previous financial year.

The speed of settlement of claims is 35.7% for current year claims (39.4% as at 30 June 2006) and 26.2% for claims from previous years, substantially unchanged compared with the first half of 2006.

In February, new rules were issued on underwriting *Corporate Accident* risks for schools, with the relevant tariffs made available by the agency network, which incorporate the adaptation of the terms of the insurance cover to the requirements of the sector.

Bonds

Premium income € 12,943K (+ 7.60%)

Claims reported 293 (- 2.98%)

Premium income is showing a significant increase, mainly attributable to business through the broker channel. Of the types of risk required most by customers, we would highlight cover for payment in instalments on statements of taxes due, the result of a massive action to prevent tax evasion being carried out by the Italian Financial Authorities.

Furthermore, also through the involvement of the technical staff operating in the territory, operations within the scope of the issue of cover under Law 210/04 to cover advance payments by purchasers of property not yet built were defined.

With regard to the technical performance, the presence of some significant claims at the start of the year is reported, which had a negative effect on the loss ratio in the current year which, nevertheless, was an improvement compared with the first half of 2006.

The settlement of claims from previous years, already recorded in the reserves, shows a positive economic impact, in line with what happened in the first half of the previous financial year and in the whole of the 2006 financial year. The technical balance is moderately positive.

Assistance

Premium income € 6,618K (+ 5.25%)

Claims reported 17,632 (+ 0.90%)

Premiums written refer mainly to cover for policies in the motor, health, accident, fire and other damage to property classes, capable of providing full insurance cover and of particular interest for customers.

The loss ratio in the current year is increasing compared with 30 June 2006, even if it continues to show profit margins. The technical performance is penalised by a negative economic impact of claims in previous years.

Life business

Premiums written totalled € 286,866K, compared with € 291,871K written as at 30 June 2006 (-1.71%).

The fluctuation is mainly attributable to lower production by the bank channel (which penalised premiums for traditional type products, a fall of 11.25%) and lower pure capitalisation premiums (- 12.88%), a sector in which underwriting was restricted to transactions which guaranteed sufficient levels of profitability. On the other hand, the total number of premiums written by the agency network increased, also taking account of the index-linked campaigns launched in the half year, which produced premiums in excess of € 30m.

Individual Insurance

In the individual sector, products linked to separate businesses continued to be offered, which fulfil the characteristics of security and good profitability.

During the month of January, a new product was made available with income which can be immediately assessed on a single premium, called RENDITA ASSICURATA (Policyholder's income) which provides, in addition to the usual payment of an annuity to the policyholder during their lifetime, decreasing counter-insurance which guarantees the named beneficiaries payment of a capital sum on death or if they suffer a "critical illness" or in the event of the policyholder's incapacity. Compared with these features, the product can represent a further tool for the protection of capital on maturity, in particular for middle-aged customers.

During the month of February, a new index-linked product (INDEX LINKED MATCH RACE) was launched, characterised by an innovative optional mechanism which allows two share indices to be compared, one European constructed on a selection of high income securities and a "generalist" index, representing the whole of the USA share market.

With effect from the second half of March, the company introduced a new system of technical and management assistance for agencies, which can be used by accessing the company website.

At the end of May, the company launched a further index-linked policy called GLOBAL RACE. The product is characterised by the comparison, in the 3 main financial areas of the world, the performance of a share index constructed on a selection of high dividend (Select Dividend) securities and the corresponding generic index representing the whole market, and thereby enables the potential return on the securities with the highest return compared with the whole of the reference market to be targeted.

During the month of April, at the same time as the annual up-dating stipulated by ISVAP Circular 551/D, a new product, OPEN FREE, was launched linked to a separate business. This is meeting increasing demand on the market, the new product does not have any loading charges applied to the premium, subject to a fixed amount, but exclusively an annual management commission, modulated according to the amount invested and the term of the policy.

At the same time as the launch of the new product, and with a view to maintaining complete consistency in the range offered, some products on the list were slightly restyled.

With reference to supplementary pensions, during the month of May 2007, COVIP resolved to approve the regulation of the PIP "Più Pensione" product with its consequent registration on the Pension Funds Register. Since the last weeks of the month of May, the agency network has, therefore, been able to start collecting contributions from self-employed workers and members of the liberal professions. On the basis of the legislative provisions in force, the collection of contributions from self-employed workers will however be operational only with effect from the start of the second half of 2007.

Collective Insurance

During the first half of 2007, activity in the *corporate* sector was concentrated on the protection of the "Pre-existing Pension Funds" segment, for which 30 June represented the deadline for individual employees to choose the destination of their TFR (employee severance indemnities). In particular it is reported that all of the customers in the portfolio were in fact contacted, in order to create the best conditions for encouraging the contribution of the TFR accruing to the Pension Funds.

In consideration of the obligations imposed by the regulations in force, which allows for contributions only with effect from the month of July, the effects of the activity carried out will emerge only with effect from the third quarter of the current financial year. We can henceforth report the considerable interest this initiative has aroused in customers.

With regard to the sector of capitalisation policies, also compared with the current development of the financial markets, the increasing difficulty of penetration into the customer segment at which the product is aimed (institutional policyholders with vast amounts of liquidity), which basically involves the distribution of policies with decreasing profitability margins.

We therefore implemented the stipulations of the guidelines of the operating plan for the current year, consequently, recording a contraction of the number of premiums written but maintaining appropriate profitability margins.

With regard to the distribution of the products VALORE TFM and VALORE TFR, there was a contraction in the number of new customers acquired, expected in the presence of the action on supplementary pensions referred to above - which implies a trend towards the transfer of the share of TFR accruing in complementary forms of pensions and not to this type of policies. Notwithstanding that, we managed to maintain a considerable distribution, to be linked also with the intense advice to company customers on the contents of the reform of the Complementary Forms of Pensions and, in particular, to stress the destination of the previous TFR.

Finally, in the segment of products in the event of death, we are producing a new product for combined life and non-life cover, in relation to loans granted on a salary-offset basis. The launch of the new product is scheduled for the end of the current financial year.

Milano Assicurazioni Open Pension Fund

Operations started during the month of June. Premiums written totalled € 73K on 60 members joining. As at 30 June a further 1,200 memberships were completed, which will give rise to premiums issued in the second half of the financial year.

The Fund has 5 different investment sectors, capable of meeting varied customer requirements in terms of profitability and attitude to risk and enabled the company's range of products to be completed in the segment of supplementary pensions, from which attractive development opportunities are expected in the years ahead,

Sums paid

The table below shows the sums paid relating to the direct business, compared with those paid in the corresponding period of the previous financial year.

	<i>(in €K)</i>		
	1st half 2007	1st half 2006	Variation %
Maturities and returns	173,941	202,072	-13.93
Claims	5,912	5,932	-0.34
Redemptions	125,891	71,825	75.28
TOTAL SUMS PAID	305,744	279,829	9.26

Insurance business abroad

In the half year in question, insurance business transacted under the freedom to provide services produced premiums of € 327K. The Company does not have offices abroad and does not, therefore, carry out business through an established system.

Reinsurance Policy

Premiums ceded in the non-Life business totalled € 45,116K, substantially in line with the first half of 2006 (€ 43,808K).

The reinsurance policy has not changed compared with the previous financial year. Risks ceded in the non-Life business were placed with leading international operators with a high rating (S&P A/AA/AAA) the affiliated company The Lawrence Re Ireland Ltd.

The treaties signed give preference to non-proportional cessions for the Fire, Theft, Accident, General TPL, Land vehicles TPL and Land vehicles - own damage or loss classes.

Proportional cession treaties were maintained with a non-proportional structure to protect the retention in the Bonds, Credit and Aeronautical Risks classes.

For Technological Risks, the quota and excess reinsurance structure was confirmed, with non-proportional cover combined with the Fire and Land vehicles - own damage or loss classes. The Assistance class is reinsured on a quota with Pronto Assistance and risks in the hail class are covered by a stop-loss treaty.

In the Transport, Goods and Marine Hull classes, proportional cover with the affiliated company SIAT was implemented from this financial year.

In the Life business, premiums ceded totalled € 4,804K, compared with € 5,441K reported in the first half of 2006. Also in this case, the reinsurance structure was unchanged compared with the previous financial year, with proportional excess cover and excess of loss disaster cover.

Indirect business

Premiums in the indirect business for the half year in question totalled € 6,811K, compared with € 12,979K reported as at 30 June in the previous financial year. The reduction is derived from the lower contribution of the proportional treaty with the affiliated company Siat, for the non-life business excluding the transport classes. The indirect business continues to have a marginal weight due to the decision, already taken in the past, to stop underwriting on the inward reinsurance market with companies which are not part of the Fondiaria-SAI Group, as a result of which *pools* and market agreements remain virtually exclusively active today.

New products brought onto the market

In the corporate sector, the new Group product "RC Aziende Industriali" (Industrial Companies TPL) was launched onto the market, which incorporates the up-dating of regulatory and tariff conditions in the light of changes in the rules governing employment relationships.

The new Group Collective Accident policy is being published, which standardises the underwriting methods of the different commercial divisions, introducing innovations at the level of cover and tariffs. It is planned to align the regulations with the definitions in the Insurance Code in terms of transparency.

In order to complete the list of Group products, in 2007, a Third Party Liability policy will be put on sale, which has the objective of standardising the response of insurance to the requirements of specific categories of customers which operate in the world of schools, sport and leisure time and tourism.

Also for the segment of risks linked to commercial activities, a new Group product is being designed which, in addition to incorporating the new insurance requirements of this market, proposes rationalising and standardising the type of cover offered by the different sales networks.

External Organisation

As at 30 June 2007, there were 1,382 agencies under contract and their territorial distribution is set out in the table below. These are in addition to the agencies in Milan, Rome, Turin, Pescara and Padua.

	30.6.2007	31.12.2006
Number of Agencies:		
North	683	688
Centre	351	359
South	348	352
TOTAL	1,382	1,399

During the half year, 2 new agencies were set up and 19 were closed, with the aim of optimising the network's territorial cover. 25 agencies were reorganised, which are expected to give a greater boost to production.

Operating expenses

Acquisition costs in the direct and indirect business, net of commission and profit shares received from reinsurers, totalled € 209,601K, compared with € 208,739K recorded in the corresponding period in the previous financial year. With regard to the gross direct business, acquisition costs totalled € 217,907K and are showing an incidence on premiums written of 13.1%, compared with 12.7% in the first half of 2006.

Collecting commission, entered in the accounts under the item “*administration costs*”, totalled € 22,320K, equal to 1.3% of the premiums written, also in this case, unchanged compared with 30 June 2006.

Other administration costs totalled € 36,227K (€ 35,051K as at 30 June 2006), including € 13,450K for employment costs, € 392K for the share of depreciation of capital goods and € 22,385 K other structural costs.

The incidence on premiums written in the direct and indirect business was 2.2%, compared with 2% reported in the first half of 2006 and 2.1% for the whole of the 2006 financial year.

Staff-related news and data

The table below shows the staff situation as at 30 June, the average recorded in the half year and, for comparison, the situations as at 31 December 2006 and as at 30 June 2006.

Category	Average for the half year	As at 30.6.2007	As at 31.12.2006	As at 30.6.2006
Managers	25	24	25	25
Employees	1,532	1,531	1,556	1,600
Caretakers of properties	4	4	4	4
TOTAL	1,561	1,559	1,585	1,629

Employee costs totalled € 52,090K, compared with € 51,230K in the first half of 2006 (+ 1.68%) and this is recording an incidence on the premiums written of 3.1% (3% as at 30 June 2006). The increase can be attributed principally to incentives agreed with employees who have stopped working.

Asset and financial management

In the first half of 2007, the performance of the world economy benefited from continued growth in the countries in the "B.R.I.C." area (Brazil, Russia, India, and China) and from the good performance recorded overall by the European economies.

For the majority of the year, these growth generators offset the slower development in the United States, hit by a profound economic slowdown in the manufacturing sector which, only in the last few weeks, has been showing some sign of recovery, especially in the property sector. The substantial capacity of the employment market in the United States nevertheless maintained satisfactory performance in consumption, thereby limiting the negative consequences for the economic system as a whole.

Continuous growth in the Far East has allowed the economy in Europe to develop at sustained rates (3.1% in the first quarter), also as a result of an increase in domestic consumption, encouraged by the fall in the European unemployment rate and by greater optimism amongst consumers, mainly German consumers.

The continuous increase in the price of raw materials and pressures on salaries linked to production capacity virtually at the limit led the European Central Bank to continue along the road of standardising reference rates, currently at 4%, a level which may not even then represent the highest level in this restrictive cycle.

In the United States, however, in the first half of the year, the Fed kept monetary policy "on hold" at 5.25%, and overall the American economy was probably unable to allow rate cuts which, on the one hand, would have helped the recovery of the property sector, but, on the other hand, would have allowed too much room for dangerous increases in inflation.

In August, however, following the turbulence on the financial markets triggered by the so-called *subprime loans* crisis, the Fed cut the Official Bank Rate by 0.50%, with the intention of providing cheaper loans from the credit institutions at a time of a shortage of liquidity, at the same time giving signs of confidence to the market.

The bond market, going through a process of monetary restriction co-ordinated by the principal central banks, with the exception, as already stated, of the USA and, at least for now, Japan, which could do nothing other than come into line with the new rates. Overall, there was better performance in American than European government bonds, following worries about the strength of the American economy and, viceversa, the widespread *consensus* on Europe's capacity to continue to grow at sustained rates with the consequent continuation of the process of monetary restriction by the European Central Bank.

The *corporate* market experienced quite a positive half year, especially with regard to the *investment grade* sector on the basis of the fact that companies are continuing to produce profits with substantially healthy accounts and a level of indebtedness which generally is not too high. Moreover, the American property crisis has produced tensions at the level of particular financial engineering structures such as CDO and CLO, the effects of which are reflected in a general revaluation of the *corporate* risk, varying in intensity in relation to International Agencies' *rating*. In the half year in question, the Euro performed very well compared with the Dollar and the Yen, thanks to the different monetary strategies of the Central Banks and the state of the actual economy. If, on the one hand, the continued strength of the currency (new historic highs have been reached against the Japanese and American currency) is helping to reduce the cost of the energy bill and the importance of inflation, on the other, it is starting to make the international competition of many European, French and Italian companies in particular more difficult.

The stock market reported a positive half year, with increases in the main share indices of between 6% and 10%. Economic growth worldwide, extremely strong and balanced from the geographical point of view, with rates still reasonable, levels of company debt still under control and attractive *dividend yields* have in fact again reassured operators looking for an investment which is efficient in terms of its risk/return.

In the last quarter, some perplexity and fears on the part of investors which were expressed at first by an increase of volatility and, in August, in a significant correction of the share indices of all of the

world's main stock exchanges. This may be the prelude to a phase of maturity in the economic cycle, which is now no longer seeing in two figure increases in company profits. In this scenario, it becomes even more important to select securities and have the ability to use trading to make the most of the increased volatility.

From the sectorial point of view, those most affected by the background context were financial securities, which suffered the impact of the scenario of rates and worries about developments in the property market and about the future performance of liabilities (*subprime* in particular). However, there was brilliant performance in *Industrials and Primary Goods*, due to their direct connection with strong growth in the countries in the B.R.I.C. area.

In the half year in question, the operations of the shareholders' *desk* seized attractive trading opportunities, realising capital gains on Financial, *Utility and Oil* securities, reducing their weight and redirecting the portfolio towards non-cyclical sectors (*Healthcare* and TMT). In the non-Life business, between the end of May and the beginning of June, we reduced the working capital component, previously increased during the half year.

At the level of *Fixed Income*, the financial activity carried out in the first half of 2007, saw a slight increase in the duration of the non-life sector, achieved for the purpose of benefiting from higher ordinary profitability. Trading was also carried out, taking advantage of the opportunities on the market.

The government variable rate component fell slightly, having already benefited from a higher return in terms of coupons on which the market concentrated slowly at the end of the Central Banks' policy to increase rates.

The Life sector continued to give preference to investments with good ordinary profitability and contained risk, seeking to monitor and at the most appropriate times to fill the *Duration Gaps* in the different separate businesses.

The Corporate component is positioned at 17/18%, and gives priority to high rating issues, diversifying into sectors less sensitive to rate rises. The vast majority of *Corporate* securities belong to the "investment grade" category.

The non-life business consists approximately 81% of fixed rate government and supranational bonds, 18% of variable rate securities and the remainder are investments in repurchase agreements. The total *duration* of the portfolio is 1.97 and profitability on the portfolio is 4.05%.

In the Life business, government and supranational bonds represent approximately 87%. The total duration of the portfolio is 5.60, an increase compared with the end of 2006, and profitability is also increasing, at 4.56%.

Investment breakdown

A breakdown of investments as at 30 June 2007, compared with the breakdown at the close of the previous financial year, is shown in the table below:

	Half year 2007 (thousand Euro)	%	2006 results (thousand Euro)	%
Land and buildings	477,341	5.2	457,670	5.0
Bonds issued by Group companies	3,987	-	3,989	-
Bonds and other fixed income securities	6,435,877	69.6	6,567,219	71.6
Shares in Group companies	585,006	6.3	557,269	6.1
Investments in minority shares	969,036	10.5	859,388	9.4
Corporate financing to Group companies	26,685	0.3	29,440	0.3
Loans to policyholders and loans to third parties	27,680	0.3	27,056	0.3
Unit trusts	365,975	4.0	318,802	3.5
Deposits with credit institutions	-	-	-	-
Sundry financial investments	22,004	0.2	20,468	0.2
Deposits with ceding companies	3,260	-	3,336	-
TOTAL	8,916,851	96.5	8,844,637	96.4
Investments where the risk is borne by policyholders	326,620	3.5	331,280	3.6
TOTAL	9,243,471	100.0	9,175,917	100.0

Net returns realised during the half year, compared with those relating to the first half of the previous financial year, are shown in the table below. In calculating returns on shares, bonds and unit trusts, account has been taken of the net gains from the realisation of investments recorded under operating capital and excluding net value adjustments.

	Half year 2007 %	Half year 2006 %
Land and buildings	2,4	1,8
Bonds, other fixed income securities and unit trusts	4,2	4,0
Shares	9,1	6,3
TOTAL	5,0	4,3

We comment below on the main transactions in the half year.

Plan for an alliance and co-operation with Banca Popolare di Milano in the Bancassurance sector

On 29 June 2007, Milano Assicurazioni acquired a further 1% of the share capital of Bipiemme Vita S.p.A., consequently increasing its total stake to 51% of the company's capital, thereby acquiring overall control.

We recall that, on 14 June 2006, Banca Popolare di Milano (BPM) and Milano Assicurazioni drew up the agreement for the joint and exclusive development of the bancassurance business of the BPM Group in the life business, signed on 21 December 2005.

That agreement provides for the implementation of a wider industrial alliance and co-operation with BPM in the bancassurance sector, not only in the life business, but also in the non-Life business and in banking and financial services.

In accordance with the agreement, Milano initially purchased from BPM and the subsidiary Banca di Legnano a stake equal to 46% of the share capital of Bipiemme Vita S.p.A. with the possibility of the change of control of the latter from the BPM Group to Milano, through the purchase and sale of a further two stakes, respectively of 4% and 1%, in two successive transactions, respectively by 31 December 2006 and by 30 June 2007, exercising put and call options, in two tranches, which the parties granted each other on specific conditions.

BPM and Milano furthermore signed a shareholders' agreement containing the Corporate Governance rules of Bipiemme Vita, and the industrial aspects of the partnership, stipulating that Bipiemme Vita continues to have access to the distribution networks of the BPM Group for a period of 5 years with effect from the closing, with the possibility of renewal at maturity, by mutual agreement between the parties, for a further 5 years.

The purchase price for 46% of Bipiemme Vita, initially agreed at € 94.3m, was reduced - in accordance with the stipulations of the contract for the purchase and sale - to € 90.5m, mainly according to the changes in the equity (distribution of dividends and capital increase) since the date on which agreement was entered into (December 2005).

The initially agreed price of € 94.3m was in fact understood to be the provisional price, determined on the basis of an "appraisal value" approach, considering in the analysis all the value components relating to the Life business (e.g. embedded value as at 30 June 2005 and goodwill related to new production expected with effect from 1 July 2005), to the non-life business (e.g., TCM and Accident and Health classes), and the overhead costs of Bipiemme Vita.

The transaction received the authorisation of the Autorità Garante per la Concorrenza ed il Mercato (Italian Competition and Market Authority) and was authorised by ISVAP in April 2006. On 18 October 2006, Milano Assicurazioni exercised the first tranche of the above-mentioned call option, acquiring 4% of Bipiemme Vita, thereby increasing its share to 50%. In accordance with the stipulations of the contract, the purchase price was fixed at € 7.9m.

Finally, as has been stated, on 29 June 2007, Milano Assicurazioni exercised the second and last tranche of the call option thereby increasing its share to 51% and acquiring exclusive control of the company, with the consequent possibility of proceeding with the full consolidation of Bipiemme Vita. In accordance with the stipulations of the contract, the purchase price was fixed at € 2.2m, as stipulated in the agreement (as for the purchase of the share of 4%) corresponding to the definitive price paid for 46%, revalued up to the settlement date from the exercise of the options at the reference rate, net of any dividends distributed and increased by any capital increases paid up - both pro-quota - from the date of the closing on the settlement date of the price of the option.

The exercise of the second tranche of the Milano call option obtained the prior positive opinion of a joint committee consisting of four members (two per party) called on to assess from time to time the performance and results of the agreement, and the authorisation of ISVAP.

Bipiemme Vita operates through approximately 700 branches of the Banca Popolare di Milano Group. The accounts as at 31 December 2006 (produced on Italian principles) show premium income of € 761.5m and a net profit of € 15.2m; net equity amounted to € 71.5m whereas the technical provisions totalled € 3,500.3m.

In the current market context, characterised by refocusing customers towards traditional insurance products, the partnership allows Bipiemme Vita to benefit from the technical and commercial know-how of a leading insurance operator, favouring the development of new products and improving the penetration of BPM customers and allowing Milano Assicurazioni to benefit from the expertise of the BPM Group in commercial banking.

For the BPM Group, the agreement provides wider technical and management support for the insurance services necessary for pursuing significant growth targets on volumes of production through a range of products which best meet the customers' requirements.

Also with reference to the role the banks and insurance companies can play for families and small and medium-sized enterprises in forecasting the future development of supplementary pensions.

The agreement represents a further opportunity for the company and for the Fondiaria-SAI Group to develop in the Life sector. From the industrial point of view, the transaction fits in perfectly with the company's and the Fondiaria-SAI Group's current bancassurance agreements, which will continue to be strategic within the scope of the company's and the Group's growth policies

Own shares

As at 30 June 2007 Milano Assicurazioni S.p.A. held 2,080,460 own shares, with a nominal value of Euro 0.52 each, corresponding to 0.44% of the total share capital; these shares have a book value of € 5.77 each for a value of € 12,010K and are showing a capital gain, compared with the stock exchange values at the end of June, of € 745K; during the half year in question, the stake increased by 605,000 shares, purchased on the market with the procedures established by the meeting resolutions on the subject. None of these shares has voting rights in accordance with the law.

Parent company shares

As at 30 June 2007, Milano Assicurazioni S.p.A. held 6,958,723 ordinary shares in the parent company Fondiaria-Sai S.p.A., of a nominal value of Euro 1 each, corresponding to 4.13% of the total share capital; those shares have a book value of € 23.27 each for a total value of € 161,930K and show a capital gain compared with the stock exchange values at the end of June of € 87,610K; compared with 31 December 2006, the stake increased by 156,166 shares, acquired on the market with the procedures laid down in the resolutions of the general meeting on the subject.

As at 30 June the Company held 9,157,710 shares in the indirect parent company Premafin Financial, corresponding to 2.23% of the share capital, with a book value of € 1.33 each, for a total value of € 12,196K and with a capital gain of € 10,524K compared with the stock exchange prices at the end of June.

None of these shares has voting rights in accordance with the law.

Incorporation of the subsidiary Maa Financial

Within the scope of the process of the reorganisation of the company structure of the Fondiaria-SAI Group, the opportunity arose to proceed with the merger by incorporation into Milano Assicurazioni S.p.A. of the company Maa Financial S.p.A., 100% controlled by Milano.

Maa Financial, originally active in the sector of financial leasing of capital goods and financing, today is a company in run-off which is restricted to managing some financing policies already in the portfolio. The accounts for the 2006 financial year closed with a loss of € 15K.

Taking account of the fact that, as has been stated, Milano Assicurazioni owns 100% of Maa Financial, the merger will take place in simplified form, without any share swap and was furthermore decided by the Board of Directors of Milano Assicurazioni.

It is planned to enter into the merger deed this year, once the legal period for opposition by creditors has passed.

CONSOB Communication no. 7079556 dated 30 August 2007

With regard to the CONSOB requirements on the crisis in the so-called "subprime" loans sector, we would state that neither Milano Assicurazioni nor companies in the group have any exposure as distributors of the so-called "subprime" loans, neither investors at their own risk or managers of financial products underlying those loans.

Other information

Management and co-ordination

The company is managed and co-ordinated by Fondiaria-Sai in accordance with articles 2497 ff of the Civil Code.

The company has received rules of conduct sent by the parent company Fondiaria-Sai to its subsidiaries, in order to ensure the tasks of control and co-ordination of the Group companies and to guarantee compliance with the obligations on transparency and reporting to the public by which listed issuers are bound by the regulations in force. These rules of conduct stipulate, amongst other matters, the appropriate resolutions of the Board of Directors or the Executive Committee of Fondiaria-Sai on some transactions concerning the company which are considered significant on the basis of the nature or amount of the transaction.

Manager responsible for producing the company's accounting documents

On 20 June 2007, the Board of Directors appointed Dottor Pier Giorgio Bedogni manager responsible for producing the company's accounting documents, in accordance with art. 154-bis of Legislative Decree no. 58/98.

Transactions with related parties

Annex no. 1 to this report contains the list of participating interests stating the share capital of each one, the book value and stake held.

In accordance with art. 126 of CONSOB resolution no. 11971 dated 14 May 1999, the annex also contains the list of companies with unlisted shares and of "Società a responsabilità limitata" (limited liability companies) in which the company held as at 30 June 2007, directly and/or indirectly a stake greater than 10% of the capital, or in relation to which shares are awarded to the company with voting rights higher than that percentage.

We set out below details of significant transactions with related parties, as defined by International Accounting Principle no. 24, (Reporting in the accounts on transactions with related parties) with reference to letter h) of art. 2 of Consob Resolution 11971 dated 14 May 1999, introduced by Consob Resolution no. 14990 dated 14 April 2005.

The "*land and buildings*" item under the assets in the balance sheet includes:

- advance payments of € 74,452K to the company "Avvenimenti e Sviluppo Alberghiero S.r.l." in relation to the performance of property contracts for the construction zone in Rome, Via Fiorentina.

We would recall that this transaction, in the 2003 financial year, included the sale to the company "Avvenimenti e Sviluppo Alberghiero S.r.l." of the construction zone and its purchase of the property complex which is currently being built in the area in question, at the price of € 96,200K;

- advance payments of € 30,097K to the company "IM.CO. S.p.A." in relation to the property project in the construction zone in Milan, Via Lancetti. That transaction, also in the 2003 financial year, provided for the sale to the company "IM.CO. S.p.A." of the construction zone and the purchase by "IM.CO. S.p.A." of the property complex which is currently being built in the area in question, at the price of € 36,400K;
- advance payments of € 29,906K to the company "IM.CO. S.p.A." in relation to the property transaction on land situated in Milan Via Gonfalonieri - Via De Castilia (Lunetta dell'Isola). The project involved the sale of that land, in the 2005 financial year, to the company "IM.CO. S.p.A." and provides for the purchase by "IM.CO. S.p.A.", at the price of € 93,700K, of a property for tertiary use which will be built on the land sold.

We would recall that these transactions are transactions with related parties with regard to the share composition of the company which controls companies purchasing construction areas. In relation to those transactions, fairness and legal opinions were acquired from independent experts. The fairness

opinions confirmed the appropriateness of the sale prices for the area and the purchase prices of the properties being built.

* * *

The tables below set out in summary the assets and liabilities and income and expenditure relating to Group companies and other participating interests. These are principally:

- relations linked to reinsurance business, all at market prices;
- expenditure, income and consequent credit/debt ratios relating to the distribution amongst the companies in the Fondiaria-SAI Group of the cost of standardised services at group level;
- credit/debt ratios deriving from Milano Assicurazione's participation in the tax consolidation of the Fondiaria-SAI Group.

We would state, furthermore that, in the memorandum accounts, item II – guarantees received – includes € 152,764K relating to guarantee policies from the parent company Fondiaria-Sai, issued to guarantee undertakings given by the company's agency network.

MILANO ASSICURAZIONI S.p.A.

Assets and liabilities relating to group undertakings and other participating interests

I: Assets

	Parent companies	Subsidiaries	Affiliated companies	Associated companies	Others	Total
Stocks and shares	174125	338149	71746	512	474	585006
Bonds					3987	3987
Loans				26685		26685
Investments for the benefit of life policyholders who bear the risk thereof and arising from pension fund management						
Receivables arising from direct insurance	1277	182	687			2146
Receivables arising from reinsurance	18466					18466
Other payables	55730	1598	24219	1080	560	83187
Other assets			25486		138	25624
Total	249598	339929	122138	28277	5159	745101

II: Liabilities

	Parent companies	Subsidiaries	Affiliated companies	Associated companies	Others	Total
Deposits received from reinsurers	33623		15100			48723
Payables arising from direct insurance	275		210			485
Payables arising from reinsurance						
Loans from banks and other financial institutions						
Sundry payables and loans	75470	19	16678			92167
Other liabilities						
Total	109998	19	33405			143422

MILANO ASSICURAZIONI S.p.A.

Details of income and expenditure relating to group companies and other participating interests

I: Income

	Parent companies	Subsidiaries	Affiliated companies	Associated companies	Others	Total
Investment income	6940	7000	348	93	79	14460
Income and unrealised capital gains on investments for the benefit of policyholders who bear the risk thereof and arising from pension fund management						
Other income	12236	380	7302			19918
Profits on the realisation of investments *		21710				21710
Extraordinary income	6788	645				7433
Total	25964	7380	30005	93	79	63521

II: Expenditure

	Parent	Subsidiaries	Affiliated	Associated	Others	Total
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	companies		companies	companies
Capital and financial losses				
Other charges	12229	278	7302	19809
Charges and unrealised capital losses on investments for the benefit of policyholders who bear the risk thereof and arising from pension fund management				
Losses on the realisation of investments *			339	339
Extraordinary expenditure				
Overall total	12229	278	7701	20208

Significant events occurring after the end of the half year

No significant events occurred between the close of the half year and the date on which this report was produced.

Business Outlook

Within the scope of the non-Life insurance business, the second half of the year will see the continuation of underwriting policies which allow satisfactory levels of profitability to be maintained.

In the motor classes, in which the reorganisation of the fleet portfolio is virtually completed, careful monitoring of results at geographical and tariff level will continue, for the purpose of intervening quickly when the economic results are unsatisfactory and to achieve a gradual improvement in the combined ratio.

Using the complete database available to the Fondiaria-SAI Group, the tariff proposed will be based even more on criteria of customisation, with a view to seizing the opportunities offered by a greater correlation between the premium and the policyholder's risk profile.

The second half of the year will also see the consolidation of the new procedure on direct settlement of claims which started last February. The Fondiaria-SAI Group's investments in the adaptation of the computer systems and the training of the resources involved are enabling the new settlement process to be managed with good and gradually increasing levels of efficiency. With regard to the relevant economic impacts, the short period of time between the start of direct settlement and the considerable scope of the new systems introduced suggest waiting longer before producing a precise picture of profitability levels and the trend in the economic and management indicators, which are not completely homogeneous compared with previous financial years.

In the other non-Life classes, the objective is to achieve more sustained development, above all in the retail sector, which offers satisfactory levels of profitability. Sales campaigns and specific commercial initiatives will be run for that purpose, during which the agency network will be able to benefit from the support of the management structures. Action on reviewing policies will continue, particularly those which, although they are not showing negative performance, were issued longer ago and therefore offer the opportunity of coming into line with the conditions and performance on the current underwriting criteria.

In the corporate sector, priority will be given to safeguarding income margins by adopting and, if necessary strengthening, criteria aimed at maintaining a risk underwriting policy based on strict technical criteria. In particular, contracts with hospitals and with territorial organisations which are showing critical elements will continue to be monitored carefully.

In the Life business, attention is still being paid to traditional type products with an annual or recurrent premium, capable of providing adequate profitability and of guaranteeing an increase in the value of the portfolio in the long-term.

The second half of the year will benefit from the new regulations on the destination of the employee severance indemnities and will also see the operations of the Milano Assicurazioni Open Pension Fund consolidated, which started to receive members with effect from the month of June and which enables the company's product range in the segment of supplementary pensions to be completed, from which attractive development opportunities are expected in the years ahead.

Action on the protection of capital maturing will be intensified further, seizing the opportunities from the ability to propose to customers the up-dated range of products on the company's list, capable of meeting all the multiple insurance and welfare requirements.

Underwriting pure capitalisation premiums especially for institutional customers with vast amounts of money to invest, will continue to be given particular attention, but will be limited to transactions which allow adequate levels of profitability to be achieved.

Finally, commercial initiatives and training interventions will continue especially in sales outlets showing significant growth potential.

Asset and financial management will have as its objective a careful balancing of risks and a diversification of investments, in line with the strategic objectives of the Fondiaria-SAI Group's industrial plan.

In an economic and financial context, increasingly subject to sudden changes of mood and characterised by increasing volatility, utmost attention will be paid to developments in the rates curve, the solidity of company issues and movements in the spread, the sustainability of the generous

company dividends policy and developments in the crisis in the US *subprime* loans market, which is leading to a general revaluation of credit risks.

The economic result achieved in the half year in question is in line with what was planned by the company and a satisfactory end of year result can be predicted, subject to the occurrence of particularly negative events, which cannot be foreseen to date.

Part B - Valuation Criteria

General principles

The half-yearly report was prepared in accordance with ISVAP Directive No. 1207 G of 6 July 1999, recently amended by ISVAP Directive No. 2460 of 10 August 2006. Individual balance sheet and profit and loss items were valued by adopting the criteria used when preparing the 2006 accounts which should be referred to for a detailed account of individual methodologies not stated below.

With regard to the valuation of technical reserves for Motor TPL, please remember that the new system of direct compensation started on 1 February which, in the event of a road accident, enables non-liable or only partially liable injured parties to be compensated direct by their own insurer. The fact that the compensation procedure only started a short time ago, means that it has not yet been possible to express a complete and definitive valuation of the related economic and financial impacts and to trace an accurate path in terms of the expected trend in key indicators, which are showing signs of major disparity compared with past years.

Within this context, the current year reserve was valued separately for the various types of business covered by the new system. In particular:

- for claims up to 31 January, i.e. prior to the new system coming into force, the final cost was determined by making a value adjustment on claims opened by the various settlement departments on the basis of the usual, and now consolidated, key indicators;
- for claims under the 'CARD Debitore' system, the valuation was made on the basis of the fixed amounts defined by the Technical Committee set up in accordance with Presidential Decree 254/2006.
- for 'CARD Gestionario' claims, the expected final cost, net of recoverable fixed amounts, was recorded.
- for claims after 31 January, but not coming under the new system (mainly because more than two vehicles were involved or the claims are distinguished by permanent biological damage resulting from over 9% injuries), the final cost was valued by making a value adjustment of the amounts indicated by the settlement offices, taking into consideration the average costs that can be assumed for these types of claims which are, of course, more expensive.

For claims for previous financial years, already posted to the reserves, trends relating to the reduction of claims settled during the half year were followed, checking the capacity of reserves posted as at 31.12.06.

Reinsurers' share of technical reserves is calculated on the basis of the shares ceded for proportional treaties and provisionally for stop-loss or in excess of loss treaties, based on the information available and with the same criteria used for posting direct business to the reserves, in consideration of contractual clauses.

Items pertaining to indirect business represent the relevant share of estimated year end results. Values were determined in consideration of data ascertained with regard to obligatory contracts accepted by companies outside the Group whose technical results relate to the 2006 financial year.

As for financial and asset management, value adjustments and write-ups on shares and bonds in the working capital segment were calculated on the basis of stock market prices on 30 June, rather than on the June average i.e. the last month of the reference period, the criterion used for the 2006 accounts. The difference in methodology did not, however, produce any significant economic effects.

Accounts Tables

MILANO ASSICURAZIONI S.p.A.

Annex I

Company code
026

BALANCE SHEET

Amounts in €K

ASSETS				LIABILITIES			
	As at 30 June 2007	As at 30 June 2006	As at 31 December 2006		As at 30 June 2007	As at 30 June 2006	As at 31 December 2006
A. Receivables from shareholders for share capital subscribed not paid up	1 0	75 0	149 0	A. Net equity			
B. Intangible assets				I - Share capital subscribed or equivalent fund	36 245,548	110 242,975	184 242,981
1. Deferred acquisition commission	2 1,360	76 2,429	150 1,917	II - Issue premiums reserve	37 425,373	111 359,980	185 360,041
2. Other assets	3 113,774	77 138,448	151 126,002	III - Legal reserve	38 48,596	112 47,715	186 47,715
Total	4 115,134	78 140,877	152 127,919	IV - Other equity reserves	39 817,939	113 753,149	187 753,151
C. Investments				V - Profit (loss) carried forward	40 0	114 6,286	188 6,286
I - Land and buildings	5 477,341	79 420,570	153 457,670	VI - Profit (loss) for the period	41 140,973	115 89,253	189 195,492
II - Investments in group undertakings and other participating interests				Total	42 1,678,429	116 1,499,358	190 1,605,666
1. Stocks and shares	6 585,006	80 521,900	154 557,270	B. Subordinated liabilities	43 150,000	117 0	191 150,000
2. Bonds	7 3,987	81 3,986	155 3,989	C. Technical provisions			
3. Loans	8 26,685	82 39,100	156 29,440	I - Non-life business			
Total investments in group undertakings and other participating interests	9 615,678	83 564,986	157 590,699	1. Provision for outstanding premiums	44 978,066	118 996,039	192 964,329
III - Other financial investments				2. Provisions for outstanding claims	45 3,354,535	119 3,328,993	193 3,371,541
1. Stocks and shares	10 969,036	84 856,987	158 859,387	3. Other technical provisions	46 3,066	## 2,298	194 2,750
2. Unit trusts	11 365,975	85 301,041	159 318,803	4. Equalisation provisions	47 6,777	121 5,787	195 6,309
3. Bonds and other fixed income securities	12 6,435,877	86 6,298,558	160 6,567,219	Total non-life technical provisions	48 4,342,444	## 4,333,117	196 4,344,929
4. Loans	13 27,680	87 66,979	161 27,056	II - Life business			
5. Others	14 22,004	88 58,402	162 20,467	1. Mathematical provisions	49 3,755,222	## 3,720,616	197 3,745,233
Total other financial investments	15 7,820,572	89 7,581,967	163 7,792,932	2. Provisions for sums payable	50 31,760	## 24,828	198 32,783
				3. Other technical provisions	51 23,131	125 24,061	199 23,553
				Total Life technical provisions	52 3,810,113	## 3,769,505	## 3,801,569

IV	- Deposits with ceding companies	16	3,260	90	4,002	164	3,336
	Total	17	8,916,851	91	8,571,525	165	8,844,637
D. Investments for the benefit of Life policyholders who bear the risk thereof and arising out of pension fund management							
I	- Investments relating to services linked to investment funds and market indices	18	326,620	92	321,265	166	331,280
II	- Investments arising from pension fund management	19	0	93	0	167	0
	Total	20	326,620	94	321,265	168	331,280
D.bis Reinsurers' share of technical provisions							
I	- Non-life business technical provisions	21	218,457	95	211,642	169	201,963
II	- Life business technical provisions (excluding the technical provisions in point III)	22	134,004	96	145,675	170	137,612
III	- Life business technical provisions where the investment risk is borne by policyholders and provisions arising out of pension fund management	23	0	97	0	171	0
	Total	24	352,461	98	357,317	172	339,575
E. Receivables							
I	- Receivables arising out of direct insurance business	25	590,506	99	610,588	173	683,785
II	- Receivables arising out of reinsurance business	26	32,769	100	47,883	174	42,049
III	- Other receivables	27	237,672	101	224,659	175	305,446
	Total	28	860,947	102	883,130	176	1,031,280
F. Other assets							
I	- Tangible assets and stocks	29	1,780	103	2,459	177	2,108
II	- Cash at bank and in hand	30	112,201	104	80,828	178	86,534
III	- Own stocks or shares	31	12,010	105	1,325	179	8,271
IV	- Other assets	32	232,086	106	215,215	180	265,798

Total		53	8,152,557	127	8,102,622	201	8,146,498
D. Technical provisions where the investment risk is borne by policyholders and provisions arising out of pension fund management							
I	- Provisions for contracts where performance is linked to investment funds and market indices	54	326,619	128	321,233	202	331,278
II	- Provisions arising out of pension fund management	55	0	129	0	203	0
	Total	56	326,619	130	321,233	204	331,278
E. Provisions for risks and charges							
		57	136,895	131	126,650	205	158,152
F. Deposits received from reinsurers							
		58	146,671	132	154,638	206	145,833
G. Payables and other liabilities							
I	- Payables arising out of direct insurance operations	59	40,869	133	71,883	207	73,176
II	- Payables arising out of reinsurance operations	60	9,869	134	8,825	208	13,450
III	- Debenture loans	61	0	135	0	209	0
IV	- Loans from banks and financial institutions	62	0	136	0	210	0
V	- Sundry payables and loans	63	206,212	137	195,844	211	252,303
VI	- Employees' severance indemnities	64	28,683	138	31,348	212	29,226
VII	- Other liabilities	65	143,407	139	141,000	213	219,374
	Total	66	429,040	140	448,900	214	587,529
H. Accrued income and deferrals							
		67	4,022	141	0	215	3,654
TOTAL LIABILITIES		68	11,024,233	142	10,653,401	216	11,128,610
GUARANTEES, COMMITMENTS AND OTHER MEMORANDUM ACCOUNTS							

Consolidated Half-yearly Report 2007

Total	33	358,077	107	299,827	181	362,711	I. Guarantees provided	69	30,231	##	25,427	217	28,790
G. Accruals and deferred income	34	94,143	##	79,460	182	91,208	II. Guarantees received or provided by third parties to the company	70	271,795	##	289,696	218	176,965
TOTAL ASSETS	35	11,024,233	##	10,653,401	183	11,128,610	III. Commitments	71	300,150	145	339,804	219	172,434
							IV. Activities of pension funds managed on behalf of third parties	72	0	##	0	##	0
							V. Others	73	8,778,750	147	8,338,257	221	8,645,517
							TOTAL MEMORANDUM ACCOUNTS	74	9,380,926	##	8,993,184	##	9,023,706

MILANO ASSICURAZIONI S.p.A.				Annex II			
				Company code 026			
PROFIT AND LOSS ACCOUNT							
Amounts in €K							
	As at 30 June 2007	As at 30 June 2006	As at 31 December 2006		As at 30 June 2007	As at 30 June 2006	As at 31 December 2006
I. NON-LIFE BUSINESS TECHNICAL ACCOUNT							
1. Premiums for the year, net of reinsurance cessions	1 1,318,061	57 1,378,556	113 2,691,816				
2. (+) Share of investment profits transferred from the non-technical account (item III. 6)	2 86,921	58 39,511	114 92,689				
3. Other technical income, net of reinsurance cessions	3 7,582	59 10,677	115 12,667				
4. Charges relating to claims, net of recoveries and reinsurance cessions	4 948,575	60 995,614	116 1,962,331				
5. Change in other technical provisions, net of reinsurance cessions	5 316	61 214	117 665				
				9. Capital and financial losses			
				a) Investment management costs and interest payable	28 12,975	84 16,246	140 35,380
				b) Write-downs on investments	29 32,459	85 40,123	141 24,852
				c) Losses on the realisation of investments	30 2,511	86 2,909	142 11,653
				Total	31 47,945	87 59,278	143 71,885
				10. Capital and financial charges and unrealised capital losses on investments for the benefit of policyholders who bear the risk thereof and investments arising out of pension fund management			
					32 3,958	88 8,446	144 9,139
				11. Other technical charges, net of reinsurance cessions			
					33 22,930	89 8,759	145 8,248

6.	Refunds and profit sharing, net of reinsurance cessions	6	0	62	0	118	0
7.	Operating expenses:						
a)	Acquisition costs net of commission and profit-sharing received from reinsurers	7	202,492	63	202,952	119	400,665
b)	Administration expenses	8	50,472	64	49,127	120	98,021
	Total	9	252,964	65	252,079	121	498,686
8.	Other technical charges, net of reinsurance cessions	10	58,333	66	79,668	122	100,763
9.	Change in equalisation provisions	11	468	67	454	123	975
10.	Result of the non-life business technical account	12	151,908	68	100,715	124	233,752
	II. LIFE BUSINESS TECHNICAL ACCOUNT						
1.	Premiums for the year, net of reinsurance cessions	13	282,077	69	286,443	125	568,789
2.	Investment income						
a)	Income arising from investments	14	102,388	70	95,505	126	190,818

12.	(-)Share of investment profit transferred to the non-technical account (item III.4)	34	0	60	0	146	15,891
13.	Result of the life business technical account	35	19,032	91	15,981	147	52,088
	III. NON-TECHNICAL ACCOUNT						
1.	Result of the non-life business technical account (item I. 10)	36	151,908	62	100,715	148	233,752
2.	Result of the life business technical account (item II. 13)	37	19,032	83	15,981	149	52,088
3.	Non-life business investment income						
a)	Income arising from investments	38	115,693	84	107,359	150	185,085
b)	Write-ups on investments	39	26,243	85	228	151	888
c)	Profit on the realisation of investments	40	28,965	86	15,097	152	18,209
	Total	41	170,901	97	122,684	153	204,182
4.	(+)Share of investment profit transferred from life business technical account (item II. 12)	42	0	98	0	154	15,891
5.	Non-life business capital and financial losses						
a)	Investment management charges and interest payable	43	6,556	99	8,481	155	17,330
b)	Write-downs on investments	44	19,575	100	32,537	156	23,212

b)	Write-ups on investmens	15	965	71	1,079	127	1,691	c)	Losses on the realisation of investments	45	29,796	101	31,099	157	43,127
c)	Profits on the realisation of investments	16	18,466	72	32,911	128	40,753		Total	46	55,927	102	72,117	158	83,669
	Total	17	121,819	73	129,495	129	233,262								
3.	Income and unrealised capital gains relating to investments for the benefit of policyholders who bear the risk thereof and investments arising out of pension fund management	18	9,907	74	10,930	130	25,392	6.	(-)Share of investment profit transferred to the non-life business (item I.2)	47	86,921	103	39,511	159	92,689
4.	Other technical income, net of reinsurance cessions	19	362	75	443	131	1,011	7.	Other income	48	40,309	104	32,851	160	68,298
5.	Charges relating to claims, net of reinsurance cessionis	20	295,875	76	290,394	132	564,593	8.	Other charges	49	53,146	105	47,530	161	111,295
6.	Change in mathematical and other technical provisions, net of reinsurance cessions							9.	Result of ordinary business	50	186,156	106	113,073	162	286,558
a)	Mathematical provisions, provisions for premiums of complementary insurance and other technical provisions	21	13,900	77	67,250	133	103,495	10.	Extraordinary income	51	9,480	107	16,550	163	21,631
b)	Technical provisions where the invesiment risk is born by the policyholders and arising out of pension fund management	22	-4,659	78	-37,018	134	-26,974	11.	Extraordinary charges	52	2,899	108	1,500	164	3,419
	Total	23	9,241	79	30,232	135	76,521	12.	Result of extraordinary activity	53	6,581	109	15,050	165	18,212
7.	Refunds and profit sharing, net of reinsurance cessions	24	0	80	0	136	0	13.	Pre-tax result	54	192,737	110	128,123	166	304,770
								14.	Tax on the result for the period	55	51,764	111	38,870	167	109,278
								15.	Profit (loss) for the period	56	140,973	112	89,253	168	195,492

8. Operating expenses							
a) Acquisition expenses net of commission and profit sharing							
received from reinsurers	25	7,109	81	5,787	137	12,890	
b) Administration expenses	26	8,075	82	8,434	138	17,199	
Total	27	15,184	83	14,221	139	30,089	

Part C - Notes to the balance sheet

Operations with Group undertakings and other participating interests

For operations with related parties please refer to the comments appearing in the relevant paragraph of part A of this report.

Attached we provide:

- a list of participating interests with an indication of their value as at the half year and the percentage of direct and indirect holding (annex No. 1);
- the amount and nature of the rise and fall of investments in Group undertakings and in other participating interests, broken down into stocks and shares (item C.II.1), bonds (item C.II.2) and corporate financing (item C.II.3) (annex No. 2).

Intangible Assets (item B)

	30.6.2007	31.12.2006	30.6.2006
	115,134	127,919	140,877
Comprising:			
Deferred acquisition costs	1,360	1,917	2,429
Set-up and enlargement costs	102	205	309
Goodwill	113,342	125,338	137,334
Other multi-year costs	330	459	805
TOTAL, as above	115,134	127,919	140,877

The reduction in the “deferred acquisition costs” item is the result of the decision, as of the 2003 financial year, to stop depreciating commissions on multi-year contracts, resulting in the full amount disbursed being posted to the profit and loss account. The amount posted as at 30 June therefore represents the quota still to be depreciated for commissions on multi-year contracts taken out up to 31 December 2002, which are spread over the actual duration of each contract, with a 10 year limit.

The *goodwill* item includes:

Goodwill posted following the merger by incorporation of Lloyd Intenzionale S.p.A. in 1991	8,501
Goodwill posted in 1992 following the purchase of the Card S.p.A. insurance portfolio	18,592
Goodwill deriving from the acquisition of the insurance portfolio of Latina Assicurazioni S.p.A., in 1992	20,845
Goodwill relating to the life portfolio of La Previdente Assicurazioni S.p.A. originally acquired from Previdente Vita (formerly Latina Vita) in 1993	10,002
Goodwill deriving from the acquisition, in 1995, of the portfolio of Maa Assicurazioni by Nuova Maa, incorporated in Milano in 2003	44,410
Goodwill posted in 1999 following the merger by incorporation of La Previdente Vita S.p.A.	7,634
Goodwill deriving from the acquisition, in 2001, of the Profilo Life insurance portfolio by Nuova Maa, incorporated in Milano in 2003	525
Goodwill posted in 2003 following the merger by incorporation of Maa Vita	2,833
TOTAL	113,342

This goodwill is depreciated in equal instalments over 20 years with the exception of:

- goodwill posted in 1999 following the merger by incorporation of Previdente Vita;
- goodwill deriving from the acquisition of the Profilo Life insurance portfolio by Maa Vita;
- goodwill posted in 2003 following the merger by incorporation of Maa Vita,

which are depreciated over 10 years.

The amount shown is net of depreciation allowances for the half year, amounting to € 11,996K.

Property (item C.I)

	30.6.2007	31.12.2006	30.6.2006
	477,341	457,670	420,570
Comprising:			
1. Land and buildings (self used)	28,521	28,520	30,764
2. Land and buildings for use by third parties	313,927	310,227	302,129
3. Other land and buildings	439	439	439
4. Assets under construction and advances	134,454	118,484	87,238
TOTAL, as above	477,341	457,670	420,570

The change compared to the close of the previous year is due to:

Fixed assets under construction and payments on account	15,970
Improvement works	4,332
Sales	-5
Depreciation	-626
TOTAL	19,671

The *assets under construction and payments on account* item includes advance payments over the half year in relation to property transactions relating to areas situated in Milan at Via Lancetti; in Milan at "Lunetta dell'Isola" and in Rome at Via Fiorentini, conducted in previous financial years and already widely discussed in part A of this report in the chapter *Relations with related parties*.

The *improvement works* mainly relate to property owned in Milan at Via Broletto (€ 1,771K) and Viale Umbria (€ 575K); in Rome at Via Tre Madonne, 14-16-18 (€ 685K) and in Bruzzano at Via Senigallia (€ 627K).

Investments in Group companies and other participating interests (item C.II)

	30.6.2007	31.12.2006	30.6.2006
	615,678	590,699	564,986

These include: stocks and shares amounting to € 585,006K, bonds amounting to € 3,987K and loans to Group undertakings amounting to 26,685K.

The stocks and shares component includes:

- 6,958,723 shares in the direct parent company Fondiaria-Sai, amounting to 4.13% of the total share capital with a book value of € 161,930K. These shares presented a capital gain compared with stock market prices at the end of June, of € 87,610K;
- 9,157,710 shares in the indirect parent company Premafin Finanziaria, with a book value of € 12,196K and presenting a capital gain of € 10,524K compared with stock market prices at the end of June;
- stocks and shares in unlisted subsidiaries of € 338,148K, including € 114,790K relating to the holding in Bipiemme Vita in which, during the course of the half year in question, a further 1% of the share capital was acquired, thereby bringing the total capital interest to 51%;
- stocks and shares in affiliated companies amounting to € 71,746K;
- stocks and shares in associate companies and other participating interests amounting to € 986K;

Loans to Group undertakings relate to the associate company Garibaldi S.c.s., which is active in the property development project for the area located at the northern boundary of the historic centre of Milan, known as "Garibaldi Repubblica". These interest-bearing loans are for 5 years and can be renewed for a further 5 years but must not run beyond the project's completion date. There is, however, provision for the debtor to make early repayment.

Other financial investments (item C.III)

	30.6.2007	31.12.2006	30.6.2006
Comprising:	7,820,572	7,792,932	7,581,967
Stocks and shares	969,036	859,387	856,987
Unit trusts	365,975	318,803	301,041
Bonds and other fixed-rate securities	6,435,877	6,567,219	6,298,558
Loans	27,680	27,056	66,979
Sundry financial investments	22,004	20,467	58,402
TOTAL, as above	7,820,572	7,792,932	7,581,967

Compared with prices at the end of June, the listed shareholdings posted to operating assets presented capital gains of € 40,111K. Those posted to long-term investments presented capital gains of € 141,866K.

In particular, long-term investments include 23,184,363 Capitalia shares which were written up, during the half-year in question, in accordance with art. 16, paragraph 3, of Legislative Decree 173 of 1997. In fact, please remember that in previous financial years, value adjustments had been posted for Capitalia shares following a reduction in the related *fair value*. In particular, the unit book value had been reduced from the original amount of € 5.66 to € 4.36 in the 2002 accounts and from € 4.36 to € 3.5 in the 2003 accounts.

Adjustments were needed due to the losses for the year recorded by Capitalia, which had resulted in a significant reduction in net equity, as well as a downturn in the stock market price.

The business combination between Capitalia and Unicredito, recently approved by the respective Shareholders' meetings, which resulted in the creation of the largest banking group in Italy and the second largest in Europe, as well as the astonishing return to profitability achieved by Capitalia management over the last few years, highlighted, amongst other things, by the extraordinary performance of the security's stock market price, mean that it is now necessary to reverse the value adjustments made in the past, reinstating the original book value. The write up, made in consideration of how the shares have been trading in the meantime, has had a positive impact on the profit and loss account of € 25,507K.

Unit trusts posted to operating assets presented latent capital gains of € 24,771K, whilst those classed as long-term investments recorded capital losses of € 632K.

The bonds and other fixed income securities item can be broken down as follows:

Listed government securities	5,039,369
Unlisted government securities	5,485
Other listed securities	1,232,276
Other unlisted securities	158,747
TOTAL	6,435,877

Compared to stock market prices at the end of June, the *bonds and other fixed-income securities* posted to short-term investments, showed capital gains of € 2,809K. Those classed as long-term investments, again compared to stock market prices on 30 June, showed capital gains of € 43,731K and capital losses of € 70,148K.

The *loans* item includes loans with collateral security amounting to € 123K, loans on life policies amounting to € 25,676K and € 1,881K of other loans.

The *Sundry financial investments* item includes € 21,868K of premiums relating to put options on portfolio equities, including € 19,263K relating to the Capitalia holding and € 2,605K to the Mediobanca holding.

What's more, call options with the same contractual terms were sold in relation to said securities, recording premiums of € 22,445K, posted to liabilities, under the *Sundry loans and other financial payables* item.

These combined options (put/call) are, therefore, used to hedge a significant part of the latent market capital gains on the aforementioned holdings providing, in addition, for settlement of the differential at term rather than delivery of the underlying security.

The aforementioned derivatives operations, opened at half year-end, relate to 10,500,000 Capitalia shares and 1,250,000 Mediobanca shares.

The table below shows the position of the single component relating to long-term investment, which has not been subject to significant changes compared with the previous year-end.

	30.6.2007	31.12.2006	30.6.2006
Stocks and shares	670,946	644,634	636,124
Unit trusts	1,282	1,582	2,082
Bonds and other fixed-rate securities	1,953,594	1,913,263	1,800,041

On 30 June 2007, bonds with subordination clauses with a total book value of € 152,430K were held in the portfolio, as shown from the details given below:

ISIN Code	Description of Security	Book value 30/06/2007
XS0246487457	ABN AMRO BANK 10.03.06/PERPETUAL	2,271
XS0082765289	AMBROVENETO GUAR. 98/2008 FLOAT	2,980
FR0010161067	ASSURANCE GEN. FRANCE 10.02.05 / PERP FLOAT	2,811
XS0206511130	AVIVA PLC 25.11.04/PERP FIX TO FLOAT	7,528
XS0147222540	B. INTESA 02/14 FLOAT	2,668
XS0256396697	BANCA CARIGE 07.06.06/16 FLOAT	1,997
XS0302580880	BANCA DELLE MARCHE FLOA 01.06.07/17	200
XS0203156798	BANCA ITALEASE 15.10.04/14 FLOAT	1,477
XS0276033510	BANCA POP. VERONA NOVARA 22.11.06/16 FLOAT	5,017
XS0284945135	BANCA POP. VERONA E NOVARA 08.02.07/17 FLOAT	6,982
XS0256368050	BANCA POP. VERONA E NOVARA 15.06.06/16 FLOAT	2,797
ES0213860036	BANCO DE SABADELL 25.05.06/16 FLOAT	1,499
ES0213540018	BANESTO EMISION 23.03.04/16 FIX TO FLOAT	1,258
XS0214398199	BARCLAYS BANK 15.03.05/PERP FIX TO FLOAT	7,147
XS0087975958	BAV-INTL 98/08 TV	7,528
XS0266971745	BBVA INTL PREF 20.09.06/ PERP FIX TO FLOAT	1,424
XS0108245167	B.CA LOMBARDA 00/10 6,875%	2,613
XS0218324050	BFCM BAN FE CR MUT 4,471% FLOAT 28-04-05 PER	2,321
XS0272418590	BPU BCA 30.10.06/18 FLOAT	1,997
XS0222426958	CAPITALIA 23.06.05/15 FLOAT	501
XS0181782144	CARIFIRENZE 05.12.03/13 FLOAT	6,475
XS0138717953	CGNU 14.11.2001/2021 FLOAT	3,597
FR0010248641	CREDIT AGRICOLE 09.11.05/PERP FIX TO FLOAT	3,664
XS0054850531	CREDIT SUISSE 20.12.94/2014 ZC	352
XS0287195233	DANSKE BANK 15.02.07/PERPETUAL FIX TO FLOAT	950
XS0214318007	DANSKE BANK 16.03.05/18 FIX TO FLOAT	2,809
DE0003933263	DEUTSCHE BANK 31.01.03/13 5,125	5,045
BE0119806116	FORTIS BANK 27.10.2004/PERPETUAL FLOAT	5,698

XS0256975458	GENERALI FINANCE 16.06.06/PERPETUAL FLOAT	5,416
XS0292269544	HBOS 20.03.07/21.03.17 FLOAT	500
DE000A0KAAA7	HT1 FUNDING 20.07.06/PERP FIX TO FLOAT	3,053
ES0214954150	IBERCAJA 25.04.07/19 FLOAT	3,494
XS0240868793	ING BANK 18.01.06/18.03.16 FLOAT	6,001
IT0003727143	INTERBANCA 30.09.04/09 FLOAT	1,049
XS0242832599	INTESA 08.02.06/16 FLOAT	2,994
XS0176510641	MONTE PASCHI 4,5% FLOAT	4,936
XS0236480322	MONTE PASCHI DI SIENA 30.11.05/17 FLOAT	2,558
XS0201573051	PIRAEUS GROUP FINANCE 29.09.04/14 FLOAT	2,519
XS0140197582	PRUDENTIAL 19.12.01/21 5,75%	2,573
XS0120282610	SAN PAOLO IMI 10.11.00/PERPETUAL 8,126%	3,006
XS0291652203	SANTANDER ISSUANCES 23.03.07/17 FLOAT	4,992
XS0151267522	SL FINANCE 12.07.02/2022 6,375 %	2,780
XS0172565482	SNS BANK 22.07.03/PERPETUAL	2,717
XS0231436238	UNICREDITO ITAL 27.10.05/PERP FIX TO FLOAT	4,487
XS0241369577	UNICREDITO ITALIANO 01.02.06/16 3,95%	2,729
XS0173649798	UNIPOL 28.07.03/23 FLOAT	5,020
TOTAL		152,430

In addition, please note that annex No. 3 of this report gives a breakdown of *other financial investments*, divided into long-term and short-term investments and stocks and shares in undertakings, unit trusts, bonds and other fixed-income securities and other financial investments C.III.1, 2, 3, 5).

Bad debts

Over the half year, losses and bad debts totalling € 83,234K were recorded, including € 57,814K for receivables from policyholders for non-life business classes, € 22,920K for receivables from policyholders for life business classes and € 2,500K for other receivables.

Below is a breakdown, by Non-life and Life business, of receivables from policyholders as at 31.12.06 with related collections recorded over the year:

	Receivables as at 31.12.06	Collections over the half year
NON-LIFE BUSINESS	276,371	130,544
LIFE BUSINESS	49,644	19,278

TOTAL	326,015	149,822
--------------	----------------	----------------

Receivables

The table below gives details of item E.I – *receivables deriving from direct insurance transactions*:

	NON-LIFE	LIFE	Total
Receivables from policyholders	225,358	47,036	272,394
Receivables from intermediaries	243,049	5,029	248,078
Receivables from companies	20,195	4,292	24,487
Policyholders and third parties for sums to be recovered	45,547	-	45,547
TOTAL	534,149	56,357	590,506

Item E.III – *other receivables* – amounted to € 237,672K and was essentially made up of:

- receivables from the Treasury, posted in the amount of € 134,618K;
- receivables for invoices to be issued, mainly to Group Companies for their share of the cost of amalgamated organisational functions, amounting to € 43,967K;
- IRES payment on account for the current year, amounting to € 31,862, paid to the parent company Fondiaria-Sai following Milano Assicurazioni's participation in the Group's fiscal consolidation.

Sundry receivables

Item F.IV – *sundry receivables* -, amounting to € 232,086K, mainly comprises:

- income taxes paid on account of € 153,021K, set aside in reference to temporary differences between book values and values of assets and liabilities for tax purposes;
- the Non-life and Life business liaison account of € 31,023K.

Technical reserves

The sum of € 3,066K posted to item C.I.3. Non-life business *sundry technical reserves* represents the health business ageing reserve, intended to offset the increase in risk caused by ageing policyholders.

The Life business *sundry technical reserves* (item C.II.3) includes:

- the reserve for future expenses of € 19,878K;
- the reserve for additional accident insurance, of € 233K;
- supplementary reserves of € 3,020K.

Provisions for risks and charges

Item E - *Provisions for risks and charges* - amounting to € 136,895K, includes funds for income taxes amounting to € 60,521K and other provisions amounting to € 76,374K.

Funds for income taxes include IRAP for the half year as well as deferred income taxes as at 30 June. The relevant amount payable for IRES for the half year was instead posted to payables to the parent company Fondiaria-Sai, following Milano Assicurazioni's participation in the Group's fiscal consolidation.

Other provisions relate to potential future expenses, including those deriving from current disputes. In particular:

- € 18,097K was set aside for agency network disputes;
- € 9,991K for other types of disputes;
- € 48,286K for potential liabilities, other than disputes and for expenses to be incurred in the future.

Payables and other liabilities

Item G.I - payables *arising out of direct insurance operations* – amounting to € 40,869K, includes:

- payables to insurance brokers of € 34,761K;
- payables to Companies for coinsurance operations of € 5,075K;
- policyholders for deposits and premiums of € 148K;
- payables to Guarantee Funds in favour of policyholders of € 885K.

Item G.V – sundry payables and loans – amounting to € 206,212K includes:

Payables for income taxes on premiums collected	42,602
Payables for sundry tax liabilities	8,690
Payables to welfare organisations	10,707
Payables to suppliers for goods and services purchased	47,810
Payables to the parent company Fondiaria-Sai, for IRES	53,919
Sundry payables	42,484
TOTAL	206,212

The payables to the parent company Fondiaria-Sai shown in the table relate to IRES for the half year, posted to this item following Milano Assicurazioni's participation in the Group's fiscal consolidation.

Item G.VII – *other liabilities* -, amounting to € 143,407K, includes amongst other things, amounts set aside for commission on premiums in the process of being collected and for overcommissions for the period totalling € 52,733K as well as € 57,416K posted for cheques issued in payment of claims, not yet collected by beneficiaries as at 30 June.

Receivables and payables due in over twelve months

All receivables and payables are due before the next financial year with the exception of what is stated below.

Asset item C.II.3 – *loans to Group undertakings* – includes € 26,685K for loans granted to the associate company Garibaldi s.c.s., active in the property development project which plans to develop around 110 thousand square metres of land zoned for building in the area situated at the northern boundary of the historic centre of Milan, known as “*Garibaldi Repubblica*”. These interest-bearing loans are for 5 years and can be renewed for a further 5 years but must not run beyond the project's completion date. There is, however, provision for the debtor to make early repayment.

Asset item C.III.4 - *other loans* - includes:

- € 25,676K of loans on life policies, generally linked to the remaining duration of the related contracts and, in any event, with policyholders having the right to make early repayments;
- € 49K for sundry loans due after 30 June 2008.

Asset item E - *payables* - includes € 47,829K of receivables from insurance brokers, mainly linked to agency severance payments recoverable by recoupment, due in over twelve months. Of this, € 19,860K is due in over five years.

Subordinated liabilities

These relate to a loan supplied by Mediobanca in July 2006 which specified a 6-month Euribor interest rate + 180 basis points and is repayable in five equal annual instalments as of the 16th anniversary of the disbursement date. There is, in addition, an early repayment, or partial repayment, option, from the date of the 10th anniversary of the disbursement date and subject to prior authorisation from ISVAP.

The subordination clause specifies that, in the event of the borrower being placed in liquidation, the loan shall only be repaid subject to payment of all non-subordinated payables existing on the date that the liquidation procedure is initiated.

The loan is an integral part of the available solvency margin, given current regulations on the issue, which permit the use of loans of this type up to 25% of the lower of the available margin and the required solvency margin.

Derivatives operations

Derivatives operations were conducted entirely in accordance with the framework decision taken by the Board of Directors on 22 March 2005 on the use of derivatives and structured financial instruments by recourse to auditing and monitoring tools, including preventative measures, existing within the company and capable of checking both the consistency of the transactions with the strategy determined beforehand and the efficacy of the hedging transactions in respect of the limits adopted.

During the course of the first six months of 2007, the Company stipulated:

- a *credit default swap* contract for the nominal amount of € 50,000K to hedge the risk of insolvency of the issuer of a security held in the bond portfolio;
- six *forward variance swap* purchase contracts on Dax and Eurostoxx 50 indices for a total of 15,566.0 variance units;
- six *forward variance swap* sales contracts on Dax and Eurostoxx 50 indices for a total of 13,270.5 variance units;

Derivative positions taken as at 30 June related to:

- operations to hedge listed securities by setting up a combined options (put purchases – call sales under the same contractual terms) portfolio. In particular, the hedge relates to 1,250,000 Mediobanca shares and 10,500,000 Capitalia shares. Using this strategy, provision was made to guarantee a sizeable part of the related latent market capital gains;
- credit default swap to hedge the “Morgan Stanley issuer’s risk”; the premium paid in the half year amounted to € 11K.
- credit default swap to hedge the “Telecom Italia issuer’s risk”; the premium paid in the half year amounted to € 113K.
- forward variance swap for a total of 28,836.5 variance units.

During the half year combined options positions were taken on AEM and RCS Mediagroup shares, with a net disbursement of € 1,693K. A *Range Accrual Swap* was also opened and closed on the difference between the 12-month Euribor and the 3-month Euribor, with net receipts of € 79K.

Guarantees, commitments and other memorandum items

Guarantees given

The amount posted mainly relates to bank deposits to guarantee claims over which there is a dispute.

Guarantees received or given by third parties in the interest of the undertaking

This item includes:

- guarantees given by agents to fulfil related agency mandates, recorded at € 211,896K;
- guarantees relating to the direct compensation system for Motor TPL claims, amounting to € 51,027K (including € 17,009K relating to the “old” CID [direct compensation] agreement and € 34,018K relating to the new CARD [Insurers’ direct compensation] agreement, operational from 1 February 2007);
- sundry guarantees of € 8,872K.

Commitments

The item includes:

- € 131,994K of securities to be delivered and € 45,301K of securities to be received, posted for transactions entered into in the half year in question with settlement after 30 June.
- commitments deriving from options on portfolio securities of € 31,009K;
- commitments due to the aforementioned operations to purchase properties under construction (in Milan at Via Confalonieri-Castiglia (Lunetta dell’Isola); in Milan at Via Lancetti and in Roma at Via Fiorentini), of € 91,845K.

Other memorandum items

These include:

- securities owned by the company and deposited in the custody of third parties, posted in accordance with ISVAP Directive No. 00735 of 1 December 1997, for the sum of € 8,671,636K.
- € 107,114K essentially due to *credit default swap* contracts stipulated to hedge the risk of insolvency of the issuer of bonds held in the portfolio.

Part D - Notes to the profit and loss account

Premium income

Below are details of premiums posted to the accounts, net of reinsurance cessions:

	NON-LIFE BUSINESS	LIFE BUSINESS	TOTAL
Direct business	1,369,089	286,866	1,655,955
Indirect business	6,764	47	6,811
TOTAL gross premiums	1,375,853	286,913	1,662,766
Cessions	45,116	4,804	49,920
Retrocessions	210	32	242
TOTAL net premiums	1,330,527	282,077	1,612,604

For details of direct business premium income, by class of business, please refer to the table contained in part A of this report, in the paragraph dedicated to insurance business trends.

Changes to the premium reserve

Details of changes to the Non-life business premium reserve, included in item I.1 – premiums earned – are as follows:

	Gross amount	Cessions	Net amount
Direct business	15,962	1,218	14,744
Indirect business	- 2,276	-	- 2,276
TOTAL	13,686	1,218	12,468

Charges relating to claims

Below are details of item I.4 of the Non-life business technical account and item II.5 of the Life business technical account:

Non-life business

	Gross amount	Cessions	Net amount
Claims paid	1,019,269	15,232	1,004,037
Variation in recoveries	21,206	-	21,206
Variation in claims reserve	- 17,007	17,249	- 34,256
TOTAL	981,056	32,481	948,575

Life Business

	Gross amount	Cessions	Net amount
Sums paid	307,030	10,036	296,994
Variation in the reserve for payables	- 1,023	96	- 1,119
TOTAL	306,007	10,132	295,875

Investment income and expenditure

The tables below give details of investment income and expenditure for Non-life and Life business management, respectively:

	NON-LIFE BUSINESS	LIFE BUSINESS	Total
Income deriving from stocks and shares	54,873	14,604	69,477
including, from Group companies	6,106	8,279	14,385
Income from land and buildings	7,269	-	7,269
Income from other investments	53,551	87,784	141,335
including, from Group companies	-	75	75
TOTAL	115,693	102,388	218,081
Write-ups	26,243	965	27,208
including, from Group companies			
Profits from the realisation of investments	28,965	18,466	47,431
including, from Group companies			
TOTAL Income	170,901	121,819	292,720

Income from the realisation of investments relates to € 27,204K in stocks and shares, € 3,864K in bonds and unit trusts and € 16,363K in options.

	NON-LIFE BUSINESS	LIFE BUSINESS	Total
Expenditure relating to stocks and shares	119	86	205
including, from Group companies	-	-	-
Expenditure relating to land and buildings	3,531	-	3,531
Expenditure relating to other investments	2,906	12,889	15,795
including, from Group companies			
Total	6,556	12,975	19,531
Value adjustments	19,575	32,459	52,034
including, from Group companies	261	2	263
Expenditure relating to the realisation of investments	29,796	2,511	32,307
including, from Group companies	-	-	-
TOTAL Liabilities	55,927	47,945	103,872

Write ups include € 25,507K for a write up of Capitalia shares held in the portfolio, in accordance with art. 16, paragraph 3, of Legislative Decree 173 of 1997.

In fact, please remember that in previous financial years, value adjustments had been posted for Capitalia shares following a reduction in the related *fair value*. In particular, the unit book value had been reduced from the original amount of € 5.66 to € 4.36 in the 2002 accounts and from € 4.36 to € 3.5 in the 2003 accounts.

Adjustments were needed due to the losses for the year recorded by Capitalia, which had resulted in a significant reduction in net equity, as well as a downturn in the stock market price.

The business combination between Capitalia and Unicredito, recently approved by the respective Shareholders' meetings, which resulted in the creation of the largest banking group in Italy and the second largest in Europe, as well as the astonishing return to profitability achieved by Capitalia management over the last few years, highlighted, amongst other things, by the extraordinary performance of the security's stock market price, mean that it is now necessary to reverse the value

adjustments made in the past, reinstating the original book value, in consideration of how the shares have been trading in the meantime.

Value adjustments due to the continuation of the upward trend in interest rates, which penalises the price of bonds already in circulation.

Expenditure on the realisation of investments mainly relates to shares purchased close to the dividends' coupon date and sold after said date. These are, therefore, offset by dividends cashed, posted to the item *income from stocks and shares*.

Other income and expenditure

The net balance, amounting to € 12,837K of expenditure comprises:

	Income	Expenditure	Net
Interest on receivables and payables	5,240	523	4,717
Minorities' administrative income and expenditure	19,797	19,797	-
Withdrawals from, and allocations to, provisions for risks and charges	10,749	8,032	2,717
Intangible asset depreciation charges	-	12,228	- 12,228
Other income - expenditure	4,523	12,566	- 8,043
TOTAL	40,309	53,146	- 12,837

Interest on receivables relates to interest on bank deposits of € 3,380K, interest on receivables due from the Treasury of € 744K and interest on other receivables of € 1,116K.

Intangible asset depreciation charges comprise € 11,996K of charges relating to goodwill posted to the assets. For further details on this component please refer to the comments contained in the notes to the accounts section of this report.

Other expenditure mainly relates to accrued interest payable on subordinated liabilities (€ 4,022K) and sundry bad debts (€ 2,500K).

Extraordinary income and expenditure

The table shows the main components of extraordinary income and expenditure, posted to the non-technical account:

	Extraordinary income	Extraordinary expenditure	Net Income
Capital gains from land and buildings sales	-	-	-
Capital gains from the sale of stocks and shares	8,472	-	8,472
Capital gains from bond sales	259	-	259
Other extraordinary income and expenditure	749	2,899	-2,150
TOTAL	9,480	2,899	6,581

Income tax for the period

The tax liability was calculated on the basis of current taxes on taxable income and on the change in the advance and deferred income taxes for the period, recorded following the temporary difference between book values and fiscal values that arose or cancelled themselves out over the half year in

question. The tax rate for the half year in question was lower than the nominal rate mainly because of dividends cashed which are nearly all tax exempt and because of write ups of securities posted to fixed assets and coming under the "*participation exemption*" scheme.

The income taxes item can be broken down as follows:

Current Ires and Irap income taxes	62,668
Increase, over the half year, of advance income taxes	-2,224
Reduction, over the half year, of deferred income taxes	- 8,680
INCOME TAXES FOR THE PERIOD IN QUESTION	51,764

Part E - Other information

Solvency margins forecast

On the basis of the economic trends recorded over the half year together with the business outlook, it can be estimated that the position regarding solvency margins at the end of the financial year may take the following order of magnitude (data in millions of Euro):

	NON-LIFE BUSINESS	LIFE BUSINESS	Total
Margins to be set up	458	170	628
Items comprising the margins (*)	995	403	1,398
Surplus	537	233	770

() excluding the result for the financial year*

Cover for technical provisions at the end of the half year

In Life business, investments listed in the register of assets to cover technical reserves showed a surplus of around € 137.9m in respect of the technical reserves to be covered as at 30 June. In Non-life business, assets listed in the register of assets to cover technical reserves as at 30 June present a surplus of around € 66m, in respect of technical reserves to be covered on the same date.

MILANO ASSICURAZIONI S.p.A.
Board of Directors

Milan, 10 September 2007

Tables

Annex 1

MILANO ASSICURAZIONI S.p.A.

Company code 026

INFORMATION ON PARTICIPATING INTERESTS (*)

Data relating to the first half of 2007

Amounts in €K

Ord. no.	Type (1)	Listed or unlisted. (2)	Business (3)	cod ISIN	Name and registered office	Currency	Share capital		Value (5)		Stake held (7)		
							Amount (4)	Number of shares	(6) D/V	Amount	Direct %	Indirect %	Total %
1	E	NQ	3	IT0000312071	BANCAPULIA S.p.A. ORD. - SAN SEVERO (FG) Via T. Solis 40	Euro	10,244,000	19,700,000	D	155	0.18		0.18
1	E	NQ	3	IT0001369708	BANCAPULIA S.p.A. PRIV. - SAN SEVERO (FG) Via T. Solis 40	Euro	10,244,000	19,700,000	D	28	0.22		0.22
3	B	NQ	1	IT0001002390	DIALOGO ASS.NI - MILANO Via Senigallia 18/2	Euro	8,831,774	8,831,774	D	6,910	99.85		99.85
8	B	NQ	1	IT0001092938	FONDIPREV S.p.A. - FIRENZE Via L. il Magnifico 1	Euro	6,240,000	12,000,000	D	4,834	60.00		60.00
9	C	NQ	9		SERVICE GRUPPO FONDIARIA-SAI S.r.l - FIRENZE Via L.il Magnifico 1	Euro	104,000	200,000	D	220	30.00		30.00
15	C	NQ	4		NUOVE INIZIATIVE TOSCANE S.r.l. - FIRENZE Via L. il Magnifico 1	Euro	26,000,000	50,000,000	D	3,338	3.12		3.12
17	D	NQ	9	IT0009000230	SISTEMI SANITARI S.r.l. - MILANO Via P. Castaldi 25	Euro	1,872,000	3,600,000	D	512	25.71		25.71
19	B	NQ	1	IT0001065447	SYSTEMA COMPAGNIA DI ASS.NI S.p.A. MILANO Via Senigallia 18/2	Euro	5,164,600	10,000	D	5,187	100.00		100.00
20	C	NQ	9		UNISERVIZI Srl - MILANO Via Senigallia 18/2	Euro	5,200,000	10,000,000	D	8,819	23.00	0.40	23.40
20	C	NQ	9		UNISERVIZI Srl - MILANO Via Senigallia 18/2	Euro	5,200,000	10,000,000	V	1,917	5.00		5.00
21	E	NQ	1	IT0000244597	COMP.TIRRENA DI ASS.NI (in liquid) .MILANO	Euro	17,850,000	35,000,000			11.14		11.14
22	A	Q	1	IT0001463071	FONDIARIA SAI - Piazza Libertà 6 - FLORENCE	Euro	168,482,219	168,482,219	D	145,711	3.52		3.52
22	A	Q	1	IT0001463071	FONDIARIA SAI - Piazza Libertà 6 - FLORENCE	Euro	168,482,219	168,482,219	V	16,218	0.61		0.61

23	A	Q	2	IT0001475109	PREMAFIN HDP - ROME	Euro	410,340,220	410,340,220	D	12,196	2.23	2.23
26	B	NQ	2	IT0000922002	MAA FINANZIARIA S.p.A. Milan	Euro	774,000	150,000	D	922	100.00	100.00
27	B	NQ	4		MERIDIANO EUR - Milan	Euro	10,000	10,000	D	107,710	100.00	100.00
28	B	NQ	4		MERIDIANO ORIZZONTI - Milan	Euro	10,000	10,000	D	57,510	100.00	100.00
30	B	NQ	9	IT0009922508	SOGEINT S.r.l - Milan	Euro	100,000	1	D	14	100.00	100.00
32	C	NQ	9	IT0001185682	SAIAGRICOLA - Turin	Euro	50,000,000	50,000,000	D	5,037	6.80	6.80
33	E	NQ	9	IT0000008596	CESTAR S.r.l - Milan	Euro	2,040,000	4,000,000	D	234	11.35	11.35
34	E	NQ	9	IT0001093803	UFFICIO CENTRALE ITALIANO S.r.l. Milan	Euro	510,000	1,000,000	D	57	10.98	10.98
35	B	NQ	1		NOVARA ASSICURA S.p.A, Novara	Euro	13,000,000	13,000,000	D	15,100	100.00	100.00
36	C	NQ	6	IT0001079950	SAI INVESTIMENTI S.G.R. S.p.A. Turin	Euro	3,913,588	3,913,588	D	1,200	29.00	29.00
37	E	NQ	3		BANCA DI MANTIGNANA CRED COOP UMBRO - Mantignana	Euro	88,266	34,212	D	1	0.01	0.01
38	D	NQ	4		GARIBALDI S.C.S - Luxembourg	Euro	1,001	1,001	D	0	47.95	47.95
39	C	Q	4	IT0001312476	IMMOBILIARE LOMBARDA S.p.A. - Milan	Euro	667,672,133	3,927,483,135	D	51,216	7.14	7.14
42	B	NQ	4		CAMPO CARLO MAGNO SPA - Trento	Euro	3,649,500	7,299,000	D	25,171	100.00	100.00
44	B	NQ	3		BIPIEMME VITA S.p.A - Milan	Euro	73,500,000	14,700,000	V	114,789	51.00	51.00

(* Group undertakings and other undertakings in which a direct stake is held, even if this is through a trust or an intermediary must be stated)

(1) Type

- a = Parent companies
- b = subsidiaries
- c = Affiliated companies
- d = Associated companies
- e = Other

(2) Mark Q for securities traded on regulated markets and NQ for others

(3) Business

- 1 = Insurance company
- 2 = Finance company
- 3 = Credit institution
- 4 = Property company
- 5 = Trust company
- 6 = Investment fund management or distribution company
- 7 = Consortium
- 8 = Industrial undertaking
- 9 = Other company or organisation

(4) Amounts in original currency

(5) Value reported in the half year report

(6) State:

D for investments assigned to the non-life business (item C.II.1)

V for investments assigned to the life business (item C.II.1)

V1 for investments assigned to the life business (item D.1)

V2 for investments assigned to the life business (item D.2)

The same order number must be assigned to the holding even if the holding is split

(7) State the total stake held

						Annex 2 / D (*)	
MILANO ASSICURAZIONI S.p.A.						Company code 0 2 6	
Changes to investments in group undertakings and in other participating interests: stocks and							
shares (item C.II.1), bonds (item C.II.2) and loans (item C.II.3)							
Data relating to the first half of the year 2007							
		Stocks and shares C.II.1		Bonds C.II.2		Loans C.II.3	
						Amounts in €K	
At opening	+	1	435,211	21	41	29,440	
Increases in the period:	+	2	22,225	22	42	2,224	
due to: acquisitions, subscriptions or disbursements		3	22,225	23	43	2,224	
write-ups		4		24	44		
value adjustments		5		26	46		
other changes		6	0				
Decreases in the period:	-	7	5,355	27	47	4,979	
due to: sales or redemptions		8	5,094	28	48	4,979	
write-downs		9	261	29	49		
other changes		10	0	30	50	0	
Total		11	452,081	31	51	26,685	
Current value		12	542,087	32	52	0	
Total value adjustments		13					
Total write-downs		14	41,544	34	54		

(*) D= table relating to non-life business

V= table relating to life business

								Annex 2 / V (*)	
MILANO ASSICURAZIONI S.p.A.						Company code		0 2 6	
Changes to investments in group undertakings and in other participating interests: stocks and shares (item C.II.1), bonds (item C.II.2) and loans (item C.II.3)									
Data relating to the first half of the year 2007						Amounts in €K			
		Stocks and shares C.II.1		Bonds C.II.2		Loans C.II.3			
At opening	+	1	122,058	21	3,989	41			
Increases in the period:	+	2	16,167	22	0	42			
due to: acquisitions, subscriptions or disbursements		3	16,167	23		43			
write-ups		4		24	0	44			
value adjustments		5		26					
other changes		6				46			
Decreases in the period:	-	7	5,300	27	2	47			
due to: sales or redemptions		8	5,300	28		48			
write-downs		9		29	2	49			
other changes		10		30		50			
Total		11	132,925	31	3,987	51			
Current value		12	153,285	32	3,987	52			
Total value adjustments		13							
Total write-downs		14	358	34	13	54			

(*) D= table relating to non-life business

V= table relating to life business

MILANO ASSICURAZIONI S.p.A.

Company code 0 2 6

Breakdown based on the use of other financial investments: company stocks and shares, unit trusts, bonds and other fixed income securities, other financial investments (item C.III.1, 2, 3, 5)

Data relating to the first half of the year 2007

I - Non-life business

Amounts in €K

	Long-term portfolio				Short-term portfolio				Total		
	Value (1)		Current value		Value (1)		Current value		Value (1)	Current value	
1. Company stocks and shares:											
1	595,746	13	725,131	25	100,690	37	113,830	49	696,436	61	838,961
a) listed shares	593,842	14	723,227	26	100,290	38	113,430	50	694,132	62	836,657
2	1,904	15	1,904	27	400	39	400	51	2,304	63	2,304
b) unlisted shares											
3	0	16	0	28		40		52	0	64	0
c) stocks											
4	1,282	17	650	29	290,788	41	309,537	53	292,070	65	310,187
2. Unit trusts											
5	283,595	18	267,360	30	2,591,518	42	2,592,026	54	2,875,113	66	2,859,386
3. Bonds and other fixed income securities											
6	269,409	19	253,737	31	2,176,733	43	2,177,094	55	2,446,142	67	2,430,831
a1) listed Government securities											
7	5,464	20	5,206	32	405,116	44	405,263	56	410,580	68	410,469
a2) other listed securities.											
8		21		33		45		57	0	69	0
b1) unlisted Government securities											
9	8,722	22	8,417	34	9,669	46	9,669	58	18,391	70	18,086
b2) other unlisted securities											
10		23		35		47		59	0	71	0
c) convertible bonds											
11		24		36	21,868	48	21,869	60	21,869	72	21,869
5. Others											
12											

II - Life business

	Long-term portfolio				Short-term portfolio				Total		
	Value (1)		Current value		Value (1)		Current value		Value (1)	Current value	
1. Company stocks and shares:											
73	75,201	85	87,682	97	197,399	109	224,371	121	272,600	133	312,053

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a) listed shares	74	75,185	86	87,666	98	197,399	110	224,371	122	272,584	134	312,037
b) unlisted shares	75	9	87	9	99		111		123	9	135	9
c) stocks	76	7	88	7	100		112		124	7	136	7
2. Unit trusts	77		89		101	73,905	113	79,926	125	73,905	137	79,926
3. Bonds and other fixed income securities	78	1,669,999	90	1,659,636	102	1,890,765	114	1,896,118	126	3,560,764	138	3,555,754
a1) listed Government securities	79	1,487,699	91	1,473,578	103	1,105,528	115	1,106,950	127	2,593,227	139	2,580,528
a2) other listed securities	80	149,731	92	153,366	104	671,965	116	672,843	128	821,696	140	826,209
b1) unlisted Government securities	81	5,485	93	5,586	105		117		129	5,485	141	5,586
b2) other unlisted securities	82	27,084	94	27,106	106	113,272	118	116,325	130	140,356	142	143,431
c) convertible bonds	83		95		107		119		131	0	143	0
5. Other	84		96		108	135	120	118	132	135	144	118

(1) value reported in the half year report

MILANO ASSICURAZIONI S.p.A.

List of subsidiaries, associated companies and participating interests in which greater than 10% of the capital has voting rights

(also in accordance with art. 126 of CONSOB Resolution 14/5/99 no. 11971)

Name	Registered office	Currency	Share capital		Net equity (1)	Result for the year	Book value (direct share)	Share held		Total %
			Amount	Number shares				Direct %	Indirect %	
Italian subsidiaries										
BIPIEMME VITA S.p.A.	MILAN	Euro	73,500,000	14,700,000	87,630,000	2,171,000	114,789,652	51.00		51.00
CAMPO CARLO MAGNO S.p.A.	TRENTO	Euro	3,349,500	7,299,000	6,951,126	95,378	25,171,463	100.00		100.00
DIALOGO ASSICURAZIONI S.p.A.	MILAN	Euro	8,831,774	8,831,774	7,015,246	- 3,335,611	6,910,218	99.85		99.85
FONDIPREV S.p.A.	FLORENCE	Euro	6,240,000	12,000,000	9,121,926	57,032	4,834,037	60.00		60.00
MAA FINANZIARIA S.p.A.	MILAN	Euro	774,000	150,000	922,797	-1,133	922,797	100.00		100.00
MERIDIANO EUR	MILAN	Euro	10,000	10,000	112,112,196	2,149,527	107,710,000	100.00		100.00
MERIDIANO ORIZZONTI	MILAN	Euro	10,000	10,000	59,848,758	487,408	57,510,000	100.00		100.00
NOVARA ASSICURA S.p.A.	NOVARA	Euro	13,000,000	13,000,000	13,972,608	-290,104	15,100,000	100.00		100.00
SOGEINT S.r.l	MILAN	Euro	100,000	1	13,804	-86,196	13,804	100.00		100.00
SYSTEMA COMPAGNIA DI ASS.NI S.p.A.	MILAN	Euro	5,164,600	10,000	13,387,021	501,480	5,187,325	100.00		100.00
Italian affiliated companies										

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SAI INVESTIMENTI S.G.R. S.p.A.	TURIN	Euro	3,913,588	3,913,588	5,155,501	783,542	1,199,827	29.00			29.00
SERVICE GRUPPO FONDIARIA-SAI S.r.l.	FLORENCE	Euro	104,000	200,000	734,490	-339	220,347	30.00			30.00
UNISERVIZI GRUPPO FONDIARIA S.c.r.l.	MILAN	Euro	5,200,000	10,000,000	38,325,674	0	10,735,793	28.00	0.18	SYSTEMA COMPAGNIA ASS.	28.40
									0.20	DIALOGO ASSICURAZIONI	
									0.02	FONDIPREV	
Italian associates											
GARIBALDI S.C.S	LUXEMBOURG	Euro	1,001	1,001	-672,056	-137,466	480	47.95			47.95
SISTEMI SANITARI S.p.A.	MILAN	Euro	1,872,000	3,600,000	2,067,899	0	511,741	25.71			25.71
Other holdings in which in excess of 10% of the capital having voting rights											
CESTAR S.r.l	PERO	Euro	2,040,000	4,000,000			234,386	11.35			11.35
UFFICIO CENTRALE ITALIANO S.r.l	MILAN	Euro	510,000	1,000,000			56,645	10.98			10.98
COMP. TIRRENA DI ASS.NI (in liquidation)	MILAN	Euro	17,850,000	35,000,000				11.14			11.14

(1) Amounts in original currency

Declaration of the Manager Responsible

in accordance with article 154- bis, para 2, of Legislative Decree no. 58 of 24/2/1998

The undersigned Pier Giorgio BEDOGNI, in his capacity as Manager Responsible for producing the company accounting documents of Milano Assicurazioni S.p.A. hereby

CERTIFIES

in accordance with the stipulations of the second paragraph of article 154- bis of the "Compendium of Laws on financial brokerage" that the Half Year Report to 30 June 2007 corresponds to the results in the accounting documents, books and records.

Milan, 10 September 2007

Dr. Pier Giorgio BEDOGNI
Manager Responsible for producing the
Company accounting documents