Consolidated Half-Year Report at June 30, 2011

in accordance with Article 154-ter of Legs. Decree No. 58/1998
and ISVAP Regulation No. 7 of July 13, 2007

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Share Capital Euro 373,682,600.42 fully paid-in – Milan Company Registration Office, Tax and VAT Number 00957670151 - Company authorised to exercise insurance activities (art. 65 R.D.L. 29-4-1923 n. 966) – Registered at Section I of the ISVAP Company Role at number 1.00010. Company belonging to the Fondiaria-SAI Group, recorded in the Insurance Group Register at No. 030 – Direction and Co-ordination of FONDIARIA-SAI S.p.A.

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BOARD OF DIRECTORS

Salvatore **Ligresti**	*Honorary Chairman*
Angelo **Casò** *	*Chairman*
Gioacchino Paolo **Ligresti** *	*Vice Chairman*
Emanuele **Erbetta** *	*Chief Executive Officer - General Manager*
Umberto **Bocchino** *	
Maurizio Carlo **Burnengo** *	
Barbara **De Marchi**	
Maurizio **Di Maio**	
Mariano **Frey**	
Giuseppe **Lazzaroni**	
Giulia Maria **Ligresti** *	
Jonella **Ligresti**	
Davide **Maggi**	
Nicola **Miglietta**	
Aldo **Milanese**	
Massimo **Pini** *	
Salvatore **Rubino**	
Simone **Tabacci**	
Alessandra **Talarico**	
Antonio **Talarico** *	

(*) Members of the Executive committee

Fausto **Rapisarda**	*Secretary of the Board and the Executive Committee*

BOARD OF STATUTORY AUDITORS

Giovanni **Ossola**
Chairman

Maria Luisa **Mosconi**
Statutory Auditor

Alessandro **Rayneri**
Statutory Auditor

Giuseppe **Aldè**
Alternate Auditor

Claudio **De Re**
Alternate Auditor

Michela **Zeme**
Alternate Auditor

AUDIT FIRM

DELOITTE & TOUCHE S.P.A.

GENERAL MANAGER

Emanuele **Erbetta**

EXECUTIVE RESPONSIBLE

for the preparation of the corporate accounting documents

Pier Giorgio **Bedogni**

- The Shareholders' Meeting of the company of April 27, 2011 appointed the Board of Directors and the Board of Statutory Auditors for the three year period 2011-2013. The Board of Directors' meeting after the Shareholders' Meeting, appointed Mr. Angelo Casò as Chairman, Mr. Gioacchino Paolo Ligresti as Vice Chairman and Mr. Emanuele Erbetta as Chief Executive Officer. Mr. Erbetta continues as General Manager.
- The Chairman, Vice Chairman and Chief Executive Officer, in accordance with Article 20 of the By-Laws have the power of legal representation of the Company. The Chief Executive Officer Mr. Emanuele Erbetta is devolved all ordinary and extraordinary powers, to be exercised with single signature and with the possibility to confer mandates and legal attorneys, with the exclusive exception of the following powers:
  - sale and/or purchase of property above the value of Euro 10 million for each operation;
  - sale and/or purchase of investments above the value of Euro 25 million for each operation and, in any case, of controlling interests;
  - obtaining of loans above Euro 50 million for each operation;
  - provision of non-insurance guarantees in favour of third parties.

  The Chief Executive Officer reports to the Executive Committee or to the Board of Directors in each meeting in relation to the exercise of the above powers, with particular regard to extraordinary operations or those with related parties (where not reserved to the Board) and, in general, on the most significant operations.
- The Executive Committee has all the powers not already attributed to the Chief Executive Officer, except for those which in accordance with law or the company by-laws are the exclusive competence of the Board of Directors, while establishing - in accordance with the procedures for significant transactions with related parties approved by the Board of Directors' meeting of November 30, 2010 - the exclusive ambit of the Board concerning all deliberations in relation to the so-called "significant" and "less significant" transactions with related parties, according to the definitions as per the regulation adopted through CONSOB Regulation No. 17221 of March 12, 2010 and incorporated into the above-mentioned procedure. The attribution of exclusive duties to the Executive Committee in relation to specific types of operations or operations with limited amount does not exist. The Committee reports to the Board of Directors at each meeting on the exercise of its powers.
- The Board of Directors and the Board of Statutory Auditors will remain in office until the approval of the financial statements by the Shareholders' Meeting for the year ended December 31, 2013.

CONSOLIDATED HALF-YEAR REPORT OF THE MILANO GROUP AT JUNE 30, 2011

PREMIUMS WRITTEN

Direct and indirect premiums written in H1 2011 amount to Euro 1,753.3 million (-6.4% on H1 2010), of which Euro 1,558.8 million relating to the non-life classes (-2.9%) and Euro 194.5 million relating to the life classes (a decrease of 27.1%).

In relation to the non-life division, the Motor sector reports substantial stability in premiums (-0.3%) following an increase in the average premium, negated however by the discontinuation of portfolios with particularly poor performances. The other classes report a decrease of approx. 8.8%, largely relating to the aeronautical risks of the Sasa division and in particular the non-renewal of the civil protection contract and the discontinuation of new business acquisition.

Life premiums reduced within a contracting overall domestic insurance market. In particular, the securitisation sector saw a significant drop off in interest compared to the past from institutional clients with high levels of liquidity, within the current generalised liquidity crisis. This has also impacted the recently launched securitisation products (securitisation and mixed special) targeting clients with less significant amounts of available liquidity. In relation to the class I products, although premiums have contracted, the quality of the new business from the distribution networks has improved with an increase in periodic premium products (annual and recurring), which are more remunerative and create client loyalty over the long-term.

The indirect business continues to be marginal due to the decision to cease underwriting on the inward reassurance market with companies not belonging to the Fondiaria-Sai Group.

The breakdown of the premiums written with the changes to the first half of 2010 is shown in the table below.

(in Euro thousands)	1H 2011	1H 2010	Change %
DIRECT PREMIUMS			
Non-Life Division	1,556,217	1,601,915	-2.9
Life Division	194,497	266,661	-27.1
TOTAL DIRECT PREMIUMS	1,750,714	1,868,576	-6.3
INDIRECT PREMIUMS			
Non-Life Division	2,554	3,944	-35.2
Life Division	1	30	-96.7
TOTAL INDIRECT PREMIUMS	2,555	3,974	-35.7
TOTAL	**1,753,269**	**1,872,550**	**-6.4**
of which:			
Non-Life Division	1,558,771	1,605,859	-2.9
Life Division	194,498	266,691	-27.1

H1 OPERATING PERFORMANCE

The Group net loss for the first half of 2011 was Euro 58.7 million (loss of Euro 195.3 million in the first half of 2010). The income statement for the period is reported below and compared with the previous year.

(in Euro thousands)	**1H 2011**	**1H 2010**	**Change**
Net premiums	1,700,646	1,797,236	-96,590
Commission income	220	138	82
Net Income from financial instruments recorded at fair value through profit or loss	-19,105	1,499	-20,604
Income from subsidiaries, ass. and jt. ventures	6,979	271	6,708
Income from other financial instruments and property investments	200,433	211,584	-11,151
- Interest income	109,137	106,691	2,446
- Other income	31,978	39,737	-7,759
- Profits realised	59,318	65,156	-5,838
- Valuation gains	-	-	-
Other revenue	108,907	96,708	12,199
Total revenues	**1,998,080**	**2,107,436**	**-109,356**
Net charges relating to claims	-1,378,547	-1,512,749	134,202
Commission expenses	-101	-35	-66
Charges from subsid., ass. & jt. ven.	-8,098	-13,479	5,381
Charges from other financial instruments and property investments	-101,243	-224,988	123,745
- Interest expense	-5,936	-7,042	1,106
- Other expenses	-10,488	-10,099	-389
- Losses realised	-25,222	-29,341	4,119
- Valuation losses	-59,597	-178,506	118,909
Management expenses	-328,185	-338,780	10,595
- Commissions and other acquisition expenses	-265,657	-277,710	12,053
- Investment management charges	-1,966	-1,367	-599
- Other administration expenses	-60,562	-59,703	-859
Other expenses	-225,279	-219,463	-5,816
Total costs	**-2,041,453**	**-2,309,494**	**268,041**
Loss before taxes in the period	**-43,373**	**- 202,058**	**158,685**
Income taxes	-15,367	3,485	-18,852
Net Loss for the period	**-58,740**	**- 198,573**	**139,833**
Net result from discontinued activities	-	3,281	-3,281
Consolidated loss	**-58,740**	**- 195,292**	**136,552**
Minority interest loss	-68	- 17	-51
Group Loss	**-58,672**	**- 195,275**	**136,603**

Highlights:

- The non-life sector reports a pre-tax loss of Euro 61.1 million, an improvement compared to a loss of Euro 226 million in the first half of 2010, due to the increased contribution from asset and financial management (net income of Euro 0.2 million compared to net charges of Euro 98.9 million in H1 2010) and the improvement in the technical management result, which reported a combined ratio of 102.4% compared to 105.3% in H1 2010.
  In particular, the **Motor TPL** class, with substantial stability in premiums written (+0.9%), reports a particularly significant drop in claims reported of 16.4%, with an improvement in the general market, but particularly as a result of the discontinuation of a number of multi-risk contracts and the closure of agencies with particularly poor performances.
  However, the cost of previous generation claims remains high as a result of the significant proportion of physical injury claims and the new compensation tables, originally adopted by the Milan court and quickly rolled out across the major Italian courts.
  The **Land Vehicle** class benefitted from the implementation of pricing initiatives, actions concerning the sale of the individual guarantees and on underwriting limits which in the past have reported unsatisfactory performances. The technical balance was therefore positive and improved upon the first half of the previous year.
  The performance of the civil responsibility contracts within the **Other Non-life** classes remained poor, particularly due to the performance of prior year claims, while the overall result of the other classes was positive;

- The **Life Division** reports a pre-tax profit of Euro 18.4 million (Euro 29.8 million in the first half of 2010). The reduction is principally due to the increased impairments on financial instruments and in particular the impairment on Greek debt securities, which had an impact on the income statement of Euro 7.7 million, net of the share relating to policyholders. As outlined for Budget 2011, investment management is focussed more on the containment of volatility rather than on an aggressive profit-driven approach, with consequent benefits for the solvency ratios and greater stability in the separated management income. The portfolio remains principally comprised of class I contracts, with high insurance content and satisfactory profit margins;

- The **real estate sector** recorded a loss of Euro 0.7 million compared to a loss of Euro 6.3 million in H1 2010. The stronger operating results of Impregilo, in which the Milano Assicurazioni Group holds approximately 5% through IGLI S.p.A., forms the basis of the improvement;

- The **financial and asset management** reports overall net income of Euro 79 million compared to net charges of Euro 25.1 million in H1 2010. In particular, in relation to the most significant accounts:
  - interest income amounted to Euro 109.1 million, compared to Euro 106.7 million in H1 2010 (+2.3%);
  - net profits to be realised amounted to Euro 34.1 million (Euro 35.8 million in H1 2010), of which Euro 11.5 million relates to equity securities, Euro 17.1 million to investment fund units, Euro 4 million to bond securities and Euro 1.5 million to property investments;
  - net valuation losses amounted to Euro 59.6 million (Euro 178.5 million in H1 2010) and concern impairments on AFS financial instruments of Euro 44 million, depreciation on property for Euro 13.7 million and property impairments of Euro 1.9 million;
  - the financial instruments at fair value recorded through profit and loss report net charges of Euro 19.1 million compared to net income of Euro 1.5 million in the first half of 2010. Euro 17.9 million of the 2011 result derives from the loss incurred from the sale of option rights concerning the parent company Fondiaria-Sai rights issue;
  - income from subsidiaries, associates and joint ventures essentially derives from the share of profits pertaining to IGLI S.p.A. of Impregilo. The charges principally include the losses recorded in the half-year by Atahotels, which continues to be affected by the difficult economic environment and the weak hotel sector in general, particularly in relation to congresses – an area in which the company is the market leader. It is noted that the period income statement only benefits to a small degree from the contribution of the Sicilian and Sardinian resorts, whose income is concentrated in the summer period;

- the management expenses in the non-life insurance sector amounted to Euro 313.1 million, with a percentage on net premiums of 20.7% (21.2% in H1 2010). In the life division, management expenses totalled Euro 15.1 million, increasing as a percentage of net premiums from 5.3% in H1 2010 to 8%, essentially as a result of the contraction in premiums written.

The result for the period was not impacted by significant non-recurring or unusual operations compared to the normal operations of the company.

The table below shows the results by sector. The real estate sector includes the real estate subsidiary companies (Immobiliare Milano Assicurazioni, Sintesi Seconda, Campo Carlo Magno) and the Athens Real Estate Fund, while the Other Activities include the subsidiary Sogeint, which provides commercial assistance to the Agencies.

(in Euro thousands)	**Non-Life**	**Life**	**Real estate**	**Other**	**Inter-segment Elim.**	**Total**
Net premiums	1,511,702	188,944	-	-	-	1,700,646
Commission income	-	220	-	-	-	220
Net Income from financial instruments recorded at fair value through profit or loss	-19,134	-417	446	-	-	-19,105
Income from subsidiaries, ass. and jt. ventures	214	-	6,765	-	-	6,979
Income from other financial instruments and property investments	82,958	111,434	6,041	-	-	200,433
- Interest income	35,170	73,797	170	-	-	109,137
- Other income	18,125	8,004	5,849	-	-	31,978
- Profits realised	29,663	29,633	22	-	-	59,318
- Valuation gains	-	-	-	-	-	-
Other revenue	102,516	2,762	919	5,189	-2,479	108,907
Total revenues	**1,678,256**	**302,943**	**14,171**	**5,189**	**-2,479**	**1,998,080**
Net charges relating to claims	-1,159,255	-219,292	-	-	-	-1,378,547
Commission expenses	-	-101	-	-	-	-101
Charges from subsid., ass. & jt. ven.	-7,877	-174	-47	-	-	-8,098
Charges from other financial instruments and property investments	-55,916	-32,911	-12,416	-	-	-101,243
- Interest expense	-2,617	-2,364	-955	-	-	-5,936
- Other expenses	-6,041	-217	-4,230	-	-	-10,488
- Losses realised	-11,171	-14,049	-2	-	-	-25,222
- Valuation losses	-36,087	-16,281	-7,229			-59,597
Management expenses	-313,075	-15,110	-	-	-	-328,185
- Commissions and other acquisition	-256,709	-8,948	-	-	-	-265,657
- Investment management charges	-965	-1,001	-	-	-	-1,966
- Other administration expenses	-55,401	-5,161	-	-	-	-60,562
Other expenses	-203,210	-16,955	-2,413	-5,180	2,479	-225,279
Total costs	**-1,739,333**	**-284,543**	**-14,876**	**-5,180**	**2,479**	**-2,041,453**
Profit/(loss) before taxes – H1 2011	**-61,077**	**18,400**	**-705**	**9**	**-**	**-43,373**
Profit/(loss) before taxes – H1 2010	**-225,953**	**29,805**	**-6,298**	**388**	**-**	**-202,058**

The **Comprehensive income statement**, which includes the profits and losses recorded to net equity as established by IAS/IFRS Accounting Standards, recorded a loss of Euro 71.2 million compared to a loss of Euro 197.1 million in H1 2010 - as follows:

(in Euro thousands)	**1H 2011**	**1H 2010**
Consolidated loss	**-58,740**	**-195,292**
Profit or loss on AFS financial assets	-12,126	-1,115
Profit or loss on cash flow hedges	455	-1,212
Income/(charges) on non-current assets or of a discontinued group held for sale	-	1,322
Actuarial profits and losses and adjustments to employee defined plans	-795	-796
Total other items of the Comprehensive Income Statement	**-12,466**	**-1,801**
Total Comprehensive consolidated loss	**-71,206**	**-197,093**
Group share	-71,138	-197,680
minority interest share	-68	587

Non-Life Insurance Sector

Premiums written

In relation to direct business, which comprises almost the entire portfolio, premiums written in the first half amounted to Euro 1,556.2 million (-2.9% on H1 2010), of which Euro 1,113.3 million relating to the motor classes (-0.3%) and Euro 442.9 million concerning the non-motor classes (-8.8%).

The premium performance of the **Motor TPL** class (+0.9%) follows the recent tariff reviews, resulting in an increase in the average policy premium and a reduction in contracts in portfolio following the programmed initiatives concerning agencies with particularly poor performances and the discontinuation of individual multi-risk contracts. The weak economic situation also had an impact and remains difficult, particularly in relation to the continued weakness in new vehicle registrations.

The new Motor TPL tariff, launched in January 2011, focuses on recovering profitability while at the same time protecting the existing portfolio. The impact deriving from the recent regulatory changes and the need to reduce the tariff mutuality based on the effective client risk was considered. Specifically, greater risk differentiation was introduced, based both on the characteristics of the vehicle with particular reference to security features and the repair costs, and the specifics of the contracting party related to age and area of residence.
The review of commercial policies concerning collective contracts and fleets initiated in 2010 has resulted in the reduction of discounts and therefore a recovery in profitability. The performances of the principal fleets in portfolio are monitored on a monthly basis.

The contraction in premiums written in the **Land Vehicle** class is due to the difficult economic environment which limits household disposable income with a consequent reduction in accessory guarantees to new motor policies.
The sales policies of the motor manufacturers have also impacted volumes with the inclusion in the vehicle sales price of insurance packages with fire, theft and assistance guarantees.

The **other non-life classes** report a decrease in premiums largely relating to the aeronautical risks of the Sasa division and in particular the non-renewal of the civil protection contract and the discontinuation of new business acquisition.
Premiums have benefitted from the initiatives taken to recover profitability which has resulted in the closure of agencies with particularly poor performances, the discontinuation of individual multi-risk contracts and a reduction in the exposure to corporate risks, particularly in relation to public companies and bodies, historically reporting an unsatisfactory technical performance.

The current underwriting policy, which focuses particularly on profitability, has established the need to stringently apply correct technical parameters and is principally focused on the retail sector and on small-medium sized enterprises which operate in historically profitable sectors and regions.

The breakdown of the gross premiums written of the direct business is as follows:

(in Euro thousands)	**1H 2011**	**1H 2010**	**Change %**
Accident & health	120,897	126,743	-4.6
Marine, aviation and transport	7,239	22,229	-67.4
Fire and other property damage	159,854	169,118	-5.5
General TPL	104,919	116,741	-10.1
Credit & Bonds	26,120	24,203	+7.9
General pecuniary losses	3,538	5,582	-36.6
Legal protection	4,284	4,870	-12.0
Assistance	16,085	16,106	-0.1
Total Division – Non Motor	**442,936**	**485,592**	**-8.8**
Land Motor TPL	971,962	962,888	+0.9
Land vehicles	141,319	153,435	-7.9
Total Division – Motor	**1,113,281**	**1,116,323**	**-0.3**
TOTAL	**1,556,217**	**1,601,915**	**-2.9**

Claims reported and paid

In H1 2011, 390,435 claims were made (-12%), of which 249,135 relating to the motor classes (-14.7%) and 141,300 relating to the other non life classes (-6.7%). The amounts paid for claims, including the direct and settlement expenses, amounted to Euro 1,224 million, compared to Euro 1,318.1 million in H1 2010.
The following table shows the breakdown by class and compared with H1 2010.

	Claims reported Number			Claims paid (in Euro thousands)		
	1H 2011	**1H 2010**	**Cge. %**	**1H 2011**	**1H 2010**	**Cge. %**
Accident & health	42,663	45,436	-6.1	64,899	73,656	-11.9
Marine, aviation and transport	324	312	+3.8	3,320	4,708	-29.5
Fire and other property damage	43,409	49,205	-11.8	101,614	103,711	-2.0
General TPL	24,707	25,220	-2.0	88,426	82,770	+6.8
Credit & Bonds	389	369	+5.4	13,108	12,435	+5.4
General pecuniary losses	837	1,107	-24.4	2,179	3,773	-42.2
Legal protection	369	448	-17.6	546	513	+6.4
Assistance	28,602	29,363	-2.6	4,832	4,081	+18.4
Total Division – Non Motor	**141,300**	**151,460**	**-6.7**	**278,924**	**285,647**	**-2.4**
Land Motor TPL	184,686	220,854	-16.4	859,619	939,219	-8.5
Land vehicles	64,449	71,340	-9.7	85,435	93,184	-8.3
Total Division – Motor	**249,135**	**292,194**	**-14.7**	**945,054**	**1,032,403**	**-8.5**
TOTAL	**390,435**	**443,654**	**-12.0**	**1,223,978**	**1,318,050**	**-7.1**

Technical performance

The principal technical indicators, relating to the non-life sector, are summarised in the table below:

	30/06/2011	**30/06/2010**
Loss ratio (*)	76.7%	79.8%
Expense ratio	20.6%	20.4%
OTI ratio (**)	5.1%	5.2%
Combined ratio	102.4%	105.3%

(*) claims of period / premiums, net of reinsurance
(**) technical charges/net premiums

As highlighted in the table, the combined ratio in H1 2011, net of outward reinsurance, amounted to 102.4% against 105.3% in H1 2010 (114.8% for 2010).

In particular, the **Motor TPL** class reported a decrease in the frequency and a particularly strong current year claims/premiums ratio due to the improved claims reported performance (-16.4% from H1 2010) against a substantially stable volume of premiums written (+0.9%). These results, although taking place within an improved general market situation, principally stem from the actions undertaken to recover profitability - and in particular:

- the increase in the average premium following the new tariff recently introduced, together with a reduction in the tariff flexibility granted to the agency networks;
- the discontinuation actions of the multi-claim portfolio and the actions taken with regard to agencies with particularly poor performances.

On the other hand, the continued high physical injury claims ratio and the new tables for the calculation of compensation, whose rolling out across the major courts took place quicker than initially envisaged, maintains a high average claims paid cost, requiring therefore a particularly prudent underwriting policy.

The **Land Vehicle** class reports a positive performance and an improvement on H1 2010. Also in this case the performance benefited from an acquisition policy which focuses less on discounts, tariff actions and underwriting limits, particularly in relation to *Socio-political events, Natural Events, Windshields and Collisions* guarantees.

The **General TPL** class again reports a poor performance, particularly concerning prior year claims already recorded to the reserve. The technical result of the **Other Non-Life Classes** was however positive overall, with very satisfying results in the Accident, Fire, Bond and Assistance classes.

In any case the focused actions continue to be implemented to improve overall profitability both in the retail sector (concerning tariff flexibility and reform or a discontinuation of contracts with unsatisfactory performances, particularly in the professional and health sectors) and in the corporate sector, where the Public Bodies portfolio (ASL in particular) is being streamlined and with an underwriting policy focused on a greater degree of prudency than the recent past.

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In relation to the performance of **Liguria Assicurazioni**, which utilises a principally multi-mandate network agency, the restructuring activities of the previous year have resulted in the expected improvement in the technical performance.

In the first half of 2011, against premiums written of Euro 132.2 million (-7% on the first half of 2010), claims reported contracted by 24.4%.

In particular, in the Motor Classes total premiums written amounted to Euro 98.1 million, a decrease of 9.9%, with a significantly improved average policy premium. Claims reported dropped 25.8% and consequently the frequency reduced significantly. However, the average cost of accepted claims remained high, requiring the maintenance of particularly prudent reserves.
Asset and financial income reduced on the first half of 2010, principally due to the impairments on Greek government bonds with maturity in 2012 present in the portfolio. In line with the impairment policy adopted by the Fondiaria-sai group, considering the difficult Greek economic and financial situation and the consequent uncertainties concerning the ability to fully repay on the securities issued, the negative net equity reserve of approx. Euro 1.8 million created in relation to these bond securities was transferred to the income statement.
The agency networks at June 30 comprise 306 sales points (317 at June 30, 2010), of which 140 are single-mandate agencies and 166 multi-mandate.
The result of the company in the period, according to IAS/IFRS accounting standards, was a loss of Euro 5.4 million, compared to a loss of Euro 15.8 million in the first half of 2010.
The benefits of the industrial restructuring actions undertaken should become more apparent during the year, which were principally focused on pricing, in particular within the Motor TPL Class, the agencies, the negatively performing portfolios and risks, the underwriting criteria, efficiency and control of the settlement process.
Considering that outlined above, the operating performance in the period is considered in line with budget objectives for the full year which forecasts substantial technical re-equilibrium.

In relation to the telephone and internet channels, the premiums written in H1 2011 by **Dialogo Assicurazioni S.p.A.** (controlled by Milano Assicurazioni for 99.85%) amounted to Euro 21.7 million, an increase of 35.1% on Euro 16.1 million in the first half of 2010.
As established by the industrial plan of the Company, in 2011 a new advertising campaign was launched which, in a change from previous years, was exclusively focused on the internet channel with consequent reduced costs.
The technical performance was again negative, although improving on H1 2010, due both to the current year claims and the impact from the settlement of claims already recorded to the reserve.
The contribution of the company to the consolidated result was a loss of Euro 4.8 million (loss of Euro 7.3 million in the first half of 2010).

In relation to the standardised products distributed by partner banks, **Systema Compagnia di Assicurazioni S.p.A.** (wholly-owned by Milano Assicurazioni) recorded premiums in the first half of the year of Euro 18.9 million, an increase of 83.5% on the same period in the previous year.
The overall technical performance deteriorated on the first half of 2010 and the contribution of the company to the consolidated result in the half year was a loss of Euro 0.1 million, compared to a profit of Euro 0.8 million in H1 2010.

New products launched on the market

Retail sector

The new **Motor TPL** policy was introduced in January, with the objective to recover profitability while safeguarding at the same time the existing portfolio. The new tariff considers the impacts deriving from the recent regulatory changes and the need to reduce the tariff mutuality based on the effective client risk. In particular, the tariff factors relating to age of the driver, geographic area of residence, and the type of vehicle insured were further differentiated.

The new product **Difesa più Infortuni** was launched in the period. The policy protects against any type of injury which may take place in the daily and professional life with particular focus on specific circumstances (such as criminal acts, attacks – particularly in relation to vulnerable parties), providing also the possibility to insure against injuries related to natural disasters. Serious permanent invalidity was particularly protected.

The **Difesa Più Fabbricati Full** product was restyled, with a redrawing of the thresholds concerning damage from leakages.

As part of the initiatives introduced to recover technical profitability, the restructuring of the Professional and Buildings products were stepped up, with pricing changes implemented in the Hotels, Agricultural and Health sectors while the contractual documents were reviewed to update them in line with Isvap Regulation No.35.

The reform initiatives of the Home and Health portfolios, through respectively the new products **Difesa Più Casa One** and **Difesa Più Infortuni** are also noted.

Corporate sector

The restructuring of the Corporate catalogue continued, also in accordance with ISVAP Regulation No. 35.

With the introduction of the new products, increased computerised was introduced, therefore with control of the technical content sources and the possibility to act promptly and securely whenever the need arises.

Reinsurance

The premiums ceded in the non-life division amount to Euro 54.4 million compared to Euro 66 million in H1 2010. The percentage of direct premiums ceded decreased from 4.1% to 3.5%, principally due to the non renewal of the aeronautical policies of the Sasa division which, given their nature, require a particularly high level of reinsurance.

The reinsurance structure of the non-life division is based on proportional cover and non-proportional coverage in claim excess.
Proportional coverage is utilised for the Credit, Bonds, Transport, Technological Risks, Aviation, Assistance and Hailstorm Classes.
For the Bond and Aviation classes, there is also protection of the net retention with specific programmes in claim excess for protection of a single risk or event.
The net retention of the Technological Risks is protected following an event which jointly concerned the Fire and Land Vehicle classes. Protection by individual risk is only permitted for some specific guarantees.

The non-proportional programmes are also utilised to protect the Fire, Motor TPL, General TPL, Theft and Injury classes.

The reinsurance contracts are with the Irish company The Lawrence Re, indirectly controlled 100% by Fondiaria-Sai, which subsequently transfers the risks underwritten in reinsurance, utilising primary international operators with an adequate rating, in line with ISVAP circular 574/D.
The only exceptions are Aviation coverage, directly placed on the reinsurance market, the Assistance class and the Transport class: for the Assistance class, the protection is guaranteed by Pronto Assistance, while for the Transport classes, in line with the concentration programme of the underwriting with SIAT (the specialised company of the Fondiaria-SAI group), the company continues to reinsure the entire portfolio with SIAT, utilising a proportional coverage.

Life Insurance Sector

The direct premiums written in H1 2011 amounted to Euro 194.5 million, a decrease of 27.1% compared to H1 2010. The following table reports the breakdown by class:

(in Euro thousands)	**1H 2011**	**1H 2010**	**Change %**
Insurance on human life expectancy	170,204	207,206	-17.9
Insurance related to market indices	68	83	-18.1
Health insurance	89	28	+217.9
Securitisation operations	24,136	59,344	-59.3
TOTAL	**194,497**	**266,661**	**-27.1**

Life premiums reduced within a contracting overall domestic insurance market (as highlighted by the latest data released by ANIA). In particular, the **securitisation** sector saw a significant drop off in interest compared to the past from institutional clients with high levels of liquidity, within the current generalised liquidity crisis. This has also impacted the recently launched securitisation products (securitisation and mixed special) targeting clients with less significant amounts of available liquidity.

In relation to **class I products**, although premiums contracted, the quality of the new business from the distribution networks significantly improved in terms of portfolio mix. In particular, the percentage of new periodic premium business (annual and recurring) increased to 15% of the total – up on the previous year-end. This shift is in line with the budget objectives for the year and with the focus on increased profitability from the Agency networks.

Financial type contracts amounting to Euro 4.8 million were issued in the half-year. In accordance with IFRS 4, these contracts were recorded under the deposit accounting method, which provides for recognition in the income statement, under the account commission income, of only the profit margins.

New premiums written in terms of equivalent annual premiums (Annual Premium Equivalent, APE), is calculated based on the sum of the new business annual premiums and 10% of the single premiums. This is calculated both under the IAS/IFRS criteria, excluding therefore the contracts treated under the "deposit accounting" method, and under Local GAAP criteria taking into consideration all new premiums in the sector.

(in Euro thousands)	**1H 2011 Ias/Ifrs**	**1H 2010 Ias/Ifrs**	**Cge %**	**1H 2011 Local**	**1H 2010 Local**	**Cge. %**
Insurance on human life expectancy	17,741	21,220	-16.4	17,741	21,220	-16.4
Insurance related to market indices	-	-	n.a.	240	12	n.s
Health insurance	1	-	n.a.	1	-	n.a
Securitisation operations	542	4,120	-86.8	542	4,120	-86.8
Management operations of Pension Funds	-	-	n.a.	241	125	+92.8
TOTAL	**18,284**	**25,340**	**-27.8**	**18,765**	**25,477**	**-26.3**

Sums Paid

The gross sums paid amounted to Euro 320.9 million (Euro 259.7 million in the first half of 2010), an increase of 23.6%.
The breakdown by class and type is reported in the following table:

(in Euro thousands)	**Claims**	**Redemptions**	**Maturity**	**Total**
Class I	11,864	101,933	147,477	261,274
Class III	346	5,364	25,987	31,697
Class V	89	22,367	5,505	27,961
Total	**12,299**	**129,664**	**178,969**	**320,932**
Total 30/06/2010	**6,304**	**94,816**	**158,611**	**259,731**

Technical performance

The pre-tax profit of the life sector amounted to Euro 18.4 million, compared to Euro 29.8 million in H1 2010. The reduction is principally due to the increased impairments on financial instruments and in particular the impairment on Greek debt securities with maturity by 2020, which had an impact on the income statement of Euro 7.7 million, net of the share relating to policyholders. As outlined for Budget 2011, investment management is focussed more on the containment of volatility rather than on an aggressive profit-driven approach, with consequent benefits for the solvency ratios and greater stability in the separated management income.
The new policy portfolio continued to offer adequate technical margins and features a large portion of traditional type products with higher remuneration and an ability to satisfy the entire client base through the quality level and extensive range of products offered. In relation to premiums written, although a reduction in volumes was recorded in the period, the quality of the portfolio improved due to a higher percentage of periodic premium products (annual and recurring).

Individual Insurance

In the first six months of 2011, the Individual Life premiums written by the distribution network were focused almost entirely on the Separated Management products, which were characterised by a guaranteed annual minimum yield in addition to the protection of the investment, although at the beginning of the year for the single premium and for some of recurring premium products the minimum yield was reduced to 1.5%, in line with the contracting overall domestic market. Specifically the following products were launched:

- Single premium products, with attention to the capital maturity segment as stated previously. New business in this segment contracted on the same period of the previous year, however contained by the strong results of the OPEN UNICO product (+65%) - achieved in part due to specific commercial initiatives taken on the distribution networks;
- Recurring premium products, with improved results on the first half of 2010, in particular due to the contribution of the OPEN RISPARMIO product (+38%);
- Constant annual premium products with very strong results for OPEN PIÙ (+88%).

The agency network responded positively to the launch from April of the single premium form and from May of the recurring premium form of the new OPEN DINAMICO product (multi-class insurance form), with strong results reported. OPEN DINAMICO is an innovative form of insurance which combines the characteristics of a UNIT product (an internal fund with a significant equity content managed by a highly professional company) and a Revaluable product linked to the MILASS RE separated management. The product targets clients both through the Relax category (unit-linked portion between 40% and 60% of the investment) and Sprint (portion between 60% and 90%). The innovative features are as follows:

- annual minimum return of 2% guaranteed exclusively on maturity of the contract or death of the policyholder for the revaluable component;
- the possibility to rebalance the investment between the two financial components on the request of the contracting party;
- subscription to the Balanced Management service.

The DEDICATA policy (Term Life product) recorded a moderate increase in new business (+21%).

In relation to the complementary pension segment, implemented through the Individual Pension Plans, in the first six months of the year new business grew on the same period of the previous year (+5%).

Collective insurance and Pension Funds

In the first half of 2011, the sector reports a contraction in premiums, principally due to the significant fall off in interest compared to the past from institutional clients with significant levels of liquidity, related to the current liquidity crisis which directly affects this type of client. Within the individual policies sector the recently launched securitisation products (securitisation and mixed special) targeting clients with less significant amounts of available liquidity have also been impacted by this issue.

However, a number of products in the first half of 2011 held their ground.

The “pre-existing” pension fund segment, despite the labour market difficulties which obviously impact premiums, continues to sustain a strong portfolio, both in terms of subscribers and premiums paid in.

The Open Pension Funds created by the Company once again attracted new subscribers and with stable inflows.

The products linked to employment leaving indemnity provisions (TFR and TFM), despite the less favourable economic situation and new regulations which certainly do not support development, report substantially stable business compared to the same period of the previous year.

The coverage of risk sector continues to attract - thanks also to a policy focused on personalising the offer - a strong contribution from institutions, with collective contracts showing signs of recovery in distribution terms and growth of the portfolio. The results were strong, although not yet delivering on the potential within the sector.

Reinsurance

Premiums ceded amounted to Euro 5.6 million and represent 2.9% of gross premiums (Euro 6.3 million in H1 2010, comprising 2.4% of direct business). The reinsurance structure is unchanged compared to the previous year, with a proportional coverage in excess and a catastrophic coverage in claims excess provided by the group company The Lawrence Re.

Real Estate Sector

The real estate sector includes the results of the subsidiary property companies of Milano Assicurazioni (Immobiliare Milano Assicurazioni S.r.l., Sintesi Seconda S.r.l., Campo Carlo Magno S.p.A.) and the Athens Real Estate Fund, entirely held by Milano Assicurazioni.

The pre-tax result for the first half was a loss of Euro 0.7 million (loss of Euro 6.3 million in H1 2010). The improvement is due to better results by Impregilo, in which Immobiliare Milano, through IGLI S.p.A., has a holding of approx. 5%.
More specifically:

- The Immobiliare Milano result for the first half of 2011 includes the share of profits of Impregilo and reports a profit of Euro 2.7 million (loss of Euro 4.7 million in H1 2010);
- The Athens Real Estate Fund reports a loss of Euro 2.7 million, due in part to impairments on the real estate portfolio of Euro 1.9 million;
- Campo Carlo Magno, which owns the real estate complex called Golf Hotel, located in Madonna di Campiglio, contributed a profit of Euro 0.1 million;

Citylife

On August 3, following the conclusion of the application procedure with the granting of the required authorisations by ISVAP and the Anti-trust authority, the holding in Citylife was sold to Generali Properties by Immobiliare Milano S.r.l.. The Board of Directors meeting of the parent company Fondiaria-SAI S.p.A. of August 2 approved the operation.

The disposal of the holding comprised 27.2% of the share capital of Citylife. As previously noted, the company was awarded the international tender by the Fiera Milano Foundation for the improvement of the historical area of ex-Fiera, with a project designed by the architects Zaha Hadid, Arata Isozaki, Daniel Libeskind and Pier Paolo Maggiora. The investment is for approx. Euro 2.2 billion with a total value of production equal to Euro 3 billion. The completion of the construction is scheduled for 2015 and the completion of the commercialisation phase is expected by 2016.

The final valuation document, prepared by Leonardo & Co. S.p.A. (Arbitrator appointed by the parties), established the following values:

- Euro 109.3 million comprising all the amounts paid into Citylife since its incorporation to the present date by Immobiliare Milano Assicurazioni, in addition to the amount proportionally paid in by this latter to the Fondazione Fiera as consideration for the Transformation Zone identified in the deed, all amounts net of the income distributed and capitalised at the 3-month Euribor rate plus 1.5 percentage points from the date of payment until the date of sale of the investment;

- Euro 106.3 million, equal to the Net Book Value of the holding at June 30, 2011.

Based on the agreement, the price of the holding is equal to the higher between the two results and therefore Euro 109.3 million. The sales price, fully paid on August 3, resulting in a gain of approx. Euro 31 million, which will be recognised to the income statement in the third quarter of 2011.

Under the agreement, before the closing the liens in place on the Citylife share subject to sale in favour of secured creditors from July 7, 2006 were extinguished.

In addition, Generali Properties undertook an irrevocable commitment, together with the acquisition of the investment, to take on all of the commitments relating to the investment sub-entering in place of Immobiliare Milano Assicurazioni S.r.l. with the Financing Banks, with the Milan Municipality, in addition to those with the Fiera Fondazione.

The principal issues of the process which resulted in the closing of August 3 were as follows:

- On June 11, 2010 Immobiliare Milano Assicurazioni S.r.l. and Generali Properties S.p.A. signed an agreement through which, in addition to that established by the shareholder pact concerning the investment in Citylife S.r.l. - signed also by Allianz - Generali Properties granted to Immobiliare Milano Assicurazioni a single irrevocable sales option of the entire holding in Citylife (27.20% of the share capital), at a price as set out below.
  The sales option could be exercised by Immobiliare Milano Assicurazioni S.r.l. until September 30, 2011 and exclusively concerning the entire holding and therefore not comprising a smaller part.
  The transfer of the share subject to exercise of the option was based on the condition that the relative authorisations from the competent authorities are granted to Generali Properties and on the prior consent of the Lending Banks, where applicable.
  As established by the above-stated agreement, Generali Properties undertook an irrevocable commitment, together with the acquisition of the investment, to take on all of the commitments relating to the investment sub-entering in place of Immobiliare Milano Assicurazioni S.r.l. with the Financing Banks, with the Milan Municipality, in addition to those with the Fiera Fondazione;

- On March 22, 2011, the Boards of Directors of Immobiliare Milano Assicurazioni S.r.l. and Milano Assicurazioni S.p.A. agreed to commence the process relating to the exercise of the option, based on the approval of the Board of Directors of Fondiaria-Sai;

- Taking account on the one hand of the financial situation of the Company and of the Group following the 2010 loss and on the other of the commitments relating to the project, within also the continually weak economic environment, the Board of Directors of Fondiaria-SAI S.p.A of March 23, 2011 approved the commencement of this process;

- On April 4, Immobiliare Milano Assicurazioni S.r.l. therefore communicated to Generali Properties S.p.A. the exercise of the sales option of the entire holding in CityLife S.r.l. (27.20% of the share capital) under the terms and conditions established by the agreement of June 11, 2010;

- On April 14, 2011, Generali Properties responded to the letter concerning the exercise of the option from Immobiliare Milano Assicurazioni, confirming their commitment to fulfil it.

Following that outlined above, in accordance with IFRS 5, the investment in Citylife was recognised for Euro 78.1 million to the account *Non-current assets or a group of assets held for sale* as the lower between the cost and the fair value. As previously described, the gain from the sale of approx. Euro 31 million will be recognised to the income statement in the third quarter.

Other activities

The diversified activities sector includes the company SOGEINT.

SOGEINT (wholly owned by Milano Assicurazioni) provides commercial assistance to the agencies. At June 30, 2011, the company had 52 employees and 82 agencies. The contribution to the consolidated result for the period was a loss of Euro 0.1 million.

Asset and financial management

In the first half of 2011, the global economic situation improved: the emerging countries reported robust performances, with steady growth in the Eurozone while the expansion in the USA was more contained. In this environment the Central Banks of the Emerging Countries continued to increase discount rates to tackle the rise in inflation affecting commodity prices, while in the United States the Federal Reserve continued to maintain an extremely expansive monetary policy, with official interest rates hovering around 0%. The Eurozone increased the reference rate from 1% to 1.25% considering growth outperforming estimates, with a number of countries (principally Germany) recovering the ground lost during the recession. The European Central Bank sought to quell inflationary pressures once inflation had significantly passed 2% - the acceptable medium-term level.

Europe was impacted in the half-year by concerns surrounding the sovereign debt risk. In the first part of the year, the market welcomed the political moves to introduce new instruments and committees to safeguard the Euro and the member countries (EFSF and ESM). However, in the second quarter, the concerns surrounding the sustainability of the public deficits of the weaker nations within the Eurozone returned to centre stage. In particular, focus had once again returned to Greece (and subsequently to Portugal and Ireland) who, after difficulties and extensive negotiations, implemented a new austerity package which unblocked the agreed assistance for Greece from the European institutions and resulted in the consideration of a new structured action plan.

Bond sector operations

The Non-Life sector in the first half of 2011 focused on extensive trading of government bonds, seeking to capitalise on the market volatility. The share of Italian Zero Coupons was increased due to the high returns available in the expectation of a lessening of sovereign debt fears.
A strategy was also employed in the half year to transfer the government risk undertaken from the core countries to Italy, in order to optimise asset allocation.
The corporate component was slightly reduced in the half year with the booking of significant gains.
The overall duration of the Non-Life Portfolio was reduced in consideration of the current economic environment, however overall profitability of the portfolio improved significantly - due in part to the return on the variable rate bond coupons which benefitted from the Eurozone interest rate increases.

In the life sector, considering the continued worries surrounding sovereign debt, the government portfolio was further diversified, increasing the exposure to the stronger and less volatile countries and to cross-national debt (AAA).
In relation to the corporate sector, the exposure was marginally reduced, with the booking of significant gains.

The investment management activities considered, as always, the Asset Liability Management profiles of each portfolio, seeking to align the investment objectives with the yields and the policy profiles and posted improved overall profitability of the portfolio on 2010, with a substantially unchanged duration.

Equity sector operations

The markets, after experiencing a strong first quarter with the European large cap index in positive territory (+4%) based on the economic recovery and strong earnings reports, saw a deterioration within a sluggish economic environment and increased fears concerning the sovereign risk of the Eurozone. At June 30 values were therefore substantially in line with the beginning of the year.
In particular, the contraction of the indicators concerning the US, expectations of a drawn out monetary restriction policy by the ECB and fresh fears concerning the European sovereign debt - which the political institutions failed to quell - led to profit-taking in sectors which had performed strongest in the first part of the year.

These movements were amplified in Italy with highs reached at the end of February, but significantly lower levels reported at the end of the half year (Ftse All Shares Financials - 6.7%), which was impacted - in addition to the factors outlined above - by the significant and focused recapitalisation campaign welcomed by the Governor of the Bank of Italy, which strengthened the financial system, also in light of the weakness of the state finances.

In the half year the percentage of financial securities was reduced due to the joint effect of sales carried out in the banking sector for the hedging of strategic securities and the purchases in the current component which principally related to the more defensive sectors. The Group portfolios principally comprise financial securities and the majority of which improved in the period considered.

More generally, in light of the market developments in the first part of the year the share of capital employed was reduced, with the positions progressively increased with higher returns subsequently established on the market. The turnover enabled the booking of significant gains.

* * *

The investments at June 30, 2011 compared to the previous year are shown below. The table also shows the tangible assets and the liquidity, which is important for the correct structure of the balance sheet of an insurance group.

(in Euro thousands)	**30/06/2011**	**31/12/2010**	**Change**
INVESTMENTS			
Investment property	990,429	1,000,349	-1.0
Investments in subsidiaries, associates and joint ventures	141,077	202,391	-30.3
Investments held to maturity	124,558	121,798	+2.3
Loans and receivables	819,761	660,504	+24.1
AFS financial assets	6,524,787	6,827,511	-4.4
Financial assets at fair value through the profit or loss account	253,332	288,590	-12.2
Total investments	**8,853,944**	**9,101,143**	**-2.7**
Tangible fixed assets: buildings and other fixed assets	64,204	64,111	+0.1
Total non-current assets	**8,918,148**	**9,165,254**	**-2.7**
Cash and cash equivalents	291,954	284,665	+2.6
Total non-current assets and cash and cash equivalents	**9,210,102**	**9,449,919**	**-2.5**

Investment property

Real estate investments are recorded at purchase cost and depreciated systematically over their useful life, with depreciation rates taking into account the different usage relating to the single components. For the buildings wholly owned, the amount depreciated does not include the value attributed to the land, which is not subject to deterioration.

Overall, the book value of property at June 30, 2011 was Euro 197.7 million lower than the valuation at December 31, 2010 carried out by specifically appointed independent experts.

Investments in subsidiaries, associates and joint ventures

Investments in subsidiaries, associates and joint ventures principally include:

- the holding of 32% in **Garibaldi S.C.A.** with a book value of Euro 52.1 million. The company is involved in the real estate project Porta Nuova Garibaldi which concerns an area in Milan between Corso Como, Piazzale Don Sturzo, via Melchiorre Gioia and the local railway station. The project concerns the development of approx. 50,000 sq.m. for office use, 15,000 sq.m. for residential use, 10,000 sq.m. for retail use and 20,000 sq.m. for exposition use.
- a holding of 16.67% in **IGLI S.p.A.,** with a book value of Euro 34.3 million, which holds in turn as its only asset 29.96% of the company Impregilo;
- the holding of 34.63% in the consortium company **Fondiaria-Sai Servizi Group**, with a book value of Euro 12.7 million, which handles the IT and logistical services of the companies of the Fondiaria-Sai Group;
- the holding of 29.56% in **Isola S.C.A.** with a book value of Euro 11 million. The company, through its subsidiaries, is involved in the "Porta Nuova Isola" real estate project, promoted and managed by the US group Hines. The area concerned is located in Milan, between Via G. De Castillia and Via F. Confalonieri and involves the development of 29,000 sq. m. divided into: 21,900 sq.m. for residential use, 6,300 sq.m for office use and 800 sq. m for retail use.
- the holding of 35.83% in **Immobiliare Lombarda** with a book value of Euro 9 million;
- the holding of 50% in **Valore Immobiliare S.r.l.,** with a book value of Euro 6.1 million. The company owns three buildings in Milan (Piazza Firenze n. 6 - Via Caracciolo n. 16 and Via Cagliero n. 3) and in Rozzano (MI), Via Montepenice n. 6-8-10;
- a holding of 44.93% in **Borsetto S.r.l**., with a book value of Euro 3.2 million. The Company owns land comprising approx. 3.1 million sq.m., with a building area of approx. 276,000 sq.m., situated in the municipalities of Turin, Borgaro and Settimo. A study to enhance the value of this area which will be dedicated to civil and commercial construction is in progress.
- a holding of 49% in **Atahotels S.p.A.**, with a book value of Euro 5.9 million, corresponding to the share of net equity at June 30, 2011. In April, Milano Assicurazioni paid into Atahotels Euro 13.1 million, of which Euro 5.8 million to cover the losses and Euro 7.3 million to recapitalise the company. The amount represents the relative share of the Euro 26.8 million which the Board of Directors of Atahotels requested from shareholders in order to support the operating needs, at least in the short-term. In June 2011, Atahotels received from shareholders a new payment of Euro 10 million, of which Euro 4.9 million paid in by Milano Assicurazioni pertaining to its holding.

The 27.2% holding in Citylife S.r.l., with a carrying value of Euro 78.1 million was classified under *Non-current assets or of a discontinued Group held for sale,* considering that at June 30 the process for the exercise of the sales option of the holding in favour of Generali Properties had commenced and which subsequently concluded on August 3. For further information on this operation, reference should be made to the Real Estate Sector section.

Investments held-to-maturity

The account exclusively includes securities related to policies with fixed returns or covered by contractual commitments realised through specific assets.

Loans and receivables

The account *Loans and Receivables* includes:
- debt securities for Euro 706 million, increasing on December 31, 2010, principally following the undertaking in "Private Placement" of a BTP security acquired for the purposes of stable investment and not listed on Borsa Italiana;
- receivables from agents for payment of indemnities at the end of mandates (Euro 57.7 million);
- loans on life policies (Euro 22.9 million);
- other loans and receivables (Euro 21.5 million);
- deposits with reinsuring companies (Euro 2.7 million);
- other financial investments (Euro 9 million).

AFS financial assets

The AFS financial assets include debt and capital securities not otherwise classified and represents the largest category of the financial instruments, in line with the characteristics and purposes of the insurance activity. The breakdown of the account is as follows:

(in Euro thousands)	**30/06/2011**	**31/12/2010**	**Change**
AFS financial assets	**6,524,787**	**6,827,511**	**-302,724**
Equity securities and investment funds	1,078,718	1,220,747	-142,029
Debt securities	5,446,069	5,606,764	-160,695

The listed financial instruments recorded in this category are valued at the market value at the last day of trading in the period or, in the absence of a listing on an active market, through alternative valuation models based on parameters generally utilised by operators.
The difference compared to the average weighted cost is recorded in a net equity reserve, except on the recording of impairment losses.

The impairments at June 30, 2011 amounted to Euro 44 million and principally relate to:

- further impairments on securities previously subject to impairment in the previous year, with particular reference to the shares of the direct parent company Fondiaria-Sai (Euro 11.2 million) and the shares of Unicredit (Euro 6.5 million), whose book value was aligned to the share price at June 30 in accordance with IAS 39 (IG.E.4.9);
- impairments relating to securities impacted by the continued negative financial market performance resulting in the period of a listed value lower than the book value for a continuous period of at least 2 years. Of these, Euro 7.2 million relates to the shares of the indirect parent company Premafin;
- Greek government securities with maturity by 2020, for which the negative net equity reserve with a differential between the historic cost and the listing price at the end of June of Euro 14 million was transferred to the income statement, as described in greater detail below.

The net equity reserve which includes the differences between the average weighted cost and the fair value of instruments classified in this category was negative for Euro 10.1 million (positive for Euro 2 million at December 31, 2010). The following table highlights the composition and movements on the previous year:

(in Euro thousands)	**30/06/2011**	**31/12/2010**	**Change**
Debt securities	-110,694	-109,257	-1,437
Fund units	67,489	93,185	-25,696
Equity securities	1,378	-1,394	2,772
Shadow accounting reserve	18,842	13,205	5,637
Tax effect	12,848	6,250	6,598
AFS reserve at the end of the period	-10,137	1,989	-12,126

Government bonds issued by Greece, Spain, Portugal and Ireland

As previously outlined, the current Greek economic conditions recently required the introduction of initiatives to restructure the Greek debt securities.
In particular, on July 21, 2011, the International Institute of Finance released a restructuring plan for the Greek sovereign debt concerning the securities with maturity by 2020.

In the preparation of the present condensed consolidated half-year financial statements, the Greek securities falling within the ambit of the above-stated plan, as well as those with maturity beyond 2020, classified under AFS assets were valued at the fair value, based on the listing prices at June 30, 2011, with the initial adjustment of the relative net equity reserve.

Considering the qualitative factors established by paragraph 59 of IAS 39 for the identification of the existence of objective evidence of impairment, with the related significant difficulty of the issuer to repay on the bonds subject to the restructuring plan, which indicate an expected decrease in the future financial cash flows compared to those contractually established, as well as economic conditions which have induced creditors to concede conditions which previously would not have been considered, in line with the impairment policy adopted, the Group, for the government securities with maturity by 2020 implemented an impairment to the income statement of the entire negative reserve existing on the securities and amounting to Euro 14 million. The impact on the income statement for the period, net of the portion attributable to policyholders and the tax effect, amounted to approx. Euro 7 million.

The debt securities issued by the Greek Government with maturity beyond 2020 were not subject to impairment due to the expectation for repayment according to the original maturities based on the expected effects of the above-stated agreement.

These valuations will again be subject to analysis in the coming quarter and for the annual accounts based on the development of the above-stated agreements, the overall market situation and the solvency situation of the Greek State.

The following table breaks down the exposure of the Milano Assicurazioni Group to Greek government debt securities.

	Nominal value at 30.6.2011	Fair value at 30.6.2011	Adjust. to values	Gross AFS reserve	AFS reserve net of policyholders share
AFS financial assets – securities maturing by 2020	41,470	27,291	14,028	-	-
AFS financial assets – securities maturing beyond 2020	10,000	4,932	-	-5,052	-3,943
TOTAL	51,470	32,223	14,028	-5,052	-3,943

The following table breaks down the exposure of the Milano Assicurazioni Group to government securities issued by other countries (the so-called peripheral countries of the Eurozone), also recorded to AFS assets:

State	Maturity within 12 months	Maturity between 1 and 5 years	Maturity between 6 and 10 years	Maturity beyond 10 years	Total Fair value (level 1)	AFS reserve (gross)	AFS reserve (net shadow)
Spain	-	28,499	-	19,460	47,959	-6,981	-5,348
Portugal	-	711	-	-	711	-288	-284
Ireland	-	984	2,802	-	3,786	-1,905	-750

Financial assets at fair value through the profit or loss account

The *Financial assets valued at fair value through profit or loss* includes the securities held for trading as well as those specifically allocated to this category. The listed financial instruments recorded in this category are valued at market value at the last day of trading in the period, with allocation of the difference to the carrying value to the income statement. The breakdown of the account is as follows:

(in Euro thousands)	**30/06/2011**	**31/12/2010**	**Change**
Financial assets at fair value through the profit or loss account	**253,332**	**288,590**	**-35,258**
Equity securities and investment funds	47,978	48,809	-831
Debt securities	203,262	237,673	-34,411
Other financial investments	2,092	2,108	-16

Property and other fixed assets

The account *Property*, recorded under *Tangible fixed assets*, includes buildings for use by the company. These buildings are recorded at cost and depreciated systematically over their useful life, with depreciation rates taking into account the different usage relating to the single components. For the buildings wholly owned, the amount depreciated does not include the value attributed to the land, which is not subject to deterioration. The book value, at the period-end, is lower by Euro 5.9 million than the expert valuations based on market values at the end of the previous period.

Income from financial instruments and property investments

The key results of the financial and real estate activities are shown below:

(in Euro thousands)	**1H 2011**	**1H 2010**	**Change**
Net income from financial instruments recorded at fair value through profit or loss	-19,105	1,499	-20,604
Income from subsidiary and associated companies and joint ventures	6,979	271	6,708
Income from other financial instruments and property investments of which:	*200,433*	*211,584*	*-11,151*
Interest income	109,137	106,691	2,446
Other income	31,978	39,737	-7,759
Profits realised	59,318	65,156	-5,838
Valuation gains	-	-	-
Total income	**188,307**	**213,354**	**-25,047**
Charges from investments in subsidiaries, associates and joint ventures	-8,098	-13,479	5,381
Charges from other financial instruments and property investments of which:	*-101,243*	*-224,988*	*123,745*
Interest expense	-5,936	-7,042	1,106
Other charges	-10,488	-10,099	-389
Losses realised	-25,222	-29,341	4,119
Valuation losses	-59,597	-178,506	118,909
Total charges	**-109,341**	**-238,467**	**129,126**
TOTAL NET INCOME/(CHARGES)	**78,966**	**-25,113**	**104,079**

Net income in the period amounted to Euro 79 million, compared to net charges of Euro 25.1 million in H1 2010. In particular, in relation to the most significant accounts:

- **interest income** amounted to Euro 109.1 million, an increase of 2.3% on H1 2010 (Euro 106.7 million);
- **net profits to be realised** amounted to Euro 34.1 million (Euro 35.8 million in H1 2010), of which Euro 11.5 million relates to equity securities, Euro 17.1 million to investment fund units, Euro 4 million to bond securities and Euro 1.5 million to property investments;

- **net valuation losses** amounted to Euro 59.6 million (Euro 178.5 million in H1 2010) and concern impairments on AFS financial instruments of Euro 44 million, depreciation on property for Euro 13.7 million and property impairments of Euro 1.9 million.
  The impairment principally relates to:
  - further impairments on securities previously subject to impairment in the previous year, with particular reference to the shares of the direct parent company Fondiaria-Sai (Euro 11.2 million) and the shares of Unicredit (Euro 6.5 million), whose book value was aligned to the share price at June 30 in accordance with IAS 39 (IG.E.4.9);
  - impairments relating to securities impacted by the continued negative financial market performance resulting in the period of a listed value lower than the book value for a continuous period of at least 2 years. Of these, Euro 7.2 million relates to shares of the indirect parent company Premafin.
  - Greek government securities with maturity by 2020, for which the negative net equity reserve with a differential between the amortised cost and the listing price at the end of June of Euro 14 million was transferred to the income statement in light of the economic and financial difficulties affecting the issuing country and the consequent concerns on the ability to fully repay on the issued securities. The impact on the income statement for the period, net of the portion attributable to policyholders and the tax effect, amounted to approx. Euro 7 million;
- the **financial instruments at fair value recorded through profit and loss** report net charges of Euro 19.1 million compared to net income of Euro 1.5 million in the first half of 2010. Euro 17.9 million of the 2011 result derives from the loss incurred from the sale of option rights concerning the parent company Fondiaria-Sai rights issue. Article 2359 *quinquies* of the civil code restricts a company from subscribing to shares or holdings in a parent company. Milano Assicurazioni therefore disposed on the market of the 9,982,557 option rights held. The average unitary sales price was Euro 0.703 against a unitary book value of Euro 2.494, obtained applying to the book value of the shares the impairment factors relating to the share capital increase of Fondiaria-Sai;
- **income from subsidiaries, associates and joint ventures** essentially derives from the share of profits pertaining to IGLI S.p.A. of Impregilo. The **charges** principally include the losses recorded in the half-year by Atahotels, which continues to be affected by the difficult economic environment and the weak hotel sector in general, particularly in relation to congresses – an area in which the company is the market leader. It is noted that the period income statement only benefits to a small degree from the contribution of the Sicilian and Sardinian resorts, whose income is concentrated in the summer period.

Other information

Treasury shares and shares of holding companies

At June 30, 2011, the Parent Company Milano Assicurazioni held treasury shares, shares of the direct parent company Fondiaria-SAI and of the indirect parent company Premafin as shown in the table below:

(in Euro thousands)	**Number**	**Amount**
Treasury shares	6,764,860	31,353
Fondiaria-SAI shares	9,982,557	27,054
Premafin shares	9,157,710	4,950
TOTAL		**63,357**

Insurance disputes in progress

At June 30, 2011, there were 46,080 claims open, of which 36,197 related to the Motor TPL class. During the period, 11,214 cases were defined, of which 9,748 relating to the Motor TPL class.

Tax Audits

In relation to the disputes for the tax periods 2005-2008 for effective tax avoidance – concerning financial operations which generated foreign tax credits and resulted in the receipt of dividends, the Company – following the meetings with the Central Tax Administration and the claims of the Lombardy Regional Tax Authorities - finalised the tax position.
In particular, for 2005, in relation to which in December 2010 IRES, IRAP and withholding tax assessments were notified, on May 16, 2011 tax settlements were reached.
For IRAP and withholding taxes, agreement was directly reached by the Company with the payment agreed for the entire amount due. For the IRES, considering the participation of the Company in the tax consolidation of the Fondiaria-Sai Group, agreement was made by the consolidating company, which exercised the option of payment through instalments. The first instalment due was paid through the consolidating company.
For the tax periods 2006, 2007 and 2008 tax assessments were received in relation to which appeals were issued. For these latter, the Company subsequently expressed its agreement, exercising the option to pay through instalments, and with the first instalment covering the amounts due on IRAP and withholding taxes. Also in this case, taking account of the

participation of the company in the tax consolidation, in relation to the IRES due, the agreement will be signed by the consolidating company Fondiaria-Sai.
The tax charge following the finalisation of all of the disputes amounted to Euro 31.7 million including interest, of which Euro 11.8 million relating to 2005 with the entire amount covered by that already provisioned at December 31, 2010 and in the period considered.

Communications to the Motor TPL Claims Databank

On March 24, 2011, ISVAP sent to all companies operating in the market a letter concerning the communication obligations to the Motor TPL Claims Databank by companies of the details concerning each claim.
With the above-stated letter, ISVAP announced to having encountered since the entry into force of the new claims communication methods (February 2011), significant deficiencies in that communicated by companies, comprising errors or incompleteness of the data concerning the individual claims.
In announcing that measures, including penalties, would be applied in accordance with the relevant regulations, ISVAP highlighted in the letter the need for the Compliance Departments of the companies to ensure the suitability of the procedures utilised to guarantee compliance with the relative provisions, suggesting that the companies bring the question to the attention of the Board to discuss the most appropriate manner and timeframe for the corrective actions necessary to conform with the regulations concerning the issue at hand.

On May 18, ISVAP notified Milano Assicurazioni of non-compliance concerning communications made in the period between February 1, 2011 and March 31, 2011. In particular, the company was charged with errors and incomplete communication concerning 62,880 claims, for a total amount of penalties which may range from a minimum of Euro 34.4 million to a maximum of Euro 314.4 million. The penalty was calculated multiplying the number of incomplete claims or erroneous claims by the amounts established by Article 316 of the Private Insurance Code.

Following the notices sent to the insurance companies operating on the market, ANIA proposed a meeting, which was held on May 26, to analyse the critical issues and to agree possible solutions. The need of the insurance companies to promptly present an appeal before the Lazio Regional Court became apparent as, in consideration of the significance of the penalties contested, it was necessary for the protection of the companies to appeal within the applicable period (60 days). Simultaneously, ANIA senior management initiated meetings with the General Management of ISVAP in order to agree solutions which considered the difficulties for the insurance companies to communicate all of the data requested for the Claims Databank. A significant amount of the errors recorded relate in fact to data which the Insurance Companies do not directly have access to (for example, data relating to the driver, the trustee, the doctor, the testimony of the counterparties) and for which proper legal instruments are not available to the companies to ensure such acquisition.

Based on these issues, Milano Assicurazioni took the decision to present appeals before the Lazio Regional Court, as have other insurance companies. Similar appeals have also been presented by other Group insurance companies.
Under the appeal sent on May 30, 2011, cancelation of the disputed provisions of ISVAP sanction of March 24, 2011 was requested.

On June 22, 2011, the Lazio Regional Court rejected the demand for suspension of the execution presented by Milano and fixed for December 19, 2011 the hearing in relation to the dispute.

On July 15, 2011, Milano Assicurazioni presented to the Supervisory Body an appeal in accordance with Article 327, paragraph 4, of Legislative Decree No. 209 of 2005. Through the appeal, the application of an alternative penalty was requested based on the Claims Databank processes improvement actions, set out in a specific plan. The alternative penalty ranges from a minimum of Euro 50 thousand to a maximum of Euro 500 thousand.

The technical offices of ISVAP involved in the examination of the Claims Databank requested meetings with the Insurance Companies in order to assess the degree of motivation behind the presentation of an appeal as per Article 327 and in order to explore further the most difficult issues, in addition to preliminarily analysing the work plans prepared for the improvement of communications to the Claims Databank.
These issues were also discussed at a meeting between the Fondiaria-Sai Group and ISVAP on July 13, which involved also the Legal, Claims, IT and Compliance departments.
Given the results of the meeting and the considerations expressed above, it can reasonably be expected that ISVAP will positively evaluate the Work Plan prepared by Milano Assicurazioni and therefore approve the appeal presented in accordance with Article 327 of the Private Insurance Code, applying a penalty of an amount not greater than Euro 500,000.

We await the future developments of the dialogue between ANIA and ISVAP to identify the corrective actions to be taken on the Databank contribution processes, while at the same time the IT and Claims departments of the Fondiaria-Sai Group are working to optimise the operating procedures which may be altered following the introduction of the new communication mechanism; in particular, the actions outlined in the work plan presented as part of the appeal are currently being implemented, which should be completed by November 2011.

However, both the improvement actions indicated in the Work Plan presented by Milano Assicurazioni and any jointly implemented links with the databank, although significantly reducing the erroneous data, will not however address all contribution problems to the claims databank if the type of data required is not amended - which often is not available to the Insurance Companies - and if modifications are not made to the criteria adopted by ISVAP to evaluate the existence of such errors.

Therefore, in light of these considerations, for the planning of further actions in relation to the contribution system to the Claims Databank, the first indications which may emerge from the ANIA – ISVAP meeting are awaited concerning the non-application of penalties, the tolerance thresholds, the drawing up of alternative criteria for the provision of information and any exemption for claims before 2011.

Subsequent events to the end of the half-year

Share capital increase of Milano Assicurazioni

The share rights offer subscription period concluded on July 27, 2011 for all newly issued Milano Assicurazioni ordinary shares and savings shares concerning the paid-in divisible share capital increase approved by the Board of Directors' meetings of May 14 and June 22, 2011 in execution of the power delegated by the Extraordinary Shareholders' Meeting of April 27, 2011.

During the rights offer period between June 27, 2011 and July 15, 2011 (the "Offer Period"), 542,567,376 option rights were taken up for 1,265,990,544 newly issued Milano Assicurazioni ordinary shares and 29,021,556 option rights for 67,716,964 savings shares, equal to respectively 98.528% of the total of the newly issued ordinary shares and 94.410% of the total of the newly issued savings shares offered, for a total value of Euro 343,783,874.79.

In accordance with underwriting commitments, the shareholders Fondiaria-SAI S.p.A., Fondiaria-SAI Nederland BV, Sai Holding Italia S.p.A., Sainternational S.A., Pronto Assistance S.p.A. and Popolare Vita S.p.A. exercised 350,396,460 option rights for the subscription of 817,591,740 new ordinary shares for a total value of Euro 210,448,113.88.

All 8,103,537 non-exercised ordinary rights options and 1,718,325 non-exercised saving share rights options at the end of the Offer Period were sold on July 20, 2011 during the first session in which the Rights Options were offered on the open market through UniCredit Bank AG, Milan Branch in accordance with Article 2441, third paragraph of the Civil Code. At the end of the Stock Market Offer Period, 18,872,077 newly issued ordinary shares and 4,009,425 newly issued savings shares, respectively equating to 1.469% of the total of the newly issued ordinary shares and 5.590% of the total of the newly issued savings shares offered, for a total value of Euro 5,918,566.48 were subscribed to. Therefore 36,176 newly issued ordinary shares equating to 0.003% of the total of the newly issued ordinary shares, for a total value of Euro 9,311.70, had not been taken up.
These Shares were subscribed to by Credit Suisse, UniCredit Bank Milano, Keefe, Bruyette & Woods Limited, The Royal Bank of Scotland N.V. (London Branch), Banca Akros S.p.A. and Equita SIM S.p.A., in accordance with the guarantee agreements signed on June 22, 2011.

Following the subscription by the guarantee consortium banks, the Share Capital Increase therefore concluded with the full subscription of 1,284,898,797 ordinary shares and 71,726,389 savings shares offered for a total value of Euro 349,711,752.88.

The new share capital of Milano Assicurazioni therefore amounted to Euro 373,682,600.42, comprising 1,842,334,571 ordinary shares and 102,466,271 savings shares, without allocation of a nominal value. The declaration required as per Article 2444 of the Civil Code was filed at the Milan Company Registration Office.

The operation, as stated, resulted in fresh liquidity of Euro 349.7 million, benefitting the consolidated solvency margin by approx. 44 percentage points.

Put option on the investment in Citylife

On August 3, following the conclusion of the application procedure with the granting of the required authorisations by ISVAP and the Anti-trust authority, the holding in Citylife was sold to Generali Properties by Immobiliare Milano S.r.l.. The Board of Directors meeting of the parent company Fondiaria-SAI S.p.A. of August 2 approved the operation.
The final valuation document, prepared by the Arbitrator appointed by the parties, established the following values:

- Euro 109.3 million comprising all the amounts paid into Citylife since its incorporation to the present date by Immobiliare Milano Assicurazioni, in addition to the amount proportionally paid in by this latter to the Fondazione Fiera as consideration for the Transformation Zone identified in the deed, all amounts net of the income distributed and capitalised at the 3-month Euribor rate plus 1.5 percentage points from the date of payment until the date of sale of the investment;
- Euro 106.3 million, equal to the Net Book Value of the holding at June 30, 2011.

Based on the agreement, the price of the holding is equal to the higher between the two results and therefore Euro 109.3 million. The sales price, fully paid on August 3, resulted in a gain of approx. Euro 31 million, which will be recognised to the income statement in the third quarter of 2011.
Under the agreement, before the closing the liens in place on the Citylife share subject to sale in favour of secured creditors from July 7, 2006 were extinguished.
In addition, Generali Properties undertook an irrevocable commitment, together with the acquisition of the investment, to take on all of the commitments relating to the investment sub-entering in place of Immobiliare Milano Assicurazioni S.r.l. with the Financing Banks, with the Milan Municipality, in addition to those with the Fiera Fondazione.

Greek sovereign debt crisis

On July 21, 2011, 30 major international financial institutions announced, through the Institute of International Finance, their full support for a second aid package for Greece.

The offer presented by the IIF concerns four exchange options on previously held Greek sovereign debt through newly issued securities, through rollover on maturing securities or alternatively, through a discounted buyback of securities held.

The first three instruments, with 30 year maturity, would be fully guaranteed by 30-year securities (triple A and zero coupon), issued by the EFSF (European Financial Stability Facility), while the 15 year maturity instrument will have a similar guarantee covering 80% of the nominal value.

The technical details of the operation are yet to be finalised.
The currently available information indicates that all four instruments together would comprise an average loss of 21%, assuming a discount rate of 9%.
Considering that subscription to the rescue plan is voluntary and that it would only involve securities maturing before 2020, the Fondiaria-SAI Group is closely following its development.

Tables for physical injury

On August 4, the Italian Council of Ministers took action in relation to the tables for physical injury. Through the Ministerial Decree bill drawn up by the Ministry of Health, the Executive enacted Article 138 of Legislative Decree 209/2005 (The Private Insurance Code), establishing national uniform values for the compensation of physical injury following a road accident claim, in place of the individual tables drawn up by the Courts throughout the various regions of the country.

The provision, on which opinions will be gathered and which will enter into force not before the autumn, comprises a new table for psychological/physical injury with between ten and one hundred invalidity points and the monetary value attributed to each, with coefficients also based on age and other characteristics.

The move was welcomed by ANIA which has awaited this provision for some time. The proposal must still be discussed by the Council of State but, if confirmed, would provide certainty throughout the country, guaranteeing the applicability of the regulation over the long-term with alterations only subject to inflation.

The Italian Council of Ministers provision does not include emotional injury, which has been drawn up by the Milan Court, but not within the new government tables.

Outlook

In the coming months, the Fondiaria-Sai group strategies will continue to be implemented, as communicated to the market at the beginning of the year on the presentation of the 2011 Budget.
In particular, with reference to the Non-Life sector:

- In the Motor classes the initiatives taken to increase the average policy premium will continue through the reduction of the tariff flexibility and the renegotiation of collective policies. The close monitoring of performances will continue, with the prompt introduction of the necessary actions in relation to agencies with particularly poor results. The coming months will also benefit from the effects of the actions taken to counter fraud through recent reinforcements in the division;
- In the other non-life classes the underwriting policy will continue to focus on the retail client and on the Small-Medium-size business sector while the risk exposure to the public body sector will be reduced, which has reported poor performances. Particular attention will be focused on market positioning, with development policies focused on the municipalities and provinces which report satisfying technical performances. Emphasis will be placed on modular products which allow the possibility to supplement additional guarantees on top of the basic product. This will allow us to serve the needs of the client better, and at the same time be more in tune with the spending capacity of clients who have been significantly impacted by the recent economic crisis, therefore introducing greater segmentation than previously.

In the Life class, the actions to improve the portfolio quality will continue, increasing the level of periodic premium Class I products (annual or recurring), which are more remunerative and engender client loyalty, creating therefore long-term value.
Investment management will continue to focus more on the containment of volatility rather than on an aggressive profit-driven approach, with consequent benefits for the solvency ratios and greater stability in the separated management income.

In the real estate sector, the focus will centre on improving ordinary income from real estate, while also remaining alert to opportunities that may arise. The sector will benefit in particular from the exercise of the put option on the Citylife investment which, following the closing of August 3, will result in a gain of Euro 31 million.

The actions taken to contain operating costs will continue through a more stringent resource allocation plan, the elimination of non essential services and the re-launch of leaving incentives for those who have fulfilled their pensionable requirements.

Milan, August 29, 2011

MILANO ASSICURAZIONI S.p.A.
For the Board of Directors

Financial Statements

Pursuant to IAS 34 (Interim financial reporting) we report the following:

- Balance Sheet
- Income Statement
- Comprehensive Income Statement
- Statement of change in shareholders' equity
- Cash flow statement
- Notes to the financial statements which contain, among others, the accounting policies and the evaluation criteria adopted.

The balance sheet, income statements, the statement of changes in shareholders' equity and the cash flow statement are prepared according to the format approved by Isvap with Regulation No. 7 of July 13, 2007 and the modifications introduced by Provision No. 2784 of March 8, 2010.
In particular, the comprehensive income statement reports the gains and losses which were recorded to the shareholders' equity according to that required or permitted by International Accounting Standards IAS/IFRS.

The notes to the financial statements take account of the information explicitly requested by the above-stated Isvap Regulation and contain additional information which are considered best practice, particularly in relation to some illustrative examples contained in some IAS standards.

CONSOLIDATED HALF-YEAR FINANCIAL REPORT AT JUNE 30, 2011

In Euro thousands

BALANCE SHEET - ASSETS

		30/06/2011	31/12/2010
1	**INTANGIBLE ASSETS**	**246 106**	**250 012**
1,1	Goodwill	231 052	231 052
1,2	Other intangible assets	15 054	18 960
2	**PROPERTY, PLANT & EQUIPMENT**	**64 204**	**64 111**
2,1	Buildings	58 045	58 141
2,2	Other tangible assets	6 159	5 970
3	**TECHNICAL RESERVES – REINSURANCE AMOUNT**	**424 391**	**434 652**
4	**INVESTMENTS**	**8 853 944**	**9 101 143**
4.1	Investment property	990 429	1 000 349
4.2	Investments in subsidiaries, associates and joint ventures	141 077	202 391
4.3	Investments held to maturity	124 558	121 798
4.4	Loans and receivables	819 761	660 504
4.5	AFS financial assets	6 524 787	6 827 511
4.6	Financial assets at fair value through the profit or loss account	253 332	288 590
5	**OTHER RECEIVABLES**	**789 706**	**1 034 818**
5.1	Receivables from direct insurance operations	526 482	662 794
5.2	Receivables from reinsurance operations	29 937	69 553
5.3	Other receivables	233 287	302 471
6	**OTHER ASSETS**	**490 630**	**327 893**
6.1	Non-current assets or of a discontinued group held for sale	81 539	3 451
6.2	Deferred acquisition costs	6 665	7 477
6.3	Deferred tax assets	205 450	205 915
6.4	Current tax assets	44 634	42 821
6.5	Other assets	152 342	68 229
7	**CASH AND CASH EQUIVALENTS**	**291 954**	**284 665**
	TOTAL ASSETS	**11 160 935**	**11 497 294**

CONSOLIDATED HALF-YEAR FINANCIAL REPORT AT JUNE 30, 2011

In Euro thousands

BALANCE SHEET – SHAREHOLDERS' EQUITY & LIABILITIES

		30/06/2011	31/12/2010
1	**SHAREHOLDERS' EQUITY**	**1,232,473**	**1,304,567**
1.1	**Group**	**1,231,174**	**1,303,248**
1.1.1	Share capital	305,851	305,851
1.1.2	Other equity instruments		
1.1.3	Capital reserves	678,981	718,147
1.1.4	Retained earnings and other reserves	350,514	980,995
1.1.5	(Treasury shares)	-31,353	-31,353
1.1.6	Translation reserve		
1.1.7	Profit or loss on AFS financial assets	-10,137	1,989
1.1.8	Other gains and losses recorded directly in equity	-4,010	-3,670
1.1.9	Group net loss	-58,672	-668,711
1.2	**minority interest**	**1,299**	**1,319**
1.2.1	Share capital and reserves pertaining to minority interests	1,370	1,502
1.2.2	Gains and losses recorded directly in equity	-3	-3
1.2.3	Minority interest loss	-68	-180
2	**PROVISIONS**	**108,480**	**136,139**
3	**TECHNICAL RESERVES**	**8,966,269**	**9,144,336**
4	**FINANCIAL LIABILITIES**	**379,343**	**427,946**
4.1	Financial liabilities at fair value through profit or loss account	61,806	61,643
4.2	Other financial liabilities	317,537	366,303
5	**PAYABLES**	**270,327**	**309,410**
5.1	Payables from direct insurance operations	20,859	31,388
5.2	Payables from reinsurance operations	28,343	40,428
5.3	Other payables	221,125	237,594
6	**OTHER LIABILITIES**	**204,043**	**174,896**
6.1	Liabilities of a discontinued group held for sale	0	0
6.2	Deferred tax liabilities	39,629	33,223
6.3	Current tax liabilities	10,713	2,164
6.4	Other liabilities	153,701	139,509
	TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**11,160,935**	**11,497,294**

CONSOLIDATED HALF-YEAR FINANCIAL REPORT AT JUNE 30, 2011

In Euro thousands

INCOME STATEMENT

		1H 2011	1H 2010
1.1	Net premiums	1 700 646	1 797 236
1.1.1	*Gross premiums written*	*1 762 832*	*1 865 211*
1.1.2	*Premiums ceded to re-insurers*	*-62 186*	*-67 975*
1.2	Commission income	220	138
1.3	Income and charges from financial instruments recorded at fair value through profit or loss	-19 105	1 499
1.4	Income from investments in subsidiaries, associates and joint ventures	6 979	271
1.5	Income from other financial instruments and property investments	200 433	211 584
1.5.1	*Interest income*	*109 137*	*106 691*
1.5.2	*Other income*	*31 978*	*39 737*
1.5.3	*Profits realised*	*59 318*	*65 156*
1.5.4	*Valuation gains*		
1.6	Other revenues	108 907	96 708
1	**TOTAL REVENUES AND INCOME**	**1 998 080**	**2 107 436**
2.1	Net charges relating to claims	-1 378 547	-1 512 749
2.1.1	*Amounts paid and changes in technical reserves*	*-1 408 537*	*-1 536 443*
2.1.2	*Reinsurers' share*	*29 990*	*23 694*
2.2	Commission expenses	-101	-35
2.3	Charges from investments in subsidiaries, associates and joint ventures	-8 098	-13 479
2.4	Charges from other financial instruments and property investments	-101 243	-224 988
2.4.1	*Interest expenses*	*-5 936*	*-7 042*
2.4.2	*Other charges*	*-10 488*	*-10 099*
2.4.3	*Losses realised*	*-25 222*	*-29 341*
2.4.4	*Valuation losses*	*-59 597*	*-178 506*
2.5	Management expenses	-328 185	-338 780
2.5.1	*Commissions and other acquisition expenses*	*-265 657*	*-277 710*
2.5.2	*Investment management charges*	*-1 966*	*-1 367*
2.5.3	*Other administration expenses*	*-60 562*	*-59 703*
2.6	Other costs	-225 279	-219 463
2	**TOTAL COSTS AND CHARGES**	**-2 041 453**	**-2 309 494**
	LOSS BEFORE TAXES	**-43 373**	**-202 058**
3	Income tax	-15 367	3 485
	NET LOSS FROM CONTINUING OPERATIONS	**-58 740**	**-198 573**
4	**PROFIT FROM DISCONTINUED OPERATIONS**		**3 281**
	CONSOLIDATED LOSS	**-58 740**	**-195 292**
	group share	**-58 672**	**-195 275**
	minority share	**-68**	**-17**

CONSOLIDATED HALF-YEAR FINANCIAL REPORT AT JUNE 30, 2011

In Euro thousands

COMPREHENSIVE INCOME STATEMENT

	1H 2011	1H 2010
CONSOLIDATED LOSS	**-58 740**	**-195 292**
Change in reserve for net exchange differences		
Profit or loss on AFS financial assets	-12 126	-1 115
Profit or loss on cash flow hedges	455	-1 212
Profit or loss on a net foreign investment hedge	0	0
Change in net equity of holdings	0	0
Change in revaluation reserve of intangible assets	0	0
Change in revaluation reserve of tangible fixed assets	0	0
Income/(charges) on non-current assets or of a discontinued group held for sale	0	1 322
Actuarial profits and losses and adjustments to employee defined plans	-795	-796
Others items		
TOTAL OTHER COMPREHENSIVE INCOME STATEMENT ITEMS	**-12 466**	**-1 801**
TOTAL COMPREHENSIVE CONSOLIDATED INCOME	**-71 206**	**-197 093**
group share	**-71 138**	**-197 680**
minority share	**-68**	**587**

CONSOLIDATED HALF-YEAR FINANCIAL REPORT AT JUNE 30, 2011

In Euro thousands

Details of other comprehensive income statement items

	Allocation		Adjustments from reclassification to the Income Statement		Other changes		Total changes		Income taxes		Balance	
	1H 2011	1H 2010	1H 2011	1H 2010	1H 2011	1H 2010	1H 2011	1H 2010	1H 2011	1H 2010	1H 2011	1H 2010
Translation reserve							-	-				
Profit or loss on AFS financial assets	- 40 642	- 148 408	28 516	147 337		- 44	- 12 126	- 1 115	- 18 725	28 551	- 10 140	1 986
Profit or loss on cash flow hedges	455	- 1 212					455	- 1 212	- 238	579	- 564	- 1 019
Profit or loss on a net foreign investment hedge							-	-			-	
Reserve on net equity changes in investments							-	-			-	
Revaluation reserve of intangible assets							-	-			-	
Revaluation reserve of tangible assets							-	-			-	
Income/(charges) on non-current assets or of a discontinued group held for sale						1 322	-	1 322		- 631	-	
Actuarial profits and losses and adjustments to employee defined plans	- 795	- 796					- 795	- 796	415	380	- 3 446	- 2 651
Others items							-	-				
TOTAL OTHER COMPREHENSIVE INCOME STATEMENT ITEMS	**- 40 982**	**- 150 416**	**28 516**	**147 337**	**-**	**1 278**	**- 12 466**	**- 1 801**	**- 18 548**	**28 879**	**- 14 150**	**- 1 684**

Statement of change in consolidated shareholders' equity for the first half 2011

Relating to the statement of change in shareholders' equity, the attachment to Isvap Regulation No. 7 of July 13, 2007, as modified by ISVAP provision No. 2784 of March 8, 2010, which satisfies the disclosures of IAS 1, is shown below.

The column *allocation* relates to the allocation of the profit or loss for the period, the allocation of the result for the previous year to the reserves, the increase in share capital and other reserves, the internal movements to the equity reserves and the changes in profits and losses recorded directly in equity.

The column *Reclassification adjustments to the income statement* include the gains and losses previously recorded directly in equity which are reclassified in the income statement in accordance with international accounting standards (for example following the sale of an AFS financial asset).

The *transfers* report any ordinary and extraordinary distribution of dividends, the decrease of capital and other reserves, among which the purchase of treasury shares and the attribution of profits or losses recorded directly to net equity to other Balance Sheet accounts.

The table highlights all of the changes net of taxes and of profits and losses, deriving from the valuation of AFS financial assets, attributable to policyholders and recorded under insurance liabilities.

CONSOLIDATED HALF-YEAR FINANCIAL REPORT AT JUNE 30, 2011

In Euro thousands

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

		Balance at 31/12/09	Change in opening balances	Allocation	Adjustments from reclassifications to Income Statement	Transfers	Balance at 30/06/10
Group shareholders' equity	Share capital	305 851					305 851
	Other equity instruments						-
	Capital reserves	718 147					718 147
	Retained earnings and other reserves	1 181 009		- 152 095		- 46 026	982 888
	(Treasury shares)	- 31 353					- 31 353
	Loss for the period	- 139 987		- 43 180		- 12 108	- 195 275
	Other comprehensive income	- 151 746		- 150 416	147 337	674	- 154 151
	Total Group	**1 881 921**	-	**- 345 691**	**147 337**	**- 57 460**	**1 626 107**
Shareholders´ equity - minority interst	Share capital and reserves - minority interests	104 531		- 87		- 103 057	1 387
	Profit/(loss) for the period	2 075		86		- 2 178	- 17
	Other comprehensive income	- 604		-		604	-
	Minority share	**106 002**	-	**- 1**	-	**- 104 631**	**1 370**
Total		**1 987 923**	-	**- 345 692**	**147 337**	**- 162 091**	**1 627 477**

		Balance at 31/12/10	Change in opening balances	Allocation	Adjustments from reclassifications to Income Statement	Transfers	Balance at 30/06/11
Group shareholders' equity	Share capital	305 851					305 851
	Other equity instruments						-
	Capital reserves	718 147		- 39 166			678 981
	Retained earnings and other reserves	980 995		- 630 481			350 514
	(Treasury shares)	- 31 353					- 31 353
	Loss for the period	- 668 711		610 039			- 58 672
	Other comprehensive income	- 1 681		- 40 982	28 516		- 14 147
	Total Group	**1 303 248**	-	**- 100 590**	**28 516**	-	**1 231 174**
Shareholders´ equity - minority interst	Share capital and reserves - minority interests	1 502		- 132			1 370
	Loss for the period	- 180		112			- 68
	Other comprehensive income	- 3					- 3
	Minority share	**1 319**	-	**- 20**	-	-	**1 299**
Total		**1 304 567**	-	**- 100 610**	**28 516**	-	**1 232 473**

CONSOLIDATED HALF-YEAR FINANCIAL REPORT AT JUNE 30, 2011

In Euro thousands

CASH FLOW STATEMENT (indirect method)

	30/06/2011	30/06/2010
Loss before taxes	**-43 373**	**-202 058**
Non-cash adjustments	**-108 069**	**190 862**
Change in non-life unearned premium reserve	-8 583	2 139
Change in claims reserve and other non-life technical reserves	-68 126	-90 167
Change in actuarial reserves and other life technical reserves	-85 461	44 288
Change in deferred acquisition costs	812	0
Change in provisions	-27 659	20 362
Non-cash income/charges from financial instruments, property investments and holdings	76 124	211 571
Other changes	4 824	2 669
Change in payables and receivables from operating activities	**142 504**	**130 423**
Change in payables and receivables from direct insurance operations and reinsurance	153 314	165 328
Change in other payables and receivables	-10 810	-34 905
Income taxes paid	**-6 719**	**2 203**
Net liquidity generated/absorbed from cash items relating to investing and financing activities	**26 833**	**5 046**
Liabilities from financial contracts issued by insurance companies	609	3 763
Bank and interbank payables	0	0
Loans and receivables from banks and interbank	0	0
Other financial instruments at fair value through profit or loss account	26 224	1 283
TOTAL NET CASH FLOW FROM OPERATING ACTIVITIES	**11 176**	**126 476**
Net liquidity generated/absorbed from property investments	-5 664	5 910
Net cash generated/absorbed from investments in subsidiaries, associates and joint ventures	-16 773	-25 376
Net cash generated/absorbed from loans and receivables	-154 878	50 632
Net cash generated/absorbed from investments held to maturity	-2 374	-2 637
Net cash generated/absorbed from AFS financial assets	225 804	-207 588
Net cash generated/absorbed from intangible and tangible fixed assets	-346	-5 079
Net cash generated/absorbed from investing activities	-1	223 518
TOTAL NET CASH FLOW FROM INVESTNG ACTIVITIES	**45 768**	**39 380**
Net cash generated/absorbed from Group equity instruments	-937	488
Net cash generated/absorbed from treasury shares		0
Distribution of Dividends relating to the Group		-58 621
Net cash generated/absorbed from minority interest capital and reserves	48	-104 615
Net cash generated/absorbed from sub-ordinated liabilities and financial instruments in holdings	117	-159
Net cash generated/absorbed from other financial liabilities	-48 883	-1 913
TOTAL NET CASH FLOW FROM FINANCING ACTIVITIES	**-49 655**	**-164 820**
Exchange difference effect on cash and cash equivalents		
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	284 665	247 015
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	7 289	1 036
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	291 954	248 051

Notes to the financial statements

Information on the group and activities carried out

Milano Assicurazioni S.p.A. is a leading insurance player on the Italian market, operating in the non-life and life sectors, with consolidated annual premiums of over Euro 3.6 billion and a sales network of approx. 2,000 agencies spread throughout the country.

The registered office of the company is Via Senigallia 18/2, Milan. The Company is listed on the Italian Stock Exchange. The principal activities of the group companies are described in the first part of the present report to which reference is made for greater detail.

Milano Assicurazioni is controlled by Fondiaria-Sai which exercises management and co-ordination pursuant to article 2497 bis of the civil code.

Part A

Accounting principles

Declaration of compliance with international accounting standards and general preparation principles

The present interim financial statements were prepared in accordance with International Accounting Standards IAS/IFRS issued by the IASB (International Accounting Standard Board), approved by the European Union, and on the current interpretation by the official organisations. In particular, they conform with the applicable interim reporting standard (IAS 34).

The format for the financial statements schedules are those contained in the ISVAP Regulation No. 7 of July 13, 2007 and subsequent amendments and compiled based on the attached instructions.

The present interim financial statements were prepared on the going concern principle. There are no events or conditions which could give rise to doubts on the capacity to continue to operate as a functioning entity.

These interim financial statements do not include all of the information required for the annual accounts and must be read together with the 2010 annual accounts.

Consolidation area and methods

CONSOLIDATION PRINCIPLES

The consolidation procedure is in accordance with the provisions of IAS 27 (Consolidated and Separated Financial Statements) and IAS 28 (Accounting of associated investments).
The Parent Company and all of the significant subsidiary companies are included in the consolidation scope. IAS 27 defines control as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. For the verification of the existence of control, reference was made to paragraph 13 of IAS 27.
In compliance with IAS 28, the associated companies are accounted under the equity method.

FINANCIAL STATEMENTS UTILISED FOR THE CONSOLIDATION

For the preparation of the present interim financial statements the interim financial statements as at June 30 of the respective Companies were utilised, adjusted where necessary for consolidation entries and in line with the accounting principles of the Parent Company.

CONSOLIDATION PRINCIPLES

Line-by-line

All of the subsidiary companies were fully consolidated. The present interim financial statements therefore includes the interim financial statements of the Parent Company and those companies in which, directly or indirectly, Milano Assicurazioni S.p.A. holds the majority of the voting rights exercisable in an ordinary shareholders' meeting or in any case a sufficient amount to exercise control, in accordance with IAS 27.13.

Under the line-by-line consolidated method, the book value of the investments is eliminated against the relative net equity, recording the total assets and liabilities, guarantees, commitments and other memorandum accounts, as well as the income and charges of the investing company.
The share of net equity and result for the period relating to minority shareholders are recorded in specific accounts in the balance sheet and income statement.
The difference between the carrying value of the investments and the respective share of the net equity, which emerges at the date of acquisition of the investment, are allocated to the assets or intangible assets where the higher cost reflects an effective higher value of these assets, or to the Goodwill account, where the higher price paid reflects the expected value of the future economic results.

Accounting under the Net Equity method

The equity method was utilised for the associated companies, or rather those companies in which the parent company exercises a significant influence, having the power to determine the financial and operational policies of the company, without having control or joint control. In accordance with IAS 28.6, significant influence is presumed where the investment held, directly or indirectly, amounts to at least 20% of the voting rights in the shareholders' meeting.
Under the equity method, the investment in an associated company is initially recognised at cost and the carrying amount is increased or decreased to recognise the associated company's share of the profit or loss after the date of acquisition through the income statement.

The interim consolidated financial statements therefore only include the share of book net equity and result of the investment, but not the individual accounts of the financial statements.

Consolidation adjustments

In order that the consolidated financial statements present financial information on the group as that of a single economic entity, the following adjustments were made:

- the dividends received from consolidated companies or valued under the equity method were eliminated;
- the significant inter-group balances and transactions were eliminated with the exception of those relating to operations with companies valued under the equity method;
- the profits from sales/purchase operations made between Companies of the Group were eliminated, even if valued under the equity method. similarly, the losses deriving from operations between Companies of the Group were eliminated, unless such losses reflect a permanent loss in value of the assets transferred.

The merger deficits generated following mergers between companies within the group and recorded in the statutory financial statements of the Parent Company, increasing the value of asset accounts, were eliminated in the consolidated financial statements, in that in these latter the consolidation differences were maintained deriving from the elimination of the carrying value of the individual investments incorporated against the relative share of net equity, allocated to the assets or recorded in the Goodwill account.
The merger operations, in fact, only produce the legal effects of that expressed in the consolidated financial statements; if the merger deficits were not eliminated this would result in a duplication of the pre-existing values within the consolidated financial statements.

Interim financial statements

The present interim financial statements are as of June 30, 2011, a date coinciding with that of the interim financial statements of the line-by-line consolidated companies.

Currency

The present interim financial statements are expressed in Euro as this is the currency in which the majority of the operations of the Group are carried out. It is also reported in the interim accounts whether the amounts are in thousands or millions of Euro. Where applicable, the conversion of the interim balance sheet accounts expressed in currencies other than the Euro is made applying the exchange rates at the reporting date.

Accounting principles and policies

The accounting principles utilised, the measurement and recognition criteria, in addition to the consolidation principles applied for the preparation of the present interim financial statements, are in line with those adopted for the Consolidated financial statements at December 31, 2010 - to which reference should be made and which comprise an integral part of the present notes. For a detailed description of the methodologies applied, reference should be made to the 2010 consolidated financial statements, while also considering that reported in relation to the increased use of estimates adopted for the preparation of the interim report.

Motor TPL division claims reserve

A separate valuation was carried out by type of claim, under the following categories:
- claims within the CARD Operator regime: commencing from the valuations of the settlement networks the expected last cost was recorded based on the expected costs taking into account the amount already paid and therefore establishing the recoverable flat rate;
- claims within the CARD Debtor regime: the valuation was made based on the once-off amount defined by the Technical Committee created pursuant to Pres. Decree No. 254/2006 and subsequent changes;
- claims not within the direct indemnity system (including claims occurring before the beginning of the direct indemnity system and claims which involve more than two vehicles or with permanent physical injury above 9%): the valuation of the last cost of the claims in the current period was made revaluing the amounts indicated by the settlement offices, taking into account the average costs assumed for these type of claims, which are more costly. For previous year claims, already recorded to reserves at the beginning of the period, the valuation was based on the last costs at the end of 2010 based on the same statistical methodology of the claims cost taking account of the reversals to the reserve in the half-year.

For current claims, the valuation of the reserve, in consideration of the low maturity levels reached by these claims, requires a valuation more closely related to the average cost of the same generation, relating this value also to the available market targets.

Reinsurance

The technical reserves relating to the reinsurers are calculated based on the portion ceded for the proportional reinsurance and in a revisional manner for the excess and stop-loss reinsurance, on the basis of the information available and utilising the same criteria for the direct premium reserves, taking into account the contractual clauses.

The indirect business items concern the share of the results estimated for the current year; the inward and outward reinsurance relating to contracts with Companies of the group are recorded on an accruals basis. The items relating to contracts with third parties concern however the year 2010, in line with that established by the applicable regulation and international practices.

Valuation and impairment of financial instruments

In relation to the valuation of financial instruments classified as available-for-sale, the impairment policy utilised in the present interim financial statements is the same as that utilised in the 2010 annual accounts to which reference is made for greater detail.

For the purposes of the objective recording of the reduction of value of an equity instrument, the Group has defined the conditions of a prolonged and significant reduction of fair value, defined alternatively as follows:

1. a reduction of the market value above 60% of the original cost at the reporting date of the accounts;
2. a market value continuously lower than the original cost for a period of two years,

where the original cost relates to, in conformity with that applied from the introduction of the IAS principles, the average weighted cost at the date of preparation of the accounting documents.

In relation to financial instruments which report a significant decrease in fair value and not within the thresholds above, the analysis of the existence of impairment was made on the basis of a mixed valuation approach, differentiated by the quality and the size of the holding. It is also reported that some valuation processes of AFS financial assets, are - given their complexity - generally made in the preparation of the annual financial statements. During the year, the absence of issues regarding the issuing companies of securities in portfolio which may significantly affect the valuations in the accounts was verified.

In relation to the debt financial instruments, there is evidence of impairment if one of the qualitative factors exists of the above-mentioned paragraph 59 of IAS 39 and therefore

- significant financial difficulties of the issuer;
- non contractual compliance or non payment of interest or capital;
- the risk of commencement or the commencement of receivership of the issuer;
- the elimination of an active market for the financial assets subject to valuation;
- data which indicates the existence of a significant decrease in the future financial cash flows estimated for a group of financial assets, including:
  - unfavourable changes in the payments of the beneficiaries in the group;
  - local or national economic conditions which are related to the non compliance of the activities within the group.

The current Greek economic conditions recently led to the introduction of debt restructuring initiatives and on July 21, 2011, the International Institute of Finance released a restructuring plan for the Greek sovereign debt concerning the securities with maturity by 2020.

Therefore, considering the qualitative factors established by paragraph 59 of IAS 39 for the identification of the existence of objective evidence of impairment, with the related significant difficulty of the issuer to repay on the bonds subject to the restructuring plan, which indicate an expected decrease in the future financial cash flows compared to those contractually established, as well as economic conditions which have induced creditors to concede conditions which previously would not have been considered, the Group, for the government securities with maturity by 2020, implemented an impairment to the income statement of the entire negative reserve existing on the securities and amounting to Euro 14 million. The impact on the income statement for the period, net of the portion attributable to policyholders and the tax effect, amounted to approx. Euro 7 million.

The debt securities issued by the Greek Government with maturity beyond 2020 were not subject to impairment due to the expectation for repayment according to the original maturities under the above-stated agreement.

These valuations will again be subject to analysis in the coming quarter and for the annual accounts based on the development of the above-stated agreements, the overall market situation and the solvency situation of the Greek State.

Group Structure

Consolidation scope

At June 30, 2011, the Milano Assicurazioni Group, including the Parent Company, was made up of 11 Companies, of which 5 operating in the insurance sector, 4 in the real estate sector, 1 in support of the insurance business and 1 various services. The list of these companies, all fully consolidated, is shown in the table of the consolidated companies.

In the first half of 2011, there were no changes in the consolidation scope.

CONSOLIDATED HALF-YEAR FINANCIAL REPORT AT JUNE 30, 2011

Consolidation scope

Company	State	Method (1)	Activities (2)
ATHENS R.E. FUND	ITALY	G	10
CAMPO CARLO MAGNO S.p.A.	ITALY	G	10
DIALOGO ASSICURAZIONI S.p.A.	ITALY	G	1
IMMOBILIARE MILANO ASSICURAZIONI S.r.l.	ITALY	G	10
LIGURIA SOCIETA' DI ASSICURAZIONI S.p.A.	ITALY	G	1
LIGURIA VITA S.p.A.	ITALY	G	1
PRONTO ASSISTANCE SERVIZI S.c.r.l.	ITALY	G	11
SINTESI SECONDA S.r.l.	ITALY	G	10
SOGEINT S.r.l.	ITALY	G	11
SYSTEMA COMPAGNIA DI ASSICURAZIONI S.p.A.	ITALY	G	1

(1) Consolidation method: Line-by-line =G, Proportional=P, Line-by-line for man. unit =U

(2) 1= Italian Ins; 2= EU Ins; 3=Other Ins; 4=Holding insurance; 5=EU reins; 6=Reins. other; 7=Banks; 8=SGR; 9=Other holding; 10=Property 11=Other

(3) total shareholding relating to all companies which, through the various holdings, connect the company that prepares the consolidated financial statements and the company held. Where this company is held directly by more than one subsidiary it is necessary to aggregate the holdings

(4) total voting rights in an ordinary shareholders meeting if different from the direct or indirect shareholding

% Direct holding	% Total holding (3)	% Voting in Ordinary Shareholder Meeting (4)	% consolidated
100,00	100,00	100,00	100,00
100,00	100,00	100,00	100,00
99,85	99,85	99,85	100,00
100,00	100,00	100,00	100,00
99,97	99,97	99,97	100,00
-	99,97	100,00	100,00
28,00	54,51	54,55	100,00
-	100,00	100,00	100,00
100,00	100,00	100,00	100,00
100,00	100,00	100,00	100,00

CONSOLIDATED HALF-YEAR FINANCIAL REPORT AT JUNE 30, 2011

Details of non-consolidated investments

Company	State	Activities (1)	Type (2)
A7 S.r.l. in liquidation	ITALY	10	B
ATAHOTELS S.p.A.	ITALY	11	B
BORSETTO S.r.l.	ITALY	10	B
CITYLIFE S.r.l.	ITALY	10	(*)
GARIBALDI S.C.A.	LUXEMBOURG	10	B
GLOBAL CARD SERVICE S.r.l.	ITALY	11	A
GRUPPO FONDIARIA-SAI SERVIZI S.c.r.l.	ITALY	11	B
ISOLA S.C.A.	LUXEMBOURG	10	B
IGLI S.p.A.	ITALY	11	B
IMMOBILIARE LOMBARDA S.p.A.	ITALY	10	B
METROPOLIS S.p.A.	ITALY	10	B
PENTA DOMUS S.r.l.	ITALY	10	B
SAI INVESTIMENTI S.G.R. S.p.A.	ITALY	8	B
SERVICE GRUPPO FONDIARIA-SAI S.r.l.	ITALY	11	B
SERVIZI IMMOBILIARI MARTINELLI S.p.A.	ITALY	10	B
SISTEMI SANITARI S.c.r.l.	ITALY	11	B
SVILUPPO CENTRO EST S.r.l.	ITALY	10	B
VALORE IMMOBILIARE S.r.l.	ITALY	10	B

(1) 1= Italian Ins; 2= EU Ins; 3=Other Ins; 4=Holding insurance; 5=EU reins; 6=Reins. other; 7=Banks; 8=SGR; 9=Other holding; 10=Property 11=Other

(2) a=subsidiaries (IAS27) ; b=associated companies (IAS28); c=joint venture (IAS 31); indicate with an asterisk (*) the companies classified as held for sale in accordance with IFRS 5

(3) total shareholding relating to all companies which, through the various holdings, connect the company that prepares the consolidated financial statements and the company held. Where this company is held directly by more than one subsidiary it is necessary to aggregate the holdings

(4) total voting rights in an ordinary shareholders meeting if different from the direct or indirect shareholding

% Direct holding	% Total holding (3)	% Voting in Ordinary Shareholder Meeting (4)	Book Value
-	20,00	20,00	266
49,00	49,00	49,00	5 861
-	44,93	44,93	3 170
-	27,20	27,20	
32,00	32,00	32,00	52 062
-	94,97	95,00	-
34,21	34,63	34,65	12 721
29,56	29,56	29,56	11 005
-	16,67	16,67	34 321
35,83	35,83	35,83	8 985
-	29,73	29,73	1 665
-	20,00	20,00	2 417
29,00	29,00	29,00	1 518
30,00	30,00	30,00	330
-	20,00	20,00	129
19,63	20,12	20,31	189
-	40,00	40,00	338
50,00	50,00	50,00	6 100

Part B

Notes to the consolidated balance sheet

Balance Sheet - Assets

1. INTANGIBLE ASSETS

They include:

(in Euro thousands)	**30/06/2011**	**31/12/2010**	**Change**
Goodwill	231,052	231,052	-
Other intangible assets	15,054	18,960	-3,906
TOTAL	**246,106**	**250,012**	**-3,096**

The breakdown of goodwill is as follows:

(in Euro thousands)	**30/06/2011**	**31/12/2010**	**Change**
Goodwill recorded following the merger with the parent company by Lloyd Internazionale S.p.A. in 1991	17,002	17,002	-
Goodwill recorded in 1992 following the acquisition by the Parent Company of the portfolio of Card S.p.A.	33,053	33,053	-
Goodwill deriving from the acquisition by the parent company of the insurance portfolio of Latina Assicurazioni S.p.A. in 1992	34,522	34,522	-
Goodwill relating to the life portfolio of La Previdente Assicurazioni S.p.A., originally acquired from Previdente Vita (formerly Latina Vita) in 1993	16,463	16,463	-
Goodwill deriving from the acquisition, in 1995, of the portfolio Maa Finanziaria by Nuova Maa, incorporated into the parent company in 2003.	65,134	65,134	-
Goodwill deriving from the acquisition, in 2001, of the Profilo Life portfolio by Maa Vita, incorporated into the parent company in 2003.	1,052	1,052	-
Goodwill recorded following the merger with the parent company of Maa Vita in 2003	4,636	4,636	-
Goodwill relating to the acquisition by SIS of the Ticino portfolio in 1995	152	152	-
Consolidation difference deriving from the acquisition, in 1996, of La Previdente Vita (subsequently incorporated into Milano Ass.) by La Previdente Assicurazioni (subsequently incorporated into Milano Ass.)	3,275	3,275	-
Consolidation difference deriving from the acquisition of Dialogo Ass. by La Previdente Ass. in 1997	49	49	-
Consolidation difference arising from conferment in 2008 of Liguria Assicurazioni.	52,555	52,555	-
Consolidation difference arising from conferment in 2008 of Liguria Vita	3,159	3,159	-
TOTAL	**231,052**	**231,052**	**-**

In accordance with IAS 38 (Intangible assets), goodwill, having an indefinite useful life, is not systematically amortised, but subject to an impairment test, in order to identify the existence of any permanent loss in value. The impairment test must be made annually and whenever there is an indication of a loss in value.
The economic and financial results in the half-year did not indicate that the recoverable value of the Cash Generating Units identified for impairment test purposes had reduced below their book value and that consequently the goodwill recognised may have reduced on the book value at December 31, 2010, previously subject to an impairment test according to the manner established by IAS 36 (Impairment of assets). In particular, in relation to Liguria Assicurazioni, although the results for the period were slightly negative, they were in line with budget objectives for 2011, which forecast a substantial technical re-equilibrium.

The benefits of the industrial restructuring actions undertaken should in fact become more apparent during the year, which were principally focused on pricing, in particular within the Motor TPL Class, the agencies, the negatively performing portfolios and risks, the underwriting criteria, efficiency and control of the settlement process.
Therefore, also in consideration of the fact that at December 31, 2010 the recoverable value of the Liguria Assicurazioni CGU did not highlight a surplus compared to the book value, and in light of the above-stated performance of the holding in the period, it was considered appropriate to update the impairment test previously utilised for the financial statements at December 31, 2010. This update substantially confirmed the range of results previously established by the impairment test carried out for the 2010 financial statements and therefore confirmed the goodwill recorded to this CGU.
The continuation of external factors negatively impacting the investment performance - such as the current instability of the financial markets - may affect the recoverability of the above stated CGU in light of the fact that the book value, as previously indicated, at December 31, 2010 was aligned with the recoverable value.

The *other intangible assets* have a definite useful life and are therefore amortised over their duration. There were no intangible assets generated internally.
The account includes the VOBA relating to Liguria Assicurazioni of Euro 13,602 thousand, net of amortisation for the period of Euro 3,548 thousand.

The table below shows the breakdown including gross values and accumulated amortisation as at June 30, 2011:

(in Euro thousands)	**Gross carrying value**	**Amortisation and impairment**	**Net value**
VOBA Liguria Assicurazioni	49,673	-36,071	13,602
Other intangible assets	2,305	-853	1,452
TOTAL	**51,978**	**-36,924**	**15,054**

2. PROPERTY, PLANT & EQUIPMENT

The account totals Euro 64,204 thousand and is composed of:

(in Euro thousands)	**Buildings**		**Other tangible assets**		**Total**	
	30/06/11	**31/12/10**	**30/06/11**	**31/12/10**	**30/06/11**	**31/12/10**
Gross carrying value	63,912	63,785	24,141	23,384	88,053	87,169
Accumulated depreciation and Impairments	-5,867	-5,644	-17,982	-17,414	-23,849	-23,058
NET VALUE	**58,045**	**58,141**	**6,159**	**5,970**	**64,204**	**64,111**

The buildings concern:

- the buildings used for business activities. These buildings are recorded at cost and depreciated systematically over their useful life, with depreciation rates taking into account the different usage relating to the single components. For the buildings wholly owned, the amount depreciated does not include the value attributed to the land, which is not subject to deterioration.
- the buildings considered as inventory and valued in accordance with IAS 2.

The book value, at the period-end, is lower by Euro 5.9 million than the expert's market-based valuations at the end of the previous period.

Nessun immobile è soggetto a restrizioni sulla titolarità del diritto di proprietà, né sono stati registrati a conto economico oneri per riduzioni di valore, perdite o danneggiamenti.

3. TECHNICAL RESERVES – REINSURANCE AMOUNT

The account amounts to Euro 424,391 thousand (Euro 434,652 thousand at 31/12/2010), broken-down as follows:

(in Euro thousands)	**30/06/2011**	**31/12/2010**	**Change**
Non-Life premium reserve - reinsurers	55,038	55,969	-931
Non-Life claims reserve - reinsurers	279,053	275,772	3,281
Actuarial reserves attributed to reinsurers	86,473	98,502	-12,029
Reserve for claims to be paid – reinsurers	3,827	4,409	-582
TOTAL	**424,391**	**434,652**	**-10,261**

4. INVESTMENTS

The breakdown of the account is as follows:

(in Euro thousands)	**30/06/2011**	**31/12/2010**	**Change**
Investment property	990,429	1,000,349	-9,920
Investments in subsidiaries, associates and joint ventures	141,077	202,391	-61,314
Investments held-to-maturity	124,558	121,798	2,760
Loans and receivables	819,761	660,504	159,257
AFS financial assets	6,524,787	6,827,511	-302,724
Financial assets at fair value recorded through the profit & loss	253,332	288,590	-35,258
TOTAL	**8,853,944**	**9,101,143**	**-247,199**

Investment property

The account includes the buildings for rental or held for their capital appreciation.

The investment properties are recorded at purchase cost in accordance with IAS 16 (Property, plant and equipment), which IAS 40 (Investment property) refers to in the case of adoption of the cost model. They are therefore depreciated systematically over their useful life, with depreciation rates taking into account the different usage relating to the single components. For the buildings wholly owned, the amount depreciated does not include the value attributed to the land, which is not subject to deterioration.
The separation of the land component from the buildings is made based on the updated expert valuations at the date of transition to the international accounting standards (January 1, 2004).

Overall, the book value at June 30, 2011 was Euro 197.7 million lower than the expert's valuations at the end of the previous period.

The table below shows the gross value and the accumulated depreciation at June 30, 2011:

	30/06/2011	**31/12/2010**
Gross carrying value	1,095,631	1,092,526
Depreciation and impairment	-105,202	-92,177
Net value	**990,429**	**1,000,349**

During the half-year, rental income from investment property and expense reimbursements amounted to Euro 14.1 million while operating costs, mainly relating to building lease charges, amounted to Euro 9.6 million.
There are no significant limits to the realisation of the investment property due to legal or other restrictions.

Investments in subsidiaries, associates and joint ventures

In accordance with IAS 27 (Consolidated and separate financial statements), all of the Group companies are fully consolidated, including those which undertake dissimilar activities. The amount recorded therefore refers only to holdings in associated companies valued under the equity method.

(in Euro thousands)	**30/06/2011**	**31/12/2010**
A7 S.r.l.	266	266
Atahotels S.p.A.	5,861	-
Borsetto S.r.l.	3,170	3,170
Citylife S.r.l.	-	78,087
Garibaldi S.c.a.	52,062	45,902
Gruppo Fondiaria-Sai Servizi S.c.r.l.	12,721	11,615
Isola S.c.a.	11,005	10,907
Igli S.p.A.	34,321	28,366
Immobiliare Lombarda S.p.A.	8,985	9,083
Metropolis S.p.A.	1,665	1,665
Penta Domus S.r.l.	2,417	2,417
Sai Investimenti SGR S.p.A.	1,518	1,832
Service Gruppo Fondiaria-Sai S.r.l.	330	310
Servizi Immobiliari Martinelli S.p.A.	129	103
Sistemi Sanitari S.c.r.l.	189	182
Sviluppo Centro Est S.r.l.	338	386
Valore Immobiliare S.r.l.	6,100	8,100
TOTAL	**141,077**	**202,391**

The 27.2% holding in Citylife S.r.l., with a carrying value of Euro 78.1 million was classified under *Non-current assets or of a discontinued Group held for sale,* considering that at June 30 the process for the sale of the option of the holding to Generali Properties had commenced and which subsequently was concluded on August 3, 2011.

Investments held-to-maturity

The account amounts to Euro 124,558 thousand and is comprised of:

(in Euro thousands)	**30/06/2011**	**31/12/2010**	**Change**
Non quoted debt securities	1,355	1,330	25
Quoted debt securities	123,203	120,468	2,735
TOTAL	**124,558**	**121,798**	**2,760**

This category includes securities related to policies with fixed returns or covered by contractual commitments realised through specific assets.

Loans and receivables

The account amounts to Euro 819,761 thousand (Euro 660,504 thousand at 31/12/2010) and is composed as follows:

(in Euro thousands)	**30/06/2011**	**31/12/2010**	**Change**
Debt securities	706,019	553,037	152,982
Loans on life policies	22,915	24,627	-1,712
Deposits held by reinsurers	2,644	2,614	30
Receivables from agents for indemnities paid to agents terminated	57,710	58,720	-1,010
Other financial investments	9,000	-	9,000
Other loans and receivables	21,473	21,506	-33
TOTAL	**819,761**	**660,504**	**159,257**

The increase in the account *Debt securities* on December 31, 2010 is essentially due to the subscription in “Private Placement” of a nominal Euro 175 million of Italian government bonds (BTP) acquired in February for the purposes of stable investment.

The account includes approx. Euro 245 million relating to financial instruments transferred from the category Available-for-sale at the beginning of 2009. These refer to corporate bonds with subordination clauses, with carrying values below the repayment value and high yields. The classification in this category is due to the technical characteristics of the securities, the desire of the company to maintain them in portfolio until maturity and the high levels of volatility which continued to affect the markets and which can no longer guarantee prices in line with the balance sheet fundamentals of the issuing companies.

These securities were valued at amortised cost. The related losses which decreased from Euro 23.8 million at January 1, 2009 to Euro 21.2 million at June 30, 2011 were recorded under shareholders' equity in the account *Profits or losses on AFS financial assets* and valued at amortised cost.
The fair value at June 30, 2011 was approx. Euro 265 million, recording in the income statement for the period gains of Euro 9.1 million.

The receivables from agents for the recovery of indemnities paid to their predecessors are recorded in this account in accordance with the requirements of Isvap Regulation No. 7 of July 13, 2007 and in consideration of their interest bearing nature.

AFS financial assets

The AFS financial assets include bonds and equity securities, as well as investment unit funds, not otherwise classified. They represent the largest category of financial instruments, in line with the characteristics and purposes of the insurance activities.

The breakdown of the account is as follows:

(in Euro thousands)	**30/06/2011**	**31/12/2010**	**Change**
Quoted equity securities	505,418	544,809	-39,391
Non quoted equity securities	50,128	48,505	1,623
Quoted debt securities	5,415,441	5,567,954	-152,513
Non quoted debt securities	30,628	38,810	-8,182
Fund units	523,172	627,433	-104,261
TOTAL	**6,524,787**	**6,827,511**	**-302,724**

The listed financial instruments recorded in this category are valued at market value at the last day of trading in the half-year, with allocation of the differences compared to the average weighted cost in a specific net equity reserve, except for the recording of reductions in value which are recorded in the income statement.

Under the impairment policy of the group, the impairment carried out at June 30, 2011 amounted to Euro 44 million. This principally relate to:

- further impairments on securities previously subject to impairment in the previous year, with particular reference to the shares of the direct parent company Fondiaria-Sai (Euro 11.2 million) and the shares of Unicredit (Euro 6.5 million), whose book value was aligned to the share price at June 30 in accordance with IAS 39 (IG.E.4.9);

- impairments relating to securities impacted by the continued negative financial market performance resulting in the period of a listed value lower than the book value for a continuous period of at least 2 years. Of these, Euro 7.2 million relates to the shares of the indirect parent company Premafin;
- Greek debt securities maturing by 2020. As previously outlined, the current Greek economic conditions recently required the introduction of initiatives to restructure the Greek debt securities. In consideration of the conditions for institutional investors established by the above-stated agreement announced on July 21, 2011 by the International Institute of Finance, following the further support initiatives announced by the European Union and the International Monetary Fund, for government securities with maturity before 2020, an impairment was implemented through transferring the entire negative reserve of these securities to the income statement, concerning the Euro 14 million difference between the acquisition cost and the listing price at June 30.
- The impact on the income statement for the period, net of the portion attributable to policyholders and the tax effect, amounted to approx. Euro 7 million.

  The debt securities issued by the Greek Government with maturity beyond 2020, also classified in the Available for sale category and valued at fair value, were not subject to impairment due to the expectation for repayment according to the original maturities based on the expected effects of the above-stated agreement.

  These valuations will again be subject to analysis in the coming quarter and for the annual accounts based on the development of the above-stated agreements, the overall market situation and the solvency situation of the Greek State.

The net equity reserve, based on the difference between the average weighted cost and the fair value of instruments classified in this category, was negative for Euro 10.1 million (positive for Euro 2 million at December 31, 2010). The following table highlights the composition and movements on the previous year:

(in Euro thousands)	**30/06/2011**	**31/12/2010**	**Change**
Debt securities	-110,694	-109,257	-1,437
Fund units	67,489	93,185	-25,696
Equity securities	1,378	-1,394	2,772
Shadow accounting reserve	18,842	13,205	5,637
Tax effect	12,848	6,250	6,598
AFS reserve at the end of the period	-10,137	1,989	-12,126

Financial assets at fair value recorded through the Profit or Loss account

The breakdown is as follows:

(in Euro thousands)	30/06/2011	31/12/2010	Change
Quoted equity securities	789	650	139
Quoted debt securities	175,692	204,883	-29,191
Non quoted debt securities	27,570	32,790	-5,220
Fund units	47,189	48,159	-970
Other financial instruments	2,092	2,108	-16
TOTAL	**253,332**	**288,590**	**-35,258**

The amount includes Euro 200,786 thousand of investment contracts where the risk is borne by the policyholders and Euro 16,876 thousand of investments from pension fund management. These items are counter-entered under financial liabilities (Euro 58,952 thousand) and technical reserves (Euro 158,708 thousand). Their fair value was determined using the stock exchange prices on the last trading day of June 2011 as a benchmark reference.

5. OTHER RECEIVABLES

The breakdown of the account is as follows:

(in Euro thousands)	30/06/2011	31/12/2010	Change
Receivables from direct insurance operations	526,482	662,794	-136,312
Receivables from reinsurance operations	29,937	69,553	-39,616
Other receivables	233,287	302,471	-69,184
TOTAL	**789,706**	**1,034,818**	**-245,112**

Receivables from direct insurance operations include:

- receivables from policyholders of Euro 258,158 thousand, of which Euro 227,742 thousand referring to the premiums for the year and Euro 30,416 thousand for premiums of previous years;
- receivables from insurance brokers for Euro 198,889 thousand;
- receivables from insurance companies for Euro 11,587 thousand;
- receivables from policyholders and others for sums to be recovered for Euro 57,848 thousand

With reference to the receivables from policyholders for premiums, agents and other brokers, as well as from insurance and reinsurance companies, it is noted that there are no significant concentrations of credit risks, as the credit exposure is divided among a large number of counterparties and clients.

Other receivables are non-interest bearing and are generally payable within 90 days. They consist of:

(in Euro thousands)	**30/06/2011**	**31/12/2010**	**Change**
Receivables from Fondiaria-Sai for tax payments on account and for credits and withholding taxes transferred in accordance with the tax consolidation	93,705	90,570	3,135
Trade receivables	7,988	7,069	919
Tax reimbursements	26,010	26,589	-579
Other receivables	105,584	178,343	-72,759
TOTAL	**233,287**	**302,571**	**-69,284**

6. OTHER ASSETS

(in Euro thousands)	**30/06/2011**	**31/12/2010**	**Change**
Non-current assets or of a discontinued group held for sale	81,539	3,451	78,088
Deferred acquisition costs	6,665	7,477	-812
Deferred tax assets	205,450	205,915	-465
Current tax assets	44,634	42,821	1,813
Other assets	152,342	68,229	84,113
TOTAL	**490,630**	**327,893**	**162,737**

Non-current assets or of a discontinued group held for sale

The amount recorded relates for Euro 78.1 million to the book value of the investment in Citylife, held through Immobiliare Milano Assicurazioni, which on August 3, following the conclusion of the process with the release of the required authorisations by ISVAP and the Anti-trust authority, was sold to Generali Properties.
The sales price of Euro 109.3 million, fully paid on August 3, resulted in a gain of approx. Euro 31 million, which will be recognised to the income statement in the third quarter of 2011.

The account *Non-current assets or of a discontinued group held for sale* includes Euro 3.5 million relating to the property held by Liguria Assicurazioni, located in Segrate via delle Regioni, which is currently being sold on a fractioned unit basis.

Deferred acquisition costs

The deferred acquisition costs of Euro 6,665 thousand (Euro 7,477 thousand at 31/12/2010) refer to the acquisition commissions on long-term contracts which, in accordance with the accruals principle, are amortised for the duration of the relative contracts.

Deferred tax assets

The account amounts to Euro 205,450 thousand (Euro 205,915 thousand at 31/12/2010) and is calculated on the total amount of the temporary differences between the book value of the assets and liabilities in the accounts and the respective tax value in relation to the probability of their recovery. Where permitted by IAS 12 (Income taxes), deferred tax assets and liabilities are compensated.

Current tax assets

The current tax assets, amounting to Euro 44,634 thousand (Euro 42,821 thousand at 31/12/2010), refer principally to tax authorities for payments on account and withholding taxes. The account also includes the amounts paid on account on the life division actuarial reserves pursuant to article 1, paragraph 2 of Legislative Decree No. 209/02, converted into article 1 of Law 265/2002, as supplemented, recorded in accordance with Isvap Regulation No. 7 of July 13, 2007. Where permitted by IAS 12, current tax assets and liabilities are compensated.

Other assets

The account amounts to Euro 152,342 thousand (Euro 68,229 thousand at 31/12/2010) and includes indemnities paid to agencies (Euro 14,159 thousand), payments on account for guarantee provisions in favour of policyholders, with particular reference to the Contribution to the Road Victims Guarantee Fund (Euro 18,720 thousand) and reinsurance items (Euro 27,281 thousand).

7. CASH ON HAND AND AT BANK

The account includes the liquidity and deposits and bank current accounts with maturity less than 15 days and amount to Euro 291,954 thousand (Euro 284,665 thousand at 31/12/2010).

Balance Sheet - Liabilities

LIABILITIES AND SHAREHOLDERS' EQUITY

1. SHAREHOLDERS' EQUITY

The consolidated Shareholders' Equity, inclusive of the result for the period and the minority interest share, amounts to Euro 1,232,473 thousand. The composition compared to December 31, 2010 is shown below:

(in Euro thousands)	**30/06/2011**	**31/12/2010**	**Change**
Group Net Equity	**1,231,174**	**1,303,248**	**-72,074**
Share capital	305,851	305,851	-
Other equity instruments	-	-	-
Capital reserves	678,981	718,147	-39,166
Retained earnings and other reserves	350,514	980,995	-630,481
Treasury shares	*-31,353*	*-31,353*	-
Translation reserve	-	-	-
Profit or loss on AFS financial assets	-10,137	1,989	-12,126
Other gains and losses recorded directly in equity	-4,010	-3,670	-340
Group net loss	-58,672	-668,711	610,039
Minority interest equity	**1,299**	**1,319**	**-20**
Share capital and reserves pertaining to minority interests	1,370	1,502	-132
Gains and losses recorded directly in equity	-3	-3	-
Minority interest loss	-68	-180	112
TOTAL	**1,232,473**	**1,304,567**	**-72,094**

The changes in the consolidated net equity are shown as an attachment to the present report for an analysis of the movements in the half-year.

Share Capital

The disclosures required by IAS 1.79A is provided below:

	Ordinary 30/06/2011	Savings 30/06/2011	Ordinary 31/12/2010	Savings 31/12/2010
Number of shares issued	557,435,774	30,739,882	557,435,774	30,739,882

The above-stated shares were entirely paid in and without a nominal value as resolved by the Extraordinary Shareholders' Meeting of April 27, 2011.

The savings shares do not carry voting rights and devolve the following rights:

- a dividend up to 5% of the amount of Euro 0.52 (and therefore of Euro 0.026). Where the profits for the year do not permit a dividend of 5% for the saving shares, the difference is included as an increase in the dividend in the two following years. Furthermore, the profits distributed as dividend by the Shareholders' Meeting are divided among all the shares in order that the saving shares receive a dividend higher than the ordinary shares of 3% of Euro 0.52 (and therefore Euro 0.0156);
- When the share capital has to be written down to cover losses, this does not imply a reduction of the nominal value of the savings shares, except when the losses to be covered exceed the total nominal value of the ordinary shares;
- Should the Company be wound up, the ordinary shares shall not receive any part of the share capital until the entire nominal value of the savings shares has been reimbursed.

The following table outlines the breakdown of the share in circulation of the parent company Milano Assicurazioni at the end of the period, unchanged on the beginning of the year:

	Ordinary	Savings	Total
Shares existing at 30/06/2011	557,435,774	30,739,882	588,175,656
Treasury shares (-)	-6,764,860	-	-6,764,860
Shares outstanding: balance at 30/06/2011	550,670,914	30,739,882	581,410,796

At the period end, the share capital increase approved by the Board of Directors of May 14 and of June 22, 2011, in execution of the power conferred by the Extraordinary Shareholders' Meeting of April 27, 2011, was in progress.

During the rights offer period between June 27, 2011 and July 15, 2011 (the “Offer Period”), 542,567,376 option rights were taken up for 1,265,990,544 newly issued Milano Assicurazioni ordinary shares and 29,021,556 option rights for 67,716,964 savings shares, equal to respectively 98.528% of the total of the newly issued ordinary shares and 94.410% of the total of the newly issued savings shares offered, for a total value of Euro 343,783,874.79.

In accordance with underwriting commitments, the shareholders Fondiaria-SAI S.p.A., Fondiaria-SAI Nederland BV, Sai Holding Italia S.p.A., Sainternational S.A., Pronto Assistance S.p.A. and Popolare Vita S.p.A. exercised 350,396,460 option rights for the subscription of 817,591,740 new ordinary shares for a total value of Euro 210,448,113.88.

All 8,103,537 non-exercised ordinary rights options and 1,718,325 non-exercised saving share rights options at the end of the Offer Period were sold on July 20, 2011 during the first session in which the Rights Options were offered on the open market by Milano Assicurazioni through UniCredit Bank AG, Milan Branch in accordance with Article 2441, third paragraph of the Civil Code. At the end of the Stock Market Offer Period, 18,872,077 newly issued ordinary shares and 4,009,425 newly issued savings shares, respectively equating to 1.469% of the total of the newly issued ordinary shares and 5.590% of the total of the newly issued savings shares offered, for a total value of Euro 5,918,566.48 were subscribed to. Therefore 36,176 newly issued ordinary shares equating to 0.003% of the total of the newly issued ordinary shares, for a total value of Euro 9,311.70, had not been taken up.
These Shares were subscribed to by Credit Suisse, UniCredit Bank Milano, Keefe, Bruyette & Woods Limited, The Royal Bank of Scotland N.V. (London Branch), Banca Akros S.p.A. and Equita SIM S.p.A., in accordance with the guarantee agreements signed on June 22, 2011.

Following the subscription by the guarantee consortium banks, the Share Capital Increase therefore concluded with the full subscription of 1,284,898,797 ordinary shares and 71,726,389 savings shares offered for a total value of Euro 349,711,752.88.

The new share capital of Milano Assicurazioni therefore amounted to Euro 373,682,600.42, comprising 1,842,334,571 ordinary shares and 102,466,271 savings shares, without allocation of a nominal value. The declaration required as per Article 2444 of the Civil Code has been filed at the Milan Company Registration Office in accordance with law.

Capital reserves

The capital reserves, amounting to Euro 678,981 thousand, refer to the share premium reserve recorded in the financial statements of the Parent Company.

Retained earnings and other reserves

These comprise:
- retained earnings for Euro 384,460 thousand;
- the consolidation reserve, negative for Euro 15,792 thousand;
- the reserve for gains and losses deriving from the first-time application of the international accounting standards, negative for Euro 44,067 thousand;
- merger reserves for Euro 25,913 thousand.

Treasury shares

These consist of 6,764,860 ordinary shares of the Parent Company, recorded at purchase price. This account reduced the net equity in accordance with IAS 32.

Profit or loss on AFS financial assets

The account, a loss of Euro 10,137 thousand, represents the difference between the acquisition costs and market prices of the AFS financial assets where these differences are not indicative of permanent reductions in value. They are recorded net of the part attributable to the policyholders and recorded as insurance liabilities in accordance with the accounting method contained in paragraph 30 of IFRS 4 (shadow accounting). The account includes Euro 21,166 thousand of losses relating to financial instruments previously classified in the AFS category and subsequently transferred to the *Loans and Receivables* category.

Other gains and losses recorded directly in equity

They relate to:
- losses of an actuarial nature consequent of the application of IAS 19 (Euro 3,446 thousand);
- losses deriving from the valuation of a derivative financial instrument to hedge cash flows (Euro 564 thousand).

2. PROVISIONS

(in Euro thousands)	**30/06/2011**	**31/12/2010**	**Change**
Provisions	108,480	136,139	-27,659

The account includes the reasonable valuation of the future charges and risks existing at the balance sheet date, also deriving from disputes in course. In particular:
- Euro 83,889 thousand relating to provision for risks, also related to disputes with the agency networks and disputes in course;
- Euro 24,591 thousand relating to provisions for future charges.

3. TECHNICAL RESERVES

The account amounts to Euro 8,966,269 thousand, a decrease of Euro 178,067 thousand on the end of the previous year.

The breakdown is as follows:

(in Euro thousands)	**30/06/2011**	**31/12/2010**	**Change**
NON-LIFE DIVISION			
Unearned premium reserve	1,182,548	1,192,062	-9,514
Claims reserve	4,031,694	4,096,194	-64,500
Other reserves	2,942	3,287	-345
Total Non-Life Division	**5,217,184**	**5,291,543**	**-74,359**
LIFE DIVISION			
Actuarial reserves	3,589,286	3,648,679	-59,393
Reserve for claims to be paid	35,479	48,886	-13,407
Technical reserves where investment risk borne by policyholders and from pension fund management	158,708	188,076	-29,368
Other reserves	-34,388	-32,848	-1,540
Total Life Division	**3,749,085**	**3,852,793**	**-103,708**
TOTAL TECHNICAL RESERVES	**8,966,269**	**9,144,336**	**-178,067**

The *Other non-life technical reserves* refer to the aging reserve of the health class, which offsets the greater risk due to the increased life span of the policyholders.

The *Other life division technical reserves* principally include the reserve for future expenses and the reserve for deferred liabilities due to policyholders, negative for Euro 54,134 thousand, determined applying the shadow accounting method, as per paragraph 30 of IFRS 4.

4. FINANCIAL LIABILITIES

They consist of:

(in Euro thousands)	30/06/2011	31/12/2010	Change
Financial liabilities at fair value through profit or loss	61,806	61,643	163
Other financial liabilities	317,537	366,303	-48,766
TOTAL	**379,343**	**427,946**	**-48,603**

Financial liabilities at fair value through profit or loss account

The account includes Euro 58,952 thousand of life policies that, although legal insurance contracts and have an insignificant insurance risk, do not fall within the remit of IFRS 4 (Insurance Contracts).

Other financial liabilities

The account includes the financial liabilities defined and governed by IAS 39 not included in the category "Financial liabilities at fair value through profit or loss". These include deposits comprising guarantees in relation to reinsurance risks ceded for Euro 150,945 thousand, payables to credit institutions for Euro 14,668 thousand and subordinated liabilities for Euro 151,924 thousand.

The subordinated liabilities are composed as follows:
- Euro 50,706 thousand, equal to the amortised cost of the residual subordinated loan provided to Milano Assicurazioni by Mediobanca in 2006 for an original amount of Euro 150 million (Euro 100 million was repaid in 2008). This loan provides for an interest rate of Euribor at 6 months +180 basis points and repayable in five equal annual instalments from the 16^{th} anniversary of the loan. The loan may also be repaid in advance, including partially, from the tenth anniversary of the loan and with authorisation from ISVAP.
- Euro 101,218 thousand, equal to the amortised costs of the loan of Euro 100 million provided to Milano Assicurazioni by Mediobanca in July 2008. This loan was of a hybrid nature and perpetual duration and is therefore included in the solvency margin up to 50% of the lower value between the available margin and the solvency margin requested. The payment of the interest is made in arrears on a half-yearly basis, at an interest rate of Euribor at 6 months +350 basis points for the first ten years and subsequently 450 basis points. The repayment may be made in one repayment after 10 years.

In accordance with CONSOB Resolution No. DEM/6064293 of 28/7/2006, the above-stated subordinated liabilities are supported by particular contractual clauses protecting the rights and interests of the lenders.

In relation to the subordinated loan issued in 2006 (of which a nominal Euro 50 million is outstanding and concerning the subordinated loan contract of Euro 300 million signed on June 22, 2006, undertaken for 50% by Fondiaria-SAI S.p.A. and the other 50% by Milano Assicurazioni S.p.A.), Article 6.2.1 letter (e) of the contract establishes, as a general obligation of the Parent Company, the continued control (in accordance with Article 2359, paragraph 1, No. 1 of the Civil Code) of the direction and coordination of Milano Assicurazioni S.p.A. by Fondiaria-SAI S.p.A..

In relation to the hybrid loan of Euro 100 million, the faculty to convert into shares of the Issuer is subject to, in addition to any resolution by the extraordinary shareholders' meeting of the Issuer of a share capital increase to service the conversion in line with the contractual terms indicated, the occurrence at the same time (and for a consecutive three year period) of the following situations:

(i) the downgrade of the Standard & Poor's rating (or any other agency to which the Issuer is voluntarily subject, no longer being subject to the Standard & Poor's rating) of the beneficiary companies to "BBB-" or a lower grade;
(ii) the reduction in the solvency margin of the beneficiary companies, as established by Article 44 of the Insurance Code, to a level below or equal to 120% of the solvency margin required by Article 1, paragraph hh) of the Insurance Code,

if (a) the situation causing the above stated events is not resolved, for both events, in the two fiscal years immediately subsequent, or (b) the solvency margin in the two subsequent fiscal years is not rectified to at least 130% of the requested solvency margin, Milano Assicurazioni may, over a period of more than two years, put in place measures to enable compliance with the requested parameters.

In consideration of the recent results of the share capital increase, described in detail above, this disclosure was made despite non-compliance of the above-stated clauses not being evident, with the consequent lack of possibility of verifying events contractually established for the protection of investors.

The defining factors of the subordinated and/or hybrid loans relate in general not just to the repayment of such before the payment of all other payables owing to the insurance company at the settlement date, but also the need to obtain, in accordance with the applicable regulation, prior authorisation for repayment by ISVAP.

5. PAYABLES

The account amounts to Euro 270,327 thousand and is comprised of:

(in Euro thousands)	**30/06/2011**	**31/12/2010**	**Change**
Payables to direct insurance operations	20,859	31,388	-10,529
Payables to reinsurance operations	28,343	40,428	-12,085
Other payables	221,125	237,594	-16,469
TOTAL	**270,327**	**309,410**	**-39,083**

Payables from direct insurance operations include:

- Euro 11,770 thousand with insurance intermediaries;
- Euro 6,629 thousand for payables to insurance companies;
- Euro 2,460 thousand for payables for guarantee provisions for policyholders.

The breakdown of the *Other payables* is shown below:

(in Euro thousands)	**30/06/2011**
Trade payables	4,042
Staff termination pay	23,737
Policyholders' tax due	50,587
Other taxes due	40,849
Social security and welfare institutions	7,051
Other	94,859
TOTAL	**221,125**

The "Other" account principally includes payables to Gruppo Fondiaria-Sai Servizi S.c.r.l. for services obtained relating to the overheads structure at group level.

6. OTHER LIABILITIES

The composition is as follows:

(in Euro thousands)	30/06/2011	31/12/2010	Change
Current tax liabilities	10,713	2,164	8,549
Deferred tax liabilities	39,629	33,223	6,406
Other liabilities	153,701	139,509	14,192
TOTAL	**204,043**	**174,896**	**29,147**

The other liabilities principally include:
- commissions on premium collection of Euro 40,132 thousand;
- payments for claims in the non-life classes in course of execution at June 30, 2011 for Euro 42,077 thousand;
- over commissions to be paid for Euro 10,892 thousand;

Part C

Notes to the consolidated income statement

NET PREMIUMS

The net premiums consolidated amount to Euro 1,700,646 thousand (Euro 1,797,236 thousand in the first half of 2010).

The gross premiums written amount to Euro 1,762,832 thousand and consist of:

(in Euro thousands)	**30/06/2011**	**30/06/2010**	**Change**
Gross Life premiums written	194,498	266,691	-72,193
Gross Non-Life premiums written	1,558,771	1,605,859	-47,088
Change gross premium reserve	9,563	-7,339	16,902
Total Non-Life Division	1,568,334	1,598,520	-30,186
Gross premiums written	**1,762,832**	**1,865,211**	**-102,379**

The details of the premiums ceded are shown below:

(in Euro thousands)	**30/06/2011**	**30/06/2010**	**Change**
Life premiums ceded	5,554	6,250	-696
Non-Life premiums ceded	54,439	66,021	-11,582
Change in reinsurers reserves	2,193	-4,296	6,489
Total Non-Life Division	56,632	61,725	-5,093
Premiums ceded to reinsurers earned	**62,186**	**67,975**	**-5,789**

The account “gross premiums written” does not include the cancellation of securities issued in previous years, which were recorded in the account “Other costs”.

In relation to the breakdown of the gross premiums written among the different classes in the accounts, the division between direct and indirect business, reference should be made to the first part of the present report.

COMMISSION INCOME

(in Euro thousands)	**30/06/2011**	**30/06/2010**	**Change**
Commission income	220	138	82

The account refers to the explicit and implicit loadings related to the investment contracts and to the management commissions on the internal funds.

NET INCOME FROM FINANCIAL INSTRUMENTS RECORDED AT FAIR VALUE THROUGH PROFIT AND LOSS

The account amounted to net charges of Euro 19,105 thousand compared to net income of Euro 1,499 thousand in the same period of the previous year.

The table is broken down as follows:

(in Euro thousands)	**Net interest**	**Other net income**	**Profits realised**	**Losses realised**	**Val. gains and recovery in values**	**Val. losses & adjustment in values**	**Total June 30, 2011**	**Total June 30, 2010**	**Change**
Result of investments from									
Financial assets held for trading	1,210	-31	89	-	202	-4,127	-2,657	-2,306	-351
Financial assets designated at fair value through profit or loss	5,648	-402	93	-18,274	1,308	-5,267	-16,894	3,688	-20,582
Financial liabilities held for trading	-	-	-	-	446	-	446	117	329
TOTAL	**6,858**	**-433**	**182**	**-18,274**	**1,956**	**-9,394**	**-19,105**	**1,499**	**-20,604**

The losses realised refer for Euro 17,876 thousand the sale of option rights concerning the parent company Fondiaria-Sai’s rights issue. Article 2359 *quinquies* of the civil code restricts a company from subscribing to shares or holdings in a parent company. Milano Assicurazioni therefore disposed on the market of the 9,982,557 option rights held. The average unitary sales price was Euro 0.703 against a unitary book value of Euro 2.494, obtained applying to the book value of the shares the impairment factors relating to the share capital increase of Fondiaria-Sai;

INCOME AND CHARGES FROM OTHER FINANCIAL INSTRUMENTS, PROPERTY INVESTMENTS AND HOLDINGS

The following table shows the breakdown:

(in Euro thousands)	Net interest	Other net income	Profits realised	Losses realised	Val. losses & adj. in values	Total 30/06/2011	Total 30/06/2010	Change
Result from:								
Investment property	-	4,552	1,474	-	-15,584	-9,558	-3,498	-6,060
Investments in subsidiaries, associates and joint ventures	-	-1,119	-	-	-	-1,119	-13,208	12,089
Investments held to maturity	3,427	-	-	-	-	3,427	3,338	89
Loans and receivables	17,893	-	451	-183	-	18,161	10,921	7,240
AFS financial assets	86,431	16,947	57,393	-25,039	-44,013	91,719	-17,922	109,641
Other receivables	694	-	-	-	-	694	487	207
Cash and cash equivalents	692	-9	-	-	-	683	312	371
Other financial liabilities	-5,706	-	-	-	-	-5,706	-6,716	1,010
Payables	-230	-	-	-	-	-230	-326	96
TOTAL	**103,201**	**20,371**	**59,318**	**-25,222**	**-59,597**	**98,071**	**-26,612**	**124,683**

The valuation losses and impairments concern:

- AFS financial instruments for Euro 44 million;
- property depreciation of Euro 13.7 million;
- impairments on real estate investments for Euro 1.9 million.

The impairments principally relate to:

- further impairments on securities previously subject to impairment in the previous year, with particular reference to the shares of the direct parent company Fondiaria-Sai (Euro 11.2 million) and the shares of Unicredit (Euro 6.5 million), whose book value was aligned to the share price at June 30 in accordance with IAS 39 (IG.E.4.9);
- impairments relating to securities impacted by the continued negative financial market performance resulting in the period of a listed value lower than the book value for a

continuous period of at least 2 years. Of these, Euro 7.2 million relates to the shares of the indirect parent company Premafin;

- Greek government securities with maturity by 2020, which as outlined in detail for the relative balance sheet account, the negative net equity reserve with a differential between the historic cost and the listing price at the end of June of Euro 14 million was transferred to the income statement.

OTHER REVENUES

The other revenues amounts to Euro 108,907 thousand (Euro 96,708 thousand in the first half of 2010) and is composed of:

(in Euro thousands)	**30/06/2011**	**30/06/2010**	**Change**
Other technical income	19,483	21,061	-1,578
Utilisation of provisions	34,433	931	33,502
Exchange differences	-	15,861	-15,861
Prior year income	776	532	244
Recovery of expenses/ administrative costs	42,803	46,456	-3,653
Other revenue	11,412	11,867	-455
TOTAL	**108,907**	**96,708**	**12,199**

Other technical income principally includes the reversal of commissions on premiums issued in previous years and cancelled in the present period.

Utilisations include Euro 24.1 million provisioned in the 2010 financial statements against charges related to tax audits concerning the years 2005-2008 relating to Milano Assicurazioni. The utilisation took place against a recording to the income statement of the costs relating to the finalisation of these audits, as detailed in the comment concerning the *other costs* account.

The recovery of expenses and administration charges, which are offset against other charges, principally relate to the secondment of personnel within the companies of the Fondiaria-Sai Group and charges against the division, based on standard criteria, of the overheads.

NET CHARGES RELATING TO CLAIMS

These amount, net of the portion ceded to reinsurers, to Euro 1,378,547 thousand - broken down as follows:

(in Euro thousands)	**30/06/2011**	**30/06/2010**	**Change**
Non-Life Division			
Amount paid	1,243,551	1,334,047	-90,496
Change in claims reserve	-67,610	-89,393	21,783
Change in recoveries	-16,371	-18,436	2,065
Change in other technical reserves	-315	190	-505
Total Non-Life	**1,159,255**	**1,226,408**	**-67,153**
Life Division			
Sums paid	311,788	247,952	63,836
Change reserve for sums to be paid	-21,283	-10,858	-10,425
Change in actuarial reserve	-48,463	64,886	-113,349
Change in technical reserves where investment risk borne by policyholders and from pension fund management	-26,834	-9,817	-17,017
Change in other technical reserves	4,084	-5,822	9,906
Total Life	**219,292**	**286,341**	**-67,049**
Total Non-Life + Life	**1,378,547**	**1,512,749**	**-134,202**
Amount paid	1,555,339	1,581,999	-26,660
Change reserves	-176,792	-69,250	-107,542

COMMISSION EXPENSE

(in Euro thousands)	**30/06/2011**	**30/06/2010**	**Change**
Commission expenses	101	35	66

These concern the share of commissions on financial contracts without a significant insurance risk recognised under the deposit accounting method.

MANAGEMENT EXPENSES

The details by type are shown below:

(in Euro thousands)	**30/06/2011**	**30/06/2010**	**Change**
Non-Life acquisition costs			
Acquisition commissions and changes in deferred acquisition costs	216,988	231,941	-14,953
Other acquisition expenses	46,520	45,473	1,047
Collection commissions	11,876	11,940	-64
Reinsurers commissions and profit participation	-18,675	-20,064	1,389
Total Non-Life	**256,709**	**269,290**	**-12,581**
Life acquisition costs			
Acquisition commissions and changes in deferred acquisition costs	4,265	4,394	-129
Other acquisition expenses	3,988	4,134	-146
Collection commissions	1,766	1,979	-213
Reinsurers commissions and profit participation	-1,071	-2,087	1,016
Total Life	**8,948**	**8,420**	**528**
Investment management charges	1,966	1,367	599
Other administration expenses	60,562	59,703	859
TOTAL	**328,185**	**338,780**	**-10,595**

OTHER COSTS

The other costs amount to Euro 225,279 thousand (Euro 219,463 thousand in the first half of 2010) and are comprised of:

(in Euro thousands)	**30/06/2011**	**30/06/2010**	**Change**
Other technical charges	104,095	111,120	-7,025
Provisions	13,754	23,050	-9,296
Losses on receivables	3,681	11,595	-7,914
Prior year charges	2,074	983	1,091
Depreciation of tangible assets	518	437	81
Amortisation of intangible assets	3,641	4,087	-446
Exchange differences	1,522	6,925	-5,403
Administrative costs/expenses incurred for third parties	42,803	46,456	-3,653
Other expenses	53,191	14,810	38,381
TOTAL	**225,279**	**219,463**	**5,816**

The other costs include Euro 37.1 million relating to tax audits concerning the periods 2005-2008 relating to Milano Assicurazioni, in particular relating to financial operations which generated foreign tax credits and the receipt of dividends. The charge incurred in the half-year amounted to Euro 13 million, taking account of the utilisation from risk funds of Euro 24.1 million, previously provisioned in the 2010 financial statements.

The amount recorded fully covers that already agreed by the Company with the Central Assessment Office through settlements made on assessments.

For further information on these assessments, reference should be made to that reported in the first part of the report in the *Other Information* section.

INCOME TAXES

(in Euro thousands)	**30/06/2011**
Current taxes	6,719
Deferred tax liabilities arising in the period	4,749
Deferred tax liabilities utilised in the period	-9,323
Deferred tax assets arising in the period	-25,743
Deferred tax assets utilised in the period	34,133
Effect on deferred tax assets/liabilities due to change in IRAP tax rate	4,832
TOTAL	**15,367**

Income taxes amounted to a charge of Euro 15,367 thousand (Euro 3,485 thousand of income in H1 2010) due to current taxes of Euro 6,719 thousand, net deferred tax charges of Euro 3,816 thousand and a charge relating to the redetermination of deferred taxes due to the increase of the IRAP rate (Euro 4,832 thousand). Following the enactment of Legislative Decree No. 98 of July 6, 2011, converted into Law No. 111 of July 15, 2011, the IRAP rate increased from 4.82% to 6.82%.

FURTHER INFORMATION

Earnings per share

	30/06/2011	30/06/2010
Net profit/(loss) from ordinary operations attributed to the ordinary shareholders of the parent company (Euro thousand)	-55,606	-188,179
Weighted average number of ordinary shares to calculate the basic earnings per share	550,670,914	550,670,914
Earnings/(loss) per share from ordinary operations – in Euro	-0.10	-0.34
Weighted average number of ordinary shares to calculate the diluted earnings per share	579,066,468	550,670,914
Diluted earnings/(loss) per share from ordinary operations – in Euro	-0.10	-0.34

The earnings per share are calculated by dividing the net result from operating activities attributable to the ordinary shareholders of the Parent Company by the average weighted number of ordinary shares outstanding during the period.
It is noted that:

- the net result of operating activities attributable to ordinary shareholders of the Parent Company is calculated subtracting from the Group net result the share of the savings shareholders;
- the weighted average shares outstanding is calculated net of the weighted average treasury shares held;

Following the paid-in share capital increase, on June 27, 2011 550,670,914 option rights for the subscription of 1,284,898,797 ordinary shares were issued. The dilutive effect of the issue of these rights was therefore limited due to the brief period between the offer of the rights and the period end. The diluted loss pertaining to ordinary shareholders of the Parent Company (Euro 0.10 per share) was therefore unchanged compared to the basic loss.

In accordance with paragraph 68 of IAS 33, we report the earnings per share from discontinued operations:

	30/06/2011	30/06/2010
Net profit/(loss) from discontinued operations attributed to the ordinary shareholders of the parent company (Euro thousand)	-	3,110
Weighted average number of ordinary shares to calculate the basic earnings per share	550,670,914	550,670,914
Earnings/(loss) per share from discontinued operations – in Euro	-	0.01
Weighted average number of ordinary shares to calculate th e diluted earnings per share	579,066,468	550,670,914
Diluted earnings/(loss) per share from discontinued operations (in Euro)	-	0.01

Part D

Segment information

In accordance with IFRS 8, segment information provides the readers of the accounts with an additional instrument for a better understanding of the financial results of the Group.
The underlying logic in the application of the standard is to provide information on the manner in which the Group results are formed, consequently providing information on the overall operations of the Group, and, specifically, on the areas where profits and risks are concentrated.

The primary reporting of the Group is by sector of activity. The companies of the Group are organised and managed separately based on the nature of their products and services, for each sector of activity which represents a strategic business unit which offers different products and services.
In order to identify the primary sectors, the Group made an analysis of the risk-return profile of the sectors and considered the internal reporting structure.

The **Non-Life sector** includes the insurance categories indicated in Article 2, paragraph 3 of Legislative Decree 209/2005 (Insurance Code).

The **Life sector** includes the insurance categories and the operations indicated in Article 2, paragraph 1 of Legislative Decree 209/2005 (Insurance Code).

The **Real Estate sector** includes the activities carried out by the real estate companies controlled by the parent company Milano Assicurazioni (Immobiliare Milano s.r.l., Sintesi Seconda s.r.l., Campo Carlo Magno S.p.A.) and by the Athens Real Estate Fund.

The **Other Activities** sector, of a residual nature, includes the activities of Sogeint which operates in the sector of providing commercial assistance to agencies.

This section shows the balance sheet and income statement by sector, prepared in accordance with the formats approved by Isvap Regulation No. 7 of July 13, 2007. Comments and further information on the individual segments are included in the first part of the present report, to which reference should be made.

Segment Balance Sheet and Income Statement

CONSOLIDATED HALF-YEAR FINANCIAL REPORT AT JUNE 30, 2011

In Euro thousands

Segment Balance Sheet

		Non-Life Division		Life Division	
		30/06/2011	31/12/2010	30/06/2011	31/12/2010
1	**INTANGIBLE ASSETS**	**220 443**	**224 164**	**25 322**	**25 325**
2	**PROPERTY, PLANT & EQUIPMENT**	**12 154**	**11 918**	**23**	**28**
3	**TECHNICAL RESERVES – REINSURANCE AMOUNT**	**334 091**	**331 741**	**90 300**	**102 911**
4	**INVESTMENTS**	**4 391 563**	**4 395 130**	**4 019 409**	**4 186 895**
4.1	Investment property	635 136	639 107	-	
4.2	Investments in subsidiaries, associates and joint ventures	96 770	86 102	2 001	1 829
4.3	Investments held to maturity	-	-	124 558	121 798
4.4	Loans and receivables	182 477	195 417	609 778	446 994
4.5	AFS financial assets	3 462 856	3 456 620	3 044 064	3 345 568
4.6	Financial assets at fair value through the profit or loss account	14 324	17 884	239 008	270 706
5	**OTHER RECEIVABLES**	**708 594**	**953 869**	**69 580**	**74 127**
6	**OTHER ASSETS**	**348 895**	**347 560**	**79 616**	**49 864**
6,1	Deferred acquisition costs	-		6 665	7 477
6,2	Other assets	348 895	347 560	72 951	42 387
7	**CASH AND CASH EQUIVALENTS**	**230 555**	**232 280**	**45 918**	**44 545**
	TOTAL ASSETS	**6 246 295**	**6 496 662**	**4 330 168**	**4 483 695**
1	**SHAREHOLDERS' EQUITY**				
2	**PROVISIONS**	**96 649**	**125 539**	**9 013**	**7 750**
3	**TECHNICAL RESERVES**	**5 217 184**	**5 291 543**	**3 749 085**	**3 852 793**
4	**FINANCIAL LIABILITIES**	**171 570**	**160 064**	**194 677**	**197 409**
4.1	Financial liabilities at fair value through profit or loss account	1 023	1 506	60 409	59 317
4.2	Other financial liabilities	170 547	158 558	134 268	138 092
5	**PAYABLES**	**233 101**	**264 124**	**25 593**	**38 284**
6	**OTHER LIABILITIES**	**169 557**	**134 055**	**55 406**	**116 723**
	TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES				

Real Estate Sector		Other		Inter-segment Eliminations		Total	
30/06/2011	31/12/2010	30/06/2011	31/12/2010	30/06/2011	31/12/2010	30/06/2011	31/12/2010
341	**523**					**246 106**	**250 012**
51 932	**52 071**	**95**	**94**			**64 204**	**64 111**
						424 391	**434 652**
452 233	**528 379**	-	-	- **9 261**	- **9 261**	**8 853 944**	**9 101 143**
364 554	370 503			- 9 261	- 9 261	990 429	1 000 349
42 306	114 460				-	141 077	202 391
-						124 558	121 798
27 506	18 093					819 761	660 504
17 867	25 323					6 524 787	6 827 511
-						253 332	288 590
11 343	**10 105**	**189**	**2 785**	-	- **6 068**	**789 706**	**1 034 818**
82 183	**3 964**	**77**	**77**	- **20 141**	- **73 572**	**490 630**	**327 893**
-						6 665	7 477
82 183	3 964	77	77	- 20 141	- 73 572	483 965	320 416
8 503	**3 118**	**6 978**	**4 722**			**291 954**	**284 665**
606 535	**598 160**	**7 339**	**7 678**	- **29 402**	- **88 901**	**11 160 935**	**11 497 294**
						1 232 473	**1 304 567**
2 800	**2 800**	**18**	**50**			**108 480**	**136 139**
						8 966 269	**9 144 336**
13 096	**70 473**	-	-	-	-	**379 343**	**427 946**
374	820					61 806	61 643
12 722	69 653					317 537	366 303
6 275	**5 783**	**5 358**	**7 287**		- **6 068**	**270 327**	**309 410**
491	**497**	**1 908**	**186**	- **23 319**	- **76 565**	**204 043**	**174 896**
						11 160 935	**11 497 294**

CONSOLIDATED HALF-YEAR FINANCIAL REPORT AT JUNE 30, 2011

In Euro thousands

Segment Income Statement

		Non-Life Division		Life Division	
		1H 2011	**1H 2010**	**1H 2011**	**1H 2010**
1.1	Net premiums	1 511 702	1 536 794	188 944	260 442
1.1.1	*Gross premiums written*	1 568 334	1 598 519	194 498	266 692
1.1.2	*Premiums ceded to re-insurers*	- 56 632	- 61 725	- 5 554	- 6 250
1.2	Commission income	-	-	220	138
1.3	Income and charges from financial instruments recorded at fair value through profit or loss	- 19 134	- 1 969	- 417	3 351
1.4	Income from investments in subsidiaries, associates and joint ventures	214	271		
1.5	Income from other financial instruments and property investments	82 958	102 251	111 434	103 601
1.6	Other revenues	102 516	75 306	2 762	10 512
1	**TOTAL REVENUES AND INCOME**	**1 678 256**	**1 712 653**	**302 943**	**378 044**
2.1	Net charges relating to claims	- 1 159 255	- 1 226 408	- 219 292	- 286 341
2.1.1	*Amounts paid and changes in technical reserves*	- 1 182 712	- 1 246 890	- 225 825	- 289 553
2.1.2	*Reinsurers' share*	23 457	20 482	6 533	3 212
2.2	Commission expenses	-	-	- 101	- 35
2.3	Charges from investments in subsidiaries, associates and joint ventures	- 7 877	- 10 479	- 174	- 161
2.4	Charges from other financial instruments and property investments	- 55 916	- 188 926	- 32 911	- 27 781
2.5	Management expenses	- 313 075	- 325 054	- 15 110	- 13 726
2.6	Other costs	- 203 210	- 187 739	- 16 955	- 20 195
2	**TOTAL COSTS AND CHARGES**	**- 1 739 333**	**- 1 938 606**	**- 284 543**	**- 348 239**
	PROFIT/(LOSS) BEFORE TAXES	**- 61 077**	**- 225 953**	**18 400**	**29 805**

	Real Estate Sector		Other		Inter-segment Eliminations		Total	
	1H 2011	1H 2010	1H 2011	1H 2010	1H 2011	1H 2010	1H 2011	1H 2010
	-	-	-	-	-	-	1 700 646	1 797 236
							1 762 832	1 865 211
							-62 186	-67 975
							220	138
	446	117					-19 105	1 499
	6 765						6 979	271
	6 041	5 730		2			200 433	211 584
	919	893	5 189	16 779	-2 479	-6 782	108 907	96 708
	14 171	**6 740**	**5 189**	**16 781**	**-2 479**	**-6 782**	**1 998 080**	**2 107 436**
	-	-	-	-	-	-	-1 378 547	-1 512 749
							-1 408 537	-1 536 443
							29 990	23 694
							-101	-35
	-47	-2 839					-8 098	-13 479
	-12 416	-8 274		-7			-101 243	-224 988
							-328 185	-338 780
	-2 413	-1 925	-5 180	-16 386	2 479	6 782	-225 279	-219 463
	-14 876	**-13 038**	**-5 180**	**-16 393**	**2 479**	**6 782**	**-2 041 453**	**-2 309 494**
	-705	**-6 298**	**9**	**388**	-	-	**-43 373**	**-202 058**

Part E

Transactions with related parties

The principal transactions with related parties, as defined by International Accounting Standards No. 24 (Disclosures on operations with related parties) and article 2, letter h) of Consob Resolution 11971 of May 14, 1999 are shown below. The operations between the Parent Company and its subsidiaries, and related companies, were eliminated in the consolidated financial statements and are therefore not shown in these notes.

(in Euro thousands)

	Assets	Liabilities	Revenues	Costs
Parent Company	162,995	42,367	4,770	9,514
Associate/Group companies	533,456	97,846	89,946	152,623
Other related parties	160,008	1,111	6,659	5,653

<u>Transactions with Fondiaria-SAI and with the associated and group companies in the first half of 2011</u>

The transactions relating to assets, liabilities, income and charges at June 30, 2011 principally regard:

- transactions related to reinsurance activities, principally with the group company Lawrence Re Ltd. (assets Euro 217.4 million – liabilities Euro 84.4 million – revenues Euro 52.1 million – costs Euro 66.2 million);
- transactions based on the breakdown between the Fondiaria-SAI Group companies of common service costs at group level and principally provided by Consorzio Gruppo Fondiaria-SAI Servizi S.c.r.l. (assets Euro 39.9 million – liabilities Euro 44.3 million – revenues Euro 40.9 million – costs Euro 82.3 million);
- transactions related to the participation in the Fondiaria-SAI Group tax consolidation (assets Euro 93.6 million).

<u>Transactions with other related parties at June 30, 2011</u>

The assets at June 30, 2011 principally include:

- Euro 102.5 million recorded in the Investment property account relating to payments on account to the Company “Avvenimenti e Sviluppo Alberghiero S.r.l.” for the execution of the real estate contracts on the building areas at Via Fiorentini, Rome. We recall that this operation, undertaken in 2003, included the sale to “Avvenimenti e Sviluppo Alberghiero S.r.l.” of a site and the purchase of the completed real estate complex under construction on the land in question at a price of Euro 110 million, including the supplementary contract signed in 2009.

- Euro 56.1 million recorded to the Investment property account relating to payments on account to “IM.CO. S.p.A.” for the real estate operations concerning the land at Milan, Via Confalonieri-Via de Castillia (Lunetta dell’Isola). The project included the sale in 2005 to “IM.CO. S.p.A.” of the above-mentioned land and the purchase for Euro 99.1 million of a building for office use in accordance with the recently agreed supplement to the contract.

The financial cash flows in the first half of 2011 in relation to these operations amounted to Euro 4.8 million of payments on account made by Milano Assicurazioni.
Taking into account that the corporate structure of the counterparty companies in the above-mentioned operations includes related parties of Milano Assicurazioni, in addition to the parent company Fondiaria-SAI, fairness and legal opinions from expert advisors were obtained for these operations. The fairness opinions confirmed the appropriateness of the sales price of the areas and the purchase price of the buildings under construction.

For further information relating to the above-stated operations, reference should be made to the 2010 consolidated annual accounts.

Other Information

Solvency margin

At June 30, 2011 the adjusted solvency margin presents coverage of approx. 152%. The share capital increase recently concluded will result in an improvement of the margin by approx. 44 percentage points.

Employees

At June 30, 2011, the number of employees of the Parent Company and of the consolidated companies amounted to 1,929 (1,963 at 31/12/2010). The breakdown by category is as follows:

	30/06/2011	31/12/2010
Executives	18	24
Managers & white collar	1,904	1,932
Building caretakers	7	7
	1,929	**1,963**

External Organisation

The table below shows the Agency distribution:

	30/06/2011
North	987
Centre	507
South and Islands	461
TOTAL AGENCIES	**1,955**

Exchange Rates

The exchange rates of the principal currencies utilised for the conversion of the balance sheet accounts are as follows:

	30/06/2011	31/12/2010	30/06/2010
US Dollar	1.4453	1.3362	1.2271
UK Sterling	0.90255	0.86075	0.81745
Swiss Franc	1.2071	1.2504	1.3283

Milan, August 29, 2011

MILANO ASSICURAZIONI S.p.A.
For the Board of Directors

Attachments

CONSOLIDATED HALF-YEAR FINANCIAL REPORT AT JUNE 30, 2011

In Euro thousands

Details of tangible and intangible fixed assets

	At cost	At revalued amount or fair value	Total book value
Investment property	990 429		990 429
Others buildings	58 045		58 045
Other tangible assets	6 159		6 159
Other intangible assets	15 054		15 054

CONSOLIDATED HALF-YEAR FINANCIAL REPORT AT JUNE 30, 2011

Details of the technical reserves - reinsurance amount

In Euro thousands

	Total book value	
	30/06/2011	31/12/2010
Non-Life reserves	***334 091***	***331 741***
Life reserves	***90 300***	***102 911***
Technical reserves where investment risk is borne by policyholders and from pension fund management	0	0
Actuarial reserves and other reserves	90 300	102 911
Technical reserves attributed to reinsurers	***424 391***	***434 652***

CONSOLIDATED HALF-YEAR FINANCIAL REPORT AT JUNE 30, 2011

In Euro thousands

Details of financial assets

	Investments held to maturity		Loans and receivables		AFS financial assets	
	30/06/2011	31/12/2010	30/06/2011	31/12/2010	30/06/2011	31/12/2010
Equity securities and derivatives valued at cost						
Equity securities at fair value					555 546	593 314
of which listed securities					*505 418*	*544 809*
Debt securities	124 558	121 798	706 019	553 037	5 446 069	5 606 764
of which listed securities	*123 203*	*120 468*	*0*	*0*	*5 415 441*	*5 567 954*
Fund units					523 172	627 433
Loans and receivables from banks						
Loans and interbank receivables						
Deposits with reinsurers			2 644	2 614		
Financial asset components of insurance contracts						
Other loans and receivables			102 098	104 853		
Non-hedging derivatives						
Hedging derivatives						
Other financial investments			9 000			
Total	**124 558**	**121 798**	**819 761**	**660 504**	**6 524 787**	**6 827 511**

Financial assets at fair value through the profit or loss account				Total book value	
Financial assets held for trading		Financial assets designated at fair value through profit or loss account			
30/06/2011	31/12/2010	30/06/2011	31/12/2010	30/06/2011	31/12/2010
				0	0
		789	650	556 335	593 964
		789	*650*	*506 207*	*545 459*
17 527	23 411	185 735	214 262	6 479 908	6 519 272
561	*561*	*175 131*	*204 322*	*5 714 336*	*5 893 305*
		47 189	48 159	570 361	675 592
				0	0
				0	0
				2 644	2 614
				0	0
				102 098	104 853
		57	312	57	312
		158		158	0
		1 877	1 796	10 877	1 796
17 527	**23 411**	**235 805**	**265 179**	**7 722 438**	**7 898 403**

CONSOLIDATED HALF-YEAR FINANCIAL REPORT AT JUNE 30, 2011

In Euro thousands

Breakdown of assets and liabilities relating to contracts issued by insurance companies where the investment risk is borne by policyholders and from pension fund management

	Returns based on performance of investments funds and market indices		Returns related to the management of pension funds		Total	
	30/06/2011	31/12/2010	30/06/2011	31/12/2010	30/06/2011	31/12/2010
Assets in accounts	200 786	231 769	16 876	13 906	217 662	245 675
Inter-group assets*					0	0
Total Assets	**200 786**	**231 769**	**16 876**	**13 906**	**217 662**	**245 675**
Financial liabilities in accounts	42 076	43 694	16 876	13 906	58 952	57 600
Technical reserves in accounts	158 708	188 075			158 708	188 075
Inter-group liabilities*					0	0
Total Liabilities	**200 784**	**231 769**	**16 876**	**13 906**	**217 660**	**245 675**

* Assets and liabilities eliminated in consolidation

Details of technical reserves

In Euro thousands

	Total book value	
	30/06/2011	31/12/2010
Non-Life reserves	***5 217 184***	***5 291 543***
Unearned premium reserve	1 182 548	1 192 062
Claims reserve	4 031 694	4 096 194
Other reserves	2 942	3 287
of which reserves set aside following the liability adequacy test		
Life reserves	***3 749 085***	***3 852 793***
Reserve for claims to be paid	35 479	48 886
Actuarial reserves	3 589 286	3 648 679
Technical reserves where investment risk is borne by policyholders and from pension fund management	158 708	188 076
Other reserves	-34 388	-32 848
of which reserves set aside following the liability adequacy test		
of which deferred liabilities to policyholders	*-54 134*	*-54 338*
Total Technical Reserves	***8 966 269***	***9 144 336***

CONSOLIDATED HALF-YEAR FINANCIAL REPORT AT JUNE 30, 2011

In Euro thousands

Details of financial liabilities

	Financial liabilities at fair value through profit or loss account			
	Financial liabilities held for trading		Financial liabilities designated at fair value through profit or loss	
	30/06/2011	31/12/2010	30/06/2011	31/12/2010
Equity financial instruments				
Sub-ordinated liabilities				
Liabilities from financial contracts issued by insurance companies deriving			58 952	57 600
From contracts for which the investment risk is borne by policyholders			*42 076*	*43 694*
From the management of pension funds			*16 876*	*13 906*
From other contracts				
Deposits received from reinsurers				
Financial liability components of insurance contracts				
Debt securities issued				
Payables to bank clients				
Interbank payables				
Other loans obtained				
Non-hedging derivatives	374	820		
Hedging derivatives	1 023	1 506		
Other financial liabilities			1 457	1 717
Total	**1 397**	**2 326**	**60 409**	**59 317**

Other financial liabilities		Total book value	
30/06/2011	31/12/2010	30/06/2011	31/12/2010
151 924	151 807	151 924	151 807
		58 952	57 600
		42 076	*43 694*
		16 876	*13 906*
150 945	144 843	150 945	144 843
		374	820
		1 023	1 506
14 668	69 653	16 125	71 370
317 537	**366 303**	**379 343**	**427 946**

Details of technical insurance accounts

In Euro thousands

			30/06/2011	30/06/2010
Non-Life Division				
NET PREMIUMS			1 511 702	1 536 794
	a	Premiums written	1 504 332	1 539 838
	b	Change in unearned premium reserve	7 370	-3 044
NET CHARGES RELATING TO CLAIMS			-1 159 255	-1 226 408
	a	Amount paid	-1 243 551	-1 334 047
	b	Change in claims reserve	67 610	89 393
	c	Change in recoveries	16 371	18 436
	d	Change in other technical reserves	315	-190
Life Division				
NET PREMIUMS			188 944	260 442
NET CHARGES RELATING TO CLAIMS			-219 292	-286 341
	a	Sums paid	-311 788	-247 952
	b	Change in reserve for sums to be paid	21 283	10 858
	c	Change in actuarial reserve	48 463	-64 886
	d	Change technical reserves where investment risk borne by policyholders and from pension fund management	26 834	9 817
	e	Change in other technical reserves	-4 084	5 822

CONSOLIDATED HALF-YEAR FINANCIAL REPORT AT JUNE 30, 2011

In Euro thousands

Financial income and charges from investments

		Interest	Other Income	Other expenses	Profits realised
Result from investments		**114 609**	**39 854**	**-19 907**	**59 500**
a	Deriving from property investments		14 142	-9 590	1 474
b	Deriving from investments in subsidiaries, associates and joint ventures		6 979	-8 098	
c	Deriving from investments held-to-maturity	3 427			
d	Deriving from loans and receivables	17 893			451
e	Deriving from AFS financial assets	86 431	17 836	-889	57 393
f	Deriving from financial assets held for trading	1 210		-31	89
g	Deriving from financial assets designated at fair value through profit or loss	5 648	897	-1 299	93
Result of other receivables		**694**			
Result of cash and cash equivalents		**692**		-9	
Result of financial liabilities		**-5 706**	**0**	**0**	**0**
a	Deriving from financial liabilities held for trading				
b	Deriving from financial liabilities designated at fair value through profit or loss				
c	Deriving from other financial liabilities	-5 706			
Result of payables		**-230**			
Total		**110 059**	**39 854**	**-19 916**	**59 500**

Losses realised	Total income and charges realised	Valuation gains: Valuation gains	Valuation gains: Write-back of value	Valuation losses: Valuation losses	Valuation losses: Impairment	Total income and charges not realised	Total income/(charges) 30/06/2011	Total income/(charges) 30/06/2010
-43,496	**150,560**	**1,510**	**0**	**-23,088**	**-45,903**	**-67,481**	**83,079**	**-18,987**
	6,026			-13,694	-1,890	**-15,584**	**-9,558**	**-3,498**
	-1,119					**0**	**-1,119**	**-13,208**
	3,427					**0**	**3,427**	**3,338**
-183	**18,161**					**0**	**18,161**	**10,921**
-25,039	**135,732**				-44,013	**-44,013**	**91,719**	**-17,922**
	1,268	202		-4,127		**-3,925**	**-2,657**	**-2,306**
-18,274	**-12,935**	1,308		-5,267		**-3,959**	**-16,894**	**3,688**
	694					**0**	**694**	**487**
	683					**0**	**683**	**312**
0	**-5,706**	**446**	**0**	**0**	**0**	**446**	**-5,260**	**-6,599**
	0	446				**446**	**446**	**117**
	0					**0**	**0**	**0**
	-5,706					**0**	**-5,706**	**-6,716**
	-230					**0**	**-230**	**-326**
-43,496	**146,001**	**1,956**	**0**	**-23,088**	**-45,903**	**-67,035**	**78,966**	**-25,113**

CONSOLIDATED HALF-YEAR FINANCIAL REPORT AT JUNE 30, 2011

In Euro thousands

DETAILS OF INSURANCE MANAGEMENT EXPENSES

	Non-Life Division		Life Division	
	1H 2011	1H 2010	1H 2011	1H 2010
Gross commissions and other acquisition expenses net of commissions and profit participations received from reinsurers	-256 709	-269 290	-8 948	-8 420
Investment management charges	-965	-723	-1 001	-644
Other administration expenses	-55 401	-55 041	-5 161	-4 662
Total	**-313 075**	**-325 054**	**-15 110**	**-13 726**

CONSOLIDATED HALF-YEAR FINANCIAL REPORT AT JUNE 30, 2011

In Euro thousands

Details of financial assets and liabilities by level

		Level 1		Level 2		Level 3		Total	
		30/06/2011	31/12/2010	30/06/2011	31/12/2010	30/06/2011	31/12/2010	30/06/2011	31/12/2010
AFS financial assets		5 920 859	6 112 763	553 800	666 243	25 520	25 520	6 500 179	6 804 526
Financial assets at fair value through the profit or loss account	Financial assets held for trading	561	561	16 966	22 850			17 527	23 411
	Financial assets designated at fair value through profit or loss account	15 707	17 169	220 098	248 010			235 805	265 179
Total		5 937 127	6 130 493	790 864	937 103	25 520	25 520	6 753 511	7 093 116
Financial liabilities at fair value through profit or loss account	Financial liabilities held for trading			1 397	2 326			1 397	2 326
	Financial liabilities designated at fair value through profit or loss			60 409	59 317			60 409	59 317
Total		-	-	61 806	61 643	-	-	61 806	61 643

CONSOLIDATED HALF-YEAR FINANCIAL REPORT AT JUNE 30, 2011

In Euro thousands

Details of changes of financial assets and liabilities by level

	Financial assets			Financial liabilities at fair value through profit or loss	
	AFS financial assets	Financial assets at fair value through profit or loss			
		Financial assets held for trading	Financial assets designated at fair value through profit or loss	Financial liabilities held for trading	Financial liabilities designated at fair value through profit or loss
Beginning balance	25 520				
Purchase/Issues					
Sales /Repurchases					
Reimbursements					
Profit and loss recorded in profit and loss					
Other comprehensive items					
Transfer to level 3					
Transfer to other levels					
Other changes					
Closing balance	25 520	0	0	0	0

List of direct and indirect holdings in non-listed companies of above 10% of the share capital at 30/06/11
(In accordance with article 125-126 of CONSOB Resolution 11971 of May 14, 1999)

Name and registered office		Voting shares held	Quota held			
			Direct %	Indirect %	Through Subsidiary companies	Total %
ATAHOTELS S.p.A.	MILAN	7 350 000	49,00			49,00
A7 S.r.l	TRIESTE	40 000		20,00	IMMOBILIARE MILANO ASS	20,00
BORSETTO S.r.l.	TURIN	1 335 149		44,93	IMMOBILIARE MILANO ASS	44,93
CAMPO CARLO MAGNO S.p.A.	TRENTO	18 622 400	100,00			100,00
CITYLIFE S.r.l.	MILAN	85 152		27,20	IMMOBILIARE MILANO ASS	27,20
COMP. TIRRENA DI ASS.NI (in liquidat.)	MILAN	3 900 000	11,14			11,14
DIALOGO ASSICURAZIONI S.p.A.	MILAN	8 818 363	99,85			99,85
GARIBALDI S.C.A	LUXEMBOURG	9 920	32,00			32,00
GLOBAL CARD SERVICE S.r.l	TURIN	43 472		44,00	LIGURIA ASSICURAZIONI	95,00
		50 388		51,00	LIGURIA VITA	
GRUPPO FONDIARIA-SAI SERVIZI S.c.r.l.	MILAN	3 421 000	34,21			34,63
		2 000		0,02	LIGURIA ASSICURAZIONI	
		2 000		0,02	LIGURIA VITA	
		18 000		0,18	SYSTEMA COMPAGNIA ASS	
		20 000		0,20	DIALOGO ASSICURAZIONI	
IGLI S.p.A.	MILAN	4 020 000		16,67	IMMOBILIARE MILANO ASS	
ISOLA S.C.A	LUXEMBOURG	9 164	29,56			29,56
IMMOBILIARE LOMBARDA S.p.A.	MILAN	51 620 836	35,83			35,83
IMMOBILIARE MILANO ASSICURAZIONI S.r.l	MILAN	20 000	100,00			100,00
LIGURIA ASSICURAZIONI S.p.A.	SEGRATE	36 788 443	99,97			99,97
LIGURIA VITA S.p.A.	MILAN	1 200 000		100,00	LIGURIA ASSICURAZIONI	100,00
METROPOLIS S.p.A	FLORENCE	332 976		29,73	IMMOBILIARE MILANO ASS	29,73
PENTA DOMUS S.r.l	TURIN	24 000		20,00	IMMOBILIARE MILANO ASS	20,00
PRONTO ASSISTANCE SERVIZI	TURIN	144 480	28,00			54,55
		1 806		0,35	SYSTEMA COMPAGNIA	
		123 840		24,00	DIALOGO ASSICURAZIONI	
		11 352		2,20	LIGURIA ASSICURAZIONI	
SAI INVESTIMENTI S.G.R. S.p.A.	TURIN	1 134 940	29,00			29,00
SAINETWORK	TURIN	902 888	18,00			18,00
SERVICE GRUPPO FONDIARIA-SAI S.r.l.	FLORENCE	60 000	30,00			50,00
SERVIZI IMMOBILIARI MARTINELLI S.p.A.	CINISELLO BALSAMO	200		20,00	IMMOBILIARE MILANO ASS	20,00
SINTESI SECONDA S.r.l	MILAN	1		100,00	IMMOBILIARE MILANO ASS	100,00
SISTEMI SANITARI (EX SERV SALUTE MALATTIA)	MILAN	196 299	19,63			20,31
		171		0,02	DIALOGO ASSICURAZIONI	
		2 170		0,22	LIGURIA ASSICURAZIONI	
		195		0,02	LIGURIA VITA	
		4 100		0,41	PRONTO ASSISTANCE SERVIZI	
		118		0,01	SYSTEMA COMPAGNIA ASS	
SOGEINT S.r.l	MILAN	1	100,00			100,00
SVILUPPO CENTRO EST S.r.l	ROME	4 000		40,00	IMMOBILIARE MILANO ASS	40,00
SYSTEMA COMPAGNIA DI ASS.NI S.p.A.	MILAN	10 000	100,00			100,00
UFFICIO CENTRALE ITALIANO S.r.l	MILAN	109 752	10,98			11,29
		3 100		0,31	LIGURIA ASSICURAZIONI	
VALORE IMMOBILIARE S.r.l.	MILAN	5 000	50,00			50,00

Declaration of the Condensed Half-Year Financial Statements

in accordance with Article 81-*ter* of the Consob Resolution No. 11971 of May 14, 1999 and successive modifications and integrations

1. The undersigned Emanuele Erbetta (as Chief Executive Officer of Milano Assicurazioni) and Pier Giorgio Bedogni (as Executive responsible for the preparation of the corporate accounting documents of Milano Assicurazioni) affirm, and also in consideration of Article 154-*bis*, paragraphs 3 and 4, of Legislative Decree No. 58 of 24 February, 1998:
   - the accuracy of the information on company operations and
   - the effective application of the administrative and accounting procedures for the compilation of the condensed half-year financial statements in the first half-year of 2011.

2. The evaluation of the adequacy of the accounting and administrative procedures for the preparation of the condensed half-year financial statements at June 30, 2011 is based on a Model defined by Milano Assicurazioni in accordance with the "Internal Control – Integrated Framework" and "Cobit" which represent benchmarks for internal control systems generally accepted at international level.

3. It is also declared that:

3.1 The condensed half-year financial statements:

   a) were prepared in accordance with international accounting standards, recognised in the European Union pursuant to EU regulation No. 1606/2002 of the European Parliament and Council, of July 19, 2002;
   b) corresponds to the underlying accounting documents and records;
   c) provide a true and correct representation of the economic, balance sheet and financial situation of the issuer and of the companies included in the consolidation.

3.2 The Interim Directors' Report on operations includes an analysis of the significant events in the first six months of the year and their impact on the condensed half-year financial statements, with a description of the principal risks and uncertainties for the remaining six months. The interim directors' report also includes a reliable analysis of the information on significant operations with related parties.

Milan, August 29, 2011

Emanuele Erbetta
(Chief Executive Officer)

Pier Giorgio Bedogni
(Executive responsible for the preparation of the corporate accounting documents)

Auditors' report on the limited audit of the condensed interim consolidated financial statements at June 30, 2011

Deloitte.

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Italia

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RELAZIONE DELLA SOCIETÀ DI REVISIONE SULLA REVISIONE CONTABILE LIMITATA DEL BILANCIO CONSOLIDATO SEMESTRALE ABBREVIATO

Agli Azionisti di
MILANO ASSICURAZIONI S.p.A.

1. Abbiamo effettuato la revisione contabile limitata del bilancio consolidato semestrale abbreviato, costituito dallo stato patrimoniale, dal conto economico separato, dal conto economico complessivo, dal prospetto delle variazioni di patrimonio netto, dal rendiconto finanziario e dalle relative note esplicative di Milano Assicurazioni S.p.A. e sue controllate (il "Gruppo Milano Assicurazioni") al 30 giugno 2011. La responsabilità della redazione del bilancio consolidato semestrale abbreviato in conformità al principio contabile internazionale applicabile per l'informativa finanziaria infrannuale (IAS 34) adottato dall'Unione Europea, nonché al Regolamento ISVAP n. 7 del 13 luglio 2007, compete agli Amministratori di Milano Assicurazioni S.p.A.. È nostra la responsabilità della redazione della presente relazione in base alla revisione contabile limitata svolta.

2. Il nostro lavoro è stato svolto secondo i criteri per la revisione contabile limitata raccomandati dalla Consob con Delibera n. 10867 del 31 luglio 1997. La revisione contabile limitata è consistita principalmente nella raccolta di informazioni sulle poste del bilancio consolidato semestrale abbreviato e sull'omogeneità dei criteri di valutazione, tramite colloqui con la Direzione della Società, e nello svolgimento di analisi di bilancio sui dati contenuti nel predetto bilancio consolidato. La revisione contabile limitata ha escluso procedure di revisione quali sondaggi di conformità e verifiche o procedure di validità delle attività e delle passività ed ha comportato un'estensione di lavoro significativamente inferiore a quella di una revisione contabile completa svolta secondo gli statuiti principi di revisione. Di conseguenza, diversamente da quanto effettuato sul bilancio consolidato di fine esercizio, non esprimiamo un giudizio professionale di revisione sul bilancio consolidato semestrale abbreviato.

   Per quanto riguarda i dati relativi al bilancio consolidato dell'esercizio precedente ed al bilancio consolidato semestrale abbreviato dell'anno precedente presentati ai fini comparativi, si fa riferimento alle nostre relazioni rispettivamente emesse in data 5 aprile 2011 e in data 26 agosto 2010.

3. Sulla base di quanto svolto, non sono pervenuti alla nostra attenzione elementi che ci facciano ritenere che il bilancio consolidato semestrale abbreviato del Gruppo Milano Assicurazioni al 30 giugno 2011 non sia stato redatto, in tutti gli aspetti significativi, in conformità al principio contabile internazionale applicabile per l'informativa finanziaria infrannuale (IAS 34) adottato dall'Unione Europea.

DELOITTE & TOUCHE S.p.A.

Andrea Paiola
Socio

Milano, 29 agosto 2011