

## ***Consolidated Half-Year Report at 30 June 2013***

**Unipol**  
GRUPPO



**MILANO ASSICURAZIONI S.p.A.**  
**Sede Legale e Direzione**

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## BOARD OF DIRECTORS

<b>Fabio Cerchiai *</b>	<i>Chairman</i>
<b>Pierluigi Stefanini *</b>	<i>Vice Chairman</i>
<b>Carlo Cimbri *</b>	<i>Chief Executive Officer</i>
<b>Carla Angela</b>	
<b>Gianluca Brancadoro</b>	
<b>Cristina De Benetti</b>	
<b>Daniele Ferrè</b>	
<b>Germana Ravaoli</b>	
<b>Antonio Rizzi</b>	

*\* Members of the Executive Committee*

<b>Roberto GIAY</b>	<i>Secretary to the Board of Directors</i>
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The Board of Directors was appointed by the Shareholders' Meeting of 29 April 2013 for the three-year period 2013, 2014 and 2015 and therefore until the approval of the 2015 Annual Accounts.

The Board of Directors on 8 May appointed the corporate officers and the internal committees of the board as reported below.

The Board appointed, for the duration of its mandate, and therefore until the approval of the 2015 Annual Accounts, Fabio Cerchiai as Chairman, Pierluigi Stefanini as Vice Chairman and Carlo Cimbri as Chief Executive Officer.

The Vice Chairman Pierluigi Stefanini was also appointed Director in charge of the internal control and risk management system, in accordance with the Self-Governance Code for listed companies.

The Board of Directors appointed, for the duration of its mandate and therefore until the approval of the 2015 Annual Accounts, an Executive Committee comprising 3 Directors in the persons of those qualifying under Article 18 of the By-laws and therefore the Chairman Fabio Cerchiai, the Vice Chairman Pierluigi Stefanini and the Chief Executive Officer Carlo Cimbri.

The Board of Directors also appointed:

- the Remuneration Committee as Directors Gianluca Brancadoro (Chairman), Carla Angela and Cristina De Benetti, all independent;
- the Control and Risks Committee as Directors Antonio Rizzi (Chairman), Carla Angela and Cristina De Benetti, all independent;
- Massimo Dalfelli as the Manager in charge of financial reporting.

## JOINT REPRESENTATIVE OF THE SAVINGS SHAREHOLDERS

Emanuele **Rimini**

## BOARD OF STATUTORY AUDITORS

Giuseppe **Angiolini**  
*Chairman*

Antonino **D'Ambrosio**  
*Statutory Auditor*

Giorgio **Loli**  
*Statutory Auditor*

Francesco **Bavagnoli**  
*Alternate Auditor*

Claudio **De Re**  
*Alternate Auditor*

Michela **Zeme**  
*Alternate Auditor*

The Board of Statutory Auditors was appointed by the Shareholders' Meeting on 10 July 2012 and will remain in office until the approval of the financial statements by the Shareholders' Meeting for the year ended 31 December 2014.

## INDEPENDENT AUDIT FIRM

RECONTA ERNST & YOUNG S.P.A.

MANAGER IN CHARGE  
*of financial reporting*

Massimo **Dalfelli**



# **CONSOLIDATED HALF-YEAR REPORT OF THE MILANO GROUP AT 30 JUNE 2013**





## PREMIUMS WRITTEN

Direct and indirect premiums in H1 2013 amount to Euro 1,438 million (-12.2% on H1 2012), of which Euro 1,262.3 million relating to the Non-Life business (-12.3%) and Euro 175.7 million relating to the Life business (-12.7%).

In the Non-Life classes, the **MV sector** reported a 14.1% decrease in premiums. The reduction, although easing in the second quarter, is due to the continued reform of the multi-claim portfolio and the drop in new vehicle registrations, which again in the first half of 2013 contracted significantly (-10.3%) due to the challenging economic environment which heavily impacted the sector. Premiums were also affected by the tariff reductions recently introduced to safeguard the existing portfolio of valuable clients and to attract new business.

The other **Non-Life classes** reported a 7.6% reduction - also improving on the first quarter - principally due to the review of the Corporate portfolio which began in 2012 and continued in the first half of 2013. The Retail sector also contracted, impacted by the extensive economic crisis which has hit the amount of household disposable income allocated to insurance coverage.

The uncertainties surrounding recent events within the former Fondiaria-Sai Group, thereafter resulting in the acquisition of control by the Unipol group, also had a negative impact.

Direct **Life business** premiums amounted to Euro 175.8 million, a decrease of 12.7% on H1 2012. The reduction, largely against the general market, was due to uncertainties surrounding the future of the brand in light of the divestment project in progress.

The **indirect business** continues to be marginal due to the decision to cease underwriting on the inward reinsurance market with companies not belonging to the Group.

The breakdown of the premiums written with the changes to the first half of 2012 is shown in the table below.

(in Euro thousands)	H1 2013	H1 2012	Change %
<b>DIRECT PREMIUMS</b>			
Non-Life business	1,260,531	1,435,880	-12.2
Life business	175,755	201,391	-12.7
<b>TOTAL DIRECT INCOME</b>	<b>1,436,286</b>	<b>1,637,271</b>	<b>-12.3</b>
<b>INDIRECT PREMIUMS</b>			
Non-Life business	1,756	2,943	-40.3
Life business	1	1	-
<b>TOTAL INDIRECT INCOME</b>	<b>1,757</b>	<b>2,944</b>	<b>-40.3</b>
<b>TOTAL</b>	<b>1,438,043</b>	<b>1,640,215</b>	<b>-12.2</b>
of which:			
Non-Life business	1,262,287	1,438,823	-12.3
Life business	175,756	201,392	-12.7

## Disposals under the Anti-trust Authority order

The Anti-trust Authority order of 19 June 2012 (the “Order”) authorised the acquisition of control by UGF of the Premafin/Fonsai Group and specifically the companies Premafin, Fonsai and Milano Assicurazioni, prescribing, in accordance with Article 6, paragraph 2 of Law No. 287/90, among other issues, that Unipol disposes of companies and business units comprising, among others, brands, insurance portfolios (comprising significant amounts of premiums) and agency contracts, infrastructure and instrumental resources, for a total value of approx. Euro 1.7 billion.

The Order also establishes that, following the sale of these assets, the Group post-merger shall have its market share at national and regional level reduced to under 30% (or to guarantee the disposal of the entire share acquired under the operation if the 30% share had been held pre-merger) for both the Non-Life and Life businesses considered individually and based on IVASS figures.

UGF instigated a disposal process, inviting major Italian and overseas operators and interested financial investors to participate.

On 8 May 2013 the Board of Directors of Milano Assicurazioni S.p.A. and Fondiaria-Sai S.p.A. and on 9 May 2013 the Board of Directors of Unipol Gruppo Finanziario S.p.A. respectively identified, also in exercising direction and coordination of the Group, the assets subject to disposal, specifically identifying the companies, assets and liabilities, in addition to the contracts and the Mediobanca – Banca di Credito Finanziario S.p.A. debt to be disposed of, to ensure fulfillment of the Order.

In the days immediately following interested investors present the Information Memorandum concerning the assets and liabilities to be disposed of, in order to prepare any non-binding offers.

For the preparation of the Condensed Consolidated Half-Year Financial Statements IFRS 5 – Assets held for sale was applied to those assets subject to disposal.

In particular, in the consolidated statement of financial position the assets held for sale, amounting to Euro 4,041 million were reclassified to the single account called “Non-current assets held for sale or disposal groups” (account 6.1 of Assets), while the liabilities for Euro 3,737 million were similarly reclassified to a single account called “Liabilities associated with disposal groups” (account 6.1 Liabilities). Both the accounts are net of inter-company transactions.

As the assets and liabilities within the disposal group do not represent collectively “disposed operating assets”, the income components held for sale are stated according to the normal classification rules through the various income statement accounts.

The application of IFRS 5 did not have any effects on the consolidated results, nor on equity.

## H1 OPERATING PERFORMANCE

The Group Net Profit for the first half of 2013 was Euro 92.8 million (net profit of Euro 3.1 million in the first half of 2012). This result principally stems from the positive Non-Life technical performance and the absence of extraordinary costs which impacted the first half of 2012. The H1 2012 result was impacted by the bankruptcy of the companies Im.co and Sinergia, resulting in charges of Euro 61.6 million against the property operations which Milano Assicurazioni had undertaken with Im.co and its subsidiary Avvenimenti e Sviluppo Alberghiero.

The following table reports the half-year income statement and is compared with the previous year.

<i>(in Euro thousands)</i>	<b>H1 2013</b>	<b>H1 2012</b>	<b>Change</b>
Net premiums	1,434,208	1,624,077	-189,869
Commission income	218	357	-139
Gains and losses of financial instruments at fair value through profit or loss	-2,482	24,586	-27,068
Gains on investments in subsidiaries, ass. & interests	264	557	-293
Gains on other financial instruments and investment property	174,776	212,541	-37,765
- <i>Interest income</i>	129,630	119,291	10,339
- <i>Other gains</i>	17,854	27,341	-9,487
- <i>Realised gains</i>	27,292	63,810	-36,518
- <i>Unrealised gains</i>	-	2,099	-2,099
Other income	84,624	91,108	-6,484
<b>Total revenue and income</b>	<b>1,691,608</b>	<b>1,953,226</b>	<b>-261,618</b>
Net charges relating to claims	-1,052,977	-1,291,333	238,356
Commission expenses	-42	-56	14
Losses on subsidiaries ass. & interests in jt. ven.	-12,018	-8,385	-3,633
Losses on other financial instruments and investment property	-39,397	-85,444	46,047
- <i>Interest expense</i>	-4,475	-5,873	1,398
- <i>Other charges</i>	-9,774	-11,137	1,363
- <i>Realised losses</i>	-7,417	-16,722	9,305
- <i>Unrealised losses</i>	-17,731	-51,712	33,981
Operating expenses	-276,160	-306,847	30,687
- <i>Commissions and other acquisition costs</i>	-221,626	-247,947	26,321
- <i>Investment management charges</i>	-1,929	-2,202	273
- <i>Other administration expenses</i>	-52,605	-56,698	4,093
Other costs	-150,455	-233,880	83,425
<b>Total costs and expenses</b>	<b>-1,531,049</b>	<b>-1,925,945</b>	<b>394,896</b>
<b>Pre-tax profit</b>	<b>160,559</b>	<b>27,281</b>	<b>133,278</b>
Income taxes	-67,760	-18,830	-48,930
<b>Net profit for the period</b>	<b>92,799</b>	<b>8,451</b>	<b>84,348</b>
Profit/(loss) from discontinued operations	-	-5,438	5,438
<b>Consolidated Profit for the period</b>	<b>92,799</b>	<b>3,013</b>	<b>89,786</b>
attributable to non-controlling interests	-46	-52	6
<b>attributable to owners of the parent</b>	<b>92,845</b>	<b>3,065</b>	<b>89,780</b>

Highlights:

- the **Non-Life business** reports a pre-tax profit of Euro 128.4 million, significantly improving on the first half of 2012 (profit of Euro 8.1 million). The improvement relates principally to the technical performance which reports a combined ratio of 91.7% compared to 99.1% in the first half of 2012 and 105.9% for the full year 2012.

In particular, in the **MV TPL Class** the measures taken to boost profitability and the more favourable market resulted in significantly improved technical indicators: claims reported dropped 15.2%, with the frequency reducing and a positive technical balance, against a favourable current claims trend and a prior year claims performance which did not negatively impact the income statement, with the 2012 provision adequately covering liabilities.

The **Land Vehicle** class also reported a positive technical performance, although at levels lower than the first half of 2012, which was particularly positive.

The overall performance of the **Other Non-Life Classes** was also strong, with particularly satisfying results for the Accident, Fire and Assistance Classes. The General TPL Class again reported losses, however significantly improving on the first half of 2012, particularly in relation to prior year claims, which did not significantly impact income.

- the **Life business** in the first half reports a pre-tax profit of Euro 36.7 million, improving on Euro 26.2 million in the first half of 2012. The improvement principally owes to the greater differential between the total income and the portion attributable to policyholders. The profitability was supported in any case by a policy portfolio which is characterised principally by traditional type products, whose technical composition is focused on - through the selection of demographic and financial parameters - the guarantee of a satisfying margin. The products offered, for the quality and the wide range offered, satisfy all needs of clients, both in terms of savings (pension and non) and in terms of investments in relation to fulfilling security and protection needs.
- the **real estate sector** reported a pre-tax loss of Euro 4.4 million, due essentially to the assets of Immobiliare Milano s.r.l., whose ordinary income does not currently cover in full maintenance costs and depreciation, also due to the fact that a number of complexes are largely not rented;
- the **asset and financial management** reports overall net income of Euro 121.1 million, reducing on Euro 143.9 million in the first half of 2012. In particular, in relation to the most significant accounts:
  - interest income amounted to Euro 129.6 million, compared to Euro 119.3 million in H1 2012 (+8.7%);
  - net realised gains amounted to Euro 19.9 million (Euro 47.1 million in H1 2012), of which Euro 16.3 million relates to bond securities, Euro 0.2 million to property investments, Euro 6 million to shares and Euro 2.6 million to net losses on investment fund units;

- net unrealised losses amounted to Euro 17.7 million (Euro 49.6 million in H1 2012) and concern impairments on available-for-sale financial instruments of Euro 6.6 million and depreciation on property for Euro 11.1 million;
  - the financial instruments at fair value through profit and loss report net charges of Euro 2.5 million compared to net income of Euro 24.6 million in the first half of 2012.
  - the associated companies report income of Euro 0.3 million and charges of Euro 12 million, of which Euro 5.1 million concerning Atahotels, which continues to feel the effects of the hotel sector crisis and a high proportion of overhead costs and Euro 6.2 million relating to the loss in the half-year of the consortium company Gruppo Fondiaria-Sai Servizi.
- 
- the operating expenses in the Non-Life business amounted to Euro 262.9 million, accounting for 20.8% of net premiums (20.5% in H1 2012). In the Life business, operating expenses amounted to Euro 13.2 million, accounting for 7.7% of net premiums (7.3% in H1 2012).

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 Sogoint, which provides commercial assistance to the Agencies.

<i>(in Euro thousands)</i>	Non-Life	Life	Real Estate	Other	Inter-segment elim.	Total
Net premiums	1,263,000	171,208	-	-	-	1,434,208
Commission income	-	218	-	-	-	218
Gain/losses on financial instruments at fair value through profit or loss	-4,732	2,250	-	-	-	-2,482
Gains on investments in subsidiaries, associates & interests in joint ventures	1	245	18	-	-	264
Gains on other financial instruments and investment property	85,009	82,997	6,770	-	-	174,776
- Interest income	59,677	69,706	247	-	-	129,630
- Other gains	7,311	4,020	6,523	-	-	17,854
- Realised gains	18,021	9,271	-	-	-	27,292
- Unrealised gains	-	-	-	-	-	-
Other income	78,611	2,767	1,207	3,382	-1,343	84,624
<b>Total revenues and income</b>	<b>1,421,889</b>	<b>259,685</b>	<b>7,995</b>	<b>3,382</b>	<b>-1,343</b>	<b>1,691,608</b>
Net charges relating to claims	-864,106	-188,871	-	-	-	-1,052,977
Commission expenses	-	-42	-	-	-	-42
Losses on investments in subsidiaries, associates & interests in joint ventures	-10,945	-971	-102	-	-	-12,018
Losses on other financial instruments and investment property	-24,484	-6,851	-8,062	-	-	-39,397
- Interest expense	-2,549	-1,926	-	-	-	-4,475
- Other charges	-5,705	-222	-3,847	-	-	-9,774
- Realised losses	-5,170	-2,237	-10	-	-	-7,417
- Unrealised losses	-11,060	-2,466	-4,205	-	-	-17,731
Operating expenses	-262,927	-13,233	-	-	-	-276,160
- Commissions and other acquisition	-213,896	-7,730	-	-	-	-221,626
- Investment management expenses	-1,354	-575	-	-	-	-1,929
- Other administration expenses	-47,677	-4,928	-	-	-	-52,605
Other costs	-131,029	-13,065	-4,184	-3,520	1,343	-150,455
<b>Total costs and expenses</b>	<b>-1,293,491</b>	<b>-223,033</b>	<b>-12,348</b>	<b>-3,520</b>	<b>1,343</b>	<b>-1,531,049</b>
<b>Pre-tax profit/(loss) – H1 2013</b>	<b>128,398</b>	<b>36,652</b>	<b>-4,353</b>	<b>-138</b>	<b>-</b>	<b>160,559</b>
<b>Pre-tax profit/(loss) – H1 2012</b>	<b>8,107</b>	<b>26,157</b>	<b>-4,880</b>	<b>-2,103</b>	<b>-</b>	<b>27,281</b>

The **Comprehensive income statement**, which includes the profits and losses recorded to net equity as established by IAS/IFRS Accounting Standards, reported a profit of Euro 77.4 million compared to a profit of Euro 101.2 million in H1 2012 - as follows:

<i>(in Euro thousands)</i>	<b>H1 2013</b>	<b>H1 2012</b>
<b>Consolidated Profit</b>	<b>92,799</b>	<b>3,013</b>
<b>Other comprehensive income statement items</b>	<b>-15,373</b>	<b>98,214</b>
<b>Total Comprehensive consolidated profit</b>	<b>77,426</b>	<b>101,227</b>
- Group	77,472	101,278
- Non-controlling interest	-46	-51

For a detailed breakdown of the Comprehensive Income Statement, reference should be made to the financial statements reported in full below, which includes the additional information required by the recent amendments to IAS 1.

In accordance with paragraph IAS 1.82A, introduced with the amendment to IAS 1 issued on 16 June 2011 (see Amendments to IAS 1 “Presentation of Items of Other Comprehensive Income”, enacted through Regulation (EC) 475/2012, and applicable to financial statements beginning 1 July 2012), the “Other Comprehensive Income Statement items” accounts are categorised by type, in addition to whether or not they may be reclassified to profit (loss) for the period in the presence of particular conditions.



## **Non-Life**

## Premiums written

In relation to direct business, which comprises almost the entire portfolio, premiums written in the first half amounted to Euro 1,260.5 million (-12.2% on H1 2012), of which Euro 873.8 million relating to the MV classes (-14.1%) and Euro 386.7 million concerning the Non-MV classes (-7.6%).

Specifically, **MV TPL** premiums totalled Euro 769.7 million, down 13.9% compared to H1 2012. The reduction, although easing in the second quarter, is due to the continued reform of the multi-claim portfolio and the drop in new vehicle registrations, which again in the first half of 2013 contracted significantly (-10.3%) due to the challenging economic environment which heavily impacted the sector, in addition to the continued increase of vehicle running costs.

Premiums were affected by the tariff reductions introduced in September and December 2012 to safeguard the existing portfolio of valuable clients and to attract new business.

In order to establish a more competitive and less mutual tariff structure, in the first half of 2013 the review process of the technical-commercial policies concerning collective agreements continued. The focus is to reduce the share of the collective agreements portfolio, both in terms of number of policies and of discounts applied and to redistribute the agency discounts through technically rigorous policies.

For the **Land Vehicle** class, premiums totalled Euro 104.1 million, decreasing 15.9% on H1 2012. The reduction in class premiums was also principally due to the difficult economic environment, with a contraction in new vehicle registrations and with the reduction in household disposable income making the inclusion of accessory guarantees in the motor policies more difficult.

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 restructuring of the multi-claim portfolio also impacted the result.

In the **Other Non-Life** classes premiums totalled Euro 386.7 million. The reduction on H1 2012 (-7.5%), also improving on the first quarter, is principally due to the review of the Corporate portfolio which began in 2012 and continued into the first half of 2013. These actions impacted both the Property and Casualty sectors, relating to contracts with a high proportion of claims acquired both through the agency channel and through brokers.

The Retail sector also contracted, impacted by the extensive economic crisis which has hit the amount of household disposable income allocated to insurance coverage.

The uncertainties surrounding recent events within the former Fondiaria-Sai Group, thereafter resulting in the acquisition of control by the Unipol group, also had a negative impact.

For the **indirect business** premiums amount to Euro 1.8 million and continue to be marginal due to the decision to cease underwriting on the inward reinsurance market with companies not belonging to the Group.

The breakdown of the gross direct premiums is as follows:

<i>(in Euro thousands)</i>	<b>H1 2013</b>	<b>H1 2012</b>	<b>Change %</b>
Accident & health	102,781	108,735	-5.5
Marine, aviation and transport	5,322	6,783	-21.5
Fire and Property	144,035	153,832	-6.4
General TPL	89,802	99,996	-10.2
Credit & Bonds	18,468	23,752	-22.3
General pecuniary losses	2,317	3,071	-24.6
Legal protection	4,561	3,888	+17.3
Assistance	19,410	18,515	+4.8
<b>Total Non-MV classes</b>	<b>386,696</b>	<b>418,572</b>	<b>-7.6</b>
MV TPL	769,744	893,598	-13.9
Land vehicles	104,091	123,710	-15.9
<b>Total MV classes</b>	<b>873,835</b>	<b>1,017,308</b>	<b>-14.1</b>
<b>TOTAL</b>	<b>1,260,531</b>	<b>1,435,880</b>	<b>-12.2</b>

## Claims reported and paid

In H1 2013, 289,274 claims were reported (-11.2%), of which 172,558 relating to the motor classes (-12.7%) and 116,716 relating to the other non life classes (-8.7%). The amounts paid for claims, including the direct and settlement expenses, amounted to Euro 1,088.7 million, compared to Euro 1,216.3 million in H1 2012.

The following table shows the breakdown by class and compared with H1 2012.

	Claims reported Number			Claims paid (in Euro thousands)		
	H1 2013	H1 2012	Cge. %	H1 2013	H1 2012	Cge. %
Accident & health	27,084	32,659	-17.1	53,527	59,179	-9.6
Marine, aviation and transport	238	345	-31.0	2,960	4,964	-40.4
Fire and Property	40,049	45,258	-11.5	106,588	102,248	+4.2
General TPL	17,331	19,427	-10.8	102,988	98,202	+4.9
Credit & Bonds	376	290	+29.7	14,143	20,003	-29.3
General pecuniary losses	541	560	-3.4	4,368	3,281	+33.1
Legal protection	400	385	+3.9	567	529	+7.2
Assistance	30,697	28,983	+5.9	5,278	5,406	-2.4
<b>Total Non-MV classes</b>	<b>116,716</b>	<b>127,907</b>	<b>-8.7</b>	<b>290,419</b>	<b>293,812</b>	<b>-1.2</b>
MV TPL	125,131	147,496	-15.2	733,902	847,648	-13.4
Land vehicles	47,427	50,247	-5.6	64,381	74,883	-14.0
<b>Total MV classes</b>	<b>172,558</b>	<b>197,743</b>	<b>-12.7</b>	<b>798,283</b>	<b>922,531</b>	<b>-13.5</b>
<b>TOTAL</b>	<b>289,274</b>	<b>325,650</b>	<b>-11.2</b>	<b>1,088,702</b>	<b>1,216,343</b>	<b>-10.5</b>

## Technical performance

The main Non-Life business technical indicators are summarised in the table below:

	H1 2013	H1 2012
Loss ratio	68.4%	74.5%
Expense ratio	20.7%	20.4%
OTI ratio (*)	2.6%	4.2%
Combined ratio net of reinsurance	91.7%	99.1%
Combined ratio gross direct business	92.9%	99.9%

(\*) net technical charges / net premiums

As outlined in the table, the combined ratio in the first half of 2013, net of outward reinsurance, was 91.7% - a significant improvement on 99.1% in the first half of 2012 and 105.9% for FY 2012.

In particular, in the **MV TPL Class** the measures taken to boost profitability and the more favourable market resulted in significantly improved technical indicators: claims reported dropped 15.2%, with the frequency reducing and a positive technical balance, against a favourable current claims trend and a prior year claims performance which did not negatively impact the income statement, with the 2012 provision adequately covering liabilities.

The **Land Vehicle** class also reported a positive technical performance, although at levels lower than the first half of 2012, which was particularly positive.

The overall performance of the **Other Non-Life Classes** was also strong, with particularly satisfying results for the Accident, Fire and Assistance Classes. The General TPL Class again reported losses, however significantly improving on the first half of 2012, particularly in relation to prior year claims, which did not impact income. The bonds sector also reported a negative result, principally due to a number of claim positions recognised to the provision concerning guarantees for customs duties issued in 1992. In this regard, following the favourable judgment of the Court which accepted the request for suspension of the execution of the policies presented by the Company, in addition to the solid reasoning behind opposition to the execution of the policies, the basis for a significant reduction of these positions in the second half of the year is considered to be in place.

In the current difficult economic context, the underwriting policy continues to employ prudent criteria and is principally focused on the retail sector and on small-medium sized enterprises which operate in historically profitable sectors and regions.

In the Corporate sector the poorly performing portfolio restructuring continued. The underwriting policy was particularly prudent, particularly in relation to catastrophe guarantees and private healthcare sector TPL coverage (following the completion of the withdrawal from the public healthcare sector portfolio in 2012).

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In relation to **Liguria Assicurazioni**, a principally multi-mandate agency network, first half 2013 premiums totalled Euro 91.9 million compared to Euro 114.3 million in the first half of 2012 (-20%). In particular the MV TPL class reports a reduction of 24% with premiums of Euro 57.7 million (Euro 75.9 million in the first half of 2012), while the Land Vehicle class reports premiums of Euro 4.8 million (-22%) and the Other Non-Life classes recorded premiums of Euro 29.4 million (-9%).

The decreases relate to the portfolio restructuring actions and the closure of non-profitable sales points carried out principally in the previous year and continued also in the period. In 2012 collaboration with the largest agent was discontinued, whose portfolio totalled approx. Euro 20 million.

The agencies at 30 June numbered 304 (298 at 31 December 2012).

The MV TPL Class reports substantial equilibrium in the technical balance. In particular, claims reduced by over 16% with the frequency also reducing. Prior generation claims also performed well with a balanced run-off, despite the prudent adjustments carried out for claims yet to be settled. The late claims provision also remained sufficient.

In the Land Vehicle class, claims reduced by 11.2%, with a slightly positive direct premium technical balance.

In the other Non-Life Classes, claims reduced by 9.5%. The overall technical performance was however negative, principally due to the bond class, impacted by a number of particularly significant claims from the 2013 generation and a prior generation late claim.

Overall, the net technical balance was negative for Euro 6.9 million compared to Euro 9.4 million at 30 June 2012.

Asset management reports net income of Euro 7 million (Euro 7.4 million in the first half of 2012) and Euro 2.5 million of trading gains (Euro 1.8 million in the first half of 2012).

The result of the company in the period, according to IAS/IFRS accounting standards, was a loss of Euro 1.1 million, reducing on a loss of Euro 5 million in the first half of 2012.

Premiums written by **Dialogo Assicurazioni** via the telephone and online channels totalled Euro 11.9 million in the first six months of 2013, down by 21.8% compared with the first half of 2012, due partly to a reduction in advertising investment.

While claims reported in the period dropped by 28.8%, the company's technical performance was again negative, although slightly improving on the previous period, due to the continued unsatisfying claims/premiums ratio and the high proportion of overhead costs as a result of the contained size of the portfolio.

The contribution of the company to the consolidated result was a loss of Euro 2.6 million (a loss of Euro 3.1 million in H1 2012).

In relation to the sale of standardised products distributed by the banking partners, **Systema Compagnia di Assicurazioni S.p.A.** in the first half of 2013 recorded premiums of Euro 19.2 million, reducing 9.8% compared to Euro 21.3 million in H1 2012. The premiums are essentially concentrated in the MV classes. The decrease relates principally to the reduced contribution from the Banca Popolare di Milano Group branches.

The overall technical performance was negative due to the above stated decrease in premiums, following an unfavourable claims reported trend - with a significant increase in current claims - and due to the impact from prior year claims, previously provisioned.

A loss of Euro 0.5 million is reported in the first half of 2013 (profit of Euro 0.3 million in the first half of 2012).

## New Products launched on the market and commercial actions

In relation to the MV sector:

- from April the conditions for motor policy premiums linked to satellite technology were amended both in relation to new contracts and renewals, through a review of discounting in consideration of the reduced spending capacity of households;
- from 1 June the new MV TPL tariff entered into force, which safeguards margins through redefining the risk portfolio, the retention of the best Clients and through attracting new business, also through a “welcoming bonus” for new Clients;
- from 1 June the new Special Motor TPL Condition entered into force for vehicles other than cars, mopeds and motorbikes, structured into eighteen separate classes. The objective is to target a better risk profile and simultaneously award the best Clients through a new bonus/malus scale which takes into consideration, in addition to prior claims, also other factors.

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In the retail segment within the **Other Non-Life classes**, on 1 January 2013 the new *Difesa per Infortuni da Circolazione* product was launched which may be undertaken both by physical persons and companies and guarantees a complete coverage for the driver of vehicles indicated on the policy and passengers, protecting against the economic impact of traffic accidents. The product is flexible and provides the possibility for extension of coverage to all vehicles owned by the policyholder, including bicycles.

The Group also continued to scale back its product catalogue and monitor technically critical areas. The most important initiatives implemented are as follows:

- overhaul of home insurance policies in 2013. The Group continued to restructure its home insurance portfolio in relation to off-catalogue products with a view to encouraging people, by offering promotional guarantees and discounts, to take out its *Difesa Più Casa* product, which is currently on the market;
- up selling of home insurance policies in 2013. This concerns an increase in policy insured amounts against a proportional lowering of the policy premium. This initiative – introduced in June – was drawn up to improve insurance coverage for Clients who currently are unable to undertake new policies;

- earthquake Coverage on home/buildings products. From April for the *Difesa Più Casa* and from June for the *Difesa Più Fabbricati Full* products the coverage of earthquake risks was fully automated, which now may be offered independently;
- overhaul of Accident insurance policies in 2013. The reform of the more recent portfolio and which presents regulatory/tariff conditions no longer in line with those currently applied continued. In particular, the transfer of risks were altered on the *Difesa Più Infortuni* product by offering special discounts and dedicated supplements to update its old, no-excess policies;
- reform of the Professional policies undertaken until 2009, through proposal to Clients, with a dedicated no claims since 2010 discount, on products currently in the catalogue;
- restyling of the *Difesa Più Impresa* products, to better satisfy the needs of craft and industrial businesses. The product restyling enables an independent undertaking of Earthquake risks and provides a fully available Assistance guarantee.



## Reinsurance

Premiums ceded amounted to Euro 62 million compared to Euro 50.9 million in the first half of 2012. The percentage on direct premiums written was 4.9% (3.4% in the first half of 2012).

The reinsurance structure of the non-life insurance sector, unchanged on the previous year, is based on proportional coverage 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 concerning the Accident, Theft, General TPL (excluding Pollution TPL products), Credit, Bonds and Technological Risks classes 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 reinsurance coverage of the Motor TPL, Maritime TPL, Fire, Land Vehicles and Technological Risks classes (limited to the protection by event) was however underwritten with the group company Unipol Assicurazioni, which subsequently transferred these underwriting risks on the international market, utilising also in this case reinsurers of high standing.

The Aviation and Pollution TPL coverage were however directly placed on the reinsurance market.

For the Assistance and Transport class specialised group companies are utilised: for the Assistance class, the protection is guaranteed by Pronto Assistance, while for the Transport classes, the company continues to reinsure the entire portfolio with the specialised company SIAT, utilising in both cases adequate proportional coverage.

Fire reinsurance coverage in 2013 was impacted by a claim of Euro 6.2 million.



# **Life**

Direct premiums in H1 2013 amounted to Euro 175.8 million, a decrease of 12.7% compared to H1 2012. The reduction, significantly against the general market, was due to uncertainties surrounding the future of the brand in light of the divestment project in progress. The following table reports the breakdown by class:

<i>(in Euro thousands)</i>	<b>H1 2013</b>	<b>H1 2012</b>	<b>Change %</b>
Whole and term life insurance	156,474	180,438	-13.3
Index-linked policies	40	-	n.a.
Health insurance	96	82	+17.0
Capitalisation insurance	19,145	20,871	-8.3
<b>TOTAL</b>	<b>175,755</b>	<b>201,391</b>	<b>-12.7</b>

**Financial type contracts** amounting to Euro 3.1 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 business, expressed in terms of Annual Premium Equivalent, is reported in the table below. It is calculated through adding the annual premiums from new business and a tenth of 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.

<i>(in Euro thousands)</i>	<b>H1 13 IAS/IFRS</b>	<b>H1 12 IAS/IFRS</b>	<b>Cge. %</b>	<b>H1 13 Local</b>	<b>H1 12 Local</b>	<b>Cge. %</b>
Whole and term life insurance	17,509	18,049	-3.0	17,509	18,049	-3.0
Index-linked policies	-	-	-	17	163	-89.6
Health insurance	3	-	n.a.	3	-	n.a.
Capitalisation insurance	182	268	-32.1	182	268	-32.1
Management of Pension Funds	-	-	-	105	166	-36.7
<b>TOTAL</b>	<b>17,694</b>	<b>18,317</b>	<b>-3.4</b>	<b>17,816</b>	<b>18,646</b>	<b>-4.5</b>

## Sums Paid

The gross sums paid amounted to Euro 262.1 million, reducing by 41.2% on Euro 445.7 million in the first half of 2012, which included a high number of redemptions on policies undertaken by institutional investors.

The breakdown by class and type is reported in the following table:

<i>(in Euro thousands)</i>	<b>Claims</b>	<b>Redemptions</b>	<b>Maturity</b>	<b>Total</b>
Class I	9,596	95,269	110,048	214,913
Class III	686	2,869	20,837	24,392
Class V	34	19,941	2,797	22,772
<b>Total</b>	<b>10,316</b>	<b>118,079</b>	<b>133,682</b>	<b>262,077</b>
<b>Total H1 2012</b>	<b>8,149</b>	<b>258,362</b>	<b>179,164</b>	<b>445,675</b>

## Technical performance

The **Life business** in the first half reports a pre-tax profit of Euro 36.7 million, increasing on Euro 26.2 million in the first half of 2012. The improvement principally owes to the greater differential between the total income and the portion attributable to policyholders. The profitability was supported in any case by a policy portfolio which is characterised principally by traditional type products, whose technical composition is focused on - through the selection of demographic and financial parameters - the guarantee of a satisfying margin. The products offered, for the quality and the wide range offered, satisfy all needs of clients, both in terms of savings (pension and non) and in terms of investments in relation to fulfilling security and protection needs.

## Individual Insurance

In the first half of 2013, the Individual policies underwritten by the distribution network again primarily focused on the Segregated Management products characterised by minimum guaranteed returns and capital protection. In particular:

- the variable single premium products, important also for the capital maturity segment (for which a new dedicated product was drawn up in March), significantly improved new business, however not matching the strong levels in H1 2012 of the VALORE CERTO product with specific assets;
- the recurring premium products OPEN GOLD and OPEN RISPARMIO reported a very significant increase in new business, in particular for the OPEN GOLD product;
- for the constant annual premium form a slight reduction was reported, with the exception of the OPEN BRAVO product dedicated to the student segment and OPEN FULL which reported contained volume growth.

For the OPEN DINAMICO multi-class product, new business was significantly lower than the previous year.

The DEDICATA policy (Term Life) reports a significant drop in new business, both in relation to the number of policies and the amount of premiums written.

For the supplementary pension segment, implemented through the Individual Pension Plans, in the first six months of the year there was a significant increase in new business on the same period of 2012.

## **Collective insurance and Pension Funds**

During the first half of 2013, which continued to be impacted by the unfavourable economic environment, the group insurance sector reported a decrease in premiums written across all sectors, as indicated below.

The capitalisation products for the management of corporate liquidity saw a reduction in premium volumes, principally due to the poor general economic performance.

The supplementary pension sector suffered from the continued unemployment crisis, with inevitable repercussions on the number of subscriptions and premiums, in addition to the re-drawing of the pension provisions on a number of major National Labour Agreements.

The Pre-existing Pension Funds and to a lesser extent the Open Pension funds both suffered lower contributions than the previous year.

The ongoing difficult economic climate had repercussions also on products related to provisions for severance indemnities (TFR and TFM – types of severance payments) which reported a reduction in business.

The group contract insurance sector, although continuing to return favourable technical performances, reported a reduction in revenues on the first half of 2012.

## **Reinsurance**

Premiums ceded totalled Euro 4.5 million, comprising 2.6% of direct premiums (Euro 5.2 million in the first half of 2012, with the same proportion of direct premiums). 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

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 in H1 2013 was a loss of Euro 4.4 million, due essentially to the assets of Immobiliare Milano s.r.l., whose ordinary income does not currently cover in full maintenance costs and depreciation, also due to the fact that a number of complexes are largely not rented. In the first half of 2012 the pre-tax loss totalled Euro 4.9 million.

We highlight the following in relation to operations in the period:

### **Metropolis S.p.A.**

During the half-year the liquidator of Metropolis tabled the sale of the investment held by Metropolis in Manifattura Tabacchi to the company Fintecna Immobiliare, which expressed an interest in the purchase but at a price lower than the equity paid-in by shareholders to date. The formalisation of the Fintecna proposal for the acquisition of Metropolis is expected in the coming quarter.

### ***Penta Domus S.p.A.***

At the end of 2012, the Company, in order to cover the needs of the associated company Cinque Cerchi, approved a capital increase in several tranches. The first tranche was subscribed pro-quota by the shareholders Immobiliare Milano Assicurazioni Srl, Codelfa SpA and Zoppoli & Pulcher. In January 2013, these latter companies also subscribed to a part of the unopted shares and in April 2013 subscribed to the second and final tranche of the capital increase.

Consequently the original holdings in Penta Domus altered, as outlined below:

- Immobiliare Milano srl, Codelfa SpA, Zoppoli & Pulcher SpA: approx. 24.66% each;
- Maire Tecnimont SpA and Imato Srl in liquidation (former Impresa Rosso e Figli): approx. 13.01% each;

The capital portion paid by Immobiliare Milano in the half-year amounted to Euro 0.6 million.



## **Other activities**

The diversified activities sector includes the company SOGEINT.

SOGEINT (wholly owned by Milano Assicurazioni) provides commercial assistance to the agencies. At 30 June 2013, the company had 56 employees and 26 agencies. The contribution to the consolidated result for the period was a loss of Euro 0.2 million.



## **Asset and financial management**

Global economic growth in the first half of 2013 was in line with expectations (approx. 3% annually).

In the Eurozone, although GDP contracted for the sixth consecutive quarter (-0.2% in the first quarter) and that disparities are apparent in terms of economic growth and the functioning of the various domestic financial systems, the most recent numbers would indicate - considering also the constantly changing global economic environment - a possible return to growth not before the final quarter of the current year.

In this environment and in the absence of inflationary pressures, the European Central Bank further cut the discount rate from 0.75% to 0.5%, underlining that an accommodating monetary policy will remain as long as necessary and highlighting that it is considering a new approach in terms of communication, leaving open the possibility of further unconventional actions.

The US economy, despite the partially restrictive fiscal policy due to the automatic public spending cuts and the partial increase in interest rates, continues to grow at 2% annually, as unemployment slowly but surely reduces (7.6% by June) and with consumer spending holding firm and the real estate market improving significantly.

On the monetary policy front, the Federal Reserve, based on the economic improvement, has announced that by the end of the year the acquisition of US securities and real estate sector bonds may reduce, bringing an end to this unconventional action by the middle of 2014: this would represent a first step towards normalisation of monetary policy, which would remain however expansive with no discount rate increases on the horizon. This decision resulted in an increase of the swap rate curve and at the same time of bond yields on core area securities, while the Italian curve improved, with a reduction in the spread compared to the German Bund.

The Japanese economy, thanks to the simultaneous implementation of expansive fiscal and monetary policies, reported a significant bounce (4.1% on annual basis in the first quarter), thanks particularly to the weakness of the Yen favouring exports. Finally, China continues the slow process of reshaping its growth model, placing increased focus on domestic demand rather than exports, in order to achieve more balanced and greater quality growth over the medium-term.

The following table reports the quarterly movements in rates and spreads of a number of Eurozone country government bonds compared to the 10-year German Bund.

	31 December 2012		28 March 2013		28 June 2013	
	10 year rate	Spread vs Germany	10 year rate	Spread vs Germany	10 year rate	Spread vs Germany
Germany	1.32		1.29		1.73	
France	2.00	0.68	2.03	0.74	2.35	0.62
Italy	4.50	3.18	4.76	3.47	4.55	2.82
Belgium	2.06	0.74	2.24	0.95	2.63	0.90
Greece	11.90	10.58	12.44	11.15	10.98	9.25
Ireland	4.95	3.63	4.33	3.04	4.19	2.46
Portugal	7.01	5.69	6.37	5.08	6.45	4.72
Spain	5.27	3.95	5.06	3.77	4.77	3.04

In Italy, with the economy in continued recession, although largely meeting its public funding requirements, the new Government is gradually putting together policies on the one hand which can halt the drop in GDP and on the other which highlight together with France and Spain the issue of growth and the development of the EU institutions to function in a coordinated manner on economic policy.

The performance of the European Stock Markets in the second quarter of 2013 partly closed the gap between the “core” and “peripheral” areas. The Eurostoxx 50 index, representing the major Eurozone blue chips, contracted slightly in the second quarter (0.8%, -1.3% for the half-year). The German Dax was in positive territory (up 2.1%, +4.6% from the beginning of the year), while the Italian FTSE MIB of Milan lost 0.6% (-6.4% in the first six months). Finally, the Ibex of Madrid lost 2% in the period (-4.9% from the beginning of the year).

Outside of Europe, the Standard & Poor's 500 Index, representing the major U.S. listed Companies, was up 2.4% in the second quarter (+12.6% for the first six months), while the Japanese Nikkei Index, after a strong first quarter, gained a further 10.9% (+31.6% in the first half-year). Finally, in relation to the stock markets of the emerging economies which were particularly hit by profit-taking following the declarations of the Federal Reserve concerning the upcoming removal of liquidity from the system, the most representative index the Morgan Stanley Emerging Market in the second quarter of the year lost 5.5% (-6.3% from the beginning of the year).

Finally, the improved economic climate in the United States and Japan, an easing of the Eurozone recession, further steps towards European banking union and the ongoing efforts of the European Central Bank contributed to a gradual improvement of the Itraxx Senior Financial index, which is representative of the average spread of companies within the finance sector with high credit ratings, which reduced by 27.5 basis points from 194.4 to 166.8 at the end of the second quarter (in the half-year the increase was 25.5 basis points, from 141.3 to 166.8).

## Bond sector operations

The financial management in H1 2013 was carried out in line with the Guidelines of the Investment Policy and in compliance with the general principles of prudence and enhanced asset quality over the medium to long term.

Operations, both in the Non-Life and in the Life business, focused principally on Eurozone government bonds, particularly Italian bonds, which comprise over 80% of the portfolio.

The duration of the Non-Life portfolio at the end of June was approx. 3.3 years, while the Life portfolio duration was higher (approx. 4.5 years), taking account of the characteristics of the relative liabilities. The Life business segregated fund operations, in line with the liability profile, featured sales of short maturity government securities with purchases favouring long-term Italian government securities to safeguard the minimum guarantees.

Investments in corporate bonds overall focused on issuers with high credit ratings; the management of the corporate portfolio through undertaking purchases on the primary market and sales on the secondary market did not result in a significant change in the sector.

## Equity sector operations

For the equity component, the **Non-Life sector** did not carry out significant activity. In the Life business, the opportunity was taken in the rising market to reduce the equity component. In relation to the strategic investments, the reduction of risk actions continued, carried out through the purchasing of options, which resulted in the first half of 2013 in the neutralisation of risk equal to over 40% of the overall positions.

At the beginning of July, following the requests of the shareholder pact, the share capital increase of RCS Mediagroup took place, subscribing 5,646,444 new shares at Euro 1.235 per share, with an overall payment of Euro 7 million. The holding in portfolio comprises 1.7% of the share capital.

\* \* \*

The investments at 30 June 2013 compared to the previous year are shown below.

In relation to data comparison, in compliance with the Anti-trust Authority order of 19/6/2012 No. 23678, the parent company Unipol Gruppo Finanziario S.p.A. has begun to dispose of a number of insurance assets within the Milano Assicurazioni consolidation scope.

Consequently, under IFRS 5 which defines the accounting policies applied to assets held for sale, from 30 June 2013 the assets and liabilities held for sale are presented in the assets and liabilities of a group for sale accounts.

For improved understanding of the following comparative data, the change in the balance sheet items of an operating nature and those deriving from the application of IFRS 5 are indicated separately.

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.

<i>(in Euro thousands)</i>	<b>30/06/2013</b>	<b>31/12/2012</b>	<b>IFRS 5</b>	<b>Change</b>
<b>INVESTMENTS</b>				
Investment property	472,021	613,188	-130,227	-10,940
Investments in subsidiaries, associates and interests in joint ventures	109,817	111,964	-	-2,147
Held to maturity investments	95,352	185,360	-92,954	2,946
Loans and receivables	820,218	891,522	-59,927	-11,377
Available for sale financial assets	3,428,834	6,508,286	-3,094,643	15,191
Financial assets at fair value through profit or loss	87,633	165,092	-46,464	-30,995
<b>Total investments</b>	<b>5,013,875</b>	<b>8,475,412</b>	<b>-3,424,215</b>	<b>-37,322</b>
Property, plant & equipment: buildings and other fixed assets	5,400	39,009	-33,075	-534
<b>Total non-current assets</b>	<b>5,019,275</b>	<b>8,514,421</b>	<b>-3,457,290</b>	<b>-37,856</b>
Cash and cash equivalents	173,560	320,299	-75,657	-71,082
<b>Total non-current assets and cash and cash equivalents</b>	<b>5,192,835</b>	<b>8,834,720</b>	<b>-3,532,947</b>	<b>-108,938</b>

## Investment property

*Investment property* 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 30 June 2013 was Euro 117.4 million lower than the valuation at 31 December 2012 carried out by specifically appointed independent experts.

The reduction compared to 31/12/2012 for Euro 130,227 thousand relates to the application of IFRS 5, with the consequent recognition of such to the account *Non-current assets held for sale or disposal groups*. The remaining change is principally due to the depreciation in the period (Euro 11.1 million).

## Investments in subsidiaries, associates and interests in joint ventures

*Investments in subsidiaries, associates and joint ventures* principally include:

- the holding of 34.63% in the consortium company **Fondiarìa-Sai Servizi Group**, with a book value of Euro 7.1 million, which handles the IT and logistical services of the companies of the former Fondiarìa-Sai Group;
- the holding of 32% in **Garibaldi S.C.A.** with a book value of Euro 70.3 million. The company is involved in the real estate project Porta Nuova Garibaldi which concerns an area in Milan between viale Don Sturzo, via Melchiorre Gioia, via Viganò, via De Cristoforis, via Rosales, corso Como and piazzale Freud. The updated project concerns the development of approx. 58,100 sq.m. for office use, 4,300 sq.m. for residential use, 18,000 sq.m. for retail use and 4,000 sq.m. for exposition use.
- the holding of 29.56% in **Isola S.C.A.** with a book value of Euro 13.9 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: 22,000 sq.m. for residential use, 6,300 sq.m for service use and 650 sq. m for local retail use.
- the holding of 35.83% in **Immobiliare Lombarda** with a book value of Euro 6.2 million;
- the holding of 50% in **Valore Immobiliare S.r.l.**, with a book value of Euro 0.6 million. In April 2012, with the completion of the sale of the property and therefore having completed its corporate purpose, the company was placed in liquidation. Against this liquidation, a first part of the equity was repaid to Milano Assicurazioni, amounting to Euro 4.7 million;
- a holding of 44.93% in **Borsetto S.r.l.**, with a book value of Euro 2.4 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 20% in Penta Domus s.r.l., with a book value of Euro 3.4 million. The company holds 50% of the capital of Cinque Cerchi S.p.A., a company owner of the “Spina 3” area in Turin, with total potential building area of approx. 114,000 sq. metres. In relation to this project, the development continues of the first building lot of approx. 18,000 sq. metres for residential use, of which approx. 4,000 sq. metres for social housing. In December 2012, the company presented to the Turin Municipality the definitive project relating to the second building lot for the Construction Permit. The project involves two buildings with a total gross area of 19,000 sq. metres for residential use, which includes approx. 5,000 sq. metres of social housing.

### **Held to maturity investments**

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 of Euro 715.6 million;
- receivables from agents for end of mandate indemnities (Euro 62.9 million);
- loans on life policies of Euro 17.1 million;
- other loans and receivables of Euro 12.8 million;
- deposits with reinsuring companies of Euro 1.8 million;
- other financial investments of Euro 10 million.

### **Available-for-sale financial assets**

The available-for-sale 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:

<i>(in Euro thousands)</i>	<b>30/06/2013</b>	<b>31/12/2012</b>	<b>IFRS 5</b>	<b>Change</b>
<b>Available-for-sale financial assets</b>	<b>3,428,834</b>	<b>6,508,286</b>	<b>-3,094,643</b>	<b>15,191</b>
Equity securities and investment funds	449,280	559,604	-30,518	-79,806
Debt securities	2,979,554	5,948,682	-3,064,125	94,997

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.

Impairments in the first half of 2013 totalled Euro 6.6 million and exclusively relate to available-for-sale financial assets previously written-down, with book values aligned with stock market prices at 30 June 2013 in accordance with IAS 39 (IG.E.4.9). The impairments related to shares for Euro 3.2 million (of which Mediobanca for Euro 1.8 million) and investment fund units for Euro 3.4 million.

The net equity reserve which includes the differences between the average weighted cost and the fair value of instruments classified in this category was positive for Euro 88.7 million (positive for Euro 106.7 million at 31 December 2012). The following table highlights the composition and movements on the previous year:

<i>(in Euro thousands)</i>	<b>30/06/2013</b>	<b>31/12/2012</b>	<b>Change</b>
Debt securities	82,200	89,429	-7,229
Fund units	26,781	26,381	400
Equity securities	37,743	52,167	-14,424
Shadow accounting reserve	-36,328	-36,410	82
Tax effect	-21,710	-24,902	3,192
<b>AFS reserve at the end of the period</b>	<b>88,686</b>	<b>106,665</b>	<b>-17,979</b>

### Government bonds issued by Spain, Portugal, Ireland and Italy

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) recorded to AFS assets. In accordance with that requested by the European Securities and Markets Authority (ESMA) also the Italian government securities are reported in the table (in thousands of Euro).

Country	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
Spain	-	-	-	21,935	21,935	-3,366
Portugal	-	1,006	-	-	1,006	-17
Ireland	-	-	-	-	-	-
Italy	165,316	982,435	742,527	637,540	2,527,818	30,038

The portfolio at 30 June 2013 also included:

- Euro 439.5 million of Italian government debt securities classified in the Loans & Receivables category (of which Euro 146 million with maturity between 1 and 5 years and Euro 293.5 million with maturity between 6 and 10 years), presenting a gain on the fair value at the end of June of Euro 16.7 million;
- Euro 23.8 million of Italian government debt securities classified in the Held to Maturity category (of which Euro 1 million with maturity within 1 year and Euro 22.8 million with maturity between 1 and 5 years). These securities report a gain compared to the stock market prices at the end of June of Euro 0.4 million.

**Financial assets at fair value through profit or loss**

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:

<i>(in Euro thousands)</i>	<b>30/06/2013</b>	<b>31/12/2012</b>	<b>IFRS 5</b>	<b>Change</b>
<b>Financial assets at fair value through profit or loss</b>	<b>87,633</b>	<b>165,092</b>	<b>-46,464</b>	<b>-30,995</b>
Equity securities and investment funds	39,362	37,945	-	1,417
Debt securities	45,971	125,507	-46,464	-33,072
Other financial investments	2,300	1,640	-	660

**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 1.7 million than the expert's market-based valuations 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:

	H1 2013	H1 2012	Change
<i>(in Euro thousands)</i>			
Gains/losses on remeasurement of financial instruments at fair value through profit or loss	-2,482	24,586	-27,068
Gains on investments in subsidiaries, associates and interests in joint ventures	264	557	-293
<i>Gains on other financial instruments and investment property of which:</i>	<i>174,776</i>	<i>212,541</i>	<i>-37,765</i>
Interest income	129,630	119,291	10,339
Other gains	17,854	27,341	-9,487
Realised gains	27,292	63,810	-36,518
Unrealised gains	-	2,099	-2,099
<b>Total revenue and income</b>	<b>172,558</b>	<b>237,684</b>	<b>-65,126</b>
Losses on investments in subsidiaries, associates and interests in joint ventures	-12,018	-8,385	-3,633
<i>Losses on other financial instruments and investment property of which:</i>	<i>-39,397</i>	<i>-85,444</i>	<i>46,047</i>
Interest expense	-4,475	-5,873	1,398
Other charges	-9,774	-11,137	1,363
Realised losses	-7,417	-16,722	9,305
Unrealised losses	-17,731	-51,712	33,981
<b>Total costs</b>	<b>-51,415</b>	<b>-93,829</b>	<b>42,414</b>
<b>TOTAL NET INCOME</b>	<b>121,143</b>	<b>143,855</b>	<b>-22,712</b>

The **asset and financial management** reports overall net income of Euro 121.1 million, reducing on Euro 143.9 million in the first half of 2012. In particular, in relation to the most significant accounts:

- interest income amounted to Euro 129.6 million, compared to Euro 119.3 million in H1 2012 (+8.7%);
- net realised gains amounted to Euro 19.9 million (Euro 47.1 million in H1 2012), of which Euro 16.3 million relates to bond securities, Euro 0.2 million to property investments, Euro 6 million to shares and Euro 2.6 million to net losses on investment fund units;
- net unrealised losses amounted to Euro 17.7 million (Euro 49.6 million in H1 2012) and concern impairments on available-for-sale financial instruments of Euro 6.6 million and depreciation on property for Euro 11.1 million;
- the financial instruments at fair value through profit and loss report net charges of Euro 2.5 million compared to net income of Euro 24.6 million in the first half of 2012.
- the associated companies report income of Euro 0.3 million and charges of Euro 12 million, of which Euro 5.1 million concerning Atahotels, which continues to feel the effects of the hotel sector crisis and a high proportion of overhead costs and Euro 6.2 million relating to the result in the half-year of the consortium company Gruppo Fondiaria-Sai Servizi.

## Other information

### Integration with the Unipol Group

On 15 January 2013, IVASS, in response to the application drawn up jointly by Premafin, Fondiaria-SAI, Unipol Assicurazioni and Milano Assicurazioni on 28 December 2012 concerning authorisation for the merger by incorporation into Fondiaria- SAI of Premafin, Unipol Assicurazioni and possibly Milano Assicurazioni, communicated the commencement of the relative authorisation procedure from 28 December 2012.

On 28 January 2013, in accordance with Article 2501 *quarter*, first paragraph of the Civil Code, the merger by incorporation proposal of Fondiaria-SAI S.p.A, Premafin Finanziaria S.p.A. - Holding di Partecipazioni, Unipol Assicurazioni S.p.A., and, pending further approval, Milano Assicurazioni S.p.A., approved by the Board of Directors of the participating Companies in the merger on 20 December 2012 was filed at the registered office of the Company and published on the website of the Company in the Unipol - Fondiaria-SAI merger proposal section. The registration of the merger proposal at the Competent Company Registration offices is subjected to the authorisation of IVASS, in accordance with Article 201 of Legislative Decree No. 209 of 7 September 2005.

On 21 February 2013, IVASS, in relation to the merger application, requested from the Companies involved documentation and additional information and communicated the suspension of the deadline for the authorisation procedure.

As outlined in greater detail in the section concerning events subsequent to period-end, on 25/7/2013 IVASS approved, in accordance with Article 201 of Legislative Decree No. 209 of 7 September 2005 and ISVAP Regulation No. 14 of 18 February 2008, the merger by incorporation into Fondiaria-SAI S.p.A. of Unipol Assicurazioni S.p.A., Premafin Finanziaria S.p.A. and, pending further approval, Milano Assicurazioni S.p.A. and approved the related amendments to be made to the By-laws of the merging entity.

### Ordinary Shareholders' Meeting concerning the Corporate Responsibility Action Proposal in accordance with Articles 2392 and 2393 of the Civil Code

On 14 March 2013, the Ordinary Shareholders' Meeting of Milano Assicurazioni was held in second call, which had been requested by the *ad acta* Commissioner of FONDIARIA-SAI S.p.A., Mr. Matteo Caratozzolo.

The Shareholders' Meeting approved by a 99.79% majority of ordinary shareholders represented at the meeting, the pursuit of the corporate responsibility action against those

indicated in the Report prepared for the Shareholders' Meeting by the *ad acta* representative and published in accordance with law.

### **CONSOB Request of 17 April 2013 - Prot. No. 13032790**

CONSOB, with communication of 17 April 2013 No. 13032790, requested the Company to issue without delay a press release stating the reasons why the Board of Directors of the Company, in the draft consolidated financial statements approved on 20 March 2013, did not apply the provisions of IAS 8 relating to the comparative figures for the 2011 consolidated financial statements and therefore in order to correct the errors noted by CONSOB in the above-mentioned Decision No. 18432 of 21 December 2012.

Given the position of CONSOB, the Board of Directors considered it appropriate to adjust the consolidated financial statements approved on 20 March 2013 and on 24 April 2013 approved the inclusion, where applicable, in the Consolidated Directors' Report, Financial Statements and Explanatory Notes of the above-mentioned 2011 comparative figures restated in line that published on 27 December 2012, following the above-stated CONSOB Decision No. 18432.

This change did not affect the balance sheet and income statement at 31 December 2012, which were unchanged on those approved by the Board of Directors on 20 March 2013 and on which the re-statement of the 2011 data did not have any impact.

For further information on this restatement, reference should be made to the 2012 Annual Accounts.

### **Appointment of new Board of Directors**

The Shareholders' Meeting of Milano Assicurazioni S.p.A. of 29 April 2013, among other matters, appointed the Board of Directors for the three years 2013, 2014 and 2015 and, therefore, until the approval of the 2015 Annual Accounts.

In particular, the Shareholders' Meeting, on the basis of the single slate presented by FONDIARIA-SAI S.p.A. confirmed the number of Directors at 9 and appointed the following Directors:

Fabio CERCHIAI

Pierluigi STEFANINI

Carlo CIMBRI

Daniele FERRÈ

Germana RAVAIOLI

Carla ANGELA



Cristina DE BENETTI

Gianluca BRANCADORO

Antonio RIZZI.

Based on the declarations made on accepting their candidature 6 directors out of 9 are independent in accordance with the Self-Governance Code of listed companies and Article 148, paragraph 3 of the Consolidated Finance Act, specifically: Daniele FERRÈ, Germana RAVAIOLI, Carla ANGELA, Cristina DE BENETTI, Gianluca BRANCADORO, Antonio RIZZI.

The Board of Directors at the meeting of 8 May 2013 then formally verified the independence of the qualifying Directors, in addition to appointing the Corporate Boards and the members of the Board Committees.

### **Treasury shares and shares of holding companies**

In the half-year no treasury share or parent company share operations took place.

The treasury shares, those of the direct parent company Fondiaria-Sai and the indirect parent companies Premafin and Unipol Gruppo Finanziario held by Milano Assicurazioni at 30 June 2013 were therefore unchanged compared to the end of the previous period and are reported as follows:

<i>(in Euro thousands)</i>	<b>Number</b>	<b>Amount</b>
Treasury shares	6,764,860	31,353
Unipol Gruppo Finanziario shares	16,000	40
Premafin shares	9,157,710	1,498
Fondiaria-SAI shares	99,825	140

As established by IAS 32.33, treasury shares are valued at acquisition cost and the corresponding value is subtracted from shareholders' equity. The shares of the direct parent company Fondiaria-Sai and the indirect parent companies Premafin and Unipol Gruppo Finanziario are recognised under "Available-for-sale financial assets" and as such are valued at the market price on the last contracting day of June 2013.

### **Litigation**

#### **Cases on claims**

At 30 June 2013, there were 43,385 claims open, of which 34,075 related to the Motor TPL class. During the period, 11,325 cases were defined, of which 9,624 relating to the Motor TPL class.

**Tax assessments**

Following the tax assessments notified in December 2012 by the Tuscany Regional Office, under which remuneration paid to Mr. Salvatore Ligresti for consultancy was examined, an agreed settlement was reached with the payment of approx. Euro 4 million in February 2013 and the reduction in tax credits of Euro 0.8 million.

These charges were provisioned in the 2012 Annual Accounts and therefore did not impact the half-year income statement.

## Events subsequent to period-end

### **Approval of the merger by incorporation into Fondiaria-Sai S.p.A. of Unipol Assicurazioni S.p.A., Premafin Finanziaria S.p.A. and, pending further approval, Milano Assicurazioni S.p.A..**

With letter of 28 December 2012, supplemented on 22 May 2013, Fondiaria-SAI S.p.A., Unipol Assicurazioni S.p.A., Premafin Finanziaria S.p.A. and Milano Assicurazioni S.p.A. presented an application for approval in accordance with Article 201 of Legislative Decree No. 209 of 7 September 2005 and ISVAP Regulation No. 14/2008 for the merger by incorporation into Fondiaria-SAI S.p.A. of Unipol Assicurazioni S.p.A., Premafin Finanziaria S.p.A. and, pending further approval, Milano Assicurazioni S.p.A.. The company established under the merger will take the name “UnipolSai Assicurazioni S.p.A.”, in short “UnipolSai S.p.A.”.

Following the preliminary investigations, IVASS declared in accordance with Article 201 of Legislative Decree No. 209 of 7 September 2005 and ISVAP Regulation No. 14/2008 the fulfillment - both in the case of the participation and non-participation of Milano Assicurazioni S.p.A. - of the conditions for the operation’s authorisation, concerning proper and prudent management and the holding of sufficient assets to cover the insurance contract liabilities and the solvency margin of the merging entity.

IVASS on 25/7/2013 approved, in accordance with Article 201 of Legislative Decree No. 209 of 7 September 2005 and ISVAP Regulation No. 14 of 18 February 2008, the merger by incorporation into Fondiaria-SAI S.p.A. of Unipol Assicurazioni S.p.A., Premafin Finanziaria S.p.A. and, pending further approval, Milano Assicurazioni S.p.A. and approved the related amendments to be made to the By-laws of the merging entity.

The Supervisory Authority also advised the implementation of a number of corrective measures to ensure over time greater operating efficiency and control, considering the increased complexity and size of the post-merger entity.

The above-stated corrective measures concern corporate governance, dividend policy, reinsurance and the development of controls and procedures over investments and contracted liabilities.

### **Actions against former Directors and Statutory Auditors**

The Shareholders' Meeting of Milano Assicurazioni S.p.A. of 30 July 2013 in first call approved by a totality of those voting the pursuit of a corporate responsibility action against some ex Directors and Statutory Auditors, as approved by the Board of Directors in the report prepared for the Shareholders' Meeting and made public in accordance with law.

The action concerns an operation carried out by a subsidiary of Milano Assicurazioni with a company indirectly controlled by the Ligresti family, other than operations for which the Shareholders' Meeting of 14 March 2013 on the proposal of the *ad acta* Representative of Fondiaria-SAI S.p.A. Mr. Matteo Caratozzolo, had approved similar actions.

### **Appointment of the Independent Audit Firm**

On 30 July 2013 the Shareholders' Meeting of Milano Assicurazioni approved the advance conclusion (with residual years 2013-2020) of the audit appointment of the company Reconta Ernst & Young S.p.A., in addition to the simultaneous appointment of PricewaterhouseCoopers S.p.A., principal Auditor of the Unipol Group, for the auditing of accounts for the period 2013-2021, in accordance with the terms and conditions indicated in the Shareholders' Meeting proposals' illustrative report published in accordance with law.

## Outlook

With IVASS's approval of the merger at the end of July, in the coming months the actions already taken concerning the integration with the Unipol Group will be stepped up, in accordance with the conditions previously communicated to the market.

The Merger is a fundamental and integral part of this operation, undertaken in order to establish a leading player in the insurance sector, improving and restructuring the management and coordination of the resulting entity, with a greater focus on the insurance business and strengthening the capital and solvency structure, within a simpler and increasingly transparent Group model.

The merger, with the sharing and strengthening of those areas and processes which represent the best practice of the new entity, will facilitate significant synergies.

Bologna, 7 August 2013

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



# **Financial Statements**





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

- Statement of Financial Position
- Income Statement
- Statement of Comprehensive income
- 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 statement of financial position, 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 13 July 2007 and the modifications introduced by Provision No. 2784 of 8 March 2010.

The comprehensive income statement reports the gains and losses which were recorded to shareholders' equity according to that required or permitted by International Accounting Standards IAS/IFRS;

In accordance with paragraph IAS 1.82A, introduced with the amendment to IAS 1 issued on 16 June 2011 (see Amendments to IAS 1 "Presentation of Items of Other Comprehensive Income", enacted through Regulation (EC) 475/2012, and applicable to financial statements beginning 1 July 2012), the "Other Comprehensive Income Statement items" accounts are categorised by type, in addition to whether or not they may be reclassified to profit (loss) for the period in the presence of particular conditions.

The attached statement includes therefore the disclosure requirements of the amendments introduced.

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 REPORT AT 30 JUNE 2013***In Euro thousands***STATEMENT OF FINANCIAL POSITION - ASSETS**

		<b>30/06/2013</b>	<b>31/12/2012</b>
<b>1</b>	<b>INTANGIBLE ASSETS</b>	<b>164,574</b>	<b>234,775</b>
1.1	Goodwill	164,323	230,851
1.2	Other intangible assets	251	3,924
<b>2</b>	<b>PROPERTY, PLANT &amp; EQUIPMENT</b>	<b>5,400</b>	<b>39,009</b>
2.1	Property	1,681	34,737
2.2	Other property, plant & equipment	3,719	4,272
<b>3</b>	<b>INSURANCE LIABILITIES - REINSURERS SHARE</b>	<b>189,049</b>	<b>340,154</b>
<b>4</b>	<b>INVESTMENTS</b>	<b>5,013,875</b>	<b>8,475,412</b>
4.1	Investment property	472,021	613,188
4.2	Investments in subsidiaries, associates and interests in joint ventures	109,817	111,964
4.3	Held to maturity investments	95,352	185,360
4.4	Loans and receivables	820,218	891,522
4.5	Available-for-sale financial assets	3,428,834	6,508,286
4.6	Financial assets at fair value through profit or loss	87,633	165,092
<b>5</b>	<b>OTHER RECEIVABLES</b>	<b>544,985</b>	<b>975,035</b>
5.1	Receivables relating to direct insurance business	147,937	502,380
5.2	Receivables relating to reinsurance business	31,579	32,505
5.3	Other receivables	365,469	440,150
<b>6</b>	<b>OTHER ASSETS</b>	<b>4,415,034</b>	<b>421,925</b>
6.1	Non-current assets held for sale or disposal groups	4,040,674	
6.2	Deferred acquisition costs	10,104	13,890
6.3	Deferred tax assets	244,388	283,663
6.4	Current tax assets	31,955	42,100
6.5	Other assets	87,913	82,272
<b>7</b>	<b>CASH AND CASH EQUIVALENTS</b>	<b>173,560</b>	<b>320,299</b>
	<b>TOTAL ASSETS</b>	<b>10,506,477</b>	<b>10,806,609</b>

**CONSOLIDATED HALF-YEAR REPORT AT 30 JUNE 2013***In Euro thousands***STATEMENT OF FINANCIAL POSITION – SHAREHOLDERS' EQUITY & LIABILITIES**

		30/06/2013	31/12/2012
<b>1</b>	<b>EQUITY</b>	<b>1,116,545</b>	<b>1,039,231</b>
<b>1.1</b>	<b>attributable to the owners of the Parent</b>	<b>1,115,244</b>	<b>1,037,896</b>
1.1.1	Share Capital	373,682	373,682
1.1.2	Other equity instruments		
1.1.3	Equity-related reserves	295,471	406,634
1.1.4	Income related and other reserves	308,983	413,991
1.1.5	(Treasury shares)	-31,353	-31,353
1.1.6	Translation reserve		
1.1.7	Gain or loss on available-for-sale financial assets	88,686	106,665
1.1.8	Other gains and losses recorded directly in equity	-13,070	-15,676
1.1.9	Profit/(loss) for the period attributable to the owners of the Parent	92,845	-216,047
<b>1.2</b>	<b>attributable to non-controlling interests</b>	<b>1,301</b>	<b>1,335</b>
1.2.1	Share capital and reserves attributable to non-controlling interests	1,347	1,456
1.2.2	Gains and losses recorded directly in equity		
1.2.3	Loss for the period attributable to non-controlling interests	-46	-121
<b>2</b>	<b>PROVISIONS</b>	<b>63,897</b>	<b>92,101</b>
<b>3</b>	<b>INSURANCE CONTRACT LIABILITIES</b>	<b>5,106,348</b>	<b>8,874,513</b>
<b>4</b>	<b>FINANCIAL LIABILITIES</b>	<b>154,442</b>	<b>327,405</b>
4.1	Financial liabilities at fair value through profit or loss	69,714	72,510
4.2	Other financial liabilities	84,728	254,895
<b>5</b>	<b>PAYABLES</b>	<b>203,147</b>	<b>312,522</b>
5.1	Payables arising from direct insurance business	13,726	19,495
5.2	Payables arising from reinsurance business	21,133	33,272
5.3	Other payables	168,288	259,755
<b>6</b>	<b>OTHER LIABILITIES</b>	<b>3,862,098</b>	<b>160,837</b>
6.1	Liabilities associated with disposal groups	3,737,092	
6.2	Deferred tax liabilities	43,828	36,078
6.3	Current tax liabilities	2,408	10,096
6.4	Other liabilities	78,770	114,663
	<b>TOTAL EQUITY AND LIABILITIES</b>	<b>10,506,477</b>	<b>10,806,609</b>

## CONSOLIDATED HALF-YEAR REPORT AT 30 JUNE 2013

In Euro thousands

## INCOME STATEMENT

		H1 2013	H1 2012
1.1	Net premiums	1,434,208	1,624,077
1.1.1	Gross premiums	1,506,059	1,685,576
1.1.2	Ceded premiums	-71,851	-61,499
1.2	Commission income	218	357
1.3	Gains and losses on remeasurement of financial instruments at fair value through profit or loss	-2,482	24,586
1.4	Gains on investments in subsidiaries, associates and interest in joint ventures	264	557
1.5	Gains on other financial instruments and investment property	174,776	212,541
1.5.1	Interest income	129,630	119,291
1.5.2	Other income	17,854	27,341
1.5.3	Realised gains	27,292	63,810
1.5.4	Unrealised gains		2,099
1.6	Other revenues	84,624	91,108
<b>1</b>	<b>TOTAL REVENUES AND INCOME</b>	<b>1,691,608</b>	<b>1,953,226</b>
2.1	Net charges relating to claims	-1,052,977	-1,291,333
2.1.1	Amounts paid and changes in insurance contract liabilities	-1,097,728	-1,335,914
2.1.2	Reinsurers' share	44,751	44,581
2.2	Commission expenses	-42	-56
2.3	Losses on investments in subsidiaries, associates and interest in joint ventures	-12,018	-8,385
2.4	Losses on other financial instruments and investment property	-39,397	-85,444
2.4.1	Interest expense	-4,475	-5,873
2.4.2	Other charges	-9,774	-11,137
2.4.3	Realised losses	-7,417	-16,722
2.4.4	Unrealised losses	-17,731	-51,712
2.5	Operating expenses	-276,160	-306,847
2.5.1	Commissions and other acquisition costs	-221,626	-247,947
2.5.2	Investment management expenses	-1,929	-2,202
2.5.3	Other administration expenses	-52,605	-56,698
2.6	Other costs	-150,455	-233,880
<b>2</b>	<b>TOTAL COSTS AND EXPENSES</b>	<b>-1,531,049</b>	<b>-1,925,945</b>
	<b>PRE-TAX PROFIT FOR THE PERIOD</b>	<b>160,559</b>	<b>27,281</b>
<b>3</b>	Income taxes	-67,760	-18,830
	<b>NET PROFIT FOR THE PERIOD</b>	<b>92,799</b>	<b>8,451</b>
<b>4</b>	<b>PROFIT/(LOSS) FROM DISCONTINUED OPERATIONS</b>		<b>-5,438</b>
	<b>CONSOLIDATED PROFIT FOR THE PERIOD</b>	<b>92,799</b>	<b>3,013</b>
	attributable to the owners of the parent	92,845	3,065
	attributable to non-controlling interests	-46	-52

## CONSOLIDATED HALF-YEAR REPORT AT 30 JUNE 2013

*In Euro thousands*

### COMPREHENSIVE INCOME STATEMENT

	H1 2013	H1 2012
<b>CONSOLIDATED PROFIT</b>	<b>92,799</b>	<b>3,013</b>
<b>Others items net of taxes which may not be recognised to P&amp;L</b>		
Change in net equity of holdings		
Change in revaluation reserve of intangible assets		
Change in revaluation reserve of tangible fixed assets		
Income/(charges) on non-current assets held for sale or disposal group		
Actuarial profits and losses and adjustments to employee defined plans	135	-2,218
Others items		
<b>Others items net of taxes which may not be recognised to P&amp;L</b>		
Change in reserve for net exchange differences		
Profit or loss on available- for sale- financial assets	-17,979	102,785
Profit or loss on cash flow hedges	2,471	-2,353
Profit or loss on a net foreign investment hedge		
Change in net equity of holdings		
Income/(charges) on non-current assets held for sale or disposal group		
Others items		
<b>TOTAL OTHER COMPREHENSIVE INCOME STATEMENT ITEMS</b>	<b>-15,373</b>	<b>98,214</b>
<b>TOTAL COMPREHENSIVE CONSOLIDATED INCOME</b>	<b>77,426</b>	<b>101,227</b>
<b>attributable to the owners of the parent</b>	<b>77,472</b>	<b>101,278</b>
<b>attributable to non-controlling interests</b>	<b>-46</b>	<b>-51</b>

## CONSOLIDATED HALF-YEAR REPORT AT 30 JUNE 2013

In Euro thousands

## Other comprehensive income statement items

	Allocation		Adjustments from reclassifications to Income Statement		Other changes		Total changes		Income tax		Balance	
	30/06/2013	30/06/2012	30/06/2013	30/06/2012	30/06/2013	30/06/2012	30/06/2013	30/06/2012	30/06/2013	30/06/2012	30/06/2013	31/12/2012
Translation reserve	-	-	-	-	-	-	-	-	-	-	-	-
Profit or loss on available-for-sale financial assets	-	12,898	46,082	-	5,081	56,703	-	17,979	102,785	7,158	42,042	88,686
Profit or loss on cash flow hedges	2,471	-	2,353	-	-	-	2,471	-	2,353	-	1,291	1,229
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/(changes) on non-current assets or of a discontinued group held for sale	-	-	-	-	-	-	-	-	-	-	-	-
Actuarial profits and losses and adjustments to employee defined plans	135	-	2,218	-	-	-	135	-	2,218	-	70	1,159
Others items	-	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL OTHER COMPREHENSIVE INCOME STATEMENT ITEMS</b>	-	<b>10,292</b>	<b>41,511</b>	-	<b>5,081</b>	<b>56,703</b>	-	<b>15,373</b>	<b>98,214</b>	<b>5,797</b>	<b>39,654</b>	<b>75,616</b>

## Statement of change in consolidated shareholders' equity for the first half 2013

Relating to the statement of change in shareholders' equity, the attachment to Isvap Regulation No. 7 of 13 July 2007, as modified by ISVAP provision No. 2784 of 8 March 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 REPORT AT 30 JUNE 2013

In Euro thousands

## Statement of change in shareholders' equity

		Balance at 31/12/2011	Change in opening balances	Allocation	Adjustments from reclassifications to Income Statement	Transfers	Balance at 30/06/2012
Group equity	Share Capital	373,682					373,682
	Other equity instruments						-
	Equity-related reserves	951,244		- 544,610			406,634
	Income related and other reserves	350,086	- 133,000	192,097			409,183
	(Treasury shares)	- 31,353				-	- 31,353
	Profit/(loss)	- 487,479	133,000	357,544			3,065
	Other comprehensive income	- 227,968		41,510	56,703		- 129,755
	<b>Attributable to the owners of the group</b>	<b>928,212</b>	<b>-</b>	<b>46,541</b>	<b>56,703</b>	<b>-</b>	<b>1,031,456</b>
Non-controlling interest equity	Share capital and reserves	1,461		- 5			1,456
	Profit/(loss)	- 128		76		-	52
	Other comprehensive income	- 8		1			7
	<b>Attributable to non-controlling interests</b>	<b>1,325</b>	<b>-</b>	<b>72</b>	<b>-</b>	<b>-</b>	<b>1,397</b>
<b>Total</b>		<b>929,537</b>	<b>-</b>	<b>46,613</b>	<b>56,703</b>	<b>-</b>	<b>1,032,853</b>

		Balance at 31/12/2012	Change in opening balances	Allocation	Adjustments from reclassifications to Income Statement	Transfers	Balance at 30/06/2013
Group equity	Share Capital	373,682					373,682
	Other equity instruments						-
	Equity-related reserves	406,633		- 111,162			295,471
	Income related and other reserves	413,992		- 105,009			308,983
	(Treasury shares)	- 31,353				-	- 31,353
	Profit/(loss)	- 216,047		308,892			92,845
	Other comprehensive income	90,989		- 10,292	5,081		75,616
	<b>Attributable to the owners of the group</b>	<b>1,037,896</b>	<b>-</b>	<b>82,429</b>	<b>- 5,081</b>	<b>-</b>	<b>1,115,244</b>
Non-controlling interest equity	Share capital and reserves	1,456		- 109			1,347
	Profit/(loss)	- 121		75		-	46
	Other comprehensive income	-					-
	<b>Attributable to non-controlling interests</b>	<b>1,335</b>	<b>-</b>	<b>34</b>	<b>-</b>	<b>-</b>	<b>1,301</b>
<b>Total</b>		<b>1,039,231</b>	<b>-</b>	<b>82,395</b>	<b>- 5,081</b>	<b>-</b>	<b>1,116,545</b>



CONSOLIDATED HALF-YEAR REPORT AT 30 JUNE 2013

In Euro thousands

CASH FLOW STATEMENT (indirect method)

	30/06/2013	30/06/2012
<b>Profit before taxes</b>	<b>160,559</b>	<b>27,281</b>
<b>Non-cash adjustments</b>	<b>-292,021</b>	<b>-301,123</b>
Change in non-life unearned premium provision	-62,311	-40,094
Change in claims provision and other non-life insurance contract liabilities	-202,919	-130,600
Change in actuarial provisions and other life insurance contract liabilities	-63,661	-208,317
Change in deferred acquisition costs	-2,478	-91
Change in provisions	917	-5,813
Non-cash income/charges from financial instruments, property investments and holdings	30,257	53,946
Other Changes	8,174	29,846
<b>Change in payables and receivables from operating activities</b>	<b>91,958</b>	<b>151,585</b>
Change in payables and receivables from direct insurance operations and reinsurance	129,196	149,055
Change in other payables and receivables	-37,238	2,530
<b>Income taxes paid</b>	<b>-25,028</b>	<b>-19,862</b>
<b>Net Cash generated/absorbed from cash items relating to investing and financing activities</b>	<b>25,212</b>	<b>35,402</b>
Liabilities from financial contracts issued by insurance companies	-2,796	-6,092
Bank and interbank payables		
Loans and receivables from banks and interbank		
Other financial instruments at fair value through profit or loss	28,008	41,494
<b>TOTAL NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>-39,320</b>	<b>-106,717</b>
Net cash generated/absorbed from property investments	-218	49,307
Net cash generated/absorbed from investments in subsidiaries, associates and joint ventures	-18,044	2,488
Net cash generated/absorbed from loans and receivables	16,663	18,504
Net cash generated/absorbed from investments held to maturity	-615	-46,006
Net cash generated/absorbed from AFS financial assets	-43,156	238,636
Net cash generated/absorbed from intangible and tangible fixed assets	335	-44
Net cash generated/absorbed from investing activities		40,504
<b>TOTAL NET CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>-45,035</b>	<b>303,389</b>
Net cash generated/absorbed from Group equity instruments	-124	1,965
Net cash generated/absorbed from treasury shares		0
Distribution of dividends relating to the Group		0
Net cash generated/absorbed from minority interest capital and reserves	12	124
Net cash generated/absorbed from subordinated liabilities and financial instruments in holdings	-312	-147
Net cash generated/absorbed from other financial liabilities	13,697	-10,712
<b>TOTAL NET CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>13,273</b>	<b>-8,770</b>
<b>Exchange difference effect on cash and cash equivalents</b>		
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	320,295	470,804
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	-71,082	187,902
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD (*)	249,217	658,706

\* includes cash and cash equivalents of non-current assets held for sale or disposal groups (Euro 75,657 thousand)



## **Explanatory 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 approx. Euro 3.1 billion and a sales network of almost 1,800 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 present interim report outlines the sectors in which the group companies operate and their relative performances.

On 19 July 2012, in execution of the investment agreement of 29 January 2012, Unipol Gruppo Finanziario S.p.A. (UGF) executed the share capital increase of Premafin Finanziaria S.p.A. – Holding di Partecipazioni, approved by the Extraordinary Shareholders' Meeting of 12 June 2012 and reserved to UGF.

With the subscription UGF became the majority shareholder of Premafin with a holding of approx 81%, acquiring consequently indirect control of the Fondiaria-Sai Group and, therefore, Milano Assicurazioni.

On 14 November 2012, the Board of Directors of Unipol Gruppo Finanziario S.p.A., with registered office at Via Stalingrado 45, 40128 - Bologna, approved the commencement of the management and direction of Fondiaria-Sai S.p.A. and of the companies already subject to management and direction of this latter, including Milano Assicurazioni S.p.A..

Milano Assicurazioni also entered the Unipol Insurance Group, enrolled in the registrar of Insurance Groups at No. 046.

## **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 13 July 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 2012 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 30 June of the respective Companies were utilised, adjusted where necessary for consolidation entries and in line with the accounting principles of the Parent Company.

## **CONSOLIDATION METHODS**

### **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 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 30 June 2013, a date coinciding with that of the interim financial statements of the line-by-line consolidated companies.

### **Currency**

The present interim condensed consolidated financial statements are expressed in Euro which is the functional 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 Condensed consolidated interim financial statements at 30 June 2013, are in line with those adopted for the Consolidated financial statements at 31 December 2012 - to which reference should be made - and therefore are in compliance with the IAS/IFRS international accounting standards issued by the IASB approved by the EU and interpreted by the official bodies.

Reference should therefore be made to the 2012 consolidated financial statements for detailed illustration of the methods utilised.

The adoption of new accounting standards starting from 1 January 2013 (including the amendment to IAS 12 – “Income Tax – Deferred Taxes: recovery of the underlying assets”, adopted by the European Commission with Regulation 1255/2012 of 11 December 2012, published in the Official Gazette of the European Union No. 360 of 29 December 2012, did not have significant impacts on the present Condensed Interim Consolidated Financial Statements at 30 June 2013.

In June 2012 the new IAS 19 was approved which, among other issues, abolishes the corridor approach. The standard is effective from 1 January 2013, however we do not expect it to have a significant impact on the consolidated financial statements.

Regulation (EC) No. 1254/2012 of the Commission of 11 December 2012 published in the Official Gazette No. 360 of 29 December 2012, adopted IFRS 10 “Consolidated Financial Statements”, IFRS 11 “Joint Arrangements”, IFRS 12 “Disclosure of interests in other entities”, in addition to the amendments to IAS 27 “Separate financial statements” and IAS 28 “Investments in associates and joint ventures”, establishing that the companies may apply the above-stated standards at the latest from the beginning of their first financial period after 1 January 2014.

In particular, IFRS 10 establishes a single consolidated financial statement model which establishes control as a basis for the consolidation of all types of entities. IFRS 10 replaces IAS 27 Consolidated and Separate Financial Statements and Interpretation 12 of the Standing Interpretations Committee (SIC) “Consolidation – Special purpose entities” (SIC 12); compared to the provisions of IAS 27, the changes introduced by IFRS 10 require management to undertake discretionary assessments to determine which companies are subsidiaries, and therefore, must be consolidated by the parent company.

Following the issue of IFRS 13 “Fair value measurement”, in force from 1 January 2013, no significant impacts are recorded, while the new disclosure requirements have been complied with.

The statement of financial position and the income statement data and related Explanatory notes have been prepared in accordance with IAS 34 “Interim Financial Reporting”, presenting the significant operations and events occurred in the period.

In the preparation of the interim financial statements, the application of the accounting standards and policies requires a greater use of estimates and assumptions which affect the amount of assets, liabilities, revenues and expenses.

The estimates and assumptions are revised regularly, and any changes are recorded in the period in which they are carried out.

### **Unearned premium provision**

For the unearned premium provision, the current risk provision component is recalculated taking account of the current claims to premiums ratio at period-end. For the Classes reporting improvements on the 2012 Annual Accounts, the current risks provision was prudently maintained unchanged and therefore in line with the end of 2012.

In the case in which at period end current claims have increased, the provision at 30 June is considered, provided such increases are not anomalous and one-off in nature.

### **Claims provision**

#### **Prior year claims**

For prior year claims, already recorded to provisions at the beginning of the period, the valuation was based on the last costs at the end of 2012, utilising robust statistical methodology of the claims cost, taking account of the reversals to the provision in the period.

#### **Current claims**

##### **MV TPL**

For current claims, the valuation of the provision, in consideration of the low maturity levels reached by these claims, also took account of valuations related to the average cost of the same generation, relating this value also to the available market targets. In particular the insurance contract liabilities, established through a precise table of statistical average costs (except for specific changes made by the loss adjuster networks), was supplemented in order to obtain an average current accepted claims cost in line with that established for 2012, taking account of the forecasts for the present year, the development of the portfolio and the proportion of injury claims.

### **Other Non-Life Classes**

As the loss adjusters carry out inventory taking of claims made in the final quarter of the year, the claims provision valuation in the half-year was carried out in consideration of the loss adjuster's estimates, taking account also the overall revaluation made last year and evident on conclusion of inventory taking.

### **Reinsurance**

The reinsurers share of insurance liabilities are calculated based on the portion ceded for the proportional reinsurance contracts and in a provisional manner for reinsurance contracts in excess and stop-loss, on the basis of the information available and utilising the same criteria for the direct premium provision, 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 2012, in line with that established by the applicable regulation and international practices.

### **Measurement and impairment of financial instruments**

In relation to the measurement 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 2012 annual accounts to which reference is made for greater detail.

It is recalled that for the purposes of objective impairment of capital instruments, the Group has defined the conditions of a prolonged or significant reduction of fair value, as follows:

1. a reduction of the market value above 50% 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 three 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;
  - breach of contracts or failure to pay interest or capital;
  - risk of insolvency procedures for the issuer;
  - 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.

## **Reclassification of financial instruments**

We recall that in accordance with IAS 39, as enacted in October 2008 through the approval of Regulation (EC) No 1004/2008, a financial asset classified as available for sale may be reclassified in the category “Loans and Receivables” provided that it complies with the requirements contained in the definition of loans and receivables, and that the Group has the intention and the capacity to hold the financial asset for the foreseeable future or until maturity.

The Group decided to avail of this option and at 1 January 2009 reclassified to “Loans and Receivables” some debt securities for Euro 256.9 million that at 31 December 2008 were recorded within the category “Available for sale”. These securities, principally containing subordination clauses and issued by corporate parties, were measured at fair value at 31 December 2008 through mark to model, with the objective to provide maximum transparency and clarification in the valuations of the accounts.

The value transferred is equal to 2% of the total amount of the Investments of the Group at 1/1/2009: therefore this reclassification operation was not considered significant for the purposes of the compilation of the attachment relating to the “Details of the financial assets reclassified and of the effects on the income statement and on comprehensive income”.

At 30 June 2013 the book value of the securities transferred was Euro 218.3 million and the fair value at that date, determined on the basis of the previously stated mark-to-model method, substantially confirms the carrying value. There was no permanent loss in value on any security and the effect of the amortised cost resulted in the recording of income of Euro 3.4 million in the Income Statement. The residual negative AFS reserve recorded on these securities at 1/1/2009 amounted to Euro 23.8 million and is amortised in accordance with the provisions of IAS 39. At 30 June 2013 the residual value of the reserve amounted to Euro 9.1 million (Euro 10.3 million at 31/12/2012).

## **Application of IFRS 5**

Considering that outlined in the Directors' Report concerning the planned disposals under the Anti-trust Authority Order, in May 2013 the Board of Directors of Milano Assicurazioni S.p.A., of Fondiaria – Sai S.p.A. and of Unipol Gruppo Finanziario S.p.A. identified, within their respective remits, also in exercising direction and coordination of the Group, the assets subject to disposal and approved the Information Memorandum which was sent to interested investors.

At the date of the present Report, no binding offers have yet been received, however the requirements for the application of IFRS 5 – Non-current assets held for sale have been fulfilled and the amounts relating to assets and liabilities associated with disposal groups are classified according to IFRS 5.

In particular, in the consolidated statement of financial position the assets held for sale were reclassified to the single account called “Non-current assets held for sale or disposal groups” (account 6.1 of Assets), while the liabilities were similarly reclassified to a single account called “Liabilities associated with disposal groups” (account 6.1 Liabilities). Both the accounts are net of inter-company transactions.

As the assets and liabilities within the disposal group do not represent collectively “disposed operating assets”, the income components held for sale are stated according to the normal classification rules through the various income statement accounts. However, considering that the group held for sale comprises a very small composition of assets and liabilities relating to an independently identified cash generating unit, for completeness, in the present notes, in addition to the reclassified assets and liabilities, the results of this cash generating unit are reported.

The application of IFRS 5 did not have any effects on the consolidated results, nor on the consolidated equity.



## **Group Structure**

### **Consolidation scope**

At 30 June 2013, 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 involved in various services. The list of these companies, all fully consolidated, is shown in the table of the consolidated companies.

In the first half of 2013, there were no changes in the consolidation scope.

## CONSOLIDATED HALF-YEAR REPORT AT 30 JUNE 2013

**Consolidation scope**

Company	State	Method (1)	Activity (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
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



<b>Direct Holding %</b>	<b>Total Holding % (3)</b>	<b>Voting % in Ordinary Shareholder Meeting (4)</b>	<b>% consolidated</b>
100.00	100.00		100.00
100.00	100.00		100.00
99.85	99.85		100.00
100.00	100.00		100.00
28.00	54.51		100.00
-	100.00		100.00
100.00	100.00		100.00
100.00	100.00		100.00

**Details of non-consolidated investments**

Company	State	Activity (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
GARIBALDI S.C.A.	LUXEMBOURG	10	B
GRUPPO FONDIARIA-SAI SERVIZI S.c.r.l.	ITALY	11	B
ISOLA S.C.A.	LUXEMBOURG	10	B
IMMOBILIARE LOMBARDA S.p.A.	ITALY	10	B
METROPOLIS S.p.A. in liquidation	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
SVILUPPO CENTRO EST S.r.l.	ITALY	10	B
VALORE IMMOBILIARE S.r.l.	ITALY	10	B
LIGURIA SOCIETA' DI ASSICURAZIONI S.p.A.	ITALY	1	(*)
LIGURIA VITA S.p.A.	ITALY	1	(*)

(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); (\*)= 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		141
49.00	49.00		2,766
-	44.93		2,440
32.00	32.00		70,285
34.21	34.63		7,083
29.56	29.56		13,917
35.83	35.83		6,243
-	29.73		
-	20.00		3,449
29.00	29.00		2,517
30.00	30.00		231
-	20.00		162
-	40.00		
50.00	50.00		583
99.97	99.97		
-	99.97		

## Part B

# Notes to the Consolidated Statement of Financial Position

Considering that outlined in the Directors' Report concerning the planned disposals under the Anti-trust Authority Order, in May 2013 the Board of Directors of Milano Assicurazioni S.p.A., of Fondiaria – Sai S.p.A. and of Unipol Gruppo Finanziario S.p.A. identified, within their respective remits, also in exercising direction and coordination of the Group, the assets subject to disposal and approved the Information Memorandum which was sent to interested investors.

At the date of the present Report, no binding offers have yet been received, however the requirements for the application of IFRS 5 – Non-current assets held for sale have been fulfilled and the amounts relating to assets and liabilities associated with disposal groups are classified according to IFRS 5.

In particular, in the consolidated statement of financial position the assets held for sale were reclassified to the single account called “Non-current assets held for sale or disposal groups” (account 6.1 of Assets), while the liabilities were similarly reclassified to a single account called “Liabilities associated with disposal groups” (account 6.1 Liabilities). Both the accounts are net of inter-company transactions.

As the assets and liabilities within the disposal group do not represent collectively “disposed operating assets”, the income components held for sale are stated according to the normal classification rules through the various income statement accounts. However, considering that the group held for sale comprises a very small composition of assets and liabilities relating to an independently identified cash generating unit, for completeness, in a specific paragraph of the present notes, in addition to the reclassified assets and liabilities, the results of this cash generating unit are reported.

The application of IFRS 5 did not have any effects on the consolidated results, nor on the consolidated equity.

For improved understanding, the change in the balance sheet items of an operating nature and those deriving from the application of IFRS 5 are indicated separately.

## Statement of financial position - Assets

### 1. INTANGIBLE ASSETS

They include:

<i>(in Euro thousands)</i>	<b>30/06/2013</b>	<b>31/12/2012</b>	<b>IFRS 5</b>	<b>Change</b>
Goodwill	164,323	230,851	-66,528	-
Other intangible assets	251	3,924	-534	-3,139
<b>TOTAL</b>	<b>164,574</b>	<b>234,775</b>	<b>-67,062</b>	<b>-3,139</b>

The breakdown of goodwill is as follows:

	30/06/2013	31/12/2012	Change
<i>(in Euro thousands)</i>			
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	-
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 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
IFRS 5 Reclassification	-10,814		-10,814
<b>TOTAL</b>	<b>164,323</b>	<b>230,851</b>	<b>-66,528</b>

The goodwill relating to assets held for sale and recognised to the account *Non-current assets or disposal groups*, in application of IFRS 5 amount to Euro 66,528 thousand, of which Euro 55,714 thousand relating to the entire goodwill of the Liguria Assicurazioni Cash Generating Unit, which therefore is no longer classified under intangible assets, and Euro 10,814 thousand relating to the portion of goodwill allocated to the Milano Non-Life and Milano Life CGU's, concerning the assets/liabilities of these CGU's held for sale and which therefore, as outlined in the above table, were deducted from overall goodwill.

The Group assesses the recoverability of the goodwill allocated to the Cash Generating Units at least on an annual basis or within a shorter period if events or circumstances indicate the existence of a permanent loss in value.

Reference should be made to the financial statements at 31 December 2012 for the description of the methods utilised for the measurement of the recoverable value of the goodwill recorded.

In the first half of 2013, the goodwill allocated to the Milano Assicurazioni CGU's - both for the Non-Life and Life businesses - did not show any indications of impairment. In the first half of 2013, the impairment test was based on the same parameters utilised at the end of 2012, i.e. the Non-Life technical management performance, the Life closed portfolio and the current financial profitability, which were all substantially confirmed in the period.

The impairment test concerning the above stated CGU's at the end of 2012 was based on the recoverable value through use and not on the fair value, considering also their stock market performance.

In relation to the goodwill allocated to the Liguria Assicurazioni CGU, a new impairment test was carried out through a more focused analysis of the results in light of the most recent operating and accounting developments. This is due to the fact that Liguria Assicurazioni falls within the disposal scope identified under the Anti-trust Authority Order referred above.

The impairment test carried out however did not highlight the need to write down the goodwill recorded; the range of values – which did not change significantly from December – confirms the sustainability of the goodwill recognised.

The *other intangible assets* have a definite useful life and are therefore amortised over their duration. There were no intangible assets generated internally.

The amortisation of the Voba (volume of business acquired) concerning Liguria Assicurazioni concluded in the half-year and which was originally recognised in 2008 following the consolidation of the balance sheet of the investment.

The table below shows the breakdown including gross values and accumulated amortisation as at 30 June 2013:

<i>(in Euro thousands)</i>	<b>Gross book value</b>	<b>Amortisation and impairments</b>	<b>Net value</b>
Other intangible assets	1,277	-1,026	251
<b>TOTAL</b>	<b>1,277</b>	<b>-1,026</b>	<b>251</b>

## 2. PROPERTY, PLANT & EQUIPMENT

The account amounts to Euro 5,400 thousand, broken down as follows:

(in Euro thousands)	Property		Other property, plant and equipment	
	30/06/13	31/12/12	30/06/13	31/12/12
Gross book value	3,835	36,835	19,777	23,340
Accumulated depreciation and Impairments	-2,154	-2,098	-16,058	-19,068
<b>NET VALUE</b>	<b>1,681</b>	<b>34,737</b>	<b>3,719</b>	<b>4,272</b>

The account *Property* 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 1.7 million than the expert's market-based valuations at the end of the previous period.

No buildings had any restrictions on title.

## 3. INSURANCE CONTRACT LIABILITIES – REINSURERS SHARE

The account amounts to Euro 189,049 thousand (Euro 340,154 thousand at 31/12/2012). The item relating to the group of assets to be disposed of and therefore recognised to the account *Non-current assets or disposal groups* amounted to Euro 156,377 thousand, as follows:

(in Euro thousands)	30/06/2013	31/12/2012	IFRS 5	Change
Non-Life premium provisions - reinsurers	14,935	47,566	-26,954	-5,677
Non-Life claims provisions - reinsurers	131,890	222,814	-107,800	16,876
Actuarial provisions attributed to reinsurers	40,611	65,564	-18,644	-6,309
Provision for claims to be paid – reinsured	1,613	4,210	-2,979	382
<b>TOTAL</b>	<b>189,049</b>	<b>340,154</b>	<b>-156,377</b>	<b>5,272</b>



## 4. INVESTMENTS

The breakdown of the account is as follows:

<i>(in Euro thousands)</i>	<b>30/06/2013</b>	<b>31/12/2012</b>	<b>IFRS 5</b>	<b>Change</b>
Investment property	472,021	613,188	-130,227	-10,940
Investments in subsidiaries, associates and interests in joint ventures	109,817	111,964	-	-2,147
Held to maturity investments	95,352	185,360	-92,954	2,946
Loans and receivables	820,218	891,522	-59,927	-11,377
Available-for-sale financial assets	3,428,834	6,508,286	-3,094,643	15,191
Financial assets at fair value through profit or loss	87,633	165,092	-46,464	-30,995
<b>TOTAL</b>	<b>5,013,875</b>	<b>8,475,412</b>	<b>-3,424,215</b>	<b>-37,322</b>

### 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 (1 January 2004).

The reduction compared to 31/12/2012 relates for Euro 130,227 thousand to the application of IFRS 5, which resulted in the recognition of investment property concerning the assets held for disposal to the account *Non-current assets or disposal groups*. The remaining change is principally due to the amortisation in the period (Euro 11.1 million).

Overall, the book value at 30 June 2013 was Euro 117.4 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 30 June 2013:

	<b>30/06/2013</b>	<b>31/12/2012</b>
Gross book value	595,019	747,691
Depreciation and impairment	-122,998	-134,503

<b>Net value</b>	<b>472,021</b>	<b>613,188</b>
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During the half-year, rental income from investment property and expense reimbursements amounted to Euro 13.3 million while operating costs, mainly relating to building lease charges, amounted to Euro 7.8 million.

There are no significant limits to the realisation of the investment property due to legal or other restrictions.

### **Investments in subsidiaries, associates and interests in 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.

<i>(in Euro thousands)</i>	<b>30/06/2013</b>	<b>31/12/2012</b>
A7 S.r.l. in liquidation	141	141
Atahotels S.p.A.	2,766	-
Borsetto S.r.l.	2,440	2,526
Garibaldi S.c.a.	70,285	70,254
Gruppo Fondiaria-Sai Servizi S.c.r.l.	7,083	13,280
Isola S.c.a.	13,917	12,812
Immobiliare Lombarda S.p.A.	6,243	6,873
Metropolis S.p.A. in liquidazione	-	-
Penta Domuns S.r.l.	3,449	2,834
Sai Investimenti SGR S.p.A.	2,517	2,287
Service Gruppo Fondiaria-Sai S.r.l.	231	230
Servizi Immobiliari Martinelli S.p.A.	162	144
Sviluppo Centro Est S.r.l.	-	-
Valore Immobiliare S.r.l.	583	583
<b>TOTAL</b>	<b>109,817</b>	<b>111,964</b>

## Held to maturity investments

This category includes securities related to policies with fixed returns or covered by contractual commitments realised through specific assets. The account amounts to Euro 95,352 thousand and is comprised of:

<i>(in Euro thousands)</i>	<b>30/06/2013</b>	<b>31/12/2012</b>	<b>IFRS 5</b>	<b>Change</b>
Non quoted debt securities	20,035	1,429	-27,053	45,659
Quoted debt securities	75,317	183,931	-65,901	-42,713
<b>TOTAL</b>	<b>95,352</b>	<b>185,360</b>	<b>-92,954</b>	<b>2,946</b>

Their current value at 30 June amounted to Euro 100,379 thousand.

## Loans and receivables

The account amounts to Euro 820,218 thousand (Euro 891,522 thousand at 31/12/2012) and is composed as follows:

<i>(in Euro thousands)</i>	<b>30/06/2013</b>	<b>31/12/2012</b>	<b>IFRS 5</b>	<b>Change</b>
Debt securities	715,584	787,456	-58,474	-13,398
Loans on life policies	17,074	19,342	-1,304	-964
Deposits held by reinsurers	1,829	1,869	-	-40
Receivables from agents for indemnities paid to agents terminated	62,896	59,808	-	3,088
Other financial investments	10,000	10,000	-	-
Other loans and receivables	12,835	13,047	-149	-63
<b>TOTAL</b>	<b>820,218</b>	<b>891,522</b>	<b>-59,927</b>	<b>-11,377</b>

The account Debt securities with a fair value at 30 June 2013 of Euro 751.8 million principally includes:

- Euro 439.5 million of Italian government bonds undertaken in “Private Placement” as a stable investment and not listed on the Italian Stock Market. The classification of these securities in this category is due therefore to the lack of an active reference market;
- approx. Euro 218.3 million relating to financial instruments transferred from the AFS category 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 to maintain them in portfolio until maturity and the high levels of volatility

which continue to affect the markets and which do not always guarantee prices in line with the underlying fundamentals of the issuing companies;

These securities were valued at amortised cost. The related losses at the transfer date, which decreased from Euro 23.8 million at 1 January 2009 to Euro 9.1 million at 30 June 2013, were recorded under shareholders' equity in the account Profits or losses on AFS financial assets. The fair value of these securities at 30 June 2013 was Euro 238.5 million, recording in the income statement for the half-year gains of Euro 9.5 million.

- the book value of some issues which are classified in this category in the absence of an active reference market cannot be accurately established (in particular the special issue securities of Ania).

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 13 July 2007 and in consideration of their interest bearing nature.

### Available-for-sale 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:

<i>(in Euro thousands)</i>	<b>30/06/2013</b>	<b>31/12/2012</b>	<b>IFRS 5</b>	<b>Change</b>
Quoted equity securities	55,326	119,382	-5,240	-58,816
Non quoted equity securities	74,252	72,118	-9	2,143
Quoted debt securities	2,968,913	5,917,511	-3,063,951	115,353
Non quoted debt securities	10,641	31,171	-174	-20,356
Fund units	319,702	368,104	-25,269	-23,133
<b>TOTAL</b>	<b>3,428,834</b>	<b>6,508,286</b>	<b>-3,094,643</b>	<b>15,191</b>

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 30 June 2013 amounted to Euro 6.6 million. Impairments exclusively concern available-for-sale financial assets previously written-down and whose book value was aligned to the share price at 30 June 2012 in accordance with IAS 39 (IG.E.4.9). The impairments related to shares for Euro 3.2 million (of which Mediobanca for Euro 1.8 million) and investment fund units for Euro 3.4 million.

For the holding in the Bank of Italy, the valuation at 31 December 2012 was confirmed through the application of commonly used methodologies, establishing the fair value of the 2,000 shares held at Euro 46 million against a historical cost of Euro 8 thousand, with a consequent recording of a reserve of Euro 45,992 thousand, before any tax effect.

The net equity reserve which includes the differences between the average weighted cost and the fair value of instruments classified in this category was positive for Euro 88.7 million (positive for Euro 106.7 million at 31 December 2012). The following table highlights the composition and movements on the previous year:

<i>(in Euro thousands)</i>	<b>30/06/2013</b>	<b>31/12/2012</b>	<b>Change</b>
Debt securities	82,200	89,429	-7,229
Fund units	26,781	26,381	400
Equity securities	37,743	52,167	-14,424
<b>Gross AFS reserve</b>	<b>146,724</b>	<b>167,977</b>	<b>-21,253</b>
Shadow accounting reserve	-36,328	-36,410	82
Tax effect	-21,710	-24,902	3,192
<b>Net AFS reserve</b>	<b>88,686</b>	<b>106,665</b>	<b>-17,979</b>

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

The breakdown is as follows:

<i>(in Euro thousands)</i>	<b>30/06/2013</b>	<b>31/12/2012</b>	<b>IFRS 5</b>	<b>Change</b>
Quoted equity securities	328	283	-	45
Quoted debt securities	25,340	25,314	-	26
Non quoted debt securities	20,631	100,193	-46,464	-33,098
Fund units	39,034	37,662	-	1,372
Other financial instruments	2,300	1,640	-	660
<b>TOTAL</b>	<b>87,633</b>	<b>165,092</b>	<b>-46,464</b>	<b>-30,995</b>

The amount includes Euro 52.7 million of investment contracts where the risk is borne by the policyholders and Euro 24.8 million of investments from pension fund management. These items are recognised to the *insurance contract liabilities* (Euro 19 million) and to *financial liabilities* for the pension funds and for contracts without a significant insurance risk and not falling within the ambit of IFRS 4 (Euro 58.5 million).

Their fair value was determined using the stock exchange prices on the last trading day of June 2013 as a benchmark reference.

The securities classified to the account *Non-current assets or disposal groups* in accordance with IFRS 5 relate to securities concerning index-linked policies of the Life business within the assets held for sale.

## Financial assets and liabilities by level

A breakdown by hierarchical level of the financial instruments valued at fair value is summarised in the table below:

<i>(in Euro thousands)</i>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>AFS financial assets</b>	<b>3,111,036</b>	<b>10,641</b>	<b>307,157</b>	<b>3,428,834</b>
- Equity securities	55,326	-	74,252	129,578
- Debt securities	2,968,913	10,641	-	2,979,554
- Fund units	86,797	-	232,905	319,702
 <b>Financial assets at fair value through profit or loss</b>	 <b>65,163</b>	 <b>10,487</b>	 <b>11,983</b>	 <b>87,633</b>
- Equity securities	30	-	-	30
- Debt securities	8,241	771	354	9,366
- Derivatives	-	660	22	682
- Financial assets where risk is borne by policyholders and pension fund management	56,892	9,056	11,607	77,555
 <b>Total assets at fair value</b>	 <b>3,176,199</b>	 <b>21,128</b>	 <b>319,140</b>	 <b>3,516,467</b>
 <b>Financial liabilities at fair value through profit or loss</b>		 <b>69,714</b>		 <b>69,714</b>
- Liabilities from financial contracts issued by insurance companies		58,512		58,512
- Derivatives		9,070		9,070
- Other financial liabilities		2,132		2,132
 <b>Total liabilities at fair value</b>		 <b>69,714</b>		 <b>69,714</b>

In relation to financial instruments classified at level 3, the following is stated:

- the equity instruments classified to the category “Available-for-sale financial assets” principally comprise the investment in Bank of Italy, whose fair value is primarily sensitive to reasonable changes in the increase in the long-term rate of the cash flows. In relation to Fund Units, predominantly based in the real estate sector, the sensitivity of the fair value is related to the property price movements reflected in the NAV (Net Asset Value) of the funds;
- the changes in the fair value of financial instruments classified to the account “Financial assets whose risks are borne by the policyholder and pension fund management”, which represents the largest component of the category “Financial assets at fair value through profit or loss”, are offset by similar opposing changes reflected in the valuation of the related financial and insurance liabilities.

## 5. OTHER RECEIVABLES

The breakdown of the account is as follows:

<i>(in Euro thousands)</i>	<b>30/06/2013</b>	<b>31/12/2012</b>	<b>IFRS 5</b>	<b>Change</b>
Receivables relating to direct insurance business	147,937	502,380	-214,958	-139,485
Receivables relating to reinsurance business	31,579	32,505	-	-926
Other receivables	365,469	440,150	-44,482	-30,199
<b>TOTAL</b>	<b>544,985</b>	<b>975,035</b>	<b>-259,440</b>	<b>-170,610</b>

As shown in the table, receivables restated in application of IFRS 5 amount to Euro 259,440 thousand and principally concern *receivables from policyholders and agents* relating to the insurance portfolio subject to disposal.

At 30 June the receivables from direct insurance operations include:

- receivables from policyholders of Euro 83,709 thousand, of which Euro 78,596 thousand referring to the premiums for the year and Euro 5,113 thousand for premiums of previous years;
- receivables from insurance brokers for Euro 32,403 thousand;
- receivables from insurance companies for Euro 15,597 thousand;
- receivables from policyholders and others for sums to be recovered for Euro 16,228 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 broken down as follows:

<i>(in Euro thousands)</i>	<b>30/06/2013</b>	<b>31/12/2012</b>	<b>IFRS 5</b>	<b>Change</b>
Receivables from Fondiaria-Sai for Group VAT and tax consolidation	88,808	127,997	-	-39,189
Receivables from Im.Co. and A.S.A.	78,409	78,409	-	-
Tax reimbursements	15,013	14,994	-	19
Other receivables	183,239	218,750	-44,482	8,971
<b>TOTAL</b>	<b>365,469</b>	<b>440,150</b>	<b>-44,482</b>	<b>-30,199</b>



Receivables from Im.co. S.p.A. and A.S.A. (Avvenimenti e Sviluppo Alberghiero s.r.l., a subsidiary of Im.Co.) derive from property to be constructed operations of the above companies in previous years. These receivables are recognised net of an overall write-down of Euro 100.7 million, of which Euro 39.1 million recognised to the 2011 Annual Accounts as impairments on property initiatives and Euro 61.6 million in 2012 following the bankruptcies of Im.Co. and Sinergia.

In this regard, on 14 June 2012 the second civil section of the Milan Court declared the bankruptcy of Sinergia and Im.Co., related companies of Milano Assicurazioni as indirectly controlled by members of the Ligresti family.

Milano Assicurazioni holds receivables totalling Euro 77.4 million from Im.Co. and receivables of Euro 101.7 million from Avvenimenti e Sviluppo Alberghiero S.r.l. - not yet declared bankrupt and wholly-owned by Im.Co.. The full receivable from Im.Co. was accepted as an unsecured receivable within the bankruptcy process.

The principal lending banks of Im.Co. and Sinergia reached an agreed bankruptcy, in which all debts to "related parties", therefore all companies of the Fondiaria SAI Group, are cancelled through the transfer of land and buildings in their current state.

Due to the particular complexity of the issue, together with the fact that a debtor of the Fondiaria SAI Group (the ex-related party ASA) was not declared bankrupt, activities are in progress concerning a complete evaluation of possible solutions to safeguard the interests of the Group companies in relation to positions with the bankrupt companies.

In view of current developments within the administration procedures of Im.Co. S.p.A. and Sinergia, in addition to the liquidation of Avvenimenti e Sviluppo Alberghiero S.r.l., the valuations of receivables are considered reasonably prudent.

Other receivables principally include tax payments on account and receivables for invoices issued and to be issued to the consortium company Gruppo Fondiaria-Sai Servizi for their share of costs concerning common organisational areas.

## 6. OTHER ASSETS

<i>(in Euro thousands)</i>	<b>30/06/2013</b>	<b>31/12/2012</b>	<b>IFRS 5</b>	<b>Change</b>
Non-current assets or disposal groups classified as held for sale	4,040,674	-	4,040,674	-
Insurance deferred acquisition costs	10,104	13,890	-4,340	554
Deferred tax assets	244,388	283,663	-13,398	-25,877
Tax receivables	31,955	42,100	-	-10,145
Other activities	87,913	82,272	-7,110	12,751
<b>TOTAL</b>	<b>4,415,034</b>	<b>421,925</b>	<b>4,015,826</b>	<b>-22,717</b>

### **Insurance deferred acquisition costs**

The deferred acquisition costs of Euro 10,104 thousand (Euro 13,890 thousand at 31/12/2012) 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 244,388 thousand, of which Euro 60,291 thousand recorded against tax losses and Euro 184,097 thousand 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 according to the “balance sheet liability method” principle established by IAS 12. Where permitted by IAS 12, deferred tax assets and liabilities were compensated.

The amount relating to the fiscal losses includes:

- the potential tax benefit related to the tax loss recorded by Milano Assicurazioni in 2011 of Euro 24,369 thousand;
- the potential tax benefit related to the tax losses recorded by the Milano Assicurazioni subsidiary companies which participate in the tax consolidation of the Fondiaria-SAI group, amounting overall to Euro 35,922 thousand.

Tax losses brought forward reduced by Euro 45,550 thousand compared to December 2012 due to usage against assessable taxes in the half-year.

The relative benefits of the residual tax losses were recorded on fulfilling the following requirements:

- there exists a reasonable certainty to achieve fiscal assessable income which will absorb the fiscal losses;
- the losses derive from easily identifiable circumstances, and it is reasonably certain that these circumstances will not be repeated.

### **Tax receivables**

The current tax assets, amounting to Euro 31,955 thousand (Euro 42,100 thousand at 31/12/2012), refer principally to tax authorities for payments on account and withholding taxes. The account also includes the amounts paid on account on the Life business actuarial provisions 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 13 July 2007. Where permitted by IAS 12, current tax assets and liabilities are offset.

### **Other activities**

The account amounts to Euro 87,913 thousand (Euro 82,272 thousand at 31/12/2012) and includes indemnities paid to agencies (Euro 2,863 thousand), payments on account for guarantee provisions in favour of policyholders, with particular reference to the Contribution to the Road Victims Guarantee Fund (Euro 21,382 thousand), reinsurance items (Euro 9,003 thousand) and derivative contract operations guarantee deposits (Euro 12,060 thousand).

## **7. CASH AND CASH EQUIVALENTS**

The account includes the liquidity and deposits and bank current accounts with maturity less than 15 days and amounts to Euro 173,560 thousand (Euro 320,299 thousand at 31/12/2012). The decrease relates for Euro 75,567 thousand to the restatement under IFRS 5.

## Statement of financial position - Liabilities

### EQUITY & LIABILITIES

#### 1. EQUITY

Consolidated Equity, inclusive of the result for the period and the non-controlling interest, amounts to Euro 1,116,545 thousand. The composition compared to 31 December 2012 is shown below:

<i>(in Euro thousands)</i>	<b>30/06/2013</b>	<b>31/12/2012</b>	<b>Change</b>
<b>Group Equity</b>	<b>1,115,244</b>	<b>1,037,896</b>	<b>77,348</b>
Share capital	373,682	373,682	-
Other equity instruments	-	-	-
Capital reserves	295,471	406,634	-111,163
Income related and other reserves	308,983	413,991	-105,008
<i>Treasury shares</i>	<i>-31,353</i>	<i>-31,353</i>	-
Reserve for currency translation difference	-	-	-
Unrealised gains or losses on available-for-sale financial assets	88,686	106,665	-17,979
Other unrealised gains and losses recorded through equity	-13,070	-15,676	2,606
Group net profit/(loss)	92,845	-216,047	308,892
<b>Non-controlling interest equity</b>	<b>1,301</b>	<b>1,335</b>	<b>-34</b>
Non-controlling interests capital and reserves	1,347	1,456	-109
Unrealised gains or losses through equity	-	-	-
Profit (loss) for the period	-46	-121	75
<b>TOTAL</b>	<b>1,116,545</b>	<b>1,039,231</b>	<b>77,314</b>

The changes in consolidated 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 30/06/2013	Savings 30/06/2013	Ordinary 31/12/2012	Savings 31/12/2012
<b>Number of shares issued</b>	1,842,334,571	102,466,271	1,842,334,571	102,466,271

The above-stated shares were entirely paid in and without a nominal value as resolved by the Extraordinary Shareholders' Meeting of 27 April 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 30/06/2013	1,842,334,571	102,466,271	1,944,800,842
Treasury shares (-)	-6,764,860	-	-6,764,860
Shares outstanding: existing at 30/06/2013	1,835,569,711	102,466,271	1,938,035,982

## **Capital reserves**

The account capital reserves, amounting to Euro 295,471 thousand, exclusively relates to the share premium reserve. The account is net of the Euro 9,664 thousand relating to the costs of the share capital increase in 2011 which, in accordance with paragraph 35 of IAS 32, is recorded as a direct deduction of net equity.

## **Income related and other reserves**

These comprise:

- retained earnings for Euro 375,816 thousand;
- the consolidation reserve, negative for Euro 48,688 thousand;
- the reserve for gains and losses deriving from the first-time application of the international accounting standards, negative for Euro 44,058 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.

## **Unrealised gains or losses on available-for-sale financial assets**

The account, a loss of Euro 88,686 thousand, represents the difference between the acquisition costs and market prices of the available-for-sale 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 9,132 thousand of losses relating to financial instruments previously classified in the AFS category and subsequently transferred to the *Loans and Receivables* category.

## **Other unrealised gains and losses recorded through equity**

They relate to:

- losses of an actuarial nature consequent of the application of IAS 19 (Euro 7,168 thousand);
- losses deriving from the valuation of a derivative financial instrument to hedge cash flows (Euro 5,902 thousand).

## 2. PROVISIONS

<i>(in Euro thousands)</i>	<b>30/06/2013</b>	<b>31/12/2012</b>	<b>IFRS 5</b>	<b>Change</b>
Provisions	63,897	92,101	-20,683	-7,521

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 62,738 thousand concerns allocations to the risks provision, principally relating to disputes and risks with the agency networks;
- Euro 1,159 thousand relating to provisions for future charges.

The amount recognised as per IFRS 5 principally includes the provisions concerning agencies relating to the insurance portfolio subject to sale.

### 3. INSURANCE CONTRACT LIABILITIES

These amount to Euro 5,095,373 thousand and report a reduction of Euro 3,779,140 thousand compared to 31/12/2012, of which Euro 3,455,441 thousand concerns provisions related to the insurance portfolio held for sale and consequently classified to the account *Liabilities associated with disposal groups* in application of IFRS 5.

The breakdown is as follows:

<i>(in Euro thousands)</i>	<b>30/06/2013</b>	<b>31/12/2012</b>	<b>IFRS 5</b>	<b>Change</b>
<b>NON-LIFE INSURANCE BUSINESS</b>				
Unearned premium provision	421,770	1,052,922	-563,163	-67,989
Claims provision	1,954,003	4,441,402	-2,301,794	-185,605
Other provisions	1,146	2,488	-904	-438
<b>Total Non-Life</b>	<b>2,376,919</b>	<b>5,496,812</b>	<b>-2,865,861</b>	<b>-254,032</b>
<b>LIFE INSURANCE BUSINESS</b>				
Actuarial provisions	2,663,180	3,211,455	-514,621	-33,654
Provision for sums to be paid	28,425	43,461	-15,989	953
Insurance contract liabilities when the investment risk borne by policyholders and pension fund management	19,043	98,597	-46,464	-33,090
Other provisions	18,781	24,188	-1,531	-3,876
<b>Total Life</b>	<b>2,729,429</b>	<b>3,377,701</b>	<b>-578,605</b>	<b>-69,667</b>
<b>TOTAL INSURANCE CONTRACT LIABILITIES</b>	<b>5,106,348</b>	<b>8,874,513</b>	<b>-3,444,466</b>	<b>-323,699</b>

The *Other Non-Life insurance contract liabilities* relate to the ageing reserve of the health class, in order to compensate the deterioration of the insurance risk due to the ageing of the policyholders for long-terms contracts or annual contracts with obligation to renew on expiry, where the premiums are determined, for the entire guarantee duration, based on the age of the policyholders at the moment of the signing of the contract.

The *Other Life insurance contract liabilities* principally include the reserve for future expenses and the reserve for deferred liabilities due to policyholders (Euro 3,630 thousand), determined applying the shadow accounting method, as per paragraph 30 of IFRS 4.



## 4. FINANCIAL LIABILITIES

They consist of:

<i>(in Euro thousands)</i>	<b>30/06/2013</b>	<b>31/12/2012</b>	<b>IFRS 5</b>	<b>Change</b>
Financial liabilities at fair value through profit or loss	69,714	72,510	-	-2,796
Other financial liabilities	84,728	254,895	-183,552	13,385
<b>TOTAL</b>	<b>154,442</b>	<b>327,405</b>	<b>-183,552</b>	<b>10,589</b>

### Financial liabilities at fair value through profit or loss

The account includes Euro 58,512 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” and refer exclusively to guarantee deposits concerning risks ceded to reinsurers.

The financial liabilities concerning the assets held for sale and therefore measured under IFRS 5 principally concern subordinated loans undertaken with Mediobanca and also those following the indications from the Anti-trust Authority.

It is reported in fact that, with reference to the order C/11524 in relation to the “Evaluation of the measures to be prescribed” and, in particular, with reference to the “Measures relating to the shareholding ties of the entity post-merger with Mediobanca” initiated on 26 April 2012 by the Anti-trust Authority in relation to the companies Unipol Gruppo Finanziario S.p.A., Premafin Finanziaria S.p.A., Fondiaria-SAI S.p.A., Milano Assicurazioni S.p.A., Unipol Assicurazioni S.p.A., Mediobanca S.p.A. and Assicurazioni Generali S.p.A., the net debt of Milano Assicurazioni with Mediobanca should be reduced, as well as with the post-merger entity, in order to significantly reduce the ties with this latter.

They principally relate to:

- Euro 50,505 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<sup>th</sup> 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 101,078 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 should 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 22 June 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 Milano Assicurazioni is subject to, in addition to any resolution by the Extraordinary Shareholders' Meeting 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 Company is voluntarily subject, no longer being subject to the Standard & Poor's rating) of the beneficiary company 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.

This information is provided although there is little possibility of contractual events arising for the protection of the lenders.

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 203,147 thousand and is comprised of:

<i>(in Euro thousands)</i>	<b>30/06/2013</b>	<b>31/12/2012</b>	<b>IFRS 5</b>	<b>Change</b>
Payables from direct insurance business	13,726	19,495	-3,975	-1,794
Payables from reinsurance business	21,133	33,272	-2,718	-9,421
Other payables	168,288	259,755	-32,263	-59,204
<b>TOTAL</b>	<b>203,147</b>	<b>312,522</b>	<b>-38,956</b>	<b>-70,419</b>

Payables from direct insurance operations include:

- Euro 6,590 thousand with insurance intermediaries;
- Euro 6,024 thousand for payables to insurance companies;
- Euro 1,111 thousand for payables for guarantee provisions for policyholders.

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

(in Euro thousands)

30/06/2013

Trade payables	13,361
Post-employment benefits	8,214
Policyholders' tax due	37,765
Other taxes due	17,567
Social security and welfare institutions	4,632
Other	86,749
<b>TOTAL</b>	<b>168,288</b>

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 breakdown is as follows:

(in Euro thousands)

30/06/2013 31/12/2012 IFRS 5 Change

Liabilities associated with disposal groups	3,737,092	-	3,737,092	-
Tax liabilities	2,408	10,096	-102	-7,586
Deferred tax liabilities	43,828	36,078	-14,087	21,837
Other liabilities	78,770	114,663	-35,246	-647
<b>TOTAL</b>	<b>3,862,098</b>	<b>160,837</b>	<b>3,687,657</b>	<b>13,604</b>

Other liabilities include among others:

- commissions on premium collection of Euro 10,950 thousand;
- claims in course of payment of Euro 8,380 thousand;
- over commissions to be paid for Euro 3,860 thousand.

## **NON-CURRENT ASSETS AND LIABILITIES OR DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE**

The assets and liabilities held for sale under that established on 8 May 2013 by the Board of Directors of Milano Assicurazioni and Fondiaria–SAI and on 9 May 2013 by the Board of Directors of Unipol Gruppo Finanziario, for that pertaining to each company, also in exercise of the direction and coordination activities of the Group, under the Anti-trust Authority order of 19/6/2012 are shown below, according to the original Financial Statement classifications.

As outlined at the beginning of Part B, considering that the group held for sale comprises a very small composition of assets and liabilities relating to an independently identified cash generating unit, for completeness of information, the results of this cash generating unit are detailed below.

## CONSOLIDATED HALF-YEAR REPORT AT 30 JUNE 2013

In Euro thousands

## NON-CURRENT ASSETS / LIABILITIES OR OF A DISPOSAL GROUP HELD FOR SALE AT 30/06/2013

ASSETS		Non-Life	Life	Real Estate	Total
1	INTANGIBLE ASSETS	63,875	3,187		67,062
2	PROPERTY, PLANT & EQUIPMENT	72		33,003	33,075
3	INSURANCE LIABILITIES- REINSURERS SHARE	134,754	21,623		156,377
4	INVESTMENTS	2,818,159	550,237	55,819	3,424,215
4.1	Investment property	74,408		55,819	130,227
4.2	Investments in subsidiaries, associates and interests in joint ventures				
4.3	Held to maturity investments		92,954		92,954
4.4	Loans and receivables	40,259	19,668		59,927
4.5	Available-for-sale financial assets	2,703,492	391,151		3,094,643
4.6	Financial assets at fair value through profit or loss		46,464		46,464
5	OTHER RECEIVABLES	237,770	21,029	641	259,440
6	OTHER ASSETS	15,419	9,429		24,848
6.1	Deferred acquisition costs	1,478	2,862		4,340
6.2	Other assets	13,941	6,567		20,508
7	CASH AND CASH EQUIVALENTS	23,541	49,221	2,895	75,657
	<b>TOTAL ASSETS</b>	<b>3,293,590</b>	<b>654,726</b>	<b>92,358</b>	<b>4,040,674</b>
LIABILITIES		Non-Life	Life	Real Estate	Total
2	PROVISIONS	20,183	500		20,683
3	INSURANCE CONTRACT LIABILITIES	2,865,861	578,605		3,444,466
4	FINANCIAL LIABILITIES	127,348	56,204		183,552
4.1	Financial liabilities at fair value through profit or loss				
4.2	Other financial liabilities	127,348	56,204		183,552
5	PAYABLES	35,980	2,875	101	38,956
6	OTHER LIABILITIES	41,033	8,402		49,435
	<b>TOTAL LIABILITIES</b>	<b>3,090,405</b>	<b>646,586</b>	<b>101</b>	<b>3,737,092</b>

## INCOME STATEMENT OF THE CGU LIGURIA ASSICURAZIONI FOR H1 2013

	Non-Life	Life	Total
1.1 Net premiums	81,093	7,865	88,958
1.1. Gross premiums	96,906	8,705	105,611
1.1. Ceded premiums	-15,813	-840	-16,653
1.2 Commission income			
1.3 Gains and losses on remeasurement of financial instruments at fair value through profit or loss			
1.4 Gains on investments in subsidiaries, associates and interest in joint ventures			
1.5 Gains on other financial instruments and investment property	6,812	2,343	9,155
1.6 Other income	3,609	87	3,696
1 <b>TOTAL REVENUES AND INCOME</b>	<b>91,514</b>	<b>10,295</b>	<b>101,809</b>
2.1 Net charges relating to claims	62,119	6,947	69,066
2.1. Amounts paid and changes in insurance contract liabilities	69,083	7,408	76,491
2.1. Reinsurers' share	-6,964	-461	-7,425
2.2 Commission expenses			
2.3 Losses on investments in subsidiaries, associates and interests in joint ventures			
2.4 Losses on other financial instruments and investment properties	81	6	87
2.5 Operating expenses	19,554	1,355	20,909
2.6 Other costs	13,794	1,582	15,376
2 <b>TOTAL COSTS AND EXPENSES</b>	<b>95,548</b>	<b>9,890</b>	<b>105,438</b>
<b>PRE-TAX PROFIT/(LOSS) FOR THE PERIOD</b>	<b>-4,034</b>	<b>405</b>	<b>-3,629</b>

## **Part C**

### **Notes to the Consolidated Income Statement**

## NET PREMIUMS

The net premiums consolidated amount to Euro 1,434,208 thousand (Euro 1,624,077 thousand in the first half of 2012).

The gross premiums written amount to Euro 1,506,059 thousand and consist of:

<i>(in Euro thousands)</i>	<b>H1 2013</b>	<b>H1 2012</b>	<b>Change</b>
Gross Life premiums written	175,756	201,392	-25,636
Gross Non-Life premiums written	1,262,287	1,438,823	-176,536
Change in gross premiums provision	68,016	45,361	22,655
Total Non-Life business	1,330,303	1,484,184	-153,881
<b>Gross premiums</b>	<b>1,506,059</b>	<b>1,685,576</b>	<b>-179,517</b>

The details of premiums ceded by type are shown below:

<i>(in Euro thousands)</i>	<b>H1 2013</b>	<b>H1 2012</b>	<b>Change</b>
Life premiums ceded	4,548	5,154	-606
Non-Life premiums ceded	61,963	50,917	11,046
Change in reinsurers provisions	5,340	5,428	-88
Total Non-Life business	67,303	56,345	10,958
<b>Premiums ceded</b>	<b>71,851</b>	<b>61,499</b>	<b>10,352</b>

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**

<i>(in Euro thousands)</i>	<b>H1 2013</b>	<b>H1 2012</b>	<b>Change</b>
Commission income	218	357	-139

This relates to the explicit and implicit loading of policies not within the application of IFRS 4 as not containing a significant insurance risk and management commissions from unit linked and pension funds.

**GAINS AND LOSSES ON REMEASUREMENT OF FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT AND LOSS**

The account amounted to net losses of Euro 2,482 thousand compared to net gains of Euro 24,586 thousand in the same period of the previous year.

The components are broken down as follows:

<i>(in Euro thousands)</i>	<b>Net Interest</b>	<b>Other net income</b>	<b>Realised gains</b>	<b>Realised losses</b>	<b>Unrealised gains and write-backs</b>	<b>Unrealised losses and impairments</b>	<b>Total H1 2013</b>	<b>Total H1 2012</b>	<b>Change</b>
<i>Result of investments from</i>									
Financial assets held for trading	1						1	-337	338
Financial assets designated at fair value through profit or loss	2,572	-1,756	3,354	-3,764	1,082	-3,971	-2,483	24,820	-27,303
Financial liabilities held for trading	-	-	-	-	-	-	-	103	-103
<b>TOTAL</b>	<b>2,573</b>	<b>-1,756</b>	<b>3,354</b>	<b>-3,764</b>	<b>1,082</b>	<b>-3,971</b>	<b>-2,482</b>	<b>24,586</b>	<b>-27,068</b>

## INCOME AND CHARGES FROM OTHER FINANCIAL INSTRUMENTS, INVESTMENT PROPERTY AND HOLDINGS

The following table shows the breakdown:

<i>(in Euro thousands)</i>	Net Interest	Other net income	Realised gains	Realised losses	Unrealised gains and write-backs	Unrealised losses and impairments	Total H1 2013	Total H1 2012	Change
<i>Result from:</i>									
Investment property		5,517	244	-2	-	-11,158	-5,399	10,553	-15,952
Investments in subsidiaries, associates and interests in joint ventures		-11,754					-11,754	-7,828	-3,926
Held to maturity investments	4,990						4,990	3,820	1,170
Loans and receivables	21,871						21,871	23,714	-1,843
Available for sale financial assets	101,475	2,566	27,048	-7,415	-	-6,573	117,101	92,275	24,826
Other receivables	1,187						1,187	799	388
Cash and cash equivalents	107	-3					104	1,809	-1,705
Other financial liabilities	-4,100						-4,100	-5,448	1,348
Payables	-375						-375	-425	50
<b>TOTAL</b>	<b>125,155</b>	<b>-3,674</b>	<b>27,292</b>	<b>-7,417</b>	<b>-</b>	<b>-17,731</b>	<b>123,625</b>	<b>119,269</b>	<b>4,356</b>

The unrealized losses and impairments concern:

- AFS financial instruments for Euro 6.6 million;
- property depreciation of Euro 11.1 million.

Impairments refer exclusively to available-for-sale financial assets which were written-down in previous years and relate to shares for Euro 3.2 million (of which Mediobanca for Euro 1.8 million) and investment fund units for Euro 3.4 million.

## OTHER INCOME

Other income amounts to Euro 84,624 thousand (Euro 91,108 thousand in the first half of 2012) and are composed of:

<i>(in Euro thousands)</i>	<b>H1 2013</b>	<b>H1 2012</b>	<b>Change</b>
Other technical income	16,634	16,626	8
Utilisation of provisions	9,731	12,632	-2,901
Exchange differences	-	2,608	-2,608
Prior year income	854	1,336	-482
Recovery of expenses/administrative costs	44,483	47,362	-2,879
Other income	12,922	10,544	2,378
<b>TOTAL</b>	<b>84,624</b>	<b>91,108</b>	<b>-6,484</b>

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

The recovery of expenses and administration charges, which are offset against other charges, principally relates to the secondment of personnel within the Gruppo Fondiaria-Sai Servizi s.c.r.l consortium which, utilising unified structures, provides services to other group companies and with costs based on standard criteria.

## NET CHARGES RELATING TO CLAIMS

These amount, net of the share ceded to reinsurers, to Euro 1,052,977 thousand, as follows:

<i>(in Euro thousands)</i>	<b>H1 2013</b>	<b>H1 2012</b>	<b>Change</b>
<b>Non-Life business</b>			
Amount paid	1,083,616	1,215,822	-132,206
Change in claims provisions	-203,290	-130,205	-73,085
Change in recoveries	-15,783	-20,934	5,151
Change in other insurance contract liabilities	-437	-397	-40
<b>Total Non-Life</b>	<b>864,106</b>	<b>1,064,286</b>	<b>-200,180</b>
<b>Life business</b>			
Sums paid	253,196	436,381	-183,185
Change in sums to be paid provision	570	891	-321
Change in actuarial provision	-28,362	-194,794	166,432
Change in insurance contract liabilities when the investment risk is borne by policyholders and pension fund management	-32,749	-16,458	-16,291
Change in other insurance contract liabilities	-3,784	1,027	-4,811
<b>Total Life</b>	<b>188,871</b>	<b>227,047</b>	<b>-38,176</b>
<b>Total Non-Life + Life</b>	<b>1,052,977</b>	<b>1,291,333</b>	<b>-238,356</b>
Amount paid	1,336,812	1,652,203	-315,391
Change in provisions	-283,835	-360,870	77,035

## COMMISSION EXPENSES

<i>(in Euro thousands)</i>	<b>H1 2013</b>	<b>H1 2012</b>	<b>Change</b>
Commission expenses	42	56	-14

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

## OPERATING EXPENSES

The details by type are shown below:

<i>(in Euro thousands)</i>	<b>H1 2013</b>	<b>H1 2012</b>	<b>Change</b>
<b>Non-Life acquisition costs</b>			
Acquisition commissions and changes in deferred acquisition costs	165,486	203,083	-37,597
Other acquisition expenses	42,285	42,514	-229
Collection commissions	26,660	11,020	15,640
Reinsurers commissions and profit participation	-20,535	-17,470	-3,065
<b>Total Non-Life</b>	<b>213,896</b>	<b>239,147</b>	<b>-25,251</b>
<b>Life acquisition costs</b>			
Acquisition commissions and changes in deferred acquisition costs	3,568	4,317	-749
Other acquisition expenses	4,023	4,122	-99
Collection commissions	1,267	1,447	-180
Reinsurers commissions and profit participation	-1,128	-1,086	-42
<b>Total Life</b>	<b>7,730</b>	<b>8,800</b>	<b>-1,070</b>
Asset management fees	1,929	2,202	-273
Other administration expenses	52,605	56,698	-4,093
<b>TOTAL</b>	<b>276,160</b>	<b>306,847</b>	<b>-30,687</b>

## OTHER COSTS

Other costs amount to Euro 150,455 thousand (Euro 233,880 thousand in the first half of 2012) and are comprised of:

<i>(in Euro thousands)</i>	<b>H1 2013</b>	<b>H1 2012</b>	<b>Change</b>
Other technical expenses	59,388	85,296	-25,908
Provisions for risks and charges	5,545	6,933	-1,388
Write-downs of receivables	11,626	69,915	-58,289
Non recurring expenses	852	642	210
Depreciation of property & equipment	352	373	-21
Amortisation of intangible assets	2,986	3,641	-655
Exchange differences	465	828	-363
Administrative costs/expenses incurred for third parties	44,483	47,362	-2,879
Other costs	24,758	18,890	5,868
<b>TOTAL</b>	<b>150,455</b>	<b>233,880</b>	<b>-83,425</b>

The other technical expenses include cancellations and policyholder bad debts for premiums issued in previous years.

## INCOME TAXES

<i>(in Euro thousands)</i>	<b>H1 2013</b>
Current income taxes	25,028
Deferred tax liabilities arising in the period	4,736
Deferred tax liabilities utilised in the period	-2,354
Deferred tax assets arising in the period	-13,900
Deferred tax assets utilised in the period	54,250
<b>TOTAL</b>	<b>67,760</b>

Income taxes amounted to Euro 67,760 thousand (Euro 18,830 thousand in the first half of 2012), of which current taxes of Euro 25,028 thousand and net deferred tax charges of Euro 42,732 thousand. Deferred tax assets utilised in the period include Euro 45,550 thousand concerning the recovery of prior year cumulative tax losses.

## ADDITIONAL INFORMATION

### Earnings per share

	H1 2013	H1 2012
Net profit/(loss) from ordinary operations attributed to the ordinary shareholders of the parent company (Euro thousand)	87,953	8,055
Weighted average number of ordinary shares to calculate the basic earnings per share	1,835,569,711	1,835,569,711
Earnings/(loss) per share from ordinary operations – in Euro	0.048	0.004
Weighted average number of ordinary shares to calculate the diluted earnings per share	n.a.	N/A
Diluted earnings/(loss) per share from ordinary operations – in Euro	n.a.	N/A

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 should be noted that:

- the loss attributed to ordinary shareholders of the Parent Company is calculated as the loss for the year attributable to equity shareholders of the parent net of the portion of loss for the year attributable to savings shareholders;
- the weighted average shares outstanding is calculated net of the weighted average treasury shares held.

At 30 June 2013 it was not considered necessary to calculate the diluted earnings per share.

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

	H1 2013	H1 2012
Net profit/(loss) from discontinued operations attributed to the ordinary shareholders of the parent company (Euro thousand)	-	-5,151
Weighted average number of ordinary shares to calculate the basic earnings per share	1,835,569,711	1,835,569,711
Earnings/(loss) per share from discontinued operations – in Euro	-	-0.003
Weighted average number of ordinary shares to calculate the diluted earnings per share	n.a.	n.a.
Diluted earnings/(loss) per share from discontinued operations (in Euro)	n.a.	n.a.

## Derivative financial instruments

The Group makes a limited use of derivative financial instruments. In fact the characteristics and the nature of the insurance activity require, as a consequence, that the utilisation of derivative financial instruments are regulated in accordance with ISVAP Regulation No. 36/2011.

At 30 June 2013, the derivative financial operations open were:

- nominal contract of Euro 50 million of an Interest Rate Swap with the counterparty HVB expiring on 14 July 2016. Based on this contract, Milano Assicurazioni pays to the counterparty a fixed annual rate of 3.18% and receives the Euribor rate at 6 months;
- nominal contract of Euro 100 million of an Interest Rate Swap with the counterparty Mediobanca expiring on 14 July 2018. Based on this contract, Milano Assicurazioni pays to the counterparty a fixed annual rate of 2.35% and receives the Euribor rate at 6 months;
- collar option on 1,600,000 Mediobanca shares, with unitary strike price of the put purchase option of Euro 4.60 and unitary strike price of the call sale option of Euro 6.70;
- options on call sales on 118,000 Carrefour shares (unitary strike of Euro 28) and 29,000 BNP Paribas shares (unitary strike of Euro 48).

These operations were undertaken in accordance with the Board of Directors' resolution of 14 May 2011 concerning investments and utilising control and monitoring instruments, including preventive instruments, existing within the organisation which track the operations carried out in terms of the decided strategy, the efficiency of the hedging operations and the respecting of the limits assumed. For each hedging operation, the relative "Hedging Relationship Documentation" was prepared in accordance with the above-mentioned resolution and also in compliance with international accounting standards.

The principal derivative finance operation in the first half of 2013 concerns the exercise of 6,459,144 combined purchase call - sale put options on Unicredit shares, undertaken with an average unitary strike of Euro 3.588. This operation resulted in a loss of Euro 315 thousand. Following the exercise of the above-stated options, the relative Unicredit shares were sold, resulting in a gain of Euro 4.7 million.

The Group does not have derivative contracts on currencies as the exposure to exchange risk is immaterial.



## **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 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.

To identify the primary segments, the Group analysed the risk-return profile of the sectors and examined the internal reporting structure.

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

The **Life Insurance 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 statement of financial position and income statement by sector, prepared in accordance with the formats approved by Isvap Regulation No. 7 of 13 July 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.

# **Statement of Financial Position & Income Statement by segment**

## CONSOLIDATED HALF-YEAR REPORT AT 30 JUNE 2013

In Euro thousands

## Statement of financial position by segment

		Non-Life		Life	
		30/06/2013	31/12/2012	30/06/2013	31/12/2012
1	INTANGIBLE ASSETS	142,171	209,157	22,153	25,346
2	PROPERTY, PLANT & EQUIPMENT	3,058	3,371	18	20
3	INSURANCE LIABILITIES - REINSURERS SHARE	146,825	270,380	42,224	69,774
4	INVESTMENTS	1,675,704	4,476,790	3,094,627	3,695,143
4.1	Investment property	271,604	353,735		
4.2	Investments in subsidiaries, associates and interests in joint ventures	15,790	104,232	87,835	2,087
4.3	Held to maturity investments			95,352	185,360
4.4	Loans and receivables	233,807	281,690	576,236	599,644
4.5	Available-for-sale financial assets	1,151,847	3,734,520	2,250,227	2,745,573
4.6	Financial assets at fair value through profit or loss	2,656	2,613	84,977	162,479
5	OTHER RECEIVABLES	486,798	883,039	45,624	80,659
6	OTHER ASSETS	3,611,522	361,610	755,281	75,643
6.1	Deferred acquisition costs	1,373	2,512	8,731	11,378
6.2	Other assets	3,610,149	359,098	746,550	64,265
7	CASH AND CASH EQUIVALENTS	113,229	206,093	31,084	58,496
	<b>TOTAL ASSETS</b>	<b>6,179,307</b>	<b>6,410,440</b>	<b>3,991,011</b>	<b>4,005,081</b>
1	<b>EQUITY</b>				
2	PROVISIONS	53,847	82,694	5,277	6,342
3	INSURANCE CONTRACT LIABILITIES	2,376,919	5,496,812	2,729,429	3,377,701
4	FINANCIAL LIABILITIES	41,252	158,941	113,190	168,464
4.1	Financial liabilities at fair value through profit or loss	6,820	10,421	62,894	62,089
4.2	Other financial liabilities	34,432	148,520	50,296	106,375
5	PAYABLES	179,231	277,939	14,736	27,576
6	OTHER LIABILITIES	3,238,308	144,300	689,932	42,042
	<b>TOTAL EQUITY AND LIABILITIES</b>				

Real Estate		Other		Inter-segment Eliminations		Total	
30/06/2013	31/12/2012	30/06/2013	31/12/2012	30/06/2013	31/12/2012	30/06/2013	31/12/2012
250	272					164,574	234,775
2,271	35,554	53	64			5,400	39,009
						189,049	340,154
252,805	312,740			-9,261	-9,261	5,013,875	8,475,412
209,678	268,714			-9,261	-9,261	472,021	613,188
6,192	5,645					109,817	111,964
						95,352	185,360
10,175	10,188					820,218	891,522
26,760	28,193					3,428,834	6,508,286
						87,633	165,092
13,040	13,825	2,391	300	-2,868	-2,788	544,985	975,035
99,017	5,946	2,041	1,640	-52,827	-22,914	4,415,034	421,925
						10,104	13,890
99,017	5,946	2,041	1,640	-52,827	-22,914	4,404,930	408,035
25,907	51,001	3,340	4,709			173,560	320,299
393,290	419,338	7,825	6,713	-64,956	-34,963	10,506,477	10,806,609
						1,105,570	1,039,231
4,563	2,800	210	265			63,897	92,101
						5,106,348	8,874,513
						154,442	327,405
						69,714	72,510
						84,728	254,895
4,600	3,624	7,448	6,171	-2,868	-2,788	203,147	312,522
650	467	188	120	-56,005	-26,092	3,873,073	160,837
						10,506,477	10,806,609

## CONSOLIDATED HALF-YEAR REPORT AT 30 JUNE 2013

In Euro thousands

## Segment Income Statement

		Non-Life		Life	
		H1 2013	H1 2012	H1 2013	H1 2012
1.1	Net premiums	1,263,000	1,427,839	171,208	196,238
1.1.1	Gross premiums	1,330,302	1,484,184	175,757	201,392
1.1.2	Ceded premiums	- 67,302	- 56,345	- 4,549	- 5,154
1.2	Commission income			218	357
1.3	Gains and losses on remeasurement of financial instruments at fair value through profit or loss	- 4,732	14,836	2,250	9,647
1.4	Gains on investments in subsidiaries, associates and interest in joint	1	542	245	
1.5	Gains on other financial instruments and investment property	85,009	111,738	82,997	94,102
1.6	Other income	78,611	83,686	2,767	5,468
<b>1</b>	<b>TOTAL REVENUES AND INCOME</b>	<b>1,421,889</b>	<b>1,638,641</b>	<b>259,685</b>	<b>305,812</b>
2.1	Net charges relating to claims	- 864,106	- 1,064,286	- 188,871	- 227,047
2.1.1	Amounts paid and changes in insurance contract liabilities	- 905,883	- 1,106,679	- 191,845	- 229,235
2.1.2	Reinsurers' share	41,777	42,393	2,974	2,188
2.2	Commission expenses		-	42	56
2.3	Losses on investments in subsidiaries, associates and interests in joint	- 10,945	- 7,994	- 971	- 195
2.4	Losses on other financial instruments and investment property	- 24,484	- 51,719	- 6,851	- 24,724
2.5	Operating expenses	- 262,927	- 292,431	- 13,233	- 14,416
2.6	Other costs	- 131,029	- 214,104	- 13,065	- 13,217
<b>2</b>	<b>TOTAL COSTS AND EXPENSES</b>	<b>- 1,293,491</b>	<b>- 1,630,534</b>	<b>- 223,033</b>	<b>- 279,655</b>
	<b>PRE-TAX PROFIT/(LOSS) FOR THE PERIOD</b>	<b>128,398</b>	<b>8,107</b>	<b>36,652</b>	<b>26,157</b>

Real Estate		Other		Inter-segment Eliminations		Total	
H1 2013	H1 2012	H1 2013	H1 2012	H1 2013	H1 2012	H1 2013	H1 2012
-	-	-	-	-	-	1,434,208	1,624,077
						1,506,059	1,685,576
						- 71,851	- 61,499
						218	357
	103					- 2,482	24,586
18	15					264	557
6,770	6,701					174,776	212,541
1,207	985	3,382	2,108	- 1,343	- 1,139	84,624	91,108
<b>7,995</b>	<b>7,804</b>	<b>3,382</b>	<b>2,108</b>	<b>- 1,343</b>	<b>- 1,139</b>	<b>1,691,608</b>	<b>1,953,226</b>
-	-	-	-	-	-	- 1,052,977	- 1,291,333
						- 1,097,728	- 1,335,914
						44,751	44,581
						- 42	- 56
- 102	- 196					- 12,018	- 8,385
- 8,062	- 9,001					- 39,397	- 85,444
						- 276,160	- 306,847
- 4,184	- 3,487	- 3,520	- 4,211	1,343	1,139	- 150,455	- 233,880
<b>- 12,348</b>	<b>- 12,684</b>	<b>- 3,520</b>	<b>- 4,211</b>	<b>1,343</b>	<b>1,139</b>	<b>- 1,531,049</b>	<b>- 1,925,945</b>
<b>- 4,353</b>	<b>- 4,880</b>	<b>- 138</b>	<b>- 2,103</b>	<b>-</b>	<b>-</b>	<b>160,559</b>	<b>27,281</b>





## **Part E**

### **Transactions with related parties**

Reported below are the transactions with related parties, pursuant to Consob Resolution No. 17221 of 12 March 2010, amended with resolution No. 17389 of 23 June 2010 which adopted the “Regulation on related party transactions” pursuant to Article 2391 *bis* of the Civil Code, as well as Articles 113*ter*, 114, 115 and 154 *ter* of Legislative Decree 58/98.

(in Euro thousands)	At 30 June 2013		At 31 December 2012	
COUNTERPARTY	Assets	Liabilities	Asset	Liabilities
Parent companies	157,744	40,999	175,387	63,603
Associated/Group companies	394,478	114,976	526,154	135,868
Other related parties	36	1,726	266	491
<b>TOTAL</b>	<b>552,258</b>	<b>157,701</b>	<b>701,807</b>	<b>199,962</b>

(in Euro thousands)	At 30 June 2013		At 30 June 2012	
COUNTERPARTY	Income	Expenses	Income	Expenses
Parent companies	13,381	10,546	16,501	11,710
Associated/Group companies	119,141	165,041	109,540	156,009
Other related parties	6,675	3,495	6,851	67,480
<b>TOTAL</b>	<b>139,197</b>	<b>179,082</b>	<b>132,892</b>	<b>235,199</b>

### Parent companies

Assets relate principally to:

- bonds issued by UGF for Euro 4.6 million (previously held by Milano Assicurazioni until acquisition of control of Premafin by Unipol Gruppo Finanziario);
- receivables from Fondiaria-Sai for Group VAT and tax consolidation for Euro 88.8 million;
- receivables and insurance contract liabilities related to reinsurance transactions with Fondiaria Sai for Euro 55.1 million.

The liabilities relate to:

- payables for services received by Fondiaria Sai for Euro 5.7 million;
- payables and insurance contract liabilities deriving from reinsurance and co-insurance transactions with Fondiaria Sai of Euro 33.3 million.

Revenues principally include the recovery of expenses (Euro 6.8 million) and reinsurance (Euro 5.3 million) from Fondiaria Sai.

Costs refer essentially to reinsurance transactions (Euro 4.6 million) and overhead costs (Euro 4.3 million) to Fondiaria Sai.

### Associated/Group companies

These principally relate to:

- reinsurance transactions of Milano Assicurazioni, particularly in relation to the Group company The Lawrence Re and in particular: reinsurers receivables and provisions (Euro 120.1 million); payables for deposits received from reinsurers (Euro 20.1 million); technical reinsurance costs (Euro 13.8 million); technical reinsurance revenues (Euro 14.1 million).
- recharges relating to the consortium company Gruppo Fondiaria-Sai Servizi (Euro 40.2 million for recharges made by Milano Assicurazioni and Euro 79.8 million for recharges received);
- Milano Assicurazioni bank deposits at BancaSai (Euro 143.9 million) and bonds issued by BancaSai and held by Milano Assicurazioni (Euro 7.8 million).

### ***Other related parties***

The following tables indicate by type transactions with Other Related Parties, indicating statement of financial position and income statement items and the relative financial cash flows in the half-year separately. The only significant amounts concern insurance activity which includes principally policies undertaken by the Employee Pension Fund of the Fondiaria-Sai Group within the institutional funds.

	30/06/2013					
	Assets	Liabilities	Revenues	Costs	Cash inflow	Cash outflow
Real estate activities	-	-	9	-	12	-
Insurance activities	36	1,407	6,666	2,799	6,709	8,432
Services received	-	-	-	88	-	90
Board of Director and Board of Statutory Auditor						
Emoluments	-	319	-	608	-	481
<b>Total</b>	<b>36</b>	<b>1,726</b>	<b>6,675</b>	<b>3,495</b>	<b>6,721</b>	<b>9,003</b>

At 30 June 2013 related party assets comprised approx. 5.3% of consolidated assets, while related party liabilities accounted for 1.7% of total consolidated liabilities.



## **Part F**

### **Other Information**

## Solvency margin

At 30 June 2013 the adjusted solvency margin, excluding the effects from the group of assets held for sale, and therefore on a like-for-like basis with the 2012 Annual Accounts, reports a ratio of 132.5%, significantly improving on 115.7% at 31 December 2012.

## Employees

At 30 June 2013, the number of employees of the Parent Company and of the consolidated companies amounted to 1,919 (1,867 at 31/12/2012). The breakdown by category is as follows:

	30/06/2013	31/12/2012
Executives	12	13
Managers & white collar	1,901	1,848
Building caretakers	6	6
	<b>1,919</b>	<b>1,867</b>

## External Organisation

The table below shows the Agency distribution:

	30/06/2013	31/12/2012
North	895	903
Centre	419	429
South and islands	444	448
<b>TOTAL AGENCIES</b>	<b>1,758</b>	<b>1,780</b>

## Exchange Rates

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

	30/06/2013	31/12/2012	30/06/2012
US Dollar	1.3080	1.3194	1.2590
UK Sterling	0.8572	0.8161	0.8068
Swiss Franc	1.2338	1.2072	1.2030

Bologna, 7 August 2013

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





## **Attachments**

## CONSOLIDATED HALF-YEAR REPORT AT 30 JUNE 2013

*In Euro thousands*

### Tangible and intangible fixed assets

	At cost	At revalued amount or fair value	Total book value
Investment property	472,021		472,021
Others buildings	1,681		1,681
Other tangible assets	3,719		3,719
Other intangible assets	251		251

## CONSOLIDATED HALF-YEAR REPORT AT 30 JUNE 2013

*In Euro thousands***Insurance liabilities - reinsurers share**

	Total book value	
	30/06/2013	31/12/2012
<b>Non-Life provision</b>	<b>146,825</b>	<b>270,380</b>
Unearned premium provision	14,935	47,566
Outstanding claims provision	131,890	222,814
Other provisions	0	0
<b>Life provisions</b>	<b>42,224</b>	<b>69,774</b>
Outstanding claims provision	1,613	4,210
Actuarial provisions	40,611	65,564
Technical provisions where investment risk is borne by policyholders and from pension fund management	0	0
Other provisions	0	0
<b>Technical provisions attributed to reinsurers</b>	<b>189,049</b>	<b>340,154</b>

CONSOLIDATED HALF-YEAR REPORT AT 30 JUNE 2013

In Euro thousands

**Financial assets**

	Investments held to maturity		Loans and receivables		AFS financial assets	
	30/06/2013	31/12/2012	30/06/2013	31/12/2012	30/06/2013	31/12/2012
Equity securities and derivatives valued at cost						
Equity securities at fair value					129,578	191,500
<i>of which listed securities</i>					55,326	119,382
Debt securities	95,352	185,360	715,584	787,456	2,979,554	5,948,682
<i>of which listed securities</i>	75,317	183,931			2,968,913	5,917,511
Fund units					319,702	368,104
Loans and receivables from banks						
Loans and interbank receivables						
Deposits with reinsurers			1,829	1,869		
Financial asset components of insurance contracts						
Other loans and receivables			92,805	92,197		
Non-hedging derivatives						
Hedging derivatives						
Other financial investments			10,000	10,000		
<b>Total</b>	<b>95,352</b>	<b>185,360</b>	<b>820,218</b>	<b>891,522</b>	<b>3,428,834</b>	<b>6,508,286</b>

Financial assets at fair value through profit or loss				Total book value	
Financial assets held for trading		Financial assets designated at fair value through profit or loss			
30/06/2013	31/12/2012	30/06/2013	31/12/2012	30/06/2013	31/12/2012
				0	0
		328	283	129,906	191,783
		328	283	55,654	119,665
	528	45,971	124,979	3,836,461	7,047,005
	528	25,340	24,786	3,069,570	6,126,756
		39,034	37,662	358,736	405,766
				0	0
				0	0
				1,829	1,869
				0	0
				92,805	92,197
		682	23	682	23
			6	0	6
		1,618	1,611	11,618	11,611
0	528	87,633	164,564	4,432,037	7,750,260

CONSOLIDATED HALF-YEAR REPORT AT 30 JUNE 2013

*In Euro thousands*

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

7

	Returns based on performance of investments funds and market indices		Returns related to the management of pension funds		Total	
	30/06/2013	31/12/2012	30/06/2013	31/12/2012	30/06/2013	31/12/2012
Assets in accounts	52,724	131,814	24,831	23,153	77,555	154,967
Inter-group assets*					0	0
<b>Total Assets</b>	<b>52,724</b>	<b>131,814</b>	<b>24,831</b>	<b>23,153</b>	<b>77,555</b>	<b>154,967</b>
Financial liabilities in accounts	33,681	33,218	24,831	23,153	58,512	56,371
Technical provisions in accounts	19,043	98,596			19,043	98,596
Inter-group liabilities*					0	0
<b>Total Liabilities</b>	<b>52,724</b>	<b>131,814</b>	<b>24,831</b>	<b>23,153</b>	<b>77,555</b>	<b>154,967</b>

\* Assets and liabilities eliminated in consolidation

## CONSOLIDATED HALF-YEAR REPORT AT 30 JUNE 2013

In Euro thousands

## Insurance contract liabilities

	Total book value	
	30/06/2013	31/12/2012
<b>Non-Life provision</b>	<b>2,376,919</b>	<b>5,496,812</b>
Unearned premium provision	421,770	1,052,922
Outstanding claims provision	1,954,003	4,441,402
Other provisions	1,146	2,488
<i>of which provisions set aside following the liability adequacy test</i>	0	0
<b>Life provisions</b>	<b>2,729,429</b>	<b>3,377,701</b>
Claims outstanding provision	28,425	43,461
Actuarial provisions	2,663,180	3,211,455
Technical provisions where investment risk is borne by policyholders and from pension fund management	19,043	98,597
Other provisions	18,781	24,188
<i>of which provisions set aside following the liability adequacy test</i>	0	0
<i>of which deferred liabilities to policyholders</i>	3,470	6,640
<b>Total insurance contract liabilities</b>	<b>5,106,348</b>	<b>8,874,513</b>

CONSOLIDATED HALF-YEAR REPORT AT 30 JUNE 2013

In Euro thousands

**Financial liabilities**

	Financial liabilities at fair value through profit or loss			
	Financial liabilities held for trading		Financial liabilities designated at fair value through profit or loss	
	30/06/2013	31/12/2012	30/06/2013	31/12/2012
Equity financial instruments				
Sub-ordinated liabilities				
Liabilities from financial contracts issued by insurance companies deriving			58,512	56,371
<i>From contracts for which the investment risk is borne by policyholders</i>			33,681	33,218
<i>From the management of pension funds</i>			24,831	23,153
<i>From other contracts</i>				
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			83	
Hedging derivatives			8,987	13,665
Other financial liabilities			2,132	2,474
<b>Total</b>			<b>69,714</b>	<b>72,510</b>



Other financial liabilities		Total book value	
30/06/2013	31/12/2012	30/06/2013	31/12/2012
	151,895		151,895
		58,512	56,371
		33,681	33,218
		24,831	23,153
84,728	103,000	84,728	103,000
		83	
		8,987	13,665
		2,132	2,474
<b>84,728</b>	<b>254,895</b>	<b>154,442</b>	<b>327,405</b>

CONSOLIDATED HALF-YEAR REPORT AT 30 JUNE 2013

## Insurance technical accounts

*In Euro thousands*

		30/06/2013	30/06/2012
<b>Non-Life</b>			
NET PREMIUMS		1,263,000	1,427,839
a	Premiums written	1,200,324	1,387,906
b	Change in unearned premium provision	62,676	39,933
NET CHARGES RELATING TO CLAIMS		-864,106	-1,064,286
a	Sums paid	-1,083,616	-1,215,822
b	Change in claims provision	203,290	130,205
c	Change in recoveries	15,783	20,934
d	Change in other technical provisions	437	397
<b>Life</b>			
NET PREMIUMS		171,208	196,238
NET CHARGES RELATING TO CLAIMS		-188,871	-227,047
a	Sums paid	-253,196	-436,381
b	Change in provision for sums to be paid	-570	-891
c	Change in actuarial provision	28,362	194,794
d	Change in technical provision where investment risk borne by policyholders and from pension fund management	32,749	16,458
e	Change in other technical provisions	3,784	-1,027

## CONSOLIDATED HALF-YEAR REPORT AT 30 JUNE 2013

*In Euro thousands***Financial income and charges and from investments**

		Interest	Other Income	Other Charges	Profits realised
<b>Result from investments</b>		<b>130,909</b>	<b>18,339</b>	<b>-23,766</b>	<b>30,646</b>
a	Deriving from property investments		13,332	-7,815	244
b	Deriving from investments in subsidiaries, associates and joint ventures		264	-12,018	
c	Deriving from investments held-to-maturity	4,990			
d	Deriving from loans and receivables	21,871			
e	Deriving from AFS financial assets	101,475	4,522	-1,956	27,048
f	Deriving from financial assets held for trading	1			
g	Deriving from financial assets designated at fair value through profit or loss	2,572	221	-1,977	3,354
<b>Result of other receivables</b>		<b>1,187</b>			
<b>Result of cash and cash equivalents</b>		<b>107</b>		<b>-3</b>	
<b>Result of financial liabilities</b>		<b>-4,100</b>	<b>0</b>	<b>0</b>	<b>0</b>
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	-4,100			
<b>Result of payables</b>		<b>-375</b>			
<b>Total</b>		<b>127,728</b>	<b>18,339</b>	<b>-23,769</b>	<b>30,646</b>

Losses realised	Total income and charges realised	Unrealised gains		Unrealised losses		Total income and charges not realised	Total income and charges 30/06/2013	Total income and charges 30/06/2012
		Valuations	Write-back of value	Valuations	Impairment			
-11,181	144,947	1,082	0	-15,129	-6,573	-20,620	124,327	147,017
-2	5,759			-11,158		-11,158	-5,399	10,553
	-11,754					0	-11,754	-7,828
	4,990					0	4,990	3,820
	21,871					0	21,871	23,714
-7,415	123,674				-6,573	-6,573	117,101	92,275
	1					0	1	-337
-3,764	406	1,082		-3,971		-2,889	-2,483	24,820
	1,187					0	1,187	799
	104					0	104	1,809
0	-4,100	0	0	0	0	0	-4,100	-5,345
	0					0	0	103
	0					0	0	0
	-4,100					0	-4,100	-5,448
	-375					0	-375	-425
-11,181	141,763	1,082	0	-15,129	-6,573	-20,620	121,143	143,855

## CONSOLIDATED HALF-YEAR REPORT AT 30 JUNE 2013

*In Euro thousands***Insurance operating expenses**

	Non-Life		Life	
	30/06/2013	30/06/2012	30/06/2013	30/06/2012
Gross commissions and other acquisition expenses net of commissions and profit participations received from reinsurers	-213,896	-239,147	-7,730	-8,800
Investment management charges	-1,354	-1,617	-575	-585
Other administration expenses	-47,677	-51,667	-4,928	-5,031
<b>TOTAL</b>	<b>-262,927</b>	<b>-292,431</b>	<b>-13,233</b>	<b>-14,416</b>

CONSOLIDATED HALF-YEAR REPORT AT 30 JUNE 2013

In Euro thousands

Financial assets and liabilities by level

		Level 1		Level 2		Level 3		Total	
		30/06/2013	31/12/2012	30/06/2013	31/12/2012	30/06/2013	31/12/2012	30/06/2013	31/12/2012
AFS financial assets		3,111,036	6,149,450	10,641	11,037	307,157	347,799	3,428,834	6,508,286
Financial assets at fair value through profit or loss	Financial assets held for trading		528					-	528
	Financial assets designated at fair value through profit or loss	65,163	62,731	10,487	76,084	11,983	25,749	87,633	164,564
Total		3,176,199	6,212,709	21,128	87,121	319,140	373,548	3,516,467	6,673,378
Financial liabilities at fair value through profit or loss	Financial liabilities held for trading				-			-	-
	Financial liabilities designated at fair value through profit or loss			69,714	72,510			69,714	72,510
Total		-	-	69,714	72,510	-	-	69,714	72,510

## CONSOLIDATED HALF-YEAR REPORT AT 30 JUNE 2013

In Euro thousands

## Changes in financial assets and liabilities by level 3

	Financial assets			Financial liabilities at fair value through profit or loss	
	AFS financial assets	Financial assets at fair value through profit or loss		Financial liabilities 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
<b>Beginning balance</b>	<b>347,799</b>		<b>25,749</b>		
Purchases/issue	933		851		
Sales/Repurchase	-890		-1,368		
Reimbursements	-19,964		0		
Gains or losses recorded through profit or loss	-3,357		-247		
Gains or losses of comprehensive income statement items	-591		0		
Transfers to level 3	0		0		
Transfers to other levels	0		0		
Other changes	-16,773		-13,002		
<b>Closing balance</b>	<b>307,157</b>	<b>0</b>	<b>11,983</b>	<b>0</b>	<b>0</b>

**Direct and indirect holdings in non-listed companies of above 10% of the share capital at 30/06/2013**
*(Pursuant to Art. 125-126 of CONSOB Resolution 14/5/99 No. 11971)*

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. (in liquidaz.)	MILAN	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
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
GRUPPO FONDIARIA-SAI SERVIZI S.c.r.l.	MILAN	3,421,000 2,000 18,000 20,000 2,000	34.21		0.02 LIGURIA ASSICURAZIONI 0.18 SYSTEMA COMPAGNIA ASS 0.20 DIALOGO ASSICURAZIONI 0.02 LIGURIA VITA	34.63
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	3,444,000		20.00	IMMOBILIARE MILANO ASS	20.00
PRONTO ASSISTANCE SERVIZI	TURIN	144,480 1,806 123,840 11,352	28.00		0.35 SYSTEMA COMPAGNIA ASS 24.00 DIALOGO ASSICURAZIONI 2.20 LIGURIA ASSICURAZIONI	54.55
SAI INVESTIMENTI S.G.R. S.p.A.	TURIN	1,134,940	29.00			29.00
SERVICE GRUPPO FONDIARIA-SAI S.r.l.	FLORENCE	60,000	30.00			30.00
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
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 1 2 3,100	10.98		DIALOGO ASSICURAZIONI SYSTEMA COMPAGNIA ASS 0.31 LIGURIA ASSICURAZIONI	11.29
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 14 May 1999  
and subsequent amendments and supplementations**

1. The undersigned Carlo Cimbri (as Chief Executive Officer of Milano Assicurazioni) and Massimo Dalfelli (as Manager in charge of financial reporting 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 conformity in relation to the characteristics of the company and
  - the effective application of the administrative and accounting procedures for the compilation of the condensed half-year financial statements for the first half-year of 2013.
2. The evaluation of the adequacy of the accounting and administrative procedures for the preparation of the condensed half-year financial statements at 30 June 2013 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. We also declare that:
  - 3.1 the condensed half-year financial statements:
    - .a) is drawn up in conformity with the applicable international accounting standards recognised by the European Union in conformity with Regulation (CE) No. 1606/2002 of the European Parliament and the Commission of July 19, 2002;
    - .b) correspond to the underlying accounting documents and records;
    - .c) provides a true and correct representation of the capital, economic and financial situation of the issuer and of the other companies in the consolidation scope.
  - 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. This interim report also contains a reliable analysis of the significant operations with related parties.

Bologna, 7 August 2013

Carlo Cimbri  
(Chief Executive Officer)

Massimo Dalfelli  
(Manager in charge of financial reporting)

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# **Supplementary information concerning events subsequent to the approval of the 2013 Condensed Consolidated Half-Year Report**

On 12 August 2013, within the criminal proceedings taken by the Turin Public Prosecutor against members of the Ligresti family and some former Directors of Fondiaria-SAI, the Public Prosecutor notified of a preventative seizure order for assets held by Fondiaria-SAI or its subsidiaries for a total value at 30 June 2013 of Euro 106.3 million.

This order was made in accordance with Article 19 of Legislative Decree No. 231/2001.

For the Milano Assicurazioni Group, the seizure concerned the “Golf Hotel Campiglio” at Madonna di Campiglio, owned by the company Campo Carlo Magno S.p.A., in turn wholly-owned by Milano Assicurazioni, with a book value of approx. Euro 17 million.

The seizure does not affect the ordinary operations of the hotel involved.

Bologna, 13 August 2013



# **Auditors' Report on the limited audit of the Condensed Consolidated Half-Year Financial Statements at 30 June 2013**



**MILANO ASSICURAZIONI S.p.A.**

**Bilancio consolidato semestrale abbreviato al 30 giugno 2013**

**Relazione della società di revisione  
sulla revisione contabile limitata del bilancio consolidato  
semestrale abbreviato**

**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 da stato patrimoniale, conto economico, conto economico complessivo, prospetto delle variazioni di patrimonio netto, rendiconto finanziario e relative note esplicative di MILANO ASSICURAZIONI S.p.A. e sue controllate (Gruppo MILANO ASSICURAZIONI) al 30 giugno 2013. 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.. E' 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 e al bilancio consolidato semestrale abbreviato dell'anno precedente presentati ai fini comparativi, si fa riferimento alle nostre relazioni emesse rispettivamente in data 24 aprile 2013 e in data 3 agosto 2012.

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 2013 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.

Milano, 27 agosto 2013

Reconta Ernst & Young S.p.A.

  
Enrico Marchi  
(Socio)