

PRESS RELEASE

MILANO ASSICURAZIONI S.p.A.: HALF-YEAR REPORT AS AT 30 JUNE 2006 APPROVED. TOTAL PREMIUM INCOME OF € 1,730 MLN (+3.4%).

Milano Assicurazioni Group	H1 2006	H1 2005	% change
Amounts in € mln			
Total premium income	1,729.5	1,671.9	(+ 3.4)
Pre-tax profit	207.5	195.1	(+ 6.3)
Consolidated profit	138.2	122.1	(+ 13.2)

Milan, 11 September 2006. Milano Assicurazioni S.p.A.'s Board of Directors, chaired by Fausto Marchionni, met today and approved the Half-Year Report as at 30 June 2006.

The half-year consolidated profit and loss account showed net profit for the period attributable to the Group of €138.2 mln, up by 13.3 on H1 2005.

Total premium income grew by 3.4% yoy to €1,729.5 mln.

Non-life direct business premium income reached €1,427.2 mln (+2.7%). Non-life business closed the period with profit before tax of €157.3 mln, down on H1 2005 (€165.1 mln) due to the higher weight of other technical charges. This trend is going to be reabsorbed in the second half of the year. The Parent's combined ratio therefore stood around 95.6% (compared to 93.6% as at 30 June 2005). The loss ratio slightly improved from 72.5% to 72.3%, thereby confirming successful management of claims. Similarly, the expense ratio further decreased from 18.7% to 18.3%. The operating combined ratio (i.e, loss ratio + expense ratio) decreased by 0.6%, from 91.2% to 90.6%.

Pre-tax profit in the life insurance business showed a remarkable improvement year-on-year, as it grew from €29.0 mln to €48.3 mln as at 30 June 2006. Premium income totalled €289.6 mln, up by 4.2%. Particularly noteworthy was the 14.4% growth recorded by Class I to €160.7 mln: this strong performance confirmed the good results achieved through a sales strategy aimed to involve the agency network in the product mix change process. In addition, new Class I premiums grew in excess of 80%.

Asset and financial management generated net income from financial instruments and investment property of €187.4 mln (compared to €190.3 mln in H1 2005), also thanks to well-performing equity markets, which allowed to benefit from profitable trading opportunities.

H1 2006 economic result was in line with the Company's budget and allowed to forecast satisfactory profit for the year, unless particularly negative events occur, above all as a consequence of turmoil on financial markets.

Net profit of the Parent Company Milano Assicurazioni alone was €89.3 mln, compared to €109.9 mln in the year-before period. This decline was mainly due to the performance of the financial markets and the consequent recognition of value adjustments to the securities portfolio, which had a negative impact on the profit and loss account of €71.4 mln before tax.

Press Office
Federica Dal Conte
Tel. +39 02 6670 4324

Investor Relations
Raffaele Guasco
Giancarlo Lana
Floriana Amari
Tel. +39 011 6657 642

GROUP HIGHLIGHTS*Thousands of Euro***BALANCE SHEET - ASSETS**

		30/06/2006	31/12/2005
1	INTANGIBLE ASSETS	176.088	176.088
1.1	Goodwill	175.338	175.338
1.2	Other intangible assets	750	750
2	PROPERTY, PLANT AND EQUIPMENT	124.194	110.625
2.1	Buildings	30.525	30.519
2.2	Other property, plant and equipment	93.669	80.106
3	REINSURERS' SHARE OF TECHNICAL RESERVES	359.430	358.527
4	INVESTMENTS	9.178.479	9.044.687
4.1	Investment property	369.957	370.136
4.2	Investments in subsidiaries, associates, joint ventures	103.749	4.820
4.3	Investments held to maturity		
4.4	Loans and receivables	255.267	212.874
4.5	Available-for-sale financial assets	7.694.630	7.580.602
4.6	Assets at fair value through profit and loss	754.876	876.255
5	RECEIVABLES	703.644	973.729
5.1	Receivables relating to direct insurance business	556.056	651.820
5.2	Receivables relating to direct reinsurance business	47.658	68.095
5.3	Other receivables	99.930	253.814
6	OTHER ASSETS	288.865	288.545
6.1	Non-current assets held for sale or discontinued operations	1.397	1.416
6.2	Deferred acquisition costs	74.167	66.236
6.3	Deferred tax assets	40.914	36.353
6.4	Current tax assets	127.401	128.752
6.5	Other assets	44.986	55.788
7	CASH AND CASH EQUIVALENTS	97.858	156.649
	TOTAL ASSETS	10.928.558	11.108.850

CONSOLIDATED BALANCE SHEET

Thousands of Euro

Balance Sheet - Shareholders' equity and liabilities

		30/06/2006	31/12/2005
1	SHAREHOLDERS' EQUITY	1.748.339	1.721.171
1.1	attributable to the Group	1.744.724	1.717.584
1.1.1	Share capital	242.975	238.575
1.1.2	Other equity instruments		
1.1.3	Capital reserves	359.980	325.145
1.1.4	Retained earnings and other equity reserves	836.831	684.889
1.1.5	(Own shares)	-1.325	-374
1.1.6	Reserve for net exchange rate differences		
1.1.7	Gains or losses on available-for-sale financial assets	172.022	191.125
1.1.8	Other gains or losses written directly to equity	-3.955	-5.298
1.1.9	Profit (loss) for the year	138.196	283.522
1.2	attributable to minority interests	3.615	3.587
1.2.1	Capital and reserves	3.570	3.391
1.2.2	Gains or losses written directly to equity	-2	17
1.2.3	Profit (loss) for the year	47	179
2	PROVISIONS	59.264	63.453
3	TECHNICAL RESERVES	8.395.214	8.468.790
4	FINANCIAL LIABILITIES	254.135	244.431
4.1	Financial liabilities at fair value through profit and loss	93.098	84.488
4.2	Other financial liabilities	161.037	159.943
5	PAYABLES	321.118	392.953
5.1	Payables relating to direct insurance business	72.208	89.036
5.2	Payables relating to direct reinsurance business	9.456	13.272
5.3	Other payables	239.454	290.645
6	OTHER LIABILITIES	150.488	218.052
6.1	Held-for-sale liabilities of discontinued operations		
6.2	Deferred tax liabilities	8.380	11.474
6.3	Current tax liabilities		131
6.4	Other liabilities	142.108	206.447
	TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	10.928.558	11.108.850

MILANO ASSICURAZIONI S.p.A.

Consolidated Profit and Loss

Thousand of Euro

		30/06/2006	30/06/2005
1.1	Net Retained Premium	1.677.517	1.593.860
1.1.1	<i>Gross premiums written</i>	1.726.659	1.627.803
1.1.2	<i>Outwards reinsurance</i>	-49.142	-33.943
1.2	Commissino income	467	185
1.3	Net income on financial instruments at fair value through profit and loss	-8.966	44.551
1.4	Income from subsidiaries, associates and joint ventures	254	381
1.5	Income from other financial instruments and investment property	211.299	158.987
1.5.1	<i>Interest income</i>	114.298	97.506
1.5.2	<i>Other income</i>	39.252	23.188
1.5.3	<i>Realised gains</i>	57.749	38.293
1.5.4	<i>Unrealised gains</i>		
1.6	Other revenues	43.991	58.405
1	TOTAL REVENUES	1.924.562	1.856.369
2.1	Net charges relating to claims	1.312.102	1.304.235
2.1.2	<i>Amounts paid and change in technical reserves</i>	1.338.459	1.310.654
2.1.3	<i>Reinsurers' share</i>	-26.357	-6.419
2.2	Commission expense	87	74
2.3	Charges relating to subsidiaries, associates and joint ventures		0
2.4	Chargers relating to other financial instruments and investment property	15.180	13.635
2.4.1	<i>Interest expense</i>	3.356	2.946
2.4.2	<i>Other expense</i>	4.388	4.814
2.4.3	<i>Realised losses</i>	4.813	3.258
2.4.4	<i>Unrealised losses</i>	2.623	2.617
2.5	Management expense	261.837	251.364
2.5.1	<i>Commissions and other acquisition expense</i>	224.087	213.137
2.5.2	<i>Investment management expense</i>	2.968	1.364
2.5.3	<i>Other administrative expense</i>	34.782	36.863
2.6	Other costs	127.817	91.914
2	TOTAL COSTS AND CHARGES	1.717.023	1.661.222
	PROFIT (LOSS) FOR THE YEAR BEFORE TAX	207.539	195.147
3	Tax	69.296	73.211
	NET PROFIT (LOSS) FOR THE YEAR	138.243	121.936
4	PROFIT (LOSS) ON DISCONTINUED OPERATIONS		191
	CONSOLIDATED PROFIT (LOSS)	138.243	122.127
	attributable to the Group	138.196	121.928
	attributable to Minorities	47	199

ASSETS	At June 30 of current year	At June 30 of previous year	At December 31 of previous year
A. Subscribed capital unpaid	0	0	0
B. Intangible assets			
1. Acquisition commissions to be amortised	2.429	4.143	3.302
2. Other intangible assets	138.448	162.655	150.274
Total	140.877	166.798	153.576
C. Investments			
I - Lands and buildings	420.570	396.335	404.735
II - Investments in affiliated companies and other shareholdings			
1. Equities	521.900	330.634	425.590
2. Bonds	3.986	3.987	3.984
3. Loans	39.100	20.675	29.530
Total investments in affiliated companies and other shareholdings	564.986	355.296	459.104
III - Other financial investments			
1. Equities	856.987	816.412	870.095
2. Shares in common investment funds	301.041	208.639	267.119
3. Bonds and other fixed-income securities	6.298.558	6.163.175	6.156.210
3. Loans	66.979	69.236	66.000
5. Other	58.402	56.032	24.124
Total other financial investments	7.581.967	7.313.494	7.383.548
IV - Deposits with ceding companies	4.002	6.570	4.110
Total	8.571.525	8.071.695	8.251.497
D. Investments for the benefit of life-assurance policyholders who bear the investment risk and relating to the administration of pension funds			
I - Investments for the benefit of life-assurance policyholders who bear the investments risk	321.265	372.730	358.253
II - Investments relating to the administration of pension funds	0	0	0
Total	321.265	372.730	358.253
D.bis Reinsurance amounts of technical provisions			
I - Provisions for non-life insurance business	211.642	215.674	208.300
II - Provisions for life insurance business (excl. provisions indicated at point II)	145.675	156.720	148.099
III - Provisions for policies where the investments risk s borne by the policyholders and relating to the administration of pension funds	0	0	0
Total	357.317	372.394	356.399
E. Receivables			
I - Receivables arising out of direct insurance operations	610.588	608.701	708.750
II - Receivables arising out of reinsurance operations	47.883	41.184	68.112
III - Other receivables	224.659	270.664	374.628
Total	883.130	920.549	1.151.490
F. Other assets			
I - Tangible assets and stocks	2.459	3.037	2.522
II - Cash and cash equivalents	80.828	141.894	148.001
III - Own shares	1.325	374	374
IV - Other	215.215	302.331	253.903
Total	299.827	447.636	404.800
G. Prepayments and accrued income	79.460	72.533	90.742
TOTAL ASSETS	10.653.401	10.424.335	10.766.757

Company code

(Amounts in t

LIABILITIES	Al 30 giugno dell'esercizio 2006	Al 30 giugno dell'esercizio 2005	
A. Shareholders' funds			
I - Subscribed capital or equivalent funds	36 242.975	110 238.569	184
II - Share premium account	37 359.980	111 324.966	185
III - Legal reserve	38 47.715	112 47.714	186
IV - Other reserves	39 753.149	113 651.672	187
V - Profit or loss brought forward	40 6.286	114 6.286	188
VI - Profit or loss for the period	41 89.253	115 109.865	189
Total	42 1.499.358	116 1.379.072	190
B. Subordinated liabilities	43 0	117 0	191
C. Technical provisions			
I - Non-life insurance business			
1. Provision for unearned premiums	44 996.039	118 986.970	192
2. Provision for outstanding claims	45 3.328.993	119 3.249.225	193
3. Other provisions	46 2.298	120 2.201	194
4. Equalisation provision	47 5.787	121 4.765	195
Total provisions for non-life insurance business	48 4.333.117	122 4.243.161	196
II - Life insurance business			
1. Mathematical provision	49 3.720.616	123 3.534.091	197
2. Provision for outstanding claims	50 24.828	124 26.757	198
3. Other provisions	51 24.061	125 25.794	199
Total provisions for life insurance business	52 3.769.505	126 3.586.642	200
Total	53 8.102.622	127 7.829.803	201
D. Provisions for policies where the investment risk is borne by the policyholders and relating to the administration of pension funds			
I - Provisions relating to contracts linked to investment funds and market index	54 321.233	128 372.728	202
II - Provisions relating to the administration of pension funds	55 0	129 0	203
Total	56 321.233	130 372.728	204
E. Provisions for other risks and charges	57 126.650	131 162.224	205
F. Deposits received from reinsurers	58 154.638	132 166.359	206
G. Debts and other liabilities			
I - Liabilities arising out of direct insurance operations	59 71.883	133 39.969	207
II - Liabilities arising out of reinsurance operations	60 8.825	134 10.218	208
III - Debenture loans	61 0	135 0	209
IV - Amounts owed to credit institutions	62 0	136 0	210
V - Other financial liabilities	63 195.844	137 211.901	211
VI - Provisions for severance pay	64 31.348	138 30.133	212
VII - Other liabilities	65 141.000	139 221.928	213
Total	66 448.900	140 514.149	214
H. Accruals and deferred income	67 0	141 0	215
TOTAL LIABILITIES	68 10.653.401	142 10.424.335	216
GUARANTEES, COMMITMENTS AND OTHER EVIDENCE ACCOUNTS			
I. Guarantees issued	69 25.427	143 14.264	217
II. Guarantees received or issued by third parties in the interest of the Company	70 289.696	144 345.243	218
III. Commitments	71 339.804	145 1.202.057	219
IV. Assets belonging to pension funds managed in the name and in the interest of third parties	72 0	146 0	220
V. Other evidence accounts	73 8.338.257	147 7.834.293	221
TOTAL EVIDENCE ACCOUNTS	74 8.993.184	148 9.445.857	222

026

housand Euro)

Al 31 dicembre
dell'esercizio
2005

238.575
325.145
47.714
651.689
6.286
233.106
1.502.515
0
984.088
3.306.704
2.084
5.333
4.298.209
3.655.977
6.313
25.031
3.687.321
7.985.530
358.251
0
358.251
149.462
153.779
88.663
13.260
0
0
243.875
29.097
242.311
617.206
14
10.766.757

15.369
260.896
275.231
0
8.010.596
8.562.092

	At June 30 of current year	At June 30 of previous year	At December 31 of previous year
I. TECHNICAL ACCOUNT - NON-LIFE INSURANCE BUSINESS			
1. Earned premiums, net of reinsurance	1 1.378.556 ⁵⁷	1.304.541	113 2.609.846
2. (+) Allocated investment return transferred from the non-technical account (item III. 6)	2 39.511 ⁵⁸	52.890	114 94.510
3. Other technical income, net of reinsurance	3 10.677 ⁵⁹	4.849	115 8.048
4. Claims incurred, net of recoveries and reinsurance	4 995.614 ⁶⁰	946.433	116 1.888.290
5. Change in other technical provisions, net of reinsurance	5 214 ⁶¹	-1.081	117 -1.198
6. Premium refunds and profit sharing, net of reinsurance	6 0 ⁶²	0	118 0
7. Operating expenses			
a) Acquisition costs net of reinsurance commissions and profit sharing	7 202.952 ⁶³	194.697	119 391.780
b) Administrative expenses	8 49.127 ⁶⁴	49.590	120 96.458
Total	9 252.079 ⁶⁵	244.287	121 488.238
8. Other technical charges, net of reinsurance	10 79.668 ⁶⁶	35.354	122 60.292
9. Change in the equalisation provision	11 454 ⁶⁷	345	123 914
10. Balance on the technical account for non-life business	12 100.715 ⁶⁸	136.942	124 275.868
II. TECHNICAL ACCOUNT - LIFE INSURANCE BUSINESS			
1. Premium written, net of reinsurance	13 286.443 ⁶⁹	274.560	125 583.452
2. Investment income			
a) Income from investments	14 95.505 ⁷⁰	73.816	126 151.328
b) Value write-ups on investments	15 1.079 ⁷¹	4.615	127 4.865
c) Realised gains on investments	16 32.911 ⁷²	25.197	128 37.745
Total	17 129.495 ⁷³	103.628	129 193.938
3. Income and unrealised gains on investments for the behalf of policyholders who bear the investment risk and on investment relating to the administration of pension funds	18 10.930 ⁷⁴	18.182	130 28.910
4. Other technical income, net of reinsurance	19 443 ⁷⁵	547	131 16.100
5. Claims incurred, net of reinsurance	20 290.394 ⁷⁶	217.936	132 455.270
6. Change in mathematical and other technical provisions, net of reinsurance			
a) Mathematical provision, unearned premium provision for supplementary coverage and other provisions	21 67.250 ⁷⁷	99.696	133 242.282
b) Provisions for policies where the investment risk is borne by the policyholders and relating to the administration of pension funds	22 -37.018 ⁷⁸	20.347	134 5.869
Total	23 30.232 ⁷⁹	120.043	135 248.151
7. Premium refunds and profit sharing, net of reinsurance	24 0 ⁸⁰	0	136 29
8. Operating expenses			
a) Acquisition costs net of reinsurance commissions and profit sharing	25 5.787 ⁸¹	7.000	137 11.349
b) Administrative expenses	26 8.434 ⁸²	8.489	138 17.537
Total	27 14.221 ⁸³	15.489	139 28.886

LOSS ACCOUNT

Amounts in thousands of Euro

	At June 30 of current year	At June 30 of previous year	At December 31 of previous year
9. Investment charges			
a) Investment management charges, including interest	28 16.246 ⁸⁴	6.455 ¹⁴⁰	12.921
b) Write-down on investments	29 40.123 ⁸⁵	1.414 ¹⁴¹	17.661
c) Realised losses on investments	30 2.909 ⁸⁶	6.777 ¹⁴²	10.116
Total	31 59.278 ⁸⁷	14.646 ¹⁴³	40.698
10. Expenses and unrealised losses on investments for the benefit of policyholders who bear the investment risk and on investment relating to the administration of pension funds	32 8.446 ⁸⁸	3.056 ¹⁴⁴	6.137
11. Other technical charges, net of reinsurance	33 8.759 ⁸⁹	2.517 ¹⁴⁵	4.746
12. (-) Allocated investment return transferred to the non-technical account (item III. 4)	34 0 ⁹⁰	7.883 ¹⁴⁶	13.787
13. Balance on the technical account for the life business	35 15.981 ⁹¹	15.347 ¹⁴⁷	24.754
III. NON TECHNICAL ACCOUNT			
1. Balance on the technical account for non-life business	36 100.715 ⁹²	136.942 ¹⁴⁸	275.868
2. Balance on the technical account for the life business	37 15.981 ⁹³	15.347 ¹⁴⁹	24.754
3. Non-life investment income			
a) Income from investments	38 107.359 ⁹⁴	88.388 ¹⁵⁰	162.242
b) Value write-ups on investments	39 228 ⁹⁵	1.357 ¹⁵¹	1.195
c) Realised gains on investments	40 15.097 ⁹⁶	10.755 ¹⁵²	36.312
Total	41 122.684 ⁹⁷	100.500 ¹⁵³	199.749
4. (+) Allocated investment return transferred from the life technical account (item II. 12)	42 0 ⁹⁸	7.883 ¹⁵⁴	13.787
5. Investment charges for non-life business			
a) Investment management charges, including interest	43 8.481 ⁹⁹	6.474 ¹⁵⁵	12.798
b) Write-down on investments	44 32.537 ¹⁰⁰	1.623 ¹⁵⁶	14.994
c) Realised losses on investments	45 31.099 ¹⁰¹	25.474 ¹⁵⁷	51.362
Total	46 72.117 ¹⁰²	33.571 ¹⁵⁸	79.154
6. (-) Allocated investment return transferred to the non-life technical account (item I. 2)	47 39.511 ¹⁰³	52.890 ¹⁵⁹	94.510
7. Other income	48 32.851 ¹⁰⁴	49.591 ¹⁶⁰	77.445
8. Other charges	49 47.530 ¹⁰⁵	57.727 ¹⁶¹	121.638
9. Result from ordinary activity	50 113.073 ¹⁰⁶	166.075 ¹⁶²	296.301
10. Extraordinary income	51 16.550 ¹⁰⁷	15.266 ¹⁶³	38.942
11. Extraordinary charges	52 1.500 ¹⁰⁸	8.241 ¹⁶⁴	11.950
12. Extraordinary profit and loss	53 15.050 ¹⁰⁹	7.025 ¹⁶⁵	26.992
13. Result before taxation	54 128.123 ¹¹⁰	173.100 ¹⁶⁶	323.293
14. Income taxes	55 38.870 ¹¹¹	63.235 ¹⁶⁷	90.187
15. Profit (loss) for the year	56 89.253 ¹¹²	109.865 ¹⁶⁸	233.106