Consolidated Half-Year Report as at June 30, 2009

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

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Share Capital Euro 305,851,341.12 fully paid-in– Milan Company Registration, Tax and VAT No. 00957670151 – ISVAP Registration No. 1.00010
Company authorised to carry out insurance business as per R.D.L No. 966 of April 29, 1923:
FONDIARIA-SAI Insurance Group - Insurance Groups Registration No. 030 – under direction and control of FONDIARIA-SAI S.p.A.

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BOARD OF DIRECTORS

Salvatore **Ligresti**	*Honorary Chairman*
Fausto **Marchionni** *	*Chairman-Chief Executive Officer*
Gioacchino Paolo **Ligresti** *	*Vice Chairman*
Cosimo **Rucellai** *	*Vice Chairman*
Umberto **Bocchino** *	
Barbara **De Marchi**	
Flavio **Dezzani**	
Maurizio **Di Maio**	
Emanuele **Erbetta**	
Mariano **Frey**	
Giulia Maria **Ligresti** *	
Jonella **Ligresti**	
Lia **Lo Vecchio**	
Emilio **Perrone da Zara**	
Massimo **Pini** *	
Francesco **Randazzo**	
Salvatore **Rubino** *	
Simone **Tabacci**	
Alessandra **Talarico**	
Antonio **Talarico** *	
Alberto **Marras**	*Secretary of the Board and the Executive Committee*

BOARD OF STATUTORY AUDITORS

Giovanni **Ossola**
Chairman

Maria Luisa **Mosconi**
Statutory Auditor

Alessandro **Rayneri**
Statutory Auditor

Giuseppe **Aldé**
Alternate Auditor

Claudio **De Re**
Alternate Auditor

Roberto **Frascinelli**
Alternate Auditor

EXECUTIVE RESPONSIBLE

for the preparation of the corporate accounting documents

Pier Giorgio **Bedogni**

- The Directors that are members of the Executive Committee are indicated with an asterisk.
- An Internal Control Committee was set up with the functions of providing consultation and proposals in accordance with the provisions of the Self-Governance Code of Listed Companies. This Committee is composed of the Directors Mariano Frey, Emilio Perrone Da Zara and Cosimo Rucellai.
- With reference to CONSOB Communication 97001574 of February 20, 1997, the nature of the delegated powers conferred to the Directors are as follows:
  the Chairman-Chief Executive Officer, Mr. Fausto Marchionni, is the Legal Representatives of the company pursuant to article 20 of the Company By-Laws and has all ordinary and extraordinary administrative powers, to be exercised in single signature and with possibility to confer mandates and proxies, with the exclusive exception of the following powers:
  - sale and/or purchase of property above the value of Euro 10 million for each operation;
  - sale and/or purchase of investments above the value of Euro 25 million for each operation and, in any case, of controlling interests;
  - obtaining of loans above Euro 50 million for each operation;
  - provision of non-insurance guarantees in favour of third parties.
- The Executive Committee has all the powers not attributed to the Chairman/Chief Executive Officer, with the exception of those which by law or the company by-laws are the exclusive responsibility of the Board of Directors, excluding all resolutions in relation to operations with related parties identified by the Board of Directors.
  The Board of Directors was appointed by the Shareholders' Meeting on April 21, 2008 and will remain in office until the approval of the financial statements by the Shareholders' Meeting for the year ended December 31, 2010.

CONSOLIDATED HALF-YEAR REPORT OF THE MILANO GROUP AT JUNE 30, 2009

OPERATIONAL PERFORMANCE

Firstly, we recall that at year-end 2008 a significant industrial and corporate restructuring of the Fondiaria-Sai Group was completed, which for Milano Assicurazioni involved:

- the merger by incorporation into Milano Assicurazioni of Sasa Assicurazioni e Riassicurazioni and Sasa Vita;
- the conferment to Milano Assicurazioni, by Fondiaria-Sai, of the entire shareholding in Liguria Assicurazioni held by Fondiaria-Sai, amounting to 99.97% of the share capital, and a holding in Immobiliare Lombarda S.p.A. amounting to 27.88% of the share capital.

Taking into account the operations illustrated above, the half-year 2008 data in the present report is also shown for comparative purposes on a like-for-like basis (pro-forma), aggregating the amounts of Sasa Assicurazioni, Sasa Vita, Liguria Assicurazioni and Liguria Vita and those contained in the 2008 consolidated half-year report of Milano Assicurazioni and the events in the period are commented upon based on like-for-like data.

Premiums

The gross premiums and accessories of direct and indirect business in the half-year totalled Euro 2,155 million compared to Euro 1,856.3 million in 1H 2008. The increase of 16.1% is due to the corporate restructuring operation detailed above.

On like-for-like terms, premiums decreased by 4.9%. In particular, the Non-Life Division direct premiums amounted to Euro 1,630.2 million (-2%), of which Euro 1,144 million relates to the motor classes (-3.4%) and Euro 486.2 million relating to the other non-life classes (+1.4%).

The contraction in motor premiums is due to a combination of factors: the significant contraction in the registration of new motor vehicles, which in the first six months of 2009 decreased by 10.67%; the strong competitive pressures resulting in the customisation of products and the greater application of discounts; the continued effects of Law 40 of April 2, 2007 (so-called Bersani bis) in relation to the assignment of the bonus-malus classes within the same household, causing a strong unbalancing in the portfolio towards the better classes without a corresponding decrease in the insurance risk.

Premiums written in the Life Division, direct and indirect, amounted to Euro 520.5 million, a drop of 13.1% on the first half of 2008 on like-for-like terms and consolidation scope.
The life sector also continues to be negatively affected by the continuance of the financial crisis, the worst since the war, and by the uncertainties on the future outlook for the financial markets. The decrease is also due to the subsidiary Dialogo Vita, which following the transfer of the bancassurance agreement with UBS Italia S.p.A. in the period issued premiums of Euro 0.9 million compared to Euro 21.4 million in 1H 2008.

From the first quarter of the present year, the agreement with UBS Italia S.p.A. has been operated by the Group company Systema Vita and no longer by Dialogo Vita, which operates through telephone and Internet channels, in line with the industrial plan of the Fondiaria-Sai Group.

In the indirect business, the premiums amounted to Euro 4.3 million compared to Euro 3.9 million in the same period of the previous year. The indirect business continues to be marginal due to the decision to cease underwriting on the inward reassurance market with companies not belonging to the Fondiaria-SAI Group.

The details of the premiums written with the changes on 1H 2008 are shown in the table below.

(in Euro thousands)	**30/06/2009**	**30/06/2008 Pro-forma**	**Change %**	**30/06/2008**
DIRECT PREMIUMS				
Non-Life Division	1,630,197	1,663,978	-2.0	1,309,108
Life Division	520,524	599,188	-13.1	543,251
Total direct premiums	2,150,721	2,263,166	-5.0	1,852,359
INDIRECT PREMIUMS				
Non-Life Division	4,241	3,842	+10.4	3,842
Life Division	52	55	-5.5	55
Total indirect premiums	4,293	3,897	+10.2	3,897
TOTAL	**2,155,014**	**2,267,063**	**-4.9**	**1,856,256**
of which:				
Non-Life Division	1,634,438	1,667,820	-2.0	1,312,950
Life Division	520,576	599,243	-13.1	543,306

Consolidated Income Statement

The group net profit for 1H 2009 was Euro 50.7 million compared to Euro 135.5 million in 1H 2008.

The income statement in the first half of 2009 compared to the same period of 2008 is shown below. The changes are based on like-for-like data, which takes account of the contributions of Sasa, Sasa Vita, Liguria and Liguria Vita.

(in Euro thousands)	**30/06/2009**	**30/06/2008 Pro-forma**	**Change %**	**30/06/2008**
Net premiums	2,037,102	2,164,172	-5.9	1,811,955
Commission income	9,189	15,852	-42.0	15,852
Net Income from financial instruments recorded at fair value through profit or loss	40,038	-36,268	n.s.	-29,224
Income from subsidiaries, ass. and jt. ventures	283	411	-31.1	411
Income from other financial instruments and property investments	252,716	269,687	-6.3	249,183
- Interest income	165,747	179,640	-7.7	160,145
- Other income	47,884	72,136	-33.6	71,728
- Profits realised	39,085	17,911	+118.2	17,310
- Valuation gains	-	-	-	-
Other revenues	85,366	59,738	+42.9	48,526
Total revenues	**2,424,694**	**2,473,592**	**-2.0**	**2,096,703**
Net charges relating to claims	1,724,589	1,710,222	+0.8	1,461,899
Commission expenses	4,313	7,530	-42.7	7,530
Charges from subsid., ass. & jt. ven. charges	6,903	59	n.s.	59
Charges from other financial instruments and property investments	77,197	42,052	+83.6	40,341
- Interest expense	7,269	10,071	-27.8	8,957
- Other expenses	5,877	4,531	+29.7	4,298
- Losses realised	27,583	22,802	+21.0	22,550
- Valuation losses	36,468	4,648	+684.6	4,536
Management expenses	338,994	347,262	-2.4	281,695
- Commissions and other acquisition expenses	279,556	281,733	-0.8	233,817
- Investment management charges	3,355	4,534	-26.0	3,672
- Other administration expenses	56,083	60,995	-8.1	44,206
Other costs	204,579	179,461	+14.0	136,648
Total costs	**2,356,575**	**2,286,586**	**+3.1**	**1,928,172**
Profit before taxes in the period	**68,119**	**187,006**	**-63.6**	**168,531**
Income taxes	19,086	54,819	-65.2	50,745
Net profit in the period	**49,033**	**132,187**	**-62.9**	**117,786**
Profit from discontinued operations	-	-	-	-
Consolidated Net Profit	**49,033**	**132,187**	**-62.9**	**117,786**
Minority interest share	-1,710	-3,344	+48.9	-3,346
Group net profit	**50,743**	**135,531**	**-62.6**	**121,132**

The key events in the period which contributed to this result are summarised below:

- The Non-Life division recorded a pre-tax profit of Euro 50.7 million, compared to Euro 169.7 million in the first half of 2008 at like-for-like consolidation scope. The drop principally related to the technical performance which - in a particularly difficult market affected by a severe economic crisis – was compounded by adverse natural events, strong price competition and the recent regulatory provisions regarding the sector.
  In particular the Motor TPL Class, although reporting a drop in claims and in the relative frequency, was negatively affected by the contraction in the average policy premium, principally due to the effects of the so-called Bersani Bis Law in relation to allocation of the bonus-malus classes, which resulted in an unbalancing of the portfolio towards the better classes without a corresponding decrease in the insurance risk. This occurred in a context in which the average claims cost paid increased, although contained.
  The Land Vehicle Class presents a largely positive technical balance but at the same time significantly lower than in the first half of 2008. The stronger competition in the market affected the results, as did the climatic events in the first quarter in the year and the negative performance of some accessory guarantees, such as windshield and vandalism guarantees, which typically in a period of crisis record an increase in claims.
  The Other Non-Life Classes report a largely positive performance, in a context in which profit margins reduced on the first half of 2008, particularly in relation to the Fire Class and also due to the claims related to the tragic earthquake in Abruzzo and the Accident Class which recorded an unfavourable performance due to the settlement of claims of previous periods, already recorded to the reserve;

- The Life Division reports a pre-tax profit of Euro 19.6 million (Euro 13.1 million in the first half of 2008 at like-for-like consolidation scope). This principally owes to higher investment income as the financial markets recovered, particularly in the second quarter. The Life sector however continues to be heavily penalised by the current financial and economic crisis, which does not currently appreciate the real value of the in-force portfolio acquired, with an adequate technical profitability and a strong presence of traditional type products, with greater remuneration and capable of satisfying, for the quality and range of the policies available, all needs of the clientele.
  However, in the second part of the half-year, in which the financial markets recorded some signs of improvement, there was a reduction in the redemptions of contracts compared to the worst part of the crisis, in the period between the end of 2008 and the beginning of 2009;

- The Real Estate sector recorded a pre-tax profit of Euro 4 million, in line with the first half of 2008.
- The asset and financial management recorded net income of Euro 215.6 million, compared to Euro 191.4 million in the first half of the previous year on like-for-like consolidation scope (12.6%). The improvement was achieved despite the continuous drop in interest rates of bond securities (favoured by the monetary authorities to counter the economic crisis) and the lower amount of dividends from shareholdings. The figure in the first half of 2009 is net of impairment charges of Euro 30.6 million on securities classified in the

category Available-for-Sale, made in accordance with the impairment policy described in the accounting principles.
On the other hand, the comparison with the first half of 2008 benefits from the transfer of securities from the fair value through profit and loss category to the Available for Sale category, made in September 2008.
The net income deriving from other financial instruments and property investments amounted to Euro 175.5 million (Euro 227.6 million in the first half 2008), while the net income deriving from fair value financial instruments recorded through profit or loss amounted to Euro 40 million compared to net charges of Euro 36.3 million in 1H 2008.
The significant change in the above two categories of income are related also to the closure of residual combined put and call options, undertaken to hedge the non-realised gains relating to Unicredit shares held in portfolio.
The closure of these options resulted in net income of approx. Euro 2.9 million against gains on options of Euro 23.5 million, recorded in the account Income from financial instruments recorded at fair value through profit and loss, and Euro 20.6 million of losses on the correlated sales of the shares hedged, recorded in the account charges from other financial instruments and property investments, in line with the classification of these shares, recorded in the category Available for sale;

- The management expenses in the non-life insurance sector amounted to Euro 309.6 million, with a percentage on net premiums of 20.3%. In the life division the management expenses amounted to Euro 29.4 million, with a percentage on net premiums of 5.8%.

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

The table below shows the profit before taxes in each sector. The *real estate sector* includes the results of the Group real estate companies (Meridiano Eur, Meridiano Orizzonti, Campo Carlo Magno) and the Athens Real Estate Fund, which entered the consolidation scope in the half-year following the full subscription of the holding by Milano Assicurazioni. The Other Activities include Sogeint, which provides commercial assistance to the Agencies and Pronto Assistance Servizi, which operates in relation to guarantees in the assistance class present in the insurance contracts of the companies of the Fondiaria-Sai group.

The amount indicated in the column inter-sector eliminations relates to the reversal of the gain by Immobiliare Lombarda (an associated company of Milano Assicurazioni) from the sale of two hotel complexes to the Athens Real Estate Fund, entirely controlled by Milano Assicurazioni. For further information on these operations, reference should be made to the Real Estate Sector section.

(in Euro thousands)	**Non-Life**	**Life**	**Real Estate**	**Other**	**Inter-segment Elim.**	**Total**
Net premiums	1,527,371	509,731	-	-	-	2,037,102

Commission income	-	9,189	-	-	-	9,189
Net Income from financial instrumen ts recorded at fair value through profit or loss	23,076	16,962	-	-	-	40,038
Income from subsidiaries, ass. and jt. ventures	6,551	-	-	-	-6,268	283
Income from other financial instruments and property investments	102,402	142,543	7,771	-	-	252,716
- Interest income	52,472	113,225	50	-	-	165,747
- Other income	24,556	15,607	7,721	-	-	47,884
- Profits realised	25,374	13,711	-	-	-	39,085
- Valuation gains	-	-	-	-	-	-
Other revenues	64,332	6,492	43	14,499	-	85,366
Total revenues	**1,723,732**	**684,917**	**7,814**	**14,499**	**-6,268**	**2,424,694**
Net charges relating to claims	1,155,137	569,452	-	-	-	1,724,589
Commission expenses	-	4,313	-	-	-	4,313
Charges from subsid., ass. & jt. ven.	6,718	185	-	-	-	6,903
Charges from other financial instruments and property investments	43,696	30,344	3,134	23	-	77,197
- Interest expense	3,509	3,753	7	-	-	7,269
- Other expenses	4,055	423	1,376	23	-	5,877
- Losses realised	22,462	5,121	-	-	-	27,583
- Valuation losses	13,670	21,047	1,751	-	-	36,468
Management expenses	309,606	29,380	8	-	-	338,994
- Commissions and other acquisition	261,356	18,200	-	-	-	279,556
- Investment management charges	1,271	2,084	-	-	-	3,355
- Other administration expenses	46,979	9,096	8	-	-	56,083
Other costs	157,903	31,621	628	14,427		204,579
Total costs	**1,673,060**	**665,295**	**3,770**	**14,450**	**-**	**2,356,575**
Profit before taxes 1H 2009	**50,672**	**19,622**	**4,044**	**49**	**-6,268**	**68,119**
Profit before taxes 1H 2008 (pro-forma)	**169,711**	**13,105**	**4,118**	**72**	**-**	**187,006**

Non-Life Insurance Sector

Premiums written

For the direct business, which represents almost the entire portfolio, the premiums written amounted to Euro 1,630.2 million (+24.5% on 1H 2008). The increase is due to the restructuring operations at the end of the previous year and commented upon in the introduction.

On like-for-like terms premiums dropped 2%, against a decrease in motor premiums of 3.4% and an increase in other non life classes of 1.4%.

In particular, premiums written in the Motor Classes amount to Euro 1,144 million, of which Euro 986.3 million refer to the Motor TPL Class (-3.5% compared to first half of 2008 on like-for-like basis) and Euro 157.7 million relating to the Land Vehicle Class (-2.9%).

This performance principally relates to the following factors:

- The significant contraction of new motor registrations which decreased by 10.7%;
- The intense competition on the market presently, which sees the customisation of products and the increasing application of discounts;
- The contraction in the average policy premium, due to the effects of the so-called Bersani Bis Law in relation to assignation of the bonus-malus merit classes within the same household, which resulted in an unbalancing of the portfolio towards the better classes without a corresponding decrease in the insurance risk;
- The restructuring of the multi-claim portfolio in accordance with the industrial plan.

In addition, with the new attribution of merit class regulations in relation to joint liability, introduced in 2008 in application of ISVAP Provision No. 2590, lower premium rises are being implemented for insured parties co-involved in claims with non principal responsibility. To offset the reduction in average premiums deriving from the new regulatory provisions, and in the context of a more difficult market in particular due to the current economic crisis, and the increase, although contained, of the average cost of claims, an increase in the motor vehicle tariff of 1.15% was introduced on March 1 and a further increase of 1.1% will be implemented on July 1.

In the other non life classes, premiums written amounted to Euro 486.2 million, an overall increase of 1.4% principally due to the Fire, Other property damage, General TPL and Assistance classes. In this context, the underwriting policy remains focussed on safeguarding the portfolio margins, through the application of correct technical parameters and the selection of risks. The commercial initiatives are primarily directed at the Retail sector, with adequate profitability while, in the Corporate sector, greater caution will be applied in underwriting risk.

In the indirect business, the premiums amounted to Euro 4.3 million compared to Euro 3.9 million in the same period of the previous year. The indirect business continues to be

marginal due to the decision to cease underwriting on the inward reassurance market with companies not belonging to the Fondiaria-SAI Group.

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

(in Euro thousands)	**30/06/2009**	**30/06/2008 Pro-forma**	**Change %**	**30/06/2008**
Accident & health	136,075	138,495	-1.7	113,390
Marine, aviation and transport	25,631	27,110	-5.5	6,527
Fire and other property damage	161,826	158,251	+2.3	137,033
General TPL	111,472	108,553	+2.7	93,776
Credit & Bonds	25,744	25,417	+1.3	12,826
General pecuniary losses	5,438	5,167	+5.2	2,066
Legal expenses	4,912	4,283	+14.7	3,485
Assistance	15,092	12,276	+22.9	8,149
Total Division – Non Motor	**486,190**	**479,552**	**+1.4**	**377,252**
Land Motor TPL	986,269	1,022,027	-3.5	801,618
Land vehicles	157,738	162,399	-2.9	130,238
Total Division – Motor	**1,144,007**	**1,184,426**	**-3.4**	**931,856**
TOTAL	**1,630,197**	**1,663,978**	**-2.0**	**1,309,108**

Claims paid and reported

In the half-year, 448,036 claims were made (+3.1%), of which 298,580 relating to the motor classes (-0.2%) and 149,456 relating to the other non life classes (+10.6%). The amounts paid for claims, including the direct and settlement expenses, amounted to Euro 1,236.2 million, compared to Euro 1,299.2 million in the previous year (-4.8%).
The following table shows the breakdown by class and compared with 1H 2008 on like-for-like terms.

	Claim reported Number			**Claims paid (in Euro thousands)**		
	30/06/2009	30/06/2008 Pro-forma	Cge. %	30/06/2009	30/06/2008 Pro-forma	Cge. %

Accident & health	44,662	46,936	-4.8	73,841	68,826	+7.3
Marine, aviation and transport	306	467	-34.5	2,681	21,974	-87.8
Fire and other property damage	49,202	39,876	+23.4	111,289	105,431	+5.6
General TPL	25,840	22,166	+16.6	83,677	78,739	+6.3
Credit & Bonds	289	356	-18.8	9,184	9,711	-5.4
General pecuniary losses	1,277	1,410	-9.4	4,097	4,032	+1.6
Legal expenses	483	430	+12.3	458	313	+46.3
Assistance	27,397	23,493	+16.6	6,542	4,625	+41.4
Total Division – Non Motor	**149,456**	**135,134**	**+10.6**	**291,769**	**293,651**	**-0.6**
Land Motor TPL	226,847	239,093	-5.1	853,409	923,010	-7.5
Land vehicles	71,733	60,179	+19.2	91,024	82,545	+10.3
Total Division – Motor	**298,580**	**299,272**	**-0.2**	**944,433**	**1,005,555**	**-6.1**
TOTAL	**448,036**	**434,406**	**+3.1**	**1,236,202**	**1,299,206**	**-4.8**

Technical performance

At June 30, 2009, the combined ratio of the non-life division, net of outward reinsurance, was 100.2% compared to 94.4% in the same period of the previous year and 99.2% for the full year 2008. The combined ratio was achieved excluding the calculation of the charges deriving from the amortisation of the commissions on long-term contracts which, following the new regulations concerning the cancellation of these contracts, are not uniform with the past.
In a market context particularly affected by the continuation of the deep economic crisis, the half-year results have also been affected by the negative effects of natural phenomenon and by recent regulatory changes in the sector.

In particular, the motor vehicle TPL class, although reporting a contraction in the number of claims and the frequency, was penalised by the drop in the average policy premium due to the factors already outlined in the comments on premium performance.

For the recovery of sufficient technical margins, as well as the adjustments to the tariffs applicable from March 1 and from July 1, the actions for the containment of claims will be intensified, with focus on the average cost of claims paid although maintaining a settlement speed which rigorously complies with the regulations in force and the satisfaction of clients.
The Land Vehicle Class presents a largely positive technical balance but at the same time significantly lower than in the first half of 2008. The stronger competition in the market affected the results, as did the climatic events in the first quarter in the year and the negative performance of some accessory guarantees, such as windshield and vandalism guarantees, which typically in a period of crisis record an increase in claims.
Also in this Class, actions have been undertaken to recover sufficient levels of profit. In particular, as well as the already mentioned increase in tariffs, the guarantees with strongly negative performances will no longer be sold individually but only together with fire and theft guarantees, which continue to report a satisfactory level of claims to premium ratio. In order to contain the cost of claims, the windshield repair actions will be channelled through the

networks with which conventions have been signed, providing in each case sample checks in order to verify the nature and the quality of the actions.

The Other Non-Life Classes report a largely positive performance, in a context in which profit margins reduced on the first half of 2008, particularly in relation to the Fire Class and also due to the claims related to the tragic earthquake in Abruzzo and the Accident Class which recorded an unfavourable performance due to the settlement of claims of previous periods, already recorded to the reserve.

"Auto Presto & Bene" project

The *"Auto Presto & Bene"* project will be particularly important for the recovery of sufficient profit levels and relates to a specific structure created by the Fondiaria-Sai group with the objective to improve the service to clients and to contain the material damage claim costs, through the entry into the spare parts distribution chain, with the consequent creation of value for the companies of the Group.
Auto Presto & Bene in fact signed agreements with the principal car manufacturers to directly purchase spare parts from their distribution networks and supplying them to repair centres within the network in order to only utilise original spare parts in the repairs of damaged vehicles, therefore providing clients with an excellent level of service. With the inclusion in the value chain of the spare parts, cost efficiencies of raw materials can be achieved and agreements with the repair centres for the restoration costs can be reached, while disregarding the activities no longer required as they are carried out directly.
The project is also able to generate value, as well as for the companies of the Fondiaria-Sai group, also for other parties involved in the motor repair process and in particular:

- conventioned repair centres, which will see an increase in volumes and have the opportunity to work with specialised and qualified personnel;
- for the car manufacturers, thanks to the increase in the market share of original spare parts and the simplification of the supply process, with a sole and reliable customer dealing with large volumes;
- for the agencies, which benefit from the loyalty of the client and the greater flexibility in the tariff, thanks to the improvement in the claims to premiums ratio.

Motor TPL direct indemnity

Claims reported by our policyholders within the new CARD management system amounted to 167,476, of which 113,391 were fully paid. The settlement speed in the current year, net of the claims without further process, was 66.8% compared to 69.1% in the first half of 2008.

The reported claims accepted with follow up through the clearing house with CONSAP, in relation to the claims in which our policyholders were in full or in part responsible (CARD debtor) amounted to 155,829 - of which 98,145 gave rise to the full payment of the indemnity and 57,684 resulted in the recording of a reserve.

From a financial viewpoint, in the first half of 2009, a total of 165,134 recharges were received from the clearing house, for a total value of Euro 257 million. The total amount of cases credited were 163,285, for a total value of Euro 261 million.

* * *

Liguria Assicurazioni, which entered the consolidation scope in the half-year, following the corporate operation at the end of 2008 and described in the introduction, issued premiums of Euro 147.2 million - an increase of 4.5% on 1H 2008. In particular, the premiums written in the motor classes amounted to Euro 111.4 million (+3.5%) while, in the other non life classes, premiums written amounted to Euro 35.8 million (+7.6%).
The technical performance deteriorated on the first half of 2008. Specifically, the Motor TPL class was penalised by a decrease in the average premium and by the unfavourable claims from previous periods, already recorded under reserves. The Land Vehicle class recorded an increase in the claims to premiums ratio, principally due to some specific guarantees (windshield and natural events). The other non life classes recorded a positive performance, although down on 1H 2008.
The worsening of the technical performance affected the overall result in the half-year, which recorded a loss of Euro 4.6 million under IAS/IFRS accounting standards.

In the telephone and Internet channels, the actions continued supporting **Dialogo Assicurazioni S.p.A**. (99.85% subsidiary of Milano Assicurazioni).
In particular, in the first quarter of 2009 the new advertising campaign contained in the industrial plan of the company began. The cost incurred in the half-year, amounting to Euro 3.5 million, was entirely expensed to the income statement.
The gross premiums written in the first half-year amounted to Euro 14.1 million and recorded an increase of 45.9% on the first half of 2008 (Euro 9.7 million). The Motor TPL Class, which represents the largest part of the portfolio, reports an improvement in the claims to premiums ratio, decreasing to 87.2% compared to 94.8% in the first half of 2008.
The contribution of Dialogo Assicurazioni S.p.A. to the consolidated income statement of the period is a loss of Euro 6 million (Euro 6.2 million in the first half of 2008), due to the costs relating to the current advertising campaign and IT investments and greater structural costs necessary to support the growth of the company.

In relation to the standardised products distributed by partner banks, **Systema Compagnia di Assicurazioni S.p.A.** (wholly owned by Milano Assicurazioni) recorded premiums in the first half of the year of Euro 7.4 million, an increase of 22.5% on the same period in the previous year.
The premiums/claims ratio of the Motor TPL class improved from 79.3% in the first half of 2008 to 63.9% in the current half-year.

In the Other Non-Life Classes reported claims increased, related also to the extraordinary events which hit some policies in portfolio, with particular reference to the Fire and Natural Elements Class.

The contribution to the consolidated result was a loss of Euro 0.4 million (profit of Euro 0.5 million in 1H 2008).

New products launched on the market

For the coverage of risks relating to factories, the product called Difesa Più Fabbricati Full (Full Factory Protection) was launched. The new product allows the quantification of the implied risks through new segmentation criteria, the consolidation of the technical controls, the encouragement of multi-guarantee sales and allows for mutuality also within a single contract. A cluster mechanism was also created to manage changes relating to the age of buildings, favouring at the same time newly constructed buildings.

With reference to the health class, within the revision of current products, in April 2009 two new versions were launched of *Sanicard Salute* (modification of the contractual length, with a maximum of 5 years) and *Sanicard Rinnovo Garantito* (redefining the age limit for the beginning of coverage and establishing an age limit for renewal).

The content of the policies for professionals was also reviewed and updated, in line with the latest legislative provisions and taking account of the results of an analysis and monitoring of the specific technical performances, with identification of the obsolete portfolio to be reformed.

The restyling activities of the Traffic Accident products began which allow for a Ritiro Patente (License Loss) guarantee to update the contents in line with the further regulations introduced by ISVAP regulation No. 29 on the classification of risks. In relation to the new regulation, a new edition of the "License Loss" product was launched.
The issue of the remaining Pollution TPL products was completed (RC Inquinamento attività presso terzi – Pollution TPL and RC Inquinamento committenza trasporto merci pericolose – Pollution TPL relating to the transport of hazardous goods), which provides particularly innovative coverage conditions in the sector of environmental risks, which is set to expand in the coming years in consideration of the continued national and EU regulatory developments.

The new edition of Directors' TPL was also launched, extending the contents of the previous contractual regulations and also based on an agreement with a leading global reinsurer, leader in the sector, which guarantees us a proven and reliable partnership.

Reinsurance

The premiums ceded in the non-life division amount to Euro 95.5 million compared to Euro 88.7 million in the first half of 2008 restated on like-for-like terms and consolidation scope. Direct premiums were 5.8%, higher than the average in previous periods, principally due to the higher recourse of reinsurance for the ex Sasa portfolio, related to a higher amount of transport and aviation insurance, which typically presents a higher exposure in terms of insured capital.

On like-for-like terms, the reinsurance policy has not changed on the previous period. The risks ceded in the non life division were placed with international primary operators with high ratings (S&P A/AA/AAA) by the Group company The Lawrence Re Ireland Limited. The agreements signed favour the non proportional ceding for the Fire, Theft, Accidents, General TPL, Land Vehicle TPL and Land Vehicle classes.
Proportional ceding contracts with non proportional structures protecting the Bonds, Credit and Aeronautic Risks classes were signed.

For the Technological Risks, a quota and excess coverage reinsurance structure was confirmed; against the high capacity of the quota section, adequate non proportional coverage was maintained to protect the net retention of risks, while the non proportional protection together with the Fire and the Land Vehicle classes in the case of claims rising from a single event remained unchanged.

The Assistance class was reinsured with "*Pronto Assistance"* and the Hailstorm risks were covered by a stop loss agreement.

In the Transport, Goods and Maritime Vehicle classes, the proportional coverage with the associated company SIAT was confirmed.

Life Insurance Sector

The direct premiums written in the period amounted to Euro 520.5 million, a decrease of 13.1% compared to the first half of 2008 at like-for-like terms and consolidation scope.

The table below shows the breakdown by class and the percentage change.

(in Euro thousands)	**30/06/2009**	**30/06/2008 Pro-forma**	**Change %**	**30/06/2008**
II – Insurance on human life expectancy	465,668	433,722	+7.4	407,500
III – Insurance to which classes I and II are connected to investment funds	4,289	132,429	-96.8	105,899
IV - Health insurance	46	48	-4.2	48
V – Securitisation operations	50,521	32,989	+53.1	29,804
TOTAL	**520,524**	**599,188**	**-13.1**	**543,251**

The amount of premiums written continues to be negatively affected by the ongoing financial crisis, the worst since the war, and by the uncertainties on the future outlook for the financial markets. The decrease is also due to the subsidiary Dialogo Vita, which following the transfer of the bancassurance agreement with UBS Italia S.p.A. in the period issued premiums of Euro 0.9 million compared to Euro 21.4 million in 1H 2008.
From the first quarter of the present year, the agreement with UBS Italia S.p.A. has been operated by the Group company Systema Vita and no longer by Dialogo Vita, which operates through telephone and Internet channels, in line with the industrial plan of the Fondiaria-Sai Group.

By type of contracts issued, the subscription policy continues to favour traditional type products (+7.4% on 1H 2008), related to higher profit margins and client loyalty, creating value in the long term.
With reference to products with the financial risk borne by the insured party, in the half-year a new policy to the market was launched, providing an index-linked policy which has as the underlying security government bonds and provides the guarantee of repayment on maturity by the company. The amounts issued were contained, given the lack of appeal of this type of product in a turbulent financial market which has now lasted almost two years.
The increase in the premiums relating to the securitisation products is prevalently due to the single contracts of particularly significant size, signed at conditions which guarantee good profitability.

Contracts of a financial nature were also written for a value of Euro 7.3 million (of which Euro 3.7 million related to Bipiemme Vita). 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.

On an indicative basis, the new premiums written, determined according to the provisions of the Supervision Authority and compared on like-for-like terms with the data relating to 1H 2008, are shown below:

(in Euro thousands)	**30/06/2009**	**30/06/2008 Pro-forma**	**Change %**
Class I	347,075	311,016	+11.6
Class III	6,340	141,773	-95.5
Class V	31,234	11,339	+175.5
TOTAL	**384,649**	**464,128**	**-17.1**

A good increase in the Class I products is shown in the table, with a prevalent insurance component. The significant increase in the Class V products (Securitisation) is principally due to the large-sized contracts, signed with suitable profit margins.

New premiums written in terms of equivalent annual premiums (Annual Premium Equivalent, APE), obtained taking into account the sum of the new business annual premiums and 10% of the single premiums, is shown in the table below:

(in Euro thousands)	**30/06/2009**	**30/06/2008 Pro-forma**	**Change %**
Class I	47,491	42,430	+11.9
Class III	711	14,325	-95.0
Class V	3,132	1,137	+175.4
TOTAL	**51,334**	**57,892**	**-11.3**

Technical performance

The pre-tax profit of the life sector amounted to Euro 19.6 million, compared to Euro 13.1 million in the first half of 2008 on like-for-like terms. This principally owes to higher investment income as the financial markets recovered, particularly in the second quarter. The Life sector however continues to be heavily penalised by the current financial and economic crisis, which does not currently appreciate the real value of the in-force portfolio acquired, with an adequate technical profitability and a strong presence of traditional type products, with greater remuneration and capable of satisfying, for the quality and range of the policies available, all needs of the clientele.

However, in the second part of the half-year, in which the financial markets recorded some signs of improvement, there was a reduction in the advanced redemptions of contracts compared to the worst part of the crisis, in the period between the end of 2008 and the beginning of 2009.

Individual Insurance

In the first six months of 2009, the issue of individual policies was still primarily focussed on the products related to the Separated Management, characterised by minimum guaranteed returns and protection of the investment. These products were sold as single premium products, with particular focus of the capital on maturity and securitisation products and with constant annual premiums (good results continue for the OPEN PIU' product, launched in 2008, with excellent results from the launch of the product for younger policyholders OPEN BRAVO available from the first quarter of 2009).

In the first half the VALORE CERTO (Certain Value) product was launched, a fixed yield product with coverage of contractual commitments for half of the specific assets.

In the Index-Linked sector, the VALORE SICURO (Sure Value) policy related to the performance of the Dow Jones Euro Stoxx 50 share index was launched, with a consolidation of performance and settlement mechanism on maturity of capital and of any coupons matured. The product provides for a guarantee on maturity provided directly by the Company.
In May, a restyling of the Unit-Linked product was unveiled with a single premium and annual premium product with new automatic contractual mechanisms, called "cambio automatico" ("automatic exchange") (for the single premium form) and "airbag" (for both the products) which provides greater elasticity in reacting to negative financial market situations. Currently the sales results are low.
In relation to the complementary pension segment, implemented through the Individual Pension Plans, in the first six months of the year there was a slowdown in the new contracts.

Collective insurance and Pension Funds

In the first half year, the corporate segment continued its activity, with good results, in the pre-existing pension funds with insurance management for employees. Further contributions were incentivised through the use of greater tax deductions, as well as the continuation of the pension plans after the termination of employment in accordance with regulations in force.

The products related to the leaving indemnity provisions (TFR and TFM), are those affected greatest by the current economic crisis; although these products typically favour payment in the second half of the year, there does not appear to be a significant possibility in the short term for an increase in the distribution of these products.

The complementary pension market overall continued to be negatively affected by the general economic situation and therefore also the distribution of the Milano Assicurazioni Open Pension Fund – which became operative with the entry into force of the pension reform – was affected by this general situation and reporting a contained amount of new subscriptions and a contraction in contributions.

For the capitalisation products focussed on treasury management, the advanced redemptions lessened greatly, confirming the signs of recovery in interest in this type of investment, also due to the diminished appeal, in terms of remuneration of debt instruments in general.

The risk coverage segment recorded good results on the institutional sector of insurance deriving from collective negotiation, maintaining the portfolio premiums. Personalised accessory coverage solutions continued for the subscribers to the Pension Funds, with encouraging results.
The distribution of products related to the coverage of loans - particularly in relation to mortgages - remained weak, due to the continued stagnation in this sector.

Bancassurance

In relation to the sale of life insurance products through the banking channel, **Bipiemme Vita** (held 51% by Milano Assicurazioni) issued net premiums of Euro 288.9 million, a decrease of 13.2% on 1H 2008.

The premiums written in this sector were also affected by the economic situation and the uncertainties on the future dynamics of the financial variables. The company continued with the rationalisation of the product portfolio to satisfy better the needs of clients and managed with extreme care the financial assets covering technical reserves, in order to obtain

satisfactory yields for the separated management. The investments at June 30 amounted to Euro 3,603.6 million, compared to Euro 3,464.3 million at December 31, 2008.

The shareholders' equity amounted to Euro 145.2 million, an increase on December 31, 2008, due to the profits in the half-year (Euro 1.5 million) and the increase of the reserve relating to securities classified in the Available-for-Sale category, following the improved performance in the financial markets in the second half of the half-year.

Index-linked with financial instruments issued by the Icelandic Banks

Finally, in relation to the financial difficulties of the Icelandic banks, we report that:

- Milano Assicurazioni has the Metal Oil index-linked product in portfolio, issued on November 28, 2005 with expiry on November 28, 2011. This product (relating to the ex Sasa Vita portfolio incorporated into Milano Assicurazioni at the end of 2008) has underlying financial instruments issued by Glitnir Bank hf for a nominal value of Euro 6.5 million.

- Bipiemme Vita has the following index-linked products in portfolio:
  - *Single Best*, issued on July 26, 2005 with expiry on July 26, 2012 having, as underlying securities, financial instruments issued by Glitnir Bank hf, for a nominal value of Euro 44.6 million;
  - *Crescita Più Minimo*, issued on November 30, 2005 with expiry on November 30, 2010 having, as underlying securities, financial instruments issued by Kaupthing Bank hf, for a nominal value of Euro 59.8 million.

It is recalled that on the issue of the products the rating attributed to Islandbanki hf (subsequently Glitnir Bank hf) by Moody's and by Fitch were respectively A1 and A and the ratings attributable to Kaupthing Bank hf by Moody's and by Fitch were respectively A1 and A.

As noted however, on November 24, 2008 following the financial difficulties experienced, Glitnir Banki and Kaupthing Bank were subject to a Moratorium procedure by the Reykjavik Court.

This procedure prohibits third parties from undertaking actions of any kind as creditors of the two banks, and blocks bankruptcy proceedings of the companies. During the moratorium, in addition, the two institutions are subject to restrictions on the availability of their assets and the utilisation of liquidity.

The duration of the moratorium was initially fixed until February 13, 2009 while Icelandic law permits the period to be extended for 24 months.

On the request of the Liquidation Committee of the two banks, the Court of Reykjavik approved the extension of the moratorium period until November 13, 2009.

It is understood that the reasons for the request of the Committees is the protection of the interests of the creditors, which could incur economic damage if the activities of Glitnir Banki and Kaupthing Bank were liquidated at a significantly reduced value due to the current crisis in the markets. The extension of the moratorium should therefore allow the Committees to liquidate the assets of the banks when the market conditions are more favourable.

Therefore the information necessary to value the underlying assets of the above-mentioned products, are not currently available and, consequently, it is not possible at the moment to publish the relative values.

As these policies do not guarantee minimum yields or repayment of the capital, the investment risk connected to the solvency of the issuers is contractually borne by the policyholder.

Until the judicial and balance sheet position of Glitnir Bank and Kaupthing Bank are known, it will therefore not be possible to accept redemptions or provide information in relation to the reimbursable value matured on the above-mentioned index-linked policies.

The issuing company is monitoring attentively the development of the situation, evaluating possible actions. In particular, Milano Assicurazioni restructured the ex Sasa index-linked policies with the objective to allow the clients, although the policy was not of a “guaranteed capital” type, to receive on maturity the entire nominal capital and to receive all past cash inflows.
The operation will be carried out through the redemption of the original contract by the holder and the simultaneous signing of a new contract comprising the residual duration of the index-linked contract increased by approx. 2 years.

Reinsurance

The premiums ceded amounted to Euro 10.8 million (2.1% of gross premiums), substantially in line with 1H 2008, on like-for-like terms and consolidation scope. The reinsurance structure is unchanged compared to 2008, with a proportional coverage in excess and a catastrophic coverage in claims excess provided by the group company The Lawrence Re.

Real Estate Sector

The real estate sector comprises the companies Meridiano Eur, Meridiano Orizzonti and Campo Carlo Magno, all wholly owned by Milano Assicurazioni, as well as the Athens Real Estate Fund, fully subscribed by Milano Assicurazioni in May.

In January 2009, Meridiano Eur acquired the building located in Milan, Via Crespi, No. 57 at a price of Euro 55.8 million, further expanding and diversifying its asset portfolio. Following this purchase, utilising liquidity from a share capital increase provided by Milano Assicurazioni, the carrying value of the real estate assets at June 30, 2009 amounted to Euro 224.6 million.

The company also holds a share in the Common Real Estate Fund "Tikal R.E. Fund", with a carrying value of Euro 92.6 million, deriving from the conferment to this Fund, in 2004, of the building located at Rome - Piazzale dell'Industria.

The contribution to the consolidated results in the first half of 2009 was Euro 2.7 million (in line with 1H 2008), deriving from the income distributed by the Tikal Fund and building rental income.

Meridiano Orizzonti S.r.l. owns a building in Milan, Piazza S.M. Beltrade, No. 1 for a carrying value of Euro 51.8 million, net of depreciation. The net contribution to the consolidated results in the first six months of the year was Euro 0.2 million (in line with 1H 2008).

Campo Carlo Magno S.p.A. is owner of a hotel real estate complex at Madonna di Campiglio and of a Golf Hotel. The company signed a rental contract with Atahotels S.p.A. which provides for a fee of 20% of the net annual revenues, with a minimum guaranteed fee. The operation guarantees the company an adequate return on the division rented, in line with market values for similar operations.

The company is currently undertaking a large restructuring and modernisation project of the hotel real estate complex.
The net contribution to the consolidated result for the first half of 2009 was substantially break-even.

Subscription to the speculative property fund Athens R.E. Fund

On May 13, 2009 Milano Assicurazioni subscribed to the speculative property fund Athens R.E. Fund, created and managed by the group company SAI Investimenti SGR S.p.A. (51% Fondiaria-Sai, 29% Milano Assicurazioni and 20% Premafin), subscribing for Euro 100 million.

This fund seeks in the medium-long term period to increase the value of the equity and to optimise yields, through a portfolio prevalently comprised of income generating property and property investments held for trading. In this context, it is expected that the real estate fund will principally focus on hotels, considering that such investments will establish in the above-mentioned period positive results for investors.

The investment has allowed, with a view to strategic asset allocation, to increase the "Speculative Funds" asset class, taking account that these type of investments, which may include movable or immovable assets, currently represents a marginal component of the total financial investments of the Company (0.1% of the total of assets managed).

The Athens fund purchased two buildings, both rented to Atahotels S.p.A., and specifically:

- the hotel real estate complex Petriolo Spa & resort, located in the Civitella Paganico (GR) and Monticiano (SI) municipalities, previously owned by Immobiliare Lombarda, at a price of Euro 40 million;
- the hotel real estate complex located in Taormina (CT) - Grand Hotel Capo Taormina – previously owned by Immobiliare Lombarda, also at a price of Euro 40 million.

Applying to the two operations in question the conduct principles in relation to inter-group operations and with related parties, the commercial value of the properties was put to a specific valuation by independent experts appointed by the companies involved in the operation, in order to confirm the correctness of the price paid. An opinion was also sought by a legal firm.

Taking account that the rental contract of the hotel complex of Taormina was in the process of renewal, a related fairness opinion was also obtained from an independent expert which confirmed the correctness of the economic conditions of the contract.

Merger by incorporation of the fully held real estate subsidiaries

In the meeting of June 17, 2009, the Board of Directors of Milano Assicurazioni approved the merger by incorporation into Milano of Meridiano EUR S.r.l. and Meridiano Orizzonti S.r.l. as part of the rationalisation and corporate restructuring of the Fondiaria-Sai Group.

The operation will allow the rationalisation of the corporate holdings, providing direct coverage of the technical reserves of the property assets held in the subsidiary property companies, to provide immediate rental cash flows to the Company and also providing a saving on the administrative costs relating to the maintenance of the corporate structures.

The merger should take place in a simplified form, without an increase in the share capital of the incorporating company, as the entire share capital of the incorporated companies is held, and will continue to be held at the date of the merger, by Milano Assicurazioni.

Taking account of this, it is also provided that, in accordance with law and the by-laws, the definitive approval of the merger by the Board of Directors of Milano Assicurazioni may be completed with a resolution communicated in accordance with law and without convocation of the shareholders' meeting.

Following prior authorisation by ISVAP and the subsequent filing and registration of the merger in the Company's Registration Office, it is expected that this decision will be taken by the Board during October in order to finalise the merger within the current year.

The operations of the incorporated companies will be included in the financial statements of Milano Assicurazioni from January 1 of the year in which the merger becomes effective in relation to third parties. The same effective date will be established also for tax purposes. If the merger is carried out within the current year, the accounting and fiscal effects will be retrospectively applied to 1/1/2009.

Partial non proportional spin-off project of IMMOBILIARE LOMBARDA S.p.A. into two newly incorporated companies held entirely by MILANO ASSICURAZIONI S.p.A. and Fondiaria-Sai S.p.A.

The shareholders' meeting of the group company Immobiliare Lombarda S.p.A. on July 16, 2009 approved the partial non proportional spin-off project (hereafter also the Operation or also the Spin-Off) of Immobiliare Lombarda into two newly constituted companies (Newcos), one held 100% by Milano Assicurazioni S.p.A. (hereafter: Milano) and the other by Fondiaria-Sai S.p.A., who will be allocated the complexes subject to the spin-off as described below (hereafter: the Complexes).

The operation, previously approved by the Board of Directors of Fondiaria-SAI and Milano, is part of an inter-group reorganisation project of the activities of Immobiliare Lombarda, in order to ensure greater efficacy/efficiency in relation to the current allocation within the Fondiaria-SAI Group of the capital, risks and yields of the three principal business areas concerning the activities of Immobiliare Lombarda and therefore facility management, property management and project development.

This project was an integral part of the wider corporate/industrial restructuring approved at the beginning of the previous year by the Board of Directors of Fondiaria-Sai and Milano and announced to the market, which provided, among other issues, that Immobiliare Lombarda would continue to preside over the business relating to property management, remaining a jointly held company by Fondiaria-Sai and Milano.

It is also noted that as a result of the public purchase offer launched by Fondiaria-Sai on Immobiliare Lombarda and the subsequent conferment in favour of Milano by Fondiaria-Sai of a holding of 27.88% in the capital of Immobiliare Lombarda, this latter is today held respectively 60.97% and 39.03% by Fondiaria-Sai and Milano.

In relation to the property management and the project development activities, the inter-group restructuring of the activities carried out by Immobiliare Lombarda provided that the assets and the property development initiatives could be transferred directly in the assets of the company and/or placed in relative vehicle companies.

The Spin-off project approved by the shareholders' meeting of Immobiliare Lombarda marks the end of the final phase of the project begun with the launch of the public purchase offer and in line, as stated, with that already announced to the market – completed in order to allocate the greater part of the assets (property, shareholdings and property development projects) and the related liabilities of Immobiliare Lombarda directly to its shareholders (Fondiaria-Sai and Milano).

The strategic basis for the Operation, as explained, is to separate, within the Group, the real estate management, a role which will remain with the "new" post spin-off Immobiliare Lombarda with its specialised technical know-how, and institutional investment within the same sector (this latter attributed to the two shareholding insurance Companies of Immobiliare Lombarda and dedicated to institutional investors with adequate financial resources).

In this manner the "new" Immobiliare Lombarda, which will remain after the spin-off, will adopt a new mission, changing from a mixed real estate operator, as well as captive, of the Fondiaria Sai Group, to a specialised operator in the consultancy and the provision of services relating to the management and development of both Group and third party real estate assets, open to commercial alliances with other real estate operators through which it can expand its presence in the sector.

As described in greater detail below, the proposed merger of the two Newcos in the respective holding companies presents advantages such as:
- optimisation of the management of investments in development projects;
- optimisation of the programming of financial cash flows of the Company and the Group, in order to balance the needs of the insurance sector with that of the real estate sector;
- maximisation of returns for the shareholder, through the above-mentioned separation of the management and investment roles within the Group investment policies.

The Operation will not involve any payment as per article 2506, paragraph 3 of the civil code and therefore any differences in the profile of the shareholders from those originally constituted is managed through the sale (to be carried out before the effective date of the Spin-off) between Fondiaria-Sai and Milano of a shareholding of Immobiliare Lombarda pre Spin-off of the amount in order to allow the rebalancing of the relative Complexes in relation to the shareholding in Immobiliare Lombarda at the date of approval of the Spin-off project.

The Board of Milano firstly approved on June 17 the guidelines for the Operation and in particular specifically relating to the Company, the constitution, as a result of the Spin-off, of a 100% held Newco by Milano, with allocation to the same of a portion of net equity of the spun-off company, comprising the assets and liabilities indicated in the Spin-off project with reference to the balance sheet position of Immobiliare Lombarda at May 31, 2009 and except for adjustment of any differences in the accounting value of the above-mentioned elements, due to the corporate performance of Immobiliare Lombarda, determined at the effective date of the Spin-off.

Given the size of the Operation and also in consideration of the nature of the inter-group operation, in accordance with the applicable regulations and the conduct principles adopted by the Company, the Board of Directors of Milano appointed at the same meeting of June 17 Credit Suisse Securities (Europe) Limited as independent experts (hereafter: Credit Suisse) to assist the Board:

- in verifying the economic value of the current holding in Immobiliare Lombarda and the economic value relating to the complex subject to the Spinoff to the Newco held 100% by Milano, taking account of the residual value of the shareholding in Immobiliare Lombarda following the Spinoff
- in the determination of a range of values attributable to 100% of the economic capital of Immobiliare Lombarda to be utilised as a reference for the determination of the price for the sale between Fondiaria-Sai and Milano of the Immobiliare Lombarda shares post Spinoff, in order to allow, as a requirement of the same Spinoff, the neutralisation of any monetary amount for the transfer of a minority share of the share capital of Immobiliare Lombarda among the shareholders.

Credit Suisse was previously the advisor to Milano for the first phase of the operation, completed in April 2008.

For its part, the Board of Directors of Fondiaria-SAI, meeting on June 17, undertook similar deliberations.

Also on June 17, the Board of Directors of Immobiliare Lombarda, meeting after the Boards of Fondiaria-Sai and Milano and taking account of the resolutions carried by these latter, approved for its part the Spin-off project, identifying the elements to be assigned to each of the beneficiary companies, the relative economic values and the exchange ratios upon which the beneficiary companies will be assigned to the two companies, therefore convening the extraordinary shareholders'meeting.

The values of the complexes were subject to an examination by Deloitte & Touche S.p.A., the expert assigned by the Board of Immobiliare Lombarda to prepare the report in accordance with article 2501.6 of the civil code and for the Spin-off in accordance with article 2506.3 of the civil code, in the case of the non proportional Spin-off.

The Board of Milano met again on July 7 and, having heard the results of the work by Credit Suisse, considered from a financial point of view the portion of the share capital of Immobiliare Lombarda to be transferred post Spin-off from Milano to Fondiaria-Sai correct in order to neutralise any monetary amount deriving from the exchange, based on which the portion of the constituting beneficiary company will be assigned by the same 100% subsidiary as follows:

- to Milano the only share newly issued of the Newco amounting to a nominal Euro 20,000 against the cancellation of 1,371,273,795 ordinary Immobiliare Lombarda shares of a nominal amount of Euro 0.17 for each held, without any monetary payments.

The Board of Milano on July 7 therefore resolved to sell to Fondiaria-Sai 131,245,047 Immobiliare Lombarda shares, equal to approx. 3.20% of the share capital of this latter, at a

price of Euro 22,700,000, which approximately amounts to the average value of the range attributable to 100% of the share capital of Immobiliare Lombarda estimated by Credit Suisse.

For its part, the Board of Directors of Fondiaria-SAI, meeting on July 7, undertook similar deliberations.
As stated, the Spin-off project was finally put to the shareholders' meeting of Immobiliare Lombarda on July 16, 2009 and was approved.

Characteristics of the Complexes subject to the Spin-off.

From the point of view of their composition, the real estate Complexes subject to the Spin-off in favour of the two Newcos were composed of:
- buildings owned;
- investments in subsidiaries and associated real estate companies;
- the shareholding in IGLI S.p.A.

Taking account of the sale by Immobiliare Lombarda of significant properties after December 31, 2008, it was considered appropriate to utilise the balance sheet situation for the Spin-off as the updated situation at May 31, 2009. Based on the identified Complexes, the accounting treatment of the same, the economic values and the consequent exchange ratios based on which the shares of the beneficiary companies will be allocated to the two companies are included in the Spin-off project approved by the Shareholders' Meeting of Immobiliare Lombarda. This project was prepared based on the balance sheet situation of Immobiliare Lombarda at May 31, 2009, attached to the same project and which takes account also of the expert's opinions, updated at that date, prepared by Praxi S.p.A. and by Scenari Immobiliari S.r.l., appointed by Immobiliare Lombarda.

It is provided that each asset and liability of Immobiliare Lombarda allocated to each of the two Newcos will be transferred together with the relative receivable and payable items as well as the bank debt relating to the same assets. It is further provided that the principal real estate development initiatives are included in the Complex allocated to the Newco controlled 100% by Milano, while the shareholding held by Immobiliare Lombarda in IGLI S.p.A. will be equally distributed between the two Newcos.
It was also concluded that due to the referability of the financial debt of Immobiliare Lombarda to the individual assets forming parts of the two Complexes, that this debt – both to the banking system and the parent company Fondiaria-Sai and/or its subsidiaries – will be allocated, in line with the breakdown specified below, to the two Newcos.
Consequently, the shareholders' equity of Immobiliare Lombarda will be allocated to the two beneficiary companies in portions corresponding to the two Complexes allocated to the same. The share of residual shareholders' equity which will remain post Spin-off within Immobiliare Lombarda will therefore remain a joint holding of Fondiaria-Sai and Milano.
In further detail, the Complex allocated to the Newco fully controlled by Milano ("Immobiliare Milano Assicurazioni S.r.l.") includes property and shareholdings in subsidiary and associated companies (including 50% of the shareholding of Immobiliare Lombarda in IGLI S.p.A.) and cash and cash equivalents.

This Complex also includes debt to credit institutions, for a total of approx. Euro 142 million, as well as to companies of the Fondiaria-Sai Group, relating to two inter-group loans for a total of approx. Euro 106 million.
Based on the assets and liabilities included in this Complex, the net shareholders' equity allocated to the Newco, based on the balance sheet situation of Immobiliare Lombarda updated at May 31, 2009, amounts to Euro 241.9 million.

For full disclosure, it is stated that the Complex attributed to the Newco fully controlled by Fondiaria-Sai ("Immobiliare Fondiaria-SAI S.r.l.") includes property and holdings in subsidiary and associated companies (including the other 50% holding of Immobiliare Lombarda in IGLI S.p.A.).
Based on the assets and liabilities included in this Complex, the net shareholders' equity allocated to the Newco, based on the balance sheet situation of Immobiliare Lombarda updated at May 31, 2009, amounts to Euro 408.8 million.

Finally with regard to the residual Complex, the residual net equity amounted to approx. Euro 25 million. No residual property exists in the Complex in question which will maintain its shareholding in the company Tre Torri Contractor S.c.a.r.l. for operative reasons.

No residual bank debt exists in the Complex in question and all the employees of Immobiliare Lombarda will remain, post Spin-off, at least initially, as this latter activities will be focused in the provision of services relating to property both owned by the company and third parties.

As an effect of the Spinoff, the book value of the shareholding held by Milano and Fondiaria-Sai in Immobiliare Lombarda, taking account also of the transfer of a minority shareholding between the two companies, will proportionally reduce to the economic value transferred.

The composition proposal of the Complexes is based both on the mission of the "new" Immobiliare Lombarda and on a balanced distribution of assets between the companies paying heed to their varied requirements.

In the definition of the composition of the Complexes, preliminarily agreed by Immobiliare Lombarda with Fondiaria-Sai and Milano and approved by the Board of Directors of these latter in the meetings of June 17 stated above, account was taken of the pre-existing situations of the companies in terms of assets to cover reserves and of the future situation of the same in terms of:
- proportion of property investments of the total assets of the beneficiary companies;
- diversification of the specific property investment portfolios of the beneficiary companies;
- financial support capacity of the property development projects.

In this sense, the portion of shareholders' equity assigned to the Complex allocated to the Newco held 100% by Milano is made up of assets (property and property development initiatives) of a higher value than the assets assigned to the other Complex, against a higher debt exposition allocated to the first Complex which prospectively, whenever all or part of the repayments are made, will allow Milano, also through financial support to the development

projects, to bring the proportion of the class of property investments of the total to a level more in line with that of the parent company Fondiaria-Sai.

Finally in relation to the shareholding of Immobiliare Lombarda in IGLI S.p.A., this was equally distributed to both of the Newcos, given the strategic importance of the investment for the activities of the Fondiaria-SAI Group in the real estate sector.

As stated, in order to equate exactly the shareholding held in Immobiliare Lombarda by Fondiaria-Sai and Milano to the economic value of the two Complexes - and therefore in relation to that stated above to ensure that no monetary amount in accordance with article 2506, paragraph 2 of the civil code is generated, it is provided that Fondiaria-Sai purchases from Milano, before the Spin-off operation, a further holding in Immobiliare Lombarda amounting to approx. 3.20% of the share capital, corresponding to 131,245,047 shares at a price of Euro 22,700,000.

Following this sale Fondiaria-Sai and Milano will hold in Immobiliare Lombarda respectively approx. 64.17% and approx. 35.83% of the share capital.

It is provided that, following the Spin-off, with prior authorisation by ISVAP and compatible with the timeframe required under existing regulations, Fondiaria-Sai and Milano will proceed to incorporate, through a simplified merger in accordance with article 2505 of the civil code, the Newcos respectively as 100% subsidiaries.
The entire Operation described above is subject to specific prior authorisation by ISVAP for some parts, in particular the incorporation of the Newcos (which exist directly as an effect of the Spin-off) and the transfer between the two companies of the above-mentioned shareholdings in Immobiliare Lombarda for the reasons set out above and the assumption of the inter-group debt by Fondiaria-Sai, as shown above.

It is been expected that, with the lapsing of the fixed time established by the Civil Code for any contestation by creditors to the Spin-off project and after the authorisation by ISVAP, the Spin-off may take place by the middle of October.

Other activities

The diversified activities sector includes the companies SOGEINT and PRONTO ASSISTANCE SERVIZI, acquired during the previous year.

SOGEINT (wholly owned by Milano Assicurazioni) provides commercial assistance to the agencies. At June 30, 2009, the company had 54 employees and 36 agencies. The company recorded a small loss in the half-year.

PRONTO ASSISTANCE SERVIZI (Milano Assicurazioni holding of 54.51%) provides guarantees in the assistance class present in the insurance contracts marketed by the group companies.

Asset and financial management

The first half of 2009 will be remembered at a macroeconomic level as the lowest point of the crisis, the worst since the war but also as the possible turnaround, particularly from the half way point of the second quarter when the first signs of the bottoming were seen in the principal economic indicators, although the timing and the strength of the recovery still appear uncertain.

After two quarters of particularly negative data for the entire world economy, the second quarter of 2009 recorded, although tentative, indications of a bottoming out, with some geographic areas more than others - principally those in which fiscal and monetary policies were put in place by the Governments - beginning to witness the first signs of a turnaround.

The predictions for 2009 remain strongly negative, but the forecast for 2010 has improved, particularly for the Emerging Countries, which are proving to be more resilient to the crisis, also following the significant progress made in recent years in economic and financial terms.

In the industrialised countries, the positive signs are contrasted however by the inevitable increase in unemployment for this year and the next, postponing the emergence from the crisis. The banking system remains fragile and the particularly expansive fiscal and monetary policies which averted the collapse of the financial system must be kept in place in order to allow the economic world, still weak and not self-sufficient, to recover and develop without any need from external sources. An Exit Strategy from these extraordinary policies appears however to be still slightly premature, even if one considers that while acting too quickly may extinguish the weak signs of recovery, the market cannot be kept on life support indefinitely with massive injections of liquidity.

The bond market overall performed well until the middle of March, when positive signs were seen in the markets, which saw a shift away from the safe haven of Government Bonds, particularly US Bonds and gave life to the most risky asset classes, listed shares.

With the central banks remaining firm in keeping interest rates and indirectly market rates to exceptionally low levels (principally between 0% and 0.25% for the fed funds rate and 1% in Europe) the yield curve overall was constant. In the long-term considerations, inflationary risks from an excess of liquidity and by the government bonds issued to finance the enormous public deficits caused both by the increase in public spending and the lower tax intake have begun to appear, which once the economic cycle restarts will be difficult for the central banks to neutralise.

The strong performance in the corporate market continued, particularly following the first indications of the partial success of the actions undertaken to re-establish credibility and functionality within the finance system. There was a process of general normalisation of listed shares which reached highly stressed levels shortly after the default of Lehman Brothers.

There was little movement in the exchange markets, with the Dollar losing ground when it was believed that the turning point of the crisis had arrived and a return to more risky

investments took place, through classic carry trade strategies and with the Dollar regaining ground when some negative economic data reopened the discussion on the strength and timing of the recovery.

In relation to the equity sector, the first half-year was still characterised by a high level of turbulence caused by negative news from the real economy of the United States and by an exacerbation also of the European situation. In particular, Europe was affected by the weakness of the German economy, with the drop in the confidence index, the slowdown of exports and a severe weakening in the employment market. However volatility decreased in March, when the principal stock markets reacted positively to the declarations of the American government and to the presentation of a new plan to offload the toxic assets from the banks. The performances ahead of forecasts in the first quarter of the year for important financial operators such as Citigroup also helped recovery. These signs resulted in an improvement in a market with very compressed values and for months dominated by pessimism. In particular, the recovery of the financial securities drove the indices, but an excellent performance was also reported by the technological sector, illustrated by the recovery of the Nasdaq index.

The second quarter saw the improvement at the end of the first quarter continue, with a strong recovery in the principal stock markets and in the corporate market. The American indices were once again led by the financials rally, along with positive opinions on the public aid plan and also the industrials which saw very significant rises. The results in Europe were also strong, thanks to the increase of the bank, motor and insurance sectors, while the more defensive sectors were unchanged, such as telecommunications and pharmaceuticals. There were strong increases in raw materials and petrol prices, due to an increase in demand in some Asian countries.

At operating level, the opportunities were taken in fixed income deriving from the continued stability of the interest rate curve relating to government bonds thanks to the strong positioning of the portfolio of short-term maturities and on Italian and other peripheral countries issuers (Portugal and Greece particularly), which performed better, particularly at the beginning of the half-year.

During the first half-year, as the spread was interesting from an overall analysis and a geographic diversification by country risk, investments shifted to countries with the best ratings (France, Belgium and Germany), with an easing off at the same time in Italian securities and a large part of the Greek bonds which had performed well in the previous months.

The duration of the non life portfolio did not change significantly, which remained shorter than the recent past. The variable government bond portion increased slightly, in consideration of the fact that this asset may perform well with the probable future increase in interest rates.

In the life portfolio, against the necessity to increase, although only slightly, the duration of the assets to benefit from the profitability levels on the long-term maturities, the corporate securities share was strengthened, with senior issues, in order to adjust the mix between corporate risk and interest rate risk.

On the equity funds, trading activities relating to approx. 35% of the current assets was carried out. At sector level, a leaning towards the more defensive sectors is evident. In relation to derivative instruments, the operations were developed within an investment management strategy. The low levels of volatility allowed the operation on markets through the sale of call options on securities in portfolio, also in order to support the ordinary yields of asset management.

In relation to the strategic portfolio, the release from favourable hedges in previous years continued and the simultaneous reduction of underlying securities was carried out.
Currently, the overall view on equity remains prudent in the short-term period but with a view to the progressive increase of investments in the medium-long term period.

The investments at June 30 amounted to Euro 13,247.7 million, compared to Euro 12,959.2 million at December 31, 2008 (+2.2%).

The table below shows within the tangible fixed assets the significant presence of the real estate component for direct use, as well as the liquidity, which is important for the correct structure of an insurance group's balance sheet.

(in Euro thousands)	**30/06/2009**	**Comp.%**	**31/12/2008**	**Comp.%**	**Change %**
INVESTMENTS					
Investment property	710,581	5.4	561,055	4.3	+26.7
Investments in subsidiaries, associates and joint ventures	294,816	2.2	282,457	2.2	+4.4
Investments held to ma turity	205,245	1.5	174,946	1.3	+17.3
Loans and receivables	566,655	4.3	273,159	2.1	+107.4
Financial assets available-for-sale	8,976,859	67.7	9,240,074	71.3	-2.8
Financial assets at fair value through profit or loss	1,956,129	14.8	2,031,139	15.7	-3.7
Total investments	**12,710,285**	**95.9**	**12,562,830**	**96.9**	**+1.2**
Tangible fixed assets: buildings and other fixed assets	180,183	1.4	175,585	1.4	+2.6
Total non-current assets	**12,890,468**	**97.3**	**12,738,415**	**98.3**	**+1.2**
Cash and cash equivalents	357,248	2.7	220,824	1.7	+61.8
Total non-current assets and cash and cash equivalents	**13,247,716**	**100.0**	**12,959,239**	**100.0**	**+2.2**

Investment property

The increase compared to December 31, 2008 principally derives from the following operations:

- The purchase, by Meridiano Eur (fully held by Milano Assicurazioni), of the building in Milan, Via Crespi 57, at a price of Euro 55.8 million. The purchase took place within the wider real estate operation drawn up at the end of 2008 with the companies of the Generali group and commented upon in detail in the 2008 annual accounts;
- The purchase, by Milano Assicurazioni, of the building in Turin, strada del Drosso 29, at a price of Euro 9.3 million;
- The entry into the consolidation scope of the Athens Real Estate Fund, incorporated in May, wholly owned by Milano Assicurazioni. The Athens Fund, managed by the associated company Sai Investimenti S.g.r., purchased, in May, the hotel real estate complex Grand Hotel Capo Taormina, in Sicily, at a price of Euro 40 million and the hotel

real estate complex Petriolo SpA & Resort, situated in the municipalities of Civitella Paganico and Monticiano in Tuscany, also at a price of Euro 40 million. The book value of these two buildings amounted to Euro 75.3 million, principally for the adjustment on consolidation to take account of the reversal of the gain by the selling party Immobiliare Lombarda.

Investments in subsidiaries, associates and joint ventures

Investments in subsidiaries, associates and joint ventures essentially include:

- The holding of 39.03% in Immobiliare Lombarda, with a book value of Euro 255 million based on the valuations under the equity method;
- The holding of 49% in Valore Immobiliare S.r.l., with a book value of Euro 12.8 million. The company was incorporated at the end of 2008, as part of the already commented upon real estate operations with the companies of the Generali group, described in detail in the 2008 annual accounts and owning three buildings in Milan (Piazza Firenze n. 6 - Via Caracciolo n. 16 and Via Cagliero n. 3) and in Rozzano (MI), Via Montepenice n. 6-8-10;
- The holding of 49% in Atahotels with a book value of Euro 12.2 million. In relation to this, at the end of 2008 Milano Assicurazioni and Fondiaria-Sai signed a preliminary contract with Sinergia Holding e Raggruppamento Finanziario for the purchase of 100% of Atahotels S.p.A., which, as noted, is a leading Italian hotel chain. The purchase was completed in the half-year based on the pre-agreed holdings (Fondiaria-Sai 51% and Milano Assicurazioni 49%) with prior authorisation of the Supervisory Authority;
- The holding of 34.65% in the consortium company Fondiaria-Sai Servizi Group, with a book value of Euro 12.6 million.

Investments held to maturity

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

Loans and receivables

The increase on December 31, 2008 was due to the transfer to this category of Euro 256.9 million of financial instruments, previously classified in the category Available-for-Sale. This relates to corporate bond securities with subordination clauses, all with carrying values below the repayment value and a gross effective yield higher than 5%.

In the 2008 annual accounts, these securities were valued using alternative valuation models taking into account that the relative trading markets do not express for trading volumes and reliability, sufficiently reliable prices.

The classification in this category appears more appropriate, considering the intention of the company to maintain these securities in portfolio for the foreseeable future, the characteristics of the securities and the illiquidity which continues to characterise the markets, with the consequent volatility of the relative prices.

With the regulations of these categories, these securities, at June 30, were valued at amortised cost. The cumulative losses on these securities at January 1, amounting to Euro 23.8 million, and recorded under shareholders' equity in the account Gains or losses on available-for-sale financial assets were also valued at amortised cost.
The minority interest profits in the half-year amounted to Euro 8.2 million.

Financial assets available-for-sale

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.

(in Euro thousands)	**30/06/2009**	**31/12/2008**	**Change %**
Financial assets available-for-sale	**8,976,859**	**9,240,074**	**-2.8**
Equity securities and investment funds	1,209,516	1,198,904	+0.9
Debt securities	7,767,343	8,041,170	-3.4

The decrease on December 31, 2008 is principally due to the transfer from this category to the *Loans and receivables* category of corporate bond securities with subordination clauses, as already described in the comments on the category. In line with the group impairment policy, impairment charges were recorded in the half-year in this category for Euro 30.6 million. The adjustments principally relate to the equity securities for Euro 15.6 million, investment fund units for Euro 10.1 million and bond securities for Euro 4.9 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, which relate to some structured bonds with a significant derivative component, as well as those designated by the group in this category, essentially comprising investments to hedge contracts where the financial risk is borne by the policyholder. The breakdown of the account is as follows.

(in Euro thousands)	**30/06/2009**	**31/12/2008**	**Change %**
Financial assets at fair value recorded through profit or loss	**1,956,129**	**2,031,139**	**-3.7**
Equity securities and investment funds	614,943	563,139	+9.2
Debt securities	1,330,417	1,435,471	-7.3
Other financial investments	10,769	32,529	-66.9

Investment income

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

(in Euro thousands)	**30/06/2009**	**30/06/2008 Pro-forma**	**Cge. %**	**30/06/2008**
Net income from financial instruments recorded at fair value through profit or loss	40,038	-36,268	n.s.	-29,224
Income from investments in subsidiaries, associates and joint ventures	283	411	-31.1	411
Income from other financial instruments and property investments of which:	252,716	269,687	-6.3	249,183
Interest income	165,747	179,640	-7.7	160,145
Other income	47,884	72,136	-33.6	71,728
Profits realised	39,085	17,911	+118.2	17,310
Valuation gains	-	-	-	-
Total income	**293,037**	**233,830**	**+25.3**	**220,370**
Charges from investments in subsidiaries, associates and joint ventures	6,903	59	n.s.	59
Charges from other financial instruments and property investments of which:	77,197	42,052	+83.6	40,341
Interest expense	7,269	10,071	-27.8	8,957
Other charges	5,877	4,531	+29.7	4,298
Losses realised	27,583	22,802	+21.0	22,550
Valuation losses	36,468	4,648	n.s.	4,536
Total interest expense and charges	**84,100**	**42,111**	**+99.7**	**40,400**
TOTAL NET INCOME	**208,937**	**191,719**	**+9.0**	**179,970**

Net income from financial instruments recorded at fair value through profit or loss includes Euro 23.5 million deriving from the closure of the residual put and call combined options on 5,980,000 Unicredit shares to hedge the unrealised gains on the shares held in portfolio.

Therefore, on the correlated sale of the shares, hedged losses were recorded of Euro 20.6 million to the account *losses realised on other financial instruments*, in line with the classification of these shares, recorded in the Available-for-sale category.

Financial instruments issued by Lehman Brothers

Lehman Brothers Holdings Inc. filed for "Chapter 11" bankruptcy on September 15, 2008 at the New York Bankruptcy Court.
The "Chapter 11"procedure permits the debtor to continue the ordinary exercise of their activities and to restructure the business, where permitted, with the prospect of implementing a company restructuring, through the approval of a plan by the creditors and guaranteed by the US judicial authorities.
The procedure also allows for the automatic freezing of assets as protection from creditor judicial actions in the reorganisation attempt.

The bond securities issued by Lehman Brothers present at June 30 in the group companies portfolios had a carrying value of Euro 2.9 million, 20% of the reimbursable value and therefore based on prudent indications and information currently available in relation to the presumable recovery rate. The relative value adjustments were fully recorded in the accounts in the previous year.

Acquisition of Atahotels S.p.A.

On May 29, 2009 the purchase was completed by Milano Assicurazioni of 49% of Atahotels S.p.A., while the parent company Fondiaria-SAI S.p.A. purchased the remaining 51%. Taking account of the overall price of Euro 25,000,000, the payment, for Milano Assicurazioni was Euro 12,500,000, without any mechanism for price adjustment.

The entire capital of Atahotels was held by Sinergia Holding di Partecipazioni S.p.A. and Raggruppamento Finanziario S.p.A.

In relation to the reasons behind the operation, it is recalled that Atahotels, created in 1967, is the 6th largest Italian hotel chain by room numbers (approx. 6,000 including the residences and new facilities opened in 2008).
The purchase of Atahotels represents for the Fondiaria-SAI Group an opportunity for vertical integration within the tourist sector through the aggregation in the insurance companies, already owner of a large part of the facilities and of the management activities currently outsourced. This operation is against the backdrop of the hotel sector undergoing a difficult phase due to the protracted effects of the world financial crisis. Atahotels, for its part, which is impacted by a crisis similar to its competitors, at the same time is confronting a challenging development programme of its activities, both in relation to the investments already made, and the programme for new openings which are largely on properties owned by the Fondiaria-SAI Group.

This latter, in fact, in recent years, also following the merger between La Fondiaria Assicurazioni and SAI, and with the acquisitions and the current projects to be completed, significantly increased the component of tourist property investments with a property portfolio which in the coming years will amount to over Euro 500 million, part of which is managed by Atahotels and part still managed by various other operators until the expiry of the relative rental contracts. The significant and prestigious level of assets owned has therefore led the Company to undertake a direct presence in the management of these assets, with a view to obtaining better returns under a single management, thereby optimising time and procedures in obtaining rentals and to internalise the prospect of the creation of value from this activity. It is recalled that Atahotels was part of the former SAI Group in the '80s.

It is clearly evident that the current economic environment, while on the one hand requiring from the Fondiaria-SAI Group a financial and economic commitment (considering the capital needs and the losses forecast in the business plan of Atahotels) to maintain, sustain, expand and enhance its investments in the hotel sector, on the other represents an opportunity to acquire at very good levels one of the best national hotel chains, providing it with the appropriate capital and managerial levels to compete with greater efficiency and acquiring new market share and thereby laying the foundations to increase the value in the investment in the long-term period which will be achieved also through sector mergers and the eventual listing of the company.

The acquisition of Atahotels is part of a long-term investment policy adopted by the Group in the tourist-hotel sector, one of the driving sectors of the national economy, within the strategy of a captive management on which to concentrate also the numerous properties owned by the Group currently managed by third parties (for example Hotel Portofino Vetta, Hotel Lorenzo il Magnifico and Residence Guala). This development – as mentioned – is also opportune in the current economic environment which renders the strengthening of the capital and managerial capacities opportune and makes it possible to negotiate a good price for the acquisition. An almost equal joint equity investment by Fondiaria-SAI and Milano Assicurazioni for reasons of common interest was undertaken to maintain their respective real estate investments in the tourist segment.

Società Agricola Tenuta Cesarina S.r.l.

Recalling that stated in the 2008 annual accounts, following further examination and evaluation and also in consideration of information exchanged with the Supervision Authority, an agreement was reached with Sinergia Holding di Partecipazioni S.p.A. for the mutual resolution of the preliminary purchase contract by Milano Assicurazioni of 100% of the share capital of Società Agricola Tenuta Cesarina S.r.l..

Amendment of the partnership agreement for the "Porta Nuova Garibaldi" real estate project

As noted, Milano Assicurazioni is involved in a joint venture with the US group Hines concerning a real estate development project in the area known as "Porta Nuova Garibaldi" in Milan, in relation to which Milano Assicurazioni in 2005 purchased a direct holding of approx. 48% in Garibaldi S.c.s., a Luxembourg vehicle company to carry out the above stated property projects through the Italian company Caprera S.r.l.

The general partner of Garibaldi S.c.s., as well as the manager of the entire project, is Garibaldi GP S. à r.l., a holding of HEDF Luxembourg Sarl (Hines Group).
For these purposes, on June 30 and July 1, 2009 contractual agreements were signed in order to allow the review, following the proposal of Hines as the manager of the project, of the corporate structure of the property project in question which provides for the progressive replacement of the company Caprera S.r.l. with a speculative closed property fund reserved to qualifying investors called "Porta Nuova Garibaldi – Mutual closed speculative property investment fund", managed by Hines Italia S.G.R. S.p.A., an asset management company in Italy forming part of the Hines Group.

The agreements which govern the new structure of the operation (including the so-called partnership agreement which covers, among other issues, the relations between shareholders of Garibaldi S.c.s. and the financing of the project) and consequently the progressive transfer of the project from the limited liability company to the fund, were signed by the Company and by the other parties involved in the operation. The terms and conditions protecting the investment of Milano Assicurazioni were unaltered and for some aspects were improved upon.

Due to that stated above, it is possible that the legal form of Garibaldi S.c.s. may be amended, a company which indirectly through Garibaldi S.à r.l. (previously Garibaldi Pe S.à r.l.), holds the majority in the above-stated fund and of which Milano Assicurazioni, as stated, holds 48% of the share capital.

Furthermore, Hines amended the shareholders of Garibaldi GP S.à r.l. (General Partner of Garibaldi S.c.s.), in which Milano Assicurazioni and, more in general, the Fondiaria-SAI Group will however continue not to possess shareholdings and Milano Assicurazioni confirmed, with reference to the stated project, it's maximum undertakings (comprising of guarantees).

Stock Option plans on shares of the parent company Fondiaria-SAI

On July 14, 2006, the Board of Directors of Fondiaria-Sai approved the assignment of options of the Fondiaria-Sai 2006-2011 stock option plan for executive directors and management of Fondiaria-Sai, of its subsidiaries and of the parent company for the purchase of Fondiaria-SAI saving shares.
The assignment by the Board is an execution of the Extraordinary Shareholders' Meeting's resolution of Fondiaria-Sai of April 28, 2006.

The subscription price for the shares was determined by the Board, applying the determination criteria of the subscription price decided by the Shareholders' Meeting of Euro 21.546 per share equal to the average arithmetic reference price of the savings share of Fondiaria-Sai recorded on the market in the preceding thirty days to the assignment date of the rights.

The modifications made to the regulations of the plan by the Board of Directors of Fondiaria-SAI on June 20, 2007 do not permit the options to be exercised before the expiry of the vesting period, in accordance with the following procedure:
- 40% of the options are exercisable from July 14, 2007 (12 months from the assignment date);
- 30% of the options may not be exercised within 24 months of the assignment date;
- 30% of the options may not be exercised within 36 months of the assignment date.

On the expiry of the vesting period, the beneficiaries may alternatively:
- maintain the options until their maturity;
- exercise the options, subscribing to the shares and maintaining them in portfolio;
- exercise the options, subscribing to the shares and selling them on the market.

In any case, the options not exercised within 5 years from the date of the Shareholders' Meeting are automatically void.

In this context, the stock options assigned to the executive directors and to senior management of Milano Assicurazioni amounted to 2,872,920, for a total value estimated of Euro 7.3 million to be recorded over the vesting periods of the various tranches. The charges in the period, recorded in the account *other costs*, amount to Euro 0.2 million and increased the total amount recorded to Euro 7.1 million.

Treasury shares and shares of holding companies

At June 30, 2009, the Parent Company Milano Assicurazioni held treasury shares, shares of the direct parent company Fondiaria-SAI and of the indirect parent company Premafin as shown in the table below:

(in Euro thousands)	**Number**	**Amount**
Treasury shares	6,764,860	31,353
Fondiaria-SAI shares	9,982,557	113,631
Premafin shares	9,157,710	8,386
TOTAL		**153,370**

In the first half of the year, 1,600,000 shares of the direct parent company Fondiaria-Sai were purchased for an amount of Euro 19.4 million.

Performance of Milano Assicurazioni shares

At June 30, 2009, the share capital of the parent company Milano Assicurazioni comprised 588,175,656 shares of Euro 0.52 each, of which 557,435,774 ordinary shares and 30,739,882 saving shares.

In the first half of 2009 the stock market prices of the ordinary shares reached a maximum of Euro 2.7788 (07/05/2009) and a minimum of Euro 1.1206 (09/03/2009). The savings share price recorded a maximum of Euro 2.7315 (07/05/2009) and a minimum of Euro 1.2335 (09/03/2009).

The table below illustrates the share price at June 30, 2009 and at December 31, 2008:

(in Euro)	**30/06/2009**	**31/12/2008**	**Change %**
Milano Assicurazioni ord.	2.3666	2.2166	+6.8%
Milano Assicurazioni sav.	2.2982	2.2495	+2.2%

The stock market capitalisation at June 30, 2009 was Euro 1,389.9 million (Euro 1,304.8 million at 31/12/2008).

Other information

Litigation

At June 30, 2009, there were 34,267 claims open, of which 25,788 related to the Motor TPL class. During the year, 6,617 cases were defined, of which 5,603 relating to the Motor TPL class.

Tax Audits

On July 31, 2008, the Central Assessment Office – Fiscal Control Sector – Large Companies Office, on the completion of a general verification relating to the year 2004, for a duration of 9 months, within the full terms permitted by Statutes, notified Milano Assicurazioni of a Contestation concerning taxes for the year 2004 and with reference to the years 2003, 2005 and 2006.

The tax audit concerned, in addition to the formal controls on all tax compliance, Direct Income Taxes, VAT, Withholding taxes, Insurance taxes and other indirect taxes and the activities undertaken by the Company.

The contents of the contestation were analysed in detail by the company in order to assess and quantify the risks and substance, leading to the conclusion that where these matters are confirmed by an assessment notice, we are in agreement only with a minimal part of the findings.

On September 26, 2008 the company communicated, in accordance with article 12, paragraph 7, of Law No. 212/00, a note containing observations and requests on some matters contained in the Tax Notice.

On June 17, 2009 the Company presented, in accordance with article 6 of Legislative Decree No. 218/1997, a declaration of concordance in relation to the 2004 issues.

No notice of assessment has thus far been issued.

Subsequent events to the end of the half-year

In furtherance of that reported previously, in relation to the operations regarding Immobiliare Lombarda and Garibaldi, it is noted that in July, the rating agency Standard & Poor's confirmed the Fondiaria-Sai Group rating and that of the principal subsidiary Milano Assicurazioni at A-, but revising the outlook from stable to negative.

This change in the Agency's Outlook reflects both the reduction in the operating result and capitalisation and an expected reduction in the medium term results.

However the report underlines the solid leadership position held in the Non-Life sector and the continued improvement of the Enterprise Risk Management.

These areas are only in part affected by the presence of Bancassurance agreements in the Life sector which impacts upon the competitiveness and profitability of this business. A relatively high concentration of the equity portfolio in a small number of strategic investments is noted, although the Agency recognises the reductions made in recent years.

The updated valuation of Standard & Poor's reflects the prevailing market conditions, while recognising the strong capacity of the Group to react, thanks to its leadership position, to the turbulent market conditions based on its strong fundamentals.

Outlook, risks and uncertainties

The continuation of the serious crisis which hit the financial markets first and subsequently the real economy and the continued emergence of penalising effects from the new regulations which have recently been imposed on the Italian insurance market are creating pressures on the technical profitability margins, through a contraction of the average premiums, particularly in the Motor Vehicle TPL and an increase in claims.

In this context, all possible measures are being implemented in order to recover the higher combined ratios achieved in the recent past. In particular, with reference to the motor classes:

- Tariffs were revised, in order to offset reductions in the average premium, not justified by a reduction in the insurance risk;
- The actions for the containment of claims will be intensified, with focus on the average cost of claims paid although maintaining a settlement speed which rigorously complies with the regulations in force and the satisfaction of clients.
  Particular benefits are expected from *"Auto Presto & Bene"*, the specific structure created by the Fondiaria-Sai group with the objective to improve the service to clients and to contain the material damage claim costs, through the entry into the spare parts distribution chain, with the consequent creation of value for the companies of the Group.
- Actions will be carried out on the manner of sale of guarantees within the Land Vehicle class, considered necessary to counter the claims recorded in the first half of the year in relation to specific guarantees.

In the other non life classes the underwriting policy will continue to favour higher profitability through the application of correct technical parameters and the selection of risks.

In the life sector the objective is to create value over the long-term period, based on underwriting policies which favour products centred on the insurance risk, providing better returns and more appropriate to the needs of the clientele in this period of great economic uncertainty.

The continued strong turbulence on the financial markets, although showing some signs of stabilisation, does not permit at the current moment a forecast on the contribution to the result from the asset and financial management. In any event, the solidity of the company, the quality of investments undertaken and the prudent management policy allows the company to look to the future with confidence and to create the foundation to avail of development opportunities and growth upon the easing of the crisis.

Financial Statements

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

- Balance Sheet
- Separate Income Statement
- Comprehensive Income Statement
- Statement of change in shareholders' equity
- Cash flow statement
- Explanatory notes, prepared according to complete disclosure.

The balance sheet, the statement of changes in shareholders' equity and the cash flow statement are prepared according to the format approved by Isvap with Regulation No. 7 of July 13, 2007.

The presentation of a separate income statement and a comprehensive income statement is undertaken in application of the amendments introduced by the new IAS 1, in force from January 1, 2009. In particular:

- the separate income statement is fully in line with the statement approved by Isvap with Regulation No. 7 of July 13, 2007;
- the comprehensive income statement reports the gains and losses which were recorded to the shareholders' equity according to that required or permitted by International Accounting Standards IAS/IFRS;

The presentation of the income statements is in line with the recently issued document No. 143 of Assirevi. For comparative purposes, the data relating to 1H 2008 was reclassified on like-for-like terms, to take account of the amendments to the accounting statements introduced by the new IAS 1.

No further specific regulations have been issued. This application could however be amended in future financial statements, due to new regulations issued.

The notes to the financial statements take account of the information explicitly requested by the above-mentioned Isvap Regulation No. 7 and contain additional disclosure which are considered best practice.

BALANCE SHEET - ASSETS

Euro thousands

		30/06/2009	31/12/2008
1	**INTANGIBLE ASSETS**	**372,388**	**388,809**
1.1	Goodwill	264,976	264,976
1.2	Other intangible assets	107,412	123,833
2	**PROPERTY, PLANT & EQUIPMENT**	**180,183**	**175,585**
2.1	Buildings	38,901	43,323
2.2	Other tangible assets	141,282	132,262
3	**TECHNICAL RESERVES - REINSURANCE AMOUNT**	**486,212**	**481,436**
4	**INVESTMENTS**	**12,710,285**	**12,562,830**
4.1	Investment property	710,581	561,055
4.2	Investments in subsidiaries, associates and joint ventures	294,816	282,457
4.3	Investments held to maturity	205,245	174,946
4.4	Loans and receivables	566,655	273,159
4.5	Available-for-sale financial assets	8,976,859	9,240,074
4.6	Financial assets at fair value through profit or loss	1,956,129	2,031,139
5	**OTHER RECEIVABLES**	**989,081**	**1,165,466**
5.1	Receivables from direct insurance operations	598,490	717,234
5.2	Receivables from reinsurance operations	78,640	105,521
5.3	Other receivables	311,951	342,711
6	**OTHER ASSETS**	**290,446**	**299,848**
6.1	Non-current assets or of a discontinued group held for sale	1,366	1,366
6.2	Deferred acquisition costs	44,472	53,963
6.3	Deferred tax assets	87,969	68,172
6.4	Current tax assets	72,264	71,892
6.5	Other assets	84,375	104,455
7	**CASH AND CASH EQUIVALENTS**	**357,248**	**220,824**
	TOTAL ASSETS	**15,385,843**	**15,294,798**

BALANCE SHEET - SHAREHOLDERS' EQUITY & LIABILITIES

Euro thousands

		30/06/2009	31/12/2008
1	**SHAREHOLDERS' EQUITY**	**2,031,337**	**2,084,638**
1.1	**Group**	**1,929,492**	**1,982,519**
1.1.1	Share capital	305,851	305,851
1.1.2	Other equity instruments		
1.1.3	Capital reserves	718,147	718,147
1.1.4	Retained earnings and other reserves	1,183,271	1,103,937
1.1.5	(Treasury shares)	-31,353	-31,353
1.1.6	Translation reserve		
1.1.7	Profit or loss on available-for-sale financial assets	-295,540	-281,502
1.1.8	Other gains and losses recorded directly in equity	-1,627	-477
1.1.9	Group net profit for the period	50,743	167,916
1.2	**minority interest equity**	**101,845**	**102,119**
1.2.1	Minority capital and reserves	103,370	109,067
1.2.2	Gains and losses recorded directly in equity	185	-1,293
1.2.3	Minority interest profit	-1,710	-5,655
2	**PROVISIONS**	**85,561**	**81,828**
3	**TECHNICAL RESERVES**	**10,977,740**	**10,773,473**
4	**FINANCIAL LIABILITIES**	**1,730,639**	**1,792,402**
4.1	Financial liabilities at fair value through profit or loss	1,372,854	1,415,231
4.2	Other financial liabilities	357,785	377,171
5	**PAYABLES**	**326,326**	**264,612**
5.1	Payables from direct insurance operations	50,163	33,858
5.2	Payables from reinsurance operations	32,918	16,849
5.3	Other payables	243,245	213,905
6	**OTHER LIABILITIES**	**234,240**	**297,845**
6.1	Liabilities in a discontinued group held for sale		
6.2	Deferred tax liabilities	69,172	82,788
6.3	Current tax liabilities		480
6.4	Other liabilities	165,068	214,577
	TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**15,385,843**	**15,294,798**

INCOME STATEMENT

In Euro thousands

		30/06/2009	30/06/2008
1.1	Net premiums	2,037,102	1,811,955
1.1.1	*Gross premiums*	*2,138,613*	*1,864,421*
1.1.2	*Premiums ceded to re-insurers*	*-101,511*	*-52,466*
1.2	Commission income	9,189	15,852
1.3	Income and charges from financial instruments at fair value through profit or loss statement	40,038	-29,224
1.4	Income from investments in subsidiaries, associates and joint ventures	283	411
1.5	Income from other financial instruments and property investments	252,716	249,183
1.5.1	*Interest income*	*165,747*	*160,145*
1.5.2	*Other income*	*47,884*	*71,728*
1.5.3	*Profits realised*	*39,085*	*17,310*
1.5.4	*Valuation gains*		*0*
1.6	Other revenues	85,366	48,526
1	**TOTAL REVENUES AND INCOME**	**2,424,694**	**2,096,703**
2.1	Net charges relating to claims	1,724,589	1,461,899
2.1.1	*Amounts paid and changes in technical reserves*	*1,771,809*	*1,485,684*
2.1.2	*Reinsurers' share*	*-47,220*	*-23,785*
2.2	Commission expenses	4,313	7,530
2.3	Charges from investments in subsidiaries, associates and joint ventures	6,903	59
2.4	Charges from other financial instruments and property investments	77,197	40,341
2.4.1	*Interest expense*	*7,269*	*8,957*
2.4.2	*Other charges*	*5,877*	*4,298*
2.4.3	*Losses realised*	*27,583*	*22,550*
2.4.4	*Valuation losses*	*36,468*	*4,536*
2.5	Management expenses	338,994	281,695
2.5.1	*Commissions and other acquisition expenses*	*279,556*	*233,817*
2.5.2	*Investment management charges*	*3,355*	*3,672*
2.5.3	*Other administration expenses*	*56,083*	*44,206*
2.6	Other costs	204,579	136,648
2	**TOTAL COSTS AND CHARGES**	**2,356,575**	**1,928,172**
	PROFIT BEFORE TAXES	**68,119**	**168,531**
3	Income taxes	19,086	50,745
	NET PROFIT	**49,033**	**117,786**
4	**PROFIT/LOSS FROM DISCONTINUED OPERATIONS**	**0**	**0**
	CONSOLIDATED PROFIT	**49,033**	**117,786**
	group share	**50,743**	**121,132**
	Minority share	**-1,710**	**-3,346**

COMPREHENSIVE INCOME STATEMENT

In Euro thousands

	30/06/2009	30/06/2008
PROFIT	**49,033**	**117,786**
OTHER COMPONENTS OF THE INCOME STATEMENT	**-12,563**	**-265,242**
Exchange rate differences of foreign entities		
Revaluation of property, plant and equipment		
Net change in fair value of financial assets available-for-sale	-23,803	-311,063
Net change in fair value of financial assets available-for-sale reclassified in profit (loss) in the period	33,327	-6,163
Actuarial profits/(losses) of defined benefit plans		
Income taxes on other components of the income statement	-22,087	51,984
OTHER COMPONENTS OF THE COMPREHENSIVE INCOME STATEMENT IN THE PERIOD NET OF TAX EFFECT	**-1,150**	**-18**
COMPREHENSIVE INCOME STATEMENT	**35,320**	**-147,474**
group share	*35,553*	*-134,422*
Minority share	*-233*	*-13,052*

Statement of change in consolidated shareholders' equity for the first half 2009

Relating to the statement of change in shareholders' equity, the Isvap Regulation No. 7 of July 13, 2007, which satisfies the disclosures of IAS 1 and therefore IAS 34 (Interim Financial Statements) is shown below.

In particular, the account "*Profit and loss on available-for-sale financial assets*" refers to the recording of the effects of the valuation of the related financial instruments net of those attributable to the policyholders and recorded as a deferred liability to policyholders.

The allocation column relates to the allocation of the profit for the period, the allocation of the profit for the previous year to reserves, the increase in share capital and other reserves, the changes in profits and losses recorded directly in equity; the column transfers to the income statement include the profits or losses previously recorded in equity in accordance with international accounting standards; the other transfers includes the distribution of ordinary dividends and the decreases of share capital and other reserves, among which the purchase of treasury shares.

The dividends distributed in the first half of 2009 amounted to Euro 87,691 thousand, of which Euro 82,601 thousand relating to the ordinary shares (Euro 0.15 per share) and Euro 5,090 thousand relating to savings shares (Euro 0.1656 per share).

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(Euro thousand)

			Balance at 31-12-2007	Change in opening balances	Allocation	Transfer to Income Statement	Others transfers	Balance at 30-06-2008
Group shareholders' equity	Share capital		251,217					251,217
	Other equity instruments		0					0
	Capital reserves		425,373					425,373
	Retained earnings and other reserves		945,647		88,327			1,033,974
	(Treasury shares)		-19,579				-4,196	-23,775
	Translation reserve		0					0
	Profit or loss on available-for-sale financial assets		163,406		-282,620	-3,319	30,403	-92,130
	Other gains and losses recorded directly in equity	Profit or loss on cash flow hedges	0					0
		Profit or loss on a net foreign investment hedge	0					0
		Reserve on net equity changes in investments	0					0
		Revaluation reserve of intangible assets	0					0
		Revaluation reserve of tangible assets	0					0
		Income/(charges) on non-current assets or of a discontinued group held for sale	0					0
		Other reserves	-314		-18			-332
	Profit/(loss) for the period		252,104		32,671		-163,643	121,132
	Total Group		**2,017,854**	**0**	**-161,640**	**-3,319**	**-137,436**	**1,715,459**
Shareholders' equity – minority interest	Minority capital and reserves		92,592		277			92,869
	Gains and losses recorded directly in equity		-857		-9,708			-10,565
	Profit/(loss) for the period		1,003		-4,349			-3,346
	Minority share		**92,738**	**0**	**-13,780**	**0**	**0**	**78,958**
Total			**2,110,592**	**0**	**-175,420**	**-3,319**	**-137,436**	**1,794,417**

			Balance at 31-12-2008	Change in opening balances	Allocation	Transfer to Income Statement	Others transfers	Balance at 30-06-2009
Group shareholders' equity	Share capital		305,851					305,851
	Other equity instruments		0					0
	Capital reserves		718,147					718,147
	Retained earnings and other reserves		1,103,937		152,406		-73,072	1,183,271
	(Treasury shares)		-31,353					-31,353
	Translation reserve		0					0
	Profit or loss on available-for-sale financial assets		-281,502		10,049	22,237	-46,324	-295,540
	Other gains and losses recorded directly in equity	Profit or loss on cash flow hedges	763		-639			124
		Profit or loss on a net foreign investment hedge	0					0
		Reserve on net equity changes in investments	0					0
		Revaluation reserve of intangible assets	0					0
		Revaluation reserve of tangible assets	0					0
		Income/(charges) on non-current assets or of a discontinued group held for sale	0					0
		Other reserves	-1,240		-511			-1,751
	Profit/(loss) for the period		167,916		-107,972		-9,201	50,743
	Total Group		**1,982,519**	**0**	**53,333**	**22,237**	**-128,597**	**1,929,492**
Shareholders' equity – minority interest	Minority capital and reserves		109,067		-5,697			103,370
	Gains and losses recorded directly in equity		-1,293		10,366	319	-9,207	185
	Profit/(loss) for the period		-5,655		3,945			-1,710
	Minority share		**102,119**	**0**	**8,614**	**319**	**-9,207**	**101,845**
Total			**2,084,638**	**0**	**61,947**	**22,556**	**-137,804**	**2,031,337**

CASH FLOW STATEMENT (indirect method)

Euro thousand

	30/06/2009	30/06/2008
Profit before taxes	**68,119**	**168,531**
Non-cash adjustments	**217,858**	**-27,461**
Change in non-life unearned premium reserve	11,958	-7,606
Change in claims reserve and other non-life technical reserves	-58,958	-169,304
Change in actuarial reserves and other life technical reserves	178,045	88,260
Change in deferred acquisition costs	466	-65
Change in provisions	3,733	-402
Non-cash income/charges from financial instruments, property investments and holdings	82,379	65,985
Other movements	235	-4,329
Change in payables and receivables from operating activities	**206,668**	**-10,667**
Change in payables and receivables from direct insurance operations and reinsurance	177,999	78,935
Change in other payables and receivables	28,669	-89,602
Income taxes paid	**-69,696**	**-39,850**
Net liquidity generated/absorbed from cash items relating to investing and financing activities	**30,023**	**-268,677**
Liabilities from financial contracts issued by insurance companies	-42,377	-354,796
Bank and interbank payables		
Loans and receivables from banks and interbank		
Other financial instruments at fair value recorded to the income statement	72,400	86,119
TOTAL NET CASH FLOW FROM OPERATING ACTIVITIES	**452,972**	**-178,124**
Net cash generated/absorbed from property investments	-155,415	-4,963
Net cash generated/absorbed from investments in subsidiaries, associates and joint ventures	-12,359	758
Net cash generated/absorbed from loans and receivables	-29,798	-70,347
Net cash generated/absorbed from investments held to maturity	-28,835	
Net cash generated/absorbed from available-for-sale financial assets	20,138	443,973
Net cash generated/absorbed from intangible and tangible fixed assets	-3,747	-5,207
Net cash generated/absorbed from investing activities	0	
TOTAL NET CASH FLOW FROM INVESTING ACTIVITIES	**-210,016**	**364,214**
Net cash generated/absorbed from Group equity instruments	-891	-134
Net cash generated/absorbed from treasury shares	0	-4,196
Distribution of Dividends relating to the Group	-87,691	-163,643
Net cash generated/absorbed from minority interest capital and reserves	1,436	-10,434
Net cash generated/absorbed from sub-ordinated liabilities and financial instruments in holdings	-2,076	-7,525
Net cash generated/absorbed from other financial liabilities	-17,310	744
TOTAL NET CASH FLOW FROM FINANCING ACTIVITIES	**-106,532**	**-185,188**
Exchange difference effect on cash and cash equivalents		
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	220,824	164,564
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	136,424	902
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	357,248	165,466

Notes to the financial statements

Information on the group and activities carried out

Milano Assicurazioni S.p.A. is a leading insurance player on the Italian market, operating in the non-life and life sectors, with consolidated annual premiums of over Euro 4 billion and a sales network of over 2,000 agencies spread throughout the country.

The registered office of the company is Via Senigallia 18/2, Milan.

In recent years, Milano Assicurazioni has strengthened its position on the domestic market, including through acquisitions and merger operations.

We recall in particular that during 2008 a significant corporate and industrial restructuring of the Fondiaria-Sai Group was completed, whose guidelines were approved at the beginning of the year by the Board of Directors of Fondiaria-Sai and of Milano Assicurazioni and which, for Milano Assicurazioni, included:

- the merger by incorporation into Milano Assicurazioni of Sasa Assicurazioni e Riassicurazioni and Sasa Vita;
- the conferment to Milano Assicurazioni, by Fondiaria-Sai, of the entire shareholding in Liguria Assicurazioni held by Fondiaria-Sai, amounting to 99.97% of the share capital, and a holding in Immobiliare Lombarda S.p.A. amounting to 27.88% of the share capital.

This operation further enhances the value of Milano Assicurazioni, significantly strengthening its presence on the market and as holder of the assets from the strong acquisition expansion realised by the Fondiaria-Sai Group in recent years. In particular, within Milano Assicurazioni there will be an even greater concentration of the coordination of the brands of the distribution networks of non-listed companies, with a direct commercial presence on the market.
The conferment of 27.88% of the share capital of Immobiliare Lombarda, on the successful outcome of the Public Purchase and Exchange Offer proposed by Fondaria-Sai on the shares of Immobiliare Lombarda and the subsequent delisting, will permit the Fondiaria-Sai Group, and therefore also Milano Assicurazioni (whose share following the conferment increases from 11.15% to 39.03%) to achieve greater efficiency in the internal allocation of capital and of the risks and returns of the three principal business areas of Immobiliare Lombarda: *facility management, property management and project development.*

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

Part A

Accounting principles

Declaration of compliance with international accounting standards and general preparation principles

The present half-year 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.

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

Under the amendments introduced by the new IAS 1, in force from January 1, 2009, a separate income statement and a comprehensive income statement are provided. In particular:

- the separate income statement is fully in line with the statement approved by Isvap with Regulation No. 7 of July 13, 2007;
- the comprehensive income statement reports the gains and losses which were recorded to the shareholders' equity according to that required or permitted by International Accounting Standards IAS/IFRS;

The presentation of the income statements is in line with document No. 143 of Assirevi, recently issued. No further specific regulations have been issued. This application could therefore be amended in future financial statements, due to the regulations issued.

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.

Consolidation scope and consolidation 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).
They include in the consolidation scope, the Parent Company and all of the subsidiary companies. 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 at June 30 the interim financial statements as at June 30 of the respective Companies were utilised, adjusted where necessary for consolidation entries and in line with the accounting principles of the Parent Company.

CONSOLIDATION METHOD

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 third party shareholders are recorded in specific accounts in the balance sheet and income statement.
The difference between the carrying value of the investments and the respective share of the net equity, which emerges at the date of acquisition of the investment, are allocated to the assets or intangible assets where the higher cost reflects an effective higher value of these assets, or to the Goodwill account, where the higher price paid reflects the expected value of the future economic results.

Accounting under the Net Equity method

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

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

Consolidation adjustments

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

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

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

Interim financial statements

The present interim financial statements are as of June 30, 2009, a date coinciding with that of the interim financial statements of the line-by-line consolidated companies.

Currency

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

Accounting principles and policies

The half-year report was prepared in accordance with the provisions of ISVAP Regulation No. 7 of July 13, 2007. The measurement of the individual balance sheet and income statement accounts was made utilising the same criteria for the preparation of the 2008 consolidated financial statements, to which reference should be made for greater detail on the individual methods utilised, except where indicated otherwise below.

Motor TPL division claims reserve

A separate valuation was carried out by type of claim, under the following categories:

- claims before the commencement of the direct compensation regime: the determination of the reserve took account of the last cost determined at the end of 2008 based on the same statistical methodology on the claims cost and the reversals to the reserve in the half-year;
- claims within the CARD Operator regime: the expected last cost was recorded based on the expected change in costs and taking into account the amount of the recoverable flat rate;
- claims within the CARD Debtor regime: the valuation was made based on the once-off amount defined by the Technical Committee created pursuant to Pres. Decree No. 254/2006;
- claims not within the direct compensation system (essentially as they involve more than two vehicles or with permanent physical damage above 9%): the valuation of the last cost of the claims in the current period was made revaluing the amounts indicated by the settlement offices, taking into account the average costs assumed for these type of claims, which are more costly. For the claims of previous years, already recorded in reserves, the trends relating to the claims settled were noted, verifying the appropriateness of the reserves recorded at December 31, 2008.

Reinsurance

The technical reserves relating to the reinsurers are calculated based on the portion ceded for the proportional reinsurance and in a revisional manner for the excess and stop-loss reinsurance, on the basis of the information available and utilising the same criteria for the direct premium reserves, taking into account the contractual clauses.
The accounts relating to the indirect premiums represent the portion of the results estimated for the full year; in the determination of the values account was taken of the data certified relating to obligatory contracts accepted by the companies outside of the Group, whose technical results refer to the year 2008.

Valuation and impairment of financial instruments

With reference to the valuation of financial instruments, reference should be made to the financial statements at December 31, 2008. The fair value policy outlined therein did not incur changes and, therefore, with reference to the listed financial instruments in active markets, the stock exchange price at June 30, 2009 was utilised. It is also reported that some valuation processes, such as those utilised to determine any losses in value (impairment) of financial assets available-for-sale, are - given their complexity - generally made in the preparation of the annual financial statements. However, the current financial crisis further complicated the valuation processes, requiring analysis, with reference in particular to the equity instruments, based not only on stock market movements, but also on values of fundamental use of these assets.

Consequently in this half-year report, also due to the limited availability of all the necessary information, the losses in value of “Available for sale” financial instruments recorded due to the application of the automatic criteria as illustrated in the consolidated financial statements of December 31, 2008 were recorded in the income statement and which identified temporal and quantitative limits for the recording of a long-term or significant drop in the fair value.

Following that recently expressed by IFRIC relating to paragraph 61 of IAS 39, the Group has begun a review of its impairment policy. Following the clarification requests to IFRIC regarding the meaning of “significant or prolonged”, as expressed in the above stated paragraph 61 in order to identify a permanent loss in value, it emerged that the two criteria must be recorded separately and not together.

Therefore, from the present half year, it is considered necessary to eliminate the threshold which identified the reduction in the market value of at least 20% for a continuous period of one year as proof of impairment. Consequently the valuations, as well as regarding shares with a loss of between 20% and 80% of the book value, according to the manner set out in the 2008 annual accounts, was extended to all of the AFS capital instruments which show losses for a continuous period of between 12 and 24 months.

The other two thresholds identified in the 2008 annual accounts (80% and 24 months) for the recognition of an objective evidence of impairment remain unchanged.

Reclassification of financial instruments

IAS 39, as amended last October, allows the reclassification of a financial asset initially considered as Available-for-Sale to the category "Loans and Receivables" on the condition that:

- this asset fulfils the requirements set for the definition of loans and receivables;
- the company has the intention and the capacity to hold the financial assets for the foreseeable future or until their natural maturity.

Availing of this option, it is considered appropriate, with effect from January 1, 2009, to reclassify to the category "Loans and Receivables" some debt securities which in the 2008 financial statements were included in the category "Available-for-Sale" for an amount of Euro 256.9 million.
This relates to corporate bond securities with subordination clauses, all with carrying values below the repayment value and a gross effective yield higher than 5%.

The reclassification appears appropriate in relation to the intention of the company to maintain these securities in portfolio for the foreseeable future, to the characteristics of the securities and the illiquidity which continues to affect the market, with the consequent unreliability of the relative prices.
With the regulations of these categories, these securities, at June 30, were valued at amortised cost. The cumulative losses on these securities at January 1, 2009, equal to Euro 23.8 million and recorded under shareholders' equity as a component of the reserve for Available-for-sale securities are also recorded at amortised cost.

IFRS 8 – Operating segments

With reference to the new accounting standard in relation to segment information (IFRS 8 Operating Segments), it is stated that based on the analysis carried out, it is considered that the information provided to date conforms with the needs of the requirements of the new standard without the need for future amendments or additions.

Group Structure

CONSOLIDATED HALF-YEAR REPORT AS AT 30.06.09

Consolidation scope

Company	State	Method (1)	Activity (2)
ATHENS R.E. FUND	ITALY	G	10
BIPIEMME VITA S.p.A.	ITALY	G	1
CAMPO CARLO MAGNO S.p.A.	ITALY	G	10
DIALOGO ASSICURAZIONI S.p.A.	ITALY	G	1
DIALOGO VITA S.p.A.	ITALY	G	1
LIGURIA SOCIETA' DI ASSICURAZIONI S.p.A.	ITALY	G	1
LIGURIA VITA S.p.A.	ITALY	G	1
MERIDIANO EUR S.r.l.	ITALY	G	10
MERIDIANO ORIZZONTI S.r.l.	ITALY	G	10
PRONTO ASSISTANCE SERVIZI S.c.r.l.	ITALY	G	11
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. unitary =U

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

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

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

Direct Holding %	Total Holding % (3)	Voting % in Ordinary Shareholder Meeting (4)	% consolidated
100.00	100.00	100.00	100.00
51.00	51.00	51.00	100.00
100.00	100.00	100.00	100.00
99.85	99.85	99.85	100.00
60.00	60.00	60.00	100.00
99.97	99.97	99.97	100.00
-	99.97	100.00	100.00
100.00	100.00	100.00	100.00
100.00	100.00	100.00	100.00
28.00	54.51	54.55	100.00
100.00	100.00	100.00	100.00
100.00	100.00	100.00	100.00

CONSOLIDATED HALF-YEAR REPORT AS AT 30.06.09

Details of non consolidated investments

Company	State	Activity (1)	Type (2)
ATAHOLTELS S.p.A.	ITALY	11	B
GARIBALDI S.C.S.	LUXEMBOURG	10	B
GLOBAL CARD SERVICE S.r.l.	ITALY	11	A
GRUPPO FONDIARIA-SAI SERVIZI S.c.r.l.	ITALY	11	B
IMMOBILIARE LOMBARDA S.p.A.	ITALY	10	B
SAI INVESTIMENTI S.G.R. S.p.A.	ITALY	8	B
SERVICE GRUPPO FONDIARIA-SAI S.r.l.	ITALY	11	B
SISTEMI SANITARI S.c.r.l.	ITALY	11	B
VALORE IMMOBILIARE S.r.l.	ITALY	10	B

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

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

(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
49.00	49.00	49.00	12,250
47.95	47.95	47.95	0
-	94.97	95.00	0
34.19	34.63	34.65	12,628
39.03	39.03	39.03	254,987
29.00	29.00	29.00	1,645
30.00	30.00	30.00	279
19.63	20.12	20.31	189
49.00	49.00	49.00	12,838

Consolidation scope

At June 30, 2009, the Milano Assicurazioni Group totalled, included the Parent Company, 13 companies. Of these 7 were insurance Companies, 4 were property Companies and 2 service Companies. The list of these companies, all fully consolidated, is shown in the table of the consolidated companies.

In the first half of 2009, the Athens Real Estate Fund entered the consolidation scope, entirely held by Milano Assicurazioni.

Part B

Notes to the consolidated balance sheet

Balance Sheet - Assets

1. INTANGIBLE ASSETS

The breakdown is as follows:

(in Euro thousands)	**30/06/2009**	**31/12/2008**	**Changes**
Goodwill	264,976	264,976	-
Other intangible assets	107,412	123,833	-16,421
TOTAL	**372,388**	**388,809**	**-16,421**

Goodwill is broken down as follows:

(in Euro thousands)	**30/06/2009**	**31/12/2008**	**Changes**
Goodwill recorded following the merger with the parent company by Lloyd Internazionale S.p.A. in 1991	17,002	17,002	-
Goodwill recorded in 1992 following the acquisition by the Parent Company of the portfolio of Card S.p.A.	33,053	33,053	-
Goodwill deriving from the acquisition by the parent company of the insurance portfolio of Latina Assicurazioni S.p.A. in 1992	34,522	34,522	-
Goodwill relating to the life portfolio of La Previdente Assicurazioni S.p.A., originally acquired from Previdente Vita (formerly Latina Vita) in 1993	16,463	16,463	-
Goodwill deriving from the acquisition, in 1995, of the portfolio Maa Finanziaria by Nuova Maa, incorporated into the parent company in 2003.	65,134	65,134	-
Goodwill deriving from the acquisition, in 2001, of the Profilo Life portfolio by Maa Vita, incorporated into the parent company in 2003.	1,052	1,052	-
Goodwill recorded following the merger with the parent company of Maa Vita in 2003	4,636	4,636	-
Goodwill relating to the acquisition by SIS of the Ticino portfolio in 1995	152	152	-
Consolidation difference deriving from the acquisition, in 1996, of La Previdente Vita (subsequently incorporated into Milano Ass.) by La Previdente Assicurazioni (subsequently incorporated into Milano Ass.)	3,275	3,275	-
Consolidation difference deriving from the acquisition of Dialogo Ass. by La Previdente Ass. in 1997	49	49	-
Consolidation difference deriving from the acquisition in the years 2006 and 2007 of 51% of BPM Vita.	20,845	20,845	-
Consolidation difference arising from conferment in 2008 of Liguria Assicurazioni.	65,634	65,634	-
Consolidation difference arising from conferment in 2008 of Liguria Vita	3,159	3,159	-
TOTAL	**264,976**	**264,976**	**-**

In accordance with IAS 38 (Intangible assets), goodwill, having an indefinite useful life, is not systematically amortised, but subject to an impairment test, in order to identify the existence of any permanent loss in value. The impairment test must be made annually and whenever there is an indication of a loss in value.

In the first half of the year, there were no indications that the goodwill recorded had incurred a reduction in value compared to the existing book value at December 31, 2008, when subjected to impairment test as per IAS 36 (Impairment of assets).

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

- the value of the Bipiemme Vita insurance portfolio at the moment of the acquisition by Milano Assicurazioni (VOBA Value of Business Acquired), which is amortised in line with the evolution of the portfolio acquired. The residual value at June 30, 2009 amounts to Euro 76,919 thousand. The amortisation in the period amounted to Euro 10,918 thousand;
- The VOBA relating to Liguria Assicurazioni, amounted to Euro 27,794 thousand, and has been recorded since the previous year following the consolidation of the relative investment. The amortisation in the period amounted to Euro 3,548 thousand.

The table below shows the breakdown including gross values and accumulated amortisation as at June 30, 2009:

(in Euro thousands)	**Gross Book Value**	**Amort. and impairment**	**Net Value**
VOBA Bipiemme Vita	152,855	-75,936	76,919
VOBA Liguria Assicurazioni	49,673	-21,879	27,794
Other intangible assets	3,489	-790	2,699
TOTAL	**206,017**	**-98,605**	**107,412**

2. PROPERTY, PLANT & EQUIPMENT

The account amounts to Euro 180,183 thousand (Euro 175,585 thousand at 31/12/2008), broken-down as follows:

(in Euro thousands)	**Property**		**Other tangible assets**		**Total**	
	30/06/09	**31/12/08**	**30/06/09**	**31/12/08**	**30/06/09**	**31/12/08**
Gross carrying value	57,587	63,671	158,009	186,439	215,596	250,110
Deprec. and impairment	-18,686	-20,349	-16,727	-54,176	-35,413	-74,525
NET VALUE	**38,901**	**43,322**	**141,282**	**132,263**	**180,183**	**175,585**

The buildings included under property, plant and equipment are those utilised by the business operations (so-called buildings for direct use). 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.

No building is subject to restrictions on ownership, nor have any amounts been recorded in the income statement for reductions in value, losses or damages.

With reference to the buildings for use by the company, the book value, at the period-end, is lower by Euro 21.6 million than the expert valuations based on market value at the end of the previous period.
The other tangible assets refer for Euro 135.2 million to assets in progress and down-payments in relation to real estate operations regarding the areas in Milan - via Confalonieri-via de Castillia (Lunetta dell'Isola) and in Rome - via Fiorentini. We recall that these operations, undertaken in previous years, resulted in the sale to third parties, by Milano Assicurazioni, of the above-mentioned land and the purchase of the related buildings from the buyers themselves.
In relation to the preventative seizure of the building located in via Confalonieri – via de Castillia, there were no further developments in relation to that reported in the 2008 annual accounts, to which reference should be made for further information.

3. TECHNICAL RESERVES – REINSURANCE AMOUNT

The account amounts to Euro 486,212 thousand (Euro 481,436 thousand at 31/12/2008), broken-down as follows:

(in Euro thousands)	**30/06/2009**	**31/12/2008**	**Changes**
Non-Life premium reserve - reinsurers	55,704	51,262	4,442
Non-Life claims reserve - reinsurers	301,688	294,132	7,556
Other Non-Life reserves – reinsurers	-	-	-
Actuarial reserves attributed to reinsurers	126,578	133,990	-7,412
Reserve for claims to be paid – reinsurers	2,242	2,051	191
Class D reserves attributed to reinsurers	-	-	-
Other reserves – reinsurers	-	1	-1
TOTAL	**486,212**	**481,436**	**4,776**

4. INVESTMENTS

The breakdown of the account is as follows:

(in Euro thousands)	30/06/2009	31/12/2008	Changes
Investment property	710,581	561,055	149,526
Investments in subsidiaries, associates and joint ventures	294,816	282,457	12,359
Investments held-to-maturity	205,245	174,946	30,299
Loans and receivables	566,655	273,159	293,496
Financial assets available-for-sale	8,976,859	9,240,074	-263,215
Financial assets at fair value recorded through profit or loss	1,956,129	2,031,139	-75,010
TOTAL	**12,710,285**	**12,562,830**	**147,455**

Investment property

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

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

Overall, the book value at June 30, 2009 was Euro 224.9 million lower than the expert's valuations at the end of the previous period.

The table below shows the gross value and the accumulated depreciation at June 30, 2009:

	30/06/2009	31/12/2008
Gross carrying value	781,933	624,046
Depreciation and impairment	-71,352	-62,991
Net value	**710,581**	**561,055**

The increase compared to December 31, 2008 principally derives from the following operations:

- The purchase, by Meridiano Eur, of the building in Milan, Via Crespi 57, at a price of Euro 55.8 million. The purchase took place within the wider real estate operation drawn

up at the end of 2008 with the companies of the Generali group and commented upon in detail in the 2008 annual accounts;

- The purchase, by Milano Assicurazioni, of the building in Turin, strada del Drosso 29, at a price of Euro 9.3 million;
- The entry into the consolidation scope of the Athens Real Estate Fund, incorporated in May, wholly owned by Milano Assicurazioni. The Athens Fund, managed by the associated company Sai Investimenti S.g.r., purchased, in May, the hotel real estate complex Grand Hotel Capo Taormina, in Sicily, at a price of Euro 40 million and the hotel real estate complex Petriolo SpA & Resort, situated in the municipalities of Civitella Paganico and Monticiano in Tuscany, also at a price of Euro 40 million. The book value of these two buildings amounted to Euro 75.3 million, principally for the adjustment on consolidation to take account of the reversal of the gain by the selling party Immobiliare Lombarda.

During the half-year, rental income from investment property and expense reimbursements amounted to Euro 12.5 million while operating costs, mainly relating to building lease charges, amounted to Euro 5.1 million.
There are no significant limits to the realisation of the investment property due to restrictions of a legal, contractual or any other nature.

Investments in subsidiaries, associates and joint ventures

In accordance with IAS 27.20 (Consolidated and separate financial statements), all of the Group companies are fully consolidated, including those which undertake dissimilar activities. The amount recorded therefore only refers to holdings in associated companies, valued under the equity method or at cost.

(in Euro thousands)	**30/06/2009**	**31/12/2008**
Atahotels S.p.A.	12,250	-
Garibaldi S.c.s.	-	-
Global Card Servizi S.r.l.	-	-
Gruppo Fondiaria-Sai Servizi S.c.r.l.	12,628	13,813
Immobiliare Lombarda S.p.A.	254,987	253,633
Sai Investimenti SGR S.p.A.	1,645	1,714
Service Gruppo Fondiaria-Sai S.r.l.	279	261
Sistemi Sanitari S.p.A.	189	198
Valore Immobiliare S.r.l.	12,838	12,838
TOTAL	**294,816**	**282,457**

Investments held-to-maturity

The account amounts to Euro 205,245 thousand and is comprised of:

(in Euro thousands)	**30/06/2009**	**31/12/2008**	**Changes**
Non quoted debt securiti es	96,887	93,316	3,571
Quoted debt securities	108,358	81,630	26,728
TOTAL	**205,245**	**174,946**	**30,299**

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

Loans and receivables

The account amounts to Euro 566,655 thousand (Euro 273,159 thousand at 31/12/2008) and is composed as follows:

(in Euro thousands)	**30/06/2009**	**31/12/2008**	**Changes**
Debt securities	333,420	47,966	285,454
Loans on life policies	27,826	27,589	237
Deposits held by reinsurers	2,413	2,779	-366
Receivables from agents for indemnities paid to agents terminated	62,719	62,129	590
Other loans and receivables	43,404	33,769	9,635
Time deposits	96,873	98,927	-2,054
TOTAL	**566,655**	**273,159**	**293,496**

The increase on December 31, 2008 was principally due to the transfer to this category of Euro 256.9 million of financial instruments, previously classified in the Available-for-Sale category. This relates to corporate bond securities with subordination clauses, all with carrying values below the repayment value and a gross effective yield higher than 5%. The transfer had effect from the first quarter of 2009.

In the 2008 annual accounts, these securities were valued using alternative valuation models taking into account that the relative trading markets do not express for trading volumes and reliability, sufficiently reliable prices.

The classification in this category appears more appropriate, considering the intention of the company to maintain these securities in portfolio for the foreseeable future, the characteristics of the securities and the illiquidity which continues to characterise the markets, with the consequent volatility of the relative prices.
With the regulations of these categories, these securities, at June 30, were valued at amortised cost. The cumulative losses on these securities at January 1, 2009, equal to Euro 23.8 million and recorded under shareholders' equity as a component of the reserve for Available-for-sale securities are also recorded at amortised cost.
The minority interest profits in the half-year amounted to Euro 0.7 million.

The debt securities also include the book values of some issuers (in particular the securities of the special Ania issues) for which it is considered appropriate to utilise the amortised cost and not the fair value in the absence of an active market.
The receivables from agents for the recovery of indemnities paid to their predecessors are recorded in this account in accordance with the requirements of Isvap Regulation No. 7 of July 13, 2007 and in consideration of their interest bearing nature.

The “other loans and receivables” consist of Euro 39,182 thousand of loans provided to the associated company Garibaldi S.c.s. related to the real estate project at Milan called “Garibaldi - Repubblica”. These loans, interest bearing, are for a duration of 5 years and may be renewed for a further 5 years within the limits of the project completion date. The debtor may also make advance repayments.

Available-for-sale financial assets

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

The breakdown of the account is as follows:

(in Euro thousands)	**30/06/2009**	**31/12/2008**	**Changes**
Quoted equity securities	588,915	607,345	-18,430
Non quoted equity securities	13,355	13,095	260
Quoted debt securities	7,756,036	8,036,525	-280,489
Non quoted debt securities	11,307	4,645	6,662
Fund units	607,246	578,464	28,782
TOTAL	**8,976,859**	**9,240,074**	**-263,215**

The decrease on December 31, 2008 is principally due to the transfer from this category to the Loans and receivables category of corporate bond securities with subordination clauses, as already described in the comments on the category. In line with the group impairment policy, impairment charges were recorded in the half-year in this category for Euro 30.6 million. The adjustments principally relate to the equity securities for Euro 15.6 million, investment fund units for Euro 10.1 million and bond securities for Euro 4.9 million.
In this context, it is stated that for the significant shareholdings, the analytical valuations already carried out at the end of 2008 and reviewed with the current data on the holdings, supports the book value. Therefore it was not necessary to transfer the current AFS reserve to the income statement. For these holdings, the automatic impairment test at June 30, 2009 did not record a situation of prolonged or significant decrease in the listed prices.
Finally we note that the amendments to IAS 39, presently subject to discussion by the relevant international boards, may require only the impairment of financial instruments valued at amortised cost.

Financial assets at fair value recorded through profit or loss

The breakdown is as follows:

(in Euro thousands)	**30/06/2009**	**31/12/2008**	**Changes**
Quoted equity securities	571	1,048	-477
Non quoted equity securities	-	-	-
Quoted debt securities	460,711	580,041	-119,330
Non quoted debt securities	869,706	855,430	14,276
Fund units	614,372	562,091	52,281
Other financial instruments	10,769	32,529	-21,760
TOTAL	**1,956,129**	**2,031,139**	**-75,010**

The amount includes Euro 1,904,085 thousand of investment contracts where the risk is borne by the policyholders and Euro 7,298 thousand of investments from pension fund management. These items are counter-entered under financial liabilities (Euro 1,372,241 thousand) and technical reserves (Euro 538,338 thousand). Their fair value was determined using the stock exchange prices on the last trading day of June 2009 as a benchmark reference.

5. OTHER RECEIVABLES

The breakdown of the account is as follows:

(in Euro thousands)	**30/06/2009**	**31/12/2008**	**Changes**
Receivables from direct insurance operations	598,490	717,234	-118,744
Receivables from reinsurance operations	78,640	105,521	-26,881
Other receivables	311,951	342,711	-30,760
TOTAL	**989,081**	**1,165,466**	**-176,385**

The Group considers that the carrying value of trade and other receivables approximates their fair value. The trade receivables are non-interest bearing and are generally payable within 90 days.

The receivables deriving from insurance operations include receivables from policyholders of Euro 295,576 thousand, of which Euro 258,229 thousand referring to the premiums for the year and Euro 37,347 thousand for premiums of previous years. The account also includes Euro 228,267 thousand of receivables from insurance brokers, Euro 31,048 thousand of insurance company receivables and Euro 43,599 thousand of receivables from policyholders and third parties for sums to be recovered.

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.

The other receivables are broken down as follows:

(in Euro thousands)	**30/06/2009**	**31/12/2008**	**Changes**
Receivables from Fondiaria-Sai for tax payments on account and for credits and withholding taxes transferred in accordance with the tax consolidation	104,308	141,887	-37,579
Trade receivables	65,502	24,457	41,045
Tax reimbursements	55,681	87,227	-31,546
Other receivables	86,460	89,140	-2,680
TOTAL	**311,951**	**342,711**	**-30,760**

6. OTHER ASSETS

The account amounts to Euro 290,446 thousand, a decrease of Euro 9,402 thousand on December 31, 2008.

The table below shows the composition by type:

(in Euro thousands)	**30/06/2009**	**31/12/2008**	**Changes**
Non-current assets or of a discontinued group held for sale	1,366	1,366	-
Deferred acquisition costs	44,472	53,963	-9,491
Deferred tax assets	87,969	68,172	19,797
Current tax assets	72,264	71,892	372
Other assets	84,375	104,455	-20,080
TOTAL	**290,446**	**299,848**	**-9,402**

Deferred acquisition costs

The deferred acquisition costs amount to Euro 44,472 thousand (Euro 53,963 thousand at 31/12/2008) and refer to the acquisition commissions on long-term contracts which, in accordance with the accruals principle, are amortised in the Non-Life division over seven years (the average duration of the long-term portfolio) and in the Life division based on the duration of each contract, in any case not above 10 years.

Deferred tax assets

The account amounts to Euro 87,969 thousand (Euro 68,172 thousand at 31/12/2008) and is calculated on the total amount of the temporary differences between the book value of the assets and liabilities in the accounts and the respective tax value in relation to the probability of their recovery. Where permitted by IAS 12 (Income taxes), deferred tax assets and liabilities are compensated.

Current tax assets

The current tax assets, amounting to Euro 72,264 thousand (Euro 71,892 thousand at 31/12/2008), refer to tax authorities for payments on account, withholding taxes and income tax credits. The account also includes the amounts paid on account on the life division actuarial reserves pursuant to article 1, paragraph 2 of Legislative Decree No. 209/02, converted into article 1 of Law 265/2002, as supplemented, recorded in accordance with Isvap Regulation No. 7 of July 13, 2007. Where permitted by IAS 12, current tax assets and liabilities are compensated.

Other assets

The account amounts to Euro 84,375 thousand (Euro 104,455 thousand at 31/12/2008) and includes indemnities paid to agencies (Euro 8,479 thousand), policy indemnities (Euro 4,699 thousand) and deferred commission charges on contracts not applied in accordance with IFRS 4 (Euro 13,124 thousand).

7. CASH ON HAND AND AT BANK

The account includes the liquidity and deposits and bank current accounts with maturity less than 15 days and amount to Euro 357,248 thousand (Euro 220,824 thousand at 31/12/2008).

Balance Sheet - Liabilities

LIABILITIES AND SHAREHOLDERS' EQUITY

1. SHAREHOLDERS' EQUITY

The consolidated Shareholders' Equity, inclusive of net profit for the period and the minority interest share, amounts to Euro 2,031,337 thousand. The composition compared to December 31, 2008 is shown below:

(in Euro thousands)	**30/06/2009**	**31/12/2008**	**Changes**
Group Net Equity	**1,929,492**	**1,982,519**	**-53,027**
Share Capital	305,851	305,851	-
Other equity instruments	-	-	-
Capital reserves	718,147	718,147	-
Retained earnings and other reserves	1,183,271	1,103,937	79,334
Treasury shares	*-31,353*	*-31,353*	-
Translation reserve	-	-	-
Profit or loss on available-for-sale financial assets	-295,540	-281,502	-14,038
Other gains and losses recorded directly in equity	-1,627	-477	-1,150
Group net profit	50,743	167,916	-117,173
Minority interest equity	**101,845**	**102,119**	**-274**
Minority capital and reserves	103,370	109,067	-5,697
Gains and losses recorded directly in equity	185	-1,293	1,478
Minority interest profit	-1,710	-5,655	3,945
TOTAL	**2,031,337**	**2,084,638**	**-53,301**

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

The disclosures required by IAS 1.79A is provided below:

	Ordinary 30/06/2009	**Savings 30/06/2009**	**Ordinary 31/12/2008**	**Savings 31/12/2008**
Number of shares issued	557,435,774	30,739,882	557,435,774	30,739,882

The table below shows the movements of the shares forming the share capital of the Parent Company Milano Assicurazioni in the first half of the year:

	Ordinary	Savings	Total
Shares existing at 01/01/2009	557,435,774	30,739,882	588,175,656
Treasury shares (-)	-6,764,860	-	-6,764,860
Shares outstanding: balance at 01/01/2009	550,670,914	30,739,882	581,410,796
Increases:			
Sale of treasury shares	-	-	-
Decreases:			
Acquisition of treasury shares	-	-	-
Shares outstanding: balance at 30/06/2009	**550,670,914**	**30,739,882**	**581,410,796**

The capital reserves, amounting to Euro 718,147 thousand, refer to the share premium reserve recorded in the financial statements of the Parent Company.

Retained earnings and other reserves

They principally comprise profits carried forward. The account also includes the consolidation reserve of Euro 17,111 thousand, the reserve for gains and losses deriving from the first-time application of the international accounting standards for a negative amount of Euro 45,255 thousand, the merger reserve of Euro 338,265 thousand and the revaluation reserve of Euro 1,277 thousand.

Treasury shares

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

Profit or loss on available-for-sale financial assets

The account, a loss of Euro 295,540 thousand, represents the difference between the acquisition costs and market prices of the financial assets available-for-sale where these differences are not indicative of reductions in value. They are recorded net of the part attributable to the policyholders and recorded as insurance liabilities in accordance with the

accounting method contained in paragraph 30 of IFRS 4 (shadow accounting). The account includes Euro 21,681 thousand of losses relating to financial instruments transferred to the *Loans and Receivables* category.

Other gains and losses recorded directly in equity

They relate to:
- profits and losses of an actuarial nature consequent of the application of IAS 19 (Euro 1,751 thousand of losses);
- the gains deriving from the valuation of a derivative financial instrument to hedge cash flows (Euro 124 thousand).

2. PROVISIONS

(in Euro thousands)	**30/06/2009**	**31/12/2008**	**Changes**
Provisions of a fiscal nature	-	-	-
Other provisions	85,561	81,828	3,733
TOTAL	**85,561**	**81,828**	**3,733**

The account "Other provisions" 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 19,695 thousand for provisions relating to disputes with the agency network;
- Euro 7,863 thousand relating to other disputes;
- Euro 55,906 thousand relating to other contingency charges, not concerning disputes, and future expenses to be incurred.

3. TECHNICAL RESERVES

The account amounts to Euro 10,977,740 thousand, an increase of Euro 204,267 thousand on the end of the previous year.

The breakdown is as follows:

(in Euro thousands)	**30/06/2009**	**31/12/2008**	**Changes**
NON-LIFE DIVISION			
Unearned premium reserve	1,183,156	1,166,756	16,400
Claims reserve	3,729,290	3,780,404	-51,114
Other reserves	4,235	4,523	-288
Total Non-Life Division	**4,916,681**	**4,951,683**	**-35,002**
LIFE DIVISION			
Actuarial reserves	5,478,451	5,285,184	193,267
Reserve for claims to be paid	32,709	57,517	-24,808
Technical reserves where investment risk borne by policyholders and from pension fund management	538,338	540,187	-1,849
Other reserves	11,561	-61,098	72,659
Total Life Division	**6,061,059**	**5,821,790**	**239,269**
TOTAL TECHNICAL RESERVES	**10,977,740**	**10,773,473**	**204,267**

The *Unearned premium reserve* includes Euro 1,181,822 thousand of premium fraction reserve for direct business and Euro 1,334 thousand for unearned premium relating to indirect business. Following the technical performance recorded during the half-year and the projections for the current year, it was not necessary to make an accrual for the risks in course reserve.

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

The *Other life division technical reserves* principally include the reserve for future expenses and the reserve for deferred liabilities due to policyholders, negative for Euro 25,660 thousand, determined applying the shadow accounting method, as per paragraph 30 of IFRS 4.

4. FINANCIAL LIABILITIES

They consist of:

(in Euro thousands)	**30/06/2009**	**31/12/2008**	**Changes**
Financial liabilities recorded at fair value through profit or loss	1,372,854	1,415,231	-42,377
Other financial liabilities	357,785	377,171	-19,386
TOTAL	**1,730,639**	**1,792,402**	**-61,763**

Financial liabilities recorded at fair value through profit or loss

The account includes Euro 1,372,241 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". The deposits include guarantees in relation to risks ceded in reinsurance for Euro 186,937 thousand and subordinated liabilities of Euro 170,671 thousand.

The subordinated liabilities are composed as follows:

- Euro 51,047 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 July 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 16th 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 101,618 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 the largest limit of 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.
- Euro 10 million, equal to the amortised cost of the subordinated loan of Euro 10 million provided in 2003 by Fondiaria-Sai to Sasa Assicurazioni, incorporated at the year-end. The loan provides for an interest rate of Euribor at 6 months increased by a margin of 280 basis points, with payment of the interest half yearly on June 30 and December 31.

- Euro 8,006 thousand relating to a subordinated loan recorded in the financial statements of Bipiemme Vita, issued by Banca Popolare di Milano (Euro 4.8 million) and Banca di Legano (Euro 3.2 million) both for an indeterminate period at Euribor 12 months +250 basis points.

5. PAYABLES

The account amounts to Euro 326,326 thousand and is comprised of:

(in Euro thousands)	**30/06/2009**	**31/12/2008**	**Changes**
Payables from direct insurance operations	50,163	33,858	16,305
Payables from reinsurance operations	32,918	16,849	16,069
Other payables	243,245	213,905	29,340
TOTAL	**326,326**	**264,612**	**61,714**

Payables from direct insurance operations include:

- Euro 38,753 thousand to insurance intermediaries;
- Euro 9,989 thousand to insurance companies;
- Euro 465 thousand for cautionary monies from insurers and premiums;
- Euro 956 thousand for payables for guarantee provisions for policyholders.

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

(in Euro thousands)	**30/06/2009**
Trade payables	62,300
Employee leaving indemnity	27,575
Policyholders' tax due	51,677
Other taxes due	10,221
Social security and welfare institutions	8,486
Ires income tax payable to Fondiaria-Sai following the tax consolidation	49,747
Others	33,239
TOTAL	**243,245**

6. OTHER LIABILITIES

The composition is as follows:

(in Euro thousands)	**30/06/2009**	**31/12/2008**	**Changes**
Deferred tax liabilities	69,172	82,788	-13,616
Current tax liabilit ies	-	480	-480
Other liabilities	165,068	214,577	-49,509
TOTAL	**234,240**	**297,845**	**-63,605**

Other liabilities

The account amounts to Euro 165,068 thousand (Euro 214,577 thousand at 31/12/2008) and is comprised of.

- commissions on premium collection of Euro 55,839 thousand;
- commission income on insurance policies not within the application of IFRS 4, deferred on an accruals basis of Euro 19,325 thousand;
- liabilities for cheques issued against claims from beneficiaries after June 30, 2009 for Euro 47,012 thousand;
- other various liabilities for Euro 42,892 thousand.

Part C

Notes to the consolidated income statement

NET PREMIUMS

The consolidated net premiums amount to Euro 2,037,102 thousand (Euro 2,164,172 thousand in the first half of 2008 on like-for-like terms).

The gross premiums written amount to Euro 2,138,613 thousand and consist of:

(in Euro thousands)	**30/06/2009**	**30/06/2008 Pro-forma**	**Changes**	**30/06/2008**
Gross Life premiums written	520,575	599,243	-78,668	543,306
Gross Non-Life premiums written	1,634,437	1,667,820	-33,383	1,312,950
Change gross premium reserve	-16,399	-5,868	-10,531	8,165
Total Non-Life Division	1,618,038	1,661,952	-43,914	1,321,115
Gross premiums written	**2,138,613**	**2,261,195**	**-122,582**	**1,864,421**

(in Euro thousands)	**30/06/2009**	**30/06/2008 Pro-forma**	**Changes**	**30/06/2008**
Life premiums ceded	10,844	10,736	108	7,232
Non-Life premiums ceded	95,472	88,665	6,807	43,847
Change in reinsurers reserves	-4,805	-2,378	-2,427	1,387
Total Non-Life Division	90,667	86,287	4,380	45,234
Premiums ceded to reinsurers	**101,511**	**97,023**	**4,488**	**52,466**

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

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

COMMISSION INCOME

(in Euro thousands)	30/06/2009	30/06/2008 Pro-forma	Changes	30/06/2008
Commission income	9,189	15,852	-6,663	15,852

The account refers to the explicit and implicit loadings related to the investment contracts and to the management commissions on the internal funds. The decrease is essentially related to Bipiemme Vita which in 1H 2009 recorded commissions of Euro 7,578 thousand compared to Euro 15,447 thousand in 1H 2008.

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

The account amounted to net income of Euro 40,038 thousand compared to net charges of Euro 36,268 thousand in the same period of the previous year. The breakdown is shown below:

(in Euro thousands)	Net interest	Other net income	Profits realised	Losses realised	Val gains and recovery in values	Val losses & adjust in values	Total June 30, 2009	Total June 30, 2008 Pro-forma	Change
Result of investments from									
Financial assets held for trading	46	8,754	10,969	-7,751	42	-76	11,984	-27,533	39,517
Financial assets designated at fair value recorded through profit or loss	9,581	893	29,037	-8,820	12,111	-14,748	28,054	-3,283	31,337
Financial liabilities held for trading	-	-	-	-	-	-	-	-5,452	5,452
TOTAL	**9,627**	**9,647**	**40,006**	**-16,571**	**12,153**	**-14,824**	**40,038**	**-36,268**	**76,306**

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

The following table shows the breakdown:

(in Euro thousands)	Net interest	Other net income	Profits realised	Losses realised	Val losses & reduction in values	Total June 30, 2009	Total June 30, 2008 Pro-forma	Changes
Result from:								
Investment property		7,355			-5,889	1,466	956	+510
Investments held to maturity	3,163					3,163	-	+3,163
Investments in subsidiaries, associates and joint ventures		-6,620				-6,620	352	-6,972
Loans and receivables	12,270					12,270	2,889	+9,381
Available-for-sale financial assets	145,420	34,673	39,085	-27,583	-30,579	161,016	227,139	-66,123
Other receivables	2,567					2,567	2,219	+348
Cash and cash equivalents	2,327	-21				2,306	4,508	-2,202
Other financial liabilities	-7,074					-7,074	-9,854	+2,780
Payables	-195					-195	-222	+27
TOTAL	**158,478**	**35,387**	**39,085**	**-27,583**	**-36,468**	**168,899**	**227,987**	**-59,088**

OTHER REVENUES

The other revenues amounts to Euro 85,366 thousand (Euro 59,738 thousand in the first half of 2008) and is composed of:

(in Euro thousands)	30/06/2009	30/06/2008 Pro-forma	Changes	30/06/2008
Other technical income	20,354	28,902	-8,548	20,330
Utilisation of provisions	2,883	4,166	-1,283	4,166
Exchange differences	1,651	892	759	681
Prior year income	1,845	4,026	-2,181	3,051
Recovery of expenses and administrative cost	42,437	18,209	24,228	18,209
Other revenues	16,196	3,543	12,653	2,089
TOTAL	**85,366**	**59,738**	**25,628**	**48,526**

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

NET CHARGES RELATING TO CLAIMS

The claims paid, including the sums of the life classes and the relative expenses, net of the quota ceded in reinsurance, amount to Euro 1,652,442 thousand, a decrease of 6.2% on the first half of the previous year.

(in Euro thousands)	**30/06/2009**	**30/06/2008 Pro-forma**	**Changes**	**30/06/2008**
Non-Life Division				
Amount paid	1,244,448	1,277,706	-33,258	1,073,008
Change in claims reserve	-62,359	-170,415	108,056	-169,283
Change in recoveries	-26,666	-16,369	-10,297	-15,193
Change in other technical reserves	-286	167	-453	167
Total Non-Life	**1,155,137**	**1,091,089**	**64,048**	**888,699**
Life Division				
Sums paid	407,994	483,715	-75,721	462,239
Change reserve for sums to be paid	-24,999	46,135	-71,134	45,172
Change in actuarial reserve	194,349	37,552	156,797	22,123
Change in technical reserves where investment risk borne by policyholders and from pension fund management	-919	47,812	-48,731	39,921
Change in other technical reserves	-6,973	3,919	-10,892	3,745
Total Life	**569,452**	**619,133**	**-49,681**	**573,200**
Total Non-Life + Life	**1,724,589**	**1,710,222**	**14,367**	**1,461,899**
Amount paid	1,652,442	1,761,421	-108,979	1,535,247
Change reserves	72,147	-51,199	123,346	-73,348

COMMISSION EXPENSES

Commission expenses amounted to Euro 4,313 thousand, a decrease of Euro 3,217 thousand on the first half of 2008. They relate to the commissions for the period on financial contracts which are not recorded in accordance with IFRS 4.

MANAGEMENT EXPENSES

The details by type are shown below:

(in Euro thousands)	**30/06/2009**	**30/06/2008 Pro-forma**	**Changes**	**30/06/2008**
Non-Life Division				
Acquisition commissions and changes in deferred acquisition costs	229,039	222,789	6,250	174,755
Other acquisition expenses	40,948	39,798	1,150	31,751
Collection commissions	12,057	17,609	-5,552	17,609
Reinsurers commissions and profit participation	-20,688	-18,077	-2,611	-7,554
Total Non-Life	**261,356**	**262,119**	**-763**	**216,561**
Life Division				
Acquisition commissions and changes in deferred acquisition costs	11,789	13,455	-1,666	10,948
Other acquisition expenses	5,284	5,693	-409	4,708
Collection commissions	2,383	2,541	-158	2,363
Reinsurers commissions and profit participation	-1,256	-2,075	819	-763
Total Life	**18,200**	**19,614**	**-1,414**	**17,256**
Investment management charges	3,355	4,534	-1,179	3,672
Other administration expenses	56,083	60,995	-4,912	44,206
TOTAL	**338,994**	**347,262**	**-8,268**	**281,695**

OTHER COSTS

The other costs amount to Euro 204,579 thousand (Euro 179,461 thousand in the first half of 2008) and are comprised of:

(in Euro thousands)	**30/06/2009**	**30/06/2008 Pro-forma**	**Changes**	**30/06/2008**
Other technical charges	113,688	127,425	-13,737	88,409
Provisions	5,234	4,051	1,183	3,764
Losses on receivables	1,488	831	657	831
Prior year charges	3,045	6,307	-3,262	5,424
Depreciation of tangible assets	943	867	76	867
Amortisation of intangible assets	14,627	10,975	3,652	10,975
Exchange differences	41	3,370	-3,329	2,869
Administrative costs/expenses incurred for third parties	42,437	18,209	24,228	18,209
Other costs	23,076	7,426	15,650	5,300
TOTAL	**204,579**	**179,461**	**25,118**	**136,648**

INCOME TAXES

(in Euro thousands)	**30/06/2009**
Current income tax	69,696
Deferred tax liabilities arising in the year	4,099
Deferred tax liabilities utilised in the year	-32,987
Deferred tax assets arising in the year	-31,341
Deferred tax assets utilised in the year	9,619
TOTAL	**19,086**

Income taxes amounted to Euro 19,086 thousand (Euro 54,819 thousand in the first half of 2008) of which current taxes of Euro 69,696 thousand and a deferred tax charge of Euro 50,610 thousand.
The current income taxes (Ires income tax and Irap regional tax) are determined applying the respective rates in force of 27.5% for Ires and 4.82% for Irap.

COMPREHENSIVE INCOME STATEMENT

The comprehensive income statement results, reported in the "Financial Statements" following the separate income statement, and commented upon in the directors' report, was significantly impacted by the financial crisis and the consequent stock market prices of financial instruments classified as Available for Sale. The comparison between June 2009 and the corresponding period of the previous year shows a significant improvement in 2009 of the overall losses recorded.

FURTHER INFORMATION

Earnings per share

The earnings per share is calculated by dividing the Group net profit attributable to the ordinary shareholders of the Parent Company by the average weighted number of ordinary shares outstanding during the period. It is reported that the weighted average shares outstanding is reduced by the weighted average treasury shares held and that the group net profit deducts the savings shareholders share of profit.

The data utilised and the result are shown below:

	30/06/2009	30/06/2008
Net profit attributed to the ordinary shareholders of the parent company (Euro thousand)	47,837	113,098
Weighted average number of ordinary shares to calculate the basic earnings per share	550,670,914	448,614,098
Basic earnings per share – in Euro	0.09	0.25

Part D

Segment information

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

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

The Non-Life sector provides insurance cover as indicated in article 2, paragraph 3 of Legislative Decree 209/2005.

The Life sector involves the carrying out of insurance activities and of the operations included in article 2, paragraph 1, of Legislative Decree 209/2005.

The real estate sector includes the activities of the property subsidiary companies which operate actively in the management and development of property investments.

The Other Activities sector, of a residual nature, includes the activities of subsidiaries which operate in the financial sector and in providing commercial assistance to agencies.

The inter-sector operations are generally concluded on the same conditions with third parties.

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

Balance Sheet and Income Statement by sector

Balance sheet by segment

(Euro thousand)

		Non-Life Insurance Sector		Life Insurance Sector	
		30/06/09	31/12/08	30/06/09	31/12/08
1	**INTANGIBLE ASSETS**	**248,451**	**253,179**	**123,279**	**134,838**
2	**PROPERTY, PLANT & EQUIPMENT**	**175,622**	**169,887**	**216**	**285**
3	**TECHNICAL RESERVES - REINSURANCE AMOUNT**	**357,392**	**345,394**	**128,820**	**136,042**
4	**INVESTMENTS**	**4,471,765**	**4,547,677**	**7,771,625**	**7,685,372**
4.1	Investment property	336,708	324,296		
4.2	Investments in subsidiaries, associates and joint ventures	292,846	280,299	1,970	2,158
4.3	Investments held to maturity			205,245	174,946
4.4	Loans and receivables	196,591	140,759	370,064	132,400
4.5	Available-for-sale financial assets	3,638,413	3,773,198	5,245,424	5,373,854
4.6	Financial assets at fair value through profit or loss	7,207	29,125	1,948,922	2,002,014
5	**OTHER RECEIVABLES**	**892,879**	**1,034,999**	**87,932**	**118,027**
6	**OTHER ASSETS**	**173,821**	**188,283**	**119,852**	**138,172**
6.1	Deferred acquisition costs	36,200	45,225	8,272	8,738
6.2	Other assets	137,621	143,058	111,580	129,434
7	**CASH AND CASH EQUIVALENTS**	**215,547**	**161,030**	**109,558**	**53,557**
	TOTAL ASSETS	**6,535,477**	**6,700,449**	**8,341,282**	**8,266,293**
1	**SHAREHOLDERS' EQUITY**				
2	**PROVISIONS**	**79,689**	**76,400**	**5,872**	**5,428**
3	**TECHNICAL RESERVES**	**4,916,681**	**4,951,683**	**6,061,059**	**5,821,790**
4	**FINANCIAL LIABILITIES**	**178,778**	**197,156**	**1,551,763**	**1,595,056**
4.1	Financial liabilities at fair value through profit or loss			1,372,854	1,415,231
4.2	Other financial liabilities	178,778	197,156	178,909	179,825
5	**PAYABLES**	**249,271**	**187,668**	**62,746**	**65,270**
6	**OTHER LIABILITIES**	**142,219**	**163,251**	**89,577**	**155,257**

Real Estate Sector		Other Sectors		Inter-segment Eliminations		Total	
30/06/09	31/12/08	30/06/09	31/12/08	30/06/09	31/12/08	30/06/09	31/12/08
584	**607**	**74**	**185**			**372,388**	**388,809**
4,251	**5,235**	**94**	**178**			**180,183**	**175,585**
						486,212	**481,436**
473,163	**329,781**	-	-	- **6,268**	-	**12,710,285**	**12,562,830**
380,141	236,759			- 6,268		710,581	561,055
					-	294,816	282,457
						205,245	174,946
						566,655	273,159
93,022	93,022					8,976,859	9,240,074
						1,956,129	2,031,139
3,912	**4,604**	**4,358**	**8,285**		- **449**	**989,081**	**1,165,466**
1,178	**1,212**	**430**	**19**	- **4,835**	- **27,838**	**290,446**	**299,848**
						44,472	53,963
1,178	1,212	430	19	- 4,835	- 27,838	245,974	245,885
22,971	**2,596**	**9,172**	**3,641**			**357,248**	**220,824**
506,059	**344,035**	**14,128**	**12,308**	- **11,103**	- **28,287**	**15,385,843**	**15,294,798**
						2,031,337	**2,084,638**
						85,561	**81,828**
						10,977,740	**10,773,473**
98	**190**	-	-	-	-	**1,730,639**	**1,792,402**
						1,372,854	1,415,231
98	190					357,785	377,171
4,399	**4,087**	**9,910**	**8,036**		- **449**	**326,326**	**264,612**
6,216	**6,212**	**1,063**	**963**	- **4,835**	- **27,838**	**234,240**	**297,845**
						15,385,843	**15,294,798**

Segment income statement

(Euro thousand)

		Non-Life Insurance Sector		Life Insurance Sector	
		30/06/2009	30/06/2008	30/06/2009	30/06/2008
1.1	Net premiums	1,527,371	1,275,881	509,731	536,074
1.1.1	*Gross premiums*	1,618,037	1,321,115	520,576	543,306
1.1.2	*Premiums ceded to re-insurers*	- 90,666	- 45,234	- 10,845	- 7,232
1.2	Commission income	-	-	9,189	15,852
1.3	Income and charges from financial instruments at fair value through profit or loss statement	23,076	- 14,438	16,962	- 14,786
1.4	Income from investments in subsidiaries, associates and joint ventures	6,551	411		
1.5	Income from other financial instruments and property investments	102,402	107,732	142,543	135,511
1.6	Other revenues	64,332	46,073	6,492	1,003
1	**TOTAL REVENUES AND INCOME**	**1,723,732**	**1,415,659**	**684,917**	**673,654**
2.1	Net charges relating to claims	1,155,137	888,699	569,452	573,200
2.1.1	*Amounts paid and changes in technical reserves*	1,194,667	907,104	577,142	578,580
2.1.2	*Reinsurers' share*	- 39,530	- 18,405	- 7,690	- 5,380
2.2	Commission expenses			4,313	7,530
2.3	Charges from investments in subsidiaries, associates and joint ventures	6,718	59	185	
2.4	Charges from other financial instruments and property investments	43,696	13,833	30,344	25,022
2.5	Management expenses	309,606	254,085	29,380	27,596
2.6	Other costs	157,903	106,932	31,621	28,016
2	**TOTAL COSTS AND CHARGES**	**1,673,060**	**1,263,608**	**665,295**	**661,364**
	PROFIT BEFORE TAXES	**50,672**	**152,051**	**19,622**	**12,290**

Real Estate Sector		Other Sectors		Inter-segment Eliminations		Total	
30/06/2009	**30/06/2008**	**30/06/2009**	**30/06/2008**	**30/06/2009**	**30/06/2008**	**30/06/2009**	**30/06/2008**
-	-	-	-	-	-	2,037,102	1,811,955
						2,138,613	1,864,421
						- 101,511	- 52,466
						9,189	15,852
						40,038	- 29,224
				- 6,268		283	411
7,771	5,940					252,716	249,183
43	30	14,499	1,420			85,366	48,526
7,814	**5,970**	**14,499**	**1,420**	**- 6,268**	**-**	**2,424,694**	**2,096,703**
-	-	-	-	-	-	1,724,589	1,461,899
						1,771,809	1,485,684
						- 47,220	- 23,785
						4,313	7,530
						6,903	59
3,134	1,486	23				77,197	40,341
8	14					338,994	281,695
628	352	14,427	1,348			204,579	136,648
3,770	**1,852**	**14,450**	**1,348**	**-**	**-**	**2,356,575**	**1,928,172**
4,044	**4,118**	**49**	**72**	**- 6,268**	**-**	**68,119**	**168,531**

Part F

Transactions with related parties

The operations between the Parent Company and its subsidiaries, which are related parties of the Parent Company, were eliminated in the consolidated financial statements and are therefore not shown in these notes.

The operations between Group and other related parties are detailed in the following tables.

Operations of a commercial and financial nature

(in Euro thousands)	**Assets**	**Liabilities**
Holding company	202,186	104,566
Group companies	232,821	94,476
Associated companies and joint ventures	43,281	-
Other holdings	714	-
Other related parties	154,359	13

(in Euro thousands)	**Income**	**Charges**
Holding company	11,233	3,141
Group companies	43,014	132,490
Associated companies and joint ventures	794	-
Other holdings	5	-
Other related parties	840	2,714

The above operations principally related to:

- transactions related to reinsurance activities, all at market prices;
- transactions on equity holdings;
- charges, income and consequent debtor/creditor balances related to the division between the companies of the Fondiaria-Sai Group of the cost of the general services and to the secondment of personnel;
- credit and debit balances deriving from the involvement of the Milano Assicurazioni Group companies in the Fondiaria-SAI Group tax consolidation.

These transactions were all at normal market conditions. The receivables recorded under assets are not guaranteed and will be paid in cash. No provision was made in the period for any losses on receivables from related parties.

The principal transactions with related parties, as defined by International Accounting Standards No. 24 (Disclosures on operations with related parties) and article 2, letter h) of Consob Resolution 11971 of May 14, 1999 are shown below.

The account "Other tangible assets" comprises:

- Euro 93.1 million of payments on account to the Company "Avvenimenti e Sviluppo Alberghiero S.r.l." in relation to the execution of the real estate contracts on the building areas at Via Fiorentini, Rome. We recall that this operation, undertaken in 2003, included the sale to "Avvenimenti e Sviluppo Alberghiero S.r.l." of a site and the purchase of the completed real estate complex under construction on the land in question at a price of Euro 96.2 million.

- Euro 42.1 million of payments on account to "IM.CO. S.p.A." in relation to the real estate operations concerning the land at Milan, Via Confalonieri-Via de Castillia (Lunetta dell'Isola). The project included the sale in 2005 to "IM.CO. S.p.A." of the above-mentioned land and the purchase for Euro 93.7 million of a building for office use under construction on the land sold.

The financial cash flows in the first half of 2009 in relation to these operations amounted to Euro 10.6 million of payments on account made by Milano Assicurazioni.

Taking into account that the corporate structure of the counterparty companies in the above-mentioned operations includes related parties of Milano Assicurazioni, in addition to the parent company Fondiaria-SAI, fairness and legal opinions from expert advisors were obtained for these operations. The fairness opinions confirmed the appropriateness of the sales price of the areas and the purchase price of the buildings.

The account *Investment Properties* includes Euro 243 thousand of capitalised costs in 1H 09 in relation to the redevelopment and modernisation of the Golf Hotel complex at Madonna di Campiglio, owned by the Company Campo Carlo Magno - a wholly owned subsidiary of Milano Assicurazioni. This programme involves restructuring, modernisation and extraordinary maintenance.
The execution of this work was awarded to the company I.CE.IN., a related party of Milano Assicurazioni in relation to its shareholder structure. The independent experts' report verified the amounts quantified by I.CE.IN. were in line with market values, confirming the correctness of these amounts.

Part G

Other Information

Financial risk management

Derivative financial instruments

The Group makes a limited utilisation of derivative financial instruments. The operations were undertaken in accordance with the respective resolutions of the Group Companies Board of Directors' in relation to the utilisation of the derivative financial and structured instruments 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.

At June 30, 2009, the derivative financial operations open were:

- Put options acquired on 12,397,049 Unicredit shares, with average strike price of Euro 1.7625. The valuation of these options at fair value resulted in the recording of charges of Euro 1,576 thousand to the income statement.
- 78,100 put options acquired on the DowJones Eurostoxx50, with an average strike price of 1,841.14. The valuation of these options at fair value resulted in the recording of charges of Euro 8,736 thousand to the income statement.
- Nominal contract of Euro 50 million of Interest Rate Swap agreed on December 4, 2008 with the counterparty HVB, commencing on January 14, 2009 and expiring on July 14, 2016. Milano pays to the counterparty a fixed rate of 3.18% annually and the counterparty pays Milano at Euribor 6 months.
- Credit Default Swap contracts, *in order to hedge the insolvency risk of the securities in portfolio.* In particular:
  - Credit Default Swap on a nominal amount of Euro 6 million which expires on June 20, 2013 to hedge the issuer insolvency risk of Casinò Guichard Perachon. The premiums paid in the half-year amounted to Euro 49 thousand.
  - Credit Default Swap on a nominal amount of Euro 10 million which expires on June 20, 2013 to hedge the issuer insolvency risk of Merrill Lynch. The premiums paid in the half-year amounted to Euro 83 thousand.

The derivative financial operations in the half-year relate to:
- combined options (purchase put-sell call) undertaken to hedge the non realised gains on Unicredit shares in portfolio. In particular the closure of these options, through the financial settlement of the differential between the list price and the strike price (cash settlement) related to 5,980,000 Unicredit shares which, based on the average strike price of Euro 5.2978 per share, recorded a profit of Euro 23,328 thousand. However the shares hedged were sold in the market, realising a trading loss of Euro 20,604 thousand;
- further options on various securities present in the portfolio, with consequent recording to the income statement of net charges of Euro 844 thousand.

- various Credit Default Swap operations, undertaken to protect the risk of insolvency of an issuer of financial instruments, which resulted in the recording of net income of Euro 55 thousand to the income statement.
- various forward variance swap operations on equity indices, with consequent recording in the income statement of net income of Euro 267 thousand.

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

Solvency margin and assets covered

Based on the economic performance in the first half of the year and taking into account the projected operation activities, it is estimated that, for the full year, the constituting elements of the solvency margin will exceed the minimum amount required by Isvap measure No. 18 of March 12, 2008.
We also report that the insurance companies included in the consolidation have sufficient assets to cover the technical reserves recorded at June 30, 2009.

Employees

At June 30, 2009, the number of employees of the Parent Company and of the consolidated companies amounted to 2,075 (2,087 at 31/12/2008). The breakdown by category is as follows:

	30/06/2009	31/12/2008
Executives	31	35
Managers & white collar	2,038	2,047
Building caretakers	6	5
	2,075	**2,087**

Exchange Rates

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

	30/06/2009	31/12/2008
US Dollar	1.4134	1.3917
UK Sterling	0.8521	0.9525
Swiss Franc	1.5265	1.485

Milan, August 4, 2009

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

Attachments

Details of tangible and intangible fixed assets

in thousands of Euro

	At cost	At revalued amount or fair value	Total book value
Investment property	710,581		710,581
Others buildings	38,901		38,901
Other tangible assets	141,282		141,282
Other intangible assets	107,412		107,412

Details of the technical reserves - reinsurance amount

In Euro thousands

	Total book value	
	30/06/2009	31/12/2008
Non-Life reserves	***357,392***	***345,394***
Life reserves	***128,820***	***136,042***
Technical reserves where investment risk is borne by policyholders and from pension fund management	0	0
Actuarial reserves and other reserves	128,820	136,042
Technical reserves attributed to reinsurers	***486,212***	***481,436***

Details of financial assets

in thousands of Euro

	Investments held to maturity		Loans and receivables		Available-for-sale financial assets	
	30/06/2009	**31/12/2008**	**30/06/2009**	**31/12/2008**	**30/06/2009**	**31/12/2008**
Equity securities and derivatives valued at cost						
Equity securities at fair value					602,270	620,440
of which listed securities					*588,915*	*607,345*
Debt securities	205,245	174,946	333,420	47,966	7,767,343	8,041,170
of which listed securities	*108,358*	*81,630*	*284,490*	*19,122*	*7,756,036*	*8,036,525*
Fund units					607,246	578,464
Loans and receivables from banks						
Loans and interbank receivables						
Deposits with reinsurers			2,413	2,779		
Financial asset components of insurance contracts						
Other loans and receivables			230,822	222,414		
Non-hedging derivatives						
Hedging derivatives						
Other financial investments						
Total	**205,245**	**174,946**	**566,655**	**273,159**	**8,976,859**	**9,240,074**

Financial assets at fair value through profit or loss				Total book value	
Financial assets held for trading		Financial assets designated at fair value recorded through profit or loss			
30/06/2009	**31/12/2008**	**30/06/2009**	**31/12/2008**	**30/06/2009**	**31/12/2008**
				0	0
571	1,044		4	602,841	621,488
571	*1,044*		*4*	*589,486*	*608,393*
1,267	1,976	1,329,150	1,433,495	9,636,425	9,699,553
1,267	*1,976*	*459,444*	*578,065*	*8,609,595*	*8,717,318*
		614,372	562,091	1,221,618	1,140,555
				0	0
				0	0
				2,413	2,779
				0	0
				230,822	222,414
		841	580	841	580
		1,143	22,476	1,143	22,476
		8,785	9,473	8,785	9,473
1,838	**3,020**	**1,954,291**	**2,028,119**	**11,704,888**	**11,719,318**

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

in thousands of Euro

	Returns based on performance of investments funds and market indices		Returns related to the management of pension funds		Total	
	30/06/2009	**31/12/2008**	**30/06/2009**	**31/12/2008**	**30/06/2009**	**31/12/2008**
Assets in accounts	1,904,085	1,950,211	7,298	4,655	1,911,383	1,954,866
Inter-group assets*					0	0
Total Assets	**1,904,085**	**1,950,211**	**7,298**	**4,655**	**1,911,383**	**1,954,866**
Financial liabilities in accounts	1,364,944	1,409,633	7,297	4,655	1,372,241	1,414,288
Technical reserves in accounts	538,338	540,187			538,338	540,187
Inter-group liabilities*					0	0
Total Liabilities	**1,903,282**	**1,949,820**	**7,297**	**4,655**	**1,910,579**	**1,954,475**

* Assets and liabilities eliminated in consolidation

Details of the technical reserves

in thousands of Euro

	Total book value	
	30/06/2009	**31/12/2008**
Non-Life reserves	***4,916,681***	***4,951,683***
Unearned premium reserve	1,183,156	1,166,756
Claims reserve	3,729,290	3,780,404
Other reserves	4,235	4,523
of which reserves set aside following the liability adequacy test	*0*	*0*
Life reserves	***6,061,059***	***5,821,790***
Reserves for claims to be paid	32,709	57,517
Actuarial reserves	5,478,451	5,285,184
Technical reserves where investment risk is borne by policyholders and from pension fund management	538,338	540,187
Other reserves	11,561	-61,098
of which reserves set aside following the liability adequacy test	*0*	*0*
of which deferred liabilities to policyholders	*-25,660*	*-98,855*
Total Technical Reserves	***10,977,740***	***10,773,473***

Details of financial liabilities

in thousands of Euro

	Financial liabilities at fair value through profit or loss			
	Financial liabilities held for trading		Financial liabilities designated at fair value through profit or loss	
	30/06/2009	31/12/2008	30/06/2009	31/12/2008
Equity financial instruments				
Sub-ordinated liabilities				
Liabilities from financial contracts issued by insurance companies deriving			1,372,241	1,414,288
From contracts for which the investment risk is borne by policyholders			*1,364,944*	*1,409,633*
From the management of pension funds			*7,297*	*4,655*
From other contracts				
Deposits received from reinsurers				
Financial liability components of insurance contracts				
Debt securities issued				
Payables to bank clients				
Interbank payables				
Other loans obtained				
Non-hedging derivatives				
Hedging derivatives				
Other financial liabilities			613	943
Total			**1,372,854**	**1,415,231**

Other financial liabilities		Total book value	
30/06/2009	**31/12/2008**	**30/06/2009**	**31/12/2008**
170,671	172,747	170,671	172,747
79	79	1,372,320	1,414,367
		1,364,944	*1,409,633*
		7,297	*4,655*
79	*79*	*79*	*79*
186,937	192,313	186,937	192,313
98	12,032	711	12,975
357,785	**377,171**	**1,730,639**	**1,792,402**

Details of insurance technical reserves

in thousands of Euro

		30/06/2009	30/06/2008
Non-life Division			
	NET PREMIUMS	1,527,371	1,275,881
a	Premiums written	1,538,965	1,269,104
b	Change in unearned premium reserve	-11,594	6,777
	NET CHARGES RELATING TO CLAIMS	1,155,137	888,699
a	Amounts paid	1,244,448	1,073,008
b	Change in claims reserve	-62,359	-169,283
c	Change in recoveries	-26,666	-15,193
d	Change in other technical reserves	-286	167
Life Division			
	NET PREMIUMS	509,731	536,074
	NET CHARGES RELATING TO CLAIMS	569,452	573,200
a	Sums paid	407,994	462,239
b	Change in reserve for sums to be paid	-24,999	45,172
c	Change in actuarial reserve	194,349	22,123
d	Change technical reserves where investment risk borne by policyholders and from pension fund management	-919	39,921
e	Change in other technical reserves	-6,973	3,745

Financial income and charges from investments

in thousands of Euro

		Interest	Other Income	Other Expenses	Profits realised
Result from investments		**170,480**	**58,457**	**13,402**	**79,091**
a	Deriving from property investments		12,503	5,148	
b	Deriving from investments in subsidiaries, associates and joint ventures		283	6,903	
c	Deriving from investments held-to-maturity	3,163			
d	Deriving from loans and receivables	12,270			
e	Deriving from available-for-sale financial assets	145,420	35,381	708	39,085
f	Deriving from financial assets held for trading	46	8,786	32	10,969
g	Deriving from financial assets designated at fair value through profit or loss	9,581	1,504	611	29,037
Result of other receivables		**2,567**			
Result of cash and cash equivalents		**2,327**		**21**	
Result of financial liabilities		**-7,074**	**0**	**0**	**0**
a	Deriving from financial liabilities held for trading				
b	Deriving from financial liabilities designated at fair value through profit or loss				
c	Deriving from other financial liabilities	-7,074			
Result of payables		**-195**			
Total		**168,105**	**58,457**	**13,423**	**79,091**

Losses realised	Total income and charges realised	Valuation gains		Valuation losses		Total income and charges not realised	Total income and charges 30/06/2009	Total income and charges 30/06/2008
		Valuation gains	Write-back of value	Valuation losses	Impairment			
44,154	250,472	12,153	0	20,713	30,579	-39,139	211,333	188,039
	7,355			5,889		-5,889	1,466	939
	-6,620					0	-6,620	352
	3,163					0	3,163	0
	12,270					0	12,270	2,889
27,583	191,595				30,579	-30,579	161,016	207,631
7,751	12,018	42		76		-34	11,984	-25,945
8,820	30,691	12,111		14,748		-2,637	28,054	2,173
	2,567					0	2,567	1,836
	2,306					0	2,306	4,508
0	-7,074	0	0	0	0	0	-7,074	-14,191
	0					0	0	-5,452
	0					0	0	0
	-7,074					0	-7,074	-8,739
	-195					0	-195	-222
44,154	248,076	12,153	0	20,713	30,579	-39,139	208,937	179,970

Details of insurance management expenses

In thousands of Euro

	Non-Life Division		Life Division	
	30/06/2009	**30/06/2008**	**30/06/2009**	**30/06/2008**
Gross commissions and other acquisition expenses net of commissions and profit participations received from reinsurers	261,356	216,561	18,200	17,256
Investment management charges	1,271	1,265	2,084	2,407
Other administration expenses	46,979	36,259	9,096	7,933
Total	**309,606**	**254,085**	**29,380**	**27,596**

List of investments held above 10% of the share capital with voting rights

(as per article 126 of CONSOB Resolution 11971 of May 14, 1999)

Name and registered office		Quota held			
		Direct %	Indirect %	Through subsidiary company	Total %
Subsidiary companies					
BIPIEMME VITA S.p.A.	MILAN - ITALY	51.00			51.00
CAMPO CARLO MAGNO S.p.A.	TRENTO - ITALY	100.00			100.00
DIALOGO ASSICURAZIONI S.p.A.	MILAN - ITALY	99.85			99.85
DIALOGO VITA S.p.A.	FLORENCE - ITALY	60.00			60.00
LIGURIA SOC. ASS.NI S.p.A.	SEGRATE - ITALY	99.97			99.97
MERIDIANO EUR S.r.l.	MILAN - ITALY	100.00			100.00
MERIDIANO ORIZZONTI S.r.l.	MILAN - ITALY	100.00			100.00
PRONTO ASSISTANCE SERVIZI S.c.r.l.	TURIN - ITALY	28.00	0.35	SYSTEMA COMPAGNIA ASS.	54.55
			24.00	DIALOGO ASSICURAZIONI	
			2.20	LIGURIA ASS.NI	
SOGEINT S.r.l	MILAN - ITALY	100.00			100.00
SYSTEMA COMPAGNIA DI ASS.NI S.p.A.	MILAN - ITALY	100.00			100.00
Group companies					
SAI INVESTIMENTI S.G.R. S.p.A.	TURIN - ITALY	29.00			29.00
ATAHOTELS S.p.A.	MILAN - ITALY	49.00			49.00
IMMOBILIARE LOMBARDA S.p.A.	MILAN - ITALY	39.03			39.03
SERVICE GRUPPO FONDIARIA-SAI S.r.l.	FLORENCE - ITALY	30.00			30.00
SISTEMI SANITARI S.c.r.l.	MILAN - ITALY	19.63	0.02	DIALOGO ASSICURAZIONI	20.31
			0.22	LIGURIA ASS.NI	
			0.02	LIGURIA VITA	
			0.41	PRONTO ASSISTANCE SERIVIZI	
			0.01	SYSTEMA COMPAGNIA ASS.	
GRUPPO FONDIARIA-SAI SERVIZI S.r.l	MILAN - ITALY	34.19	0.18	SYSTEMA COMPAGNIA ASS.	34.65
			0.02	LIGURIA ASS.NI	
			0.02	LIGURIA VITA	
			0.02	PRONTO ASSISTANCE SERIVIZI	
			0.20	DIALOGO ASSICURAZIONI	
			0.02	DIALOGO VITA	
Associated companies					
GARIBALDI S.C.S	LUSSEMBURGO	47.95			47.95
VALORE IMMOBILIARE S.r.l	MILAN - ITALY	49.00			49.00
Other investments					
UFFICIO CENTRALE ITALYNO S.r.l	MILAN - ITALY	10.98			10.98
COMP. TIRRENA DI ASS.NI (in liquidat.)	MILAN - ITALY	11.14			11.14

Declaration of the condensed half-year financial statements

in accordance with article 81 ter of the Consob Resolution No. 11971 of May 14, 1999 as supplemented

1. The undersigned Fausto Marchionni (as Chief Executive Officer of Milano Assicurazioni) and Pier Giorgio Bedogni (as Executive responsible for the preparation of the corporate accounting documents of Milano Assicurazioni) affirm, and also in consideration of article 154-bis, paragraphs 3 and 4, of Legislative Decree No. 58 of 24 February, 1998:
   - the accuracy of the information on company operations and
   - the effective application of the administrative and accounting procedures for the compilation of the condensed half-year financial statements in the first half-year of 2009.

2. The evaluation of the adequacy of the accounting and administrative procedures for the preparation of the condensed half-year financial statements at June 30, 2009 is based on a Model defined by Milano Assicurazioni in accordance with the "Internal Control – Integrated Framework" and "Cobit" which represent benchmarks for internal control systems generally accepted at international level.

3. It is also noted that:

3.1. the condensed half-year financial statements:

a) were prepared in accordance with international accounting standards, recognised in the European Union pursuant to EU regulation No. 1606/2002 of the European Parliament and Council, of July 19, 2002;
b) correspond to the underlying accounting documents and records;
c) were prepared in accordance with article 9 of Legislative Decree No. 38/2005 and provide a true and fair representation of the balance sheet, financial position and results of the issuer and of the consolidated companies;

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

Milan, August 4, 2009

Fausto Marchionni
(Chief Executive Officer)

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

Auditors' report on the limited audit of the condensed half-year consolidated financial statements at June 30, 2009

Deloitte.

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

Agli Azionisti di
MILANO ASSICURAZIONI S.p.A.

1. Abbiamo effettuato la revisione contabile limitata del bilancio consolidato semestrale abbreviato, costituito dallo stato patrimoniale, dal conto economico separato, dal conto economico complessivo, dal prospetto delle variazioni di patrimonio netto, dal rendiconto finanziario e dalle relative note esplicative di MILANO ASSICURAZIONI S.p.A. e sue controllate (Gruppo MILANO ASSICURAZIONI) al 30 giugno 2009. 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 ed al bilancio consolidato semestrale abbreviato dell'anno precedente presentati ai fini comparativi, riclassificati per tener conto delle modifiche agli schemi di bilancio introdotte dallo IAS 1 (2007), si fa riferimento alle nostre relazioni rispettivamente emesse in data 6 aprile 2009 ed in data 29 agosto 2008.

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 2009 non sia stato redatto, in tutti gli aspetti significativi, in conformità al principio contabile internazionale applicabile per l'informativa finanziaria infrannuale (IAS 34) adottato dall'Unione Europea.

DELOITTE & TOUCHE S.p.A.

Enrico Ciai
Socio

Milano, 28 agosto 2009