CONSOLIDATED HALF-YEAR REPORT AT JUNE 30, 2011

FONDIARIA-SAI S.p.A.

FONDIARIA-SAI S.P.A. - TURIN HEADQUARTERS – CORSO G. GALILEI, 12 - FLORENCE HEADQUARTERS – VIA LORENZO IL MAGNIFICO - SHARE CAPITAL EURO 494,731,136 FULLY PAID-IN – TAX, VAT AND TURIN COMPANY REGISTRATION NO. 00818570012 - COMPANY AUTHORISED TO UNDERTAKE INSURANCE ACTIVITIES PURSUANT TO ARTICLE 65 R.D.L. NO. 966 OF APRIL 29, 1923, ENACTED INTO LAW NO. 473 OF APRIL 17, 1925

CORPORATE BOARDS FONDIARIA-SAI S.p.A.

BOARD OF DIRECTORS

Salvatore Ligresti	*Honorary Chairman*
Jonella Ligresti*	*Chairman*
Giulia Maria Ligresti *	*Vice Chairman*
Massimo Pini *	*Vice Chairman*
Antonio Talarico *	*Vice Chairman*
Emanuele Erbetta*	*Chief Executive Officer - General Manager*
Andrea Broggini	
Roberto Cappelli	
Maurizio Comoli	
Carlo d'Urso	
Ranieri de Marchis*	
Vincenzo La Russa*	
Gioacchino Paolo Ligresti *	
Fausto Marchionni	
Valentina Marocco	
Enzo Mei	
Salvatore Militello*	
Cosimo Rucellai	
Salvatore Spiniello	
Graziano Visentin	
Fausto Rapisarda	*Secretary of the Board and the Executive Committee*

BOARD OF STATUTORY AUDITORS

Benito Giovanni Marino	*Chairman*
Marco Spadacini	*Statutory Auditor*
Antonino D'Ambrosio	*Statutory Auditor*
Maria Luisa Mosconi	*Alternate Auditor*
Alessandro Malerba	*Alternate Auditor*
Rossella Porfido	*Alternate Auditor*

INDEPENDENT AUDITOR
RECONTA ERNST & YOUNG S.P.A.

GENERAL REPRESENTATIVE OF THE SAVINGS SHAREHOLDERS
Sandro Quagliotti

GENERAL MANAGER
Emanuele **Erbetta**
Piergiorgio Peluso

EXEUCTIVE RESPONSIBLE
for the preparation of the corporate accounting documents
Pier Giorgio Bedogni

** Members of the Executive Committee*

The Shareholders' AGM of the Company held on April 28, 2011 appointed Mr. Emanuele Erbetta to the Board of Directors until the conclusion of the mandate for the entire Board and therefore until the approval of the 2011 annual accounts. Mr. Erbetta was appointed by the Board of Directors at the meeting of January 27, 2011 – in replacement of Ms. Lia Lo Vecchio – with the appointment concluding at the above-stated Shareholders' AGM.
The Board of Directors of FONDIARIA-SAI, meeting after the Shareholders' AGM, appointed Mr. Erbetta as Chief Executive Officer.
Mr. Erbetta continues as General Manager.
The Directors Mr. Francesco Corsi and Mr. Giuseppe Morbidelli announced their resignations through communications dated July 22, 2011. The Director Mr. Sergio Viglianisi announced his resignation with communication dated July 28, 2011.
The Board of Directors on August 2, 2011 appointed in replacement of the resigning directors Mr. Roberto Cappelli, Mr. Ranieri de Marchis and Mr. Salvatore Militello. Mr. Ranieri de Marchis and Mr. Salvatore Militello were also appointed to the Executive Committee.
In the meeting of July 21 the Chairman revoked all executive powers assigned to him, in addition to those of the Chief Executive Officer, conferred separately by the Board on April 24, 2009.
Following such revocation the Chief Executive Officer Mr. Emanuele Erbetta is the representative of the company pursuant to Article 21 of the Company By-Laws and has all ordinary and extraordinary administrative powers with all rights thereto, 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 15 million for each operation;
- sale and/or purchase of investments of a value above Euro 30 million for each operation and, in any case, of controlling interests;
- obtaining of loans above Euro 50 million for each operation;
- provision of non-insurance guarantees in favour of third parties.

The Chief Executive Officer reports to the Executive Committee or to the Board of Directors in each meeting in relation to the exercise of the above powers, with particular regard to extraordinary operations or those with related parties (where not reserved to the Board) and, in general, on the most significant operations.
The Executive Committee has all the powers not already attributed to the Chief Executive Officer, except for those which in accordance with law or the company by-laws are the exclusive competence of the Board of Directors, while establishing - in accordance with the procedures for significant transactions with related parties approved by the Board of Directors' meeting of November 30, 2010 - the exclusive ambit of the Board concerning all deliberations in relation to the so-called "significant" and "less significant" transactions with related parties, according to the definitions as per the regulation adopted through CONSOB Regulation No. 17221 of March 12, 2010 and incorporated into the above-mentioned procedure. The attribution of exclusive duties to the Executive Committee in relation to specific types of operations or operations with limited amount does not exist. The Committee reports to the Board of Directors at each meeting on the exercise of its powers.
In accordance with the shareholders' agreement between Unicredit and Premafin Finanziaria the Board will review all the powers granted to the Executive Committee and to the Chief Executive Officer in order to ensure compliance with the agreement in relation to the specific provision that certain matters remain within the exclusive ambit of the Board of Directors and are therefore not delegated to individual directors, committees, general managers or others.
The Chief Executive Officer will not engage therefore in this period in operations which may be deemed within his powers but in accordance with the shareholders' agreements in question are considered within the exclusive ambit of the Board of Directors.
The Board of Directors was appointed by the Shareholders' Meeting of April 24, 2009.
The Board will expire, together with the Board of Statutory Auditors, with the shareholders' meeting for the approval of the financial statements for 2011.

CONTENTS

CONSOLIDATED HALF-YEAR REPORT
AT JUNE 30, 2011

FIRST HALF-YEAR 2011 HIGHLIGHTS

- 26/01/2011: The Extraordinary Shareholders' Meeting of Fondiaria-SAI S.p.A. on January 26 conferred to the Board of Directors of the Company, in accordance with Article 2443 of the Civil Code, the power to undertake a paid-in divisible share capital increase by December 31, 2011 for a total maximum amount, including any share premium, of Euro 460,000,000.00, through the issue of ordinary and saving shares to be offered as options to ordinary and saving shareholders in proportion to the number of shares held;

- 27/01/2011: The Board of Fondiaria-Sai S.p.A. reviewed and approved the new 2009-2011 Business Plan, previously announced to the financial community following the recent altered market conditions. On the same date Mr. Emanuele Erbetta was appointed to the office of Chief Executive Officer of Fondiaria-SAI and of Chairman and Chief Executive Officer of Milano Assicurazioni, in place of the previous Chief Executive Officer;

- 09/03/2011: The rating agency Standard & Poor's revised the rating of Fondiaria-SAI S.p.A. and its principal subsidiary Milano Assicurazioni S.p.A. from BBB to BBB-.

- 22/03/2011: Premafin Finanziaria S.p.A. – Holding di Partecipazioni communicated to Fondiaria-SAI S.p.A. and Milano Assicurazioni S.p.A. the reaching of an agreement with Unicredit and whose principal terms are summarised in the "Other information" section;

- 04/04/2011: The subsidiary Immobiliare Milano Assicurazioni S.r.l. (100% held by Milano Assicurazioni) communicated to Generali Properties S.p.A. the exercise of the sales option of the entire holding in CityLife S.r.l. (27.20% of the share capital) under the terms and conditions established by the agreement of June 11, 2010;

- 20/05/2011: The rating agency Standard & Poor's removed the negative Creditwatch on Fondiaria-SAI S.p.A. and the principal subsidiary Milano Assicurazioni S.p.A., assigning a stable outlook and confirming the BBB- rating;

- 06/06/2011: The Board of Directors of Fondiaria-SAI appointed Mr. Piergiorgio Peluso as a General Manager;

- 23/06/2011: ISVAP granted the authorisations required by applicable regulations concerning by-law amendments following the resolutions taken by the Boards of Directors of the insurance companies Fondiaria-SAI S.p.A. and Milano Assicurazioni S.p.A. in relation to their respective share capital increases. On the same date CONSOB authorised publication of the disclosure prospectus concerning the option rights on Fondiaria-SAI S.p.A. and Milano Assicurazioni S.p.A. ordinary and savings shares.

Key Group data

(in Euro millions)	**1H 2011**	**1H 2010**
Net loss*	(62)	(157)
Total Gross premiums written	6,217	7,414
of which:		
Gross Non-Life premiums written	3,657	3,704
Gross Life premiums written	2,560	3,710
Investment policies written	27	24
APE	239	336
Combined ratio – Non-Life sector	101.9	105.4
Expense ratio of the Non-Life sector	22.5	21.8
Expense ratio of the Life sector	4.7	3.4

(in Euro millions)	**30/06/2011**	**31/12/2010**
Investments	36,525	36,014
Net technical reserves - Non-Life division	11,221	11,231
Net technical reserves - Life division	23,405	22,774
Shareholders´´Equity *	2,607	2,550

** Includes the minority interest share*

DEVELOPMENT STRATEGY OF THE FONDIARIA-SAI GROUP

2011 Guidelines

The Board of Directors' meeting held in December 2010 discussed and approved the 2011 Guidelines, identifying the following five principles:

- recovery of the solvency margin;
- focus on core business;
- improve the value of real estate assets;
- enhance the value of diversified assets;
- cost rationalisation.

Recovery of the solvency margin

The recovery of the solvency margin will be achieved both through the capital increase approved by the Shareholders' Meeting of January 26, 2011 and through the sale of non-listed investments in the insurance, real estate and diversified sectors. The recovery will take place also through internal reorganisation of the Group, in order to allocate responsibility and lead towards the reaching of the objectives allocated by business sector and to decrease the number of operating companies, reducing the capital requirements and contributing to the containment of costs.

Focus on core business

The first and absolute priority remains achieving profitability, through focused development and the reorganisation of distribution in areas with low claims frequency, in particular in small-medium sized municipalities. Further development within the retail sector is scheduled through the launch of a new catalogue of products which will extend and improve further the range of insurance services.

Improve the value of real estate assets

In relation to the real estate sector increasingly prudent management is being introduced, which will optimise the portfolio, together with the sale of buildings which have already been approved, with the objective to strengthen the solvency margin, improving at the same time the overall mix of investments and re-balancing further the exposure to the sector.

Enhance the value of diversified assets

With particular reference to diversified companies, a single managerial structure was created, in order to develop the strategic and competitive positioning of the larger Group companies and, where necessary, restructure the remaining Companies. Diversified sector operations are focused on maximising profitability, including through the sale of non-strategic assets.

On this basis, the three action plans to be undertaken have been identified for each company in the near future:

- the development of the larger and more strategic companies for the Group, through actions focused on profitable growth;
- restructuring of the companies with unsatisfactory results;
- partnerships, alliances and selective divestments, identified based on forecast results.

Cost rationalisation

This will take place through the restructuring actions already put in place in recent months which will establish economies of scale within the Group.

OPERATIONAL PERFORMANCE

The consolidated half-year report at 30/06/2011 includes the recommendations of ISVAP Regulation No. 7/07 and was prepared in accordance with Article 154 of Legislative Decree 58/98 and subsequent modifications and based on the regulations for the preparation of financial statements applying the same accounting and consolidation principles utilised for the preparation of the consolidated financial statements at 31/12/2010. In particular, the balance sheet and income statement data and the explanatory notes were prepared as per accounting standard IAS 34 relating to interim accounts. In the preparation of the interim data, the application of the accounting principles and policies for the financial statements require, as also recalled in the notes, a greater recourse to estimates and projections.
The data therefore has the function of representing in a reasonably reliable manner the financial position of the Group at June 30 and of providing information on the principal risks and uncertainties for the remaining six months of the year.

Consolidated Income Statement

The table below reports the results in the first six months of 2011 compared to the same period of the previous year and for the full year 2010.

(in Euro thousands)	**1H 2011**	**1H 2010**	**Change**	**FY 2010**
Net premiums	6,035,870	7,209,804	(1,173,934)	12,585,297
Net charges relating to claims	5,340,703	6,849,571	(1,508,868)	12,152,941
Net commissions	4,640	15,859	(11,219)	28,896
Net income from investments	341,804	405,833	(64,029)	466,602
Net Income from financial instruments recorded at fair value through profit or loss	84,064	272,728	(188,664)	395,283
Management expenses	976,881	979,199	(2,318)	1,920,182
Other income and charges	(188,087)	(234,672)	46,585	(410,680)
Loss before taxes	**(39,293)**	**(159,218)**	**119,925**	**(1,007,725)**
Income taxes	22,256	536	21,720	(77,102)
Net Loss	**(61,549)**	**(159,754)**	**98,205**	**(930,623)**
Profit/(loss) from discontinued operations	**-**	**2,341**	**(2,341)**	**1,762**
Consolidated loss	**(61,549)**	**(157,413)**	**95,864**	**(928,861)**
Minority interest loss	**362**	**(12,623)**	**12,985**	**(211,279)**
Group loss	**(61,911)**	**(144,790)**	**82,879**	**(717,582)**

The 2011 first half year reports a loss of Euro 61.5 million compared to a loss of Euro 157.4 million in H1 2010. The Comprehensive Income Statement reports a reduced loss of Euro 6.6 million compared to a total loss of over Euro 485 million in H1 2010.

The principal highlights are reported below:

- The result was again impacted by impairments on AFS financial instruments comprising equity securities following the application of the Group impairment policy: these charges amount to Euro 42.0 million (of which Euro 20.2 million concerning the parent company Premafin). Also included are the recording of impairments on AFS financial instruments represented by debt securities issued by the Greek Government for Euro 35.6 million, concerning securities maturing before 2020. This latter impairment, together with the tax effect and the amount concerning life policyholders, had a net impact on the period result of Euro 7.7 million. The Fondiaria-SAI Group, to ensure maximum transparency, applied the above-stated impairment even though the Greek sovereign debt restructuring programme is still underway and the technical details are as yet unknown;
- The improved technical performance of the Non-Life Division follows a decrease in the number of claims and an increase in the average premium - although with a reduced number of contracts in portfolio as a result of the reform actions taken; The **combined ratio** improved by approx. three percentage points;
- The Life Division performed strongly - although slightly weaker than the first half of 2010 due to the general performance of the financial markets.

In this context:

- The **consolidated result** in the period was a loss of Euro 61.5 million (loss of Euro 157.4 million in H1 2010). The result almost exclusively relates to the Group share, with the minority share being insignificant.
- The **Non-Life sector** recorded a pre-tax loss of Euro 91.3 million, a significant improvement on the pre-tax loss of Euro 220.7 million in H1 2010. The technical result of the sector remains negative (loss of Euro 81.4 million), although recovering on the first half of 2010 (loss of Euro 216.6 million) - principally as a result of the reduction in the claims ratio.
  From an operational viewpoint actions are being implemented to improve Motor TPL Class profitability - principally focused on increasing the average premium and reducing claims.
  The first effects of these actions have resulted in an improvement in the current management, offset by both the necessity to revalue the claims reserve and the higher proportion of technical charges due to seasonal factors in the first months of the year. However, the cost of previous generation claims remains high as a result of the significant proportion of physical injury claims and the new compensation tables, originally adopted by the Milan court and quickly rolled out across the major Italian courts. The percentage of management expenses remain stable, although in a situation of reduced premiums and therefore due to the increased percentage of long-term commissions in the Non Motor Non-Life Classes.
  The sector loss was also impacted for Euro 33.2 million by impairments on AFS financial instruments (of which Euro 16.7 million relating to the parent company Premafin and Euro 1.8 million relating to Greek Government bonds) and for Euro 7.3 million concerning real estate investment impairments.
- The **Life sector** reports a pre-tax profit of Euro 73.8 million (Euro 107.3 million in H1 2010).
  The premiums written reduced by 31.0%, principally relating to the bancassurance channel (in particular Popolare Vita) whose results were based on the timing of the commercial initiatives agreed with the banking partners. The contribution from ordinary income improved, although the result was impacted by reduced trading activity on the one hand and on the other by Euro 44 million (Euro 15 million in H1 2010) of impairments on AFS financial instruments. Of these, Euro 33.8 million concern the above-stated impairment on Greek Government bonds whose net impact, considering also those held by policyholders and the tax effect, amounted to Euro 6.4 million.
  The sector result in the period was however temporarily influenced by the increase in deferred liabilities towards policyholders, which was in turn affected by the choices in the separated management return objectives. The positive effects from the related management policies should result in reduced technical interest throughout the year.
- The **real estate sector** posted a pre-tax profit of Euro 8.4 million (compared to a loss of Euro 16.0 million in H1 2010), impacted by real estate investment impairments of Euro 5.1 million. The sector performance benefited from the recognition to the income statement of some inter-group gains previously reversed. Net of the above-mentioned effect, the sector pre-tax result would have returned a loss of Euro 1 million. The sector benefited also from the positive contribution relating to the valuation at equity of the associated company IGLI following the recognition of the results pertaining to the holding in Impregilo;

- The **Other Activities sector,** which includes the companies operating in the financial, asset management and hotel sectors, report a pre-tax loss of Euro 30.2 million (loss of Euro 29.7 million in H1 2010).
  The loss principally related to Atahotels and the healthcare structures whose overhead costs exceeded revenues in the period. In relation to Atahotels, it is noted that the period income statement only benefits to a small degree from the contribution of the Sicilian and Sardinian resorts, whose income is concentrated in the summer period;
- **Management expenses** totalled Euro 976.9 million, substantially in line with the first half of 2010 (Euro 979.2 million in H1 2010), impacted by the Euro 10 million settlement with the former Chief Executive Officer.
- Excluding the contribution of the financial instruments recorded at fair value through profit or loss, the total net income from investments amounted to Euro 334.5 million (Euro 420.4 million in H1 2010). This amount consists of Euro 389.8 million of interest income, Euro 49.7 million of other net income and net gains to be realised on real estate and securities of Euro 57.6 million.
  Net valuation gains and losses report a loss of approx. Euro 125.5 million. **Interest expense** amounting to Euro 37.1 million (Euro 37.0 million in the first half of 2010) refers almost entirely to financial debt.
  As outlined above, the balance of valuation items includes Euro 77.6 million of impairments on AFS financial instruments and Euro 12.4 million of real estate impairments.
- **Financial instruments recorded at fair value through profit or loss** amounted to a profit of Euro 84.1 million (Euro 272.7 million in H1 2010). This account includes the net income from financial assets where the risk is borne by the policyholders (positive for Euro 99.8 million although offset by the correlated increase in net charges relating to Life Division claims) as well as the adjustment to the fair value of financial instruments belonging to the sector.
- **The net income from investments in subsidiaries, associates and joint ventures** amounted to Euro 7.3 million, benefitting from the contribution of the valuation at equity of the associated company IGLI.
- **Other revenues and costs** amounted to a net charge of Euro 188.0 million (net charge of Euro 234.7 million in H1 2010). This amount includes technical and non-technical income and charges not classified elsewhere, in addition to depreciation other than on investment properties, over and under accruals and provisions for risks and charges. Amortisation and depreciation of intangible and tangible fixed assets in this account totalled Euro 28.9 million. The net change of approx. Euro 46.6 million comprises, among others, the recognition to the income statement of inter-group gains previously reversed, in particular following the deconsolidation of the Rho Fund, as outlined in the first quarter report.
- The **income tax charge** was impacted by the extraordinary effect of the change in the nominal IRAP tax rate introduced by the so-called corrective manoeuvre (Legislative Decree No. 98/2011) with an impact of approx. Euro 16 million concerning both the current and deferred components.
  The effect of the application of the substitute tax on non utilised real estate funds to cover the technical insurance reserves, introduced by Legislative Decree No. 70/2011, is also considered.

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

The Comprehensive Income Statement

A summary of the Comprehensive Income Statement as established by Isvap Provision No. 2784 of 2010 which amended Isvap Regulation No. 7 of 2007 and established an obligatory table is reported below:

(in Euro thousands)	**1H 2011**	**1H 2010**	**Change**	**FY 2010**
Consolidated loss	(61,549)	(157,413)	95,864	(928,861)
Other Comprehensive Income Statement items	54,971	(328,034)	383,005	(64,207)
Total Comprehensive Income Statement	**(6,578)**	**(485,447)**	**478,869**	**(993,068)**
of which:				
Group	(5,752)	(423,262)	417,510	(786,971)
Minority interest	(826)	(62,185)	61,359	(206,097)

For a further breakdown of the Comprehensive Income Statement reference should be made to the financial statements.

Premiums Written

The first half of 2011 reported total premiums written of Euro 6,216,766 thousand (-16.15%), broken down as follows:

(in Euro thousands)	**1H 2011**	**1H 2010**	**Change %**
DIRECT PREMIUMS			
Non-Life Division	3,655,002	3,699,191	(1.19)
Life Division	2,559,919	3,709,037	(30.98)
Total direct premiums	6,214,921	7,408,228	(16.11)
INDIRECT PREMIUMS			
Non-Life Division	1,487	5,066	(70.65)
Life Division	358	622	(42.44)
Total indirect premiums	1,845	5,688	(67.56)
TOTAL	**6,216,766**	**7,413,916**	**(16.15)**
of which:			
Non-Life Division	3,656,489	3,704,257	(1.29)
Life Division	2,560,277	3,709,659	(30.98)

SECTOR CONSOLIDATED INCOME STATEMENT

	(Euro thousands)	Non-Life Insurance Sector		Life Insurance Sector		Real Estate Sector		Other Activities Sector		Inter-segment Eliminations		Total	
		30/06/2011	30/06/2010	30/06/2011	30/06/2010	30/06/2011	30/06/2010	30/06/2011	30/06/2010	30/06/2011	30/06/2010	30/06/2011	30/06/2010
1.1	Net premiums	3 486 625	3 510 478	2 549 245	3 699 326	0	0	0	0	0	0	6 035 870	7 209 804
1.1.1	*Gross premiums written*	*3 628 126*	*3 652 019*	*2 560 277*	*3 709 659*							6 188 403	7 361 678
1.1.2	*Premiums ceded to re-insurers*	*-141 501*	*-141 541*	*-11 032*	*-10 333*							-152 533	-151 874
1.2	Commission income			5 557	9 354			11 668	23 586	-3 480	-1 113	13 745	31 827
1.3	Income and charges from financial instruments recorded at fair value through profit or loss	-10 612	5 902	94 696	265 382	-86	-482	81	1 926	-15		84 064	272 728
1.4	Income from investments in subsidiaries, associates and joint ventures	*122*	*21*			*14 899*	*154*			*0*		15 021	175
1.5	Income from other financial instruments and property investments	163 550	192 876	404 213	430 858	23 331	19 305	31 164	38 835	-24 340	-15 338	597 918	666 536
1.6	Other revenues	268 406	215 828	30 954	29 780	42 330	52 528	312 982	319 398	-337 693	-349 170	316 979	268 364
1	**TOTAL REVENUES AND INCOME**	**3 908 091**	**3 925 105**	**3 084 665**	**4 434 700**	**80 474**	**71 505**	**355 895**	**383 745**	**-365 528**	**-365 621**	**7 063 597**	**8 449 434**
2.1	Net charges relating to claims	-2 626 016	-2 785 345	-2 714 687	-4 064 226	0	0	0	0	0	0	-5 340 703	-6 849 571
2.1.2	*Amounts paid and changes in technical reserves*	*-2 700 188*	*-2 867 030*	*-2 730 079*	*-4 073 759*							-5 430 267	-6 940 789
2.1.3	*Reinsurers' share*	*74 172*	*81 685*	*15 392*	*9 533*							89 564	91 218
2.2	Commission expenses			-4 800	-8 146			-4 305	-7 822			-9 105	-15 968
2.3	Charges from investments in subsidiaries, associates and joint ventures	-48	-1 994		-1 044	-56	-2 839	-7 597	-8 887			-7 701	-14 764
2.4	Charges from other financial instruments and property investments	-126 926	-146 993	-99 565	-63 512	-35 412	-29 677	-12 898	-18 931	11 367	12 999	-263 434	-246 114
2.5	Management expenses	-799 651	-794 274	-128 213	-126 173	-98	-195	-159 285	-172 006	110 366	113 449	-976 881	-979 199
2.6	Other costs	-446 766	-417 219	-63 580	-64 328	-36 502	-54 822	-202 013	-205 839	243 795	239 172	-505 066	-503 036
2	**TOTAL COSTS AND CHARGES**	**-3 999 407**	**-4 145 825**	**-3 010 845**	**-4 327 429**	**-72 068**	**-87 533**	**-386 098**	**-413 485**	**365 528**	**365 620**	**-7 102 890**	**-8 608 652**
	PROFIT/(LOSS) BEFORE TAXES	**-91 316**	**-220 720**	**73 820**	**107 271**	**8 406**	**-16 028**	**-30 203**	**-29 740**	**0**	**-1**	**-39 293**	**-159 218**

Interim Directors' Report

ECONOMIC OVERVIEW AND THE INSURANCE MARKET

International economic overview

Despite continued strong growth in the Emerging Countries, in the first quarter of 2011 the world economy was impacted by a slowdown, confirming the stuttering nature of the recovery. The deceleration followed a weakening in a number of the principal advanced economies, including a contraction in activity in Japan and a slowdown in the United States, which resulted in a downward revision of growth forecasts by the International Monetary Fund (IMF).

In Q1 2011, US GDP decelerated to 1.9% annually: the weakened activity follows reduced investment and household consumption; this latter has been affected by rising energy and food prices. Industrial activity remains sluggish, having been impacted by a curtailment in the supply of components following the earthquake in Japan. On the demand side, in the two month period April-May household consumption stagnated once again – affected by contracting disposable income.
After an improvement at the beginning of the year US unemployment figures rose once again - to 9.2% in June (8.8% in March).

In Japan, the economic effects of the recent earthquake were worse than expected: in the first three months of 2011 GDP contracted by an annualised 3.5% (falling 2.9% in the previous period). All demand components were affected by this contraction, with the exception of residential housing investment and public spending. The most recent figures indicate a contraction once again in GDP in the second quarter.

Based on the latest available IMF forecasts, in 2011 global expansion will slow to 4.3% - slightly improving once again in 2012.

Table 1 – Economic outlook (% change on preceding year)

		FMI		Consensus Economics	
	2010	**2011**	**2012**	**2011**	**2012**
GDP					
World	5.1	4.3	4.5	-	-
Advanced countries	3.0	2.2	2.6	-	-
Euro Area	1.8	2.0	1.7	2.0	1.7
Japan	4.0	(0.7)	2.9	(0.7)	3.2
United Kingdom	1.3	1.5	2.3	1.6	2.1
United States	2.9	2.5	2.7	2.5	3.1
Emerging countries	7.4	6.6	6.4	-	-
Brazil	7.5	4.1	3.6	4.1	4.2
China	10.3	9.6	9.5	9.2	8.8
India (1)	10.4	8.2	7.8	8.0	8.4
Russia	4.0	4.8	4.5	4.6	4.5
World trade (2)	**12.4**	**8.2**	**6.7**	**-**	**-**

Source: IMF - World Economic Outlook Update (June 2011); Consensus Economics – various issues (June 2011).

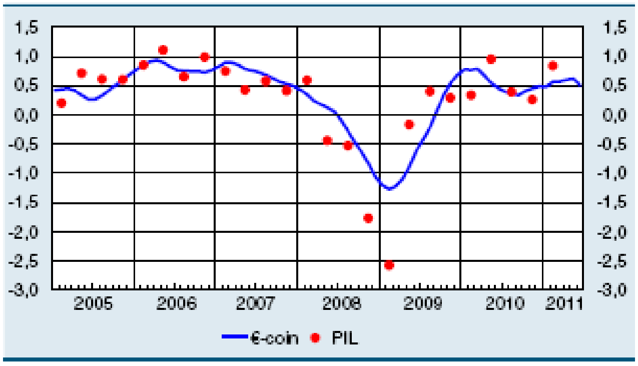
1) *The Consensus Economics forecasts relate to the fiscal year.*
2) *Goods and services*

The European and Italian markets

In the first quarter of the year Eurozone GDP grew 0.8% on the previous period, following a slight increase in the final quarter of 2010. The uptake follows a recovery in construction expenditure (+1.2%), which in the autumn months had contracted due to severe weather conditions - in addition to improved capital investment figures (+2.6%). The growth in household spending continued at a contained rate (+0.2%).

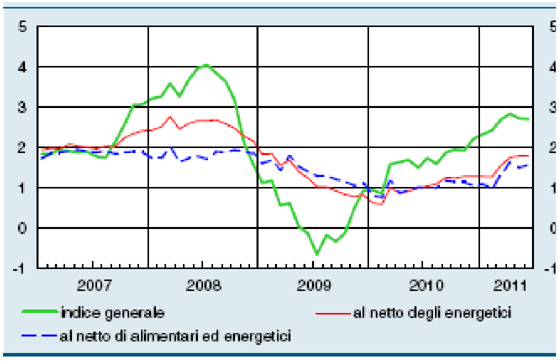
The disparity among the leading economies continued: German GDP growth continued at nearly double the Eurozone average, while French growth was modest at 0.9% and Italy recorded minimal growth (+0.1%).

Graph 1 – Economic cycle and Eurozone GDP



Source: Bank of Italy – Economic Bulletin No. 65 (July 2011) and Eurostat.

Graph 2- Eurozone inflation



Source: Bank of Italy figures based on Eurostat and European Central Bank data

In June the Eurozone consumer price index rose 2.7% for the 12 months. To offset the inflation risk, and to counter a possible weakening of forecasts, in July the Board of the European Central Bank increased the minimum rate for principal refinancing operations by 25 basis points from 1.25% to 1.50%.

Table 2 – Official Discount Rates

Name	Rate	Date of last Cge.
Area Eu P/T	1.5	07/07/2011
USA Fed Fund	0.25	16/12/2008
GB T Interv	0.5	05/03/2009
Giap Tus	0.3	19/12/2008

Source: 24Ore Borsa On Line

Europe was impacted in the first half of the year by concerns in relation to the sovereign debt risk. For further information reference should be made to the section concerning Financial Management.

Growth prospects and the performance of the financial markets continued to be affected by the Eurozone sovereign debt crisis. At the time of writing, concerns have been heightened and now also affect Italy.

Following the weakening at the end of 2010 and the beginning of 2011, Italian industrial activity showed signs of improvement in the subsequent months - growing by 1.1% in April on the previous month. The pace of the recovery remains uncertain: growth in the volume of new orders weakened in the spring as the general health of businesses deteriorated - affecting a recovery in place for approximately two years.

The insurance sector

In the month of June alone, motor vehicle sales in the 27 countries of the Eurozone contracted. New vehicle registrations numbered nearly 1 million 273 thousand (-8.1%) compared to over 1 million 385 thousand in the first five months of 2010. With the exception of Germany, where sales substantially remained stable (-0.3% compared to the first five months of 2010), all principal markets reported contractions: Italy lost 1.7%, the UK 6.2%, France 12.6% and Spain 31.3%.
In the first half of 2011, a contraction of 1.8% on the same period of the previous year was recorded, with over 7 million 350 thousand new vehicle registrations.

In the past decade the Italian insurance market has expanded overall by 88%, well ahead of GDP (+30%). In particular Life insurance - growing on average by 8.5% annually - has assumed an increasingly important role in the financial considerations of Italian households, representing 11.4% of expenditure compared to 5.8% in 2000.
Growth in the Non-Life insurance sector has been significant also in the decade (+31%), following a high level of product innovation and extensive price differentiation, in addition to greater competition in the marketplace.

Despite that stated above, Italian households and businesses are still the least insured of the major advanced economies. The disparity is particularly evident in the Non-Life Classes: Italians are the least protected in relation to their health and property damage or third party coverage is covered to a lesser degree. The 2010 performance confirms this situation: net of the Motor TPL segment, Non-Life premium growth was close to zero. Therefore Italian households remain more exposed than those in other countries.

In recent years, the Italian insurance market has undergone extensive changes: insurance needs have changed, demand has grown and the competitive and regulatory environment has altered, resulting in changes to the organisational models of businesses which have adjusted to the new requirements.
In relation to the traditional distribution channels: 10 years ago agents brokered 27% of Life insurance and 88% of Non-Life insurance. In 2010, these figures reduced respectively to 15% for Life and 82% for Non-Life. The market share held by the banking channels increased from 54% to 60% in the Life Division and from 0.6% to 3.5% in Non-Life Division. Direct sales through telephone and internet have grown in recent years to 6% of Motor TPL insurance.

Total premiums written in the Non-Life and Life Classes by Italian companies in the first quarter of 2011 amounted to Euro 30.6 billion, a decrease of 16.7% on the same period of 2010. Specifically, the Non-Life portfolio (total of Euro 8.8 billion) expanded 3.2%, accounting for 28.8% of the total portfolio (23.2% in the same period of 2010), while the Life premiums (Euro 21.8 billion) recorded a decrease of 22.8%, accounting for 71.2% of the total Life and Non-Life global portfolio (76.8% in the same period of 2010).

In 2011 the stifled recovery of the Italian economy compared to the other industrialised countries - in addition to fears of contagion related to the sovereign debt crisis - may impact overall insurance premiums written, particularly in the Life Division.
ANIA (the sector association) estimates growth in **Non-Life** Division premiums in 2011 of 2.4%, in line with 2010 (+2.2%). This development continues to be impacted by the premium performance in the Motor TPL Class, which comprises approximately half of all Non-Life premiums. For this Class in particular an increase in premiums in the order of 4%-5% may be estimated following tariff increases already introduced which will apply to the renewal of policies in 2011. Premiums in the Land Vehicle Class should remain substantially unchanged (assuming a recovery in the sales of new vehicles in the remaining part of the year) with a similar situation for the Property sector (Fire and Other Property Damage) as a result of the difficulties within the general economy.
The Health Class should improve based on a better outlook for a collective insurance coverage. General TPL Class premiums are forecast to record a small drop in premiums.

In the Life Division, after significant growth in 2009 and 2010 based on robust demand from policyholders for traditional products with minimum yields and a highly diversified offer of these products by the banking channel, 2011 premiums are forecast to contract by approx. 5%.

Regulatory framework

With reference to the principal regulatory norms concerning the Italian insurance market in the first half of 2011, the following information is provided.

Direct compensation
From January 1, 2011 the direct compensation flat rates were amended, established by the technical committee based on the differentiation criteria identified by the Economic Development Ministerial Decree of December 11, 2009.

The current compensation is broken down as follows:

- a single flat rate – CARD CID for minor injuries to the driver and for damage to the insured vehicle and to transported goods, broken down by the major types of vehicles into “motorbikes and mopeds” and “vehicles other than motorbikes and mopeds”. The single flat rate, relating only to the component for property damage is broken down by three geographic areas;
- a flat rate for individual third parties transported – CARD CTT concerning physical damage to the transported person and their property, broken down by the vehicle types indicated above. The flat rate considers the minimum threshold levels established by the CARD Convention.

The single CARD CID flat rate covering the entire national territory is broken down as follows:

- Euro 3,741 for the category "motorbikes and mopeds";
- Euro 1,883 for the category "vehicles other than motorbikes and mopeds".

For the identification of the three geographic areas the data provided by CONSAP relating to compensation for property damage paid in full concerning claims occurring between January 1, 2009 and November 30, 2010 is considered, broken down by type of vehicle. Property damage claims are settled quicker and with a speedier allocation of responsibility than physical injury claims. To identify the geographic areas it is sufficient to establish the difference between the costs of the individual province and the national average.

The establishment of the index for drawing up the flat rate, broken down by geographic area, was developed according to the two operating lines, implementing three correction factors.

The CARD CTT flat rates were broken down as follows:

- Euro 3,959 for the category "motorbikes and mopeds";
- Euro 3,143 for the category "vehicles other than motorbikes and mopeds".

The threshold levels have not changed compared to the flat rate for 2010, specifically:

- the absolute minimum threshold was fixed at Euro 500;
- the proportional minimum threshold was fixed at 10% of the amount of compensation with a maximum of Euro 20,000.

Claims Data Bank

On January 1, 2011 ISVAP provision of August 25, 2010 (Official Gazette 209 of 7/9/2010) entered into force which introduced the minimum thresholds (indicators of possible fraudulent behaviour) necessary to carry out research in the Claims Data Bank.
The monitoring will be focussed both on the vehicle registration and on the physical person, in order to identify any suspect incidents.

New consumer credit provisions

On June 1, 2011, the new consumer credit regulation entered into force (Ministerial Decree of February 3, 2011, published in the Official Gazette No. 29 of 5/2/2011), which promotes "the transparency and efficiency of the consumer credit market, responsible practices in the granting of credit and the assurance of comprehensive consumer protection", which requires Banks and Credit institutions to meet greater transparency and disclosure obligations concerning the granting of credit in order to protect the consumer and to encourage free competition in the lending market.
Article 5 is of particular interest, which establishes that in accordance with Article 124 of the Banking Act, the Bank of Italy draws up, in compliance with Articles 5 and 6 of EU directive 2008/48, a list of information that the consumer has the right to receive before the conclusion of the loan contract.

In addition, before the conclusion of the loan contract, the lender ensures that the consumer may comprehensively and free of charge receive clarifications which enable an assessment as to whether the contract is suitable to their requirements and their financial situation. The Bank of Italy, through provisions concerning internal organisation and control, governs the manner and type of assistance to be provided, in order to ensure that the clarifications:

a) responds to all consumer demands concerning pre-contractual documentation supplied to them, the characteristics of the product offered and the possible effects on conclusion of the contract;
b) may also be received orally or through means of distance communication which enable individual interaction;
c) are provided by personnel who are fully knowledgeable of and updated on the loan contracts offered, on the rights of the consumer and of the regulations adopted under the present section.

Solvency II, "Omnibus II" directive proposal

On 19/1/2011 the European Commission published a Directive proposal known as "OMNIBUS II". The proposal, if approved, will amend the Solvency II Directive to align it with European regulations enacted by the Lisbon treaty and with the new European Union framework which extends the powers of the EIOPA (ex CEIOPS), allowing also the Supervisory Authorities to use a longer time period to issue implementation measures of Solvency II.

Specifically, the amendment establishes transitory measures for certain areas, up to a maximum period which varies between three and ten years according to the article, in order to facilitate a gradual transition to the new Solvency regime. The OMNIBUS II proposal defines also the areas in which the Authority may propose technical regulations to accelerate the convergence between the controls and in light of the development of a single body of rules at European level, as well as the manner to resolve disputes between the relevant authorities in cross border situations. Omnibus II also officially postpones the date of entry into force of Solvency II to January 1, 2013. Approval of the proposal is not expected until at least the beginning of 2012.
At European Commission level, various deferrals of the project are being considered or which will at least ensure a "smooth" beginning to Solvency II. The development period of the Solvency II Project will require close monitoring in order to establish the best conditions and timeframes for the activities of the various dedicated areas.

New ISVAP Regulations

In the period four new Regulations were published by the Supervisory Body. In particular Regulation No. 36 of January 31, 2011 implemented significant changes in relation to the governance rules concerning investments and the qualitative requirements for assets covering technical reserves. In particular, that established by Article 8 of the above stated Regulation was implemented through a resolution which forms the basis of the strategic investment policy of the company.

With resolution of 14/5 last, the asset management policy which focuses on a prudent approach in order to protect the capital base - fulfilling the commitments undertaken to policyholders – was confirmed. Particular attention was focused on the macroeconomic situation, on the market trends within the various asset classes and the relative impacts on the combined asset-liability management.

Regulation No. 37 of March 15, 2011 enacted the provisions concerning the verification of the adjusted solvency margin introduced by Law No. 10 of February 26, 2011. Article 4 establishes the possibility, given the exceptional turbulence on the financial markets, to take account in the verification of the adjusted solvency of any higher value recorded in the individual financial statements of the insurance companies, included in the consolidation area, on debt securities issued or guaranteed by European Union states considered as long-term in place of the consolidated financial statement book values.

Regulation No. 38 of June 3, 2011 establishes requirements in relation to the incorporation and the administration of the separated management of companies exercising life insurance business, including limits and restrictions concerning investment activity and regarding the statements to be adopted for the valuation of assets in which equity has been invested. The above-stated Regulation introduced measures which ensure greater protection of the policyholder, in addition to the introduction of investment policies which guarantee a fair return on the financial results, ensuring consistent returns across the various institutional investors. Regulation No. 38 also introduces new provisions concerning governance, the accounting of separated management, in addition to issues concerning the disclosure obligations to the Supervisory Board.

Finally, Regulation No. 39 issued on June 9, 2011 governs the principles concerning the remuneration policies of insurance companies in order to ensure the adoption of policies in line with those recently developed internationally on remuneration systems. In relation to close supervision, the new regulations establish that companies draw up and introduce manager remuneration policies (concerning risk taking staff) which ensures a prudent management of the long-term risk and which protects the interests of all stakeholders and market stability.

Non-Life Insurance Sector

THE NON-LIFE INSURANCE MARKET

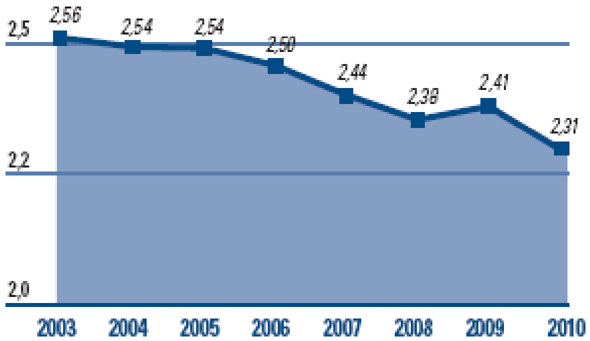
At the end of the first quarter of 2011, the premiums portfolio of the Motor TPL classes and the Maritime TPL classes totalled Euro 4.4 billion (+5.9% on the first quarter of 2010), comprising 50.1% of total Non-Life Division premiums (48.8% in the same period of 2010) and 14.4% of total premiums (11.3% in the first quarter of 2010).

In the Motor TPL sector, after three consecutive years of contraction, gross premiums written by domestic insurance companies and those of Italian representatives of foreign insurance companies grew by 4.5%. The growth of premiums and the slight increase in claims charges resulted in a reduction of the combined ratio of the sector from 107.7% in 2009 to 105.7% in 2010. Despite the improvement in the Division technical balance, the significant reduction in the financial component deriving from investment gains compared to 2010, resulted in an overall technical loss.

The largest amount of premiums written in the Other Non-Life classes were: Land Vehicles with 8.3% (8.7% in the first quarter of 2010), Accident with 8.1% (8.4% in Q1 2010), General TPL with 7.7% (7.8% in 2010), Health with 6.8% (6.5% in 2010), Other Property Damage with 6% (6.3% in 2010) and Fire and Natural Events with 5.6% (5.8% in 2010).

The analysis by distribution channel continues to highlight the large proportion of premiums written through brokerage agencies, amounting to 81.9% of the Non-Life portfolio (82.3% in 2010) and 88.7% of the Motor TPL division (89.8% in the first quarter of 2010).

Graph 3 – Percentage of Non-Life premiums of GDP



Source: ANIA –Italian Insurance 2010-2011 (the figures indicated take account of review of data compared to GDP recently carried out by ISTAT).

The percentage of Non-Life sector premiums of GDP was 2.31%, a decrease on 2.41% in the previous year, principally due to the exclusion from the analysis of two Non-Life sector companies (one domestic and one representative of a non European company), which however continued to operate in Italy. However a like-for-like comparison between 2009 and 2010 reveals a stable ratio between non-life premiums and Gross Domestic Product.

The cost of claims paid by insurance companies in Italy is among the highest in Europe, with an increase in the average cost between 2000 and 2010 of 45%.

This situation results from unresolved structural issues.

Among the principal issues are:

- a claims frequency for traffic accidents higher than that of comparable European countries (for example, double that of France);
- persistent high levels of fraud and the unavailability of suitable combative instruments;
- a high number of minor physical injury claims, principally of a speculative nature;
- regulatory and judicial uncertainty which has undermined the direct compensation procedure.

OPERATIONAL PERFORMANCE

At the end of 2010, the **Fondiaria-SAI Group** was the second largest group in terms of direct Italian premiums written, consolidated as per IAS/IFRS, with a market share of nearly 20%, confirming the strong presence in Italy.
The Group has regained its leadership position in the Motor TPL Class with premiums comprising slightly above 23% of the total market.

The sector result posted a solid recovery, recording a loss of Euro 91 million compared to a loss of Euro 221 million in the first half of 2010.
The technical performance, although still negative, reflects the initiatives undertaken to improve Motor TPL Class profitability, in particular with an increase of the average premium through the established tariff policies, in addition to the current generation performance which reports a significant improvement - supported by a significant drop in claims made and a reduction in the frequency.
The technical performance benefitted also from the strong Land Vehicle Class data thanks to a significant contraction in current year claims which offsets both the decrease in premiums and the drop in new vehicle registrations following the withdrawal of government incentives.

The General Class reported a contrasting performance: the contraction in premiums follows the actions undertaken to reduce the Corporate Component.
The claims cost, which does not include the full effect of the revaluation traditionally undertaken in the second part of the year, reports a deterioration in the current component of the Parent Company due to the high exposure towards the Public Bodies and Private Health sectors.
On the other hand, the subsidiary Milano reports improved current results with a reduction of the average claims cost.

Premiums

The Fondiaria SAI Group in the first half of 2011 recorded premiums of Euro 3,656,489 thousand (-1.29%). The direct premiums written amounted to Euro 3,655,002 thousand (-1.19%).
The breakdown by Class is shown below:

(in Euro thousands)	1H 2011	1H 2010	Cge. %	Percentage 30/06/2011	Percentage 30/06/2010
Accident & Health	327,675	337,560	(2.93)	9.0	9.1
Marine, aviation and transport insurance	82,373	100,802	(18.28)	2.3	2.7
Fire and other property damage	405,361	423,696	(4.33)	11.1	11.4
General TPL	253,227	267,675	(5.40)	6.9	7.2
Credit & Bonds	47,048	46,283	1.65	1.3	1.2
General pecuniary losses	32,800	19,552	67.76	0.9	0.5
Legal expenses	9,705	10,220	(5.04)	0.3	0.3
Assistance	29,182	28,449	2.58	0.8	0.8
TOTAL OTHER NON-LIFE DIVISION	**1,187,371**	**1,234,237**	**(3.80)**	**32.6**	**33.2**
Motor vehicle TPL	2,119,847	2,094,146	1.23	57.9	56.7
Land vehicles	347,784	370,808	(6.21)	9.5	10.0
TOTAL MOTOR	**2,467,631**	**2,464,954**	**0.11**	**67.4**	**66.7**
TOTAL DIRECT PREMIUMS	**3,655,002**	**3,699,191**	**(1.19)**	**100.0**	**99.9**
INDIRECT PREMIUMS	**1,487**	**5,066**	**(70.65)**	**-**	**0.1**
TOTAL NON-LIFE DIVISION	**3,656,489**	**3,704,257**	**(1.29)**	**100.0**	**100.0**

The premiums ceded amounted to Euro 144 million (Euro 156 million in the first half of 2010).

The increase in Land Vehicle TPL premiums written was 1.23% and was affected by the initiatives taken to improve the class profitability, through increasing the average premium, and also through a reduction in the cost of claims. The growth objective of the average premium focuses both on tariff policies and a reduction in flexibility achieved through increased controls on the agreements and on the discounts provided to clients.
These initiatives, introduced in the previous year, continue to be rolled out in the current year and have been strengthened by the restructuring currently being implemented.
In particular, the new tariff introduced last October has the objective to strengthen both the portfolio and profit levels. This strategy has therefore reduced the tariff mutuality, taking into account regulatory changes ("Bersani" and Direct Indemnity) and competitive dynamics, focusing the analysis on the client risk.
The tariff is based on the vehicle, to take account of the repair costs of the clients' vehicle, increasing the selectivity and the extent of tariff factors related to age and geographic area, differentiating also according to information reported on the expected risk.

Premiums written in the Land Vehicle classes contracted once again (-6.21%) due to the ongoing demand crisis which continues to affect the uptake of Land Vehicle associated guarantees, while also due to the lower contribution of agreements with vehicle manufacturers.
In addition the greater prudency exercised in relation to a number of particular guarantees such as those related to socio-political and natural events is considered, with the discontinuation from 01/01/2011 of the coverage of vehicles of a predetermined age and with the non-insertion of similar guarantees in existing contracts, except in the case of the substitution of the insured vehicle.
For the Collision guarantee the tariff premium was calculated on the related full Motor TPL tariff, while the discount policy continues to be reviewed.

The General Class premiums contracted 3.8% following the reform actions and discontinuation of policies within the less technically balanced sectors, such as Buildings, Health and the Professional Sector within the retail class.
The decrease in aeronautical risks of the SASA division in Milano Assicurazioni is also considered and in particular the non-renewal of the civil protection contract and the discontinuation of new business acquisition.
In the Corporate sector, the review and streamlining of the existing portfolio continued, while new business was acquired based on extremely prudent underwriting criteria.
The monitoring of contracts in the Public Bodies sector continued, in particular concerning the monthly verification of the technical performances, with greater attention focused on the health sector, with a close eye focused on performances in addition to the correct execution of contracts in relation to all of the components, implementing at the same time where necessary reform/discontinuation actions, undertaken together with ongoing interaction with the Claims Department management.

As part of the profitability recovery initiatives within the Retail General Class products, the campaigns concerning the Professional/Buildings products were stepped up in the first half of the year. The tariffs of the Hotels, Agricultural and Health (family segment) Classes were therefore reviewed.
These actions will align the underwriting policy of the Group products, reviewing at the same time the policy contract documents for a general updating in line with the currently applicable regulatory obligations (ISVAP Regulation No. 35).

The restructuring of the Corporate catalogue continued in accordance with Regulation No. 35.
With the introduction of new products, increased computerised was introduced, replacing the previous method which utilised in some cases printed products, guaranteeing therefore a control of the technical content sources, enabling at the same time the possibility to act promptly and securely whenever the need arises and guaranteeing significant cost savings through the cutting of printing costs.

Claims paid and reported

The gross claims paid (including indirect) amounted to Euro 2,821 million, a decrease of 7.0% on the first half of 2010 (Euro 3,034 million).

A breakdown of the claims reported and paid on direct Italian business, including the expenses directly attributable to the claim and all indirect expenses relating to the settlement structure are shown below:

	Claims paid (*) (in Euro thousands)			Claims reported by year (*) (Number)		
	First Half 2011	**First Half 2010**	**Cge. %**	**First Half 2011**	**First Half 2010**	**Cge. %**
Accident	109,565	121,244	(9.63)	44,543	46,826	(4.88)
Health	96,508	98,208	(1.73)	137,878	131,359	4.96
Railway	1	-	-	-	-	-
Aviation	292	2,262	(87.09)	20	7	185.71
Maritime	7,241	5,730	26.36	291	415	(29.88)
Goods in transit	5,508	6,310	(12.72)	980	2,385	(58.91)
Fire and other natural events	110,783	113,821	(2.67)	29,466	35,102	(16.06)
Other property damage	130,853	139,826	(6.42)	76,180	82,963	(8.18)
Aviation TPL	1,059	973	8.89	8	14	(42.86)
Maritime TPL	2,915	784	271.64	135	121	11.57
General TPL	195,929	195,787	0.07	54,475	54,944	(0.85)
Credit	283	249	13.85	4	-	-
Bonds	24,177	27,577	(12.33)	975	921	5.86
Pecuniary losses	3,450	4,792	(28.01)	1,624	1,903	(14.66)
Legal expenses	1,235	952	29.76	807	887	(9.02)
Assistance	9,815	8,894	10.36	56,022	56,033	(0.02)
TOTAL OTHER NON-LIFE DIVISION	**699,615**	**727,409**	**(3.82)**	**403,408**	**413,880**	**(2.53)**
Motor TPL	1,760,686	1,904,425	(7.55)	399,769	459,955	(13.09)
Land vehicles	212,762	239,653	(11.22)	157,988	174,647	(9.54)
TOTAL MOTOR	**1,973,448**	**2,144,078**	**(7.96)**	**557,757**	**634,602**	**(12.11)**
TOTAL NON-LIFE DIVISION	**2,673,063**	**2,871,487**	**(6.91)**	**961,165**	**1,048,482**	**(8.33)**

(*) The table excludes the data of DDOR Novi Sad

The Motor TPL Division includes the claims paid for the charges incurred for the management of the claims as "Operator" within the new direct compensation system, net of those recovered as a flat-rate in the CONSAP compensation procedure.
The Motor TPL claims in the table refer to the events in which our policyholders were civilly responsible. In relation to claims made in the Motor TPL Division, the so-called "natural" claims were also included as claims caused (those occurring between policyholders of the same company) for comparative purposes.
The number of Motor TPL claims managed by the Group amount to 386,495 (-13.8%).

Technical reserves, gross of reinsurance, amounted to Euro 11,876 million (Euro 11,888 million at 31/12/2010).
The percentage of management expenses to premiums was 22.5% (compared to 21.8% in the first half of 2010).

The table below shows the principal technical indicators in the first half year of 2011 and 2010.

Data shown in %	**30/06/2011**	**30/06/2010**
Loss ratio	75.3	79.3
Expense ratio	22.5	21.8
Combined operating ratio	**97.8**	**101.1**
OTI ratio (*)	4.1	4.3
Combined ratio	**101.9**	**105.4**

(*) Includes the balance of the other technical accounts.

The Non-Life Class technical account continues to be negatively affected by the charges incurred in the period for the amortisation of acquisition commissions (Euro 12.4 million compared to Euro 27.2 million in H1 2010). These charges, as in the previous year, were not considered for the determination of the technical efficiency ratios due to their non-recurring nature.

For the **Motor TPL Class**, the significant decrease in claims paid and reported by generation (respectively -7.55% and -13.09%) are encouraging, deriving both from the generally improved market situation and the actions undertaken on critical portfolios, initiated at the beginning of the previous year. The average premium increased, in line with the objectives of the plan, thanks to the tariff actions drawn up.

The **Land Vehicle Class** reports a significant reduction in current year claims (-9.54% in number terms and -11.22% in total amounts), which offsets the contraction in premiums which is largely related to the current economic situation and the drop in new vehicle registrations following the withdrawal of government incentives.

In the **Other Non-Life classes**, the retail segment which reported a difficult beginning to the year in the period as a whole has shown signs of recovery. The Corporate segment reports a poor performance due to the exposure to the Public Bodies and Private Health sector, which has been in retreat for some time, but for which the difficulties in business volumes have already been incorporated by the portfolio. Overall, total claims paid decreased by 3.82% on the first half of 2010, while the number of claims reported by generation decreased by 2.53%.

The results of the **Parent Company Fondiaria-SAI** are briefly examined below.

In the **Motor TPL Class**, premiums written amounted to Euro 1,134 million (+1.5%). The number of claims reported in the period totalled 214,536 (-10%), while the number of claims paid totalled 205,544 (-7.2%).
The claims/premiums ratio, net of the costs for the Guarantee Fund for Road Victims, was 70.7% for the current period and 77.9% at global level.

The speed of settlement of the current generation on the claims managed (NO CARD Claim + Managed CARD Claims) was 64.3% for the claims in the first six months and 49.3% for the claims in previous years. On the claims caused, the speed of settlement was 60.3% for the current half year and 52.3% for the previous years.
In the first half of 2011, the claims reported and accepted from our policyholders (including late claims) within the new compensation regime (so-called CARD Managed claims system) amounted to 144,690, of which 100,976 were fully paid.
The reported claims from the clearing houses with CONSAP, in relation to the claims in which our policyholders were in full or in part responsible (so-called CARD Debtor) amounted to 138,758 - of which 88,541 gave rise to the full payment of the indemnity and 50,217 resulted in the recording of a reserve.
For accounting purposes, up to 30/06/2010 recharges were received for a value of Euro 287 million from the clearing house. The amount of the credits received was Euro 264 million.

Premiums written in the Land Vehicle Class amounted to Euro 199 million (-4.9%). The amount of claims reported reduced significantly (-9.5%) - as did claims paid (-10.2%). The accepted claims cost also decreased (-9.1%).
The class technical performance improved on the first half of the previous year.

With reference to the **Non-Motor Classes** the direct Italian premiums written amounted to Euro 608 million, a decrease of 1.8% compared to the first half of 2010. The number of claims reported increased (+0.3%) with claims paid increasing (+1.8%). The accepted cost therefore also increased (+7.6%).
Overall the technical performance of the Non-Motor Non-Life Classes was negative, although improving on the first half of 2010.

The performance in the first half of 2011 of the principal subsidiaries is summarised in the table below:

(in Euro thousands)	**PREMIUMS WRITTEN**	**CHANGE%**	**INVESTMENTS**	**GROSS RESERVES**	**RESULT**
NON-LIFE INSURANCE SECTOR					
INCONTRA ASSICURAZIONI S.p.A.	36,080	59.82	90,414	98,031	(409)
DDOR NOVI SAD ADO	52,259	(5.12)	39,693	89,905	140
DIALOGO ASSICURAZIONI S.p.A.	21,715	35.15	43,398	50,901	(4,849)
EUROPA TUTELA GIUDIZIARIA	917	21.69	11,286	6,779	(165)
LIGURIA ASS.NI S.p.A.	132,228	(7.00)	329,121	382,122	(5,398)
MILANO ASS.NI S.p.A.(*)	1,558,771	(2.93)	4,391,563	5,217,184	(67,014)
PRONTO ASSISTANCE S.p.A.	19,835	(2.82)	14,309	1,105	1,227
SIAT S.p.A.	83,343	(7.86)	93,318	322,177	226
THE LAWRENCE RE IRELAND Ltd.	60,815	2.05	407,163	407,938	3,097

(*) Consolidated data of the Non-Life Sector

The principal information on the largest insurance companies of the Group for the first half of 2011 based on IAS/IFRS accounting standards are provided below.

DDOR NOVI SAD ADO

The subsidiary DDOR Novi Sad ADO in the first half of 2011 reports a profit of RSD 27 million (RSD 3.8 million according to IAS/IFRS accounting standards) and a combined ratio of 95.9%. The principal events in the period were as follows:

- a decrease of 7.6% in gross premiums written (reduction of approx. 10% in H1 2010), due principally to the slow economic recovery and the portfolio maintenance policy adopted by the company: this decrease was seen across nearly all of the Non-Life Classes and in particular the Motor TPL class (-2.7%), the Land Vehicle Class (-10.7%), Other Property Damage (-8.1%) and Fire (-28.1%). The contraction in the Motor TPL Class is principally due to the slow recovery of new vehicle registrations following a significant drop in sales during the economic crisis. However, significant growth was seen in the General TPL Classes (+12%), Injury and Health (+4.1%) and in Life premiums (+6%) compared to the first half of 2010;
- the seasonal effects were reflected in the premiums reserve, calculated automatically according to the "pro-rata temporis" criteria and increasing by approx. RSD 577 million on 31/12/2010. At the same time, considering that the financing to the insured parties for the deferment of premiums is traditionally signed and/or renewed in the first half year, the obligatory provisions relating to the impairment test amounted to RSD 165 million;
- direct claims settled reduced 5.5% on the same period of 2010; the decrease is particularly significant within the Other Property Damage Classes (-6.8%), Fire and Other Natural Events (-52.1%) and the Land Vehicle Class (-11.6%);
- a decrease in the claims reserve following moderate growth in open claims which was offset by the reinsurance portion.

DIALOGO ASSICURAZIONI S.p.A.

In relation to the telephone and internet channels, the premiums written in H1 2011 by Dialogo Assicurazioni S.p.A. amounted to Euro 21.7 million, an increase of 34.8% on Euro 16.1 million in H1 2010.
As established by the industrial plan of the Company, in 2011 a new advertising campaign was launched which, in a change from previous years, was principally focused on the internet channel with consequent reduced costs.
The technical performance was again negative, although improving on the previous half year due to the current management (significant drop in frequency) and the improved reversals and a reduction in general expenses.

LIGURIA SOCIETÀ DI ASSICURAZIONE S.p.A.

In the first half of 2011 the company recorded direct premiums of Euro 132 million (a drop of 7.9% on the first half of 2010 - Euro 142 million), with a decrease in claims reported of 24.4% and a loss in the period of Euro 5.4 million (loss of Euro 15.8 million in H1 2010).
In particular, in the Motor Classes total premiums written amounted to Euro 98.1 million, a decrease of 10.4%, with a significantly improved average policy premium. Claims reported dropped 25.8% and consequently the frequency reduced significantly. The average cost of accepted claims remained high, requiring the maintenance of particularly prudent reserves.
The benefits of the industrial restructuring actions undertaken should become more apparent during the year, which were principally focused on pricing, in particular within the Motor TPL Class, the agencies, the negatively performing portfolios and risks, the underwriting criteria, efficiency and control of the settlement process.
Considering that outlined above, the operating performance in the period is considered in line with budget objectives for the full year which forecasts substantial technical re-equilibrium.

MILANO ASSICURAZIONI S.p.A.

The Group net loss for the first half of 2011 was Euro 58.7 million (loss of Euro 195.3 million in the first half of 2010). The loss follows principally the impairment on AFS financial instruments for a total amount of approx. Euro 44 million (Euro 167.6 million in H1 2010). The impairments carried out concern in particular the investments held by Milano Assicurazioni in the parent company Fondiaria-SAI which, considering the stock market value at June 30 of Euro 2.71, had a negative impact on the income statement of Euro 11.2 million and by Premafin (negative impact of Euro 7.2 million).

The principal factors affecting the result may be summarised as follows:

- The Non-Life sector recorded a pre-tax loss of Euro 61 million (compared to a loss of Euro 226 million in the first half of 2010).
  In relation to the technical performance, the combined ratio in the period amounted to 102.4% against 114.8% for the full year 2010 and 101.3% for Q1 2011, and although remaining negative has begun to benefit from the effects of the actions undertaken to recover profitability.
- The real estate sector recorded a loss of Euro 0.7 million (loss of Euro 6.3 million in H1 2010). The improvement is due to better results by Impregilo, in which Immobiliare Milano, through IGLI S.p.A., has a holding of approx. 5%.
  More specifically:
  - The Immobiliare Milano result for the first half of 2011 includes the share of profits of Impregilo in the recent past and reports a profit of Euro 2.7 million (loss of Euro 4.7 million in H1 2010);
  - The Athens Real Estate Fund reports a loss of Euro 2.7 million, due in part to impairments on the real estate portfolio of Euro 1.9 million;

- Campo Carlo Magno, which owns the real estate complex called Golf Hotel, located in Madonna di Campiglio, contributed a profit of Euro 0.1 million;

- The financial and asset management was affected significantly by impairments on AFS financial instruments for a total amount of Euro 44 million (Euro 167.6 million in the first half of 2010);
- The management expenses in the Non-Life insurance sector amounted to Euro 313.1 million (Euro 325.1 million in H1 2010), with a percentage on net premiums of 20.7% (21.1% in H1 2010);

SIAT – SOCIETÀ ITALIANA ASSICURAZIONI E RIASSICURAZIONI S.P.A.

In the first half of 2011 gross premiums amounted to Euro 83.3 million, a decrease of 7.9% on the same period of 2010 (Euro 90.5 million in H1 2010), with a profit of Euro 0.2 million (Euro 1.2 million in H1 2010).

In relation to the Hulls sector, the portfolio remains substantially stable (premiums of Euro 50.5 million compared to Euro 56.3 million in the first half of 2010), although having also introduced a more selective underwriting policy.

The technical results improved significantly following a reduction in the frequency and the average claims cost.

In relation to the Goods sector, the contraction in premiums appears to have halted (principally due to the economic crisis and the stagnation of industrial production): sector profitability levels remained high thanks to a careful client selection policy.

THE LAWRENCE RE IRELAND LIMITED

For 2011, the company continued to operate as reinsurer for the Fondiaria-SAI Group.
The company undertakes the analytical valuation of the portfolio of the individual companies of the Group, in order to establish, and consequently provide, the necessary reinsurance cover to support specific positions. On this basis, the company ensures uniform portfolio commitments, with particular attention to the cases of intergroup co-insurance, and obtains the necessary reinsurance protection on the international market. Before defining the size of this latter, the company also verified specific further retentions at Group level.

The net profit for the first six months of 2011 amounted to Euro 3.1 million (a decrease on the same period of 2010 which recorded a net profit of Euro 8.1 million). The reduction is principally due to the technical management performance which follows the implementation of general policy increasingly focused on the reduction of business performance risks. The company continues to adopt a prudent investment policy.

The premiums accepted for the first half year of 2011 amounted to Euro 66.7 million (of which Euro 5.9 million in the Life segment). The premiums ceded to the market amounted to Euro 50 million (of which Euro 0.4 million relating to the Life segment). The values are substantially unchanged on the first half of 2010, reflecting the unchanged insurance plan of the Group.

The Company also continues to undertake the run-off activity of the companies of the Group, which avail of this service. In relation to the reinsurance of previous years the objective of the company is to continue to conclude settlement agreements, which permit the reduction of the administrative charge, without affecting the profit margin. The company ceded part of this business, which reported a balanced result.

New products launched on the market

In furtherance of the Group initiatives to recover profitability within the General Class retail products, specific restructuring campaigns were intensified regarding the Professional/Buildings products. The tariffs of the Hotels, Agricultural and Health (family segment) Classes were therefore reviewed. These actions will align the underwriting policy of the Group products, reviewing at the same time the policy contract documents for a general updating in line with the currently applicable regulatory obligations (ISVAP Regulation No. 35).

In relation to the launch of new products and also regarding review initiatives, we particularly highlight:

- the restyling of SAI Famiglia, with a new offer to cover extra-professional Injury and a Daily Hospitalisation Allowance;
- the restyling of Fabbricati Classic, with new coverage concerning damage from leakages;
- reform of the PTF LMA Casa policy with a new product Retail Più Casa Classic;
- reform of the PTF LMA Infortuni policy with a new product Retail Più Infortuni Classic;
- launch of a new accident product called Difesa più Infortuni. The policy protects against any type of injury which may take place in the daily and professional life with particular focus on injuries occurring in specific circumstances (such as criminal acts, attacks – particularly in relation to vulnerable parties), providing also the possibility to insure against injuries related to natural disasters.
  A general section has been added in relation to protection against permanent serious invalidity.

We recall also the principal initiatives developed in the first half of 2011, concerning both Fondiaria-SAI and Milano Assicurazioni:

- the new Motor TPL tariffs launched from 01/01/2011.
  Actions were taken on virtually all tariff related factors in order to improve the technical specifications and selectivity;
- Adjustment of the portfolio rates for Socio-political and Natural Events, launched from 01/01/2011.
  For existing policies the premium is automatically adjusted on renewal;
- the new Tariff for Socio-political and Natural Events, launched from 01/01/2011.
  The new Tariff, differentiated as previously on a regional basis, introduces general increases in the rates and the minimum coverage in order to improve the technical performances of this guarantee;

- The renewal and quick replacement offer of the Assistenza Stradale Global (Roadside Assistance) guarantee from 01/06/2011;
- The renegotiation of the contractual conditions and the discounts applied to the agreements with non positive performances and a reduction in the collective agreement portfolio.

Life Insurance Sector

THE LIFE INSURANCE MARKET

In Q1 2011, the premiums written in the Life Classes for Class I (insurance on human life), recorded a decrease of 21.6% on the same period of 2010 (premiums of approx. Euro 16.9 billion). Class III (insurance whose value is directly related to investment funds or internal funds or related to indices or other reference values), with approx. Euro 3.5 billion, contracted 23.5% on the first three months of 2010. Class V premiums (securitisation) reduced 42.9% to Euro 0.9 billion. These Classes impact on the total Life premiums respectively for 77.4%, 16.2% and 4.2% (respectively 76.3%, 16.4% and 5.7% in the same period of 2010).

In relation to the remaining Classes, the premiums of Class VI (pension funds) with Euro 0.44 billion accounts for 2% of Life premiums (1.5% in the first quarter of 2010).

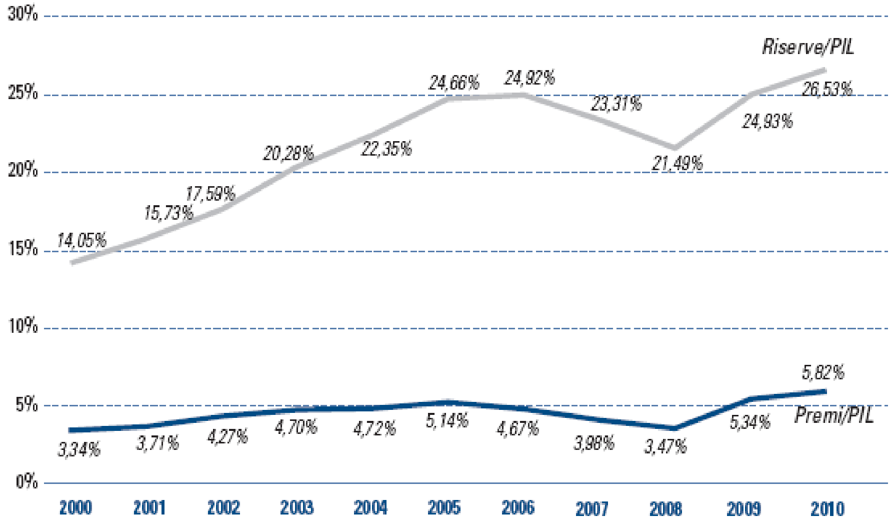
The total assets managed by pension funds decreased by 0.7% on March 31, 2010 (approx. Euro 9.1 billion). At March 31, 2011 the total assets managed by pension funds was broken down as follows: open pension funds (Euro 3.6 billion), traded pension funds with guarantees (Euro 3.1 billion), traded pension funds without guarantees not included in Class VI (Euro 2.5 billion).

Premiums written through bank and postal branches accounted for 61.5% of the Life portfolio (64.6% in 2010). These were followed by financial promoters (16.3% compared to 16.4% in the first three months of 2010), mandated agents (12.6% compared to 11.5% in the first three months of 2010), in-house agents (8.4% compared to 6.2% in the same period of 2010), brokers (1% compared to 0.7% in the first three months of 2010) and the other forms of direct sales (0.3% compared to 0.5% in the first quarter of 2010).

The demand for new individual Life products, in premium terms, in 2010 reached its historic peak (nearly Euro 70 billion of new premiums). Contributing to this performance was the growth in minimum guaranteed traditional product premiums which, including also the pure risk products, amounted to Euro 52.6 billion, equalling the already strong result of 2009, and the return to growth of the “linked” and pension funds sector which, with Euro 16.9 billion of new premiums, remains however significantly below the amounts reported in 2007 (approx. Euro 34.3 billion).

The significant improvement in the Life business, which began in 2009 and continued at a more contained pace in 2010, resulted in an increase of both the premium and actuarial reserves compared to GDP. In fact the amount of reserves compared to GDP in 2010 reached its highest level at 26.53%. The percentage of premiums compared to GDP also reached its highest level from 5.34% in 2009 to 5.82% in 2010.

Graph 4 – Premiums and reserves as a percentage of GDP



Source: ANIA –Italian Insurance 2010-2011

PENSIONS IN ITALY

The COVIP data on the number of subscribers updated to December 31, 2010 highlights an increase in the number of subscribers in the year of slightly more than 200,000 (+4.3%), therefore reaching overall 5.3 million - approx. 23% of the 23 million persons employed.

In particular, the total number of employees in the private sector totalled 3.8 million, an increase of 3.9% on the end of the previous year. Subscription to collective pension funds contracted again in 2010, with open pension funds reporting a slight increase and only the individual pension plans reporting signs of sustained and strong growth.

Both the amounts contributed and the returns benefitted in 2010 from the overall positive financial market performance. Overall, funds managed reached Euro 83.2 billion, an increase of 12.7% on 2009. The average return on the traded funds was 3.0%, with the open funds reporting 4.2% and the unit-linked IPPs reporting 5.1% growth, against an increase in the employee leaving indemnity of 2.6%.

Operational performance

The sector pre-tax profit was Euro 74 million (Euro 107 million in H1 2010). Trading operations contributed to the sector performance with net gains realised of Euro 40 million (Euro 103 million in H1 2010). The Life sector performance was impacted by impairments on AFS financial instruments of approx. Euro 44 million. Of these, Euro 34 million relate to the above-stated write-down on Greek sovereign debt securities, gross of the policyholders' share.
In relation to the value of the overall Life portfolio, the internal estimates substantially confirm the amounts reported at the end of 2010, despite a decrease in premiums written in the half-year.

Premiums

Direct premiums written in the first half of 2011 amounted to Euro 2,560,277 thousand, a decrease of 31%.

The details by class compared to the previous half-year are shown in the table below.

(in Euro thousands)	1H 2011	1H 2010	Change %
DIRECT PREMIUMS			
I – Insurance on human life expectancy	737,640	2,214,709	(66.69)
III – Insurance related to investment funds	1,656,586	1,230,052	34.68
IV - Health insurance	201	98	105.10
V – Securitisation operations	165,492	264,178	(37.36)
TOTAL DIRECT PREMIUMS	**2,559,919**	**3,709,037**	**(30.98)**
INDIRECT PREMIUMS	**358**	**622**	**(42.44)**
TOTAL LIFE DIVISION	**2,560,277**	**3,709,659**	**(30.98)**

Total premiums written by bank branches amounted to Euro 1,831 million and represents 72% of the total direct premiums written (69% in 2010).

The total premiums in the sector also includes Euro 27 million (Euro 24 million in the first half of 2010) on investment contracts which may not be considered under IFRS 4 and therefore not included under premiums written but rather under financial liabilities according to the deposit accounting technique.

The premiums ceded amounted to Euro 11 million (Euro 10.3 million in the first half of 2010).
Charges relating to claims, net of reinsurance amounted to Euro 2,714.7 million (Euro 4,064.2 million in the first half of 2010).

A breakdown by Class and type of the sums paid in the direct Life segment is shown below:

(in Euro millions)	Claims	Redemptions	Maturity	H1 2011	H1 2010
I – Insurance on human life expectancy	69.2	969.6	364.0	1,402.8	890.2
III – Insurance to which classes I and II are connected to investment funds	16.0	248.5	236.6	501.1	293.1
IV – Health insurance	-	-	-	-	-
V – Securitisation operations as per Art. 40 of Leg. Decree 174/95	0.9	132.3	51.3	184.5	172.5
Total	**86.1**	**1,350.4**	**651.9**	**2,088.4**	**1,355.8**

Management expenses as a percentage of premiums increased (4.7% in the first half of 2011 compared to 3.4% in H1 2010), due to the decrease in premiums from the bancassurance sector - a sector characterised by lower servicing costs.

Gross technical reserves amount to Euro 23,508 million, an increase of Euro 568 million on the end of the previous year. This increase is principally due to the reserves for policies whose investment risk is borne by the policyholder, a sector driven by the strong premiums written by the subsidiary Lawrence Life. This was partially offset by redemptions in the traditional channel.

New premiums written in terms of equivalent annual premiums (Annual Premium Equivalent, APE), is calculated based on the sum of the new business annual premiums and 10% of the single premiums. For the Fondiaria SAI Group, this is calculated both under the IAS/IFRS criteria, excluding therefore the contracts treated under the “deposit accounting” method, and under Local criteria taking into consideration all new premiums in the sector, including investment contracts not within the application of IFRS 4. The results of the above-mentioned valuations are reported below.

(in Euro millions)	1H 2011	1H 2010	Cge %
IAS/IFRS standards	**239,360**	**336,025**	**(28,77)**
Traditional products	60,315	66,628	(9,47)
Bancassurance	179,045	269,397	(33,54)
Local GAAP	**241,058**	**336,983**	**(28,47)**
Traditional products	61,917	67,248	(7,93)
Bancassurance	179,141	269,735	(33,59)

In the first six months of 2011, the Individual Life premiums written by the distribution network were focused for 97% on the Separated Management products, which were characterised by a guaranteed annual minimum yield in addition to the protection of the investment, although at the beginning of the year the single and recurring premium minimum yield was reduced to 1.5%, in line with market trends.

More specifically:

- for the single premium forms, although with the continued attention on the important capital maturity segment, new business contracted significantly on the same period of the previous year, which was offset by premiums written concerning a collective agreement operational from the end of the previous year;
- for the recurring premium form, a performance in line with the first half of the previous year is reported, thanks to reasonable growth for the OPEN RISPARMIO product (+13%);
- for the constant annual premium forms, the premiums relating to new contracts report very strong growth (+86%), thanks in particular to the results of OPEN PIU' (+155%) and OPEN BRAVO (+56%).

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

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

The DEDICATA policy (Term Life Product) reported a significant increase in new business (+25%) for both the constant capital form and the decreasing capital form.

In relation to the complementary pension segment, implemented through the Individual Pension Plans, in the first six months of the year good new business development took place on the same period of the previous year (+4.5%).

The percentage of annual premium and recurring premium products of total business is another factor which is highlighted in relation to the 2011 first half results, amounting to over 10% - significantly improving on the result of the previous year.

In relation to the Collective Life and Pension Fund Sector in the first half of 2011, the traditional insurance coverage segment maintained the level of premiums although within a general economic context which had once again deteriorated. Institutional clients with significant levels of liquidity are expressing decreased interest compared to the past due to a lack of confidence related to the current liquidity crisis which directly affects this type of client.

Despite this, the sector overall remains robust and for some products has seen increasing interest.

The securitisation products and the recently launched collective mixed special products have maintained previous levels.

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

The Open Pension Funds created by the Company once again saw a steady stream of new subscribers and with stable inflows.

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

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

The performance in the first half of 2011 of the subsidiaries is summarised in the table below:

(in Euro thousands)	**PREMIUMS WRITTEN**	**CHANGE %**	**INVESTMENTS**	**GROSS RESERVES**	**RESULT**
LIFE INSURANCE SECTOR					
BIM VITA S.p.A.	124,408	131.70	379,961	327,051	(182)
DDOR NOVI SAD ADO	2,679	9.98	11,153	14,485	(103)
LIGURIA VITA S.p.A.	9,076	(29.70)	119,850	111,018	(1,598)
MILANO ASS.NI S.p.A. (*)	194,498	(27.07)	4,019,408	3,749,085	8,267
POPOLARE VITA S.p.A.	153,921	(90.63)	7,920,944	7,061,629	18,647
THE LAWRENCE LIFE ASS. CO. Ltd.	1,552,333	32.72	4,914,822	4,455,100	9,625
THE LAWRENCE RE IRELAND Ltd.	5,933	14.84	10,993	6,718	8

(*) Consolidated data of the Life Sector

The principal information on the largest insurance companies of the Group for the first half year based on IAS/IFRS accounting standards are provided below.

- **BIM VITA S.p.A.**

The premiums wriiten in H1 2011 amounted to Euro 124.4 million (Euro 53.7 million in H1 2010).
The growth is principally due to the actions taken concerning the sale of the BIM Freefinance Unit product (launched in the previous year) and the sale of the new BIM Freefunds product (with overall growth of Euro 53.1 million); both are Class III products and invest in foreign funds.
Growth in the Class I products which invest in the BIM Vita Separated Management was recorded in the half year (from Euro 7.6 million to Euro 25.2 million).

The strongest contributing sales networks are Banca IPIBI (Intra Private Bank) and BIM (Banca Intermobiliare).

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

The sector reports a pre-tax profit of Euro 18.4 million, a decrease compared to the first half of 2010 (profit of Euro 29.8 million).

In the first half of 2011 premiums written amounted to Euro 194.5 million, a decrease of approx. 27% on the first half of 2010: the decrease is due to the reduction in traditional policies with high insurance content and of centrally managed securitisation policies (-17.9% for Class I, -55.7% for Class V).

In relation to individual insurance also in the first half of 2011 policies have almost in their entirety consisted of Separated Management products, featuring clauses which guarantee the repayment of capital and a minimum return. Very strong results were recorded for the product dedicated to young persons "Open Bravo".

In relation to Collective Insurance and Pension Funds, the segment reports premiums in line with the previous period, although in a less favourable economic environment.

The reinsurance premiums ceded amounted to Euro 5.6 million (Euro 6.3 million in H1 2010) and represent 2.9% of gross premiums; the reinsurance structure remains unchanged on the previous year.

Management expenses amounted to approx. Euro 15.1 million (Euro 13.7 million in H1 2010), with a percentage on net premiums of approx. 9% (5.3% in the first half of 2010).

POPOLARE VITA S.p.A.

The first half of 2011 reports a profit of Euro 18,647 thousand (Euro 23,794 thousand in H1 2010), which includes the result of the subsidiary Lawrence Life contributing a profit in the period of Euro 9.6 million (Euro 4.8 million in the first half of 2010).
Gross premiums written amounted to Euro 154 million in the first half of 2011 (Euro 1,644 million in H1 2010) and for over 92% comprised of Class I products.
Management expenses in the first half of 2011 amounted to Euro 22,713 thousand (in H1 2010 amounting to Euro 46,512 thousand) and consisting of approx. 35% of acquisition expenses (net of commissions received from reinsurers).
At June 30, 2011, overall investment volumes totalled Euro 7,921 million (a reduction of 8.1% on 31/12/2010) and comprised for approx. 47% by Financial assets at fair value recorded to the Income Statement.
The gross technical reserves amounted to Euro 7,061 million (Euro 7,758 million at 31/12/2010).
The products of the Company are marketed through the branches of the Banco Popolare Group.

In the first half of 2011 the premiums written by the subsidiary Lawrence Life amounted to Euro 1,552.3 million (Euro 1,169.6 million in H1 2010).

New products issued on the market

From 14/03/2011 the new mixed policy Vita Protetta SASA which replaces the Risparmio Assicurato Product was made available.
Vita Protetta SASA guarantees:

- in case of death of the policyholder during the contractual term: the payment of the insured capital to designated beneficiaries;
- on the maturity of the contract: the payment of the insured capital to designated beneficiaries.

In the Italian market, the offer of Life products based on the management of client investments and savings has segmented over time into two major areas.
The first, characterised by traditional insurance products, with returns related to Separated Management, the second, characterised by financial-insurance products related to Internal and External Funds.

In recent years, security and minimum guarantee returns has been a priority of a large section of potential Clients. Products related to Separated Management have therefore been met with great success, both at overall market level and by our Clients in particular.
However our market is evolving, with innovative products emerging which incorporate a security component - now considered increasingly important - through mechanisms which link results to the performance of the stock indices.

In this environment, the Group has launched on the market the new **Open Dinamico** product in two versions: a Single Premium distributed from April 20, to which the Periodic Premium version was added in May.

Open Dinamico is a multi-class product, with a component linked to separated management and a component linked to an internal unit-linked fund, with very innovative characteristics compared to the current Portfolio and the principal competitors.
Open Dinamico in fact provides a number of interesting features compared to the products currently in portfolio, in particular in relation to the investment management options provided to the Client throughout their relationship with the insurance company.

Reinsurance

The Group reinsurance structure is in line with the protection system of the Parent Company. The proportional programme permits each insurance Company to hold an adequate part of premiums with reference to the volume of the individual portfolio, and to protect reinsuring the underwriting points which could negatively impact on the final result.
The Group reinsurance company, The Lawrence Re, provides adequate protection to each insurance Company on a reinsurance basis, and subsequently integrates the various portfolios in order to obtain specific reinsurance protection on the international market.

Non-Life Reinsurance

In the first half of 2011, the reinsurance policy of the Non-Life Division of the Fondiaria-SAI Group resulted in outward reinsurance premiums ceded of Euro 144.1 million and inward premiums of Euro 1.5 million: the outward reinsurance balance recorded a negative value of Euro 29.1 million.
In 2011, the placement of all the portfolios of the companies of the Fondiaria SAI Group on the international market takes place through The Lawrence Re Ireland Ltd with the following exceptions:

- the transport classes placed through the subsidiary SIAT;
- the aviation classes placed directly by the underwriting companies;
- the non-marine portfolio of SIAT placed with Milano Assicurazioni;
- the protected assistance class placed directly by the subsidiary Pronto Assistance;
- the significant risks ceded optionally directly by the companies.

The reinsurance policy is based on cessions on a non-proportional basis for the protection of the individual or cumulative risks deriving from a single event for the classes Fire, Accident, Theft, General TPL, Motor Vehicle TPL and Land Vehicles, while on a proportional basis for the Credit class. In the Transport, Aviation, Guarantees and Technological Risk classes, the structure is based on proportional agreements and excess claims coverage. The balance of the reinsurance cessions was favourable for our reinsurers and in line with expectations with no significant claims borne by the reinsuers.
The subsidiary SIAT placed on the reinsurance market the protection relating to the Transport sector operating as reinsurer of the companies of the Group, with a mixed structure based on proportional settlements and protection in excess of claims. The remaining “non marine” classes, in any case being disposed of, were integrated into the various Group programmes through Milano Assicurazioni.
The subsidiary LIGURIA, following the guidelines issued by the Parent Company, placed the Transport Classes through SIAT, while Group programmes were utilised for the other guarantees, with the exception of the Assistance Class as indicated above.
In particular cases, where there was a lower priority, specific underlying programmes were placed.
The reinsurance includes at 30/06/2011 all the optional business and the acceptances by the insurance companies of the Group and at 30/06/2010 for all the other types of agreements. After the prudent reserves recorded in the previous accounts and net of the relative reinsurance, the equilibrium of the result of the overall portfolio is confirmed.

Life Reinsurance

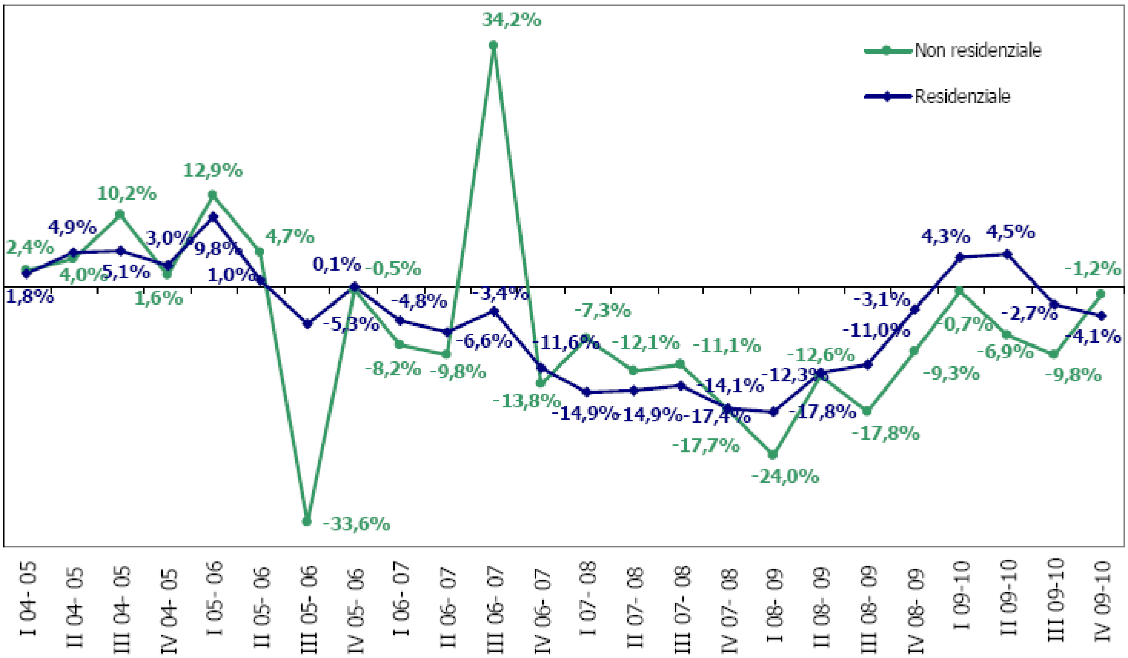
The reinsurance programme, as in previous years, consists of a proportional agreement in excess. The retentions are variable according to the individual policies of the Group. The subsidiary The Lawrence Re reinsures this portfolio and obtains coverage on the international market through a non-proportional structure for the specific risks and a Stop Loss protection on the retained portfolio of the Group.

The retentions continue to be held for the participating insurance companies, especially when compared to the total capacity provided.

Real Estate Sector

In the first quarter of 2011 the Italian real estate market continued the downward trend seen in the previous two quarters. After the 2009 crisis, signals of a recovery became apparent in the first two quarters of 2010, but in the third quarter the annualised figures shifted into negative territory once again.

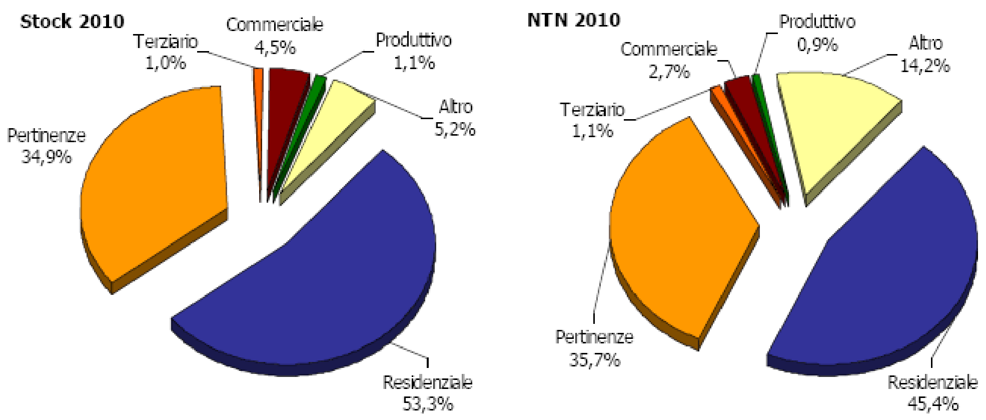
Graph 5 – Quarterly % changes in the service, commercial and productive sectors



Source: Regional Agency – Non-residential sector 2011 report (May 2011). Data at 31/12/2010

In the first three months of this year, the total reduction of units sold amounted to 3.6%, with 298,946 transactions. A fall off in demand was seen across all sectors, with a reduction of 8.9% in commercial properties and residential properties contracting 3.7% (136,718 transactions). The service sector contracted 4.4% (3,258 transactions), the productive sectors by 2.1% (2,473 transactions), with annexes contracting 2.6% (107,564 sale of garages, parking spaces, underground spaces).

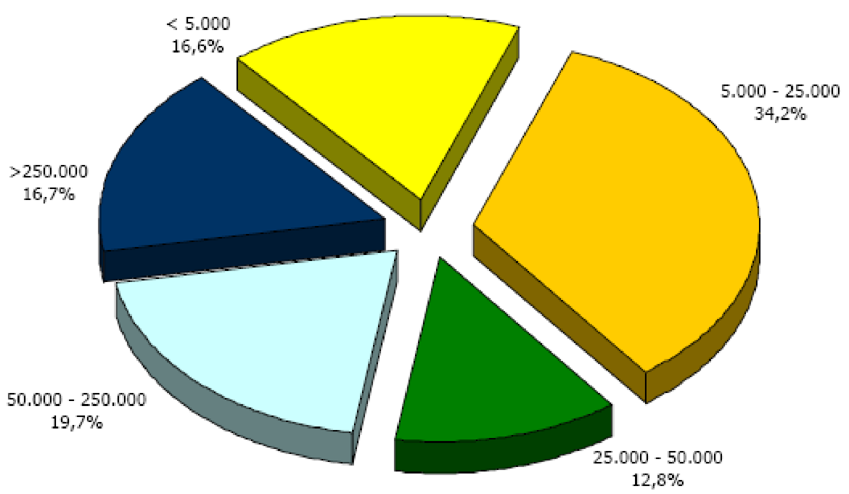
Graph 6 – Distribution of the stock and the NNT[(1)] by sector



Source: Regional Agency – Non-residential sector 2011 report (May 2011). Date, 31.12.10
(1) NNT: Number of "normalised" transactions of real estate units (sales of ownership rights are "counted" concerning each real estate unit taking account of the ownership portion traded under the transaction; therefore if only a fraction of the ownership of the real estate unit is sold, for example 50%, this is not counted as one transaction, but rather as 0.5 transactions).

In relation to the residential sector, an analysis of the eight most populated Italian cities establishes a contradictory picture to that seen in the country as a whole and in the major geographic regions of the country: in fact the volume of residences sold increased overall by 2%. The contraction was greater in the smaller cities (-5%) rather than the larger ones.

Graph 7 - NNT[(1)] distribution by municipality population



Source: Regional Agency – Residential sector 2011 report (May 2011). Date, 31.12.10
(1) NTN: Number of "normalised" transactions of real estate units (sales of ownership rights are "counted" concerning each real estate unit taking account of the ownership portion traded under the transaction; therefore if only a fraction of the ownership of the real estate unit is sold, for example 50%, this is not counted as one transaction, but rather as 0.5 transactions).

Operational Performance

The results of the real estate sector include the subsidiaries **Immobiliare Fondiaria-SAI** and **Immobiliare Milano**, **Nit S.r.l.** and other minor companies, as well as the **Tikal R.E.** and **Athens** Closed Real Estate Funds.

The key data of the real estate sector is summarised below:

(in Euro thousands)	**30/06/2011**	**30/06/2010**
Profits realised	42	3,350
Total revenues	80,474	71,505
Interest expense	4,257	4,308
Total costs	72,068	87,533
Profit/(loss) before taxes	8,406	(16,028)

(in Euro thousands)	**30/06/2011**	**31/12/2010**
Investment property	1,262,610	1,276,207
Financial liabilities	212,800	293,354

The pre-tax result was a profit of Euro 8 million compared to a loss of Euro 16 million in 2010.
The positive result benefitted from inter-company gains, reversed in previous years, which were recognised to the income statement in the first half of the present year, in addition to the positive effect of the valuation at equity of the associated company IGLI (which in turn holds a stake in Impregilo), although the company is not strictly involved in the real estate development or management activities.
Excluding the above-stated effects, the normalised result would amount to a loss of Euro 14 million.
The result in the period was also affected by depreciation on buildings of Euro 12.6 million (Euro 10.7 million in the first half of 2010) and impairments of Euro 5.1 million (Euro 0.4 million in the first half of 2010).
Excluding the above-stated effect, ordinary operations in the sector would have recorded a pre-tax loss of approx. Euro 1 million.

The reduction in financial liabilities is principally due to the repayment of Euro 57 million by Immobiliare Milano Assicurazioni of bank loans undertaken with BPM and with Efibanca, in addition to the reduction of the debt of the Tikal R.E. Closed Real Estate Fund of approx. Euro 15 million.

In the half year no significant and/or important property operations took place. Management was focussed on the current properties in portfolio.

The table below reports the results of the subsidiaries operating in the real estate sector:

(in Euro thousands)	REVENUES	CGE %	COSTS	RESULT
REAL ESTATE SECTOR				
IMMOBILIARE LOMBARDA S.p.A.	28,526	33.05	28,570	(228)
IMMOBILIARE FONDIARIA-SAI S.r.l.	16,962	(44.75)	12,959	4,002
IMMOBILIARE MILANO S.r.l.	11,567	168.53	9,475	2,717
NUOVE INIZIATIVE TOSCANE S.r.l.	61	140.76	483	(421)
TIKAL R.E. FUND	13,235	8.56	20,510	(2,482)

Real estate operations

During the half year, the following real estate operations took place:

- In order to concentrate the real estate portfolio of the Fondiaria-SAI Group in wholly-owned assets, Fondiaria-SAI and some Group companies during 2010 decided to sell a number of vacant properties, located in condominium buildings owned by third parties and throughout Italy. In relation to this operation, in the first half of 2011, Fondiaria-SAI signed contracts for approx. Euro 7.3 million, while for Milano Assicurazioni, the relative figure was approx. Euro 2.5 million;
- In addition 2 residences owned by Fondiaria-SAI S.p.A. in Rome, viale Beethoven, 63 for a total of Euro 1.2 million were sold;
- In 2010 the subsidiary Liguria Assicurazioni approved the fractioned sale of the property in Segrate, Via Delle Regioni, 40 and in relation to this operation in the first half of 2011 contracts were signed for a total of Euro 0.4 million.

Real estate investments

CityLife

The Boards of Directors' meetings of Milano Assicurazioni and Fondiaria-SAI, held on March 22, 2011 and March 23, 2011 respectively, approved the initiation by Immobiliare Milano Assicurazioni S.r.l. of the process concerning the exercise of the sales option in favour of Generali Properties S.p.A. of the entire holding in CityLife S.r.l., comprising 27.20% of the share capital.

On April 4, Immobiliare Milano Assicurazioni S.r.l. communicated to Generali Properties – and, for information purposes Allianz S.p.A. – the exercise of the option within the terms and conditions of the agreement of June 11, 2010.

Following the exercise of the option, the sales contract of the investment was considered completed, for which Generali Properties, and in relation also to it's obligations, Allianz, were required to fulfil all obligations assumed under the above-stated agreement.

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

The transfer of the holding is subject to the granting by ISVAP and by the Anti-trust Authority of the authorisation of Generali Assicurazioni to acquire indirect control of CityLife.

In order to establish the price according to the agreed criteria, Leonardo & Co. S.p.A. was appointed as arbitrator by common agreement between Generali Properties and Immobiliare Milano Assicurazioni, who in turn were approved by the Parent Company Fondiaria-SAI. In establishing the price of the investment, the arbitrator calculated the net equity value of CityLife, adjusting the unrealised gains and losses and the tax impact.

For further details in relation to the closing of the operation reference should be made to the paragraph "Subsequent events to the period end".

Igli

The valuation of the IGLI investment at June 30, 2011, according to the equity method, was carried out based on the Igli S.p.A. data at the same date, and incorporates in the valuation of the holding in Impregilo S.p.A. the results and the changes in the net equity of the company at March 31, 2011, as the consolidated financial statement values at June 30, 2011 are not yet available.
These movements are reported pro-rata in the Igli financial statements at 30/6/11, with an increase in the value of the holdings held equally by Immobiliare Fondiaria-SAI and Immobiliare Milano Assicurazioni of approx. Euro 6 million each, of which Euro 6.7 million recognised to the income statement and Euro -0.7 million to the reserves.
The value of the holding in Igli therefore amounts to Euro 68.6 million.

Porta Nuova Varesine

The area of the Porta Nuova Varesine project is in Milan, between Via M. Gioia, Viale Liberazione, Via Galileo and Via Vespucci and provides for the development of approximately 42,000 sq.m for office use, 31,000 sq.m for residential use and 9,000 sq.m for retail use. In the first half of 2011, the Lot 1 works continued (offices, commercial areas and relative underground floors) and of Lot 2 (residences, commercial and relative underground floors) according to the established timeframe. The building phase of the project is approx. 35% completed. The sale of the residential components which began at the end of 2009 continued in the period. The fourth mixed lot was put on the market, including apartments situated in the Solaria Tower and in the Aria Tower. As at 30/06/2011 irrevocable purchase orders for approx. 75 units for a total value of approx. Euro 120 million were received, respectively comprising 38% of the total number of apartments within the project and 28% in terms of sales values.

The values were confirmed as in line with the financial plans. In relation to the service sector component, the marketing activity by the specialised broker continues according to the programme and negotiations are in course with the first tenants for the 3 office use buildings.

Progetto Alfiere

Immobiliare Fondiaria-SAI S.r.l. holds 19% of the share capital of the company Progetto Alfiere S.p.A., equal to the holding of Lamaro Appalti, the Beta Real Estate Fund (Fimit SGR), Tecnimont Civil Construction (ex Maire Engineering) and Astrim, with the residual 5% held by Eurospazio. The company Progetto Alfiere in turn holds 50% of the share capital of Alfiere S.p.A., with the residual 50% held by Fintecna Immobiliare S.p.A. Alfiere is the vehicle company identified for the completion of the Rome real estate project called "Torri dell'Eur" (Eur Towers).

With the shareholders' agreement between the partners of the initiative ending, informal negotiations began concerning the possible sale of the 50% holding of Progetto Alfiere in Alfiere . The sale of the holding was evaluated by the shareholders, also in light of the drawn out planning process concerning construction licences which over the last five years has involved numerous reviews of the original architectural plans by the relevant Authorities at various levels.

With the extension of the original timeframes, which may even be put back further following the issue of the construction permit (obtained in February 2011), the profitability of the initiative is now uncertain, also considering the high level of charges related to the loan initially agreed by Alfiere for the purchase of the real estate complex.

With a view to eventually drawing up a sales agreement, Progetto Alfiere and its shareholders signed a standstill agreement, which has been extended on numerous occasions and which establishes the commitment of the parties to not exercise the rights accruing at the conclusion of the Shareholders' Agreement initially signed and, in particular, to not dispose, for any part or in any manner, the respective holdings in Alfiere and Progetto Alfiere.

At the beginning of June Progetto Alfiere and Fintecna signed an agreement concerning the granting to Fintecna of a sales option on 50% of the holding in Alfiere, whose principal terms and conditions are summarised as follows:

1) Progetto Alfiere and its shareholders cede to Fintecna an option for the acquisition of the holding of Alfiere in Progetto Alfiere (as stated above comprising 50% of the share capital) and the shareholder loan receivable held by Progetto Alfiere with Alfiere. The price of the holding was approx. Euro 16.1 million, corresponding to 50% of the paid-in share capital of Alfiere, in addition to the shareholder loan of Euro 21.1 million, for a total of approx. Euro 37.2 million;
2) the purchase option, granted to Fintecna or a nominee company, may be exercised until November 30, 2011 and the standstill agreement in place will consequently be extended according to the currently applicable conditions;
3) during the purchase option exercise period, the financial needs of ALFIERE will be covered by a shareholder loan exclusively by Fintecna (the Temporary Shareholder Loan);
4) on the exercise of the purchase option, the entire above-stated amount of Euro 37.2 million will be paid by the acquirer to Progetto Alfiere in a single payment four years from the date of exercise of the option, without incurring interest;
5) the payment of the amount will in any case be guaranteed by a "corporate" surety or by an independent bank guarantee granted by a primary credit institution for the entire amount;

6) where Progetto Alfiere identifies in the purchase option exercise period one or more parties to acquire the holding in Alfiere and the relative shareholder loan receivable, such must be communicated by them in a timely manner to Fintecna outlining in detail all of the conditions required of the relevant parties for the purchase in order to proceed with the sale. Fintecna may acquire, also through a nominee, the holding in Alfiere and the shareholder loan receivable at the terms and conditions indicated by parties available to purchase.
7) in the case of non exercise of the purchase option, the Temporary Shareholder Loan provided by Fintecna to Alfiere will be repaid by Alfiere to Fintecna;
8) finally, in the case of the exercise of the option, Alfiere and Fintecna commit to release Progetto Alfiere and all its shareholders from all obligations concerning the holding.

On July 6, the Board of Directors of Fondiaria-SAI S.p.A. approved the above-stated operation.

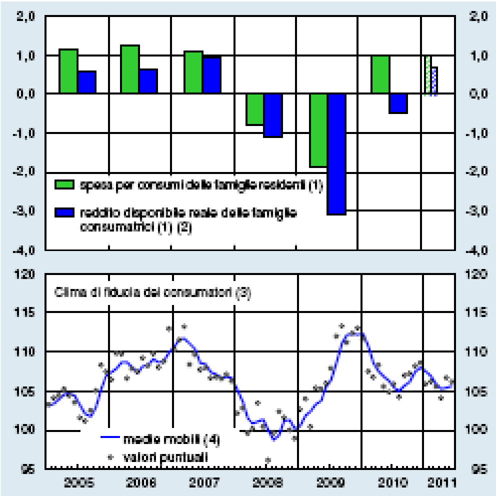
Other Activities Sector

The savings of Italian households

In the first quarter of 2011, household spending growth was contained (+0.2% on the previous quarter).

The lack of disposable income continues to affect consumption.

Graph 8 - Consumption, income and household consumer confidence in Italy

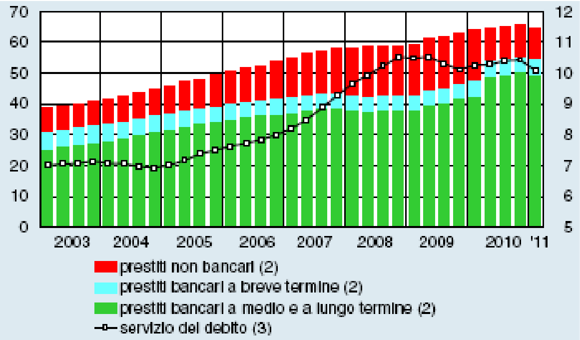


Source: Bank of Italy (Bulletin No. 65), based on ISAE and ISTAT data (1) Quantity at linked prices; percentage change on the previous year. (2) Deflated with the deflator of the household consumer spending. (3) Indices: 1980=100, seasonally adjusted. (4) Moving 3-month average at period end.

Caution was again maintained by consumers in the first months of 2011. Retail sales continued to remain stagnant. Consumer confidence was affected by greater pessimism concerning the general economic situation and the increased concerns surrounding unemployment.
Inflationary fears are gradually subsiding.

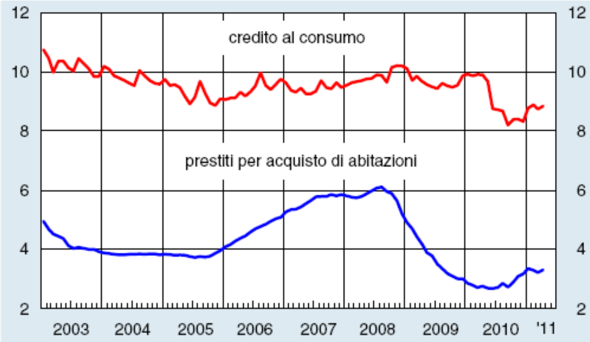
In the first quarter of 2011, household debt in comparison to disposable income decreased to 64.4%. This decrease principally follows a curtailment in medium-long term bank loans and in non-bank lending. The level of debt however remains greatly lower than the average in the Eurozone (close to 99% in December 2010).

Graph 9 – Household debt
(in % of gross disposable income)



Source: Bank of Italy (Bulletin No. 65), based on ISTAT data.
(1) Loan data includes securitised loans. (2) The breakdown between bank loans and non-bank loans is not comparable with the second quarter of 2010. (3) Right column. Estimate of household loan servicing charges.

Graph 10 – Household loan rates
(AER on new operations)



Source: Bank of Italy (Bulletin No. 65).
(1) The bank rates refer to operations in Euro based on the Eurosistema methodology. The "new credit" are the contracts agreed in the reference period or the renegotiation of previous loans. The AER (annualised interest rate) includes accessory expenses (administration, processing, insurance) and is obtained as the weighted average of the operations during the month.

The charges incurred by households for servicing the debt (interest payment and capital repayment) decreased to 10.1% of disposable income from 10.4% in December 2010. Consumer credit rates however reported a small increase.

Consumer credit

On June 1, 2011, the new consumer credit regulation entered into force. For greater detail, reference should be made to the paragraph "Regulatory developments".

In the first 4 months of 2011, the Assofin Research Institute analysed the consumer credit situation. The amount had again contracted (-3.4% after a 5.3% reduction in 2010), although with a slight recovery in consumption (value of Euro 53 billion). A slow and gradual recovery appears to have taken hold after an extensive period of stagnation which, according to Istat, particularly affected durable goods.

According to expert analysis, in the second half of 2011 substantial stability will be maintained with recoveries in certain areas.

Operational performance

The sector includes the Group companies operating in the banking, hotel and diversified sectors, as opposed to the insurance and real estate sectors.
The pre-tax result of the sector was a loss of Euro 30.2 million (loss of Euro 29.7 million in the first half of 2010).
The Atahotels Group contributed a loss in H1 2011 of Euro 14 million: the loss of Euro 6.2 million by the Fiorentino Villanova Oncology Centre is also considered.

The key highlights of the companies operating in the banking and managed funds sector are shown below:

(in Euro thousands)	BROKERAGE MARGIN	CHANGE %	RESULT
OTHER SECTORS			
BANCASAI S.p.A.	13,503	(9.78)	837
SAI INVESTIMENTI SGR S.p.A.	1,902	(8.21)	666

The results of the other companies in the sector are reported below:

(in Euro thousands)	PROFIT/(LOSS) 1H 2011	PROFIT/(LOSS) 1H 2010	CHANGE %
OTHER SECTORS			
ATAHOTELS	(13,858)	(18,592)	(25.46)
FINITALIA	751	825	(9.01)
FINSAI INTERNATIONAL	1,086	480	126.28
FONDIARIA NEDERLAND	504	907	(44.43)
SAIAGRICOLA	(780)	(1,299)	(39.89)
SAI HOLDING ITALIA	(832)	586	(242.02)
SAIFIN – SAIFINANZIARIA	(19)	(3,831)	(99.51)
SAILUX	373	560	(33.42)
SAINTERNATIONAL	(630)	(273)	(130.94)

BANCASAI S.p.A.

The consolidated result as per IAS standards was a profit of Euro 0.8 million (loss of Euro 3.6 million in H1 2010).

Direct and indirect premiums and funding strategies
During the period, the number of current accounts decreased from 16,648 at the end of 2010 to 16,488 at June 30, while total current account deposits increased significantly to Euro 820 million compared to Euro 719 million at the end of 2010.
Time deposits reduced from Euro 16.7 million at year-end to Euro 0.74 million.
At June 30, bond loans had been placed for a total of Euro 170 million (approx. Euro 177 million in 2010).

Total indirect funds managed increased significantly (+7.78%) to Euro 15,228 million at June 30, 2011 from Euro 14,128 million at December 31, 2010.
Total managed savings increased from Euro 451 million to Euro 602 million, with administered savings growing from Euro 13,677 million to Euro 14,626 million.

Loans
At June 30, 2011, the overall value of loans to clients increased to approx. Euro 890 million (Euro 837 million at December 31, 2010).
The increase in loans is due to the greater utilisations by the subsidiary Finitalia (from Euro 39.3 million to Euro 90.6 million), while the granting of credit lines to normal clients remained substantially unchanged. The reduction in loans, in reversal to the situation in 2010, is as a result of the need to contain the credit risk following the extensive review put in place of the strategic guidelines of the bank in the credit sector, and also in consideration of the indications of the shareholder Fondiaria-SAI concerning the reduction in the risk profile. Since April 2011 lending activities have ceased to be the driver of the Bank growth strategy. This activity is therefore no longer considered in isolation but rather within the wider context of the client’s relationship and the integrated management of assets and liabilities.

In relation to the risk concentration, the value of the leading 50 bank clients comprises 31.8% of the total, a reduction on approx. 33.4% at 31/12/2010.

FINITALIA S.p.A.

The net profit in the first half of 2011 amounted to Euro 751 thousand, compared to Euro 825 thousand in H1 2010, after the deduction of Euro 765 thousand of tax charges, compared to Euro 808 thousand in 2010.

Administrative expenses in the first half of 2011 amounted to Euro 5,989 thousand, increasing on the same period of 2010 (Euro 5,226 thousand). The difference is principally due to the increase in personnel costs, in addition to other administration expenses.

In relation to the operational results for the first half of 2011, an interest margin and a brokerage margin of Euro 10,637 thousand and Euro 10,102 thousand are respectively reported (in H1 2010, respectively Euro 10,203 thousand and Euro 9,746 thousand), with write-downs of Euro 2,637 thousand (Euro 2,937 thousand in H1 2010).

At 30/06/2011, total loans of Euro 141,312 thousand had been issued, compared to Euro 112,596 thousand at 30/06/2010.

Atahotels S.p.A.

In the first half of the year Atahotels reports a loss of Euro 13.9 million (compared to a loss of Euro 18.6 million in H1 2010). The shareholders' equity amounted to approx. Euro 12 million at June 30, 2011 following a share capital increase carried out by shareholders of Euro 10 million in order to recapitalise the company.
Although the result remains negative, particularly as a result of the high level of rental and depreciation, it is highlighted that the operating and management indicators have improved following the measures undertaken by Fondiaria-SAI after the acquisition of the Company.

The principal operating indicators highlight a significant improvement in all of the interim results - both compared to budget and compared to the same period of the previous year.

For example, following an increase of 9% in revenues and stability in absolute costs, the Gross Operating Profit (the operating margin before rental, amortisation, depreciation, overhead costs, extraordinary charges and taxes) of Atahotels improved 53.2% compared to the first half of 2010. With a margin of Gross Operating Profit on revenue of 26.6% compared to 18.9% in the previous year, the company is therefore returning - thanks to the combined effect of the increase in revenues and the cutting of costs - towards an acceptable level of operational profitability.
Unfortunately, the high percentage of property related costs, and in particular rental (29.7% of revenues) and depreciation (8.9% of revenues), has resulted in a negative Contribution Margin to Overhead Costs, although improving by 48.3% compared to 2010 and in comparison to budget.
Finally, overhead costs increased by 6.4%, particularly as a result of the centralisation of commercial activities, although lower than budget.

The Company is therefore returning to moderate operational profitability levels, achieving one of the main 2011 budget strategic objectives and of the three-year plan presented to the Board at the end of 2010.
The effects of the actions taken over the past year and a half have begun to become apparent, as reported on a number of occassions to the Board.

An analysis of the principal industrial indicators highlights the following situation in the first half of 2011:
- 629,518 guests (an increase of 10.6% on H1 2010), with a reduction in the number of available rooms in the period of 4.4%;
- occupied rooms of 380,284, increasing by 11.1% on the first half of 2010;
- occupancy rate of 60.9%, up 8 percentage points on 2010 and 2.5 percentage points ahead of budget;

- average room revenue of Euro 93, up Euro 1.50 compared to the previous year and Euro 2.10 lower than budget;
- as a result of that stated above, the Revpar (average revenue per available room) in the first half of 2011 amounted to Euro 56.60 compared to Euro 47.90 in 2010.

Expectations for the coming months are encouraging and provide for cautious optimism regarding the remainder of the year.

Asset and financial management

INVESTMENTS AND LIQUIDITY

At 30/06/2011, the volume of investments amounted to Euro 36,525 million, an increase of 1.4% on 31/12/2010.

The investments, tangible fixed assets and liquidity at 30/06/2011 compared to the previous year are shown below.

(in Euro thousands)	30/06/2011	Percent. %	31/12/2010	Percent. %	Cge. %
INVESTMENTS					
Investment property	2,856,621	7.59	2,894,209	7.77	(1.30)
Investments in subsidiaries, associates and joint ventures	200,975	0.53	325,369	0.87	(38.23)
Investments held to maturity	603,901	1.60	592,138	1.59	1.99
Loans and receivables	3,633,171	9.65	3,159,211	8.48	15.00
AFS financial assets	19,715,952	52.37	20,302,882	54.54	(2.89)
Financial assets at fair value through the profit or loss account	9,514,726	25.27	8,740,064	23.47	8.86
Total investments	**36,525,346**	**97.01**	**36,013,873**	**96.72**	**1.42**
Tangible fixed assets: buildings and other fixed assets	602,549	1.60	594,334	1.60	1.38
Total non-current assets	**37,127,895**	**98.61**	**36,608,207**	**98.32**	**1.42**
Cash and cash equivalents	523,127	1.39	625,940	1.68	(16.43)
Total non-current assets and cash equivalents	**37,651,022**	**100.00**	**37,234,147**	**100.00**	**1.12**

The AFS financial assets and the financial assets valued at fair value through profit or loss are as follows:

(in Euro thousands)	30/06/2011	31/12/2010	Cge. %
AFS financial assets	**19,715,952**	**20,302,882**	(2.89)
Equity securities	1,598,472	1,528,791	4.56
Fund units	807,076	819,961	(1.57)
Debt securities	17,308,442	17,952,179	(3.59)
Other financial investments	1,962	1,951	0.56
Financial assets at fair value through the profit or loss account	**9,514,726**	**8,740,064**	8.86
Equity securities	37,357	32,502	14.94
Fund units	631,683	459,900	37.35
Debt securities	8,457,123	7,758,432	9.01
Other financial investments	388,563	489,230	(20.58)

The table below shows the results of the financial and real estate activities in the first half year compared with the same period in the previous year:

(in Euro thousands)	1H 2011	1H 2010	Change
Net income from financial instruments recorded at fair value through profit or loss	84,064	272,728	(188,664)
Net income from investments in subsidiaries, associates and joint ventures	7,320	(14,589)	21,909
Income from other financial instruments and property investments of which:			
Interest income	389,795	350,617	39,178
Other income	82,874	97,573	(14,699)
Profits realised	125,084	218,215	(93,131)
Valuation gains	165	131	34
Total income	**689,302**	**924,675**	**(235,373)**
Charges from other financial instruments and property investments of which:			
Interest expense	37,090	37,014	76
Other charges	33,224	35,378	(2,154)
Losses realised	67,437	64,180	3,257
Valuation losses	125,683	109,542	16,141
Total interest expense and charges	**263,434**	**246,114**	**17,320**
TOTAL NET INCOME/(CHARGES)	**425,868**	**678,561**	**(252,693)**
Net income from financial instruments recorded at fair value through profit or loss where the risks are borne by the policyholders (Class D)	99,830	257,317	(157,487)
TOTAL NET INCOME EXCLUDING CLASS D	**326,038**	**421,244**	**(95,206)**

As highlighted in the table the net income from financial instruments recorded at fair value through the profit and loss includes net income relating to contracts in the Life sector whose risk is borne by the policyholders for Euro 100 million (Euro 257 million in the first half of 2010).
This decrease is offset by the corresponding change in the technical reserves of the Life sector relating to this class of activity. These amounts are concentrated almost exclusively in the companies operating in the Bancassurance sector.

FINANCIAL MANAGEMENT

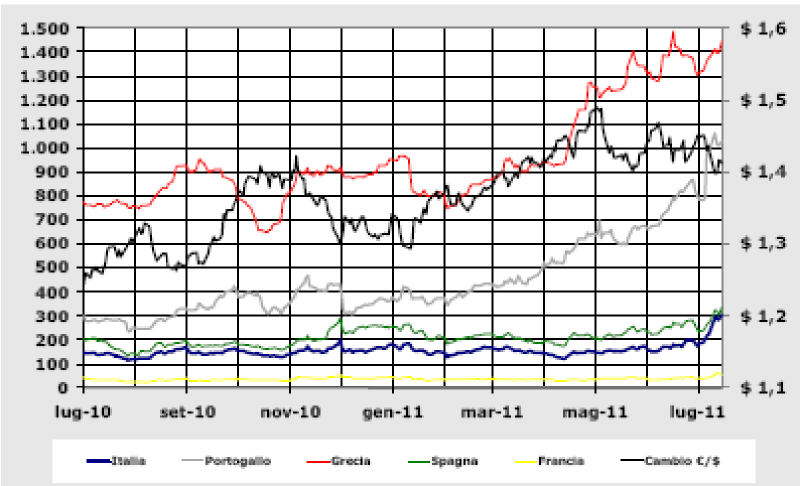
In the first half of 2011 the Central Banks of the Emerging Countries continued to increase discount rates to tackle the rise in inflation affecting the commodities sector and the food sector, while in the United States the Federal Reserve continued to maintain an extremely expansive monetary policy, leaving official interest rates unchanged, principally within the 0% to 0.25% interval. At the time of writing, the European Central Bank increased the reference rate to 1.50% from 1.25% in April, both in consideration of the growth in the European economy and in order to contain inflation.

Europe was impacted in the half year by concerns surrounding the sovereign debt risk. In the first part of the year, the market reacted positively to the actions taken by European policymakers concerning new instruments and bodies drawn up to protect the Euro and the member countries such as, for example, a series of coordinated actions concerning the European Stability Mechanism (ESM), a permanent safeguarding mechanism for member states in difficulties created to protect the financial stability of the entire Eurozone.

From the second half of 2013 the ESM will replace the European Financial Stability Facility (EFSF), the European mechanism for financial stability, which will remain in place therefore until June 2013.

These actions reduce the systemic risk within the Eurozone, reducing the risks affecting the weakest countries such as Greece, Ireland and Portugal. In recent weeks, fresh fears have affected the government bond market; in the middle of July, the differential on the 10-year Bund yield (2.71%) was 1,028 basis points for Portugal, 1,443 basis points for Greece and 337 basis points for Spain.

Graph 11 – Spread vs. 10-year Bund and Euro/Dollar exchange rate



Source:Thomson Reuters, Datastream

At the time of writing the sustainability of the government deficits of the weaker nations within the Eurozone had returned to centre stage. In particular, focus had once again returned to Greece (and subsequently to Portugal) who, after difficulties and extensive negotiations, implemented a new austerity package which unblocked the agreed assistance for Greece.

The markets, after experiencing a strong first quarter with the European large cap index in positive territory (+4%) based on the economic recovery and strong earnings reports, saw a deterioration in the economic situation and in the perception of the sovereign risk of the Eurozone, with the gains established at the beginning of the year wiped out.
In particular, the contraction of the indicators concerning the US outlook, expectations of a drawn out monetary restriction policy by the European Central Bank and fresh fears concerning the European sovereign debt led to profit-taking in sectors which had performed strongest in the first part of the year.

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

Financial operations in the period

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

The **Life sector** activity in H1 2011 was principally of a tactical nature. Considering the continued tensions concerning the spreads on sovereign debt, the government portfolio was diversified, increasing the exposure to the stronger and less volatile countries. In relation to the corporate sector, the exposure was marginally reduced, with the booking of significant gains.

The management activities consistently considered the Asset Liability Management (ALM) profiles of each portfolio, seeking to maximise the investment objectives with strong returns and in line with the profiles of the policies. Overall portfolio profitability improved on the end of 2010, with durations substantially unchanged.

In relation to the **equities market**, in the half year the percentage of financial securities was reduced due to the joint effect of sales carried out in the banking sector for the hedging of strategic securities and the purchases in the current component which principally related to the more defensive sectors (non-financial).
However financial securities provide the main foundation of the Group portfolios. These securities performed ahead of the sector in general in the period considered.

The equity segment saw a significant amount of trading of securities classified at statutory level within the current portfolio, enabling the realisation of significant gains. In light of the market developments in the first part of the year the share of capital employed was reduced, with the positions progressively increased with higher returns established on the market.

Fondiaria-Sai
In H1 2011, the **Non-Life Division** is composed of 45.8% of fixed income bonds, 49.1% at a variable rate and a residual 5.1% in Time Deposits and Cash.
The total duration of the portfolio is 1.97 years and the return on the Non-Life portfolio is equal to 2.92%.
The **Life Division** has a higher fixed rate bond allocation (82.2%), compared to the variable quota of the same class (17.8%), with a total duration of the portfolio of 5.54 years and a return of 4.65%.

Milano Assicurazioni
The **Non-Life Division** is composed of 59.6% of fixed income bonds, 37.6% at variable rate and a residual 2.8% in Time Deposits and Cash.
The total duration of the portfolio is 2.09 years and the return on the Non-Life portfolio is equal to 3.01%.
The **Life Division** has a higher fixed rate bond asset allocation (85.7%), compared to the variable quota (14.3%), with a total duration of the portfolio of 5.35 years and a return of 4.79%.

FONDIARIA-SAI GROUP DEBT

In order for a correct representation of the accounts under examination, information is provided below of the financial payables, which is the total amount of the financial liabilities for which it is not possible to establish a correlated specific asset account.

The situation is summarised in the following table, which highlights a reduction in the debt of over Euro 195 million.

(in Euro millions)	**30/06/2011**	**31/12/2010**	**Change**
Subordinated loans	1,044.7	1,041.4	3.3
Banks and other lenders	332.1	530.9	(198.8)
Total debt	**1,376.8**	**1,572.3**	**(195.5)**

The reduction in the debt is principally due to the repayment of Euro 75 million in January on the senior loan issued by Mediobanca to the Parent Company, and the repayment by Immobiliare Milano of the bank loan signed with BPM and a portion of that signed with Efibanca for a total of approx. Euro 57 million.

In addition the short-term loans granted to Finitalia and Atahotels respectively for Euro 28 million and Euro 11 million were reduced.
The Tikal Closed Real Estate Fund in the first half of the year repaid the final instalment of the loan signed in 2005 with Banca Intesa Sanpaolo as the agent bank for Euro 15 million.

The account **Subordinated loans** include the loans of the Parent Company and Milano Assicurazioni with Mediobanca, with ISVAP authorisation. For a summary of the amounts and the characteristics, reference is made to the 2010 Financial Statements with no significant changes taking place.
In relation to subordinated bonds, against a nominal Euro 1,050 million, Interest Rate Swaps were subscribed of Euro 800 million. The mark to market of these positions at June 30, 2011 was negative for Euro 21.2 million.

With reference to **Bank and other lenders**, amounting to Euro 332.1 million, the most significant amounts are reported below:

- Euro 116.7 million relates to the loan signed by the Tikal Closed Real Estate Fund in 2007 with Mediobanca as the Agent Bank. The cost of the loan is Euribor plus a variable credit spread between 70 and 110 basis points. The Fund, since 2008, has utilised interest derivative instruments in application of a hedging policy on the potential risk of an increase in interest rates on the loan granted;
- Euro 101.9 million refers to the bonds issued in 2009 and 2010 by BancaSai in part variable interest rate and in part fixed interest rate, with variable expiry from 2011 to 2014;
- Euro 75.0 million refers entirely to the debt of the subsidiary Immobiliare Fondiaria-SAI. This refers principally to the bank loan signed by Marina di Loano with Intesa SanPaolo as the Agent Bank with maturity on 17/03/2014 and an interest rate of Euribor at 3 months increased by 300 basis points.

The company utilised a derivative instrument, in application of a hedging policy on the potential risk of an increase in interest rates on the loan granted. The subsidiary Meridiano Secondo has undertaken a property loan with maturity on 25/09/2012 and an interest rate at Euribor at 3 months increased by 90 basis points;

- Euro 12.7 million refers entirely to the debt of the subsidiary Immobiliare Milano Assicurazioni. This relates to a bank loan signed with Efibanca with maturity on 23/02/2012 at an interest rate of Euribor at 6 months increased by 83 basis points. The reduction on December 31, 2010 of the net debt of the subsidiary of approx. Euro 57 million is due to the repayment on 31/05/2011 of the bank loan signed with BPM and the repayment in February 2011 of a portion of the loan undertaken with Efibanca;
- Euro 16.5 million refers to short-term loans for fixed use (so-called "hot money") obtained by the subsidiary Finitalia from various credit entities. Compared to December 31, 2010, the subsidiary reduced exposure to these types of loans by approx. Euro 28 million;
- Euro 9.3 million relates to the short-term loans granted to the subsidiary Atahotels by three primary banks, granted for hotel restructuring and/or new hotel openings.

TREASURY SHARES, SHARES OF THE HOLDING COMPANIES AND ITS SUBSIDIARIES

At 30/06/2011 and at 31/12/2010, the Parent Company held treasury shares and shares in the parent company Premafin Finanziaria as shown in the table below:

(in Euro thousands)	**30/06/2011**		**31/12/2010**	
	Number	**Book value**	**Number**	**Book value**
Ordinary treasury shares held by:				
Fondiaria-SAI	3,200,000	64,366	3,200,000	64,366
Milano Assicurazioni	9,982,557	132,323	9,982,557	229,261
Sai Holding	1,200,000	16,337	1,200,000	28,306
Total	**14,382,557**	**213,026**	**14,382,557**	**321,933**
Shares of the holding company held by:				
Fondiaria-SAI	**18,340,027**	**9,913**	18,340,027	14,107
Milano Assicurazioni	**9,157,710**	**4,950**	9,157,710	7,044
Saifin - Saifinanziaria	**66,588**	**36**	66,588	51
Total	**27,564,325**	**14,899**	**27,564,325**	**21,202**

The carrying value of treasury shares reduced following the exclusion of the book value of the option rights on shares held by Milano Assicurazioni and SAI Holding after the share capital increase of the Parent Company. In light of the restriction on subsidiaries in subscribing shares in the parent company, these rights were disposed of on the stock market in June.

SHARE PERFORMANCE

The share capital of the Parent Company Fondiaria-SAI S.p.A. at the period end amounted to Euro 167,043,712, divided into an equivalent number of shares of a nominal value of Euro 1 (124,482,490 ordinary shares and 42,561,222 saving shares).

At the period end, the stock market share prices were as follows:

(in Euro)	**30/06/2011**	**30/12/2010**	**Change %**
Fondiaria SAI ord.	2.7101	6.3267	n.s.
Fondiaria SAI sav.	1.3189	3.9659	n.s.

(in Euro)	**30/06/2011**	**30/12/2010**	**Change %**
Milano Assicurazioni ord.	0.3959	1.1947	n.s.
Milano Assicurazioni sav.	0.4024	1.3250	n.s.

The change in share prices were not significant as at June 30, 2011 the share capital increases both of Fondiaria-SAI and Milano Assicurazioni were underway. The two share prices were affected both by factors concerning the ex rights price and the share capital increase conditions.

Other information

GROUP EMPLOYEES

At 30/06/2011, the number of employees of the Group was 7,833 (7,917 at 31/12/2010), broken down as follows:

Number	30/06/2011	31/12/2010	Change
Italian companies	6,064	6,093	(29)
Foreign entities	1,769	1,824	(55)
Fondiaria SAI S.p.A. Group	**7,833**	**7,917**	**(84)**

The above table does not include the seasonal personnel of Atahotels, comprising 728 persons at 30/06/2011 (128 at 31/12/2010).
The employees of the foreign companies include 691 brokers (744 at 31/12/2010).
Total Group personnel costs amounted to Euro 230 million (Euro 218.2 million in the first half of 2010).

GROUP INDUSTRIAL RELATIONS

In the first half of 2011 the most significant trade union issue concerned negotiations at national level of the renewal of the National Collective Agreement for non-managerial personnel which expired on 31/12/2009.

The negotiations, which began in the Autumn of 2010, were based not just on an analysis of requirements drawn up by the trade union platform, but also on the need for a greater flexibility and the containment of costs put forward by the employer's delegation. The negotiations met a number of sticking points, particularly in relation to work hours, call centres, the flexibility of the trade unions and also monetary concerns.
The issues necessitated the convening of the workers' general meetings between the months of February and April and the subsequent declaration for the entire sector of a total of eight hours of strikes. The workplace stoppage by Group employees concerned under 50% of the workforce, slightly lower than the market average.

Following this, the negotiations resumed in May and continued until the middle of July when, as a result of the failure to reach a satisfactory conclusion, the trade unions declared a unilateral interruption to negotiations placing the blame on ANIA and declaring actions for the Autumn. ANIA proposed a break to consider the situation and to resume negotiations after the Summer break.

In the first half of 2011, FIDIA (the Italian Federation of Insurance Company Senior Managers) presented the guidelines for the renewal of the National Collective Agreement which expired on 31/12/2010, postponing to a later date the monetary details of the proposals advanced.
The estimated cost for the renewal of the above-stated contracts was provisioned to the charges provision.

A number of issues resolved may be highlighted, including the establishment of terms and conditions for the creation of a Workplace Security Representative position within the Fondiaria SAI Group and the establishment of contractual guarantees in favour of employees of the company PAS concerning integrated pensions, healthcare and working hours.

We highlight also the conclusion at the beginning of 2011 of an agreement concerning the financing by the Insurance Company and Banks Fund of a training plan for Group employees and the signing on 14/04/2011 of an agreement concerning the transfer of the head offices of Liguria Assicurazioni and Liguria Vita from Segrate to via Senigallia in Milan.

Employee disputes before the courts were maintained in line with those of the previous year. At 30/06/2011, there were 40 cases pending for Fondiaria-SAI S.p.A. and 30 for Milano Assicurazioni S.p.A.

CULTURAL AND SOCIAL INITIATIVES

In the first half of 2011, the policy favoured, in accordance with the traditional concerns of the Company, the problems related to social issues and physical and mental illness. The support continued of AIMAC – the Italian Cancer Association, which offers psychological help to persons suffering from cancer and their family and information on the illness through a series of initiatives and publications. Support was renewed for the Friends of the Dino Ferrari Centre, an organisation involved in the care of neuromuscular and neurodegenerative illnesses and for the Maggiore Hospital Visitor’s Association, which provides emotional and material support for hospital patients and their family coming from outside the city.

In relation to the social-cultural initiatives, the Fondiaria-SAI Group renewed its support for the Associazione Interessi Metropolitani (Metropolitan Support Association), which promotes research, projects, conventions and publications in the Milan metropolitan area. Support was provided to the 13th edition of the International Short Film Festival in Sabina, a cultural event patronised by the Ministry for Young Persons, which attracts from throughout the world the leading short films from the animation, fiction and video clip genres.

In the sporting field, Fondiaria-SAI reconfirmed the support for the historic Milan Football Association Masseroni Marchese, created in 1948 in order to encourage sport as an important instrument in the training of young persons.

Press Office
The Press office was responsible for the publication of the results during 2010 and in the first half of the year. In the first half of 2011, the events which resulted in the greatest degree of communication related to the Extraordinary Shareholders' Meetings which respectively approved the share capital increase for the Parent Company Fondiaria-SAI and for the subsidiary Milano Assicurazioni. In the first part of the year, the new Chief Executive Officer was appointed and the changes to the organisational structure of the Group presented. The press office, in addition to communicating press releases, organised and managed meetings with the newspapers and journals in order to expand further on the services and products offered by the Group.

FURTHER INFORMATION

Share capital increase of Fondiaria-SAI approved by the Extraordinary Shareholders' Meeting of January 26, 2011.

The Extraordinary Shareholders' Meeting of Fondiaria-SAI S.p.A. on January 26 conferred to the Board of Directors of the Company, in accordance with article 2443 of the Civil Code, the power to undertake a paid-in divisible share capital increase by December 31, 2011 for a total maximum amount, including any share premium, of Euro 460,000,000.00, through the issue of ordinary and saving shares to be offered as options to ordinary and saving shareholders in proportion to the number of shares held, while authorising the widest possible powers for the Board of Directors to establish, within the limits set out above, the terms and conditions of the share capital increase, including the number and issue price of the new shares.

The Board of Directors was attributed by the shareholders' meeting the power, subject to all legal necessary authorisations, to establish the terms and conditions for the share capital increase and its execution and therefore to establish, even in a relatively short time before the offer of options:

- the share issue price based on the theoretical ex-rights price (TERP) of the Fondiaria-SAI share and calculated according to current accepted methodologies, discounted by the Board of Directors according to the market conditions at the time of the launch of the operation, on the performance of the Fondiaria-SAI share in the period preceding the launch, as well as based on market practices for similar operations and the general performance of the Company;
- the exact number of shares to be issued and the relative number of options.

Following the delegation of power described above, the Board of Directors of Fondiaria-SAI, in the meeting of May 14, 2011, approved the share capital increase up to a maximum of Euro 450 million, reserving the right to subsequently fix, shortly before the launch of the offer, the number of shares to be issued and the issue price, following the process initiated by CONSOB concerning the approval for publication of the prospectus relating to the operation in accordance with applicable regulations.

On June 22, 2011 CONSOB authorised the publication of the Prospectus concerning the option rights offered respectively to ordinary and savings shareholders and the admission to trading on the Italian Stock Market organised and managed by Borsa Italiana S.p.A. of such Fondiaria- SAI S.p.A. ordinary and savings shares deriving from the capital increase approved by the Board of Directors on May 14, 2011.

The Offer Calendar established that the options could be traded on the Stock Market between June 27, 2011 and July 8, 2011 inclusive and could be subscribed between June 27 and July 15 inclusive (the "Offer Period"), once attaining prior approval from ISVAP concerning the by-law amendments.

It was also provided that the option rights not exercised could be offered on the Stock Market in the month after the end of the Offer Period, for at least five trading days as per Article 2441, third paragraph, of the Civil Code.

The Board of Directors of Fondiaria – SAI in the meeting of June 22 approved, in furtherance of the resolutions of the Shareholders' Meeting and of the Board, to increase the divisible paid-in share capital for a maximum nominal of Euro 448.969.914,00 (including share premium) through the issue of:

- 242,564,980 ordinary shares of a nominal value of Euro 1 each, with the same rights as those in circulation to be offered as options to holders of ordinary shares of the Company at a price of Euro 1.50 per share, of which Euro 0.50 of share premium, in the amount of 2 newly issued shares for every 1 ordinary share held, for a total nominal maximum value of Euro 242,564,980.00 and for a total maximum value, including the share premium, of Euro 363,847,470.00. The issue price was calculated applying a discount of approx. 39.6% on the Theoretical Ex Rights Price (TERP) of the ordinary shares, calculated based on the official Stock Market closing price of June 22, 2011;
- 85,122,444 savings shares of a nominal value of Euro 1 each, with the same rights as those in circulation to be offered as options to holders of savings shares of the Company at a price of Euro 1 per share, and therefore without share premium, in the amount of 2 newly issued shares for every 1 ordinary share held, for a total nominal maximum value of Euro 85,122,444.00. The issue price was calculated applying a discount of approx. 35.4% on the Theoretical Ex Rights Price (TERP) of the savings shares, calculated based on the official Stock Market closing price of June 22, 2011.

The capital increase was assisted by a guarantee consortium co-ordinated and directed by Credit Suisse Securities (Europe) Limited and UniCredit Bank A.G. – Milan branch - as respectively the Joint Global Coordinator and the Joint Bookrunner. Keefe, Bruyette & Woods and The Royal Bank of Scotland N.V. (London Branch) also participated as Joint Lead Managers, in addition to Banca Akros S.p.A., and Equita SIM S.p.A. as Co-Lead Managers. On June 22, 2011 the guarantee contract was signed. Fondiaria-SAI was assisted by Lazard & Co. S.r.l. as financial adviser.

2011 Group budget approved

On January 27, 2011, the Board of Fondiaria-Sai S.p.A. reviewed and approved the new 2011 Budget, updating the 2009-2011 Business Plan, already announced to the financial community following the recent altered market conditions.

2011 total premiums of the Group are forecast at approx. Euro 12.5 billion – as follows:

- Non-Life - Euro 7.2 billion (of which Motor Euro 4.6 billion and Non-Motor Euro 2.6 billion);
- Life Division - Euro 5.3 billion.

The new budget guidelines take account of the recent initiatives taken to improve profitability, despite continued volatility in the general economic situation.
The Non-Life segment expects pre-tax breakeven to be reported although with a Combined Ratio, including other technical charges, at approx. 101%, while the Life segment forecasts pre-tax profits of approx. Euro 140 million. The Real Estate and Other Activities sectors expect continued losses.

The net profit of the Group is forecast to exceed Euro 50 million. It should be noted however that these forecasts do not include extraordinary operations (with the exception of some real estate disposals already approved or those of an ordinary nature).

With full uptake of the share capital increase in the maximum amount approved by the Shareholders' Meeting of January 26, the Group solvency margin is expected to reach 120%, while the dividend policy at the year-end is still uncertain.

From a balance sheet viewpoint, the Group will continue to pursue the activities related to reducing the risk profile, balancing the asset allocation and whose cumulative effects should become evident from the current year.

On February 3, the Chief Executive Officer of Fondiaria-SAI S.p.A. commented through webcasting on the 2011 budget, the guidelines and on the new strategy for 2011.
In addition to expanding upon that communicated to the market previously, the principles and actions to be adopted which support improved forecasts were set out.

Standard & Poor’s reviews the Rating

On March 9, 2011, the rating agency Standard & Poor’s revised the rating of Fondiaria-SAI S.p.A. and its principal subsidiary Milano Assicurazioni S.p.A. from BBB to BBB-.
Standard & Poor’s considers that communicated by CONSOB in relation to the query from Groupama and reported to the market may increase uncertainties concerning the successful completion of the share capital increase of PremafinHP S.p.A. and consequently of Fondiaria-SAI S.p.A..

Standard & Poor's also considers that the further possible deterioration of the financial flexibility of Fondiaria-SAI S.p.A. caused by the 2010 operating performance and investment impairments will erode the capital base to a level no longer supportive of the rating enjoyed to this point.

On May 20, 2011, the rating agency Standard & Poor's removed the negative Creditwatch on Fondiaria-SAI S.p.A. and its principal subsidiary Milano Assicurazioni S.p.A., assigning a stable outlook and confirming the BBB- rating.

Share capital increase of the subsidiary Milano Assicurazioni

On April 27, 2011 the Extraordinary Shareholders' Meeting of Milano Assicurazioni approved the conferment to the Board of Directors, in accordance with Article 2443 of the Civil Code, of the power to undertake a paid-in divisible share capital increase by December 31, 2011 for a total maximum amount, including any share premium, of Euro 350,000,000, through the issue of ordinary and saving shares with the same rights as those in circulation, to be offered as options respectively to ordinary and saving shareholders, while authorising the widest possible powers for the Board of Directors to establish, within the limits set out above and in compliance with applicable regulations and the terms and conditions of the share capital increase, including the number and issue price of the new shares.

The shareholders' meeting also approved the elimination of the nominal value of the ordinary and savings shares in circulation.

On May 5, 2011, ISVAP approved the by-law amendments established by the above-stated resolutions.

The Board of Directors of Milano Assicurazioni, on May 14, 2011 therefore approved the exercise for the entire above-stated maximum amount, of the powe6r attributed by the shareholders' meeting as stated above, reserving the right to subsequently fix, shortly before the launch of the offer, the number of shares to be issued and the issue price, following the process initiated by CONSOB concerning the approval for publication of the Prospectus relating to the operation in accordance with applicable regulations.

On June 22, 2011 CONSOB authorised the publication of the Prospectus concerning the option rights offered respectively to ordinary and savings shareholders and the admission to trading on the Italian Stock Market organised and managed by Borsa Italiana S.p.A. of such Milano Assicurazioni ordinary and savings shares deriving from the capital increase approved by the Board of Directors on May 14, 2011.

The Offer Calendar established that the options could be traded on the Stock Market between June 27, 2011 and July 8, 2011 inclusive and could be subscribed between June 27 and July 15 inclusive (the "Offer Period") once attaining prior approval from ISVAP concerning the by-law amendments.

It was also provided that the option rights not exercised could be offered on the Stock Market in the month after the end of the Offer Period for at least five trading days as per Article 2441, third paragraph, of the Civil Code.

The Board of Directors of Milano Assicurazioni in the meeting of June 22 approved, in furtherance of the resolutions of the Shareholders' Meeting, to increase the divisible paid-in share capital for a maximum nominal of Euro 349,711,752.88 (including share premium) through the issue of:

- 1,284,898,797 ordinary shares, without a nominal value, with the same rights as those in circulation to be offered as options to holders of ordinary shares of the Company at a price of Euro 0.2574 per share, of which Euro 0.2074 as share premium, in the amount of 7 newly issued shares for every 3 ordinary shares held, for a nominal maximum value of Euro 330,732,950.35. The issue price was calculated applying a discount of approx. 37.3% on the Theoretical Ex Rights Price (TERP) of the ordinary shares, calculated based on the official Stock Market closing price of June 22, 2011;

- 71,726,389 savings shares, without a nominal value, with the same rights as those in circulation to be offered as options to holders of savings shares of the Company at a price of Euro 0.2646 per share, of which Euro 0.2146 as share premium, in the amount of 7 newly issued shares for every 3 ordinary shares held, for a nominal maximum value of Euro 18,978,802.53. The issue price was calculated applying a discount of approx. 37.3% on the Theoretical Ex Rights Price (TERP) of the savings shares, calculated based on the official Stock Market closing price of June 22, 2011.

Fondiaria-SAI committed to fully subscribe to the share pertaining to the company of the Milano Assicurazioni capital increase.

The capital increase was assisted by a guarantee consortium co-ordinated and directed by Credit Suisse Securities (Europe) Limited and UniCredit Bank A.G. – Milan branch - as respectively the Joint Global Coordinator and the Joint Bookrunner. Keefe, Bruyette & Woods and The Royal Bank of Scotland N.V. (London Branch) also participated as Joint Lead Managers, in addition to Banca Akros S.p.A., and Equita SIM S.p.A. as Co-Lead Managers. On June 22, 2011 the guarantee contract was signed. Milano Assicurazioni was assisted in the Offer by Rothschild S.p.A. as financial adviser.

Premafin – Unicredit agreement and capitalisation programme of the Fondiaria-SAI Group

On March 22, 2011 Premafin Finanziaria S.p.A. – Holding di Partecipazioni communicated to Fondiaria-SAI S.p.A. and Milano Assicurazioni S.p.A. the reaching of an agreement with Unicredit (the “BANK”) and whose principal terms are summarised below (“THE AGREEMENT”):

Premafin

The Agreement, which was based on confirmation by May 13, 2011 by CONSOB of the non-existence of Public Purchase Offer obligations on Fondiaria-SAI to prevent its execution and the attainment, also by the same date, of the necessary waivers in accordance with the loan contract signed between Premafin, Unicredit and the other financing banks on December 22, 2004, established that:

1. where the Board of Directors of Fondiaria-SAI approved, under the power delegated by the Shareholders' Meeting of January 26, 2011, a share capital increase of Euro 450 million the Bank would subscribe to an amount such as to hold - post-capital increase - 6.6% of the ordinary share capital;
2. Premafin would sell to the Bank a number of pre-emption rights such as to enable fulfilment of the above-stated Subscription Commitment.
3. Premafin would allocate the consideration received from the sale of subscription rights to the Fondiaria-SAI Share Capital Increase in an amount such as to maintain a direct and indirect holding of at least 35% in the ordinary share capital post-capital increase.

Fondiaria-SAI

Fondiaria-SAI in the Board of Directors meeting of March 22,

- noted the communication from Premafin in relation to the Agreement and the subscription commitment and the terms and conditions established in the agreement for the considered Fondiaria-SAI Share Capital Increase;
- considered the pertinent data of the draft 2010 financial statements of the subsidiary Milano Assicurazioni;

and approved among other issues:

- the supplementation to the Shareholders' Meeting agenda of Milano Assicurazioni of April 27, regarding the elimination of the nominal value expressed of the ordinary and savings shares in circulation and the power granted to the Board of Directors, exercisable until December 31, 2011, to increase the share capital, through the issue of new ordinary and savings shares, to be offered as options to shareholders, for a maximum amount of Euro 350 million;
- the commitment to exercise a number of pre-emption rights of the considered share capital increase of the subsidiary Milano Assicurazioni in an amount such as to maintain directly and indirectly, following the increase, a holding of at least 55% of the share capital, represented by ordinary shares, for a total investment today preliminarily estimated at Euro 150 million;
- the signing of new pre-underwriting agreements with Credit Suisse Securities (Europe) Limited and UniCredit Bank A.G., as the Joint Global Coordinator and Joint Bookrunner, concerning the full subscription of any unsubscribed shares from the Fondiaria-SAI Share Capital Increase and therefore a commitment by Premafin and by the Bank to subscribe – under the terms and conditions established in the Agreement – to this increase. The commitments of UniCredit Bank A.G. contained in the pre-underwriting agreement are dependent on the approval of the Management Board and the Supervisory Board of UniCredit Bank A.G. in accordance with Art. 136 of the Banking Act. Credit Suisse Securities (Europe) Limited assumed until the above-stated approval the guarantee for the entire maximum market risk of Euro 300 million. In the absence of approval, the contract will continue therefore between Fondiaria-SAI and Credit Suisse Securities (Europe) Limited for the entire maximum market risk of Euro 300 million.

Milano Assicurazioni

Milano Assicurazioni in the Board of Directors meeting of March 22,

- noted the communication from Premafin in relation to the Agreement and the subscription commitment and the terms and conditions established in the agreement for the considered Fondiaria-SAI Share Capital Increase;
- noted the commitment of the parent company Fondiaria-SAI to subscribe to the considered share capital increase of Milano Assicurazioni in an amount such as to maintain directly and indirectly, following the increase, a holding of at least 55% of the share capital, represented by ordinary shares, for a total investment today preliminarily estimated approx. Euro 150 million;
- approved the draft 2010 financial statements;

and approved among other issues:

- the supplementation of the Shareholders' Meeting agenda of April 27, regarding the elimination of the nominal value of the ordinary and savings shares in circulation and the power granted to the Board of Directors, exercisable until December 31, 2011, to increase the share capital, through the issue of new ordinary and savings shares, to be offered as options to shareholders, for a maximum amount of Euro 350 million;
- the Board of Directors report on the matters on the agenda of the Extraordinary Shareholders' Meeting of April 27;
- the signing of pre-underwriting agreements with Credit Suisse Securities (Europe) Limited and UniCredit Bank A.G., as Joint Global Coordinator and Joint Bookrunner, concerning the full subscription of any unsubscribed shares from the share capital increase of Milano Assicurazioni and the commitment undertaken by Fondiaria-SAI to subscribe to these shares in a manner such as to maintain a holding directly and indirectly of at least 55% of the share capital post-capital increase for a total investment today preliminarily estimated at approx. Euro 150 million. The commitments of UniCredit Bank A.G. contained in the pre-underwriting agreement are dependent on the approval of the Management Board and the Supervisory Board of UniCredit Bank A.G. in accordance with Art. 136 of the Banking Act. Credit Suisse Securities (Europe) Limited assumed until the above-stated approval the guarantee for the entire maximum market risk of Euro 200 million. In the absence of approval, the contract will continue therefore between Milano Assicurazioni and Credit Suisse Securities (Europe) for the entire maximum market risk of Euro 200 million.

Conclusions

These resolutions provided the foundation for an important capitalisation programme for the companies of the Fondiaria-SAI Group which resulted in an overall increase on the December 31, 2010 Adjusted Solvency Margin (Solvency I) of Fondiaria-SAI of approx. 30 percentage points.

The Agreement reached, and the consequent impact on the share capital of Fondiaria-SAI and Milano Assicurazioni, strengthened the capital base of the third largest Italian insurance group (Euro 13 billion premiums, 9 million customers – over 10,000 collaborators between employees and agents) within a very difficult Motor TPL and financial market situation, caused by an extensive global crisis and compounded by domestic issues within the sector.

The Agreement guaranteed therefore for the Group – and for the protection of all policyholders and shareholders – the maintenance of strong solvency ratios, also in view of the more stringent requirements which will be introduced in 2012 by the European regulation concerning the solvency of insurance companies (so-called Solvency II), maintaining also the current shareholder structure of the Premafin—Fondiaria-SAI – Milano Assicurazioni Group.

Appointment of the General Manager

On 06/06/2011 the Board of Directors of Fondiaria-SAI S.p.A. appointed Piergiorgio Peluso as a General Manager. Piergiorgio Peluso - who will report to the Chief Executive Officer and General Manager Emanuele Erbetta - is allocated responsibility for the following departments: Administration and Accounts, Management Control and Strategic Planning, Group Finance, Real Estate, M&A and Investments, Human Resources and Organisation and Procurement departments.

Piergiorgio Peluso (43) is an Economic and Social Studies graduate and from 2010 managed the Corporate & Investment Banking Italy Division of the Unicredit Group where he previously acted as Chief Executive Officer of UniCredit Corporate Banking S.p.A.. Between 2002 and 2007 Mr. Peluso was the General Director of MCC (Capitalia Group) and subsequently headed the Corporate Division of the Capitalia Group until the merger with Unicredit. Previously Piergiorgio Peluso had worked with Credit Suisse First Boston, Mediobanca and Arthur Andersen.

LITIGATION

Actions by shareholders

At the preparation date of the present interim report, no significant issues had arisen since the beginning of the year.

Therefore the provisions for risks and charges did not alter compared to that provisioned at 31/12/2010 and are sufficient against the litigation in course.

Communications to the Motor TPL Claims Databank

On March 24, 2011, ISVAP sent to all sector companies a letter concerning the communication obligations to the Motor TPL Claims Databank regarding the details of each claim as the supervisory body had reported that since the entry into force of the new claims communication method there have been significant deficiencies in the communication made by companies, relating to errors or incomplete information of the data concerning the individual claims, stating that measures – including penalties - would be taken as established by the applicable regulations.
Following these letters, formal notices were communicated to Fondiaria-SAI and other Group insurance companies.

Fondiaria-SAI and Milano Assicurazioni took the decision to present appeals before the Lazio Regional Court, as have other insurance companies. Similar appeals have also been presented by other Group insurance companies. Under the appeal sent on May 30, 2011, cancelation of the disputed provisions of ISVAP sanction of March 24, 2011 was requested. On June 22, 2011, the Lazio Regional Court rejected the demand for suspension of the execution presented by Milano and fixed for December 19, 2011 the hearing in relation to the dispute.

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

Tax Audits

In relation to the disputes for the tax periods 2005-2008 for effective tax avoidance – concerning financial operations which generated foreign tax credits and resulted in the receipt of dividends and concerning also the subsidiary Milano Assicurazioni – following the meetings with the Central Tax Administration concerning the claims of the Tuscany and Lombardy Regional Tax Authorities, the Company, together with the subsidiary, finalised the tax position.

In particular, for 2005, in relation to which in December 2010 IRES, IRAP and withholding tax assessments were notified on 16/17 May 2011; tax settlements were reached with the immediate payment of the IRAP and the withholding tax while for the IRES payment was agreed by instalment and with the first instalment paid.
For the tax periods 2006, 2007 and 2008 tax assessments were received in relation to which appeals were issued concerning the amount relating to dividends received. Acceptance was expressed by the insurance companies, exercising the option to pay through instalments and with the first instalment paid. Similar notices are currently being drawn up concerning the amount of foreign tax credits.
The tax charge of Fondiaria-SAI following the finalisation of all the disputes amounted to Euro 47.8 million, including interest, of which Euro 18 million concerning the year 2005.
The tax charge of Milano Assicurazioni following the finalisation of all the disputes amounted to Euro 31.7 million, including interest, of which Euro 11.8 million concerning the year 2005.
The total impact of the finalisation of the tax charge of the Company is entirely covered by provisions.
The dispute concerning effective tax avoidance for the year 2004 is pending before the Florence Provincial Tax Commission concerning a request for Euro 1.8 million of additional tax and penalties, reduced following analysis by the tax authority.

SIGNIFICANT EVENTS AFTER THE PERIOD END

Progetto Alfiere S.p.A.

At the beginning of June Progetto Alfiere and Fintecna signed an agreement concerning the granting to Fintecna of a sales option on 50% of the holding in Alfiere.
On July 6, the Board of Directors of Fondiaria-SAI S.p.A. approved the above-stated operation.

Execution of the Fondiaria-SAI rights issue

As stated in a previous section of the report and with the relevant authorisations obtained, on July 15, 2011 the shareholder rights offer subscription period concluded for a maximum 242,564,980 newly issued Fondiaria-SAI ordinary shares and a maximum 85,122,444 savings shares, relating to the paid-in divisible share capital increase approved by the Board of Directors' meetings of May 14 and June 22, 2011 in execution of the power delegated by the Extraordinary Shareholders' Meeting of January 26, 2011.

During the rights offer period between June 27, 2011 and July 15, 2011 (inclusive), (the "Offer Period"), 120,763,821 option rights were taken up for 241,527,642 newly issued Fondiaria-SAI ordinary shares and 42,023,328 option rights for 84,046,656 savings shares, equal to respectively 99.572% of the total of the newly issued ordinary shares and 98.736% of the total of the newly issued savings shares offered, for a total value of Euro 446,338,119.00.

Following the subscription commitments undertaken, 39,717,548 option rights were directly and indirectly exercised by the shareholder Premafin Finanziaria S.p.A. for the subscription of 79,435,096 newly issued ordinary shares for a value of Euro 119,152,644.00 and 12,112,567 option rights were exercised by UniCredit S.p.A. for the subscription of 24,225,134 newly issued ordinary shares for a value of Euro 36,337,701.00.

The non-exercised option rights were subsequently offered by Fondiaria-SAI on the market.

The Rights Options were utilised for the subscription of 1,037,338 newly issued ordinary shares, of a nominal value of Euro 1.00 each, with the same rights as those already in circulation, at a price of Euro 1.50 per share of which Euro 0.50 share premium, in the ratio of 2 ordinary shares for every 1 Rights Option exercised and for the subscription of 1,075,788 newly issued savings shares of a nominal value of Euro 1.00 each, with the same rights as those already in circulation, at a price of Euro 1.00 per share and therefore without share premium, in the ratio of 2 saving shares for every 1 Rights Option exercised.

The subscription of the shares was made through authorised intermediaries utilising the centralised management system of Monte Titoli S.p.A. (the "Authorised Intermediaries") by July 27, 2011, at the risk of expiration.

The Shares subscribed to by the conclusion of the Stock Market offer were debited to the accounts of the Authorised Intermediaries at the end of the last day of the rights options exercise period and therefore were available from the subsequent settlement day.

The share rights offer subscription period concluded on July 27, 2011 with all newly issued Fondiaria-SAI ordinary shares and savings shares taken up (the "Shares") concerning the paid-in divisible share capital increase approved by the Board of Directors' meetings of May 14 and June 22, 2011 in execution of the power delegated by the Extraordinary Shareholders' Meeting of January 26, 2011 (the "Share Capital Increase").

All 518,669 ordinary option rights and all 537,894 savings share option rights not exercised at the end of the Offer Period were sold on July 20, 2011 at the first session in which the Option Rights were offered on the open market by Fondiaria-SAI through UniCredit Bank AG, Milan Branch in accordance with Article 2441, third paragraph of the Civil Code and subsequently exercised through the subscription of 1,037,338 newly issued ordinary shares and 1,075,788 newly issued savings shares, equalling respectively 0.428% of the total newly issued ordinary shares and 1.264% of the total newly issued savings shares offered, for a total value of Euro 2,631,795.00.

The Share Capital Increase therefore concluded with the full subscription to the 242,564,980 ordinary shares and the 85,122,444 savings shares offered, for a total value of Euro 448,969,914.00, without recourse to the guarantee consortium. The new share capital of Fondiaria-SAI totals Euro 494,731,136, comprising 367,047,470 ordinary shares and 127,683,666 savings shares of a nominal value of Euro 1.00 each. The declaration required as per Article 2444 of the Civil Code was filed at the Turin Company Registration Office in accordance with law.

Execution of the Milano Assicurazioni rights issue

As stated in a previous section of the report and with the relevant authorisations obtained, on July 15, 2011 the shareholder rights offer subscription period concluded for a maximum 1,284,898,797 newly issued Milano Assicurazioni S.p.A. ordinary shares and a maximum 71,726,389 savings shares, relating to the paid-in divisible share capital increase approved by the Board of Directors' meetings of May 14 and June 22, 2011 in execution of the power delegated by the Extraordinary Shareholders' Meeting of April 27, 2011.

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

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

At the end of the Offer Period, 8,103,537 rights options valid for the subscription of 18,908,253 ordinary shares and 1,718,325 rights options valid for the subscription of 4,009,425 savings shares were therefore left unexercised, respectively equating to 1.472% of the total of the newly issued ordinary shares and 5.590% of the total of the newly issued savings shares offered, for a total value of Euro 5,927,878.70.

The non-exercised option rights were subsequently offered by Fondiaria-SAI on the market.

The Rights Options were utilised for the subscription of newly issued ordinary shares, without indication of the nominal value, with the same rights as those already in circulation, at a price of Euro 0.2574 per share, in the ratio of 7 ordinary shares for every 3 Rights Option exercised and for the subscription of newly issued savings shares, without indication of the nominal value, with the same rights as those already in circulation, at a price of Euro 0.2646 per share, in the ratio of 7 saving shares for every 3 Rights Option exercised.

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

All 8,103,537 non-exercised ordinary rights options and 1,718,325 non-exercised saving share rights options at the end of the Offer Period were sold on July 20, 2011 during the first session in which the Rights Options were offered on the open market by Milano Assicurazioni through UniCredit Bank AG, Milan Branch in accordance with Article 2441, third paragraph of the Civil Code.

At the end of the Stock Market Offer Period, 18,872,077 newly issued ordinary shares and 4,009,425 newly issued savings shares, respectively equating to 1.469% of the total of the newly issued ordinary shares and 5.590% of the total of the newly issued savings shares offered, for a total value of Euro 5,918,566.48 were subscribed to. Therefore 36,176 newly issued ordinary shares equating to 0.003% of the total of the newly issued ordinary shares, for a total value of Euro 9,311.70, were not taken up.

These Shares were subscribed to by Credit Suisse, UniCredit Bank Milano, Keefe, Bruyette & Woods Limited, The Royal Bank of Scotland N.V. (London Branch), Banca Akros S.p.A. and Equita SIM S.p.A., in accordance with the guarantee agreements signed on June 22, 2011.

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

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

ISVAP inspections

ISVAP carried out inspections of Fondiaria-SAI concerning principally the activities of the corporate boards, the control activities carried out by the specifically delegated departments (Audit, Risk Management and Compliance), the risk pertaining to membership of the Fondiaria SAI Group, particularly concerning inter-company transactions and those with related parties, in addition to the application of the organisational and management model as per Legislative Decree No. 231/01.

The inspections, which commenced on October 4, 2010, have concluded and ISVAP highlighted particular issues concerning the Group structure, the governance system and the internal control system, the organisation and activities of the corporate boards, the control departments, the transactions with related parties and the liquidity risk.

In relation to the highlighted aspects, ISVAP has requested clarifications and justifications concerning the above-stated issues. At the date of the present report, Fondiaria-SAI still awaits the results of the controls carried out by ISVAP in relation to the procedures which govern the principal phases of the Motor TPL Class claims cycle.

The action plan of Fondiaria-SAI concerns the internal organisation and the drawing up of the decision making procedures and the control procedures within the overall organisation. In particular, the identified action areas were subject to examination and approval by the Board of Directors of Fondiaria-SAI in the meetings of July 21 and August 2, 2011, which previously had been subject to discussion at the Board of Directors' meeting of July 6, 2011.

The Parent Company responded with the communication of precise clarifications and adequate justifications to ISVAP concerning the significant issues raised by the Institute. In particular, the Board of Directors approved the adoption of a number of measures concerning the operational procedures of the corporate boards, the holding of the relative meetings, the review of the allocation of duties and powers to senior management and departmental heads of the operating segments as well as a review of a number of organisational measures principally relating to the control departments (Audit, Risk Management and Compliance).

In relation to control departments, the Board, in the two meetings stated above, resolved:

- in relation to the significant issues highlighted by the Institute concerning the position of the control departments within the organisational structure (Audit, Compliance and Risk Management departments), to modify the structure approved at the meeting of January 27, 2011, placing the Audit, Compliance and Risk Management departments under the direct and exclusive control of the Board of Directors. the Chief Executive Officer will approve remuneration (excluding all variable components), vacations, expenses and career advancements;

- to make amendments in relation to the control department heads, with the appointment of persons possessing the specific skills required, and more in general, to meet all regulatory requirements for the Audit and Risk Management departments, in the persons respectively of Mr. Giorgio Borghino and Mr. Giorgio Bedogni and committing to appoint a new Compliance Department head at a subsequent meeting, ensuring the centralisation of all the control departments at Parent Company level, in order to carry out the respective activities for all of the insurance companies within the Fondiaria-SAI insurance group, in accordance also with the specific outsourcing contracts individually authorised by ISVAP;
- to incorporate, with the prior discontinuation of the Compliance Committee and the governance departments previously constituted by the Board, of a new committee involving, in addition to the Audit, Compliance and Risk Management Department heads, also the Board of Statutory Auditors (through its Chairman), the Internal Control Committee (through its lead coordinator), the Supervisory Body as per Legislative Decree No. 231/01 (through its coordinator) and the appointed actuary, in addition to the head of the newly created "Inter-company Activity Body" (described below), with the possible involvement also of the audit firm, in order to allow all the bodies or departments which have been allocated a specific control function to collaborate together as per ISVAP Regulation No. 20/2008, exchanging all useful information for the completion of their relative duties;
- to create a specific organisational body called the "Inter-company Activity Body", headed by the Chief Executive Officer, in order to, among other issues, evaluate the best method to fulfil the requirements concerning transactions with related parties, clearly establishing the relative duties and appointing Ms. Angela Pasetti as head of the committee.

  For the same reasons outlined above in relation to the Audit, Compliance and Risk Management Departments, the new department was also created at Parent Company level and will carry out activities for the companies belonging to the Group.

The Board in the meeting of August 2, 2011 therefore also approved a new company organisational structure, already announced to the market to take account of the re-allocation to the direct and exclusive control of the Board of Directors of the Audit, Compliance and Risk Management departments and the alterations and/or departmental re-allocations taken to date as part of the Company and Group reorganisation, while considering also the current evaluations concerning the re-balancing of the various departments contributions to the reaching of corporate objectives.

The Board also approved, following disclosure on all of the aspects highlighted by ISVAP, the interest of the Insurance Company in carrying out transactions with related parties subject to inspection by the Institute, reserving to the Board itself the duty to examine and approve in relation to all initiatives not yet concluded all decisions concerning the continuation or otherwise of the initiatives, while in compliance with the procedures for the carrying out of transactions with related parties approved by the Board.

Finally, based on the financial situation of the Company (also taking account of the successful outcome of the share capital increase) and in light of the property related operations carried out (CityLife) and/or in progress (sale of real estate assets, such as for example the property in Milan, Via Pantano), the Board considers that the financial commitments related to the initiatives do not create a critical risk from a financial viewpoint.

Currently, no significant costs are forecast in relation to the implementation of the measures and/or actions currently being considered by the Issuer. The significant issues drawn up by ISVAP currently are not considered to lead to any possible penalties.

Revocation of the Chairman of all executive powers

At the Board of Directors' meeting of Fondiaria-SAI of July 21, the Chairperson Ms. Jonella Ligresti announced the revocation of all executive powers reserved to her, in addition to those as Chief Executive Officer, conferred separately by the Board most recently on April 24, 2009, although such powers had been exercised only in limited circumstances of necessity and urgency.

The decision, assumed entirely independently and without any external influence, was taken to once again ensure the full independence of the Chief Executive Officer Mr. Emanuele Erbetta and the management team led by him in making the strategic choices for the Company and for the Group, within the strategy drawn up by the Board of Directors.

The Board accepted the revocation and expressed its appreciation for the decision taken by the Chairperson and the consideration demonstrated.

The Chief Executive Officer Mr. Emanuele Erbetta is therefore the only Director holding powers delegated by the Board of Directors of the Company.

Following this decision, Ms. Jonella Ligresti, in addition to the position of Chairman, qualifies as a non executive, non independent Director.

In addition, during the meeting, the Director Mr. Gioacchino Paolo Ligresti expressed his intention to communicate to the Board of Directors of the subsidiary Immobiliare Lombarda S.p.A. at the next meeting the revocation of the separate exercise of the executive powers attributed to him by the Board of Immobiliare Lombarda, in order to guarantee greater independence in the undertaking of operational decisions in relation to the company by the Group management responsible for the activity of the subsidiary.

The Board accepted the revocation and expressed its appreciation for the decision taken and the consideration demonstrated.

Greek sovereign debt crisis

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

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

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

The technical details of the operation are yet to be finalised.
The currently available information indicates that all four instruments together would comprise an average loss of 21%, assuming a discount rate of 9%.

Considering that subscription to the rescue plan is voluntary and that it would only involve securities maturing before 2020, the Fondiaria-SAI Group (whose exposure to Greek debt is limited, commented upon in other parts of the present report) is closely following the development and the possible consequences of the plan.

New Unicredit designated directors appointed and new organisational structure approved

The Board of Directors of Fondiaria-SAI, in a meeting held on August 2, 2011, following the resignations of the Directors Mr. Francesco Corsi, Mr. Giuseppe Morbidelli and Mr. Sergio Viglianisi, appointed as replacements and as communicated by Unicredit S.p.A. and Premafin Finanziaria S.p.A. in accordance with the shareholder agreement concerning the holding in Fondiaria-SAI, Messrs. Roberto Cappelli, Ranieri de Marchis and Salvatore Militello.

The Board confirmed that, based on the personal declarations provided, Mr. Roberto Cappelli and Mr. Salvatore Militello are considered independent directors - both in accordance with the Self-governance Code for listed companies and with Legislative Decree No. 58/98 - as individually not having any pre-existing professional or economic connections with the Fondiaria-SAI Group.

The Board also confirmed that Mr. Ranieri de Marchis is considered an independent director in accordance with Legislative Decree No. 58/98 as not having any pre-existing professional or economic connection with the Fondiaria SAI Group.

The Board therefore increased the number of Executive Committee members from 7 to 9 and appointing Mr. Ranieri de Marchis and Mr. Salvatore Militello to the Committee.

The Board increased the number of Internal Control Committee members from 3 to 4, appointing Mr. Salvatore Militello to the Committee and also assigning him the role of Lead Co-ordinator of the Committee. This Committee therefore comprises Salvatore Militello, Maurizio Comoli, Enzo Mei and Salvatore Spiniello, the majority of whom independent as per the Self-Governance Code for listed companies.

The Board, in consideration that Mr. Giuseppe Morbidelli sat also on the Remuneration Committee, appointed Mr. Salvatore Militello in replacement, assigning him also the role of Lead Co-ordinator of the Committee. This Committee therefore comprises Salvatore Militello, Enzo Mei and Graziano Visentin, the majority of whom independent as per the Self-Governance Code for listed companies.

The Board also approved a new company organisational structure to take account of the re-allocation to the direct and exclusive control of the Board of Directors of the Audit, Compliance and Risk Management departments and the alterations and/or departmental re-allocations taken to date as part of the Company and Group reorganisation, while considering also the current evaluations concerning the re-balancing of the various departments contributions to the reaching of corporate objectives.

CityLife

Following the conclusion of the procedure with the granting of the authorisations required by ISVAP and the Antitrust authority, the Arbitrator – appointed, as stated in a previous part of the report, as Leonardo & Co. S.p.A. – prepared the final valuation document, which states the final price of the holding at the closing date, fixed as August 3.

The final valuation document establishes the following values:

- Euro 109,257,548 comprising all the amounts paid into Citylife since its incorporation to the present date by Immobiliare Milano Assicurazioni, in addition to the amount proportionally paid in by this latter to the Fondazione Fiera as consideration for the Transformation Zone identified in the deed, all amounts net of the income distributed and capitalised at the 3-month Euribor rate plus 1.5 percentage points from the date of payment until the date of sale of the investment;
- Euro 106,285,874, equal to the Net Book Value of the holding at June 30, 2011.

Therefore, based on the agreement, the price of the holding is equal to the higher between the two results and therefore Euro 109,257,548, paid in a single instalment at the closing date.

Generali Properties assumed all commitments undertaken over the years by Immobiliare Milano Assicurazioni in relation to both the loan contract and the credit lines with the Lending Banks (equal to a maximum of Euro 270 million, including contingent commitments), with the Municipality of Milan and the Fiera Foundation (for a total of Euro 4.76 million) and with the shareholder banks for the junior working capital finance line (for a total of Euro 8.16 million), relating to the Holding in CityLife, and also providing a commitment to fully indemnify Immobiliare Milano Assicurazioni against any further obligations relating to these commitments, with effect from the closing date.

The sale of the holding at the above stated price resulted in the recognition of a gain of approx. Euro 12.9 million in the statutory financial statements of Immobiliare Milano Assicurazioni and of approx. Euro 31 million at consolidated level for Milano Assicurazioni and Fondiaria-SAI for the second half year of 2011.

Tables for physical injury

On August 4, the Italian Council of Ministers took action in relation to the tables for physical injury. Through the Ministerial Decree bill drawn up by the Ministry of Health, the Executive enacted Article 138 of Legislative Decree 209/2005 (The Private Insurance Code), establishing national uniform values for the compensation of physical injury following a road accident claim, in place of the individual tables drawn up by the Courts throughout the various regions of the country.
The provision, on which opinions will be gathered and which will enter into force not before the autumn, comprises a new table for psychological/physical injury with between ten and one hundred invalidity points and the monetary value attributed to each, with coefficients also based on age and other characteristics.

The move was welcomed by ANIA which has awaited this provision for some time. The proposal still requires discussion by the Council of States but, if confirmed, would provide certainty throughout the country and also for the future as a base will be established with changes in line with inflation.

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

OUTLOOK

In the coming months we will continue to implement the new Fondiaria SAI Group strategy.

In particular, with reference to the Non-Life sector:

- in the Motor sector initiatives will be taken to increase the average policy premium and reduce tariff flexibility, in addition to actions targeted at agencies reporting particularly negative performances. In order to tackle fraud further organisational restructuring will be implemented;
- in the Other Non-Life classes market positioning will be addressed with development policies focused on the geographic areas which report satisfying technical performances. The underwriting policy will focus on the retail client and on the Small-Medium size business sector, while the risk exposure to the corporate and public body sectors will be reduced, which have historically returned negative technical performances.

In the Life Division, the portfolio will be improved through focusing on products which fulfil the pension objectives of clients and at the same time returning additional income for the Group, such as for example from the Class I products.
Particular focus will be placed on the level of service and the assistance of clients in choosing products which best fit their insurance and pension needs.

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

Investment management will focus more on the containment of volatility with consequent benefits and greater stability in the separated management returns.

The focus on the containment of operating costs will continue through a more stringent resource allocation plan, the elimination of non essential services and the containment of personnel costs through the further restructuring of activities.

Milan, August 29, 2011

For the Board of Directors

Mr. Erbetta Emanuele

Condensed consolidated half-year financial statements

The present condensed consolidated half-year financial statements at 30/06/2011 of the Fondiaria SAI Group were prepared in accordance with IAS 34 and Article 154-*ter* of Legislative Decree No. 58/1998 (the CFA). The valuation and measurement of the amounts recorded in the explanatory notes are in accordance with IAS/IFRS accounting standards currently approved by the European Commission and their current interpretation by the official accounting organisations.

They do not include all of the information required for the annual accounts and must be read together with the 2010 annual accounts.
The tables (balance sheet, income statement, comprehensive income statement, statement of changes in net equity, cash flow statement, segment balance sheet and segment income statement) comply with that established by ISVAP Regulation No. 7 of July 13, 2007.

In the preparation of the interim financial statements Fondiaria-SAI prepares the consolidated financial statements according to IAS/IFRS applied on a consistent basis.

It should be noted that due to the requirements of having timely information and also to avoid repeating information already present in the annual accounts, the present condensed consolidated interim financial statements provide more limited information than the annual financial statements, although in accordance with the minimum disclosure as per IAS 34 and other regulatory provisions.

Financial Statements

BALANCE SHEET - ASSETS

(Euro thousands)

		30/06/2011	31/12/2010
1	**INTANGIBLE ASSETS**	**1 582 572**	**1 587 734**
1.1	Goodwill	1 473 455	1 468 570
1.2	Other intangible assets	109 117	119 164
2	**PROPERTY, PLANT & EQUIPMENT**	**602 549**	**594 334**
2.1	Buildings	510 493	500 691
2.2	Other tangible assets	92 056	93 643
3	**TECHNICAL RESERVES – REINSURANCE AMOUNT**	**758 066**	**823 184**
4	**INVESTMENTS**	**36 525 346**	**36 013 873**
4.1	Investment property	2 856 621	2 894 209
4.2	Investments in subsidiaries, associates and joint ventures	200 975	325 369
4.3	Investments held to maturity	603 901	592 138
4.4	Loans and receivables	3 633 171	3 159 211
4.5	AFS financial assets	19 715 952	20 302 882
4.6	Financial assets at fair value through the profit or loss account	9 514 726	8 740 064
5	**OTHER RECEIVABLES**	**1 885 529**	**2 314 375**
5.1	Receivables from direct insurance operations	1 479 474	1 747 611
5.2	Receivables from reinsurance operations	98 689	101 773
5.3	Other receivables	307 366	464 991
6	**OTHER ASSETS**	**1 265 517**	**996 064**
6.1	Non-current assets or of a discontinued group held for sale	81 539	3 452
6.2	Deferred acquisition costs	70 149	87 603
6.3	Deferred tax assets	390 066	361 195
6.4	Current tax assets	434 699	387 573
6.5	Other assets	289 064	156 241
7	**CASH AND CASH EQUIVALENTS**	**523 127**	**625 940**
	TOTAL ASSETS	**43 142 706**	**42 955 504**

BALANCE SHEET – SHAREHOLDERS' EQUITY & LIABILITIES

(Euro thousands)

		30/06/2011	31/12/2010
1	**SHAREHOLDERS' EQUITY**	**2 607 163**	**2 550 105**
1.1	**Group**	**1 922 907**	**1 882 127**
1.1.1	Share Capital	167 044	167 044
1.1.2	Other equity instruments	0	0
1.1.3	Capital reserves	209 947	209 947
1.1.4	Retained earnings and other reserves	1 840 835	2 620 792
1.1.5	(Treasury shares)	-213 026	-321 933
1.1.6	Translation reserve	-46 700	-56 598
1.1.7	Profit or loss on AFS financial assets	-2 659	-34 759
1.1.8	Other gains and losses recorded directly in equity	29 377	15 216
1.1.9	Group net loss	-61 911	-717 582
1.2	**minority interest**	**684 256**	**667 978**
1.2.1	Minority capital and reserves	707 951	902 126
1.2.2	Gains and losses recorded directly in equity	-24 057	-22 869
1.2.3	Minority interest profit/loss	362	-211 279
2	**PROVISIONS**	**306 211**	**340 637**
3	**TECHNICAL RESERVES**	**35 383 802**	**34 827 972**
4	**FINANCIAL LIABILITIES**	**3 429 087**	**3 850 106**
4.1	Financial liabilities at fair value through profit or loss account	1 529 401	1 646 935
4.2	Other financial liabilities	1 899 686	2 203 171
5	**PAYABLES**	**822 373**	**836 934**
5.1	Payables from direct insurance operations	94 881	91 887
5.2	Payables from reinsurance operations	96 114	106 862
5.3	Other payables	631 378	638 185
6	**OTHER LIABILITIES**	**594 070**	**549 750**
6.1	Liabilities in a discontinued group held for sale		0
6.2	Deferred tax liabilities	139 917	132 060
6.3	Current tax liabilities	53 656	54 306
6.4	Other liabilities	400 497	363 384
	TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**43 142 706**	**42 955 504**

INCOME STATEMENT

(Euro thousands)

		H1 2011	H1 2010
1.1	Net premiums	6 035 870	7 209 804
1.1.1	*Gross premiums written*	*6 188 403*	*7 361 678*
1.1.2	*Premiums ceded to re-insurers*	*-152 533*	*-151 874*
1.2	Commission income	13 745	31 827
1.3	Income and charges from financial instruments recorded at fair value through profit or loss	84 064	272 728
1.4	Income from investments in subsidiaries, associates and joint ventures	15 021	175
1.5	Income from other financial instruments and property investments	597 918	666 536
1.5.1	*Interest income*	*389 795*	*350 617*
1.5.2	*Other income*	*82 874*	*97 573*
1.5.3	*Profits realised*	*125 084*	*218 215*
1.5.4	*Valuation gains*	*165*	*131*
1.6	Other revenues	316 979	268 364
1	**TOTAL REVENUES AND INCOME**	**7 063 597**	**8 449 434**
2.1	Net charges relating to claims	-5 340 703	-6 849 571
2.1.2	*Amounts paid and changes in technical reserves*	*-5 430 267*	*-6 940 789*
2.1.3	*Reinsurers' share*	*89 564*	*91 218*
2.2	Commission expenses	-9 105	-15 968
2.3	Charges from investments in subsidiaries, associates and joint ventures	-7 701	-14 764
2.4	Charges from other financial instruments and property investments	-263 434	-246 114
2.4.1	*Interest expense*	*-37 090*	*-37 014*
2.4.2	*Other charges*	*-33 224*	*-35 378*
2.4.3	*Losses realised*	*-67 437*	*-64 180*
2.4.4	*Valuation losses*	*-125 683*	*-109 542*
2.5	Management expenses	-976 881	-979 199
2.5.1	*Commissions and other acquisition expenses*	*-734 568*	*-731 491*
2.5.2	*Investment management charges*	*-6 797*	*-6 235*
2.5.3	*Other administration expenses*	*-235 516*	*-241 473*
2.6	Other costs	-505 066	-503 036
2	**TOTAL COSTS AND CHARGES**	**-7 102 890**	**-8 608 652**
	LOSS BEFORE TAXES	**-39 293**	**-159 218**
3	Income tax	**-22 256**	**-536**
	NET LOSS FOR THE PERIOD	**-61 549**	**-159 754**
4	**PROFIT/(LOSS) FROM DISCONTINUED OPERATIONS**	**0**	**2 341**
	CONSOLIDATED LOSS	**-61 549**	**-157 413**
	group share	-61 911	-144 790
	minority share	362	-12 623

COMPREHENSIVE INCOME STATEMENT

(Euro thousands)

	H1 2011	H1 2010
CONSOLIDATED LOSS	**-61 549**	**-157 413**
Change in reserve for net exchange differences	9 898	-10 809
Profit or loss on AFS financial assets	31 018	-278 661
Profit or loss on cash flow hedges	8 819	-22 366
Profit or loss on a net foreign investment hedge	0	0
Change in net equity of holdings	887	-3 911
Change in revaluation reserve of intangible assets	0	0
Change in revaluation reserve of tangible fixed assets	0	-8 763
Income/(charges) on non-current assets or of a discontinued group held for sale	0	407
Actuarial profits and losses and adjustments to employee defined plans	-159	-5 066
Others items	4 508	1 135
TOTAL OTHER COMPREHENSIVE INCOME STATEMENT ITEMS	**54 971**	**-328 034**
TOTAL COMPREHENSIVE CONSOLIDATED INCOME	**-6 578**	**-485 447**
group share	**-5 752**	**-423 262**
minority share	**-826**	**-62 185**

STATEMENT OF CHANGES IN THE CONSOLIDATED SHAREHOLDERS' EQUITY AS AT JUNE 30, 2011

Relating to the statement of change in shareholders' equity, the statement requested by Regulation No. 7/07, which satisfies the disclosures of IAS 1 and the amendments introduced by ISVAP measure No. 2784 of March 8, 2010 is shown below.

In particular:

- The column "Allocation" relates to, among others, the allocation of the profit for the year, the allocation of the profit for the previous year to the reserves, the increase in share capital and other reserves, and the changes in profits and losses recorded directly in equity.
  The column "Reclassification adjustments to the Income Statement" includes the gains and losses previously recorded directly to net equity which are reclassified to the Income Statement in accordance with international accounting standards;
- The account "Transfers" reports, among others, the ordinary distribution of dividends and the decrease of capital and other reserves, among which the purchase of treasury shares.

The table highlights all of the changes net of taxes and of profits and losses, deriving from the valuation of financial assets available-for-sale, attributable to policyholders and recordable under insurance liabilities.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(in Euro thousand

		Balance at 31-12-2009	Change in opening balances	Allocation	Adjustments from reclassifications to Income Statement	Transfers	Balance at 30-06-2010
Group net equity	Share capital	167 044					167 044
	Other equity instruments	0					0
	Capital reserves	209 947					209 947
	Retained earnings and other reserves	3 010 474		-360 278		-32 769	2 617 427
	(Treasury shares)	-321 933					-321 933
	Net loss for the period/year	-342 593		232 785		-34 982	-144 790
	Other items of the Comprehensive Income Statement	-6 752		-190 306	-88 166		-285 224
	Total Group	**2 716 187**	**0**	**-317 799**	**-88 166**	**-67 751**	**2 242 471**
Minority interest net equity	Minority interest capital and reserves	1 071 435		-68 721		-120 006	882 708
	Net loss for the period/year	-48 920		56 412		-20 115	-12 623
	Other items of the Comprehensive Income Statement	-28 051		7 311	-56 873		-77 613
	Minority share	**994 464**	**0**	**-4 998**	**-56 873**	**-140 121**	**792 472**
Total		**3 710 651**	**0**	**-322 797**	**-145 039**	**-207 872**	**3 034 943**

(in Euro thousand

		Balance at 31-12-2010	Change in opening balances	Allocation	Adjustments from reclassifications to Income Statement	Transfers	Balance at 30-06-2011
Group net equity	Share capital	167 044					167 044
	Other equity instruments	0					0
	Capital reserves	209 947					209 947
	Retained earnings and other reserves	2 620 792		-779 957		0	1 840 835
	(Treasury shares)	-321 933		108 907			-213 026
	Net loss for the period/year	-717 582		655 671		0	-61 911
	Other items of the Comprehensive Income Statement	-76 141		-580	56 739	0	-19 982
	Total Group	**1 882 127**	**0**	**-15 959**	**56 739**	**0**	**1 922 907**
Minority interest net equity	Minority interst capital and reserves	902 126		-194 175		0	707 951
	Net loss for the period/year	-211 279		212 098		-457	362
	Other comprehensive income	-22 869		-12 109	10 921		-24 057
	Minority share	**667 978**	**0**	**5 814**	**10 921**	**-457**	**684 256**
Total		**2 550 105**	**0**	**-10 145**	**67 660**	**-457**	**2 607 163**

CONSOLIDATED CASH FLOW STATEMENT AT JUNE 30, 2011

In relation to the Cash Flow Statement, the attachment as per Regulation No. 7/2007 is provided which complies with IAS 7; this statement provides for a schedule prepared in a free format with a series of minimum requirements and, relating to the presentation of the cash flow deriving from operating activities requires the utilisation, alternatively, of the direct method, which indicates the principal categories of gross receipts and payments or the indirect method, in which the results for the period are adjusted for the effects of non-cash items, of any deferral or accrual of future operating receipts and payments, and from revenues or costs relating to financial cash flows deriving from investments and financial activities.
The indirect form of the cash flow statement, reported below, separately shows the net liquidity deriving from operating activity and that deriving from investment and financial activity.

CASH FLOW STATEMENT (indirect method)

(in Euro thousands)	1H 2011	1H 2010
Loss before taxes	**-39 293**	**-159 218**
Non-cash adjustments	**952 779**	**2 843 333**
Change in non-life unearned premium reserve	22 645	32 384
Change in claims reserve and other non-life technical reserves	-32 909	-95 287
Change in actuarial reserves and other life technical reserves	653 053	2 714 056
Change in deferred acquisition costs	17 454	25 996
Change in provisions	-34 426	24 465
Non-cash income/charges from financial instruments, property investments and holdings	65 607	-35 262
Other changes	261 355	176 981
Change in payables and receivables from operating activities	**53 972**	**226 462**
Change in payables and receivables from direct insurance operations and reinsurance	95 196	168 363
Change in other payables and receivables	-41 224	58 099
Income taxes paid	**-11 388**	**-20 673**
Net liquidity generated/absorbed from cash items relating to investing and financing activities	**-957 022**	**-1 158 308**
Liabilities from financial contracts issued by insurance companies	-142 556	-227 819
Bank and interbank payables	-33 963	-96 918
Loans and receivables from banks and interbank	-39 669	-5 299
Other financial instruments at fair value through profit or loss account	-740 834	-828 272
TOTAL NET CASH FLOW FROM OPERATING ACTIVITIES	**-952**	**1 731 596**
Net liquidity generated/absorbed from property investments	-3 373	-32 023
Net cash generated/absorbed from investments in subsidiaries, associates and joint ventures	-18 867	-21 156
Net cash generated/absorbed from loans and receivables	-434 153	156 677
Net cash generated/absorbed from investments held to maturity	-11 763	198 489
Net cash generated/absorbed from AFS financial assets	618 926	-1 798 334
Net cash generated/absorbed from intangible and tangible fixed assets	-27 170	-8 526
Net cash generated/absorbed from investing activities	-18	223 134
TOTAL NET CASH FLOW FROM INVESTNG ACTIVITIES	**123 582**	**-1 281 739**
Net cash generated/absorbed from Group equity instruments	0	0
Net cash generated/absorbed from treasury shares	0	0
Distribution of Dividends relating to the Group	0	-67 751
Net cash generated/absorbed from minority interest capital and reserves	47 323	-189 369
Net cash generated/absorbed from sub-ordinated liabilities and financial instruments in holdings	0	0
Net cash generated/absorbed from other financial liabilities	-272 766	80 675
TOTAL NET CASH FLOW FROM FINANCING ACTIVITIES	**-225 443**	**-176 445**
Exchange difference effect on cash and cash equivalents	**1 958**	**140**
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	625 940	576 033
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	-102 813	273 412
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	523 127	849 445

Notes to the financial statements

PART A - Accounting principles

The accounting principles utilised, the measurement and recognition criteria, in addition to the consolidation principles applied for the preparation of the Condensed consolidated interim financial statements at 30/06/2011, are in line with those adopted for the Consolidated financial statements at December 31, 2010 - to which reference should be made - and therefore are in compliance with the IAS/IFRS international accounting standards issued by the IASB approved by the EU and interpreted by the official bodies.
Reference should therefore be made to the 2010 Consolidated financial statements for detailed illustration of the methods utilised.
The entry into force of the accounting standards with application from January 1, 2011 (including the amendments to IAS 32, the revised version of IAS 24 and of IAS 34 and IFRIC 19) did not have significant impacts on the present Condensed consolidated interim financial statements at 30/06/2011.
The balance sheet and income statement data and relative Explanatory Notes were prepared as per IAS 34 relating to interim reporting, highlighting the significant operations and events in the period. In the preparation of the interim data, the application of the accounting principles and policies for the financial statements require a greater recourse to valuations and estimates which affect the application of the accounting principles and consequently the amount of net assets and costs and revenues recorded to the financial statements.
The estimates and assumptions are revised regularly and any changes recorded in the period in which they are carried out.

Non-Life Claims Reserves

Motor TPL:
The claims reserve was measured separately for the various types of management under the new direct indemnity regime. In particular:

- for the claims within the CARD Debtor regime, the valuation was made based on the differing flat rates, from 2007 to 2011 for the various generations defined by the Technical Committee set up pursuant to Pres. Decree No. 254/2006;
- for the CARD Operator claims, the expected final cost was recorded net of the flat recoverable amounts;
- for the claims not covered by the new regime (essentially as they involve two vehicles and permanent personal injury greater than 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 in the period were noted, verifying the appropriateness of the reserves recorded at 31/12/2010.

Other Non-Life Classes:
For both the current generation and previous generations, the technical offices estimate was supplemented utilising the parameters already utilised for the 2010 annual accounts, where there were not significant statistical changes compared to the consolidated trends.

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 2010.

Valuation and impairment of financial instruments

With reference to the valuation of financial instruments, reference should be made to the financial statements at 31/12/2010.
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 30/06/2011 was utilised.

Consequently in this half-year report, 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 31/12/2010 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 as per Article 61 of IAS 39.

Therefore for the purposes of the objective recording of the reduction of value, the Group has defined the conditions of a prolonged and significant reduction of fair value, defined alternatively as follows:
1. a reduction of the market value above 60% of the book value at the reporting date of the accounts;
2. a market value continuously lower than the book value, for a period of two years.

Impairment of Greek sovereign debt securities

As reported previously, on July 21, 2011 the programme for the restructuring of the Greek sovereign debt was announced.

The technical details of the restructuring, which involves the private sector on a voluntary basis, has not yet been finalised and concerns only debt securities with maturity by 2020.

With the presence of various impairment indicators and in view of the introduction of the above-stated restructuring programme, with an eye to maximum prudency the value of the Greek government financial assets with maturity before 2020 was reduced.

This resulted in the full recognition to the income statement of the negative AFS reserve at June 30. The exposure to Greek sovereign debt securities of the Group at June 30 amounted to a nominal value of Euro 195 million, of which approx. Euro 86 million with maturity by 2020.
The effect on the period income statement of the impairment was approx. Euro 35.5 million, gross of the amount pertaining to policyholders and the related tax effect.

The Group does not hold Greek debt securities classified in categories other than the AFS category.

Reclassification of financial instruments

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

Based on this option, it was decided to reclassify at January 1, 2009 some debt securities recorded in the accounts at December 31, 2008 for Euro 808,419 thousand from the category “Available-for-sale” to “Loans and Receivables”. These securities, principally containing subordination clauses and issued by corporate parties, were measured at fair value at December 31, 2008 through mark to model, with the objective to provide maximum transparency and clarification in the valuations in the accounts. This intention does not easily reconcile with the nature of the securities and with the difficulties to define and, therefore, provide an objective fair value, in consideration of the current economic-financial crisis which does not permit normal pricing, in particular for these types of securities.
The value transferred is equal to 2.4 % of the total amount of the Investments of the Group at January 1, 2009: therefore this reclassification operation was not considered significant for the purposes of the compilation of the attachment relating to the “Details of the financial assets reclassified and of the effects on the income statement and on comprehensive income”.

The accounting value of the securities transferred at 30/06/2011 was Euro 773,416 thousand and the fair value at that date, determined on the basis of the above-mentioned mark to model method, substantially confirm the carrying value at the date of the present report. There was no permanent loss in value on any security and the effect of the amortised cost resulted in the recording of income of Euro 5,839 thousand. The residual negative AFS reserve recorded on these securities at 01/01/2009 amounted to Euro 75,222 thousand and is amortised in accordance with the provisions of IAS 39.

Consolidation principles

The same consolidation principles were utilised in the half year report as for the last consolidated financial statements.
For detailed information on the accounting principles utilised, reference should be made to these latter. Any such references to 31/12 should be considered as similar for 30/06.

For the preparation of the consolidated half-year report, the half-year reports approved by the Boards of Directors of the respective Companies were utilised or, alternatively, the half-year financial statements which were reviewed by the respective management boards.

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 period end for the balance sheet items and the average between the beginning and the end of the period for the income statement items.

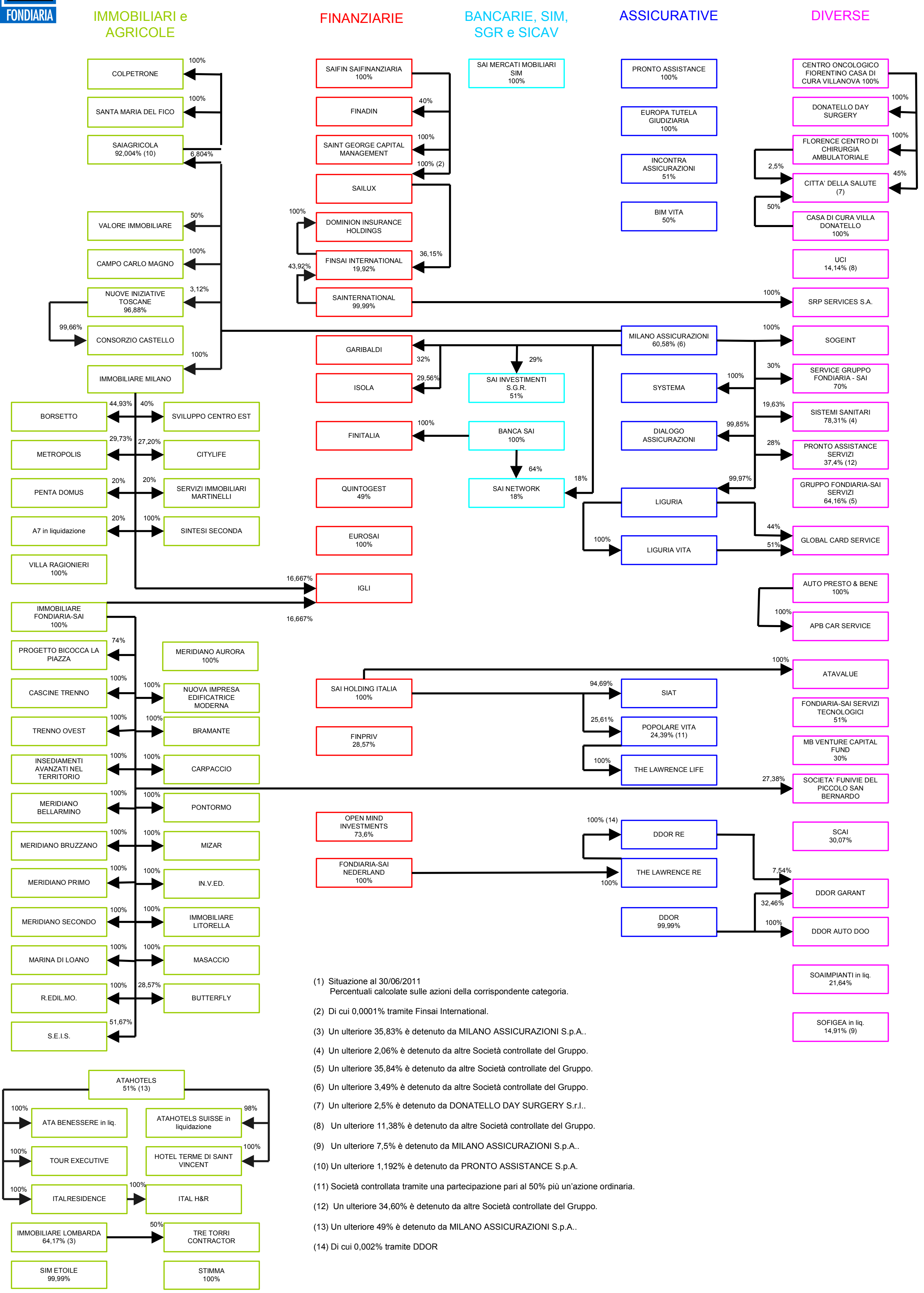
Consolidation scope

At 30/06/2011, the Fondiaria-SAI Group, including the Parent Company, was made up of 114 Companies, of which 17 operated in the insurance sector, 1 in the banking sector, 45 in the real estate and agricultural sectors and 20 in the financial services sector; the remaining companies are various service companies. The company has 19 overseas offices.
The number of fully consolidated companies is 82, those consolidated under the Equity Method 19, while the remaining companies are consolidated under the proportional method or maintained at cost due to limited size or the nature of the activities and are not significant for the purposes of a true and fair representation of the present financial statements.
There are 88 subsidiary companies, of which 30 are controlled directly by the Parent Company.

In the first half of 2011, the consolidation scope of the Fondiaria SAI Group does not report any significant changes with the exception of the exit from the consolidation of the RHO REAL ESTATE FUND in that, following the changes in the governance structure, it is no longer considered of significant influence. Consequently, the company is no longer considered an associated entity and was reclassified to the AFS investment sector.
This followed particularly the review of the role of the Consultative Committee on which representatives of Fondiaria-SAI sit, which was undertaken to reduce the risk of excessive influence of the committee on the management of the Fund, also in relation to ordinary operating activities.

In addition, in accordance with SIC 12, the company Admiral Finance S.r.l. is fully consolidated - a vehicle mortgage securitisation company held by the subsidiary BancaSai.
Finally, in accordance with IAS 27 paragraph 40 d) the associated company Fondiaria-SAI Servizi Tecnologici S.p.A. is valued at net equity in that, although Fondiaria-SAI has a majority shareholding (51%) of the voting rights, the operating control of the company is undertaken by the other shareholder Hp Enterprise Services Italia S.r.l.in accordance with governance agreements made.

SOCIETA' CONTROLLATE E COLLEGATE(1)



(1) Situazione al 30/06/2011
Percentuali calcolate sulle azioni della corrispondente categoria.

(2) Di cui 0,0001% tramite Finsai International.

(3) Un ulteriore 35,83% è detenuto da MILANO ASSICURAZIONI S.p.A..

(4) Un ulteriore 2,06% è detenuto da altre Società controllate del Gruppo.

(5) Un ulteriore 35,84% è detenuto da altre Società controllate del Gruppo.

(6) Un ulteriore 3,49% è detenuto da altre Società controllate del Gruppo.

(7) Un ulteriore 2,5% è detenuto da DONATELLO DAY SURGERY S.r.l..

(8) Un ulteriore 11,38% è detenuto da altre Società controllate del Gruppo.

(9) Un ulteriore 7,5% è detenuto da MILANO ASSICURAZIONI S.p.A..

(10) Un ulteriore 1,192% è detenuto da PRONTO ASSISTANCE S.p.A.

(11) Società controllata tramite una partecipazione pari al 50% più un'azione ordinaria.

(12) Un ulteriore 34,60% è detenuto da altre Società controllate del Gruppo.

(13) Un ulteriore 49% è detenuto da MILANO ASSICURAZIONI S.p.A..

(14) Di cui 0,002% tramite DDOR

-

	Sector	Percentage of control Direct		Indirect	Group holding
SUBSIDIARY COMPANIES					
Companies consolidated line-by-line					
ADMIRAL FINANCE S.r.l. (*) Rome Share Capital Euro 10,000	Financial		BANCASAI S.p.A.		
APB CAR SERVICE S.r.l. Turin Share Capital Euro 10,000	Services		AUTO PRESTO&BENE S.p.A.	100.00	100.00
ATAHOTELS COMPAGNIA ITALIANA AZIENDE TURISTICHE ALBERGHIERE S.p.A. Milan Share Capital Euro 15,000,000	Services	51.00	MILANO ASSICURAZIONI S.p.A.	49.00	81.80
ATAVALUE S.r.l. Turin Share Capital Euro 10,000	Services		SAI HOLDING ITALIA S.p.A.	100.00	100.00
ATHENS R.E. FUND – FONDO SPECULATIVO	Real Estate		MILANO ASSICURAZIONI S.p.A.	100.00	62.85
AUTO PRESTO&BENE S.p.A. Turin Share Capital Euro 5,000,000	Services	100.00			100.00
BANCASAI S.p.A. Turin Share Capital Euro 116,677,161	Banking	100.00			100.00
BIM VITA S.p.A. Turin Share Capital Euro 7,500,000	Life Insurance	50.00			50.00
BRAMANTE S.r.l. Milan Share Capital Euro 10,000	Real Estate		IMMOBILIARE FONDIARIA-SAI S.r.l.	100.00	100.00
CAMPO CARLO MAGNO S.p.A. Pinzolo (TN) Share Capital Euro 9,311,200	Real Estate		MILANO ASSICURAZIONI S.p.A.	100.00	62.85
CARPACCIO S.r.l. Milan Share Capital Euro 10,000	Real Estate		IMMOBILIARE FONDIARIA-SAI S.r.l.	100.00	100.00
CASA DI CURA VILLA DONATELLO S.p.A. Florence Share Capital Euro 361,200	Services	100.00			100.00
CASCINE TRENNO S.r.l. Turin Share Capital Euro 10,000	Real Estate		IMMOBILIARE FONDIARIA-SAI S.r.l.	100.00	100.00

(*) consolidated as per SIC 12

-

	Sector	Percentage of control Direct		Indirect	Group holding
CENTRO ONCOLOGICO FIORENTINO CASA DI CURA VILLANOVA S.r.l. Sesto Fiorentino (FI) Share Capital Euro 182,000	Services	100.00			100.00
CITTÀ DELLA SALUTE S.c.r.l. Florence Share Capital Euro 100,000	Services		CASA DI CURA VILLA DONATELLO S.p.A. CENTRO ONCOLOGICO FIORENTINO CASA DI CURA VILLANOVA S.r.l. DONATELLO DAY SURGERY S.r.l. FLORENCE CENTRO DI CHIRURGIA AMBULATORIALE S.r.l.	50.00 45.00 2.50 2.50	100.00
COLPETRONE S.r.l. Umbertide (PG) Share Capital Euro 10,000	Agriculture		SAIAGRICOLA S.p.A. – Società Agricola	100.00	97.48
CASTELLO CONSORTIUM Florence Share Capital Euro 51,000	Real Estate		NUOVE INIZIATIVE TOSCANE S.r.l.	99.66	98.50
DDOR NOVI SAD ADO Novi Sad (Serbia) Share Capital Rsd 2,579,597,280	Mixed Insurance	99.99			99.99
DDOR RE JOINT STOCK REINSURANCE COMPANY Novi Sad (Serbia) Share Capital Euro 5,130,603.91	Insurance		THE LAWRENCE R.E. DDOR NOVI SAD ADO	99.998 0.002	100.00
DIALOGO ASSICURAZIONI S.p.A. Milan Share Capital Euro 8,831,774	Non-Life Insurance		MILANO ASSICURAZIONI S.p.A.	99.85	62.76
DOMINION INSURANCE HOLDING Ltd London (GB) Share Capital GBP 35,438,267.65	Financial		FINSAI INTERNATIONAL S.A.	100.00	99.99
DONATELLO DAY SURGERY S.r.l. Florence Share Capital Euro 20,000	Services		CENTRO ONCOLOGICO FIORENTINO CASA DI CURA VILLANOVA S.r.l.	100.00	100.00
EUROPA TUTELA GIUDIZIARIA S.p.A. Milan Share Capital Euro 5,160,000	Non-Life Insurance	100.00			100.00
EUROSAI FINANZIARIA DI PARTECIPAZIONI S.r.l. Turin Share Capital Euro 100,000	Financial	100.00			100.00
FINITALIA S.p.A. Milan Share Capital Euro 15,376,285	Financial		BANCASAI S.p.A.	100.00	100.00
FINSAI INTERNATIONAL S.A. Luxembourg Share Capital Euro 44,131,900	Financial	19.92	SAINTERNATIONAL S.A. SAILUX S.A.	43.92 36.15	99.99

-

	Sector	Percentage of control Direct		Indirect	Group holding
FLORENCE CENTRO DI CHIRURGIA AMBULATORIALE S.r.l. Florence Share Capital Euro 10,400	Services		CENTRO ONCOLOGICO FIORENTINO CASA DI CURA VILLANOVA S.r.l.	100.00	100.00
FONDIARIA-SAI NEDERLAND B.V. Amsterdam (NL) Share Capital Euro 19,070	Financial	100.00			100.00
GRUPPO FONDIARIA-SAI SERVIZI S.c.r.l. Milan Share capital Euro 5,200,000	Services	64.16	MILANO ASSICURAZIONI S.p.A. SYSTEMA COMPAGNIA DI ASS.NI S.p.A. DIALOGO ASSICURAZIONI S.p.A. EUROPA TUTELA GIUDIZ. S.p.A. FINITALIA S.p.A. INCONTRA ASSICURAZIONI S.p.A. BANCASAI S.p.A. PRONTO ASSISTANCE S.p.A. SAI MERCATI MOBILIARI SIM S.p.A. LIGURIA SOC. DI ASSICURAZIONI S.p.A. LIGURIA VITA S.p.A. PRONTO ASSISTANCE SERVIZI S.c.a.r.l. SISTEMI SANITARI S.c.r.l. BIM VITA S.p.A. SIAT SOC. ITALIANA ASS. E RIASS. S.p.A. AUTO PRESTO&BENE S.r.l. IMMOBILIARE LOMBARDA S.p.A.	34.21 0.18 0.20 0.02 0.02 0.02 0.02 0.90 0.02 0.02 0.02 0.02 0.02 0.02 0.11 0.02 0.02	87.10
IMMOBILIARE FONDIARIA-SAI S.r.l. Turin Share Capital Euro 20,000	Real Estate	100.00			100.00
IMMOBILIARE LITORELLA S.r.l. Milan Share Capital Euro 10,329	Real Estate		IMMOBILIARE FONDIARIA-SAI S.r.l.	100.00	100.00
IMMOBILIARE LOMBARDA S.p.A. Milan Share Capital Euro 24,493,509.56	Real Estate	64.17	MILANO ASSICURAZIONI S.p.A.	35.83	86.69
IMMOBILIARE MILANO ASSICURAZIONI S.r.l. Turin Share Capital Euro 20,000	Real Estate		MILANO ASSICURAZIONI S.p.A.	100.00	62.85
INCONTRA ASSICURAZIONI S.p.A. Milan Share Capital Euro 5,200,000	Non-Life Insurance	51.00			51.00
INIZIATIVE VALORIZZAZIONI EDILI – IN.V.ED. S.r.l. Rome Share Capital Euro 10,329	Real Estate		IMMOBILIARE FONDIARIA-SAI S.r.l.	100.00	100.00
INSEDIAMENTI AVANZATI NEL TERRITORIO I.A.T. S.p.A. Milan Share Capital Euro 2,580,000	Real Estate		IMMOBILIARE FONDIARIA-SAI S.r.l.	100.00	100.00
ITALRESIDENCE S.r.l. Pieve Emanuele (MI) Share Capital Euro 100,000	Services		ATAHOTELS S.p.A.	100.00	81.80

-

	Sector	Percentage of control: Direct		Indirect	Group holding
LIGURIA SOCIETÀ DI ASSICURAZIONI S.p.A. Milan Share Capital Euro 36,800,000	Non-Life Insurance		MILANO ASSICURAZIONI S.p.A.	99.97	62.83
LIGURIA VITA S.p.A. Milan Share Capital Euro 6,000,000	Life Insurance		LIGURIA SOC. DI ASSICURAZIONI S.p.A.	100.00	62.83
MARINA DI LOANO S.p.A. Milan Share Capital Euro 5,536,000	Real Estate		IMMOBILIARE FONDIARIA-SAI S.r.l.	100.00	100.00
MASACCIO S.r.l. Milan Share Capital Euro 10,000	Real Estate		IMMOBILIARE FONDIARIA-SAI S.r.l.	100.00	100.00
MERIDIANO AURORA S.r.l. Milan Share Capital Euro 10,000	Real Estate	100.00			100.00
MERIDIANO BELLARMINO S.r.l. Turin Share Capital Euro 10,000	Real Estate		IMMOBILIARE FONDIARIA-SAI S.r.l.	100.00	100.00
MERIDIANO BRUZZANO S.r.l. Turin Share Capital Euro 10,000	Real Estate		IMMOBILIARE FONDIARIA-SAI S.r.l.	100.00	100.00
MERIDIANO PRIMO S.r.l. Turin Share Capital Euro 10,000	Real Estate		IMMOBILIARE FONDIARIA-SAI S.r.l.	100.00	100.00
MERIDIANO SECONDO S.r.l. Turin Share Capital Euro 10,000	Real Estate		IMMOBILIARE FONDIARIA-SAI S.r.l.	100.00	100.00
MILANO ASSICURAZIONI S.p.A. Milan Share Capital Euro 305,851,341.12	Mixed Insurance	60.58	FONDIARIA-SAI NEDERLAND B.V. POPOLARE VITA S.p.A. PRONTO ASSISTANCE S.p.A. SAI HOLDING ITALIA S.p.A. SAINTERNATIONAL S.A.	1.50 0.02 0.05 0.51 0.20	62.85
MIZAR S.r.l. Rome Share Capital Euro 10,329	Real Estate		IMMOBILIARE FONDIARIA-SAI S.r.l.	100.00	100.00
NUOVA IMPRESA EDIFICATRICE MODERNA S.r.l. Rome Share Capital Euro 10,329	Real Estate		IMMOBILIARE FONDIARIA-SAI S.r.l.	100.00	100.00
NUOVE INIZIATIVE TOSCANE S.r.l. Florence Share Capital Euro 26,000,000	Real Estate	96.88	MILANO ASSICURAZIONI. S.p.A.	3.12	98.84
PONTORMO S.r.l. Milan Share Capital Euro 50,000	Real Estate		IMMOBILIARE FONDIARIA-SAI S.r.l.	100.00	100.00
POPOLARE VITA S.p.A. Verona Share capital Euro 219,600,005	Life Insurance	24.39	SAI HOLDING ITALIA S.p.A.	25.61	50.00

-

	Sector	Percentage of control Direct		Indirect	Group holding
PROGETTO BICOCCA LA PIAZZA S.r.l. in liquidation Milan Share Capital Euro 3,151,800	Real Estate		IMMOBILIARE FONDIARIA-SAI S.r.l.	74.00	74.00
PRONTO ASSISTANCE S.p.A. Turin Share Capital Euro 2,500,000	Non-Life Insurance	100.00			100.00
PRONTO ASSISTANCE SERVIZI S.c.a.r.l. Turin Share Capital Euro 516,000	Services	37.40	MILANO ASSICURAZIONI S.p.A.	28.00	79.63
			DIALOGO ASSICURAZIONI S.p.A.	24.00	
			LIGURIA SOC. DI ASSICURAZIONI S.p.A.	2.20	
			INCONTRA ASSICURAZIONI S.p.A.	0.15	
			SYSTEMA COMPAGNIA DI ASS.NI S.p.A.	0.35	
			BANCASAI S.p.A.	0.10	
			SISTEMI SANITARI S.r.l.	0.10	
			PRONTO ASSISTANCE S.p.A.	7.70	
RISTRUTTURAZIONI EDILI MODERNE – R.EDIL.MO S.r.l. Rome Share Capital Euro 10,329	Real Estate		IMMOBILIARE FONDIARIA-SAI S.r.l.	100.00	100.00
SAI HOLDING ITALIA S.p.A. Turin Share Capital Euro 50,000,000	Financial	100.00			100.00
SAI INVESTIMENTI S.G.R. S.p.A. Turin Share Capital Euro 3,913,588	Asset Management	51.00	MILANO ASSICURAZIONI S.p.A.	29.00	69.23
SAI MERCATI MOBILIARI SIM S.p.A. Milan Share Capital Euro 20,000,000	Real Estate Brokerage	100.00			100.00
SAI NETWORK S.p.A. Turin Share capital Euro 5,016,046	Financial	18.00	BANCASAI S.p.A.	64.00	93.31
			MILANO ASSICURAZIONI S.p.A.	18.00	
SAIAGRICOLA S.p.A. SOCIETÀ AGRICOLA Turin Share Capital Euro 66,000,000	Agriculture	92.01	MILANO ASSICURAZIONI S.p.A.	6.80	97.48
			PRONTO ASSISTANCE S.p.A.	1.19	
SAIFIN-SAIFINANZIARIA S.p.A. Turin Share Capital Euro 102,258,000	Financial	100.00			100.00
SAILUX S.A. Luxembourg Share Capital Euro 30,000,000	Financial		SAIFIN-SAIFINANZIARIA S.p.A.	99.99	100.00
			FINSAI INTERNATIONAL S.A.	0.01	
SAINT GEORGE CAPITAL MANAGEMENT S.A. Lugano (CH) Share Capital CHF 3,000,000	Financial		SAIFIN-SAIFINANZIARIA S.p.A.	100.00	100.00
SAINTERNATIONAL S.A. Luxembourg Share Capital Euro 154,000,000	Financial	99.99			99.99
SANTA MARIA DEL FICO S.r.l. Umbertide (PG) Share Capital Euro 78,000	Agriculture		SAIAGRICOLA S.p.A. – Società Agricola	100.00	97.48

-

	Sector	Percentage of control Direct		Indirect	Group holding
SERVICE GRUPPO FONDIARIA-SAI S.r.l. Florence Share Capital Euro 104,000	Services	70.00	MILANO ASSICURAZIONI S.p.A.	30.00	88.86
SIAT SOCIETÀ ITALIANA ASSICURAZIONI E RIASSICURAZIONI S.p.A. Genoa Share Capital Euro 38,000,000	Non-Life Insurance		SAI HOLDING ITALIA S.p.A.	94.69	94.69
SIM ETOILE S.A.S. Paris Share Capital Euro 3,049,011.34	Real Estate	100.00			100.00
SINTESI SECONDA S.r.l. Milan Share Capital Euro 10,400	Real Estate		IMMOBILIARE MILANO ASS.NI S.r.l.	100.00	62.85
SISTEMI SANITARI S.c.r.l. Milan Share Capital Euro 1,000,000	Services	78.31	MILANO ASSICURAZIONI S.p.A.	19.630	92.21
			BANCASAI S.p.A.	0.040	
			BIM VITA S.p.A.	0.010	
			DIALOGO ASSICURAZIONI S.p.A.	0.020	
			FINITALIA S.p.A.	0.022	
			LIGURIA SOC. DI ASSICURAZIONI S.p.A.	0.220	
			LIGURIA VITA S.p.A.	0.020	
			POPOLARE VITA S.p.A.	0.510	
			PRONTO ASSISTANCE S.p.A.	0.030	
			PRONTO ASSISTANCE SERVIZI S.c.a.r.l.	0.410	
			SAI SIM S.p.A.	0.010	
			SYSTEMA COMPAGNIA DI ASSIC.NI S.p.A.	0.010	
			EUROPA TUTELA GIUDIZIARIA S.p.A.	0.001	
			GRUPPO FONDIARIA-SAI SERVIZI S.c.r.l.	0.090	
			SAI INVESTIMENTI SGR	0.010	
			SERVICE GRUPPO FONDIARIA-SAI S.r.l.	0.010	
			SAIAGRICOLA S.p.A. – Società Agricola	0.050	
			IMMOBILIARE LOMBARDA S.p.A.	0.200	
			SIAT SOC. ITALIANA ASS. E RIASS. S.p.A.	0.200	
			AUTO PRESTO&BENE S.p.A.	0.200	
SOCIETÀ EDILIZIA IMMOBILIARE SARDA S.E.I.S. S.p.A. Rome Share capital Euro 3,877,500	Real Estate		IMMOBILIARE FONDIARIA-SAI S.r.l.	51.67	51.67
SOGEINT S.r.l. Milan Share Capital Euro 100,000	Other		MILANO ASSICURAZIONI S.p.A.	100.00	62.85
SRP Services S.A. Lugano (CH) Share Capital CHF 1,000,000	Services		SAINTERNATIONAL S.A.	100.00	99.99
STIMMA S.r.l. Florence Share Capital Euro 10,000	Real Estate	100.00			100.00
SYSTEMA COMPAGNIA DI ASS.NI S.p.A. Milan Share Capital Euro 5,164,600	Non-Life Insurance		MILANO ASSICURAZIONI S.p.A.	100.00	62.85

-

	Sector	Percentage of control			Group holding
		Direct		Indirect	
THE LAWRENCE LIFE ASSURANCE CO. LTD Dublin (IRL) Share Capital Euro 802,886	Life Insurance		POPOLARE VITA S.p.A.	100.00	50.00
THE LAWRENCE R.E. IRELAND LTD Dublin (IRL) Share Capital Euro 635,000	Mixed Insurance		FONDIARIA-SAI NEDERLAND B.V.	100.00	100.00
TIKAL R.E. FUND	Real Estate	59.65	MILANO ASSICURAZIONI S.p.A.	35.36	81.87
TRENNO OVEST S.r.l. Turin Share Capital Euro 10,000	Real Estate		IMMOBILIARE FONDIARIA-SAI S.r.l.	100.00	100.00
VILLA RAGIONIERI S.r.l. Florence Share Capital Euro 78,000	Real Estate	100.00			100.00
Companies valued at cost:					
ATA BENESSERE S.r.l. in liquidation Milan Share Capital Euro 100,000	Services		ATAHOTELS S.p.A.	100.00	81.80
ATAHOTELS SUISSE S.A. in liquidation Lugano Share Capital CHF 100,000	Services		ATAHOTELS S.p.A.	98.00	80.16
DDOR AUTO DOO Novi Sad (Serbia) Share Capital Euro 9,260.97	Non-Life Insurance		DDOR NOVI SAID ADO.	100.00	99.99
GLOBAL CARD SERVICE S.r.l. Segrate (Mi) Share Capital Euro 98,800	Services		LIGURIA VITA S.p.A. LIGURIA SOC. DI ASSICURAZIONI S.p.A.	51.00 44.00	59.69
HOTEL TERME DI SAINT VINCENT S.r.l. Saint Vincent (AO) Share Capital Euro 15,300	Services		ATAHOTELS S.p.A.	100.00	81.80
ITAL H & R S.r.l. Pieve Emanuele (MI) Share Capital Euro 50,000	Services		ITALRESIDENCE S.r.l.	100.00	81.80
TOUR EXECUTIVE S.r.l. Milan Share Capital Euro 118,300.08	Services		ATAHOTELS S.p.A.	100.00	81.80
ASSOCIATED COMPANIES					
Companies valued under the equity method:					
A 7 S.r.l. Milan Share Capital Euro 200,000	Real Estate		IMMOBILIARE MILANO ASS.NI S.r.l.	20.00	12.57

-

	Sector	Percentage of control: Direct		Indirect	Group holding
BORSETTO S.r.l. Turin Share Capital Euro 2,971,782.3	Real Estate		IMMOBILIARE MILANO ASS.NI S.r.l.	44.93	28.24
BUTTERFLY AM S.a.r.l. Luxembourg Share Capital Euro 29,165	Financial		IMMOBILIARE FONDIARIA-SAI S.r.l.	28.57	28.57
CITYLIFE S.r.l. (*) Milan Share Capital Euro 313,059	Real Estate		IMMOBILIARE MILANO ASS.NI S.r.l.	27.20	17.09
CONSULENZA AZIENDALE PER L'INFORMATICA SCAI S.p.A. Turin Share Capital Euro 1,040,000	Services	30.07			30.07
FIN. PRIV S.r.l. Milan Share Capital Euro 20,000	Financial	28.57			28.57
FINADIN S.p.A. Milan Share Capital Euro 100,000,000	Financial		SAIFIN-SAIFINANZIARIA S.p.A.	40.00	40.00
FONDIARIA-SAI SERVIZI TECNOLOGICI S.p.A. Florence Share Capital Euro 120,000	Services	51.00			51.00
GARIBALDI S.C.A. Luxembourg Share Capital Euro 31,000	Financial		MILANO ASSICURAZIONI S.p.A.	32.00	20.11
IGLI S.p.A. Milan Share Capital Euro 24,120,000	Financial		IMMOBILIARE FONDIARIA-SAI S.r.l. IMMOBILIARE MILANO ASS.NI S.r.l.	16.667 16.667	27.14
ISOLA S.C.A. Luxembourg Share Capital Euro 31,000	Financial		MILANO ASSICURAZIONI S.p.A.	29.56	18.58
METROPOLIS S.p.A. Florence Share Capital Euro 1,120,000	Real Estate		IMMOBILIARE MILANO ASS.NI S.r.l.	29.73	18.69
PENTA DOMUS S.p.A. Turin Share Capital Euro 120,000	Real Estate		IMMOBILIARE MILANO ASS.NI S.r.l.	20.00	12.57
PROGETTO ALFIERE S.p.A. Rome Share Capital Euro 120,000	Real Estate		IMMOBILIARE FONDIARIA-SAI S.r.l.	19.00	19.00
SERVIZI IMMOBILIARI MARTINELLI S.p.A. Cinisello Balsamo (MI) Share Capital Euro 100,000	Real Estate		IMMOBILIARE MILANO ASS.NI S.r.l.	20.00	12.57
SOCIETÀ FUNIVIE DEL PICCOLO SAN BERNARDO S.p.A. La Thuile (AO) Share Capital Euro 9,213,417.5	Other		IMMOBILIARE FONDIARIA-SAI S.r.l.	27.38	27.38

(*) valued in accordance with IFRS 5

-

	Sector	Direct	Percentage of control	Indirect	Group holding
SVILUPPO CENTRO EST S.r.l. Rome Share Capital Euro 10,000	Real Estate		IMMOBILIARE MILANO ASS.NI S.r.l.	40.00	25.14
TRE TORRI CONTRACTOR S.c.r.l. Milan Share Capital Euro 10,000	Real Estate		IMMOBILIARE LOMBARDA S.p.A.	50.00	43.34
VALORE IMMOBILIARE S.r.l. Milan Share Capital Euro 10,000	Real Estate		MILANO ASSICURAZIONI S.p.A.	50.00	31.43
Companies valued at cost:					
DDOR GARANT Belgrado (Serbia) Share Capital Euro 3,309,619	Services		DDOR RE JOINT STOCK REINSURANCE COMPANY DDOR NOVI SAID ADO	7.54 32.46	40.00
MB VENTURE CAPITAL FUND I PARTECIPATING COMPANY D N.V. Amsterdam Share Capital Euro 50,000	Other	30.00			30.00
QUINTOGEST S.p.A. Milan Share Capital Euro 3,000,000	Financial	49.00			49.00
SOCIETÀ FINANZ. PER LE GEST.ASSICURATIVE S.r.l. in liquididation Rome Share Capital Euro 47,664,600	Financial	14.91	MILANO ASSICURAZIONI S.p.A.	7.50	19.62
SOAIMPIANTI - ORGANISMI DI ATTESTAZIONE S.r.l. in liquidation Monza Share Capital Euro 84,601	Other	21.64			21.64
UFFICIO CENTRALE ITALIANO S.c.a.r.l. Milan Share Capital Euro 510,000	Other	14.14	SIAT SOC. ITALIANA ASS. E RIASS. S.p.A. MILANO ASSICURAZIONI S.p.A. LIGURIA SOC. DI ASSICURAZIONI S.p.A. SYSTEMA COMPAGNIA DI ASS.NI S.p.A. DIALOGO ASSICURAZIONI S.p.A. INCONTRA ASSICURAZIONI S.p.A.	0.0900 10.9750 0.3090 0.0002 0.0001 0.0024	21.31

-

PART B - Information on the Consolidated Balance Sheet

Balance Sheet - Assets

1. INTANGIBLE ASSETS

The breakdown is as follows:

(in Euro thousands)	**30/06/2011**	**31/12/2010**	**Change**
Goodwill	1,473,455	1,468,570	4,885
Other intangible assets	109,117	119,164	(10,047)
TOTAL	**1,582,572**	**1,587,734**	**(5,162)**

Goodwill

The Goodwill is broken down as follows:

(in Euro thousands)	**30/06/2011**	**31/12/2010**	**Change**
Goodwill deriving from the incorporation of La Fondiaria	504,763	504,763	-
Goodwill from the consolidation of Milano Assicurazioni	167,379	167,379	-
Other goodwill	530	530	-
Consolidation difference	800,783	795,898	4,885
TOTAL	**1,473,455**	**1,468,570**	**4,885**

The Group verifies the recovery of the goodwill allocated to the Cash Generating Units (CGU's) at least on an annual basis or more frequently when there is an indication of a loss in value.
Reference should be made to the financial statements of 31/12/2010 for the description of the methods utilised for the determination of the recoverable value of the goodwill recorded.

In the first half of 2011, the goodwill allocated to the Fondiaria-SAI and Milano Assicurazioni CGU's, both for the Non-Life and Life divisions, did not highlight any impairment indicators. The impairment test concerning the above stated CGU's was based on the recoverable value through use and not on the fair value, considering also the share performance.
In the first half of 2011, the impairment test parameters utilised at the end of 2010 relating to the Non-Life technical management performance, the Life closed portfolio and the ordinary financial profitability were substantially confirmed. These CGU's presented however at 31/12/2010 an excess of the recoverable value over the book value: no indicators of impairment based on the test carried out at 31/12/2010 were evident in the first half year.

-

In relation to the goodwill allocated to the Popolare Vita, Liguria Assicurazioni and DDOR CGU's, which reported at 31/12/2010 a recoverable value in line with the book value, a new impairment test was carried out through a more focused analysis of the results in light of the most recent operating and accounting developments.
The impact of external factors such as the increase in financial market rates, increased volatility on the markets and a contraction in new life business may indirectly impact the recoverability of the book value of the above stated CGU's, which as stated was in line with the recoverable value.
The impairment test carried out did not highlight the need to write-down the goodwill recorded in that the range of values - which did not change significantly on December - confirms the sustainability of the goodwill recognised.

The change in the account "Consolidation differences" of Euro 4.9 million relates to the subsidiary DDOR Novi Sad following the depreciation of the Euro against the Serb Dinar.

Other Intangible Assets

The other intangible assets amount to Euro 109,117 thousand (Euro 119,164 thousand at 31/12/2010) and are composed of:

(in Euro thousands)	**Gross carrying value**	**Amortisation and impairment**	**Net value 30/06/2011**	**Net value 31/12/2010**
Studies and research expenses	231,317	(203,813)	27,504	27,798
Utilisation rights	19,750	(13,120)	6,630	6,801
Other intangible assets	268,838	(193,855)	74,983	84,565
TOTAL	**519,905**	**(410,788)**	**109,117**	**119,164**

None of the above intangible assets were generated internally.

The above intangible assets have a definite useful life and are therefore amortised over their duration. The expenses for research studies relate to the capitalisation in 2011, and in previous years, of the costs incurred for the preparation of IT technology and applications of a long-term nature.
They are amortised over a period of three or five years based on the characteristics and useful life of the assets.

These charges are prevalently incurred by the Consortium Fondiaria SAI Servizi Group, which undertakes all the management of resources, assets and services already existing and new acquisitions relating to the functioning of the Group.

The other intangible assets principally include the values relating to the client portfolios acquired by some subsidiary companies (Value in Force and VOBA) recorded upon acquisition.

-

The data relating to the client portfolios acquired are as follows:

(in Euro thousands)	30/06/2011	31/12/2010	Change
Liguria Assicurazioni S.p.A.	13,602	17,150	(3,548)
DDOR Novi Sad ADO	12,446	15,624	(3,178)
TOTAL	**26,048**	**32,774**	**(6,726)**

In the period, no indications emerged of a long-term loss in value.

DDOR was affected by, in addition to the amortisation in the period, the weakening of the Euro against the Serb Dinar.

2. PROPERTY, PLANT & EQUIPMENT

The total amount of the account is Euro 602,549 thousand (Euro 594,334 thousand at 31/12/2010), an increase of Euro 8 thousand.

The breakdown of the tangible fixed assets is as follows:

(in Euro thousands)	Buildings		Land		Other tangible assets		Total	
	30/06/2011	31/12/2010	30/06/2011	31/12/2010	30/06/2011	31/12/2010	30/06/2011	31/12/2010
Gross carrying value	525,867	509,457	28,192	28,192	216,464	214,324	770,523	751,973
Depreciation and impairment	(43,566)	(36,958)	-	-	(124,408)	(120,681)	(167,974)	(157,639)
Net value	**482,301**	**472,499**	**28,192**	**28,192**	**92,056**	**93,643**	**602,549**	**594,334**

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 are depreciated over their useful lives on a component basis.

The account also includes the buildings held by the subsidiaries of Immobiliare Fondiaria-SAI (excluding the subsidiary Società Edilizia Immobiliare Sarda S.E.I.S.) which were considered inventories and therefore valued in accordance with IAS 2.

In the first half of 2011, no indications emerged of a permanent loss in value of property within this sector.

With the exception of the area earmarked for construction at Garibaldi Repubblica owned by the subsidiary Meridiano Secondo, held under a mortgage, the other properties of the Group within the macro account were not subject to restrictions on title, nor has any significant amount been recorded in the Income Statement for reductions in value, losses, divestment or damages.

-

The residual "other tangible assets" prevalently relates to assets of the Group utilised in the exercise of its activities, such as furnishings, plant and office equipment, as well as the final inventory of the companies operating in the agricultural sector valued in accordance with IAS 2.

3. TECHNICAL RESERVES – REINSURANCE AMOUNT

The total amount of the account is Euro 758,066 thousand (Euro 823,184 thousand at 31/12/2010) with a decrease of Euro 65,118 thousand. The breakdown of the account is as follows:

(in Euro thousands)	30/06/2011	31/12/2010	Change
Non-life division technical reserves attributed to reinsurers	655,206	656,719	(1,513)
Life division technical reserves attributed to reinsurers	102,860	166,465	(63,605)
Class D reserves attributed to reinsurers	-	-	-
TOTAL	**758.066**	**823.184**	**(65.118)**

Of this amount, Euro 478 million refers to reinsurance (Euro 543 million at 31/12/2010), while Euro 280 million refers to reserve cessions (Euro 280 million 31/12/2010).

4. INVESTMENTS

The breakdown is as follows:

(in Euro thousands)	30/06/2011	31/12/2010	Change
Investment property	2,856,621	2,894,209	(37,588)
Investments in subsidiaries, associates and joint ventures	200,975	325,369	(124,394)
Investments held-to-maturity	603,901	592,138	11,763
Loans and receivables	3,633,171	3,159,211	473,960
AFS financial assets	19,715,952	20,302,882	(586,930)
Financial assets at fair value recorded through the profit & loss account	9,514,726	8,740,064	774,662
TOTAL	**36,525,346**	**36,013,873**	**511,473**

Investment property

The account includes all the buildings held by the Group for rental or for capital appreciation.

The investment properties are recorded at purchase cost in accordance with IAS 16 (which IAS 40 refers to in the case of adoption of the cost model).
The part of the property referring to buildings is depreciated systematically with regard to the useful life of the components therein. Of the significant components, those relating to the plant of the building are depreciated separately.

-

The composition of the investment property and the movement in the period is shown below.

(in Euro thousands)	30/06/2011	31/12/2010	Change
Gross carrying value	**3,264,111**	**3,269,947**	**(5,836)**
Depreciation and impairment	(407,490)	(375,738)	(31,752)
Net value	**2,856,621**	**2,894,209**	**(37,588)**

During the year, the rental income from investment property amounted to approx. Euro 40 million (Euro 48 million in the first half of 2010).
There are no significant limits on the realisation of the investment property due to legal or contractual restrictions or restrictions of any other nature, with the exception of 8 buildings of the Tikal Fund, of the Immobiliare Fondiaria-SAI Group and of Immobiliare Milano which are mortgaged for the loans received on these buildings. In addition the sequestration of the Castello Area in Florence held by the subsidiary NIT is considered.

In the first half of 2011, impairments on real estate were recognised for Euro 12 million. These adjustments relate to two buildings held by the Tikal Real Estate Fund, for which independent expert opinions in the half year highlighted the need to adjust the book value to the market value, in addition to a building held by the Parent Company in relation to which some of the components forming the basis of the expert valuation at 31/12/2010 were updated in light of the development of a number of variable macroeconomic factors such as the cost of money in the first half of the year.

Investments in subsidiaries, associates and joint ventures

The account includes the book value of some subsidiary investments which, given the insignificance in relation to the size and nature of the activities undertaken, are not significant in order to ensure the reliability of the present interim accounts.
The Group investments in associated companies are measured under the net equity method.

The division is as follows:

(in Euro thousands)	30/06/2011	31/12/2010	Change
Subsidiary companies	1,532	1,465	67
Associated companies and joint ventures	199,443	323,904	(124,461)
TOTAL	**200,975**	**325,369**	**(124,394)**

-

In relation to investments in associated companies we report the most significant holdings:

(in Euro millions)	30/06/2011	31/12/2010	Change
IGLI	68.6	56.7	11.9
Garibaldi S.C.A.	52.1	45.9	6.2
Fin. Priv.	27.9	27.7	0.2
Isola S.C.A.	11.0	10.9	0.1
Finadin	3.2	10.0	(6.8)
CityLife	-	78.1	(78.1)
Fondo Rho	-	57.1	(57.1)
Others	36.6	37.5	(0.9)
Total	**199.4**	**323.9**	**(124.5)**

The reduction in the investment in associated companies is due to the reclassification under discontinued assets of the investment in CityLife following - with decision of the Parent Company of March 23, 2011 - the commencement of the process concerning the exercise of the put option by Immobiliare Milano S.r.l.

The changes also include the reclassification to the account "AFS financial assets" of the Rho Real Estate Fund following the change in the governance structure and the consequent loss of significant influence.

The adjustments to values recorded in the income statement in the half-year due to the valuation of the investments in associated companies amounted to Euro 7 million.

Investments held to maturity

The account amounts to Euro 603,901 thousand (Euro 592,138 thousand at 31/12/2010) and is composed as follows:

(in Euro thousands)	30/06/2011	31/12/2010	Change
Debt securities	603,901	592,138	11,763
Total	**603,901**	**592,138**	**11,763**

The financial instruments included in this category are in accordance with the requisites of paragraph 9 of IAS 39. Therefore, they relate solely to debt securities with fixed maturities and fixed and determinable payments which the group has the intention and capacity to hold until maturity.
The category only includes financial instruments from the Life sector held for policies with specific provisions as defined by the current sector regulations.
This category exclusively includes listed securities whose current value amounts to Euro 650,574 thousand.

-

Loans and receivables

The account amounts to Euro 3,633,171 thousand (Euro 3,159,211 thousand at 31/12/2010) and is composed as follows:

(in Euro thousands)	30/06/2011	31/12/2010	Change
Bank and interbank receivables	803,842	764,172	39,670
Debt securities	2,240,239	1,825,970	414,269
Loans on life policies	47,393	53,597	(6,204)
Deposits held by reinsurers	25,741	27,417	(1,676)
Receivables from sub-agents for indemnities paid to agents terminated	240,015	240,821	(806)
Other loans and receivables	275,941	247,234	28,707
TOTAL	**3,633,171**	**3,159,211**	**473,960**

Bank receivables for interbank deposits and bank clients includes the receivable of the subsidiary BancaSai from other credit institutions for deposits of Euro 129,726 thousand and the receivable from bank clients of Euro 674,116 thousand.

The increase in debt securities arises from the subscription, in the first half of 2011, of some reserved issues (so-called “private placements”) of Italian public debt for an amount of Euro 1,274 million which ensure stability in Group returns and eliminate the volatility in the valuation of such instruments where underwritten in a traditional market context. The classification in this category therefore results in the absence of a reference market.

The account also includes the issue of financial instruments by corporate parties: they relate to financial structures principally supported by subordinated clauses transferred to this category from the AFS category in 2009. The accounting value of the securities transferred at 30/06/2011 was Euro 773,416 thousand and the fair value at that date, determined on the basis of the mark-to-model method, substantially confirm the carrying value. There was no permanent loss in value on any security and the effect of the amortised cost resulted in the recording of income of Euro 5,839 thousand. The negative AFS reserve on these securities at 01/01/2009 amounted to Euro 75,222 thousand and is amortised in accordance with the provisions of IAS 39. The residual negative AFS reserve amounts to Euro 57,616 thousand.

The fair value of securities classified as loans and receivables amounts to Euro 2,220 million.

The account "Other loans and receivables” principally includes Euro 227.0 million (Euro 207.3 million at 31/12/2010) relating to the receivables of the subsidiary Finitalia from its customers.

-

AFS financial assets

The AFS financial assets include bonds and equity securities, as well as investment unit funds, not otherwise classified.
The financial assets are divided as follows:

(in Euro thousands)	30/06/2011	31/12/2010	Change
Equity securities	1,598,472	1,528,791	69,681
Fund units	807,076	819,961	(12,885)
Debt securities	17,308,442	17,952,179	(643,737)
Other financial investments	1,962	1,951	11
TOTAL	**19,715,952**	**20,302,882**	**(586,930)**

The equity securities include listed securities of Euro 1,385 million, while the debt securities listed amount to Euro 17,267 million.

The book value of the quoted financial instruments is adjusted to the stock exchange price on the last day of the period.

Of the equity securities, we highlight the holding of the Group in the Bank of Italy of 2%. There were no changes in the valuation carried out at the end of 2010.

As previously reported, in relation to AFS assets the Rho Real Estate Fund was reclassified for a value of Euro 91.1 million: the fair value of the fund was calculated based on a financial income valuation technique whose parameters, in the absence of comparable transactions, are not linked to market criteria. Consequently this value was classified at level 3 of the hierarchy of fair value. In this regard, no other transfers were made in the period.

In relation to the reduction in values of the AFS securities recorded to the Income Statement in the period, the application of the criteria under the "impairment policy" of the Group (and described in detail in the 2010 annual accounts) led to a valuation loss of Euro 77.6 million (at 30/06/2010 the amount was Euro 75.6 million). This amount refers for Euro 38.9 million to equity securities, for Euro 3.1 million to investment funds and Euro 35.6 million to Greek sovereign debt securities subject to restructuring with maturity before 2020. In relation to equities, the impairment of the investment held in Premafin for a total of Euro 20.2 million is highlighted, for which a market value continuously below the book value for a period of two years was confirmed already in the first quarter.

With reference to the composition of the AFS reserve (for the Group share gross of the fiscal effect and in relation to that borne by Life policyholders under the shadow accounting technique) it is reported that the gross amount, negative for Euro 337 million, includes a negative component of Euro 444 million with reference to debt securities, a positive component of Euro 21 million relating to investment funds and finally a positive amount of Euro 86 million concerning shares held.

-

Measurement of the fair value of financial instruments

The fair value represents the payment for which an asset may be exchanged or a liability settled in an arm's length transaction between willing and knowledgeable parties, at a certain date; therefore, this consists of the price that would be paid in an ordinary transaction, or a transaction which concerns market participants or transactions between willing market participants, therefore excluding forced transactions.
The determination of the fair value of the financial instruments is based on the going concern of the business.

The calculation criteria of the hierarchy of fair value, based on market parameters, are shown below:

Level 1: Quotations taken from active markets

The valuation is the market price of the same financial instrument subject to valuation, taken from quotations on an active market.

Level 2: Valuation methods based on observable market parameters

The valuation of the financial instrument is not based on the market price of the financial instrument subject to valuation, but on prices available from market quotations of similar activities or through valuation techniques for which all the important factors (such as credit and liquidity spreads) are taken from observable market data.

Level 3: Valuation methods based on non observable market parameters

The determination of the fair value is based on valuation techniques which are prevalently based on significant input not available on the market and results, therefore, in estimates and assumptions by management. Where the fair value may not be determined in a reasonable manner, the financial instrument is valued at cost.

As previously reported, in relation to AFS assets the Rho Real Estate Fund was reclassified for a value of Euro 91.1 million: the fair value of the fund was calculated based on a financial income valuation technique whose parameters, in the absence of comparable transactions, are not linked to market criteria. Consequently this value was classified at level 3 of the hierarchy of fair value. In this regard, no other transfers were made in the period.

Government bonds issued by Portugal, Ireland, Greece and Spain

As previously outlined, the current Greek economic conditions recently required the introduction of initiatives to restructure the Greek debt securities. The condensed consolidated half-year financial statements at June 30, 2011 include the securities falling within the ambit of the agreement announced on July 21, 2011 by the International Institute of Finance, following further initiatives for Greece announced by the European Union and the International Monetary Fund, and those with maturity beyond 2020 valued according to the criteria of the relevant category (AFS financial assets). The securities classified in the AFS financial assets accounts were valued at fair value considering the closing prices at June 30, 2011.

-

In consideration of the conditions for institutional investors established by the above-stated agreement for government securities with maturity before 2020, an impairment of Euro 35.6 million was applied, based on the above stated Fair Value and recognising to the income statement the entire negative reserve for the securities classified as available-for-sale assets. The impact on the consolidated income statement was respectively Euro 35.6 million and Euro 13.4 million, gross and net of the share pertaining to life policyholders.

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

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

The Fondiaria SAI Group exposure to Greek government debt securities is reported in the following table.

	Nominal value at 30/06/2011	Fair value at 30/06/2011	Adjust. to values	Gross AFS reserve	Gross AFS reserve net of the discretional profits of life policyholders
AFS financial assets securities due by 2020	**86.0**	**49.6**	**(35.6)**	**-**	**-**
AFS financial assets securities beyond 2020	**109.0**	**48.0**	**-**	**(61.0)**	**(18.3)**
TOTAL	**195.0**	**97.6**	**(35.6)**	**(61)**	**(18.3)**

The following table reports the breakdown by maturity of the Fondiaria SAI Group of government securities issued by Portugal, Ireland, Spain and Greece:

1) AFS financial assets (Fair value) – millions of Euro

State	Maturity within 12 months	Maturity from 1 to 5 years	Maturity from 6 to 10 years	Maturity Over 10 years	Total Fair value (level 1)	AFS Reserve (gross)	AFS Reserve (net)
Spain	-	63.5	**-**	**40.9**	**104.4**	**(15.2)**	**(6.0)**
Portugal	-	2.8	**-**	**-**	**2.8**	**(1.2)**	**(0.4)**
Ireland	-	1.0	**15.0**	**-**	**16.0**	**(8.8)**	**(3.0)**
Greece	2.1	27.1	**20.4**	**48.0**	**97.6**	**(61.0)**	**(18.3)**

-

2) **Financial assets held for trading (Fair value) – in millions of Euro**

State	Maturity within 12 months	Maturity from 1 to 5 years	Maturity from 6 to 10 years	Maturity Over 10 years	Total Fair value
Spain	-	**0.03**	**0.77**	-	**0.8**
Portugal	-	-	-	-	-
Ireland	-	-	-	-	-

There are no government securities issued by Portugal, Ireland, Greece and Spain in the “Loans and Receivables” (LR) category.

The exposure to government securities of other countries (excluding therefore Portugal, Ireland, Greece and Spain) amounts to Euro 15,685 million, of which approx. 90% concerns Italian debt securities.

Financial assets at Fair Value recorded through profit or loss

The breakdown is as follows:

(in Euro thousands)	30/06/2011	31/12/2010	Change
Equity securities	37,357	32,502	4,855
Fund units	631,683	459,900	171,783
Debt securities	8,457,123	7,758,432	698,691
Other financial investments	388,563	489,230	(100,667)
TOTAL	**9,514,726**	**8,740,064**	**774,662**

The component relating to the financial assets designated at fair value through profit or loss amounted to Euro 9,433 million and these include the investments where the risk is borne by the policyholders and deriving from the management of pension funds for Euro 9,333 million (Euro 8,553 million at 31/12/2010).

It is recalled that the fair value of financial instruments traded on regulated markets is determined with the reference to the stock market prices recorded at the end of the final trading day of the half-year; it is also recalled that, in the case where the market price is not available, the reference price is the price available from the brokers.

For all the financial instruments for which no active market exists, the fair value is determined through valuation techniques based on:

- Most recent transaction prices between independent parties;
- The current market value of a similar instrument;
- The analysis of the discounted cash flows, in which the estimated future cash flows are based on the best estimates of management and the discount rate utilised is correlated to the market rate utilised for similar

-

instruments;

- Valuation models of the options.

Where the fair value cannot be measured reliably, the financial instruments are measured at cost, considered as the fair value of the amount paid for the purchase of the investment. In this situation, all the transaction costs strictly attributable to the purchase are included in investment costs.

In the determination of the fair value, the Group bases its market valuations directly obtained from independent sources, if available, as this is normally considered the best evidence of fair value. In this case the fair value is the market price of the same financial instrument subject to valuation, taken from quotations on an active market. A market is considered as active when the quotations reflect normal market operations, readily and normally available through the Stock Exchange, listing services and brokers and express the effective and normal prices in the market.

Active markets are normally considered:

- the regulated market of securities and derivatives, with the exception of the Luxembourg financial market;
- the secondary market of the investment units, expressed by the official NAV (Net Asset Value) based on which the SGR issuer must settle the units. This value may be adjusted to take account of the scarce liquidity of the fund, or of the time interval between the request date of repayment and that of the actual repayments;
- the organised exchange systems;
- some over-the-counter electronic trading circuits (e.g. Bloomberg), in the presence of some qualitative and quantitative parameters (presence of a certain number of contributors, spread between bid and ask prices contained between a determined tolerance threshold).

When a valuation is not applicable through Mark to Market, technical valuations must utilise information available on the market, based on the following valuation approaches:

- Comparable approach: in this case the fair value of the instrument is taken from the prices observed on recent transactions on similar instruments in active markets;
- Model Valuation: in the absence of observable transaction prices, relating to the instrument to be valued or on similar instruments, it is necessary to adopt a valuation model based on market data;
    - the debt securities are valued based on the expected cash flow method, adjusted to take account of the issuer risk and of the liquidity risk;
    - the derivative contracts are valued through a multiple of models, based on the input factors (risk rate, volatility, price risk, exchange risk, etc.) which impacts the relative valuation;
    - the non listed equity securities are valued with reference to transactions on the same security or, on similar securities observed in a defined period of time from the valuation date, based on the market multiples method of similar companies and, secondarily, through financial, profitability and asset valuation methods.

-

5. OTHER RECEIVABLES

The breakdown of the account is as follows:

(in Euro thousands)	30/06/2011	31/12/2010	Change
Receivables from direct insurance operations	1,479,474	1,747,611	(268,137)
Receivables from reinsurance operations	98,689	101,773	(3,084)
Other receivables	307,366	464,991	(157,625)
TOTAL	**1,885,529**	**2,314,375**	**(428,846)**

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 composition of the receivables deriving from direct insurance operations is as follows.

(in Euro thousands)	30/06/2011	31/12/2010	Change
Receivables from policyholders for premiums in year	600,881	815,440	(214,559)
Receivables from policyholders for premiums in previous years	89,621	37,596	52,025
Receivables from insurance brokers	560,952	692,812	(131,860)
Receivables from insurance companies	96,302	91,489	4,813
Amounts to be recovered from policyholders and third parties	131,718	110,274	21,444
TOTAL	**1,479,474**	**1,747,611**	**(268,137)**

The reduction in receivables from policyholders for premiums in the period is as a result of the reduced concentration of contracts in the first six months of the year. Conversely, receivables from policyholders for previous years principally include the positions yet to be paid, principally from corporate clients, arising at the end of the previous year.

The receivables from reinsurance operations include Euro 71,625 thousand of receivables from insurance and reinsurance companies for reinsurance operations and Euro 27,064 thousand from reinsurance brokers.

The other receivables include:

- trade receivables of Euro 78,650 thousand principally comprising receivables from clients;
- receivables from Tax Authorities for Euro 53,719 thousand relating principally to the repayment of VAT receivables.

With reference to the receivables from policyholders for premiums, agents and other brokers, as well as insurance and reinsurance companies, the Group does not have significant concentrations of credit risks, as the credit exposure is divided among a large number of counterparties and clients.

-

6. OTHER ASSETS

The total amount of the account is Euro 1,265,517 thousand (Euro 996,064 thousand at 31/12/2010). The account increased by Euro 269,453 thousand compared to the previous year.

The breakdown of the account is as follows:

(in Euro thousands)	30/06/2011	31/12/2010	Change
Non-current assets or of a discontinued group held for sale	81,539	3,452	78,087
Deferred acquisition costs	70,149	87,603	(17,454)
Deferred tax assets	390,066	361,195	28,871
Current tax assets	434,699	387,573	47,126
Other assets	289,064	156,241	132,823
TOTAL	**1,265,517**	**996,064**	**269,453**

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

At 30/06/2011, the discontinued assets amounted to Euro 81,539 thousand (Euro 3,452 thousand at 31/12/2010).
The account includes, in addition to the building in Segrate, Via delle Regioni held by Liguria Assicurazioni for which a sales contract has already been signed, the CityLife investment held by the subsidiary Immobiliare Milano: this was valued at Euro 78.1 million. The price of the holding in CityLife was fixed on August 3 at Euro 109.3 million.

Deferred acquisition costs

The deferred acquisition costs, amounting to Euro 70,149 thousand (Euro 87,603 thousand at 31/12/2010), principally refer to the acquisition commissions to be amortised on the long-term insurance contracts. These amounts are deferred and amortised over seven years for the Non-Life classes and six years for the Life classes relating to the traditional sales channel, in accordance with the analyses on the average duration of the contracts in portfolio.

The decrease on 31/12/2010 amounts to Euro 17 million. It is recalled that the Parent Company and Milano Assicurazioni no longer record in the Non-Life Division the long-term commissions following the abolition of the long-term contracts in accordance with the Bersani decrees of 2007 and the changed remuneration policy of the agency networks. The income statement impact in the Non-Life Classes was a loss of Euro 12,421 thousand (loss of Euro 27,210 thousand in the first half of 2010).

Deferred tax assets

-

The account amounts to Euro 390,066 thousand (Euro 361,195 thousand at 31/12/2010) and is calculated on the total amount of the temporary differences between the book value of the assets and liabilities in the accounts and the respective tax value according to the "balance sheet liability method" as per IAS 12 in relation to the probability of their recovery related to the capacity to generate assessable taxable income in the future.
The balance at the end of the period takes into account the compensation, where possible, of the same tax assets with the corresponding deferred tax liabilities in accordance with IAS 12.

Current tax assets

The current tax assets, amounting to Euro 434,699 thousand (Euro 387,573 thousand at 31/12/2010), refer to the financial receivables for payments on account, withholding taxes and income tax credits, before compensation, where permitted, of the current tax liabilities.

The account also includes the amounts paid on account pursuant to article 1, paragraph 2 of Legislative Decree No. 209/02, converted into article 1 of Law 265/2002, as supplemented.

Other assets

The other assets amount to Euro 289,064 thousand (Euro 156,241 thousand at 31/12/2010) and include deferred commissions on investment contracts of life policyholders for Euro 4 million, other accounts for Euro 19 million, indemnities paid to agents awaiting application of recovery for Euro 23 million and amounts paid for guarantee provisions for policyholders, with particular reference to the contribution to the Road Victim Fund of Euro 41 million.

7. CASH AND CASH EQUIVALENTS

The account amounts to Euro 523,127 thousand (Euro 625,940 thousand at 31/12/2010).

The account includes the liquidity held by the Group and deposits and bank current account with maturity less than 15 days. They include highly liquid assets (cash and deposits on demand) and cash equivalents or rather short term financial investments, readily convertible into known cash amounts and which are not subject to variations in value.

The book value of these assets closely approximates their fair value. The interest on deposits and bank current accounts are remunerated at fixed or variable interest rates which mature and/or are credited on a quarterly basis or in relation to the lower duration of the restrictions on the deposits.

-

Balance Sheet – Shareholders' Equity & Liabilities

1. SHAREHOLDERS' EQUITY

The consolidated net equity, amounting to Euro 2,607,163 thousand, includes the result for the period and minority share, and increased by Euro 57,058 thousand compared to 31/12/2010.

The movements in the period are shown below:

(in Euro thousands)	**30/06/2011**	**31/12/2010**	**Change**
Group Net Equity	**1,922,907**	**1,882,127**	**40,780**
Share capital	167,044	167,044	-
Other equity instruments	-	-	-
Capital reserves	209,947	209,947	-
Retained earnings and other reserves	1,840,835	2,620,792	(779,957)
Treasury shares	(213,026)	(321,933)	108,907
Translation reserve	(46,700)	(56,598)	9,898
Profit or loss on AFS financial assets	(2,659)	(34,759)	32,100
Other gains and losses recorded directly in equity	29,377	15,216	14,161
Group loss	(61,911)	(717,582)	655,671
Minority interest shareholders' equity	**684,256**	**667,978**	**16,278**
Share capital and reserves pertaining to minority interests	707,951	902,126	(194,175)
Gains and losses recorded directly in equity	(24,057)	(22,869)	(1,188)
Minority interest profit/(loss)	362	(211,279)	211,641
TOTAL	**2,607,163**	**2,550,105**	**57,058**

The change in the consolidated net equity is shown in the statement to which reference should be made.

The disclosures required by IAS 1.76 A is provided below:

	Ordinary 30/06/2011	**Savings 30/06/2011**	**Ordinary 31/12/2010**	**Savings 31/12/2010**
Number of shares	124,482,490	42,561,222	124,482,490	42,561,222

-

The table below shows the movements of the share capital of the Parent Company Fondiaria-SAI in the first half of the year.

	Ordinary	Savings	Total
Shares existing at 01/01/2011	124,482,490	42,561,222	167,043,712
Treasury shares (-)	14,382,557		14,382,557
Shares outstanding: balance at 01/01/2011	110,099,933	42,561,222	152,661,155
Increases:			
Sale of treasury shares	-	-	-
Conversion stock option	-	-	-
Decreases:			
Acquisition of treasury shares	-	-	-
Shares outstanding: balance at 30/06/2011	110,099,933	42,561,222	152,661,155

The ordinary and savings shares issued both have a nominal value of Euro 1.
The capital reserves, unchanged on 31/12/2010 amounting to Euro 209,947 thousand, refers to the share premium reserve recorded in the financial statements of the Parent Company.

Nature and purpose of the other reserves

The profit reserves and the other equity reserves include the other net equity reserves of the Parent Company, decreased by the losses carried forward from the previous year and the distribution of dividends by the Parent Company.

The minority interest shareholders' equity, included in the result, increased by Euro 16 million.

The change in the consolidated net equity is shown in the statement to which reference should be made.

Treasury shares

The account amounts to Euro 213,026 thousand (Euro 321,933 thousand at 31/12/2010). This account includes the book value of the equity instruments of the Parent Company Fondiaria-SAI (Euro 64.4 million), Milano Assicurazioni S.p.A. (Euro 132.3 million) and Sai Holding S.p.A. (Euro 16.3 million).
The account reduced following the exclusion of the book value of the option rights allocated to the shares held by Milano Assicurazioni and SAI Holding following the share capital increase of the Parent Company: these option rights were disposed of by the subsidiaries on the stock market.

The account is negative in accordance with the provisions of IAS 32. Following the sale/purchases operations on shares and/or option rights undertaken during the year, no profits or losses were recorded in the income statement.

Reserve for net exchange differences

The balance is a negative amount of Euro 46,700 thousand (Euro -56,598 thousand at 31/12/2010) and includes the translation differences deriving from the conversion of the foreign subsidiaries financial statements into Euro.

Profit or loss on AFS financial assets

The account, amounting to Euro -2,659 thousand (Euro -34,759 thousand at 31/12/2010), includes the gains and losses deriving from the valuation of the AFS financial assets. This is shown net of the related deferred tax liability, both for the part attributable to the policyholders and allocated to the insurance liabilities.

In particular the account includes a negative amount of Euro 337 million relating to the AFS financial instruments in portfolio and a positive amount of Euro 269 million relating to the application of the shadow accounting technique. To this is added Euro 65 million (positive) relating to the fiscal effects of the two matters outlined above.

Other gains and losses in the period recorded directly in equity

The account, amounting to Euro 29,377 thousand (Euro 15,216 thousand at 31/12/2010) includes the reversal of the gains realised on subsidiary companies of Euro 54 million. In fact, the transactions of the shares of subsidiaries and which do not result in the loss or acquisition of control do not impact the consolidated results as they are considered only as modifications in the ownership structure of the Group. An exception are the results in the separated management of the Life Division.
The amount also includes the gains and losses on cash flow hedging instruments for Euro 15 million (gross of the tax effect) while the residual amount principally includes the direct recording under equity of the gains and losses from actuarial valuations, in accordance with IAS 19.

2. PROVISIONS

The account amounts to Euro 306,211 thousand (Euro 340,637 thousand at 31/12/2010) and comprises:

(in Euro thousands)	**30/06/2011**	**31/12/2010**	**Change**
Provisions of a fiscal nature	27	27	-
Other provisions	306,184	340,610	(34,426)
TOTAL	**306,211**	**340,637**	**(34,426)**

The other provisions include amounts for which uncertainty exists as to the payment date or the amount of future expenses required to comply with the obligation. In particular, ISVAP sent to a number of group insurance companies notices concerning the communication obligations to the Motor TPL Claims Databank regarding the details of each claim as the supervisory body had reported that since the entry into force of the new claims communication method there have been significant deficiencies in the communication made by

-

companies, relating to errors or incomplete information of the data concerning the individual claims, stating that measures – including penalties - would be taken as established by the applicable regulations.

Fondiaria-SAI and Milano Assicurazioni took the decision to present appeals before the Lazio Regional Court, as have other insurance companies. Similar appeals have also been presented by other Group insurance companies. Under the appeal sent on May 30, 2011, cancelation of the disputed provisions of ISVAP sanction of March 24, 2011 was requested. On June 22, 2011, the Lazio Regional Court rejected the demand for suspension of the execution presented by Milano and fixed for December 19, 2011 the hearing in relation to the dispute.

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

The reduction follows partly the use of the amount provisioned by the Parent Company and by the subsidiary Milano Assicurazioni for the charges incurred for the dispute with the Tax Administration concerning the issues for the tax periods 2005-2008.

Castello Area
A criminal case is before the Florence Court initiated by the Florence Public Prosecutor's Office in relation to the urbanisation of a building area in the Florence Municipality – in the Piana di Castello area - owned by NIT S.r.l., a Company of the Fondiaria-SAI Group.
The alleged offence is corruption.
On the order of the Public Prosecutor's Office of Florence, a sequestering order was made on the entire Castello area on November 26, 2008.
On the completion of the preliminary investigation, the Florence Public Prosecutor's Office requested the Judge of the Preliminary Hearing for committal for trial of those investigated, also requesting committal for trial of Fondiaria-SAI S.p.A. for an administrative offence pursuant to Articles 5 and 25 of Legislative Decree 231/2001 in relation to offences pursuant to Articles 319 and 321 of the Criminal Code.

Currently, the case is still in the preliminary hearing phase. In the case of conviction, the Parent Company could be required to pay a pecuniary fine.

It is recalled that, on the request of the Florence Public Prosecutor's Office, on November 26, 2008 a sequestration order was issued for the entire Castello Area, which was enforced by the Police Authorities. This order was also notified to NIT, although neither the Company nor its directors are under investigation. Currently, and to the best knowledge of the Company, there is no risk to the Company and its directors and, from the documentation in our possession there are no doubts on the legitimacy of the Convention of 2005 or the suitability for construction of the area.

In relation to the other disputes in which the Group is involved, that provisioned at 30/06/2011 did not undergo significant movements compared to 31/12/2010 and the existing provisions are adequate.

-

3. TECHNICAL RESERVES

These amount to Euro 35,383,802 and increased by Euro 555,830 thousand on 31/12/2010.

The breakdown of the technical reserves is as follows:

(in Euro thousands)	30/06/2011	31/12/2010	Change
Non-Life technical reserves	11,876,073	11,887,849	(11,776)
Life technical reserves	15,634,524	15,989,145	(354,621)
Technical reserves where investment risk borne by policyholders and from pension fund management	7,873,205	6,950,978	922,227
TOTAL TECHNICAL RESERVES	**35,383,802**	**34,827,972**	**555,830**

The technical reserves of the Non-Life Division include the unearned premium reserve of Euro 2,806 million (Euro 2,778 million at 31/12/2010) and the claims reserve of Euro 9,058 million (Euro 9,098 million at 31/12/2010).

The Life technical reserves includes the actuarial reserve of Euro 15,738 million and the reserves for sums to be paid of Euro 279 million. They reduced due to the deferred liabilities reserve against contracts with discretional profit participation: the reserve was negative for Euro 465 million (negative for Euro 455 million at 31/12/2010).

In relation to this reserve, for the Separated Management, the yields were however greater than the minimum guaranteed.

4. FINANCIAL LIABILITIES

(in Euro thousands)	30/06/2011	31/12/2010	Change
Financial liabilities at fair value through profit or loss account	1,529,401	1,646,935	(117,534)
Other financial liabilities	1,899,686	2,203,171	(303,485)
Total	**3,429,087**	**3,850,106**	**(421,019)**

The Financial liabilities at fair value recorded through the profit or loss are:

Financial liabilities held for trading

The account amounts to Euro 1,618 thousand (Euro 2,843 thousand at 31/12/2010).

Financial liabilities designated at Fair Value recorded through profit or loss

-

The account amounts to Euro 1,527,783 thousand (Euro 1,644,092 thousand at 31/12/2010). In accordance with IAS 39, the account includes the investment contracts not in application of IFRS 4 and accounted in accordance with the Deposit Accounting method. The account amounts to Euro 1,465,956 thousand (Euro 1,608,512 thousand at 31/12/2010).

Other financial liabilities

The account amounts to Euro 1,899,686 thousand (Euro 2,203,171 thousand at 31/12/2010).

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".
They include deposits as guarantee in relation to risks ceded in reinsurance of Euro 187,712 thousand (Euro 248,006 thousand at 31/12/2010) and sub-ordinate payables of Euro 1,044,690 thousand (Euro 1,041,446 thousand at 31/12/2010).

In accordance with CONSOB Resolution No. DEM/6064293 of 28/7/2006, the subordinated and/or hybrid payables are supported by particular contractual clauses protecting the rights and interests of the lender.

In relation to the subordinated loan contract of Euro 300 million of 22/6/2006 (undertaken for 50% by Fondiaria-SAI S.p.A. and the other 50% by Milano Assicurazioni S.p.A.), Article 6.2.1 letter (e) establishes, as a general obligation of the Parent Company, the continued control (in accordance with Article 2359, paragraph 1, No. 1 of the Civil Code) of the direction and co-ordination of Milano Assicurazioni S.p.A. by Fondiaria-SAI S.p.A.

In relation to the hybrid loan contract of Euro 250 million of 14/7/2008, the faculty to convert into shares of the Parent Company is subject to, in addition to any resolution by the extraordinary shareholders' meeting of the Parent Company of a share capital increase to service the conversion in line with the contractual terms indicated, the occurrence at the same time (and for a consecutive three year period) of the following situations:

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

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

No clauses are in place in the Group loan contracts (other than those indicated above) which place limitations on the use of significant financial resources for the activities of the Issuer.

-

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

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

In relation to the payables to banks and other lenders, amounting to Euro 667 million (Euro 914 million at 31/12/2010), Euro 332.1 million relates to the financial debt whose most significant amounts relate to the Loan signed by the Tikal R.E. Closed Real Estate Fund with Banca Intesa Sanpaolo and with Mediobanca for Euro 116.7 million, bonds issued by BancaSai for Euro 101.9 million and the debt of the subsidiary Immobiliare Fondiaria-SAI for Euro 75.0 million. The residual includes Euro 12.7 million concerning a bank loan signed by the subsidiary Immobiliare Milano Assicurazioni with Efibanca, Euro 16.5 million relating to the loans granted by the subsidiary Finitalia to various credit institutions and Euro 9.3 million concerning the short-term loan granted by the subsidiary Atahotels by three leading banking institutions.
The residual of the other financial liabilities includes Euro 261 million (Euro 304 million at 31/12/2010) of operating debt of the subsidiary BancaSai, represented by client deposits.

5. PAYABLES

The account amounts to Euro 822,373 thousand and is comprised of:

(in Euro thousands)	**30/06/2011**	**31/12/2010**	**Change**
Payables from direct insurance operations	94,881	91,887	2,994
Payables from reinsurance operations	96,114	106,862	(10,748)
Other payables	631,378	638,185	(6,807)
Total	**822,373**	**836,934**	**(14,561)**

With reference to the payables deriving from the direct insurance operations, they consist of:

(in Euro thousands)	**30/06/2011**	**31/12/2010**	**Change**
Payables to insurance brokers	71,746	70,446	1,300
Payables to insurance companies	19,071	20,344	(1,273)
Payables for policyholder deposits	1,256	94	1,162
Payables for guarantee provisions for policyholders	2,808	1,003	1,805
Total	**94,881**	**91,887**	**2,994**

The payables deriving from reinsurance operations refer to reinsurance companies of Euro 73,000 thousand (Euro 78,713 thousand at 31/12/2010) and Euro 23,114 thousand to reinsurance brokers (Euro 28,149 thousand at 31/12/2010).

-

The breakdown of the other payables is shown below:

(in Euro thousands)	30/06/2011	31/12/2010	Change
Trade payables	240,228	344,436	(104,208)
Employee leaving indemnity	73,889	77,588	(3,699)
Policyholders' tax due	112,766	94,714	18,052
Other taxes due	90,514	73,290	17,224
Social security and welfare institutions	22,686	22,293	393
Other payables	91,295	25,864	65,431
Total	**631,378**	**638,185**	**(6,807)**

Staff termination pay

The principal statistical-actuarial and financial assumptions utilised for the Employee Leaving Indemnity estimates as per IAS 19 are not substantially different from those utilised in the preparation of the consolidated annual accounts of the previous year.

The movements in the year are shown below:

(in Euro thousands)	30/06/2011	31/12/2010
Balance at beginning of year	**77,588**	**87,884**
Provisions to income statement for Interest Cost	759	1,322
Provisions to income statement for Service Cost	18	67
Actuarial Gains/Losses	2,078	2,330
Utilisations	(7,660)	(13,038)
Other changes	1,106	(977)
Balance at end of period	**73,889**	**77,588**

Health assistance post service

The principal statistical-actuarial and financial assumptions utilised for the determination of the Health Assistance of employees as per IAS 19 is not substantially different from that utilised in the preparation of the consolidated annual accounts of the previous year.
Reference should therefore be made to the 2010 annual accounts for the numeric assumptions made.
At 30/06/2011, the liabilities related to the health coverage for Executives amounted to Euro 20,142 thousand (Euro 22,264 thousand at 31/12/2010).

-

6. OTHER LIABILITIES

The breakdown is as follows:

(in Euro thousands)	30/06/2011	31/12/2010	Change
Liabilities of a discontinued group held for sale	-	-	-
Deferred tax liabilities	139,917	132,060	7,857
Current tax liabilities	53,656	54,306	(650)
Other liabilities	400,497	363,384	37,113
Total	**594,070**	**549,750**	**44,320**

Deferred tax liabilities

The deferred tax liabilities, amounting to Euro 139,917 thousand, include all the temporary tax differences, relating to balance sheet and income statement accounts, which will reverse in future years.

The balance takes into account the compensation, where permitted, with the corresponding deferred tax asset in accordance with IAS 12.

Current tax liabilities

The account amounts to Euro 53,656 thousand (Euro 54,306 thousand at 31/12/2010) and refers to the total income taxes accrued by the Group at the period-end, net of the current tax asset compensated in accordance with IAS 12.
The income taxes are calculated applying the respective income tax rates, determined based on prudent estimates of the nominal tax rates applied for the full year results.

Other liabilities

The Other liabilities amount to Euro 400,497 thousand (Euro 363,384 thousand at 31/12/2010) and comprise:

(in Euro thousands)	30/06/2011	31/12/2010	Change
Commissions on premium collection	95,257	113,839	(18,582)
Deferred commission expenses for life investment management services	5,122	10,326	(5,204)
Cheques issued against claims and life sums collected by the beneficiaries after June 30, 2011	38,184	32,917	5,267
Transitory reinsurance accounts	-	3,652	(3,652)
Other liabilities	261,934	202,650	59,284
TOTAL	**400,497**	**363,384**	**37,113**

The sub-account “Other liabilities” in the period includes expenses for approx. Euro 53 million.

-

PART C - Information on the Income Statement

NET PREMIUMS

The net premiums consolidated amount to Euro 6,035,870 thousand (Euro 7,209,804 thousand in the first half of 2010).
Total Group gross premiums written amounted to Euro 6,216,766 thousand (down 16.15% on the previous half-year), as follows:

(in Euro thousands)	30/06/2011	30/06/2010	Change	31/12/2010
Gross Life premiums written	2,560,277	3,709,659	(1,149,382)	5,749,276
Gross Non-Life premiums written	3,656,489	3,704,257	(47,768)	7,204,029
Change gross premium reserve	28,363	52,238	(23,875)	41,802
Total Non-Life Division	3,628,126	3,652,019	(23,893)	7,162,227
Gross premiums written	**6,188,403**	**7,361,678**	**(1,173,275)**	**12,911,503**

The account "gross premiums written" does not include the cancellation of securities issued in previous years, which were recorded in the account "Other costs". The above amounts are net of inter-group reinsurance.
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 tables in the Directors' Report.

The premiums ceded, amounting to Euro 155,116 thousand, accounted for 2.5% of the total premiums written (2.2% in the first half of 2010).

(in Euro thousands)	30/06/2011	30/06/2010	Change	31/12/2010
Life Division	11,032	10,333	699	18,784
Non-Life Division	144,084	156,327	(12,243)	319,148
Change in reinsurers reserves	(2,583)	(14,786)	12,203	(11,726)
Total Non-Life Division	141,501	141,541	(40)	307,422
Premiums ceded to re-insurers	**152,533**	**151,874**	**659**	**326,206**

The Group reinsurance policy negatively impacted on the consolidated accounts for Euro 24,503 thousand (Euro 29,117 thousand in the Non-Life Division).
In accordance with IFRS 4.37, it is communicated that the Group does not defer and amortise the gains and losses deriving from reinsurance.

-

COMMISSION INCOME

The commission income in the first half of 2011 amounted to Euro 13,745 thousand, a decrease on the first half of the previous year of Euro 18,802 thousand.

(in Euro thousands)	30/06/2011	30/06/2010	Change	31/12/2010
Commission income	13,745	31,827	(18,082)	57,317

The account includes both the explicit and implicit loading relating to the investment contracts issued by the Group insurance companies and, as such, are not recorded in accordance with IFRS 4, as well as the commissions for the management of the internal funds.
They also include approx. Euro 9 million of commission income matured by the companies operating in the asset management and consumer credit sectors.
On 30/06/2010 the account included the contribution of Banca Gesfid, sold in September, of Euro 14 million.

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

These amount to Euro 84,064 thousand, a decrease on the first half of 2010 of Euro 188,664 thousand.
The table is broken down as follows:

(in Euro thousands)	Interest	Other net income	Profits realised	Losses realised	Valuation gains and recovery in values	Valuation losses and adjust. in values	Total 30/06/11	Total 30/06/10	Change	Total 31/12/2010
Result of investments from:										
Financial assets held for trading	2,633	-20	2,220	(323)	21,738	(8,532)	17,716	1,639	16,077	(7,379)
Financial assets designated at fair value through profit or loss	95,554	69,566	16,039	(9,130)	25,035	(113,858)	83,206	270,972	(187,766)	402,854
Financial liabilities held for trading	-	-	-	-	446	(17,304)	(16,858)	117	(16,975)	(192)
TOTAL	**98,187**	**69,546**	**18,259**	**(9,453)**	**47,219**	**(139,694)**	**84,064**	**272,728**	**(188,664)**	**395,283**

The result of the investments deriving from financial assets designated at fair value through profit or loss include Euro 99,830 thousand relating to investments whose risk is borne by the policyholder. The net income is offset by a similar charge for commitments against policyholders.

-

FINANCIAL INCOME AND CHARGES FROM INVESTMENTS IN SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINT VENTURES, FROM OTHER FINANCIAL INSTRUMENTS AND INVESTMENT PROPERTIES

The following table shows the breakdown:

(in Euro thousands)	*Net interest*	*Other Net income*	*Profits realised*	*Losses realised*	*Valuation gains and recovery in values*	*Valuation losses and adjustment in values*	*Total 30/06/2011*	*Total 30/06/2010*	*Change*	*Total 31/12/2010*
Result from:										
Investment property	-	12,512	7,120	-	-	(48,081)	(28,449)	(11,676)	(16,773)	(17,022)
Investments in subsidiaries, associates and joint ventures	-	7,464	-	-	-	(144)	7,320	(14,589)	21,909	516
Investments held to maturity	17,304	45	704	(28)	-	-	18,025	47,448	(29,423)	68,584
Loans and receivables	77,370	1	774	(3,148)	165		75,162	51,109	24,053	106,012
AFS financial assets	287,961	37,924	116,486	(64,261)	-	(77,602)	300,508	357,353	(56,845)	366,082
Other receivables	3,187	(16)	-	-	-	-	3,171	10,461	(7,290)	14,182
Cash and cash equivalents	3,973	(346)	-	-	-	-	3,627	3,209	418	7,423
Other financial liabilities and other payables	(37,090)	(470)	-	-	-	-	(37,560)	(37,482)	(78)	(79,175)
TOTAL	**352,705**	**57,114**	**125,084**	**(67,437)**	**165**	**(125,827)**	**341,804**	**405,833**	**(64,029)**	**466,602**

The columns gains and losses realised show the economic effects deriving from the sale of the various financial instruments.
The reductions on investment property includes the depreciation recorded in the period. The write-downs on AFS financial instruments refer to the impact on the Income Statement of the Group impairment policy: of these Euro 39 million refers to shares, Euro 36 million to Greek debt securities, while the residual relates to investment funds.
The interest expense on the other financial liabilities includes the Group debt charges.

-

OTHER REVENUES

The other revenues amount to Euro 316,979 thousand (Euro 268,364 thousand in the first half of 2010) and are summarised in the table below:

(in Euro thousands)	**30/06/2011**	**30/06/2010**	**Change**	**31/12/2010**
Gains related to non-current assets	4	22	(18)	297
Other technical income	41,280	40,336	944	74,405
Utilisation of provisions	77,053	5,227	71,826	39,852
Exchange differences	1,184	26,319	(25,135)	22,431
Prior year income	9,944	7,618	2,326	35,783
Gains realised on fixed assets	28	1	27	385
Other revenue	187,486	188,841	(1,355)	383,350
Total	**316,979**	**268,364**	**48,615**	**556,503**

The sub-account "other revenues" relates to the following income:

- Euro 58 million (Euro 54 million in H1 2010) relating to management costs of the Atahotels Group;
- Euro 37 million (Euro 51 million in H1 2010) relating to ordinary revenues of the subsidiary Auto Presto&Bene;
- Euro 31 million (Euro 52 million in the first half of 2010) relating to ordinary revenues from the subsidiary Immobiliare Lombarda and the Immobiliare Fondiaria-SAI and Immobiliare Milano Groups;
- Euro 23 million (Euro 22 million in the first half of 2010) revenues from retirement home subsidiaries of the Group;
- Euro 4 million (Euro 4 million in the first half of 2010) of revenues from the agricultural holdings.

-

NET CHARGES RELATING TO CLAIMS

The claims paid, including the sums of the Life Classes and the relative expenses, gross of the quota ceded in reinsurance, amount to Euro 4,910,836 thousand, an increase of 11.81% on the previous period.

Claims costs, amounts paid and changes in technical reserves

(in Euro thousands)	**30/06/2011**	**30/06/2010**	**Change**	**31/12/2010**
Non-Life Division				
Amount paid	2,821,279	3,033,868	(212,589)	5,931,946
Change in recoveries	(88,177)	(45,263)	(42,914)	(143,211)
Change in other technical reserves	(194)	412	(606)	584
Change in claims reserve	(32,719)	(121,986)	89,267	166,632
Total Non-Life	**2,700,189**	**2,867,031**	**(166,842)**	**5,955,951**
Life Division				
Amount paid	2,089,557	1,358,131	731,426	3,135,301
Change in actuarial and other technical reserves	(333,184)	1,557,409	(1,890,593)	2,513,322
Change in technical reserves where investment risk borne by policyholders and from pension fund management	927,116	1,128,484	(201,368)	677,000
Change reserve for sums to be paid	46,589	29,734	16,855	60,338
Total Life	**2,730,078**	**4,073,758**	**(1,343,680)**	**6,385,961**
Total Non-Life + Life	**5,430,267**	**6,940,789**	**(1,510,522)**	**12,341,912**
Amount paid	**4,822,659**	**4,346,736**	**475,923**	**8,924,036**
Change reserves	**607,608**	**2,594,053**	**(1,986,445)**	**3,417,876**

-

Claims costs, reinsurers portion

(in Euro thousands)	30/06/2011	30/06/2010	Change	31/12/2010
Non-Life Division				
Amounts paid by reinsurers	74,774	94,313	(19,539)	200,859
Change in recoveries	1,084	(86)	1,170	(27,722)
Change in other technical reserves	-	-	-	-
Change in claims reserve	(1,685)	(12,542)	10,857	(3,648)
Total Non-Life	**74,173**	**81,685**	**(7,512)**	**169,489**
Life Division				
Amounts paid by reinsurers	9,678	15,182	(5,504)	32,095
Change in actuarial reserve and other technical reserves	(61,700)	(5,580)	(56,120)	(13,870)
Change reserve for sums to be paid	67,413	(69)	67,482	1,257
Total Life	**15,391**	**9,533**	**5,858**	**19,482**
Total Non-Life + Life	**89,564**	**91,218**	**(1,654)**	**188,971**
Amounts paid by reinsurers	**85,536**	**109,409**	**(23,873)**	**205,232**
Change reserves	**4,028**	**(18,191)**	**22,219**	**(16,261)**

The decrease in the net technical reserves of the Non-Life Classes amounts to Euro 31,228 thousand, with an increase of Euro 77,804 thousand on 30/06/2010.

The net technical reserves of the Life Division, including the reserves for amounts to be paid, changed by Euro 634,808 thousand (Euro 2,721,276 thousand at 30/06/2010).

COMMISSION EXPENSE

Commission expenses in the first half of 2011 amounted to Euro 9,105 thousand, a decrease on the first half of 2010 of Euro 6,863 thousand.

(in Euro thousands)	30/06/2011	30/06/2010	Change	31/12/2010
Commission expenses	9,105	15,968	(6,863)	28,421

This account includes the acquisition costs related to investment contracts which do not fall under the application of IFRS 4.

-

MANAGEMENT EXPENSES

(in Euro thousands)	30/06/2011	30/06/2010	Change	31/12/2010
Non-Life Division				
Acquisition commissions and changes in deferred acquisition costs	556,990	561,203	(4,213)	1,112,617
Other acquisition expenses	106,704	98,727	7,977	213,942
Collection commissions	18,399	18,564	(165)	39,108
Reinsurers commissions and profit participation	(38,212)	(38,573)	361	(80,131)
Total Non-Life	**643,881**	**639,921**	**3,960**	**1,285,536**
Life Division				
Acquisition commissions and changes in deferred acquisition costs	75,663	77,702	(2,039)	111,126
Other acquisition expenses	11,874	10,612	1,262	22,846
Collection commissions	3,405	4,168	(763)	8,873
Reinsurers commissions and profit participation	(255)	(912)	657	(1,394)
Total Life	**90,687**	**91,570**	**(883)**	**141,451**
Investment management charges	6,797	6,235	562	14,377
Other administration expenses	235,516	241,473	(5,957)	478,818
Total	**976,881**	**979,199**	**(2,318)**	**1,920,182**

OTHER COSTS

The other costs amount to Euro 505,066 thousand (Euro 503,036 thousand in the first half of 2010) and are summarised below:

(in Euro thousands)	30/06/2011	30/06/2010	Change	31/12/2010
Other technical charges	209,551	212,367	(2,816)	281,458
Provisions	38,809	39,596	(787)	122,373
Losses on receivables	5,822	17,452	(11,630)	30,418
Prior year charges	18,242	15,173	3,069	31,626
Depreciation of property, plant & equipment	7,894	7,219	675	13,964
Amortisation of intangible assets	21,039	32,430	(11,391)	68,199
Exchange differences	4,338	8,989	(4,651)	6,693
Other costs	199,371	169,810	29,561	412,452
Total	**505,066**	**503,036**	**2,030**	**967,183**

In particular, the sub-account “other costs” relates to the following charges:

- Euro 38 million (Euro 52 million in H1 2010) relating to ordinary costs of the subsidiaries of Immobiliare Lombarda, Immobiliare Fondiaria-SAI and Immobiliare Milano and their subsidiaries;
- Euro 37 million (Euro 50 million in H1 2010) concerning ordinary costs of the subsidiary Auto

-

Presto&Bene;

- Euro 41 million (Euro 45 million in H1 2010) relating to ordinary costs of the Atahotels Group;
- Euro 18 million (Euro 16 million in H1 2010) relating to the costs incurred by the retirement home subsidiaries of the Group for their normal operations and personnel costs;
- Euro 2 million (Euro 2 million in the first half of 2010) relating to management costs of the subsidiary Saiagricola.

INCOME TAXES

The breakdown of the account is as follows:

(in Euro thousands)	30/06/2011	30/06/2010	Change	31/12/2010
Current taxes	22,728	12,592	10,136	18,517
Deferred taxes	(472)	(12,056)	11,584	(95,619)
Total	**22,256**	**536**	**21,720**	**(77,102)**

Income taxes for the period amounted to Euro 22,256 thousand (Euro 536 thousand in the first half of 2010) of which current taxes of Euro 22,728 thousand and deferred tax income of Euro 472 thousand.

The national income taxes (IRES and IRAP) and the income taxes of the foreign subsidiary are determined applying the relative nominal income tax rates applicable to the annual accounts.

The net deferred tax includes Euro 15,609 thousand of the increased charge following the change to the nominal IRAP rate, introduced by Legs. Decree 98/2011 (so-called “corrective manouvere”), on the amount of deferred tax provisioned at the end of 2010.

The tax rate in the period, considering the pre-tax loss, was therefore negligible and not comparable with the tax charge in the same period of the previous year.

COMPREHENSIVE INCOME STATEMENT

The other items of the Consolidated Income Statement are reported in the statement.

-

PART D – Segment Information

In accordance with IFRS 8, segment information provides the readers of the accounts with an additional tool for a better understanding of the financial results of the Group.
The underlying logic in the application of the principle 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 Group reporting is by sector of activity. The companies of the Group are organised and managed separately based on the nature of their products and services, for each sector of activity which represents a strategic business unit which offers different products and services.
The sectors of activity are identified through the Group's Management Reporting system. The Non-Life sector provides insurance cover pursuant to article 2, paragraph 3 of Legislative Decree 209/05. The Life sector offers insurance cover with payment of capital or an annuity against an event relating to human life, as well as the securitisation contracts with or without significant insurance risk (article 2, paragraph 1 of Legislative Decree 209/05).

The Real Estate sector rents offices, buildings and residential homes which exceed the coverage requirements of the technical/assurance reserves of the Group and actively operate in the management of investment properties.

The Other Activities Sector, by its nature residual, offers products and services in asset management and the financial and agricultural sectors. 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 inter-sector operations are generally concluded on the same conditions with third parties.

The balance sheet and income statement by segment follow.

-

Segment Balance Sheet

-

(Euro thousands)

		Non-Life Insurance Sector		Life Insurance Sector		Real Estate Sector		Other Sectors		Inter-segment Eliminations		Total	
		30/06/2011	31/12/2010	30/06/2011	31/12/2010	30/06/2011	31/12/2010	30/06/2011	31/12/2010	30/06/2011	31/12/2010	30/06/2011	31/12/2010
1	**INTANGIBLE ASSETS**	**817 621**	**819 528**	**688 476**	**688 496**	**621**	**591**	**75 854**	**79 119**			**1 582 572**	**1 587 734**
2	**PROPERTY, PLANT & EQUIPMENT**	**109 547**	**108 870**	**7 288**	**6 800**	**380 571**	**373 384**	**105 169**	**105 305**	**-26**	**-26**	**602 549**	**594 333**
3	**TECHNICAL RESERVES – REINSURANCE AMOUNT**	**655 206**	**656 719**	**102 860**	**166 465**							**758 066**	**823 184**
4	**INVESTMENTS**	**8 447 119**	**8 490 085**	**25 539 354**	**24 928 694**	**1 459 518**	**1 537 243**	**1 469 790**	**1 455 186**	**-390 435**	**-397 335**	**36 525 346**	**36 013 873**
4.1	Investment property	1 545 028	1 567 370	25 766	26 949	1 262 610	1 276 207	23 217	23 683			2 856 621	2 894 209
4.2	Investments in subsidiaries, associates and joint ventures	106 161	144 957	0	23 562	90 746	145 362	4 068	11 488			200 975	325 369
4.3	Investments held to maturity	0	0	605 894	594 107	0	0	0	0	-1 993	-1 969	603 901	592 138
4.4	Loans and receivables	584 809	612 608	2 037 514	1 606 049	48 064	38 717	1 282 289	1 227 682	-319 505	-325 845	3 633 171	3 159 211
4.5	AFS financial assets	6 182 026	6 132 297	13 402 007	13 988 757	55 223	74 082	139 437	170 828	-62 741	-63 082	19 715 952	20 302 882
4.6	Financial assets at fair value through the profit or loss	29 095	32 853	9 468 173	8 689 270	2 875	2 875	20 779	21 505	-6 196	-6 439	9 514 726	8 740 064
5	**OTHER RECEIVABLES**	**1 755 719**	**2 245 578**	**180 787**	**234 974**	**76 915**	**80 693**	**216 621**	**316 228**	**-344 513**	**-563 098**	**1 885 529**	**2 314 375**
6	**OTHER ASSETS**	**876 214**	**1 021 563**	**278 820**	**371 120**	**135 527**	**38 475**	**61 375**	**42 857**	**-86 419**	**-477 952**	**1 265 517**	**996 063**
6,1	Deferred acquisition costs	40 076	52 249	30 073	35 354							70 149	87 603
6,2	Other assets	836 138	969 314	248 747	335 766	135 527	38 475	61 375	42 857	-86 419	-477 952	1 195 368	908 460
7	**CASH AND CASH EQUIVALENTS**	**531 055**	**547 611**	**368 501**	**340 798**	**49 224**	**63 492**	**40 901**	**48 611**	**-466 554**	**-374 572**	**523 127**	**625 940**
	TOTAL ASSETS	**13 192 481**	**13 889 954**	**27 166 086**	**26 737 347**	**2 102 376**	**2 093 878**	**1 969 710**	**2 047 306**	**-1 287 947**	**-1 812 983**	**43 142 706**	**42 955 502**
1	**SHAREHOLDERS' EQUITY**											**2 607 163**	**2 550 105**
2	**PROVISIONS**	**252 033**	**284 981**	**32 492**	**31 371**	**17 440**	**18 755**	**4 246**	**5 530**			**306 211**	**340 637**
3	**TECHNICAL RESERVES**	**11 876 073**	**11 887 849**	**23 507 729**	**22 940 123**							**35 383 802**	**34 827 972**
4	**FINANCIAL LIABILITIES**	**1 094 726**	**1 133 249**	**1 922 090**	**2 133 561**	**212 800**	**293 354**	**1 044 143**	**1 047 548**	**-844 672**	**-757 606**	**3 429 087**	**3 850 106**
4.1	Financial liabilities at fair value through profit or loss	46 700	23 502	1 480 567	1 620 308	1 461	2 259	673	866			1 529 401	1 646 935
4.2	Other financial liabilities	1 048 026	1 109 747	441 523	513 253	211 339	291 095	1 043 470	1 046 682	-844 672	-757 606	1 899 686	2 203 171
5	**PAYABLES**	**733 910**	**841 164**	**86 372**	**101 147**	**50 272**	**72 562**	**301 450**	**395 316**	**-349 631**	**-573 255**	**822 373**	**836 934**
6	**OTHER LIABILITIES**	**412 908**	**493 399**	**228 725**	**481 721**	**30 886**	**30 609**	**15 354**	**26 118**	**-93 803**	**-482 097**	**594 070**	**549 750**
	TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES											**43 142 706**	**42 955 504**

Segment Income Statement

(Euro thousands)

	(Euro thousands)	Non-Life Insurance Sector		Life Insurance Sector		Real Estate Sector		Other Activities Sector		Inter-segment Eliminations		Total	
		30/06/2011	30/06/2010	30/06/2011	30/06/2010	30/06/2011	30/06/2010	30/06/2011	30/06/2010	30/06/2011	30/06/2010	30/06/2011	30/06/2010
1.1	Net premiums	3 486 625	3 510 478	2 549 245	3 699 326	0	0	0	0	0	0	6 035 870	7 209 804
1.1.1	*Gross premiums written*	*3 628 126*	*3 652 019*	*2 560 277*	*3 709 659*							6 188 403	7 361 678
1.1.2	*Premiums ceded to re-insurers*	*-141 501*	*-141 541*	*-11 032*	*-10 333*							-152 533	-151 874
1.2	Commission income			5 557	9 354			11 668	23 586	-3 480	-1 113	13 745	31 827
1.3	Income and charges from financial instruments recorded at fair value through profit or loss	-10 612	5 902	94 696	265 382	-86	-482	81	1 926	-15		84 064	272 728
1.4	Income from investments in subsidiaries, associates and joint ventures	*122*	*21*			*14 899*	*154*			*0*		15 021	175
1.5	Income from other financial instruments and property investments	163 550	192 876	404 213	430 858	23 331	19 305	31 164	38 835	-24 340	-15 338	597 918	666 536
1.6	Other revenues	268 406	215 828	30 954	29 780	42 330	52 528	312 982	319 398	-337 693	-349 170	316 979	268 364
1	**TOTAL REVENUES AND INCOME**	**3 908 091**	**3 925 105**	**3 084 665**	**4 434 700**	**80 474**	**71 505**	**355 895**	**383 745**	**-365 528**	**-365 621**	**7 063 597**	**8 449 434**
2.1	Net charges relating to claims	-2 626 016	-2 785 345	-2 714 687	-4 064 226	0	0	0	0	0	0	-5 340 703	-6 849 571
2.1.2	*Amounts paid and changes in technical reserves*	*-2 700 188*	*-2 867 030*	*-2 730 079*	*-4 073 759*							-5 430 267	-6 940 789
2.1.3	*Reinsurers' share*	*74 172*	*81 685*	*15 392*	*9 533*							89 564	91 218
2.2	Commission expenses			-4 800	-8 146			-4 305	-7 822			-9 105	-15 968
2.3	Charges from investments in subsidiaries, associates and joint ventures	-48	-1 994		-1 044	-56	-2 839	-7 597	-8 887			-7 701	-14 764
2.4	Charges from other financial instruments and property investments	-126 926	-146 993	-99 565	-63 512	-35 412	-29 677	-12 898	-18 931	11 367	12 999	-263 434	-246 114
2.5	Management expenses	-799 651	-794 274	-128 213	-126 173	-98	-195	-159 285	-172 006	110 366	113 449	-976 881	-979 199
2.6	Other costs	-446 766	-417 219	-63 580	-64 328	-36 502	-54 822	-202 013	-205 839	243 795	239 172	-505 066	-503 036
2	**TOTAL COSTS AND CHARGES**	**-3 999 407**	**-4 145 825**	**-3 010 845**	**-4 327 429**	**-72 068**	**-87 533**	**-386 098**	**-413 485**	**365 528**	**365 620**	**-7 102 890**	**-8 608 652**
	PROFIT/(LOSS) BEFORE TAXES	**-91 316**	**-220 720**	**73 820**	**107 271**	**8 406**	**-16 028**	**-30 203**	**-29 740**	**0**	**-1**	**-39 293**	**-159 218**

PART E - Information on business combinations

During the period, no operations were concluded in this regard.

-

PART F - Transactions with related parties

Introduction

On November 30, 2010, the Board of Directors of Fondiaria-SAI approved the "Conduct principles for carrying out significant transactions and those with related parties" document, in compliance with that established by CONSOB through resolution No. 17221 of March 12, 2010 ("CONSOB Regulation").
In approving the resolution, the Board of Directors took account of the unanimous approval by the specifically appointed committee comprising exclusively independent directors.
The new procedures were published on the internet site of the Company on December 1, 2010 and applied from January 1, 2011. In compliance with that stated above, the Board also approved the updated text of the guidelines for transactions with related parties in accordance with ISVAP Regulation No. 25 of May 27, 2010, in relation to which reference is made to the above stated document concerning the procedural aspects of the transactions with related parties.

The balance sheet, income statement and financial data concerning transactions with related parties for the first half of 2011 by the Group are set out in the following tables.

The transactions between the Parent Company and its subsidiaries or transactions between subsidiaries were eliminated in the present interim financial statements and are not shown in these notes.

(in Euro thousands)	30/06/2011		31/12/2010	
COUNTERPARTY	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Holding company	272	16,412	202	19,267
Associated companies	113,232	13,022	108,214	12,646
Group companies	13	8	7	8
Other related parties	332,017	19,105	324,556	36,884
TOTAL	**445,535**	**48,547**	**432,979**	**68,805**

-

(in Euro thousands)	30/06/2011		31/12/2010	
NATURE	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Real estate activities	321,265	22,032	313,011	41,087
Insurance activities	236	173	-	109
Financial activities	122,588	23,061	118,364	21,732
Service provided	1,430	-	1,322	-
Services received	13	1,784	282	2,162
Emoluments for corporate officers	3	1,497	-	3,705
Renumeration to Executives with Strategic Resposibilities	-	-	-	10
TOTAL	**445,535**	**48,547**	**432,979**	**68,805**

(in Euro thousands)	30/06/2011		30/06/2010	
COUNTERPARTY	**Income**	**Charges**	**Income**	**Charges**
Holding company	114	1,157	100	1,085
Associated companies	19,695	18,234	11,618	10,809
Group companies	-	-	-	-
Other related parties	22,832	40,127	20,350	49,010
TOTAL	**42,641**	**59,518**	**32,068**	**64,904**

(in Euro thousands)	30/06/2011		30/06/2010	
NATURE	**Income**	**Charges**	**Income**	**Charges**
Real estate activities	23,498	23,288	12,000	35,389
Insurance activities	18,591	11,987	19,910	12,267
Financial activities	391	53	144	9
Service provided	161	-	14	-
Services received	-	4,549	-	6,356
Emoluments for corporate officers	-	5,491	-	5,031
Renumeration to Executives with Strategic			-	1,852
Resposibilities	-	14,150		
TOTAL	**42,641**	**59,518**	**32,068**	**60,904**

Financial cash flows

(in Euro thousands)	30/06/2011		30/06/2010	
COUNTERPARTY	**Cash inflow**	**Cash outflow**	**Cash inflow**	**Cash outflow**
Holding company	131	720	13	956
Associated companies	19,784	27,479	8,152	10,588
Group companies	-	-	-	-
Other related parties	19,707	70,223	22,047	64,267
TOTAL	**39,622**	**98,422**	**30,212**	**75,811**

(in Euro thousands)	30/06/2011		30/06/2010	
NATURE	**Cash inflow**	**Cash outflow**	**Cash inflow**	**Cash outflow**
Real estate activities	20,025	54,128	8,646	43,858
Insurance activities	18,646	12,097	19,910	12,273
Financial activities	536	7,204	1,643	980
Service provided	335	-	13	-
Services received	80	5,962	-	12,449

-

Emoluments for corporate officers	-	4,881	-	4,402
Renumeration to Executives with Strategic Resposibilities	-	14,150	-	1,849
TOTAL	**39,622**	**98,422**	**30,212**	**75,811**

All of the above operations were concluded at normal market conditions. The receivables recorded under assets are not guaranteed and will be paid in cash. No provision was made in the quarter for any losses on receivables from related entities.

The Companies Immobiliare Costruzioni IM.CO S.p.A., I.C.E.IN. S.p.A., Marcora Costruzioni S.p.A., Avvenimenti e Sviluppo Alberghiero S.r.l. Laità S.r.l. and Gilli Comunication S.r.l. are related parties in that some directors have declared interests and investments in Sinergia Holding di Partecipazioni S.p.A, which controls them. The companies Immobiliare Costruzioni IM.CO. S.p.A., I.C.E.IN. S.p.A., Marcora Costruzioni S.p.A., Avvenimenti e Sviluppo Alberghiero S.r.l. and Gilli Comunication S.r.l. are related parties of the Issuer, as the directors Jonella Ligresti, Giulia Maria Ligresti and Gioacchino Paolo declared interests and holdings in Sinergia Holding di Partecipazioni S.p.A., which control either directly or indirectly these companies. In relation to that stated above, Sinergia Holding di Partecipazioni is controlled by Starlife S.A. ("Starlife"), a company with registered office in Luxembourg, whose share capital, based on the information made publicly available, is held as follows: 25% by Giulia Maria Ligresti; 25% by Jonella Ligresti; 25% by Gioacchino Paolo Ligresti; 25% by Salvatore Ligresti; no single party controls Starlife in accordance with Article 93 of the CFA.

REAL ESTATE ACTIVITIES

The income statement and balance sheet effects of a real estate nature are reported in the table below.

(in Euro thousands)	30/06/2011					
COUNTERPARTY	**Assets**	**Liabilities**	**Income**	**Charges**	**Cash inflow**	**Cash outflow**
Holding company	-	-	82	-	116	-
Associated companies	14,320	12,234	19,433	18,226	19,551	20,275
Group companies	-	-	-	-	-	-
Other related parties	306,945	9,798	3,983	5,062	358	33,853
TOTAL	**321,265**	**22,032**	**23,498**	**23,288**	**20,025**	**54,128**

The amount recorded under **assets** principally include:

Transactions with **Associated Companies**: Euro 14 million represents receivables of the subsidiary Immobiliare Lombarda S.p.A. from CityLife S.r.l. for the works and services provided in relation to the Milan ex-Fiera project.

Transactions with **Other Related Parties**:

- Euro 105.2 million refers to amounts recorded under inventory of the real estate project relating to the construction of the Loano Tourist Port. The amount capitalised by Immobiliare Fondiaria-SAI S.r.l. through the subsidiary Marina di Loano S.p.A. is Euro 92 million and refers to amounts for the current period and previous years to the company Marcora Costruzioni S.p.A. In addition the amount recorded under inventory includes Euro 9.6 million incurred by the company Sepi 97 S.r.l. for design work, as well as Euro 2.6 million from I.C.E.IN. S.p.A. and Euro 1 million from IM.CO. S.p.A. for construction work;

- Euro 102.5 million payments on account in previous years to Avvenimenti e Sviluppo Alberghiero S.r.l. by Milano Assicurazioni S.p.A., in relation to construction contracts on the building at Via Fiorentini, Rome. We recall that this operation, undertaken in 2003, included the sale to Avvenimenti e Sviluppo Alberghiero S.r.l. of a site and the purchase of the completed real estate complex under construction on the land in question at a price of Euro 110 million, including the supplementary contract signed in 2009. No payments were made in the current period in relation to this operation;
- Euro 56 million due from IM.CO. S.p.A. to Milano Assicurazioni S.p.A. for payments on account in the current period and in previous years 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 99.1 million from the company in accordance with the recently agreed supplement to the contract.
- Euro 24.3 million relating to payments on account made by Immobiliare Fondiaria-SAI S.r.l. to IM.CO. S.p.A. for the future construction of the hotel complex with wellness centre which is currently in progress in the municipality of S. Pancrazio Parmense (Parma);
- Euro 10.5 million paid in the period and in previous years, by the subsidiary Nuove Iniziative Toscane S.r.l. to the company Europrogetti S.r.l. for design work in the Castello Area (FI);
- Euro 5.8 million refers to amounts recorded under inventory of dismantlement and reconstruction work of the area owned by the subsidiary Meridiano Secondo S.r.l. in the current and previous years from the related company IC.E.IN. S.p.A., and Euro 2.2 million for design work incurred by MI.PR.AV. S.r.l.;
- Euro 0.4 million relates to secondary operations of insignificant unitary values.

The amount recorded to assets, although relating to initiatives begun in previous years, will be eliminated only on the completion of the project.
The property improvement costs already existing and in operation are recorded only in the period in which they are incurred.

The amounts recorded to **liabilities** principally include:

Transactions with **Associated Companies**: these relate to the subsidiary Immobiliare Lombarda S.p.A. and its associated company Tre Torri Contractor S.c.a.r.l. for Euro 12.2 million, against works and services received in relation to the Milan ex-Fiera real estate project ("CityLife Project").

Transactions with **Other Related Parties**:

- trade payables of the subsidiary Marina di Loano S.r.l. with Marcora Costruzioni S.p.A. for Euro 6.9 million in relation to construction work at the Loano tourist port.

The amounts recorded to **income** principally include:

Transactions with **Associated Companies** principally relate to construction revenues of Euro 19.3 million of Immobiliare Lombarda from the associated company CityLife S.r.l. for work on the Milan ex-Fiera project.

-

Transactions with **Other Related Parties** of Euro 3.5 million concern income from the valuation of work undertaken by Marcora Costruzioni S.p.A. in favour of the subsidiary Marina di Loano S.r.l. on the construction of the Port of Loano.

The amounts recorded to **charges** principally include:

Transactions with **Associated Companies**: Euro 18.3 million refers entirely to costs incurred by Immobiliare Lombarda from Tre Torri Contractor S.c.r.l. for the real estate project of the Milan ex-Fiera area ("CityLife Project").

Transactions with **Other Related Parties**:

- Euro 3.5 million costs incurred by Marina di Loano S.r.l. for the Loano Port project from Marcora Costruzioni S.p.A.

These charges are recorded both to income and to property, plant and equipment as they are considered inventory of real estate operations in progress.

Real estate **cash inflow** include transactions with **Associated companies** and refers to income received by Immobiliare Lombarda S.p.A. from CityLife S.r.l. on works and services in relation to the Milan ex-Fiera project for Euro 19.4 million.

Real estate **cash outflow** refer principally to transactions between the subsidiary Immobiliare Lombarda S.p.A. and its **associated company** Tre Torri Contractor S.c.a.r.l., against works and services received in relation to the Milan ex-Fiera project. The payments made in the year total Euro 20.3 million.

Transactions with **Other Related Parties** refer to:

- payment of invoices relating respectively to work in progress concerning the Loano Port in favour of Marcora Costruzioni S.p.A., for Euro 18.5 million;
- Euro 10.8 million payables of Milano Assicurazioni S.p.A. to IM.CO. S.p.A. in relation to the real estate project relating to the land located at Via Confalonieri - Via de Castillia Milan (Lunetta dell'Isola) and for work on the building at Via Lancetti in Milan.

INSURANCE ACTIVITIES

The income statement and balance sheet effects of an insurance nature are reported in the table below.

(in Euro thousands)	30/06/2011					
COUNTERPARTY	**Assets**	**Liabilities**	**Income**	**Charges**	**Cash inflow**	**Cash outflow**
Holding company	-	-	-	-	-	-
Associated companies	-	103	215	8	233	-
Group companies	-	-	-	-	-	-
Other related parties	236	70	18,376	11,979	18,413	12,097
TOTAL	**236**	**173**	**18,591**	**11,987**	**18,646**	**12,097**

-

Insurance income from other related parties includes the premiums which the Fondiaria SAI Group Employee Pension Fund and the Fondiaria-SAI Executive Pension Fund paid respectively to Fondiaria-SAI for Euro 11.3 million and Milano Assicurazioni S.p.A. for Euro 6.5 million. These payments are for the investment in Life policies of the contributions from the policyholders.

Insurance charges from Other Related Parties refer to:

- payment of contributions on behalf of Group companies, in favour of the Fondiaria-SAI Group Employee and Executive Pension Funds for Euro 7.2 million. These payments were made in accordance with contractual agreements in force;
- commissions paid to insurance brokers for Euro 0.8 million.

Insurance cash inflow from other related parties includes premiums which the Fondiaria SAI Group Employee Pension Fund and the Fondiaria-SAI Executive Pension Fund paid in the year to Fondiaria-SAI for Euro 11.3 million and Milano Assicurazioni S.p.A. for Euro 6.5 million. These payments are for the investment in Life policies of the contributions from the policyholders.

Insurance cash outflow to Other Related Parties refer to:

- payment of contributions on behalf of Group companies, in favour of the Fondiaria-SAI Group Employee and Executive Pension Funds for Euro 7.2 million. These payments were made in accordance with contractual agreements in force;
- commissions paid to insurance brokers for Euro 0.8 million.

FINANCIAL ACTIVITIES

The income statement and balance sheet effects of a financial nature are reported in the table below.

(in Euro thousands)	30/06/2011					
COUNTERPARTY	**Assets**	**Liabilities**	**Income**	**Charges**	**Cash inflow**	**Cash outflow**
Holding company	-	15,288	-	34	-	-
Associated companies	98,293	686	-	-	-	7,204
Group companies	-	8	-	-	-	-
Other related parties	24,295	7,079	391	19	536	-
TOTAL	**122,588**	**23,061**	**391**	**53**	**536**	**7,204**

The amount recorded under **assets** principally include:

Transactions with **Associated Companies** refer to:

- Euro 60 million from the associated company Garibaldi S.c.s and Euro 14.4 million from the associated company HEDF Isola S.c.s., against investment holdings made by Milano Assicurazioni S.p.A.;
- in relation to loans receivable, we report the amounts due to Immobiliare Milano from respectively Borsetto S.r.l. (Euro 7.5 million), Sviluppo Centro Est S.r.l. (Euro 7.2 million), Metropolis S.p.A (Euro 2.5 million) and Penta Domus S.r.l. (Euro 1 million);

- Euro 5.4 million refers to the loans of Immobiliare Fondiaria-SAI S.r.l. due from the associated company Progetto Alfiere S.p.A..

Transactions with **Other Related Parties**: Euro 24.3 million relates to the granting of credit lines by the subsidiary BancaSai. Of these, Euro 11.5 million and Euro 9 million are respectively with Sinergia Holding S.p.A. and IM.CO. S.p.A. while the residual relates to loans provided respectively to individuals for Euro 3.2 million and legal persons for Euro 0.6 million.

The amounts recorded to **liabilities** principally include:

Current account transactions with the subsidiary BancaSai undertaken respectively with the **Parent Company** for Euro 15.3 million and **Other Related Parties**, both physical and legal persons, for Euro 7 million.

Financial outflows with Associated Companies refer to:

- payment of Euro 6.2 million to the associated company Garibaldi S.c.s. for shareholdings by Milano Assicurazioni S.p.A.;

SERVICES PROVIDED

(in Euro thousands)	30/06/2011					
COUNTERPARTY	**Assets**	**Liabilities**	**Income**	**Charges**	**Cash inflow**	**Cash outflow**
Holding company	272	-	32	-	15	-
Associated companies	618	-	47	-	-	-
Group companies	13	-	-	-	-	-
Other related parties	527	-	82	-	320	-
TOTAL	**1,430**	**-**	**161**	**-**	**335**	**-**

These include principally receivables for invoices to be received and diversified sector ordinary revenues.

SERVICES RECEIVED

(in Euro thousands)	30/06/2011					
COUNTERPARTY	**Assets**	**Liabilities**	**Income**	**Charges**	**Cash inflow**	**Cash outflow**
Holding company	-	1,124	-	1,124	-	720
Associated companies	-	-	-	-	-	-
Group companies	-	-	-	-	-	-
Other related parties	13	660	-	3,425	80	5,242
TOTAL	**13**	**1,784**	**-**	**4,549**	**80**	**5,962**

-

The **liabilities for services received from Other Related Parties** amount to Euro 0.7 million against invoices to be received.

In relation to the **services received from Other Related Parties** we report the following charges:

- Euro 2.4 million relating to technical-administrative and legal consultancy fees charged to the Fondiaria SAI Group;
- Euro 0.4 million paid to Gilli S.r.l. by the Parent Company for marketing services.

Finally charges include emoluments for members of the Group Company boards for Euro 5.5 million and salaries to senior managers with strategic responsibility for Euro 14 million.
The **residual payments to Other Related Parties** refer to the fees to Directors for offices covered in companies of the Group for Euro 4.9 million and to salaries of senior management for Euro 14 million.

Among the commitments relating to real estate operations with other related parties are Euro 47.4 million still to be paid for the completion of the real estate operations at Milan, Isola and Rome, Via Fiorentini. These operations, undertaken in previous years, resulted in the sale to third parties, by the subsidiary Milano Assicurazioni, of the above-mentioned land and the purchase of the buildings.
Milano Assicurazioni also underwrote financial commitments under the form of Profit Participating Bonds to the associated company Garibaldi S.c.a. for Euro 23.2 million and to Isola S.c.a. for Euro 8.7 million.

Assets referring to transactions with related parties at 31/12/2010 (including associated companies) account for approx. 1% of the total reported in the consolidated interim financial statements at June 30, 2011 with liabilities accounting for 0.12% excluding the items relating to shareholders' equity.

On April 6, 2011, the Board of Directors approved the terms and conditions of the agreement between the Parent Company and Mr. Fausto Marchionni, previously Chief Executive Officer of Fondiaria-SAI and Milano Assicurazioni, in relation to the settlement of his employment contract. In particular the agreement establishes a gross amount of Euro 11.2 million, settled in the period, as a supplementation to the post-employment benefit. As Mr. Marchionni is considered a related party of the Company in his role as Director, the transaction was subject to examination by the Remuneration Committee and examined by an independent expert in order to establish the material correctness of the criteria adopted for the calculation of the amount and its appropriateness.

-

PART G - Other information

INFORMATION ON FINANCIAL RISKS

Derivative financial instruments

The Group makes a limited utilisation of derivative financial instruments. In fact the characteristics and the nature of the insurance activity requires that the utilisation of derivative financial instruments are regulated in accordance with Supervision Authority Provision No. 297/1996. On January 31, 2011, ISVAP issued Regulation No. 36 concerning guidelines in relation to investments, including derivative instruments and structured securities and repealed, among other provisions, also 297/1996.

In particular, Regulation No. 36 recalls that operations in derivative financial instruments with the purpose of managing so-called efficiency are contained at a tolerable level of the available solvency margin. Group operations in derivative financial instruments have the principal purpose to hedge against the price risk on equity securities (equity risk) through the utilisation of options designated as fair value hedge instruments and to hedge the risks deriving from changes in interest rates on bank loans through the utilisation of interest rate swap contracts (Interest Rate Swap, IRS) designated as cash flow hedge instruments.

POSITIONS OPEN

Fair value hedging instruments

Combined purchase put – sales call options

At 30/06/2011, the Group, through the Parent Company Fondiaria-SAI SpA, holds the following combined purchase put – sales call option contracts with the same contractual characteristics (underlying, notional, maturity, strike):

- 14,915,303 options (average strike price of Euro 6.1964) to hedge the price risk on 14,915,303 Pirelli & C. ordinary shares of the Non-Life Division classified under AFS equity securities amounting to 69.95% of total Group exposure (70.39% of Fondiaria-SAI);
- 5,203,000 options (average strike price of Euro 7.6339) to hedge the price risk on 5,203,000 Mediobanca ordinary shares of the Non-Life Division classified under AFS equity securities amounting to 60.90% of total Group exposure (98.54% of Fondiaria-SAI Non-Life Division);
- 1,962,329 options (average strike price of Euro 7.6258) to hedge the price risk on 1,962,329 Mediobanca ordinary shares of the Life Division classified under AFS equity securities amounting to 8.02% of total Group exposure (9.01% of Fondiaria-SAI Life Division);

-

Through Milano Assicurazioni the following combined purchase put – sales call option contracts with the same contractual characteristics (underlying, notional, maturity, strike) are held:

- 375,000 options (average strike price of Euro 7.2755) to hedge the price risk on 375,000 Mediobanca ordinary shares of the Non-Life Division classified under AFS equity securities amounting to 1.14% of total Group exposure (12.07% of Milano Assicurazioni);

Summarised table:

(in Euro thousands) **Derivative Purchase put-sale call equity hedge**	**Number Options**	**Number Options**	**Company**	**Assets for hedging contracts**		**Liabilities for hedging contracts**		**Total adjustment in the carrying value of the AFS equities hedged**	
	30/06/2011	**31/12/2010**		**30/06/2011**	**31/12/2010**	**30/06/2011**	**31/12/2010**	**30/06/2011**	**31/12/2010**
Pirelli & C ord. (Non-Life)	14,915,303	9,263,266	Fondiaria-SAI	-	-	18,091	787	18,091	787
Mediobanca (Non-Life)	5,203,000		Fondiaria-SAI	3,693	-	-	-	-3,693	-
Mediobanca (Life Division)	1,962,329		Fondiaria-SAI	1,377	-	-	-	-1,377	-
Mediobanca (Life Division)	375,000		Milano Assicurazioni	158	-	164	-	6	-
Total				**5,228**	**-**	**18,255**	**787**	**13,027**	**787**

The fair value of the options at June 30, 2011 corresponds overall to a liability of Euro 13,027 thousand (total liability of Euro 787 thousand at December 31, 2010). From the inception date of the hedge, the positive and negative changes in the period deriving from the fair value evaluation of the options are recorded in the Income Statement in the account: "Income and charges from financial assets designated at fair value through profit or loss". Similarly, the carrying value of the hedged assets are adjusted for changes in the fair value in the period of the ordinary shares hedged with changes recorded in the Income Statement in the account: "Income and charges from financial instruments recorded at fair value through profit or loss". In H1 2011 the options value decreased by Euro 12,240 thousand due to the fair value relating to the options held at 30/06/2011 perfectly offset by the positive changes in the period in the fair value of the shares hedged. The fair value hedges through options were evalued to be efficient and, at June 30, 2011, there were no items not effectively hedged and which should be recorded to the income statement.

Interest Rate Swap

At 30/06/2011, the Group held through the 100% subsidiary BancaSai S.p.A. IRS interest risk hedge contracts deriving from fixed interest rate commitments to clients for a total notional amount of Euro 25 million. The valuation at June 30, 2011 of IRS hedges corresponds to a negative fair value of approx. Euro 497 thousand (Euro 820 thousand negative fair value at 31/12/2010).

-

The principal contractual conditions of these IRS are illustrated below:

(in Euro thousands)					Fair value	
Company	**Notional**	**Expiry**	**Fixed rate %**	**Variable rate**	**30/06/2011**	**31/12/2010**
BancaSai	25,000	02/02/2014	3.050	Euribor 6 m Act/360	(497)	(820)
Total	**25,000**				**(497)**	**(820)**

Cash Flow hedge instruments

Interest Rate Swap

Against cash flow hedges, on 30/06/2011, the Group held Interest Rate Swap (IRS) agreements to manage the risks deriving from changes in interest rates on the debt exposure with banks, converting a part of these loans from variable interest rate to fixed interest rate.
The notional value of these instruments amounted to Euro 875 million (Euro 875 million at 31/12/2010).
The fair value of the IRS designated Cash Flow Hedge at June 30, 2011 amounts to a liability of Euro 22 million (liability of Euro 34 million at December 31, 2010). The net equity reserve which includes a negative fair value of the hedge instruments at June 30, 2011, net of the share of minority interests and the tax effect, amounts to a negative reserve of Euro 16 million (negative reserve of Euro 24 million at December 31, 2010).

The principal contractual conditions of these IRS are illustrated below:

(in Euro thousands)					Fair value	
Company	**Notional**	**Expiry**	**Fixed rate %**	**Variable rate**	**30/06/2011**	**31/12/2010**
Fondiaria-SAI	200,000	23/07/2013	3.970	Euribor 6 m Act/360	(7,201)	(11,025)
Fondiaria-SAI	100,000	23/07/2013	3.930	Euribor 6 m Act/360	(3,520)	(5,497)
Fondiaria-SAI	100,000	23/07/2013	3.990	Euribor 6 m Act/360	(3,640)	(5,562)
Fondiaria-SAI	150,000	14/07/2016	3.180	Euribor 6 m Act/360	(2,660)	(4,308)
Fondiaria-SAI	100,000	30/12/2015	3.080	Euribor 6 m Act/360	(1,612)	(2,612)
Fondiaria-SAI	100,000	14/07/2018	3.309	Euribor 6 m Act/360	(1,305)	(2,006)
Milano Assicurazioni	50,000	14/07/2016	3.180	Euribor 6 m Act/360	(859)	(1,506)
Tikal	25,000	30/12/2016	3.185	Euribor 6 m Act/360	(477)	(453)
Tikal	30,000	30/12/2016	3.140	Euribor 6 m Act/360	(502)	(470)
Marina di Loano	20,000	31/12/2014	2.550	Euribor 3 mesi 30/360	(221)	(517)
Total	**875,000**				**(21,997)**	**(33,956)**

Non-hedging derivatives

The Group does not undertake derivative contracts on currencies to hedge transactions and future cash flows, in that the currency risk exposure overall is not significant and is covered through the mechanism of natural hedges between assets and liabilities in foreign currencies.

-

Credit Default Swap

At June 30, 2011 the Group, through the parent company Fondiaria-SAI SpA, has in place Credit Default Swap contracts to protect the risks of insolvency of counterparty issuers of financial instruments acquired by the Group.
The cost of these hedges, relating to the first half of 2011, amounted to Euro 381 thousand and were recorded in the Income Statement of the year under asset and financial charges.

At 30/06/2011, the following Credit Default Swaps remain open:

(in Euro thousands)

Company	Notional	Expiry	Counterparty	Issuer hedged	Cost	Market value at 30/06/2011
Fondiaria-SAI S.p.A.	25,000	20/02/2013	Morgan Stanley	Serbian Republic	295.2 bps per year	(349)
Total	**25,000**					**(349)**

Interest Rate Swap

At June 30, 2011, among the operations not-hedged the following Interest Rate Swaps remain open:

(in Euro thousands)

					Fair value	
Company	**Notional**	**Expiry**	**Fixed rate %**	**Variable rate**	**30/06/2011**	**31/12/2010**
Immobiliare Milano	10,714	31/12/2012	3.770	Euribor 6 m 30/360	(191)	(417)
Immobiliare Milano	10,714	31/12/2012	3.695	Euribor 6 m 30/360	(183)	(403)
Total	**21,428**				**(374)**	**(820)**

POSITIONS OPEN

Fair value hedging instruments

In the first half of 2011, Fondiaria-SAI signed and settled in advance the put/call options partially hedging the Prelios share investments, realising a gain of Euro 108 thousand and those on the Monte dei Paschi di Siena shares realising a gain of Euro 678 thousand; at the same time the derivative instruments were sold concerning 4 million Prelios shares, realising a net gain of Euro 367 thousand and concerning 5,097,160 Monte dei Paschi di Siena shares incurring a net loss of Euro 419 thousand.

-

Non-hedging derivatives

Range Accrual Swaps

At December 31, 2010, the Group had Range Accrual Swap contracts indexed to the Constant Maturity Swap (CMS) rate at 30-10 years and not designated as cash flow, fair value or net investment hedges. The operation was made in order to benefit from an increase in the long-term part of the interest rate curve. In the first half of 2011, the contracts whose principal characteristics are reported in the following table were settled in advance and are reported together with the relative results:

(in Euro thousands)

Company	**Notional**	**Expiry**	**Counterparty**	**Rate to receive from the counterparty**	Rate to pay to the counterparty	**1H 2011 result consequent to the advanced redempltions**
Fondiaria-SAI S.p.A.	2,500	07/05/2020	Banca IMI	3% per anno	6.50% annual	31
Fondiaria-SAI S.p.A.	5,000	01/04/2020	BNP Paribas	3% per anno	5.25% annual	367
Fondiaria-SAI S.p.A.	3,750	28/10/2020	Banca IMI	3% per anno	6.525% annual	18
Milano Assicurazioni S.p.A.	2,500	07/05/2020	Banca IMI	3% per anno	6.50% annual	42
Milano Assicurazioni S.p.A.	5,000	01/04/2020	BNP Paribas	3% per anno	5.25% annual	364
Milano Assicurazioni S.p.A.	3,750	28/10/2020	Banca IMI	3% per anno	6.525% annual	39
Total	**22,500**					**861**

(*) considering the days in which the spread between the 30 year CMS rate and the 10 year CMS rate is positive.

In the first half of 2011, the above-stated derivatives produced positive differentials of Euro 201 thousand recognised to interest income (of which Euro 85 thousand relating to Milano Assicurazioni).

BTP Spread Swaps

In the first half of 2011, the Group signed "BTP Spread Swap" contracts in order to take advantage of an increase in the spread of Italian government securities at 10 years (underlying BTP August 2021 3.75%). Against the advanced closure Fondiaria-SAI recorded a negative impact on the income statement of Euro 1,050 thousand; Milano Assicurazioni recorded a negative impact on the income statement of Euro 390 thousand.

-

Interest Rate Swaps

In relation to the IRS contracts of BancaSai of Euro 3,548 thousand, in the first half of 2011, the Bank interrupted the hedging of employee loans following the conversion of the contractual conditions from a fixed rate to a variable rate of a significant portion of such loans, a condition which rendered the test ineffective. The reclassification of the IRS to non-hedging derivatives resulted.
In the first half of 2011, the relative interest rate swap was closed.

(in Euro thousands)

Company	Notional	Expiry	Fixed rate %	Variable rate	1H 2011 result consequent to the advanced redempltions
BancaSai	3,548	01/02/1930	3.725	Euribor 6 m Act/360	(43)
Total	**3,548**				**(43)**

Credit Default Swaps

In the first half of 2011, the contracts outlined in the following table were closed.
The cost of these hedges, relating to the first half of the year, amounted to Euro 59 thousand for Fondiaria-SAI and Euro 46 thousand for Milano Assicurazioni which were recorded in the Income Statement of the period under asset and financial charges.

(in Euro thousands)

Company	Notional	Expiry	Counterpart y	Issuer hedged	Cost	1H 2011 result consequent to the advanced redempltions
Fondiaria-SAI S.p.A.	15,000	20/06/2011	BNP Paribas	Banco Popolare sub.	100 bps per year	(255)
Milano Assicurazioni S.p.A.	4,411	20/03/2014	BNP Paribas	Merrill Lynch	123 bps per year	(127)
Milano Assicurazioni S.p.A.	9,350	20/03/2013	BNP Paribas	Morgan Stanley	100 bps per year	(162)
Total	**28,761**					**(544)**

DIVIDENDS

In the first half of 2011, no dividends were distributed.

SOLVENCY MARGIN

In accordance with the provisions of the Supervision Authority in relation to the adjusted solvency margin and the application of the prudent filters, consequent to the introduction of the new IAS/IFRS standard, for the the first half of 2011 the ratio between the constituting elements of the correct solvency margin are sufficient to cover the required margin - this latter estimated at Group level. In particular, the coverage ratio amounts to 100.3%, compared to 97.4% at the end of 2010.

-

In calculating the constituting items, account was taken of the effects of the recent ISVAP Regulation No. 37, which was limited however to the residual losses on Eurozone government securities already in portfolio at 31/12/2010 and without taking account therefore of any losses on new acquisitions.
The effect of this measure was approx. 4.5%.

In 2011 the recovery of the solvency margin will be achieved both through the share capital increase approved by the Shareholders' Meeting of January 26, 2011, as described in greater detail in the Directors' Report, and through the sale of non-listed investments in the insurance, real estate and diversified sectors.

EARNINGS PER SHARE

The earnings/(loss) per share are calculated by dividing the Group net result 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 by the Fondiaria-SAI Group.

In accordance with IAS 33, information is shown below for the calculation of the basic and diluted earnings (loss) per share:

	30/06/2011	**30/06/2010**
Loss attributed to the ordinary shareholders of the parent company (Euro thousands)	(61,911)	(147,556)
Weighted average number of ordinary shares to calculate the basis earnings/(loss) per share	110,099,933	110,099,933
Earnings/(loss) per share	(0.59)	(1.34)
Effect of the dilution:		
Adjusted weighted average number of ordinary shares to calculate the diluted earnings per share	113,184,253	110,099,933
Diluted earnings/(loss) per share	(0.60)	(1.34)

It should be noted that the net result attributable to the ordinary shares of the Parent Company was adjusted deducting the theoretical dividends of the saving shareholders from the Group consolidated net result. This method corresponds to the current best practice of the accounting principle.
In the calculation of the diluted profit (loss) per share, the potential shares concerning the share capital increase at June 30, 2011 and the effects of the potential savings shares were taken into account.

SUBSEQUENT EVENTS AFTER THE END OF THE HALF-YEAR

No significant events took place after the end of the period such as to require an adjustment to the values recorded in the present Report.
In July the Share Capital Increase concluded with the full subscription to the 242,564,980 ordinary shares and the 85,122,444 savings shares offered, for a total value of Euro 448,969,914.00, without recourse to the guarantee consortium. The new share capital of Fondiaria-SAI totals Euro 494,731,136, comprising 367,047,470 ordinary shares and 127,683,666 savings shares of a nominal value of Euro 1.00 each. The declaration required as per Article 2444 of the Civil Code was filed at the Turin Company Registration Office in accordance with law.

-

-

SELECTED EXPLANATORY NOTES

With reference to paragraph 16 of IAS 34, it is noted that:

- the insurance sector is not, per se, a seasonal type of activity. At the current moment, there are therefore no indicators that would highlight cyclical elements in the preparation of the accounts;
- There are no unusual matters in the period considered that would significantly impact on the income statement, balance sheet or cash flow statements;
- There are no changes in the estimates made in the period or previous periods that would result in a significant effect on the result for the period.

With reference to the provisions of IAS 37, it is reported that the Group is not aware of any significant contingent assets or liabilities of a significant size acquired since 31/12/2010 for which it is necessary to provide specific information, except for that stated in the "Litigation" paragraph.

Milan, August 29, 2011

For the Board of Directors

Mr. Erbetta Emanuele

-

-

Declaration of the Consolidated Financial Statements as per Article 81-ter of CONSOB Regulation No. 11971 of 14 May 1999 and subsequent modifications and integrations

The undersigned Emanuele Erbetta (as Chief Executive Officer of Fondiaria-SA) and Pier Giorgio Bedogni (as Executive responsible for the preparation of the corporate accounting documents of Fondiaria-SAI),

certifies

pursuant to article 154, paragraph 3 and 4, of Legislative Decree No. 58 of February 24, 1998

- the accuracy of the information on company operations and
- the effective application of the administrative and accounting procedures for the compilation of the condensed half-year financial statements in the first half-year of 2011.

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

It is also declared that:

- the condensed half-year financial statements:
  a) were prepared in accordance with international accounting standards, recognised in the European Union pursuant to EU regulation No. 1606/2002 of the European Parliament and Council, of July 19, 2002;
  b) corresponds to the underlying accounting documents and records;
  c) provide a true and correct representation of the economic, balance sheet and financial situation of the issuer and of the companies included in the consolidation.
- the Interim Directors' Report on operations includes an analysis of the significant events in the first six months of the year and their impact on the condensed half-year financial statements, with a description of the principal risks and uncertainties for the remaining six months. The interim directors' report also includes a reliable analysis of the information on significant operations with related parties.

Milan, August 29, 2011

Chief Executive Officer of Fondiaria-SAI
Mr. Emanuele ERBETTA

The Executive Responsible
for the preparation of the corporate accounting documents
Mr. Pier Giorgio Bedogni

-

Attachments

Consolidation scope

Company	State	Method (1)	Activities (2)	% Direct holding	% Total holding (3)	% Voting in Ordinary Shareholder Meeting (4)	% consolidated
PRONTO ASSISTANCE SPA	086	G	1	100,00	100,00	100,00	100,00
SIAT SOCIETA' ITALIANA ASS E RIASS SPA	086	G	1	0,00	94,69	94,69	100,00
BIM VITA SPA	086	G	1	50,00	50,00	50,00	100,00
EUROSAI FINANZIARIA DI PARTECIPAZIONE SRL	086	G	11	100,00	100,00	100,00	100,00
FINSAI INTERNATIONAL SA	092	G	11	19,92	99,99	100,00	100,00
SAIAGRICOLA SPA	086	G	11	92,01	97,48	100,00	100,00
SAIFIN - SAIFINANZIARIA SPA	086	G	11	100,00	100,00	100,00	100,00
SAINTERNATIONAL SA	092	G	11	99,99	99,99	99,99	100,00
SAI HOLDING ITALIA SPA	086	G	11	100,00	100,00	100,00	100,00
SAILUX SA	092	G	11	0,00	100,00	100,00	100,00
SIM ETOILE SA	029	G	10	100,00	100,00	100,00	100,00
SRP SERVICES SA	071	G	11	0,00	99,99	100,00	100,00
COLPETRONE SRL	086	G	11	0,00	97,48	100,00	100,00
CASTELLO CONSORTIUM	086	G	10	0,00	98,50	99,66	100,00
DIALOGO ASSICURAZIONI SPA	086	G	1	0,00	62,76	99,85	100,00
DOMINION INSURANCE HOLDING LTD	031	G	11	0,00	99,99	100,00	100,00
EUROPA TUTELA GIUDIZIARIA SPA	086	G	1	100,00	100,00	100,00	100,00
FONDIARIA-SAI NEDERLAND B.V.	050	G	11	100,00	100,00	100,00	100,00
SERVICE GRUPPO FONDIARIA SRL	086	G	11	70,00	88,86	100,00	100,00
MILANO ASSICURAZIONI SPA	086	G	1	60,58	62,85	62,86	100,00
NUOVE INIZIATIVE TOSCANE SRL	086	G	10	96,88	98,84	100,00	100,00
STIMMA SRL	086	G	10	100,00	100,00	100,00	100,00
SYSTEMA COMPAGNIA DI ASS.NI SPA	086	G	1	0,00	62,85	100,00	100,00
THE LAWRENCE RE IRELAND LTD	040	G	5	0,00	100,00	100,00	100,00
THE LAWRENCE LIFE ASSURANCE CO. LTD	040	G	2	0,00	50,00	100,00	100,00
GRUPPO FONDIARIA-SAI SERVIZI SCRL	086	G	11	64,16	87,10	100,00	100,00
VILLA RAGIONERI SRL	086	G	10	100,00	100,00	100,00	100,00
CASCINE TRENNO SRL	086	G	10	0,00	100,00	100,00	100,00
TRENNO OVEST SRL	086	G	10	0,00	100,00	100,00	100,00
INSEDIAMENTI AVANZATI NEL TERRITORIO I.A.T. SPA	086	G	10	0,00	100,00	100,00	100,00
MERIDIANO BELLARMINO SRL	086	G	10	0,00	100,00	100,00	100,00
MERIDIANO BRUZZANO SRL	086	G	10	0,00	100,00	100,00	100,00
MERIDIANO PRIMO SRL	086	G	10	0,00	100,00	100,00	100,00
MERIDIANO SECONDO SRL	086	G	10	0,00	100,00	100,00	100,00
BANCA SAI SPA	086	G	7	100,00	100,00	100,00	100,00
BRAMANTE SRL	086	G	10	0,00	100,00	100,00	100,00
CAMPO CARLO MAGNO SPA	086	G	10	0,00	62,85	100,00	100,00
CARPACCIO SRL	086	G	10	0,00	100,00	100,00	100,00
CASA DI CURA VILLA DONATELLO SPA	086	G	11	100,00	100,00	100,00	100,00
CENTRO ONCOLOGICO FIORENTINO CASA DI CURA VILLANOVA SRL	086	G	11	100,00	100,00	100,00	100,00
PONTORMO SRL	086	G	10	0,00	100,00	100,00	100,00
FINITALIA SPA	086	G	11	0,00	100,00	100,00	100,00
IMMOBILIARE LITORELLA SRL	086	G	10	0,00	100,00	100,00	100,00
IMMOBILIARE LOMBARDA SPA	086	G	10	64,17	86,69	100,00	100,00
INIZIATIVE VALORIZZAZ.NI EDILI IN.V.ED. SRL	086	G	10	0,00	100,00	100,00	100,00
MASACCIO SRL	086	G	10	0,00	100,00	100,00	100,00
APB CAR SERVICE SRL	086	G	10	0,00	100,00	100,00	100,00
ATAVALUE SRL	086	G	11	0,00	100,00	100,00	100,00
MIZAR SRL	086	G	10	0,00	100,00	100,00	100,00
NUOVA IMPRESA EDIFICATRICE MODERNA SRL	086	G	10	0,00	100,00	100,00	100,00
MARINA DI LOANO SPA	086	G	10	0,00	100,00	100,00	100,00
PROGETTO BICOCCA LA PIAZZA SRL in liquidation	086	G	10	0,00	74,00	74,00	100,00
PRONTO ASSISTANCE SERVIZI SPA	086	G	11	37,40	79,63	100,00	100,00
RISTRUTTURAZIONI EDILI MODERNE R.EDIL.MO SRL	086	G	10	0,00	100,00	100,00	100,00
SAI INVESTIMENTI SGR SPA	086	G	8	51,00	69,23	80,00	100,00
SAI MERCATI MOBILIARI SIM SPA	086	G	11	100,00	100,00	100,00	100,00
SANTA MARIA DEL FICO SRL	086	G	11	0,00	97,48	100,00	100,00
SOGEINT SRL	086	G	11	0,00	62,85	100,00	100,00
TIKAL R.E. FUND	086	G	10	59,65	81,87	95,01	100,00
FLORENCE CENTRO DI CHILURGIA AMBULATORIALE SRL	086	G	11	0,00	100,00	100,00	100,00
LIGURIA SOCIETA' DI ASSICURAZIONI SPA	086	G	1	0,00	62,83	99,97	100,00
LIGURIA VITA SPA	086	G	1	0,00	62,83	100,00	100,00
MERIDIANO AURORA	086	G	10	100,00	100,00	100,00	100,00
INCONTRA ASSICURAZIONI SPA	086	G	1	51,00	51,00	51,00	100,00
POPOLARE VITA SPA	086	G	1	24,39	50,00	50,00	100,00
SINTESI SECONDA SRL	086	G	10	0,00	62,85	100,00	100,00
SOCIETA' EDILIZIA IMMOBILIARE SARDA S.E.I.S SPA	086	G	10	0,00	51,67	51,67	100,00
DDOR NOVI SAD ADO	289	G	3	99,99	99,99	99,99	100,00
SISTEMI SANITARI SCRL	086	G	11	78,31	92,21	99,99	100,00
AUTO PRESTO & BENE SRL	086	G	11	100,00	100,00	100,00	100,00
SAINT GEORGE CAPITAL MANAGEMENT SA	071	G	11	0,00	100,00	100,00	100,00
ATHENS RE FUND - FONDO SPECULATIVO	086	G	10	0,00	62,85	100,00	100,00
CITTA' DELLA SALUTE SCRL	086	G	11	0,00	100,00	100,00	100,00
ATAHOTELS COMPAGNIA ITALIANA AZIENDE TURISTICHE ALBERGHIERE SPA	086	G	11	51,00	81,80	100,00	100,00
DDOR RE JOINT STOCK REINSURANCE COMPANY	289	G	6	0,00	100,00	100,00	100,00
DONATELLO DAY SURGERY SRL	086	G	11	0,00	100,00	100,00	100,00
IMMOBILIARE FONDIARIA-SAI SRL	086	G	10	100,00	100,00	100,00	100,00
IMMOBILIARE MILANO ASSICURAZIONI SRL	086	G	10	0,00	62,85	100,00	100,00
ITALRESIDENCE SRL	086	G	11	0,00	81,80	100,00	100,00
SAI NETWORK SPA	086	G	11	18,00	93,31	100,00	100,00
ADMIRAL FINANCE SRL	086	G	11	*			

(1) Consolidation method: Line-by-line =G, Proportional=P, Line-by-line for man. unit =U
(2) 1= Italian Ins; 2= EU Ins; 3=Other Ins; 4=Holding insurance; 5=EU reins; 6=Reins. other; 7=Banks; 8=SGR; 9=Other holding; 10=Property 11=Other
(3) total shareholding relating to all companies which, through the various holdings, connect the company that prepares the consolidated financial statements and the company held. Where this company is held directly by more than one subsidiary it is necessary to aggregate the holdings
(4) total voting rights in an ordinary shareholders meeting if different from the direct or indirect shareholding
(*) consolidated as per SIC 12

-

Details of non-consolidated investments

-

Company	State	Activities (1)	Type (2)	% Direct holding	% Total holding (3)	% Voting in Ordinary Shareholder Meeting (4)	Book Value
FIN. PRIV. SRL	086	11	b	28,57	28,57	28,57	27 916 634,10
SOFIGEA SRL in liquidation	086	11	b	14,91	19,62	22,41	0,00
UFFICIO CENTRALE ITALIANO SRL	086	11	b	14,14	21,31	25,52	130 135,80
MB VENTURE CAPITAL FUND	050	11	b	30,00	30,00	30,00	199 100,00
FINADIN SPA	086	11	b	0,00	40,00	40,00	3 229 440,00
SOCIETA' FUNIVIE DEL PICCOLO S. BERNARDO SPA	086	11	b	0,00	27,38	27,38	3 611 826,26
BORSETTO SPA	086	10	b	0,00	28,24	44,93	3 170 000,00
CITY LIFE SRL	086	10	*	0,00	17,09	27,20	0,00
GARIBALDI SCA	092	11	b	0,00	20,11	32,00	52 062 000,00
METROPOLIS SPA	086	10	b	0,00	18,69	29,73	1 665 000,00
PROGETTO ALFIERE SPA	086	10	b	0,00	19,00	19,00	1 621 374,68
SERVIZI IMMOBILIARI MARTINELLI SPA	086	10	b	0,00	12,57	20,00	129 000,00
A7 SRL in liquidation	086	10	b	0,00	12,57	20,00	266 000,00
SOAIMPIANTI – ORGANISMI DI ATTESTAZIONE SPA in liquidation	086	11	b	21,64	21,64	21,64	317 114,00
GLOBAL CARD SERVICE SRL	086	11	a	0,00	59,69	95,00	0,00
PENTA DOMUS SPA	086	10	b	0,00	12,57	20,00	2 417 000,00
FONDIARIA-SAI SERVIZI TECNOLOGICI SRL	086	11	b	51,00	51,00	51,00	3 378 669,00
SVILUPPO CENTRO EST SRL	086	10	b	0,00	25,14	40,00	338 000,00
IGLI SPA	086	11	b	0,00	27,14	33,33	68 641 735,20
QUINTOGEST SPA	086	11	b	49,00	49,00	49,00	2 059 200,00
DDOR AUTO DOO	289	3	a	0,00	99,99	100,00	14 112,24
DDOR GARANT	289	11	b	0,00	40,00	40,00	1 100 985,36
CONSULENZA AZIENDALE PER L'INFORMATICA SCAI SPA	086	11	b	30,07	30,07	30,07	1 589 210,93
BUTTERFLY AM SARL	092	11	b	0,00	28,57	28,57	8 491 095,71
VALORE IMMOBILIARE SRL	086	10	b	0,00	31,43	50,00	6 100 000,00
TRE TORRI CONTRACTOR SCRL	086	10	b	0,00	43,34	50,00	5 000,00
HOTEL TERME SI SAINT VINCENT SRL	086	11	a	0,00	81,80	100,00	1 246 476,00
ITAL H&R SRL	086	11	a	0,00	81,80	100,00	28 240,00
TOUR EXCECUTIVE SPA	086	11	a	0,00	81,80	100,00	205 579,00
ATA BENESSERE SRL in liquidation	086	11	a	0,00	81,80	100,00	0,00
ATAHOTELS SUISSE SA in liquidation	071	11	a	0,00	80,16	98,00	37 333,00
ISOLA SCA	092	11	b	0,00	18,58	29,56	11 005 000,00

(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); with an asterisk (*) the companies classified as held for sale in accordance with IFRS 5 and shown with 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

-

Details of tangible and intangible fixed assets

-

(in thousands of Euro)

	At cost	At revalued amount or fair value	Total book value
Investment property	2 856 621	0	2 856 621
Others buildings	510 493	0	510 493
Other tangible assets	92 056	0	92 056
Other intangible assets	109 117	0	109 117

Details of financial assets

(in thousands of Euro)

	Investments held to maturity		Loans and receivables		AFS financial assets		Financial assets at fair value through the profit or loss account				Total book value	
							Financial assets held for trading		Financial assets designated at fair value through profit or loss			
	30/06/2011	31/12/2010	30/06/2011	31/12/2010	30/06/2011	31/12/2010	30/06/2011	31/12/2010	30/06/2011	31/12/2010	30/06/2011	31/12/2010
Equity securities and derivatives valued at cost											0	0
Equity securities at fair value					1 598 472	1 528 791	553	574	36 804	31 928	1 635 829	1 561 293
of which listed securities					1 385 469	1 322 705	545	574	36 804	31 928	1 422 818	1 355 207
Debt securities	603 901	592 138	2 240 239	1 825 970	17 308 442	17 952 179	60 991	80 030	8 396 132	7 678 402	28 609 705	28 128 719
of which listed securities	603 888	592 138	826 278	879 218	17 266 966	17 906 627	21 432	29 632	3 171 542	3 364 535	21 890 106	22 772 150
Fund units					807 076	819 961	20 526	7	611 157	459 893	1 438 759	1 279 861
Loans and receivables from banks			674 116	685 582							674 116	685 582
Loans and interbank receivables			129 726	78 590							129 726	78 590
Deposits with reinsurers			25 741	27 417							25 741	27 417
Financial asset components of insurance contracts											0	0
Other loans and receivables			552 354	538 678							552 354	538 678
Non-hedging derivatives							37	41	329 641	417 917	329 678	417 958
Hedging derivatives									5 228	0	5 228	0
Other financial investments			10 995	2 974	1 962	1 951			53 657	71 272	66 614	76 197
Total	**603 901**	**592 138**	**3 633 171**	**3 159 211**	**19 715 952**	**20 302 882**	**82 107**	**80 652**	**9 432 619**	**8 659 412**	**33 467 750**	**32 794 295**

-

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

-

(in thousands of Euro)

	Policies related to the performance of investments funds and market indices		Policies related to the management of pension funds		Total	
	30/06/2011	31/12/2010	30/06/2011	31/12/2010	30/06/2011	31/12/2010
Assets in accounts	9 058 883	8 289 275	274 306	263 993	9 333 189	8 553 268
Inter-group assets*	6 101	6 320		0	6 101	6 320
Total Assets	**9 064 984**	**8 295 595**	**274 306**	**263 993**	**9 339 290**	**8 559 588**
Financial liabilities in accounts	1 191 650	1 344 519	274 306	263 993	1 465 956	1 608 512
Technical reserves in accounts	7 873 205	6 950 978		0	7 873 205	6 950 978
Inter-group liabilities*		0		0	0	0
Total Liabilities	**9 064 855**	**8 295 497**	**274 306**	**263 993**	**9 339 161**	**8 559 490**

* Assets and liabilities eliminated in consolidation

-

-

Breakdown of the technical reserves - reinsurance amount

(in thousands of Euro)

	Total book value	
	30/06/2011	31/12/2010
Non-Life reserves	***655 206***	***656 719***
Life reserves	***102 860***	***166 465***
Technical reserves where investment risk is borne by policyholders and from pension fund management	*0*	*0*
Actuarial reserves and other reserves	*102 860*	*166 465*
Technical reserves – reinsurance amount	***758 066***	***823 184***

-

-

Details of technical reserves

(in thousands of Euro)

	Total book value	
	30/06/2011	31/12/2010
Non-Life reserves	***11 876 073***	***11 887 849***
Unearned premium reserve	*2 806 278*	*2 777 937*
Claims reserve	*9 058 432*	*9 097 595*
Other reserves	*11 363*	*12 317*
of which reserves set aside following the liability adequacy test		
Life reserves	***23 507 729***	***22 940 123***
Reserve for claims to be paid	*278 643*	*277 797*
Actuarial reserves	*15 737 564*	*16 073 412*
Technical reserves where investment risk is borne by policyholders and from pension fund management	*7 873 205*	6 950 978
Other reserves	*-381 683*	*-362 064*
of which reserves set aside following the liability adequacy test	*0*	*0*
of which deferred liabilities to policyholders	*-464 739*	*-454 658*
Total Technical Reserves	***35 383 802***	***34 827 972***

Details of financial liabilities

(in thousands of Euro)

	Financial liabilities at fair value through profit or loss				Other financial liabilities		Total book value	
	Financial liabilities held for trading		Financial liabilities designated at fair value through profit or loss					
	30/06/2011	31/12/2010	30/06/2011	31/12/2010	30/06/2011	31/12/2010	30/06/2011	31/12/2010
Equity financial instruments				0		0	0	0
Sub-ordinated liabilities				0	1 044 690	1 041 446	1 044 690	1 041 446
Liabilities from financial contracts issued by insurance companies deriving	0	0	1 465 956	1 608 512	0	0	1 465 956	1 608 512
From contracts for which the investment risk is borne by policyholders			1 191 650	1 344 519			1 191 650	1 344 519
From the management of pension funds			274 306	263 993			274 306	263 993
From other contracts				0			0	0
Deposits received from reinsurers				0	187 712	248 006	187 712	248 006
Financial liability components of insurance contracts				0	0	0	0	0
Debt securities issued				0	101 943	108 305	101 943	108 305
Payables to bank clients				0	269 790	303 753	269 790	303 753
Interbank payables				0	0	0	0	0
Other loans obtained				0	130 165	145 611	130 165	145 611
Non-hedging derivatives	374	820	266	0	0	0	640	820
Hedging derivatives	1 244	2 023	60 105	33 863	0	0	61 349	35 886
Other financial liabilities			1 456	1 717	165 386	356 050	166 842	357 767
Total	**1 618**	**2 843**	**1 527 783**	**1 644 092**	**1 899 686**	**2 203 171**	**3 429 087**	**3 850 106**

-

Details of insurance technical accounts

(in thousands of Euro)

		30/06/2011	30/06/2010
Non-Life business			
NET PREMIUMS		**3 486 625**	**3 510 478**
a	Premiums written	3 512 405	3 547 930
b	Change in unearned premium reserve	-25 780	-37 452
NET CHARGES RELATING TO CLAIMS		**-2 626 016**	**-2 785 345**
a	Amount paid	-2 746 505	-2 939 554
b	Change in claims reserve	31 034	109 444
c	Change in recoveries	89 261	45 177
d	Change in other technical reserves	194	-412
Life Division			
NET PREMIUMS		**2 549 245**	**3 699 326**
NET CHARGES RELATING TO CLAIMS		**-2 714 687**	**-4 064 226**
a	Sums paid	-2 079 877	-1 342 950
b	Change in reserve for sums to be paid	20 824	-29 803
c	Change in actuarial reserve	274 180	-1 574 679
d	Change technical reserves where investment risk borne by policyholders and from pension fund management	-927 116	-1 128 484
e	Change in other technical reserves	-2 698	11 690

-

Financial income and charges from investments

-

(in thousands of Euro)

		Interest	Other Income	Other Charges	Profits realised	Losses realised	Total income and charges realised	Valuation gains		Valuation losses		Total income and charges not realised	Total income and charges 30/06/2011	Total income and charges 30/06/2010
								Valuation gains	Write-back of value	Valuation losses	Impairment			
Result from investments		480 822	179 328	-51 836	143 343	-76 890	674 767	46 800	138	-158 263	-89 954	-201 279	473 488	702 256
a	Deriving from property investments		40 288	-27 776	7 120	0	19 632	0	0	-35 729	-12 352	-48 081	-28 449	-11 676
b	Deriving from investments in subsidiaries, associates and joint ventures		15 021	-7 557	0	0	7 464	0	0	-144	0	-144	7 320	-14 589
c	Deriving from investments held-to-maturity	17 304	47	-2	704	-28	18 025	0	0	0	0	0	18 025	47 448
d	Deriving from loans and receivables	77 370	1	0	774	-3 148	74 997	27	138	0	0	165	75 162	51 109
e	Deriving from AFS financial assets	287 961	42 538	-4 614	116 486	-64 261	378 110	0	0	0	-77 602	-77 602	300 508	357 353
f	Deriving from financial assets held for trading	2 633	16	-36	2 220	-323	4 510	21 738	0	-8 532	0	13 206	17 716	1 639
g	Deriving from financial assets designated at fair value through profit or loss	95 554	81 417	-11 851	16 039	-9 130	172 029	25 035	0	-113 858	0	-88 823	83 206	270 972
Result of other receivables		3 187	0	-16	0	0	3 171	0	0	0	0	0	3 171	10 461
Result of cash and cash equivalents		3 973	0	-346	0	0	3 627	0	0	0	0	0	3 627	3 209
Result of financial liabilities		-33 463	0	-470	0	0	-33 933	446	0	-17 304	0	-16 858	-50 791	-34 276
a	Deriving from financial liabilities held for trading						0	446		-17 304		-16 858	-16 858	117
b	Deriving from financial liabilities designated at fair value through profit or loss						0					0	0	0
c	Deriving from other financial liabilities	-33 463		-470			-33 933					0	-33 933	-34 393
Result of payables		-3 627					-3 627					0	-3 627	-3 089
Total		450 892	179 328	-52 668	143 343	-76 890	644 005	47 246	138	-175 567	-89 954	-218 137	425 868	678 561

-

Details of insurance management expenses

-

(in thousands of Euro)

	Non-Life Division		Life Division	
	30/06/2011	30/06/2010	30/06/2011	30/06/2010
Gross commissions and other acquisition expenses net of commissions and profit participations received from reinsurers	-643 881	-639 921	-90 687	-91 570
Investment management charges	-3 049	-3 191	-3 551	-2 847
Other administration expenses	-152 721	-151 162	-33 975	-31 756
Total	**-799 651**	**-794 274**	**-128 213**	**-126 173**

-

Details of other comprehensive income statement items

-

	Allocation		Adjustments from reclassification to the Income Statement		Other changes		Total changes		Income tax		Balance	
	30/06/2011	30/06/2010	30/06/2011	30/06/2010	30/06/2011	30/06/2010	30/06/2011	30/06/2010	30/06/2011	30/06/2010	30/06/2011	30/06/2010
Translation reserve	9 898	-10 809					9 898	-10 809			-46 700	-14 666
Profit or loss on AFS financial assets	-36 642	-133 622	67 660	-145 039			31 018	-278 661	11 263	61 087	-24 795	-358 511
Profit or loss on cash flow hedges	8 819	-22 366					8 819	-22 366	-3 252	8 072	-15 376	-30 037
Profit or loss on a net foreign investment hedge							0	0			0	0
Reserve on net equity changes in investments	887	-3 911					887	-3 911			5 249	1 659
Revaluation reserve of intangible assets							0	0			0	0
Revaluation reserve of tangible assets		-8 763					0	-8 763		876	0	0
Income/(charges) on non-current assets or of a discontinued group held for sale		407					0	407			0	-268
Actuarial profits and losses and adjustments to employee defined plans	-159	-5 066					-159	-5 066	-211	1 058	-12 134	-14 530
Others items	4 508	1 135					4 508	1 135			49 717	53 516
TOTAL OTHER COMPREHENSIVE INCOME STATEMENT ITEMS	**-12 689**	**-182 995**	**67 660**	**-145 039**	**0**	**0**	**54 971**	**-328 034**	**7 800**	**71 093**	**-44 039**	**-362 837**

-

Details of financial assets and liabilities by level

-

		Level 1		Level 2		Level 3		Total	
		30/06/2011	31/12/2010	30/06/2011	31/12/2010	30/06/2011	31/12/2010	30/06/2011	31/12/2010
AFS financial assets		18 652 435	19 229 332	759 384	867 464	167 690	76 560	19 579 509	20 173 356
Financial assets at fair value through the profit or loss account	Financial assets held for trading	21 977	30 207	60 122	50 445			82 099	80 652
	Financial assets designated at fair value through profit or loss account	23 796	23 509	9 408 823	8 635 903			9 432 619	8 659 412
Total		18 698 208	19 283 048	10 228 329	9 553 812	167 690	76 560	29 094 227	28 913 420
Financial liabilities at fair value through profit or loss account	Financial liabilities held for trading			1 618	2 843			1 618	2 843
	Financial liabilities designated at fair value through profit or loss			1 527 783	1 644 092			1 527 783	1 644 092
Total		0	0	1 529 401	1 646 935	0	0	1 529 401	1 646 935

-

Details of changes in financial assets and liabilities from level 3

-

	Financial assets			Financial liabilities at fair value through profit or loss	
		Financial assets at fair value through profit or loss			
	AFS financial assets	Financial assets held for trading	Financial assets designated at fair value through profit or loss	Financial liabilities held for trading	Financial liabilities designated at fair value through profit or loss
Beginning balance	**76 560**				
Purchases/Issues					
Sales /Repurchases					
Reimbursements					
Profit and loss recorded in profit and loss					
Other comprehensive items					
Transfer to level 3	91 130				
Transfer to other levels					
Other changes					
Closing balance	**167 690**	**0**	**0**	**0**	**0**

-

-

Auditors’ Report

-

Reconta Ernst & Young S.p.A.
Corso Vittorio Emanuele II, 83
10128 Torino

Tel. (+39) 011 5161611
Fax (+39) 011 5612554
www.ey.com

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

Agli Azionisti di
FONDIARIA-SAI S.p.A.

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

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

   Per quanto riguarda i dati relativi al bilancio consolidato dell'esercizio precedente e al bilancio consolidato semestrale abbreviato dell'anno precedente presentati ai fini comparativi, si fa riferimento alle nostre relazioni emesse rispettivamente in data 5 aprile 2011 e in data 27 agosto 2010.

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

Torino, 29 agosto 2011

Reconta Ernst & Young S.p.A.

Ambrogio Virgilio
(Socio)

Reconta Ernst & Young S.p.A.
Sede Legale: 00198 Roma - Via Po, 32
Capitale Sociale € 1.402.500,00 i.v.
Iscritta alla S.O. del Registro delle Imprese presso la CC.I.A.A. di Roma
Codice fiscale e numero di iscrizione 00434000584
P.I. 00891231003
Iscritta all'Albo Revisori Contabili al n. 70945 Pubblicato sulla G.U. Suppl. 13 - IV Serie Speciale del 17/2/1998
Iscritta all'Albo Speciale delle società di revisione
Consob al progressivo n. 2 delibera n.10831 del 16/7/1997

A member firm of Ernst & Young Global Limited