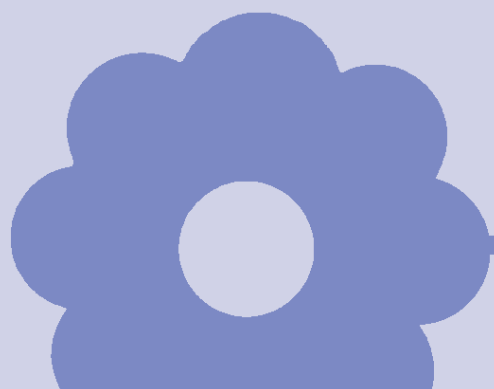


MEDIOLANUM S.P.A.

*REPORT ON
OPERATIONS
AS OF JUNE 30,
1999*



MEDIOLANUM
GRUPPO MEDIOLANUM

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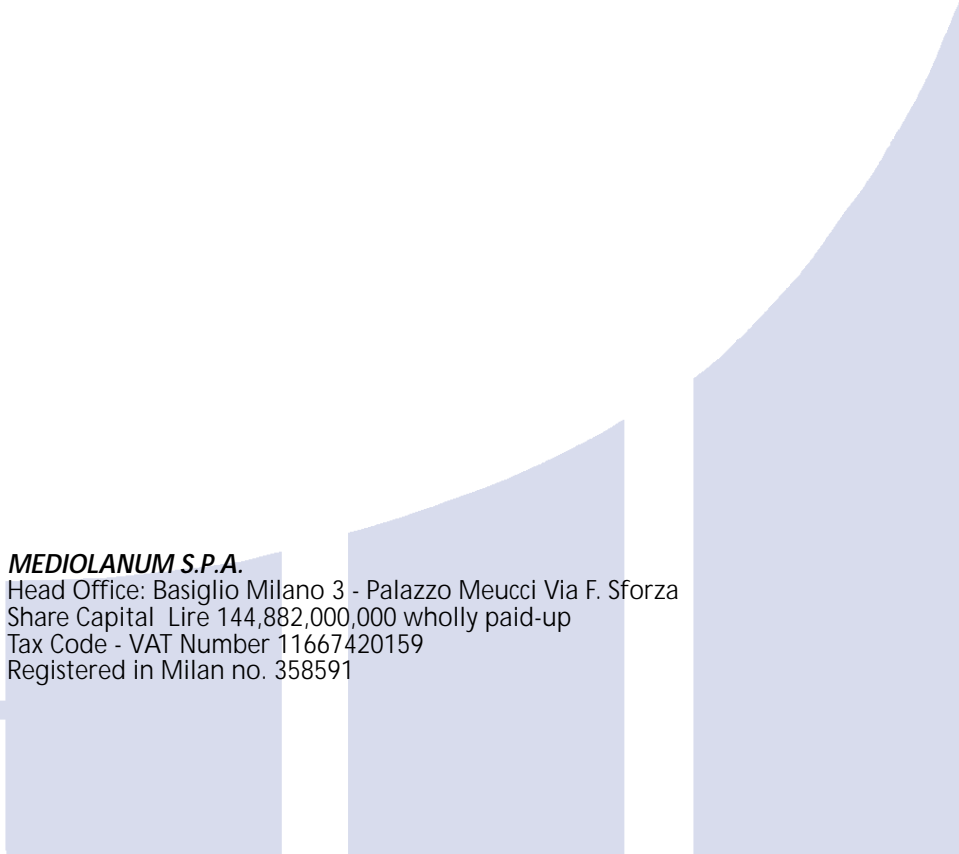
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MEDIOLANUM S.P.A.

***REPORT ON
OPERATIONS
AS OF JUNE 30,
1999***

MEDIOLANUM S.P.A.

Head Office: Basiglio Milano 3 - Palazzo Meucci Via F. Sforza
Share Capital Lire 144,882,000,000 wholly paid-up
Tax Code - VAT Number 11667420159
Registered in Milan no. 358591



Mediolanum S.p.A. Officers of the Company

BOARD OF DIRECTORS

Stefano Preda	Chairman of the Board of Directors
Alfredo Messina	Deputy Chairman
Edoardo Lombardi	Executive Vice President
Ennio Doris	Chief Executive Officer
Marina Elvira Berlusconi	Director
Massimo Antonio Doris	Director
Alessandro Grimaldi	Director
Paolo Sciumé	Director
Claudio Sposito	Director
Antonio Zunino	Director

BOARD OF STATUTORY AUDITORS

Arnaldo Mauri	Chairman of the Board of Statutory Auditors
Achille Frattini	Statutory Auditor
Francesco Antonio Giampaolo	Statutory Auditor
Ferdinando Gatti	Substitute Statutory Auditor
Francesco Vittadini	Substitute Statutory Auditor

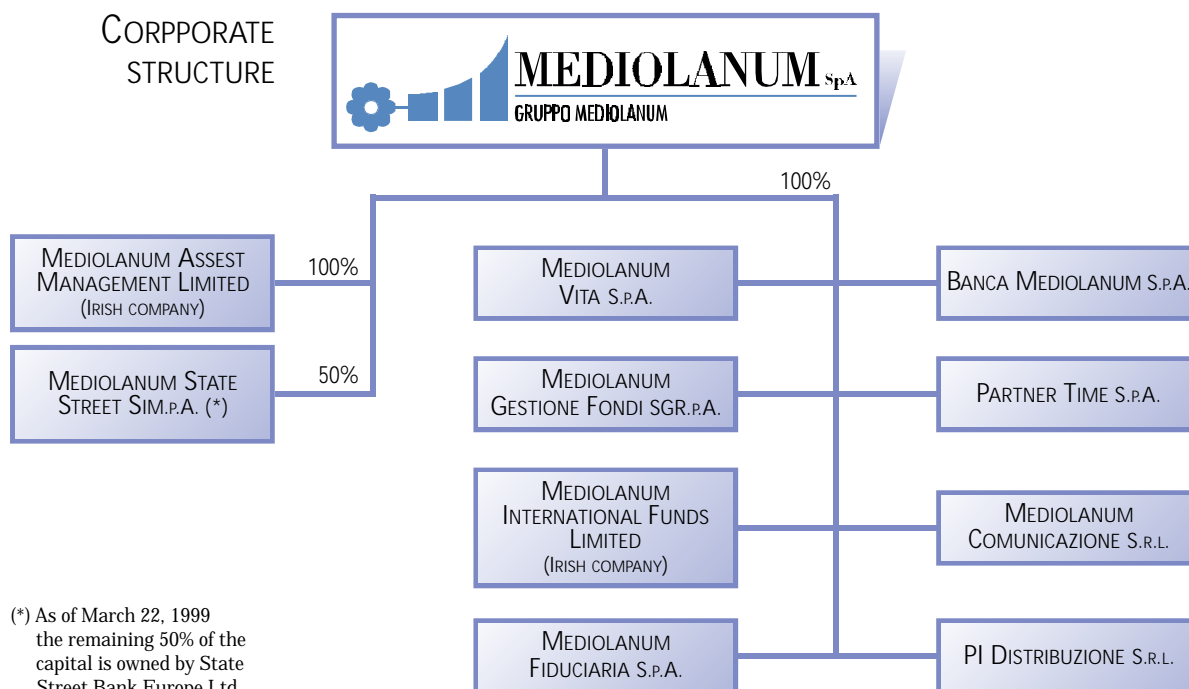
SECRETARY OF THE BOARD

Sebastiano Unali

INDEPENDENT AUDITORS

Arthur Andersen S.p.A.

CORPORATE STRUCTURE



(*) As of March 22, 1999
the remaining 50% of the
capital is owned by State
Street Bank Europe Ltd

Directors' report on operations as of June 30, 1999

Dear Shareholders, this half-year report is drawn up according to the accounting method for insurance companies, which excludes the consolidation on a line-by-line basis of the companies carrying out banking and asset management activities; nevertheless, as in the full year's financial statements, we deemed it appropriate to provide a clear, overall profile of the Group's activities, primarily with the intent of coherently highlighting the general financial and asset data of the Mediolanum Group.

PART A INFORMATION ON OPERATIONS

The companies falling within the consolidation area are the following: Mediolanum S.p.A. and the subsidiary companies Mediolanum Vita S.p.A. and Partner Time S.p.A., consolidated on a line-by-line basis. The remaining companies (Banca Mediolanum S.p.A., Mediolanum Gestione Fondi Sgr.p.A., Mediolanum International Funds Ltd, PI Distribuzione S.r.l., Mediolanum Comunicazione S.r.l., Mediolanum Fiduciaria S.p.A. and Mediolanum Borsa S.I.M.p.A., renamed Mediolanum State Street S.I.M.p.A., of which 50% has been sold) are consolidated with the equity method. The company Mediolanum Asset Management Ltd, set up at the end of June, was not consolidated since it is not yet operational.

CONSOLIDATED VALUES ACCORDING TO THE ACCOUNTING METHOD FOR INSURANCE COMPANIES

The net profit for the period amounted to Lire 89,279 million (30.06.98: +0.7%).

Gross premiums amounted to Lire 939 billion (30.06.98: +48%).

Investment income totalled Lire 243.6 billion (30.06.98: -31.7%).

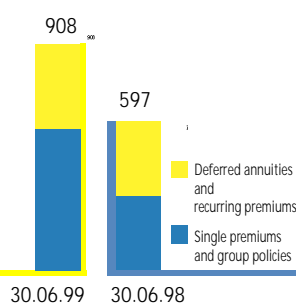
Operating costs amounted to Lire 86.9 billion (30.06.98: +28%).

THE GROUP'S PERFORMANCE

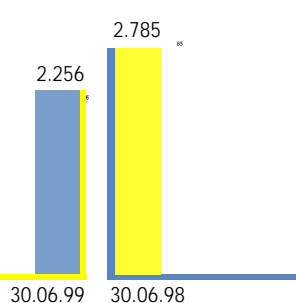
During the first half of 1999, consolidated net profit amounted to Lire 1,103.6 billion (30.06.98: +42%).

Volumes, split by main business lines of the Mediolanum Group, developed as follows:

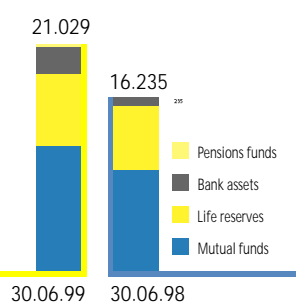
LIFE POLICIES
Total Life premiums (Lire billions)



MUTUAL FUNDS
Gross consolidated inflows (Lire billions)



ASSETS UNDER ADMINISTRATION
(Lire billions)



Sales

Lire billions	30.06.99	30.06.98	Change	31.12.98
Life insurance products				
New business				
- Deferred annuities and recurring premiums	73	70	4.2%	128
- Single premiums and group policies	508	245	107.3%	833
TOTAL NEW BUSINESS	581	315	84.3%	961
Business in force				
- Deferred annuities	300	267	12.5%	641
- Recurring single premiums	58	52	11.5%	105
TOTAL BUSINESS IN FORCE	358	319	12.3%	746
(less) Premiums ceded	(31)	(37)	(16.2%)	(92)
TOTAL LIFE PREMIUMS	908	597	52.1%	1,615
Financial products				
Mutual Funds				
- Gross consolidated inflows	2,256	2,785	(18.9%)	4,334
- Net consolidated inflows	340	532	(35%)	19

Assets under administration

Lire billions	30.06.99	30.06.98	Change	31.12.98
Life reserves	8,625	6,892	25.1%	7,826
(less) Life reserves in Mediolanum Mutual Funds	(1,816)	(1,012)	79.5%	(830)
Mutual Funds assets	11,589	9,510	21.9%	9,662
Bank assets	2,547	845	0	1,449
Pension Funds assets	87	0	0	0
CONSOLIDATED TOTAL	21,029	16,235	29.5%	18,107

At June 30, 1999, Banca Mediolanum held no. 124,444 current accounts (30.06.98: no. 71,140), which were associated to no. 30,455 safe-custody accounts (30.06.98: no. 5,334).

As in previous years, below is presented the Income statement of the Mediolanum Group, consolidated on a line-by-line basis, including the financial statements of the management companies, the Bank and the other companies excluded from insurance consolidation. The aim is to highlight, clearly and coherently, the general financial and asset data of the Group, comparing them with the figures for 1998.

Reclassified income statement

Lire millions	30.06.99	30.06.98	Change	31.12.98
Premiums from insurance activities				
- Gross premiums written	938,912	633,919	48.1%	1,707,202
- Reinsurance ceded	(30,784)	(36,954)	(16.7%)	(92,270)
Commission income from financial activities and other income				
- Underwriting commissions	59,095	73,271	(19.3%)	118,834
- Management commissions	100,179	85,364	17.4%	158,123
- Other commissions	6,386	7,310	(12.6%)	16,829
- Banking margins	14,169	2,511	464.3%	6,482
- Bank interests	13,472	7,141	88.7%	18,569
Other revenues	2,297	592	288.0%	1,301
TOTAL REVENUES	1,103,726	773,154	42.7%	1,935,070
Changes in Life insurance reserves and service to policyholders	(791,464)	(534,541)	48.6%	(1,465,167)
Acquisition costs	(118,436)	(115,220)	2.8%	(219,953)
Reinsurers' commissions	5,299	5,618	(5.7%)	14,222
Running costs	(110,498)	(90,387)	22.2%	(200,493)
of which depreciation	(16,835)	(9,460)	78.0%	(24,309)
Net investment and assets income	61,829	130,256	(52.5%)	172,671
Adjustment to the value of financial investments	(12,036)	(16,398)	(26.6%)	(5,215)
Extraordinary income and charges	802	(2,500)		(7,221)
PROFIT BEFORE TAXATION	139,222	149,982	(7.1%)	238,356
Taxation	(49,943)	(61,315)	(18.5%)	(92,255)
PROFIT PERTAINING TO THE GROUP	89,279	88,667	0.7%	146,101

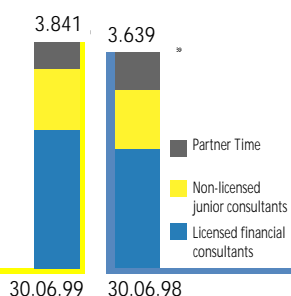
As can be noticed, the trend in revenue components is characterised by a considerable growth in insurance premiums and management commissions, and by a decrease in investment income caused by the widespread lowering of interest rates on government bonds, which influenced Life business results.

Banking margins and bank interests associated with an increase in sales have become more significant. The increase in running costs, largely due to amortisation and depreciation, should be considered as an inherent feature of the development of new business lines.

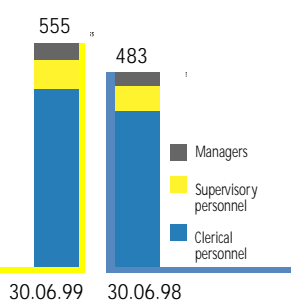
The turbulence that has affected financial markets in this half-year has influenced the business in force of the Group. The valuation of securities based on market or presumed realisable value at June 30, 1999, gives rise to a potential capital loss (net of capital gains) totalling Lire 37 billion for fixed income, and potential capital gains of Lire 22 billion for current assets, gross of the correlated tax effects.

THE EVOLUTION OF THE SALES FORCE AND COMPANY EMPLOYEES

SALES NETWORKS



EMPLOYEES



The staff of the Mediolanum Group, both in the sales networks and employees, has evolved as follows:

The Sales Network

	30.06.99	30.06.98	31.12.98
Licensed financial consultants	2,334	2,046	2,200
Non-licensed junior consultants	1,061	960	992
TOTAL BANCA MEDIOLANUM NETWORK	3,395	3,006	3,192
PARTNER TIME NETWORK	446	633	478
TOTAL MEDIOLANUM	3,841	3,639	3,670

Employees

	30.06.99	30.06.98	31.12.98
Clerical personnel	445	391	416
Supervisory personnel	73	61	68
Managers	37	31	35
TOTAL	555	483	519

The increase in the number of employees concerns the hiring of new people for the Call Center of the Bank, which was strengthened by the hiring of junior staff from school-leavers and post-graduates.

THE REFERENCE CONTEXT

Data regarding the trend of the Italian economy show that there are signs of a recovery, which, though quite widespread, are still held back by the considerable pressure of the tax burden, which does not help to spur internal demand and which keeps levels of unemployment, already beset by the inflexibility of the job market, high.

In June, industrial output increased by 0.8% over the same period last year. The overall rate of development of Europe is approximately half that of the United States, where interest rates remain high, thus attracting capital to the detriment of the Euro, which remains weaker than the dollar and the yen, the latter having regained strength after the Far East crisis. This scenario has caused a major fall in government securities quotations, which reached their lowest point in over two years. Financial markets have thus been very volatile and going through a period of general uncertainty.

On June 30, 1999 total funds assets amounted to Lire 873,893 billion. This represented an increase of 44.2% over the same period in 1998. New business signed up totalled Lire 381,284 billion (+3.6%), while redemptions amounted to Lire 247,343 billion (+50.4%). The lion's share of gross sales came from bank distribution channels, at 59%. The remaining sales came from the sales networks (8.7%) and from the direct distribution channel, along with the mixed bank/network system (32.3 %). Households have tended to opt for bond funds, shifting from long to short term, especially in the Euro area. Meanwhile, international funds specialising in the Pacific area recorded an increase in net inflows.

THE MUTUAL FUNDS MARKET

The trend for new business in the individual policies sector in the six-month period is estimated to grow by 80%, to approximately Lire 25,500 billion (in line with the data of the same period last year).

THE LIFE INSURANCE MARKET

Traditional products account for approximately half the market (Lire 12,200 billion), with a 59% growth; the new unit linked business totals approximately Lire 8,500 billion, with an increase of 268% on the first six months of 1998.

If we look at the proportion of premiums by distribution channel, we can see that bank branches rank first with a 105% increase, followed by agents with 25%.

The most significant events involving the Mediolanum Group during the first six months can be summarised as follows:

THE EVENTS OF THE SEMESTER

- During the period, considering the low yield of government securities, the clients of the insurance company Mediolanum Vita S.p.A. were submitted an offer, which implied the transformation of traditional policies into policies investing in mutual funds (unit linked). The clients' reaction was satisfactory, and at June 30, 1999 this operation involved over Lire 1,539 billion Life reserves. This operation was possible thanks to the Mediolanum Group's ability to provide innovative, state-of-the-art services within the European financial arena, combined with gaining the loyalty of established clients, who have now become accustomed to the professional and skilful guidance of the sales network.
- During March, a bancassurance agreement was reached with Banca Popolare Vicentina.

- Since March 22nd, the Mediolanum Group and State Street Global Advisors, after pooling their expertise in the field of asset management in order to successfully gain a place in the Italian market of closed-end pension funds, now each have a 50% holding in Mediolanum State Street S.I.M.p.A.
- On April 14th, the share capital was increased from Lire 25 to Lire 35 billion in favour of Banca Mediolanum S.p.A.
- In April, the trading of Top Manager mutual funds was initiated in Italy. The positive contribution of this operation will be strongly noted over the next six months.
- In May, the DiPiù Money product was launched, a new version of the well-known index linked single premium, offering a high coupon yield, coupled with very limited financial risks.
- In June, the Irish company Mediolanum Asset Management Ltd was set up, with consultancy, treasury and management functions for companies in the Group and other companies.

HUMAN RESOURCES

Traditional start-up training courses were given during the half-year for the most recently additions of human resources, most of whom are destined for the Bank's Call Center. The training projects were particularly aimed at the diffusion of a new financial and banking culture, while enhancing relational skills. The Group considers human resources as being of paramount value, regarding them as part and parcel of corporate assets, and is fully aware that ambitious goals can be reached only by having competent, motivated personnel.

THE INVESTMENTS OF THE GROUP AND THE YEAR 2000

The sales network IT project has been completed, thus providing the Mediolanum Group business promoters with the most up-to-date communication tools, thus increasing the efficacy and effectiveness of customer service. The projects aimed at solving the "Year 2000 Problem" were implemented in accordance with the schedule established, providing for the modification of all the existing IT applications and the hardware installed. The need was highlighted to carry out more in-depth tests, particularly in relation to integration with infrastructural components. Work currently in progress shall be completed by the end of October. These further investigations resulted in additional costs of approximately Lire 1 billion, mainly related to making an inventory of the hardware and software components concerned by the "Year 2000

Problem”, and to market trends, which caused an increase in the prices of associated services.

As of January 1999, the Group provided itself with a new, fully-integrated administrative system, capable of supporting specific functions associated with the increasingly complex requirements of monitoring corporate trends.

At the beginning of September, Banca Mediolanum launched a new product for asset administration in funds units - an extremely attractive product since it is highly specialised and involves no entry fees.

Mediolanum Vita launched its first open-end pension fund called Previgest, which has recently obtained operational authorisation.

Banca Mediolanum has completed the technological platform for on-line banking. Once the trials stage is completed, the Internet Banking proposal will be launched in December.

The Mediolanum Group has furthermore decided to be present in the on-line trading field, and will be ready to step into this market in the Spring of 2000.

All of this confirms the Group’s commitment to ensure the widest possible access to its services.

Sales data up to August 31, 1999 are satisfactory.

Assets under administration reached Lire 21,775 billion, with a 32% rise over August 31, 1998.

Sales of Life products reached Lire 1,294 billion, with a 36% rise over August 31, 1998.

Consolidated sales of mutual funds were Lire 3,250 billion, with a 5% fall compared to August 31, 1998.

The data relevant to Banca Mediolanum are just as satisfactory: the number of current accounts went up to no. 130,000 (31.08.98: +59%), for total assets under administration of Lire 2,695 billion (31.08.98: +194%).

The Mediolanum network at August 31, 1998 totalled no. 3,911 units, with a 6% increase over the same period in 1998.

All this suggests satisfactory profits for the year.

The activity of the parent company Mediolanum S.p.A. generated, during the first six months, pre-tax profits of Lire 89,934 million (30.06.98: Lire 30,937 million) and after-tax profits of Lire 78,520 million (30.06.98: Lire 18,338 million). The rise in profits for the half-year is mainly due to change in the period

SIGNIFICANT
SUBSEQUENT
EVENTS

MEDIOLANUM
S.P.A.

when the dividends from subsidiary companies are collected, which took place in July for the 1998 financial year, for an overall amount of Lire 53,500 million.

Operating profits totalled Lire 112,658 million (30.06.98: +7.3%), of which Lire 110,507 million (30.06.98: Lire 102,971 million) were derived from the insurance sub-agency of the subsidiary company Mediolanum Vita S.p.A.

The costs associated with these operations mainly consist of commissions to the subsidiary company Banca Mediolanum S.p.A. totalling Lire 71,874 million (30.06.98: +18.3%).

Overheads amounted to Lire 13,713 million (30.06.98: +21%).

Commercial relations were maintained with subsidiary companies as well as - though to a lesser extent - with the companies of the Fininvest Group and the Doris Group. These have been contractually defined at market values, and mostly aimed at the technical and administrative co-ordination of the subsidiary companies, and the insurance sub-agency referred to above.

SIGNIFICANT SUBSEQUENT EVENTS

No particularly significant events subsequently occurred.

In light of the favourable half-year results, we believe that 1999's result shall be in line with the previous year's.

For the Board of Directors

The Chairman

Stefano Preda

Reclassified income statement in Euro

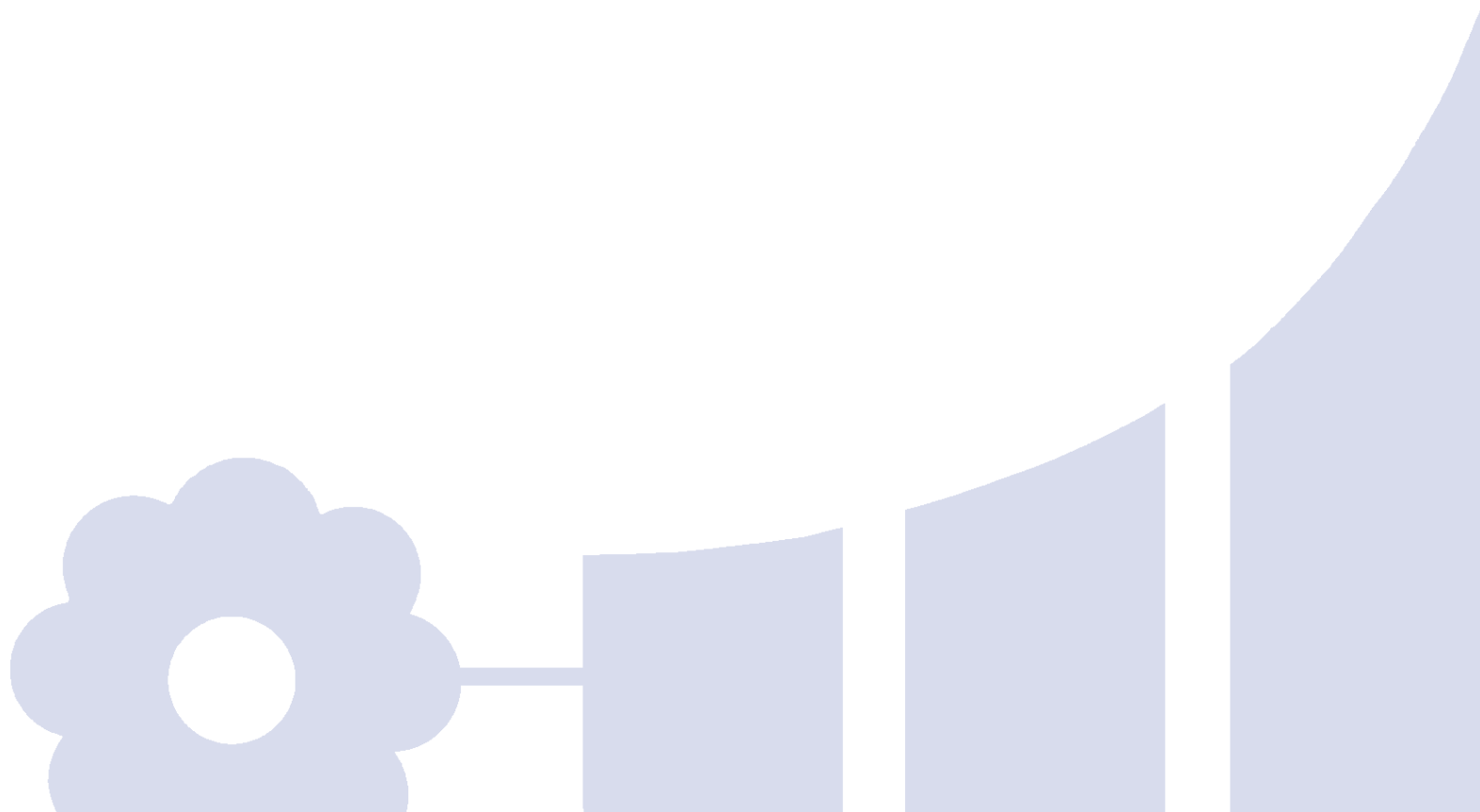
Euro thousands	30.06.99	30.06.98	Change	31.12.98
Premiums from insurance activities				
- Gross premiums written	484,908	327,392	48.1%	881,696
- Reinsurance ceded	(15,899)	(19,085)	(16.7%)	(47,653)
Commission income from financial activities and other income				
- Underwriting commissions	30,520	37,841	(19.3%)	61,373
- Management commissions	51,738	44,087	17.4%	81,664
- Other commissions	3,298	3,775	(12.6%)	8,691
- Banking margins	7,318	1,297	464.3%	3,348
- Bank interests	6,958	3,688	88.7%	9,590
Other revenues	1,186	306	288.0%	672
TOTAL REVENUES	570,027	399,301	42.7%	999,380
Changes in Life insurance reserves and service to policyholders	(408,757)	(276,067)	48.6%	(756,696)
Acquisition costs	(61,167)	(59,506)	2.8%	(113,596)
Reinsurers' commissions	2,737	2,901	(5.7%)	7,345
Running costs	(57,067)	(46,681)	22.2%	(103,546)
of which depreciation	(8,695)	(4,886)	78.0%	(12,555)
Net investment and assets income	31,932	67,272	(52.5%)	89,177
Adjustment to the value of financial investments	(6,216)	(8,469)	(26.6%)	(2,693)
Extraordinary income and charges	414	(1,291)		3,729
PROFIT BEFORE TAXATION	71,902	77,459	(7.1%)	123,101
Taxation	(25,793)	(31,667)	(18.5%)	(47,646)
PROFIT PERTAINING TO THE GROUP	46,106	45,793	0.7%	75,455

ATTACHMENT TO THE DIRECTORS' REPORT

RECLASSIFIED INCOME
STATEMENT
IN EURO

MEDIOLANUM GROUP

*CONSOLIDATED
FINANCIAL STATEMENTS
AS OF JUNE 30,
1999*



Balance sheet

ASSETS

Lire millions	30.06.99	31.12.98	30.06.98
A) DUE FROM SHAREHOLDERS FOR SHARE			
CAPITAL STILL TO BE PAID IN	0	0	0
B) INTANGIBLE ASSETS			
1. Unamortised acquisition commissions	191	381	1,138
2. Other intangible assets	52,288	13,791	9,325
3. Consolidation difference	0	0	0
TOTAL	52,479	14,172	10,463
C) INVESTMENTS			
I - Land and buildings	237,458	254,525	258,969
II - Investment in Group companies and other companies			
1. Shares and quotas	125,187	147,109	162,652
2. Bonds	0	0	0
3. Financial loans	2,000	600	2,057
TOTAL INVESTMENT IN GROUP COMPANIES AND OTHER COMPANIES	127,187	147,709	164,709
III - Other financial investments			
1. Shares and quotas	1	1	153,434
2. Quotas of mutual funds	860,097	822,208	1,002,954
3. Bonds and other fixed income securities	4,301,557	4,968,078	3,827,015
4. Financial loans	42,198	40,463	36,260
5. Others	782,509	618,317	215,016
TOTAL OTHER FINANCIAL INVESTMENTS	5,986,362	6,449,067	5,234,679
IV - Deposits with transferring companies	1	1	3
TOTAL	6,351,008	6,851,302	5,658,360
D) INVESTMENTS ALLOCATED TO LIFE POLICYHOLDERS, WHO SHOULDER THE RELEVANT RISK AND DERIVING FROM PENSION FUNDS MANAGEMENT	2,371,647	1,196,483	967,886
D bis) REINSURERS' SHARE OF TECHNICAL RESERVES			
I - Non-life technical reserves	0	0	0
II - Life technical reserves (excluding technical reserves as per point III)	896,971	1,110,654	1,097,799
III - Life technical reserves when the risk is shouldered by policyholders and reserves resulting from pension funds management	0	0	0
TOTAL	896,971	1,110,654	1,097,799
E) DEBTORS			
I - Debtors arising out of direct insurance operations	45,323	62,533	43,471
II - Debtors arising out of reinsurance operations	95,579	82,300	79,670
III - Other debtors	132,787	141,172	116,643
TOTAL	273,689	286,005	239,784
F) OTHER ASSETS			
I - Tangible assets	9,078	10,289	10,748
II - Liquid assets	383,918	189,220	387,204
III - Own shares or quotas	20,203	13,548	0
IV - Other assets	3,855	4,365	9,532
TOTAL	417,054	217,422	407,484
G) PREPAYMENTS AND ACCRUED INCOME	51,529	72,278	78,240
TOTAL ASSETS	10,414,377	9,748,316	8,460,016

Lire millions	30.06.99	31.12.98	30.06.98
A) CAPITAL AND RESERVES			
I - Pertaining to the Group:			
1. Subscribed capital or equivalent	144,882	144,856	144,800
2. Net equity reserves	174,324	169,480	182,950
3. Consolidation reserve	177,697	131,607	131,607
4. Reserve for difference of valuation regarding companies in which investments are held not included in the consolidation area	82,150	73,261	73,292
5. Reserve for exchange rate difference	0	0	0
6. Reserve for own shares and shares of the parent company	20,203	13,548	0
7. Profit for the period	89,279	146,101	88,667
TOTALGROUPSHAREHOLDER'S EQUITY	688,535	678,853	621,316
II - Minority interests			
1. Share capital and reserves	0	0	0
2. Profit for the period	0	0	0
TOTALMINORITYINTERESTS	0	0	0
TOTAL	688,535	678,853	621,316
B) SUBORDINATED LIABILITIES	0	0	0
C) TECHNICAL RESERVES			
I - Non-life			
1. Premiums reserve	0	0	0
2. Claims reserve	0	0	0
3. Equalization provision	0	0	0
4. Others	0	0	0
TOTALNON-LIFE	0	0	0
II - Life			
1. Actuarial reserve	6,422,839	6,677,172	5,829,047
2. Reserve for amounts to be paid	18,959	122,912	19,597
3. Others	71,499	65,343	75,740
TOTALLIFE	6,513,297	6,865,427	5,924,384
TOTAL	6,513,297	6,865,427	5,924,384
D) TECHNICAL RESERVES WHEN THE RISK IS SHOULDERS BY POLICYHOLDERS AND RESERVES RESULTING FROM PENSION FUNDS MANAGEMENT			
	2,371,647	1,196,483	967,886
E) PROVISIONS FOR RISKS AND CHARGES	64,950	67,693	64,186
F) DEPOSITS RECEIVED FROM REINSURERS	673,572	882,871	832,515
G) CREDITORS AND OTHER LIABILITIES			
I - Creditors arising out of direct insurance operations			
	2,617	2,286	913
II - Creditors arising out of reinsurance operations			
	37,663	9,650	6,821
III - Debenture loans			
	0	0	0
IV - Amounts owed to credit institutions			
	0	0	0
V - Other loans and financial debts			
	0	0	0
VI - Employee termination indemnity			
	5,918	5,382	5,036
VII - Other liabilities			
	53,269	38,175	32,360
TOTAL	99,467	55,493	45,130
H) ACCRUALS AND DEFERRED INCOME	2,909	1,496	4,599
TOTAL SHAREHOLDER'S EQUITY AND LIABILITIES	10,414,377	9,748,316	8,460,016
OFF-BALANCE SHEET ITEMS			
I - Guarantees given			
	4,924	4,924	1,780
II - Guarantees given or received by third parties			
	24,117	24,117	24,117
III - Obligations undertaken			
	197	160	431
IV - Pension funds assets managed on behalf of third parties			
	0	0	
V - Others			
	7,141,975	6,594,929	5,825,045
TOTAL OFF-BALANCE SHEET ITEMS	7,171,213	6,624,130	5,851,373

SHAREHOLDER'S EQUITY AND LIABILITIES

Income statement

TECHNICAL ACCOUNT OF LIFE BUSINESS

Lire millions	30.06.99	30.06.98	31.12.98
1. EARNED PREMIUMS, NET OF REINSURANCE	908,131	596,975	1,614,953
2. (+) ALLOCATED INVESTMENT RETURN TRANSFERRED FROM THE NON-TECHNICAL ACCOUNT	135,584	209,015	357,866
3. UNREALISED GAINS ON INVESTMENTS ALLOCATED TO LIFE POLICYHOLDERS WHO SHOULDER THE RELEVANT RISK AND DERIVING FROM PENSION FUNDS MANAGEMENT	121,062	63,127	411,263
4. OTHER TECHNICAL INCOME, NET OF REINSURANCE	5,009	4	2,969
5. CLAIMS INCURRED, NET OF AMOUNTS RECOVERED AND REINSURANCE	87,180	(238,483)	(630,790)
6. CHANGE IN ACTUARIAL RESERVES AND OTHER TECHNICAL RESERVES, NET OF REINSURANCE			
a) Actuarial reserves, premium reserves of complementary Ins. and other technical reserves	36,990	(386,267)	(1,219,698)
b) Life insurance reserves when the risk is shouldered by policyholders and deriving from pension funds management	(1,175,164)	(118,805)	(347,402)
TOTAL	(1,138,174)	(505,072)	(1,567,100)
7. REFUNDS AND PROFIT SHARING, NET OF REINSURANCE	0	0	0
8. OPERATING EXPENSES			
a) Acquisition costs net of reinsurers' commissions and profit sharing	(55,534)	(55,941)	(111,641)
b) Other administrative expenses	(14,333)	(11,838)	(23,161)
TOTAL	(69,867)	(67,779)	(134,802)
9. UNREALISED LOSSES ON INVESTMENTS ALLOCATED TO POLICYHOLDERS WHO SHOULDER THE RELEVANT RISK AND DERIVING FROM PENSION FUNDS MANAGEMENT	(49,060)	0	(167)
10. OTHER TECHNICAL CHARGES, NET OF REINSURANCE	(570)	(63)	(529)
11. TOTAL TECHNICAL ACCOUNT OF LIFE BUSINESS	(705)	57,724	53,663

Lire millions	30.06.99	30.06.98	31.12.98
1. TOTAL TECHNICAL ACCOUNT OF NON-LIFE BUSINESS	0	0	0
2. TOTAL TECHNICAL ACCOUNT OF LIFE BUSINESS	(705)	57,724	53,663
3. INVESTMENT INCOME			
a) Investment income	189,079	284,867	510,418
b) Adjustment to the value of financial investments	1,873	786	132
c) Gains on the realisation of investments	45,869	71,513	123,770
TOTAL	236,821	357,166	634,320
4. FINANCIAL PAYABLES AND LOSSES ON ASSETS			
a) Investment management expenses and interest on bank loans	(39,566)	(40,148)	(76,473)
b) Adjustments to the value of investments	(12,141)	(16,901)	(6,057)
c) Losses on the realisation of investments	(1,457)	(7,637)	(96,651)
TOTAL	(53,164)	(64,686)	(179,181)
5. (-) ALLOCATED INVESTMENT RETURN TRANSFERRED TO THE TECHNICAL ACCOUNT OF LIFE BUSINESS	(135,584)	(209,015)	(357,866)
6. OTHER REVENUES	8,126	7,530	35,408
7. OTHER CHARGES	(30,403)	(25,301)	(59,979)
8. TOTAL ORDINARY OPERATIONS	25,091	123,418	126,365
9. EXTRAORDINARY INCOME	93,783	298	74,093
10. EXTRAORDINARY CHARGES	(87)	(448)	(761)
11. TOTAL EXTRAORDINARY OPERATIONS	93,696	(150)	73,332
12. PROFIT BEFORE TAXATION	118,787	123,268	199,697
13. INCOME TAXES FOR THE PERIOD	(29,508)	(34,601)	(53,596)
14. CONSOLIDATED RESULTS	89,279	88,667	146,101
15. PROFIT FOR THE PERIOD RELATING TO MINORITY INTERESTS	0	0	0
16. GROUP PROFIT FOR THE PERIOD	89,279	88,667	146,101

NON-TECHNICAL ACCOUNT

Notes to the consolidated financial statements as of June 30, 1999

PART B GENERAL CRITERIA AND CONSOLIDATION AREA

The consolidated financial statements at June 30, 1999, are presented in accordance with the requirements of Law Decree no. 173/97.

According to article 58 clause 2 of the Decree, the holding company, which was previously obliged to present the consolidated financial statements according to the requirements of Law Decree no. 127/91, is now subject to the provisions of Chapter III of Law Decree no. 173/97 starting with the consolidated financial statements at December 31, 1998.

In order to provide the opportunity to compare the consolidated financial statements, it was necessary to 'unbundle' from the consolidated financial statements for the previous half-year those subsidiaries of Mediolanum S.p.A., which are not engaged in the transaction of insurance or related business and to reclassify those balance items according to the new law.

In order to provide more complete information, a consolidated Cash flow statement is attached to the consolidated financial statements.

All amounts are expressed in millions of Lire.

The consolidated financial statements were prepared on the basis of the financial statements at June 30, 1999 of Mediolanum S.p.A. and its subsidiaries.

The financial statements of Group companies, which are engaged in the transaction of insurance or related business were appropriately reclassified and rectified, in order to comply with the Group's uniformity and clarity principles.

All balance sheets, guarantees, obligations and off-balance sheet items as well as revenues and expenses of the companies included in the consolidation were included in their entirety in the preparation of the consolidated financial statements.

All receivables and payables, guarantees, obligations and other off-balance sheet items, revenues and expenses between the companies in the consolidation were excluded from the above mentioned process of aggregation, as were all inter-company gains and losses.

The book value of tangible fixed assets was then adjusted to exclude internal profits generated by the transfer of fixed assets between consolidated companies.

The carrying value of the consolidated investments was set off against the corresponding shareholders' equity, at the date on which the companies were acquired by or became subsidiaries of Mediolanum S.p.A.

Subsequent variations in the carrying value of investments and shareholders'

equity in the companies included in the line-by-line consolidation were allocated to consolidation reserves.

Investments in subsidiaries, which are not engaged in the transaction of insurance, were calculated according to the equity method.

The financial statements of companies drawn up according to the equity method were appropriately rectified in order to apply uniform accounting principles within the Group.

Subsequent variations in shareholders' equity in companies evaluated through the equity method increase the carrying value of interest and are entered in the income statement under Investment income when they relate to profits of the subsidiaries.

The consolidation area of the Mediolanum Group includes all companies that are engaged in the transaction of insurance or related business, and these are included in the list below of the companies, which are consolidated on a line-by-line basis, of which the parent company Mediolanum S.p.A. directly holds the majority of voting rights that can be used at the ordinary shareholders' meeting.

List of the companies, which are consolidated on a line-by-line basis:

Lire millions Company	% holding	Share capital	Head Office	Activity
Mediolanum Vita S.p.A.	100	170,000	Basiglio	Life insurance
Partner Time S.p.A.	100	1,000	Basiglio	Distribution of Life insurance products

The consolidated financial statements have been prepared in accordance with the Italian law relating to financial statements (Article 16 of Law Decree no. 173/97, Article 2426 of the Italian Civil Code) and with the accounting standards issued by the relevant professional bodies. They are consistent with those used in the preparation of the consolidated financial statements at December 31, 1998.

It should be pointed out that the investments allocated to life policyholders who shoulder the relevant risk and deriving from pension funds management are recorded at their current value, which is, for investments in regulated markets, their value at the last working day in the half-year and, for invest-

PART C VALUTATION CRITERIA

SECTION 1 VALUTATION CRITERIA EXPLANATION

ments in non-regulated markets, their average negotiation price at the last working day in the half-year.

According to regulations applying in the previous half-year, shown for purposes of comparison, these investments were recorded at the lower value of either the purchase or subscription cost, adjusted to account for the accrued portion of premiums or discount to the par value, arising when the securities are subscribed, and their realisable value. This difference does not affect the income statement, since it is balanced in the assessment of technical reserves, when the investment risk is shouldered by policyholders, and the reserves generated by the management of pension funds.

SECTION 2
ADJUSTMENTS AND
PROVISIONS FOR TAXATION

VALUE ADJUSTMENTS AND
PROVISIONS EXCLUSIVELY MADE
IN ACCORDANCE TO FISCAL
LAWS

Not made.

PART D
CONSOLIDATED
BALANCE SHEET
INFORMATION

ASSETS

INTANGIBLE ASSETS
(ITEM B)

Unamortised acquisition commissions consist of the residual balance of acquisition commissions on Life policies relating to the years 1989 and 1990, capitalised by Mediolanum Vita S.p.A. (Lire 191 million).

Other intangible assets include:

Lire millions	30.06.99	31.12.98	30.06.98
Start-up and expansion costs	41,945	3,671	4,664
Concessions, licences, trademarks and similar rights	9,235	7,759	2,901
Improvements on leased goods	1,087	1,273	1,384
Intangible assets under formation and advances	21	1,088	376
TOTAL	52,288	13,791	9,325

Lire 39,264 million of the increase in “start-up and expansion costs” is due to the extraordinary costs for transforming the traditional portfolio of Mediolanum Vita S.p.A. into unit-linked policies.

The remainder are the costs incurred for the incorporation of Mediolanum S.p.A. and the costs incurred by that company for the placing of its shares and related quotation on the Italian Stock Market.

Costs for the share capital increase of Mediolanum Vita S.p.A. are also included.

“Concessions, licences, trademarks and similar rights” mainly consist of software used under licence. The increase in this period is mainly due to the software acquisition for the management of new insurance products, and to the acquisition and development of SAP R3. The SAP accounting module, implemented since the beginning of the year, is solving the Year 2000 problem and facilitating the transition to the Euro.

Total movements on the above items are shown in detail in the attachment (Attachment 1).

Item C I Land and buildings includes:

Lire millions	30.06.99	31.12.98	30.06.98
Company buildings	40,232	53,550	54,707
Residential buildings leased to third parties	95,126	95,462	95,357
Industrial buildings leased to third parties	102,100	105,513	108,905
TOTAL	237,458	254,525	258,969

INVESTMENTS
(ITEM C)

The decrease in company buildings is due to the redemption by the subsidiary Banca Mediolanum S.p.A. of a building leased.

The net book value of monetary revaluations made in previous years, in accordance with Law no. 413/91, which relates to Land and buildings, is Lire 787 million.

No differences for consolidation were recorded.

Depreciation of industrial buildings is calculated using the following fiscal depreciation rates, amounting to 3% and 6%, which are considered representative of the useful life of these assets.

Total movements in the above items are shown in detail in the attachment (Attachment 2).

Item C II Investment in Group companies and other companies consists of:

1) Shares of subsidiaries of Lire 123,085 million refer to the Group companies, listed in the table below, which are not engaged in the transaction of insurance or related business and were therefore evaluated by using the equity method.

Lire millions Company	Share capital	% holding	Head office	Activity
Banca Mediolanum S.p.A.	25,000	100%	Basiglio	Banking
Mediolanum State Street SIM.p.A.	5,000	100%	Basiglio	Stockbroking company
Mediolanum Comunicazione S.r.l.	1,500	100%	Basiglio	Audio/Film/TV production
Mediolanum Fiduciaria S.p.A.	1,000	100%	Basiglio	Trust company without discretionary power
Mediolanum Gestione Fondi Sgr. p.A.	10,000	100%	Basiglio	Management of mutual funds
Mediolanum International Funds Ltd	305	100%	Dublin	Management of mutual funds
PI Distribuzione S.r.l.	1,000	100%	Basiglio	Real estate brokers

and consist of:

Lire millions	30.06.99
Banca Mediolanum S.p.A.	45,136
Mediolanum State Street SIM.p.A.	2,760
Mediolanum Comunicazione S.r.l.	1,749
Mediolanum Fiduciaria S.p.A.	1,879
Mediolanum Gestione Fondi Sgr. p.A.	44,494
Mediolanum International Funds Ltd	25,053
PI Distribuzione S.r.l.	2,014
TOTAL	123,085

On March 22, 1999, Mediolanum S.p.A. sold 50% of Mediolanum Borsa S.I.M.p.A. to State Street Bank Europe Ltd. The company subsequently became known as Mediolanum State Street S.I.M.p.A.

On June 8, 1999, Mediolanum Asset Management Ltd was set up in Dublin, entirely controlled by Mediolanum S.p.A. and not yet operational.

2) Fininvest Group shares and quotas of Lire 100 million relate to:

Lire millions Company	Share capital	% holding	Head office
Consorzio Aeromobili Fininvest	1,000	10%	Via Paleocapa 3 Milano

3) Shares and quotas of other companies in which investments are held of Lire 2,002 million relate to:

Lire millions Company	Share capital	% holding	Head office
Cedacri Ovest S.p.A.	14,448	10%	Via Liguria 33 Castellazzo B.da (AL)
Europa Invest S.A.	125,000 Euro	14%	14 rue Aldringen Lussemburgo
Rita S.r.l.	11,000	0.239%	P.zza S. Babila 1 Milano

and consist of:

Lire millions	30.06.99	31.12.98	30.06.98
Cedacri Ovest S.p.A.	1,949	1,949	1,949
Europa Invest S.A.	27	27	27
Rita S.r.l.	26	26	26
TOTAL	2,002	2,002	2,002

Financial loans include a credit line having due date on December 21, 1999, which was given at the official discount rate to PI Distribuzione S.r.l., a subsidiary valued by the equity method.

Item C III Other financial investments includes:

- Quotas of mutual funds managed by Mediolanum Gestione Fondi S.p.A. of Lire 300 million.
- Quotas of foreign mutual funds managed by Mediolanum International Funds Ltd of Lire 859,797 million.
- Investment bonds also include convertible bonds in foreign currency, of Lire 974 million.

Loans are:

Lire millions	30.06.99	31.12.98	30.06.98
Secured loans on Life insurance policies	40,605	38,903	35,182
Loans to consultants	878	1,042	709
Other loans	715	518	369
TOTAL	42,198	40,463	36,260

Amounts receivable as per item C III 4 Loans will all fall due after more than one year.

Others consist of deposits with credit institutions and forward transactions with repurchase agreements.

The variations relate to the cash investment strategy.

Long term financial investments, all included in Bonds and other fixed income securities, amount to Lire 3,369,927 million.

Financial investments, which will not remain company's assets, amount to Lire 2,574,237 million and consist of:

Lire millions	30.06.99	31.12.98	30.06.98
Shares and quotas	1	1	153,434
Mutual funds quotas	860,097	822,208	1,002,954
Bonds and other fixed income securities	931,630	1,584,779	1,224,481
Deposits at credit institutions	782,509	618,317	215,016
TOTAL	2,574,237	3,025,305	2,595,885

The evaluation of Others financial investments at current value at period-end shows a loss of Lire 115 million.

OTHER ASSETS
(ITEMS D - D BIS - E -
F - G)

Reinsurers' share of Life insurance reserves (item D bis) includes actuarial reserves of Lire 237,886 million and amounts to be paid of Lire 104 million relating to obligations undertaken by Consap.

Their decrease results from the transformation of the reinsurance part of the traditional portfolio into unit-linked policies.

Item E I Debtors arising out of direct insurance operations is analysed as follows:

Lire millions	30.06.99	31.12.98	30.06.98
Due from policyholders in the year	19,118	11,682	23,145
Due from policyholders from previous years premiums	313	307	1,779
Due from intermediaries	25,526	50,153	18,122
Due from intermediaries for portfolio compensations	54	63	63
Other due from intermediaries	312	328	362
TOTAL	45,323	62,533	43,471

Item E III Other debtors is analysed as follows:

Lire millions	30.06.99	31.12.98	30.06.98
Due from real estate leases	3,904	1,336	2,926
Due from lease agreements	0	246	243
Due from Mediolanum Group companies	880	742	1,014
Due from Fininvest Group and Doris Group companies	1,619	887	4,269
Due from tax authorities	115,527	133,052	106,392
Due from employees	157	139	118
Guarantee deposits	153	123	125
Advances to suppliers and professionals	125	534	15
Other receivables	10,422	4,113	1,541
TOTAL	132,787	141,172	116,643

"Due from Mediolanum Group" consists of the recharge of costs for seconded employees of Mediolanum S.p.A. in subsidiary companies, as well as amounts concerning the funds of employees transferred from other Group companies.

“Due from Fininvest Group and Doris Group companies” consists of an amount due from Mediolanum Assicurazioni S.p.A. in relation to the recharge of costs for seconded employees and to commissions on the sale of insurance policies.

“Due from tax authorities” is analysed as follows:

Lire millions	30.06.99	31.12.98	30.06.98
Tax reimbursements	56,351	55,799	70,898
Advance payments and amounts brought forward	28,956	22,545	19,629
Tax withholdings	1,611	4,892	1,975
Tax credits on dividends and mutual funds	28,367	49,043	13,314
Other	242	773	576
TOTAL	115,527	133,052	106,392

Lire 9,891 million of “Other debtors” consists of income from securities collected in the first days of July.

Item F I Tangible assets is analysed as follows:

Lire millions	30.06.99	31.12.98	30.06.98
Furniture and fittings	5,552	6,375	7,268
Systems	19	27	34
Equipment	419	503	513
Electric and electronic equipment	2,693	2,930	2,683
Other assets	395	454	250
TOTAL	9,078	10,289	10,748

Depreciation is calculated using the following fiscal depreciation rates, which are considered representative of the useful life of each asset category:

Plant and machinery	15%
Equipment	20% - 30%
Other assets	12% - 18% - 20% - 25%

Item F II Liquid assets represents the balances in ordinary current accounts with Banca Mediolanum S.p.A. (Lire 272,938 million) and other credit institutions (for the remaining amount), which are mainly employed in hot money operations, of a duration lower than 15 days.

Item F III Own shares includes no. 1,733,500 shares, of a nominal value of Lire 346.7 million, of Mediolanum S.p.A., which the company itself acquired following a shareholders' meeting decision.

Item F IV Other assets mainly consists of assets for advance taxes due to accruals subject to taxation in the year.

Item G Prepayments and accrued income is analysed as follows:

Lire millions	30.06.99	31.12.98	30.06.98
Accrued interest on securities	50,337	71,975	77,754
Other accrued income	717	27	396
Prepayments for insurance	0	230	24
Prepayments for rent	82	3	25
Other prepayments	393	43	41
TOTAL	51,529	72,278	78,240

SHAREHOLDERS' EQUITY AND LIABILITIES

CAPITAL AND RESERVES (ITEMS A - B)

CHANGES IN CONSOLIDATED
CAPITAL AND RESERVES IN THE
YEAR

Changes in consolidated capital and reserves are in the attachment
(Attachment 3).

RECONCILIATION BETWEEN THE
FINANCIAL STATEMENTS OF THE
PARENT COMPANY AND THE
CONSOLIDATED FINANCIAL
STATEMENTS

Lire millions	Capital and reserves	Profit for the period	Total shareholders' equity
Parent company financial statements at June 30, 1998	327,750	18,338	346,088
Subsequent changes in carrying value and shareholders equity of companies included in consolidation	131,662	33,017	164,679
Differences in investments valued by the equity method	72,677	37,273	109,950
Application of Group-wide accounting policies	560	39	599
Consolidated financial statements at June 30, 1998	532,649	88,667	621,316

Lire millions	Capital and reserves	Profit for the period	Total shareholders' equity
Parent company financial statements at June 30, 1999	339,409	78,520	417,929
Subsequent changes in carrying value and shareholders equity of companies included in consolidation	175,933	31,573	207,506
Differences in investments valued by the equity method	21,267	43,176	64,443
Infra-group dividends	62,314	(62,314)	0
Application of Group-wide accounting policies	333	(460)	(127)
Elimination of effects of infra-group operations	0	(1,216)	(1,216)
Consolidated financial statements at June 30, 1999	599,256	89,279	688,535

Item C II 1 Actuarial reserve has decreased following the transformation of the traditional portfolio into unit-linked policies.

TECHNICAL RESERVES AND
OTHER PROVISIONS
(ITEMS C - D - E)

Item D Technical reserves when the risk is shouldered by policyholders and provisions for pension funds management is analysed as follows:

Lire millions	30.06.99	31.12.98	30.06.98
Technical reserves on unit linked products	948,282	11,380	0
Technical reserves on index linked products	1,423,365	1,185,103	967,886
TOTAL	2,371,647	1,196,483	967,886

Item E Provisions for risks and charges is analysed as follows:

Lire millions	30.06.99	31.12.98	30.06.98
Provision for pensions and similar obligations	36	71	31
Provision for taxation	59,632	61,448	38,450
Other provisions	5,282	6,174	25,705
TOTAL	64,950	67,693	64,186

The "Provision for taxation" is analysed as follows:

Lire millions	30.06.99	31.12.98	30.06.98
Provision for Irpeg-Irap (corporate income tax-tax on productive activities)	8,180	59,962	36,661
Provision for deferred taxation	1,452	1,486	1,789
TOTAL	59,632	61,448	38,450

"Other provisions" are analysed as follows:

Lire millions	30.06.99	31.12.98	30.06.98
Provision for future risks	785	359	359
Provision for specific risks	2,000	4,000	22,800
Provision against illegal acts by agents	243	243	227
Provision against sales network departures	0	0	541
Staff loyalty provision	114	48	112
Employee holiday pay accrual	2,112	1,496	1,638
Sundry provisions	28	28	28
TOTAL	5,282	6,174	25,705

Changes in this balance during the period are as follows:

Lire millions	31.12.98	Accrued	Utilisations	Reclass.	30.06.99
Provision for future risks	359	0	(88)	514	785
Provision for specific risks	4,000	0	(2,000)	0	2,000
Provision against illegal acts by agents	243	0	0	0	243
Provision against sales network departures	0	0	0	0	0
Staff loyalty provision	48	66	0	0	114
Employee holiday pay accrual	1,496	792	(176)	0	2,112
Sundry provisions	28	0	0	0	28
TOTAL	6,174	858	(2,264)	514	5,282

The change in the “Provision for specific risks” was due to the provision having been used to cover the expense connected to the transformation of the portfolio following the application of reinsurance arrangements.

CREDITORS AND OTHER
LIABILITIES
(ITEMS F - G - H)

The decrease in Deposits received from reinsurers(item F) relates to the credit item, commented above, Reinsurers' share of technical reserves.

The increase in Creditors arising out of reinsurance operations (item G II) relates to the transformation of the reinsurance part of the traditional portfolio into unit-linked policies.

Changes in Employee termination indemnity(item G VI) are analysed as follows:

Lire millions

Opening balance at 31.12.98	5,382
Provision for the period	620
Transfers from Mediolanum and Fininvest Group companies	214
Utilisation	(214)
Advances to employees	(69)
Transfers to Mediolanum and Fininvest Group companies	(15)
Closing balance at 30.06.99	5,918

Other creditors (item G VII) are analysed as follows:

Lire millions	30.06.99	31.12.98	30.06.98
Taxes recharged to policyholders	2,981	6,016	3,103
Taxation	6,412	3,097	3,758
Due to social security institutions	1,077	1,107	785
Trade accounts	7,667	8,759	8,044
Due to Mediolanum Group companies	14,609	11,040	4,911
Due to Fininvest Group and Doris Group companies	1,558	2,852	1,729
Other	2,984	2,547	6,119
Other creditors	15,981	2,757	3,911
TOTAL	53,269	38,175	32,360

“Taxation” mainly refers to tax withholdings and VAT to be paid.

“Due to social security institutions” refers to social security contributions on June wages and salaries, which were regularly paid the following July.

“Trade accounts” are analysed as follows:

Lire millions	30.06.99	31.12.98	30.06.98
Services received	4,664	4,863	5,806
Invoices to be received	1,976	2,464	1,005
Emoluments of Directors and Statutory Auditors	237	639	554
Professional services	790	793	679
TOTAL	7,667	8,759	8,044

“Due to Mediolanum Group companies” almost entirely refers to commissions paid by Mediolanum S.p.A. to Banca Mediolanum S.p.A. for the marketing of insurance products.

“Due to Fininvest Group and Doris Group companies” mainly consists of amounts due to Mediolanum Assicurazioni S.p.A. as recharge costs for seconded employees and amounts due to companies linked to Fininvest Group, ICT Servizi S.p.A. and Albacom S.p.A., for contractually defined provisions: automation services and telecommunications. All services are in line with the best market conditions

“Other liabilities” relate to:

Lire millions	30.06.99	31.12.98	30.06.98
Commissions for unearned premiums	13,461	579	1,259
Outstanding earned premiums	1,582	1,582	2,102
Provision for 14th monthly salary and production premiums	938	596	550
TOTAL	15,981	2,757	3,911

Accruals and deferred income (item H) are analysed as follows:

Lire millions	30.06.99	31.12.98	30.06.98
Other accrued expenses	3	7	30
Deferred income on rental instalments	2,906	0	3,173
Deferred income on leasing instalments	0	1,489	1,396
TOTAL	2,909	1,496	4,599

Guarantees given

Guarantees given include:

- Guarantees given to Fininvest Group companies refer to counterguarantees issued to Fininvest S.p.A. totalling Lire 133 million and Mondadori Leasing S.p.A. of Lire 53 million versus guarantees issued by those companies, which cover the supplies to Mediolanum S.p.A.
- Guarantees given to other companies relate mainly to guarantees of Lire 1,000 million for contracts between financial consultants and Origin Italia S.r.l. for the rental of computer equipment and the telephonic link with Banca

GUARANTEES,
COMMITMENTS AND
OTHER OFF-BALANCE
SHEET ITEMS

Mediolanum S.p.A.. Lire 238 million was given to the Lombardy Region as a guarantee on the proper use of money paid to projects it co-funds with the European Social Fund, Lire 3,500 million to Athena Servizi S.p.A. on behalf of Mediolanum Comunicazione S.r.l. as a guarantee for contractual obligations of the latter.

Guarantees given by third parties

Guarantees given by third parties are policies received as guarantees of the correct fulfilment of contractual obligations, assumed by third parties, in respect to the real estate investments of Mediolanum Vita S.p.A.

Other off-balance sheet items

These mainly refer to Securities in the hands of third parties and refer to the nominal value of other financial investments.

PART E
INFORMATION ON
THE CONSOLIDATED
INCOME
STATEMENT

INFORMATION ON
TECHNICAL ACCOUNTS

Gross premiums are analysed as follows:

Lire millions	Direct operations	Reinsurance operations	Total
I - Life insurance	538,585	0	538,585
II - Marriage and birth insurance	0	0	0
III - Unit linked insurance as per I and II	390,660	0	390,660
IV - Health insurance	0	0	0
V - Capitalisation operations	9,670	0	9,670
VI - Fund management	0	0	0
GROSS PREMIUMS	938,915	0	938,915

Premiums are entirely collected in Italy and are analysed as follows:

Lire millions	30.06.99	30.06.98	31.12.98
First year premiums	75,661	75,855	128,588
Subsequent year premiums	355,241	313,376	746,911
Single premiums	508,013	244,698	831,676
Indirect premiums	0	0	48
(less) Reinsurance ceded	(30,784)	(36,954)	(92,270)
NET PREMIUMS	908,131	596,975	1,614,953

Commissions paid by Mediolanum Vita S.p.A. to Mediolanum S.p.A. and Partner Time S.p.A. for their insurance brokerage activities of Lire 98,541 million were not included in the consolidation, and the commissions paid of the latter were fully considered. This elimination accounts for the better result in the Life technical account of the consolidated financial statements compared to the result of Mediolanum Vita S.p.A.

Acquisition commissions that have remained after cancellations in the consolidation are commissions paid to Banca Mediolanum S.p.A. of Lire 67,672 million.

Investment income(item 3 a) is analysed as follows:

Lire millions	30.06.99	30.06.98	31.12.98
Results for the year on investments evaluated using the equity method	42,365	37,302	62,390
Other investment income from shares and quotas	0	6,450	9,021
Investment income from land and buildings	9,363	7,682	18,215
Quotas in mutual funds	8,849	84,280	120,165
Bonds and other fixed income securities	112,671	121,300	248,525
Financial investments	1,583	1,528	2,825
Deposits at credit institutions	12,435	7,112	17,709
Other financial investments	1,813	19,213	31,568
TOTAL	189,079	284,867	510,418

INFORMATION ON THE
NON-TECHNICAL ACCOUNT

Income from "Deposits at credit institutions" includes interest from deposits at Banca Mediolanum S.p.A. of Lire 2,770 million.

Adjustments to the value of financial investments(item 3 b) are analysed as follows:

Lire millions	30.06.99	30.06.98	31.12.98
Shares and quotas	0	501	0
Quotas in mutual funds	1,128	103	103
Bonds and other fixed income securities	745	182	29
TOTAL	1,873	786	132

Gains on the realisation of investments(item 3 c) are set out below:

Lire millions	30.06.99	30.06.98	31.12.98
Shares and quotas	4,564	54,307	72,495
Bonds and other fixed income securities	40,287	17,204	51,273
Other financial investments	1,018	2	2
TOTAL	45,869	71,513	123,770

Investment management expenses and interest on bank loans(item 4 a) are as follows:

Lire millions	30.06.99	30.06.98	31.12.98
Depreciation of buildings	4,168	4,726	9,492
Management expenses of real estate investments	1,155	940	1,723
Other investment management expenses	199	956	1,956
Interest on deposit accounts with reinsurance companies	34,044	33,526	63,302
TOTAL	39,566	40,148	76,473

Adjustments to the value of investments (item 4 b) are analysed as follows:

Lire millions	30.06.99	30.06.98	31.12.98
Shares and quotas	0	3,629	0
Mutual funds	3,067	12,455	1,463
Bonds and other fixed income securities	9,074	817	4,594
TOTAL	12,141	16,901	6,057

Losses on the realisation of investments (item 4 c) are shown below:

Lire millions	30.06.99	30.06.98	31.12.98
Shares and quotas	0	0	29,784
Mutual funds	172	956	52,257
Bonds and other fixed income securities	1,192	129	3,315
Other financial investments	93	6,552	11,295
TOTAL	1,457	7,637	96,651

Other revenues are analysed as follows:

Lire millions	30.06.99	30.06.98	31.12.98
Commissions income for the sale of non-Life policies	4,191	4,973	9,609
Other commissions	0	0	0
Recharge of cost of employees seconded to Mediolanum Group companies evaluated by the equity method	843	893	1,867
Recharge of cost of employees seconded to Fininvest Group and Doris Group companies	362	394	765
Cost recharges	155	154	196
Interest from the tax authorities	553	1,107	2,216
Utilisation of provision for specific risks	2,000	0	20,300
Other revenues	22	9	455
TOTAL	8,126	7,530	35,408

“Commission income for the sale of non-Life policies”, based on market values, relates to the sale of insurance policies by Mediolanum Assicurazioni S.p.A., which is jointly owned (50-50) by the Fininvest Group and the Doris Group.

“Recharge of cost of employees seconded to the Fininvest Group and Doris Group companies” relates to Mediolanum Assicurazioni S.p.A., which is jointly owned (50-50) by the Fininvest Group and the Doris Group.

The “utilisation of the provision for specific risk” was commented upon above.

Other costs consist of:

Lire millions	30.06.99	30.06.98	31.12.98
Commission income for the sale of non-Life policies	4,191	4,973	9,609
Interest payable on other amounts payable	147	53	60
Cost of Mediolanum SpA staff	9,939	7,836	16,506
Other administrative expenses of Mediolanum SpA	7,910	7,892	16,172
Amortisation of intangible assets	7,208	1,607	4,949
Depreciation of other assets	588	435	1,022
Accruals to the provision for the write-down of debtors	320	5	6,434
Accruals for the provision for specific risks	0	2,500	4,000
Other costs	100	0	1,227
TOTAL	30,403	25,301	59,979

“Commission income for the sale of non-Life policies”, based on market values, relates to the sale of insurance policies by Mediolanum Assicurazioni S.p.A., which is jointly owned (50-50) by the Fininvest Group and the Doris Group, and returned by Mediolanum S.p.A. to Banca Mediolanum S.p.A., a company valued by the equity method.

Extraordinary income is as follows:

Lire millions	30.06.99	30.06.98	31.12.98
Gains on the sale of assets	259	6	29
Gains on the sale of investments	0	0	0
Gains on the sale of bonds and other fixed income securities	92,516	62	64,808
Other extraordinary income	802	0	8,510
Out of period revenues	206	230	746
TOTAL	93,783	298	74,093

“Other extraordinary income” mainly consists of the compensation for damage paid following civil case against Areaconsult S.I.M.p.A.

Extraordinary charges are analysed as follows:

Lire millions	30.06.99	30.06.98	31.12.98
Losses on the sale of assets	5	12	27
Losses on the sale of bonds and other fixed income securities	0	75	82
Other extraordinary charges	0	0	66
Out of period expenses	82	361	586
TOTAL	87	448	761

OTHER
INFORMATION

Employee information

The average number of employees of the Group was as follows:

	30.06.99	30.06.98	31.12.98
Managers	31	25	27
Clerical personnel	196	168	176
TOTAL	227	193	203

Directors' and statutory auditors' emoluments

The "emoluments" paid to directors and statutory auditors of Mediolanum S.p.A. to carry out their tasks also in other companies included in consolidation are as follows:

Lire millions	For service rendered to the parent company	For service rendered to other companies
Directors	600	265
Statutory Auditors	70	46
TOTAL	670	311

Information on the size and activity of subsidiaries

Commissions for the management of mutual funds from Mediolanum Gestione Fondi S.p.A. and Mediolanum International Funds Ltd, companies valued by the equity method, amount to:

Lire millions	30.06.99	30.06.98	31.12.98
Underwriting commissions	59,095	73,271	118,834
Management commissions	100,179	85,364	158,123
TOTAL	159,274	158,635	276,957

The two companies administer property of Lire 11,589.5 billion (31.12.98: Lire 9,662.5 billion), including investments made by Mediolanum Vita S.p.A.

Mediolanum State Street S.I.M.p.A., a company valued by the equity method, was involved in pension fund management.

The administered property is Lire 87 billion. Management commissions equalled Lire 97 million.

Direct collection of Banca Mediolanum S.p.A., valued by the equity method, reached Lire 1,631 billion (31.12.98: Lire 932.2 billion), with no. 124,444 current accounts and generated an interest margin of Lire 13,472 million.

Securities of third parties administered at market prices amount to Lire 1,686 billion.

Brokerage margin is Lire 14,169 million.

Lire millions	Fininvest Group and linked companies	Doris Group
Financial receivables	0	0
Commercial receivables	1,570	336
Financial payables	0	0
Commercial payables	1,924	102

ACCOUNTS RECEIVABLE FROM AND PAYABLE TO FININVEST GROUP AND DORIS GROUP COMPANIES

“Commercial receivables” mainly refer to the recharge of personnel costs and insurance commissions to Mediolanum Assicurazioni S.p.A. of Lire 672 million.

“Commercial payables” mainly cover contractually defined provisions: computer services, telecommunications, utilities by Fininvest Group companies (R.T.I. S.p.A. of Lire 398 million) and companies connected to them (ICT Servizi S.p.A. of Lire 430 million, Albacom S.p.A. of Lire 332 million). Costs totalling Lire 204 million were recharged by Mediolanum Assicurazioni S.p.A., which is jointly owned (50-50) by the Fininvest Group and the Doris Group.

Lire millions	Fininvest Group and linked companies	Doris Group
Commercial revenues	3,000	2,433
Commercial expenses	2,568	55
Investment income	0	0
Investment charges	0	0
Extraordinary income	0	0
Extraordinary charges	0	0

REVENUES/COSTS WITH FININVEST GROUP AND DORIS GROUP COMPANIES

“Commercial revenues” mainly relate to real estate lease instalments (Lire 310 million), personnel costs recharged (Lire 362 million) and commissions on the sale of non-Life insurance policies for Mediolanum Assicurazioni S.p.A (Lire 4,191 million), which is jointly owned (50-50) by the Fininvest Group and the Doris Group, as well as real estate lease instalments - Lire 551 million from R.T.I. S.p.A.

“Commercial expenses” relate to EDP services, telecommunications and utilities, and advertising provided by Fininvest Group companies and associated companies (ICT Servizi S.p.A. for Lire 784 million and Albacom S.p.A. for Lire 382 million), and to an insurance policy agreed on with Mediolanum Assicurazioni S.p.A., which is jointly owned (50-50) by the Fininvest Group and the Doris Group.

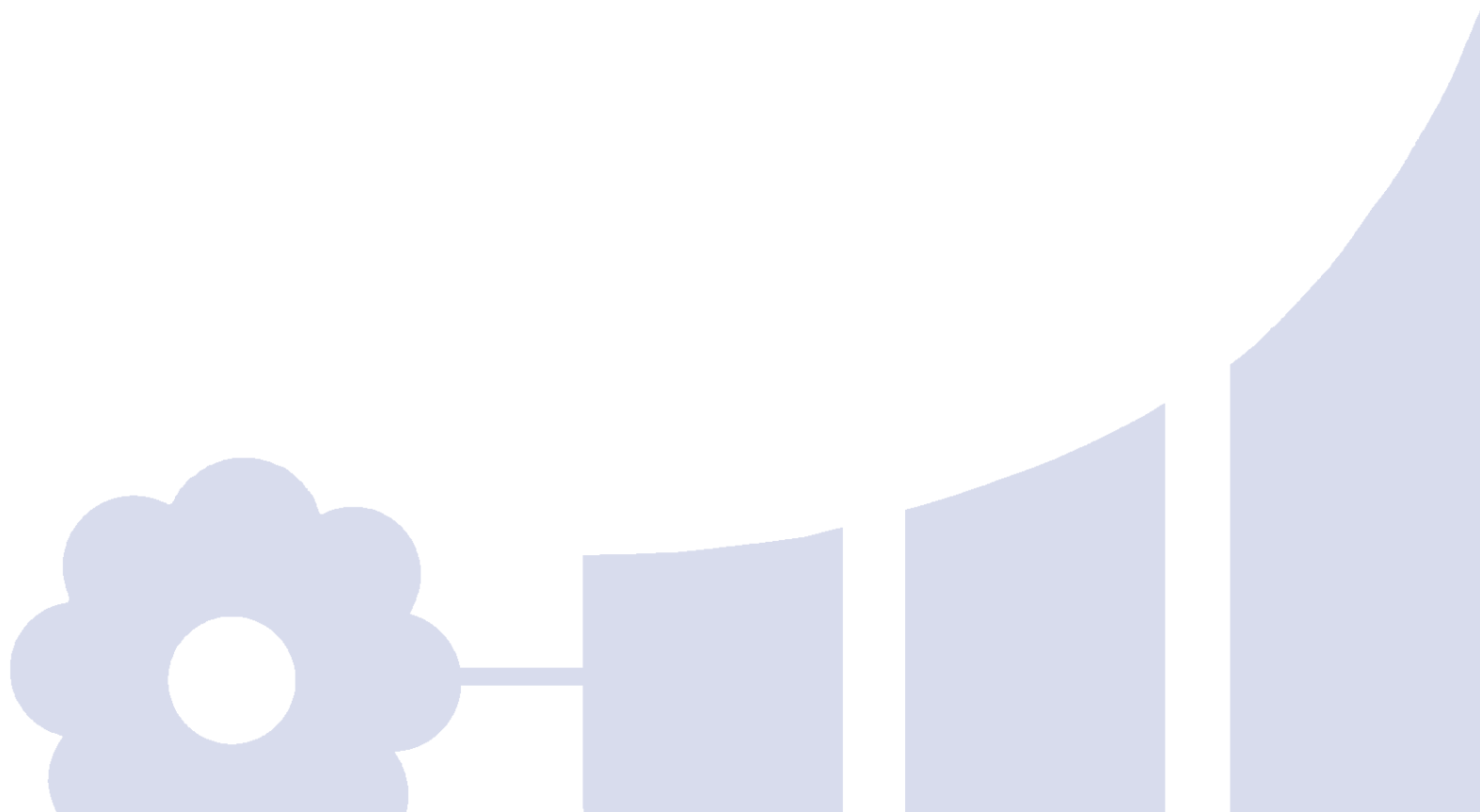
For the Board of Directors

The Chairman

Stefano Preda

MEDIOLANUM GROUP

ATTACHMENTS



ATTACHMENT 1

ANALYSIS OF CHANGES IN INTANGIBLE ASSETS AS OF JUNE 30, 1999

Lire millions	Opening situation			
	Historic cost	Accum. amortis.	Balance at 31.12.98	Additions
Intangible assets				
Set-up and start-up costs	9,953	(6,282)	3,671	43,628
Concessions, licences, trademarks and similar rights	11,137	(3,378)	7,759	2,077
Improvements on leased properties	4,353	(3,080)	1,273	0
Assets under formation and advances	1,088	0	1,088	0
TOTAL	26,531	(12,740)	13,791	45,705

ATTACHMENT 2

ANALYSIS OF CHANGES IN TANGIBLE FIXED ASSETS AS OF JUNE 30, 1999

Lire millions	Opening situation			
	Historic cost	Accum. amortis.	Balance at 31.12.98	Additions
Tangible fixed assets				
Land and buildings	287,221	(32,696)	254,525	150
Plant and machinery	213	(187)	26	0
Industrial and trade equipment	1,781	(1,278)	503	47
Other tangible fixed assets	21,250	(11,490)	9,760	524
Assets under construction/advances	0	0	0	0
TOTAL	310,465	(45,651)	264,814	721

Movements for the period			Closing situation		
Net disposals	Amortisation	Net reclassifications	Historic cost	Accum. amortis.	Balance at 30.06.99
0	(5,354)	0	53,581	(11,636)	41,945
0	(1,668)	1,067	14,281	(5,046)	9,235
0	(186)	0	4,353	(3,266)	1,087
0	0	(1,067)	21	0	21
0	(7,208)	0	72,236	(19,948)	52,288

Movements for the period			Closing situation		
Net disposals	Amortisation	Net reclassifications	Historic cost	Accum. amortis.	Balance at 30.06.99
(13,049)	(4,168)	0	270,934	(33,476)	237,458
0	(7)	0	213	(194)	19
0	(48)	(83)	1,744	(1,325)	419
(37)	(1,690)	83	21,812	(13,172)	8,640
0	0	0	0	0	0
(13,086)	(5,913)	0	294,703	(48,167)	246,536

ATTACHMENT 3

ANALYSIS OF CHANGES IN CONSOLIDATED CAPITAL AND RESERVES AT JUNE 30, 1999

Lire millions	Share capital	Net equity reserves	Consolidation reserve
Consolidated balance at 31.12.98	144,856	169,480	131,607
Increase of paid-in share capital	26	48	
Allocation of profit for the year:			
- payment of dividend out of profits			
- reserve		11,451	46,090
Creation of reserve for own shares		(6,655)	
Profit for the period			
Consolidated balance at 30.06.99	144,882	174,324	177,697

Reserve diff. val. companies not incl. in consol. area	Reserve for exchange rate difference	Reserve for own shares and shares of parent company	Consolidated profit at 31.12.98	Total shareholder's equity
73,261	0	13,548	146,101	678,853
				74
			(79,671)	(79,671)
8,889			(66,430)	0
		6,655		0
			89,279	89,279
82,150	0	20,203	89,279	688,535

ATTACHMENT 4

CONSOLIDATED CASH FLOW STATEMENT AS OF JUNE 30, 1999

Lire millions	30.06.99
OPENING LIQUID ASSETS	189,220
Group profit for the period	89,279
Net amortisation, depreciation and provisions for risks and charges	12,061
Decrease in deferred commissions on multi-year policies	190
Net gains on the disposal of fixed assets	(254)
Change in technical reserves net of reinsurance	1,036,717
Change in tax provision and other specific provisions	(1,063)
Net change in employee termination indemnity	(84)
Net change in payables and receivables with insurers and reinsurers	(177,023)
Net change in other debtors and creditors and other assets and liabilities	19,301
Net change in accruals and prepayments and deferrals	22,162
Liquid assets generated (absorbed) by operations in the period	1,001,286
Net investment in intangible assets	(33,035)
Net investment in tangible fixed assets	(4,448)
Own shares acquired	(6,655)
Net increase in financial investments	(682,852)
Liquid assets generated (absorbed) by investment activities	(726,990)
Share capital increase	74
Liquid assets generated (absorbed) by financing activities	74
Dividends distributed	(79,672)
CASH FLOW FOR THE PERIOD	194,698
CLOSING LIQUID ASSETS	383,918

Euro thousands	30.06.99	31.12.98	30.06.98
A) DUE FROM SHAREHOLDERS FOR SHARE CAPITAL			
STILL TO BE PAID IN	0	0	0
B) INTANGIBLE ASSETS			
1. Unamortised acquisition commissions	99	197	588
2. Other intangible assets	27,004	7,122	4,816
3. Consolidation difference	0	0	0
TOTAL	27,103	7,319	5,404
C) INVESTMENTS			
I - Land and buildings	122,637	131,451	133,746
II - Investment in Group companies and other companies			
1. Shares and quotas	64,654	75,975	84,003
2. Bonds	0	0	0
3. Financial loans	1,033	310	1,062
TOTAL INVESTMENT IN GROUP COMPANIES AND OTHER COMPANIES	65,687	76,285	85,065
III - Other financial investments			
1. Shares and quotas	1	1	79,242
2. Quotas of mutual funds	444,203	424,635	517,983
3. Bonds and other fixed income securities	2,221,569	2,565,798	1,976,488
4. Financial loans	21,793	20,897	18,727
5. Others	404,131	319,334	111,046
TOTAL OTHER FINANCIAL INVESTMENTS	3,091,697	3,330,665	2,703,486
IV - Deposits with transferring companies	1	1	2
TOTAL	3,280,022	3,538,402	2,922,299
D) INVESTMENTS ALLOCATED TO LIFE POLICYHOLDERS, WHO SHOULDER THE RELEVANT RISK AND DERIVING FROM PENSION FUNDS MANAGEMENT			
	1,224,853	617,932	499,871
D bis) REINSURERS' SHARE OF TECHNICAL RESERVES			
I - Non-life technical reserves	0	0	0
II - Life technical reserves (excluding technical reserves as per point III)			
	463,247	573,605	566,966
III - Life technical reserves when the risk is shouldered by policyholders and reserves resulting from pension funds management			
	0	0	0
TOTAL	463,247	573,605	566,966
E) DEBTORS			
I - Debtors arising out of direct insurance operations			
	23,408	32,296	22,451
II - Debtors arising out of reinsurance operations			
	49,362	42,504	41,146
III - Other debtors			
	68,579	72,909	60,241
TOTAL	141,349	147,709	123,838
F) OTHER ASSETS			
I - Tangible assets	4,688	5,314	5,551
II - Liquid assets	198,277	97,724	199,974
III - Own shares or quotas	10,434	6,997	0
IV - Other assets	1,991	2,254	4,923
TOTAL	215,390	112,289	210,448
G) PREPAYMENTS AND ACCRUED INCOME			
	26,613	37,329	40,408
TOTAL ASSETS	5,378,577	5,034,585	4,369,234

ATTACHMENT 5

BALANCE SHEET

ASSETS
IN EURO

SHAREHOLDER'S EQUITY
AND LIABILITIES
IN EURO

Euro thousands	30.06.99	31.12.98	30.06.98
A) CAPITAL AND RESERVES			
I - Pertaining to the Group:			
1. Subscribed capital or equivalent	74,825	74,812	74,783
2. Net equity reserves	90,031	87,529	94,486
3. Consolidation reserve	91,773	67,969	67,969
4. Reserve for difference of valuation regarding companies in which investments are held not included in the consolidation area	42,427	37,836	37,852
5. Reserve for exchange rate difference	0	0	0
6. Reserve for own shares and shares of the parent company	10,434	6,997	0
7. Profit for the period	46,109	75,455	45,793
TOTALGROUPSHAREHOLDER'S EQUITY	355,599	350,598	320,883
II - Minority interests			
1. Share capital and reserves	0	0	0
2. Profit for the period	0	0	0
TOTALMINORITYINTERESTS	0	0	0
TOTAL	355,599	350,598	320,883
B) SUBORDINATED LIABILITIES	0	0	0
C) TECHNICAL RESERVES			
I - Non-life			
1. Premiums reserve	0	0	0
2. Claims reserve	0	0	0
3. Equalization provision	0	0	0
4. Others	0	0	0
TOTALNON-LIFE	0	0	0
II - Life			
1. Actuarial reserve	3,317,119	3,448,471	3,010,452
2. Reserve for amounts to be paid	9,792	63,479	10,121
3. Others	36,926	33,747	39,116
TOTALLIFE	3,363,837	3,545,697	3,059,689
TOTAL	3,363,837	3,545,697	3,059,689
D) TECHNICAL RESERVES WHEN THE RISK IS SHOULDERED BY POLICYHOLDERS AND RESERVES RESULTING FROM PENSION FUNDS MANAGEMENT	1,224,853	617,932	499,872
E) PROVISIONS FOR RISKS AND CHARGES	33,544	34,960	33,149
F) DEPOSITS RECEIVED FROM REINSURERS	347,871	455,965	429,958
G) CREDITORS AND OTHER LIABILITIES			
I - Creditors arising out of direct insurance operations	1,352	1,180	471
II - Creditors arising out of reinsurance operations	19,451	4,984	3,523
III - Debenture loans	0	0	0
IV - Amounts owed to credit institutions	0	0	0
V - Other loans and financial debts	0	0	0
VI - Employee termination indemnity	3,056	2,780	2,601
VII - Other liabilities	27,511	19,716	16,713
TOTAL	51,370	28,660	23,308
H) ACCRUALS AND DEFERRED INCOME	1,503	773	2,375
TOTAL SHAREHOLDER'S EQUITY AND LIABILITIES	5,378,577	5,034,585	4,369,234
OFF-BALANCE SHEET ITEMS			
I - Guarantees given	2,543	2,543	919
II - Guarantees given or received by third parties	12,455	12,455	12,455
III - Obligations undertaken	102	83	223
IV - Pension funds assets managed on behalf of third parties	0	0	0
V - Others	3,688,522	3,405,997	3,008,385
TOTAL OFF-BALANCE SHEET ITEMS	3,703,622	3,421,078	3,021,982

Euro thousands	30.06.99	30.06.98	31.12.98
1. EARNED PREMIUMS, NET OF REINSURANCE	469,011	308,312	834,054
2. (+) ALLOCATED INVESTMENT RETURN TRANSFERRED FROM THE NON-TECHNICAL ACCOUNT	70,023	107,947	184,822
3. UNREALISED GAINS ON INVESTMENTS ALLOCATED TO LIFE POLICYHOLDERS WHO SHOULDER THE RELEVANT RISK AND DERIVING FROM PENSION FUNDS MANAGEMENT	62,523	32,603	212,400
4. OTHER TECHNICAL INCOME, NET OF REINSURANCE	2,587	2	1,533
5. CLAIMS INCURRED, NET OF AMOUNTS RECOVERED AND REINSURANCE	45,025	(123,166)	(325,776)
6. CHANGE IN ACTUARIAL RESERVES AND OTHER TECHNICAL RESERVES, NET OF REINSURANCE			
a) Actuarial reserves, premium reserves of complementary ins. and other technical reserves	19,104	(199,490)	(629,922)
b) Life insurance reserves when the risk is shouldered by policyholders and deriving from pension funds management	(606,922)	(61,358)	(179,418)
TOTAL	(587,818)	(260,848)	(809,340)
7. REFUNDS AND PROFIT SHARING, NET OF REINSURANCE	0	0	0
8. OPERATING EXPENSES			
a) Acquisition costs net of reinsurers' commissions and profit sharing	(28,681)	(28,891)	(57,658)
b) Other administrative expenses	(7,402)	(6,114)	(11,961)
TOTAL	(36,083)	(35,005)	(69,619)
9. UNREALISED LOSSES ON INVESTMENTS ALLOCATED TO POLICYHOLDERS WHO SHOULDER THE RELEVANT RISK AND DERIVING FROM PENSION FUNDS MANAGEMENT	(25,338)	0	(86)
10. OTHER TECHNICAL CHARGES, NET OF REINSURANCE	(294)	(33)	(273)
11. TOTAL TECHNICAL ACCOUNT OF LIFE BUSINESS	(364)	29,812	27,715

INCOME STATEMENT

TECHNICAL ACCOUNT OF
LIFE BUSINESS
IN EURO

NON-TECHNICAL
ACCOUNT
IN EURO

Euro thousands	30.06.99	30.06.98	31.12.98
1. TOTAL TECHNICAL ACCOUNT OF NON-LIFE BUSINESS	0	0	0
2. TOTAL TECHNICAL ACCOUNT OF LIFE BUSINESS	(364)	29,812	27,715
3. INVESTMENT INCOME			
a) Investment income	97,651	147,122	263,609
b) Adjustment to the value of financial investments	968	406	68
c) Gains on the realisation of investments	23,689	36,933	63,922
TOTAL	122,308	184,461	327,599
4. FINANCIAL PAYABLES AND LOSSES ON ASSETS			
a) Investment management expenses and interest on bank loans	(20,434)	(20,735)	(39,495)
b) Adjustments to the value of investments	(6,271)	(8,729)	(3,128)
c) Losses on the realisation of investments	(752)	(3,944)	(49,916)
TOTAL	(27,457)	(33,408)	(92,539)
5. (-) ALLOCATED INVESTMENT RETURN TRANSFERRED TO THE TECHNICAL ACCOUNT OF LIFE BUSINESS	(70,023)	(107,947)	(184,823)
6. OTHER REVENUES	4,196	3,889	18,287
7. OTHER CHARGES	(15,702)	(13,067)	(30,977)
8. TOTAL ORDINARY OPERATIONS	12,958	63,740	65,262
9. EXTRAORDINARY INCOME	48,435	154	38,266
10. EXTRAORDINARY CHARGES	(45)	(231)	(393)
11. TOTAL EXTRAORDINARY OPERATIONS	48,390	(77)	37,873
12. PROFIT BEFORE TAXATION	61,348	63,663	103,135
13. INCOME TAXES FOR THE PERIOD	(15,239)	(17,870)	(27,680)
14. CONSOLIDATED RESULTS	46,109	45,793	75,455
15. PROFIT FOR THE PERIOD RELATING TO MINORITY INTERESTS	0	0	0
16. GROUP PROFIT FOR THE PERIOD	46,109	45,793	75,455

MEDIOLANUM S.P.A.

*FINANCIAL STATEMENTS
AS OF JUNE 30,
1999*



Balance sheet

ASSETS

Lire millions	30.06.99	31.12.98	30.06.98
A) DUE FROM SHAREHOLDERS FOR SHARE CAPITAL			
STILL TO BE PAID IN	0	0	0
B) FIXED ASSETS			
I - Intangible assets			
Start-up and expansion costs	2,286	3,203	4,120
Patents and intellectual property rights	0	5	96
Concessions, licences, trademarks and similar rights	1,636	421	502
Intangible assets under formation and advances	21	1,088	376
Other intangible assets	948	1,118	1,243
TOTAL I	4,891	5,835	6,337
II - Tangible fixed assets			
Plant and machinery	17	24	31
Other assets	3,730	3,810	3,656
Assets under construction/Payments on account	0	0	0
TOTAL II	3,747	3,834	3,687
III - Financial assets			
Investments in:			
Subsidiary companies	286,403	279,281	276,381
Other companies	2,076	2,076	2,076
Paid into fund for investment	0	10,000	0
Amounts receivable:			
From subsidiary companies	2,067	666	2,121
From other companies	1,128	1,078	549
TOTAL III	291,674	293,101	281,127
TOTAL FIXED ASSETS	300,312	302,770	291,151
C) CURRENT ASSETS			
I - Inventory	0	0	0
II - Debtors			
Trade accounts	296	528	537
Due from subsidiary companies	20,582	25,864	26,614
Due from shareholders	0	0	110
Due from Fininvest Group and Doris Group companies	671	776	1,151
Due from others	57,089	60,793	72,141
TOTAL I-II	78,638	87,961	100,553
III - Current financial assets			
Other investments	1	1	1
Own shares held (overall nom. value Lire 346,700,000)	20,203	13,548	0
Other securities	23,802	30,795	47,780
TOTAL III	44,006	44,344	47,781
IV - Liquid assets			
Bank and postal deposits	24,516	10,330	4,172
Cash in hand	20	19	11
TOTAL IV	24,536	10,349	4,183
TOTAL CURRENT ASSETS	147,180	142,654	152,517
D) PREPAYMENTS AND ACCRUED INCOME			
Accrued income	312	941	904
Prepayments	427	247	64
TOTAL PREPAYMENTS AND ACCRUED INCOME	739	1,188	968
TOTAL ASSETS	448,231	446,612	444,636

Lire millions	30.06.99	31.12.98	30.06.98
A) CAPITAL AND RESERVES			
I - Share capital	144,882	144,856	144,800
II - Share premium reserve	88,127	88,078	88,000
III - Revaluation reserve	0	0	0
IV - Legal reserve	22,080	17,524	17,524
V - Reserve for company's own shares	20,203	13,548	0
VI - Statutory reserves	0	0	0
VII - Other reserves:			
extraordinary reserve	64,117	63,878	77,426
VIII - Retained earnings	0	0	0
IX - Profit for the period	78,520	91,121	18,338
TOTAL CAPITAL AND RESERVES	417,929	419,005	346,088
B) PROVISIONS FOR RISKS AND CHARGES			
Deferred taxation provision	316	705	705
Other	2,543	2,088	2,667
TOTAL PROVISIONS FOR RISKS AND CHARGES	2,859	2,793	3,372
C) EMPLOYEE TERMINATION INDEMNITY	3,946	3,422	3,009
D) CREDITORS			
Trade accounts	2,840	3,607	3,945
Due to subsidiary companies	14,446	10,860	76,657
Due to Fininvest Group and Doris Group companies	1,044	1,464	819
Due to shareholders	89	10	10
Due to tax authorities	3,085	3,684	5,541
Due to social security institutions	900	907	743
Other creditors	517	353	4,013
TOTAL CREDITORS	22,921	20,885	91,728
E) ACCRUALS AND DEFERRED INCOME			
Accrued expenses	576	507	439
TOTAL ACCRUALS AND DEFERRED INCOME	576	507	439

SHAREHOLDER'S EQUITY AND LIABILITIES

TOTAL SHAREHOLDER'S EQUITY AND LIABILITIES	448,231	446,612	444,636
OFF-BALANCE SHEET ITEMS	52,922	52,999	62,496

Income statement

Lire millions	30.06.99	30.06.98	31.12.98
A) VALUE OF PRODUCTION			
1) Revenues from sales and services	110,507	102,971	199,690
5) Other revenues	2,151	2,025	3,996
TOTAL VALUE OF PRODUCTION	112,658	104,996	203,686
B) COST OF PRODUCTION			
6) Raw, ancillary and consumable materials and goods purchase of miscellaneous and consumable materials	(330)	(344)	(684)
7) Services received	(77,867)	(67,064)	(135,417)
8) Leases and rentals	(1,469)	(1,282)	(2,566)
9) Personnel costs:			
wages and salaries	(5,616)	(5,555)	(11,612)
social security contributions	(3,801)	(1,903)	(4,067)
employee termination indemnity	(522)	(378)	(826)
10) Depreciation, amortisation and write-downs:			
amortisation of intangible assets	(1,420)	(1,289)	(2,623)
depreciation of tangible fixed assets	(555)	(406)	(962)
14) Sundry operating costs	(254)	(167)	(393)
TOTAL COST OF PRODUCTION	(91,834)	(78,388)	(159,150)
DIFFERENCE BETWEEN VALUE AND COST OF PRODUCTION	20,824	26,608	44,536
C) INVESTMENT INCOME AND CHARGES			
15) Income from investments:			
in subsidiary companies	62,314	0	53,500
gains on disposals from securities included in current assets which are not investments	4,564	0	0
16) Other financial income:			
from receivables from subsidiaries included in fixed assets	15	90	108
from securities included in current assets which are not investments	482	1,433	4,444
other financial income	1,170	2,618	3,813
17) Interests and other investment charges	(1)	(6)	(7)
TOTAL INVESTMENT INCOME AND CHARGES	68,544	4,135	61,858
D) ADJUSTMENTS TO THE VALUE OF FINANCIAL INVESTMENTS			
19) Write-downs:			
of financial assets which are not investments	(354)	0	(215)
TOTAL ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS	(354)	0	(215)
E) EXTRAORDINARY INCOME AND CHARGES			
20) Income:			
gains on disposals	5	101	1,716
out of period revenues	953	133	8,738
other	0	98	206
21) Charges:			
losses on disposals	(5)	(5)	(63)
out of period expenses	(33)	(133)	(135)
TOTAL EXTRAORDINARY ITEMS	920	194	10,462
PROFIT BEFORE TAXATION	89,934	30,937	116,641
22) Income taxes for the period	11,414	12,599	25,520
PROFIT FOR THE PERIOD	78,520	18,338	91,121

The financial statements and related comments have been prepared in accordance with the regulations introduced by the Legislative Decree no. 127/91 and the provisions of the Consob resolutions no. 8,195 of June 30, 1994 and no. 9,389 of August 2, 1995. As permitted by the aforementioned regulations, all amounts are expressed in millions of Lire.

The valuation criteria are in line with those adopted in preparing the financial statements on December 31, 1998.

Comments on the most significant variations, as compared with December 31, 1998, are given below.

Intangible assets (Attachment 1)

The increase in Concessions, licences, trademarks and similar rights relates to the purchase of new software, while Intangible assets under formation and advances were allocated with reference to the new SAP accounting system, introduced at the beginning of the year. The other movements concern amortisation for the period.

Tangible fixed assets (Attachment 2)

Attachment 2 clearly shows the movements for the period in question; the most significant increases relate to "personal computers" purchased for the new staff and to satisfy the requirements of the new accounting system.

Investments (Attachment 3)

An increase of Lire 10,000 million refers to the approval of the share capital increase by the subsidiary company Banca Mediolanum S.p.A., already paid during the previous year and allocated to Paid into fund for investment, which was thus cancelled out. The decrease is due to a 50% transfer of the share capital of Mediolanum State Street S.I.M.p.A. (previously Mediolanum Borsa S.I.M.p.A.) to State Street Bank Europe Ltd.

Amounts receivable

From subsidiary companies have increased by Lire 1,400 million in respect to the release of a credit line in favour of the subsidiary company PI

Distribuzione S.r.l., expiring on December 21, 1999, extendable and remunerated at the official rate of discount.

CURRENT ASSETS

Debtors

Lire millions	30.06.99	31.12.98	Change
Trade accounts	296	528	(232)
Due from subsidiary companies	20,582	25,864	(5,282)
Due from Fininvest Group and Doris Group companies	671	776	(105)
Due from others	57,089	60,793	(3,704)

Due from subsidiary companies relates to commissions for the marketing of insurance products, and also includes personnel costs.

The decrease in amounts Due from others mainly relates to compensation for damage received in relation to a legal action favourable to the company. The balance includes Due from tax authorities for Lire 56,517 million.

All of those amounts, which have not yet been received, are receivable before the end of the next financial period, with the exception of Lire 148 million due from Hety France in liquidation.

Current financial assets

Own shares are held with a view to exerting a stabilising action on the Stock Exchange. They increased as a consequence of new acquisitions during the period, totalling no. 995,000 shares; the sales resulted in capital gains of Lire 4,564 million. The average market price value of shares in June was Lire 14,071, thus over the carrying value.

Other securities decreased as a consequence of the reimbursement of Treasury Bills, at their due date 01.01.99 for Lire 5,600 million, and of Medio Credito Lombardo bonds for Lire 1,380 millions. Adjusting the carrying value to the market value led to a capital loss of Lire 34 million.

Liquid assets

These are the balance of current accounts. They have increased mainly because of a higher collection of dividends, and the collection of government securities and bonds.

The decrease in Accrued income relates to a lower presence of government securities in the portfolio, as well as to a drop in the interest rates applied on bank deposits.

PREPAYMENTS AND ACCRUED
INCOME

The changes in the balances that make up capital and reserves are shown in Attachment 4.

SHAREHOLDERS' EQUITY
AND LIABILITIES

CAPITAL AND RESERVES

The Share capital is wholly paid-up and amounts to Lire 144,882 million, consisting of no. 724,410,000 ordinary shares with a nominal value of Lire 200 each. On April 30, 1999 a Share capital increase was decided amounting to Lire 26 million, fully paid up.

The Share premium reserves were consequently increased.

The composition of and changes in these provisions are as follows:

PROVISIONS FOR RISKS AND
CHARGES

Lire millions	31.12.98	Increases	Utilised	30.06.99
Deferred taxation provision	705	0	(389)	316
Employees' holiday pay accrual	1,170	627	(83)	1,714
Staff loyalty provisions	48	0	0	48
Provision for future risks	599	0	(89)	510
Provision for transactions in options	28	0	0	28
Provision against agents' illegal acts	243	0	0	243

The movements were as follows:

EMPLOYEE TERMINATION
INDEMNITY

Lire millions	
Balance at 31.12.98	3,422
Provision for the period	481
Increase due to staff transferred from other Group companies	218
Decrease due to staff transferred to other Group companies	(14)
Decrease for staff leaving the company	(99)
Advances made during the period	(62)
Balance at 30.06.99	3,946

These consist of the following:

CREDITORS

Lire millions	30.06.99	31.12.98	Change
Trade accounts	2,840	3,607	(767)
Due to subsidiary companies	14,446	10,860	3,586
Due to Fininvest Group and Doris Group companies	1,044	1,464	(420)
Due to shareholders	89	10	79
Due to tax authorities	3,085	3,684	(599)
Due to social security institutions	900	907	(7)
Other creditors	517	353	164

The most significant changes relate to the increase in amounts Due to subsidiary companies because of commissions payable to the subsidiary company Banca Mediolanum S.p.A. for the marketing of insurance products, and paid at their expiry date.

These items contain no long-term liabilities.

ACCRUALS AND DEFERRED
INCOME

Accrued expenses entirely consists of amounts due to employees in relation to the 13th month's salary, accrued during the half-year.

OFF-BALANCE SHEET
ITEMS

These include:

Lire millions	30.06.99	31.12.98	Change
Guarantees given	4,924	4,924	0
Hired or leased third party assets	290	204	86
Lease instalments to fall due	197	160	37
Own assets and securities in the hands of third parties	24,027	30,996	(6,969)
Cheques to be paid to third parties	23,484	16,715	6,769

The decrease in "Own assets and securities in the hands of third parties" is associated to the reimbursement of securities, already commented upon. "Cheques to be paid to third parties" is associated to Life insurance premium collection.

INCOME STATEMENT
INFORMATION

Comments in relation to the most significant changes of Income statement items compared with June 30, 1998 are given below.

VALUE OF PRODUCTION

Revenues from sales and services

These total Lire 110,507 million and relate to commissions and rappels received for the sale of insurance products. This increase is associated with the sale of the new Europension and Tracker Bond products.

Other revenues

These relate to:

Lire millions	30.06.99	30.06.98	Change
"On loan" personnel recharges	2,037	1,924	113
Recovered costs	114	101	13

COST OF PRODUCTION

Items, which are already analysed in the Income statement, have been omitted. Comments concerning the most significant items are given here.

Services received

Lire millions	30.06.99	30.06.98	Change
Commissions and fees	71,874	60,771	11,103
Advertising, public relations and entertainment expenses	205	352	(147)
Consultancy and professional services	2,004	2,416	(412)
Emoluments of Directors and Statutory Auditors	670	640	30
Insurance services	226	204	22
Travel and subsistence expenses	321	200	121
Telephone charges	366	260	106
Other services	2,201	2,221	(20)

The most significant increase regards “Commissions and fees”, in line with the increased collection of commissions.

Personnel costs

Personnel costs increased by Lire 2,103 million compared with the first half of 1998. This increase is due to a net increase in staff of 45.

These include:

Lire millions	30.06.99	30.06.98	Change
Dividends from subsidiary companies	62,314	0	62,314
Capital gains from sale of own shares	4,564	101	4,463
Interests receivable from subsidiary companies	320	414	(94)
Interests on securities included in current assets	482	1,433	(951)
Interest on bank accounts and due from tax authorities	865	2,294	(1,429)
Interest and other financial charges	(1)	(6)	(5)

INVESTMENT INCOME AND CHARGES

“Dividends from subsidiary companies” increased following the distribution of dividends during the period; thus, comparison with the figures for the same period of the previous year has no significance, since the distribution of dividends of Lire 53,500 million was decided in the second half-year.

“Capital gains from sale of own shares” relate to sales in the period. For the sake of clarity, the amount for June 1998 in Extraordinary income was reclassified.

Interests receivable have dropped as a result of the collection of interest on amounts due from tax authorities and government bonds.

This relates to the provision made for receivables from agents for illegal acts, corresponding to the full amount of Lire 320 million.

ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS

EXTRAORDINARY INCOME
AND CHARGES

The most significant data relates to Out of period revenues, generated by the collection of Lire 802 million damages from the action (described previously) in current assets, and to the full utilisation of the Lire 73 million deferred taxation provision for Irap.

INCOME TAXES

Taxation for the period is shown as net of tax credits on dividends, pre-paid taxes, utilisation of the deferred taxation provision and utilisation of the surplus of the provision for last year taxes. The analysis of revenue components highlights that the increased profits, as compared with June 30, 1998, is due to the collection of dividends, which, though subject to Irpeg (corporate income tax), are compensated by tax credit; moreover, the non-taxable part of dividends paid to the subsidiary company Mediolanum International Funds Ltd decreased the tax burden.

OTHER INFORMATION

TRANSACTIONS WITH
SUBSIDIARY COMPANIES

During the period, the company incurred the following costs: commissions for Lire 71,873 million, advertising for Lire 19 million, leasing/rentals for Lire 183 million, other services for Lire 26 million. It received revenues of the following nature: commissions for Lire 106,316 million, other revenues for Lire 1,719 million, income from investments for Lire 320 million, income from shareholdings for Lire 62,314 million.

On June 30, 1999 the number of employees was as follows:

	30.06.99	30.06.98
Managers	29	23
Clerical personnel	145	106

The Board of Directors has no. 10 members and there are no. 3 Statutory Auditors.

Their emoluments total Lire 670 million and can be analysed as follows:

Lire millions	
Directors	600
Statutory Auditors	70

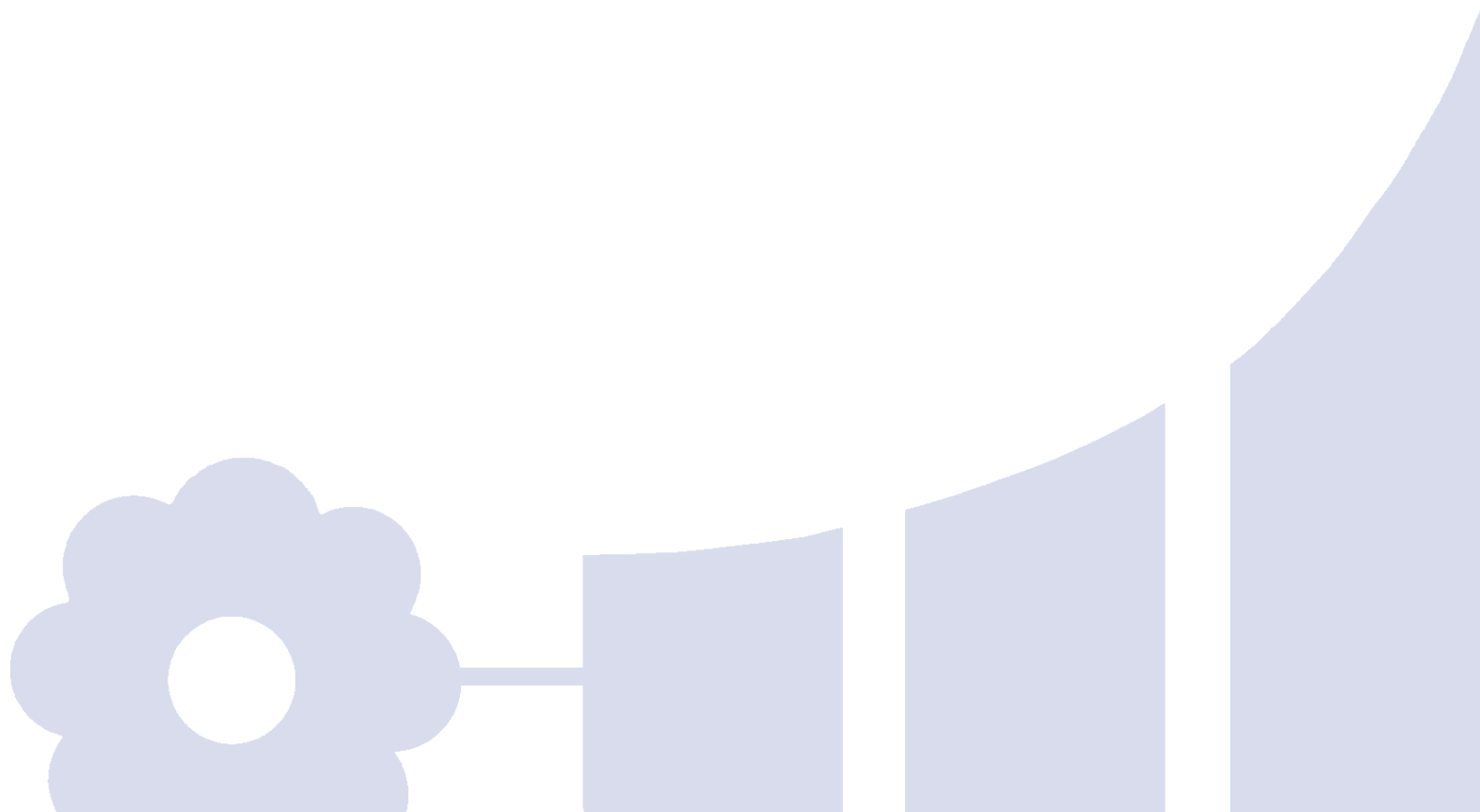
For the Board of Directors

The Chairman

Stefano Preda

MEDIOLANUM S.P.A.

ATTACHMENTS



ATTACHMENT 1

ANALYSIS OF CHANGES IN INTANGIBLE ASSETS AS OF JUNE 30, 1999

Lire millions	Opening situation			
	Historic cost	Accum. amortis.	Balance at 31.12.98	Additions
Intangible assets				
Start-up and expansion costs	9,180	(5,977)	3,203	1
Patents and intellectual property rights	432	(427)	5	0
Concessions, licences, trademarks and similar rights	977	(556)	421	475
Assets under formation and advances	1,088	0	1,088	0
Other intangible assets	1,695	(577)	1,118	0
TOTAL	13,372	(7,537)	5,835	476

ATTACHMENT 2

ANALYSIS OF CHANGES IN TANGIBLE FIXED ASSETS AS OF JUNE 30, 1999

Lire millions	Opening situation			
	Historic cost	Accum. amortis.	Balance at 31.12.98	Additions
Tangible fixed assets				
Plant and machinery, telephone equipment	40	(40)	0	0
Alarms and security equipment	49	(25)	24	0
Other specific plant and machinery	46	(46)	0	0
General plant/machinery	64	(64)	0	0
Telecasting equipment	4	(4)	0	0
TOTAL PLANT AND MACHINERY	203	(179)	24	0
Personal computers	2,357	(1,552)	805	288
Terminals and printers	47	(30)	17	0
Data transmission equipment and cellular phones	369	(205)	164	93
Various equipment	634	(252)	382	36
Office fittings, furniture and equipment	1,068	(598)	470	14
Furniture	1,888	(343)	1,545	21
Ordinary office machinery	1	(1)	0	0
Electric and electronic office machinery	19	(19)	0	0
Motor vehicles	647	(220)	427	38
TOTAL OTHER ASSETS	7,030	(3,220)	3,810	490
Assets under construction/Payments on account	0	0	0	0
TOTAL	7,233	(3,399)	3,834	490

Movements for the period			Closing situation		
Net disposals	Amortisation	Net reclassifications	Historic cost	Accum. amortis.	Balance at 30.06.99
0	(918)	0	9,181	(6,895)	2,286
0	(5)	0	432	(432)	0
0	(327)	1,067	2,519	(883)	1,636
0	0	(1,067)	21	0	21
0	(170)	0	1,695	(747)	948
0	(1,420)	0	13,848	(8,957)	4,891

Movements for the period			Closing situation		
Net disposals	Amortisation	Net reclassifications	Historic cost	Accum. amortis.	Balance at 30.06.99
0	0	0	40	(40)	0
0	(7)	0	49	(32)	17
0	0	0	46	(46)	0
0	0	0	64	(64)	0
0	0	0	4	(4)	0
0	(7)	0	203	(186)	17
0	(187)	0	2,645	(1,739)	906
0	(6)	0	47	(36)	11
(1)	(45)	0	462	(250)	212
0	(34)	0	670	(286)	384
0	(56)	0	1,082	(654)	428
(10)	(140)	0	1,897	(480)	1,417
0	0	0	1	(1)	0
0	0	0	19	(19)	0
(12)	(80)	0	666	(294)	372
(23)	(548)	0	7,489	(3,759)	3,730
0	0	0	0	0	0
(23)	(555)	0	7,692	(3,945)	3,747

ATTACHMENT 3

ANALYSIS OF CHANGES IN INVESTMENTS HELD AT JUNE 30, 1999

Company name	Share capital Lire millions	% holding	Shares/quotes
Subsidiary companies			
Mediolanum Fiduciaria S.p.A. Via F.Sforza P.zzo Meucci Basiglio (MI)	1,000	100	1,000,000
Mediolanum Gestione Fondi SGR.p.A. Via F.Sforza P.zzo Meucci Basiglio (MI)	10,000	100	1,000,000
Mediolanum International Funds Ltd Grand Canal House 1 Upper Grand Canal Street Dublin 4 Ireland	120,000 IRE	100	120,000
Mediolanum Asset Management Ltd Grand Canal House 1 Upper Grand Canal Street Dublin 4 Ireland	1 EURO	100	1
Mediolanum Comunicazione S.r.l. Via F.Sforza n.15 P.zzo Meucci Basiglio (MI)	1,500	100	1
Mediolanum State Street SIM.p.A. Via F.Sforza P.zzo Meucci Basiglio (MI)	5,000	50	2,500,000
PI Distribuzione S.r.l. Via F.Sforza P.zzo Meucci Basiglio (MI)	1,000	100	1
Mediolanum Vita S.p.A. Via F.Sforza P.zzo Meucci Basiglio (MI)	170,000	100	17,000,000
Banca Mediolanum S.p.A. Via F.Sforza P.zzo Meucci Basiglio (MI)	35,000	100	35,000,000
Partner Time S.p.A. Via F.Sforza P.zzo Meucci Basiglio (MI)	1,000	100	1,000,000
TOTALSUBSIDIARY COMPANIES			
Other companies			
Consorzio Aeromobili Fininvest Via Paleocapa 3 Milano	1,000	10	10
Europa Invest Luxembourg 14, Rue Aldringen	125,000 EURO	14	700
Cedacri Ovest S.p.A. Via Liguria 33 Castellazzo B.da (AL)	14,448	10	21,000
TOTALOTHERCOMPANIES			
TOTAL			

* The carrying value includes 1,880,000 IRE as contributions of capital.

Nominal value Lire	Book value at 31.12.98 Lire millions	Increase Lire millions	Decrease/ write-downs Lire millions	Book value at 30.06.99 Lire millions
1,000,000,000	1,405			1,405
10,000,000,000	9,908			9,908
120,000 IRE	5,112			5,112 *
1 EURO	0			0
1,500,000,000	1,475			1,475
2,500,000,000	5,919		2,878	3,041
1,000,000,000	1,000			1,000
170,000,000,000	225,926			225,926
35,000,000,000	28,036	10,000		38,036
1,000,000,000	500			500
	279,281	10,000	2,878	286,403
100,000,000	100			100
17,500 EURO	27			27
1,444,800,000	1,949			1,949
	2,076			2,076
	281,357	10,000	2,878	288,479

ATTACHMENT 4

ANALYSIS OF CHANGES IN SHAREHOLDERS' EQUITY AS OF JUNE 30, 1999

Lire millions	Share capital	Legal reserve	Share premium reserve
Balance at 31.12.98	144,856	17,524	88,078
Allocation of 1998 profit and reserves as decided by the Shareholders' meeting of 28.04.99:			
- legal reserve		4,556	
- dividends paid			
- extraordinary reserve			
Rights issue	26		49
Creation of reserve for Company's own shares in terms of Art. 2357 III of the Italian Civil Code			
Profit for the period			
Balance at 30.06.99	144,882	22,080	88,127

Extraordinary reserve	Reserve for own shares	Profit for the period	Total
63,878	13,548	91,121	419,005
		(4,556)	0
		(79,671)	(79,671)
6,894		(6,894)	0
			75
(6,655)	6,655		0
		78,520	78,520
64,117	20,203	78,520	417,929

ATTACHMENT 5

CASH FLOW STATEMENT AS OF JUNE 30, 1999

Lire millions	30.06.99
A) CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	10,349
Share capital increase	26
Increase in share premium reserve	49
TOTAL A	10,424
B) NET CASH FLOW FROM OPERATING ACTIVITIES	
Profit for the period	78,520
Net increase in deferred taxation provision	(389)
Amortisation and depreciation	1,975
Net increase in employee termination indemnity	524
PROFIT FROM ORDINARY ACTIVITIES	
BEFORE CHANGES IN WORKING CAPITAL	80,630
(Increase) decrease in current receivables	9,323
Increase (decrease) in trade and other payables	2,560
(Increase) decrease in other working capital balances	787
TOTAL	12,670
TOTAL B	93,300
C) CASH FLOW FROM INVESTMENT ACTIVITIES	
Fixed asset investments	
intangible	(476)
tangible	(490)
financial	(1,452)
Amount realised from fixed asset disposals	2,901
TOTAL C	483
D) CASH FLOW FROM FINANCING ACTIVITIES	
Distribution of profits	(79,671)
TOTAL D	(79,671)
E) CASH FLOW FOR THE PERIOD (B+C+D)	14,112
F) CASH AND CASH EQUIVALENTS AT END OF THE PERIOD (A+E)	24,536

Euro thousands	30.06.99	31.12.98	30.06.98
A) DUE FROM SHAREHOLDERS FOR SHARE			
CAPITAL STILL TO BE PAID IN	0	0	0
B) FIXED ASSETS			
I - Intangible assets			
Start-up and expansion costs	1,180	1,654	2,128
Patents and intellectual property rights	0	3	50
Concessions, licences, trademarks and similar rights	845	218	259
Intangible assets under formation and advances	11	562	194
Other intangible assets	490	577	642
TOTAL I	2,526	3,014	3,273
II - Tangible fixed assets			
Plant and machinery	9	12	16
Other assets	1,926	1,968	1,888
Assets under construction/Payments on account	0	0	0
TOTAL II	1,935	1,980	1,904
III - Financial assets			
Investments in:			
subsidiary companies	147,915	144,237	142,739
other companies	1,072	1,072	1,072
paid into fund for investment	0	5,165	0
Amounts receivable:			
from subsidiary companies	1,068	344	1,095
from other companies	582	556	284
TOTAL III	150,637	151,374	145,190
TOTAL FIXED ASSETS	155,098	156,368	150,367
C) CURRENT ASSETS			
I - Inventory	0	0	0
II - Debtors			
Trade accounts	153	273	277
Due from subsidiary companies	10,630	13,358	13,745
Due from shareholders	0	0	57
Due from Fininvest Group and Doris Group companies	346	401	594
Due from others	29,484	31,396	37,258
TOTAL I-II	40,613	45,428	51,931
III - Current financial assets			
Other investments	1	1	1
Own shares held (overall nom. value Lire 346,700,000)	10,434	6,997	0
Other securities	12,293	15,904	24,676
TOTAL III	22,728	22,902	24,677
IV - Liquid assets			
Bank and postal deposits	12,662	5,335	2,154
Cash in hand	10	10	6
TOTAL IV	12,672	5,345	2,160
TOTAL CURRENTS ASSETS	76,013	73,675	78,768
D) PREPAYMENTS AND ACCRUED INCOME			
Accrued income	161	486	467
Prepayments	220	127	33
TOTAL PREPAYMENTS AND ACCRUED INCOME	381	613	500
TOTAL ASSETS	231,492	230,656	229,635

ATTACHMENT 6

BALANCE SHEET

ASSETS
IN EURO

SHAREHOLDER'S EQUITY
AND LIABILITIES
IN EURO

Euro thousands	30.06.99	31.12.98	30.06.98
A) CAPITAL AND RESERVES			
I - Share capital	74,825	74,812	74,783
II - Share premium reserve	45,514	45,489	45,448
III - Revaluation reserve	0	0	0
IV - Legal reserve	11,403	9,050	9,050
V - Reserve for company's own shares	10,434	6,997	0
VI - Statutory reserves	0	0	0
VII - Other reserves:			
extraordinary reserve	33,114	32,990	39,987
VIII - Retained earnings	0	0	0
IX - Profit for the period	40,552	47,060	9,471
TOTAL CAPITAL AND RESERVES	215,842	216,398	178,739
B) PROVISIONS FOR RISKS AND CHARGES			
Deferred taxation provision	163	364	364
Other	1,314	1,078	1,377
TOTAL PROVISIONS FOR RISKS AND CHARGES	1,477	1,442	1,741
C) EMPLOYEE TERMINATION INDEMNITY	2,038	1,767	1,554
D) CREDITORS			
Trade accounts	1,467	1,863	2,037
Due to subsidiary companies	7,461	5,609	39,590
Due to Fininvest Group and Doris Group companies	539	756	423
Due to shareholders	46	5	5
Due to tax authorities	1,593	1,903	2,862
Due to social security institutions	465	468	384
Other creditors	267	183	2,073
TOTAL CREDITORS	11,838	10,787	47,374
E) ACCRUALS AND DEFERRED INCOME			
Accrued expenses	297	262	227
TOTAL ACCRUALS AND DEFERRED INCOME	297	262	227

TOTAL SHAREHOLDER'S EQUITY AND LIABILITIES	231,492	230,656	229,635
OFF-BALANCE SHEET ITEMS	27,332	27,372	32,276

Euro thousands	30.06.99	30.06.98	31.12.98
A) VALUE OF PRODUCTION			
1) Revenues from sales and services	57,072	53,180	103,131
5) Other revenues	1,111	1,046	2,064
TOTAL VALUE OF PRODUCTION	58,183	54,226	105,195
B) COST OF PRODUCTION			
6) Raw, ancillary and consumable materials and goods purchase of miscellaneous and consumable materials	(170)	(178)	(353)
7) Services received	(40,215)	(34,635)	(69,937)
8) Leases and rentals	(760)	(662)	(1,325)
9) Personnel costs:			
wages and salaries	(2,900)	(2,869)	(5,997)
social security contributions	(1,963)	(983)	(2,100)
employee termination indemnity	(270)	(196)	(427)
10) Depreciation, amortisation and write-downs:			
amortisation of intangible assets	(733)	(666)	(1,355)
depreciation of tangible fixed assets	(287)	(210)	(497)
14) Sundry operating costs	(131)	(86)	(203)
TOTAL COST OF PRODUCTION	(47,429)	(40,485)	(82,194)
DIFFERENCE BETWEEN VALUE AND COST OF PRODUCTION	10,754	13,741	23,001
C) INVESTMENT INCOME AND CHARGES			
15) Income from investments:			
in subsidiary companies	32,182	0	27,630
gains on disposals from securities included in current assets which are not investments	2,357	0	0
16) Other financial income:			
from receivables from subsidiaries included in fixed assets	8	46	57
from securities included in current assets which are not investments	249	740	2,295
other financial income	605	1,353	1,969
17) Interests and other investment charges	(1)	(3)	(4)
TOTAL INVESTMENT INCOME AND CHARGES	35,400	2,136	31,947
D) ADJUSTMENTS TO THE VALUE OF FINANCIAL INVESTMENTS			
19) Write-downs:			
of financial assets which are not investments	(183)	0	(111)
TOTAL ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS	(183)	0	(111)
E) EXTRAORDINARY INCOME AND CHARGES			
20) Income:			
gains on disposals	3	52	886
out of period revenues	493	69	4,513
other	0	51	107
21) Charges:			
losses on disposals	(3)	(3)	(33)
out of period expenses	(17)	(68)	(70)
TOTAL EXTRAORDINARY ITEMS	476	101	5,403
PROFIT BEFORE TAXATION	46,447	15,978	60,240
22) Income taxes for the period	(5,895)	(6,507)	(13,180)
PROFIT FOR THE PERIOD	40,552	9,471	47,060

**INCOME
STATEMENT**
IN EURO

REPORT OF THE INDEPENDENT AUDITORS ON THE REVIEW

OF THE HALF-YEAR REPORT


(Translation from the Original Issued in Italian)

To the Shareholders
of Mediolanum S.p.A.:

1. We have performed a review of the half-year report as of June 30, 1999, composed of the accounting schedules (balance sheet and profit and loss account) and the related explanatory notes of Mediolanum S.p.A. and of the consolidated report of the Group. We have also checked the part of the report related to the information on operations ("Directors' report on operations as of June 30, 1999") with the sole purpose of verifying the consistency thereof with the rest of the half-year report.
2. Our review was made in accordance with the criteria for reviews recommended by the Italian Regulatory Commission for Companies and the Stock Exchange ("CONSOB") under Bulletin No. 10867 of July 31, 1997. A review consists principally of obtaining the information regarding the items reported in the accounting schedules and the consistency of the valuation criteria through discussion with Company management and the performance of analytical procedures on the data contained in the accounting schedules. A review does not include those audit procedures such as compliance tests and substantive tests of assets and liabilities and is significantly less in scope than an audit conducted in accordance with generally accepted auditing standards. As a consequence, unlike the auditors' report accompanying the statutory and consolidated financial statements, we do not express an opinion on the half-year report.
3. With regard to the statutory and consolidated financial statements as of and for the year ended December 31, 1998 and the half-year report for the six-month period ended June 30, 1998, which are presented for comparative purposes, reference should be made to our reports dated, respectively, April 13, 1999 and October 12, 1998.

4. Based on our review, we are not aware of any material modifications or additions that should be made to the accounting schedules and related notes identified in paragraph 1. of this report, for them to be in conformity with the standards and procedures set out by the CONSOB regulation related to six-month reports as approved by Bulletin No. 8195 of June 30, 1994, and subsequent amendments.
5. As indicated in the explanatory notes, following the implementation of the Legislative Decree no. 173/97, since 1998 the Group has adopted the consolidated financial statement format for insurance companies. In compliance with the provisions of this Decree, the area of consolidation has also been modified so that since 1998 it only includes the parent company and those subsidiaries which carry out insurance or similar activities, whereas in the previous half year it included all the subsidiaries. In order to allow the comparison of the data with those of the previous half-year, the consolidated financial statement items of the half-year 1998 have been presented on a consistent basis with the half-year 1999 with reference both to the format of the financial statements adopted and with the composition of the area of consolidation.

ARTHUR ANDERSEN S.p.A.


Riccardo Azzali - Partner

Milan, Italy
October 14, 1999

Graphic design

Massmedia partners srl
Milano

Printed by
Tipolitografia Mariani - Lissone