

# Vittoria Assicurazioni

SOCIETÀ PER AZIONI  
REGISTERED OFFICES: VIA CALDERA, 21 - 20153 MILAN - ITALY  
SHARE CAPITAL: EURO 30,000,000 FULLY PAID-UP  
FISCAL CODE AND MILAN COMPANIES REGISTER  
NO. 01329510158 - REA NO. 54871  
COMPANY AUTHORISED TO CARRY OUT INSURANCE ACTIVITIES  
PURSUANT TO ARTICLE 65 OF LEGISLATIVE DECREE NO. 966  
OF 29 APRIL 1923

## Consolidated quarterly report at 31 March 2006

Board of directors' meeting  
of 10 May 2006



in accordance with Consob resolution no. 11971 of 14 May 1999 as modified and integrated by resolution no. 14990 of 14 April 2005

Please note that the original Report is in Italian. In case of doubt the Italian version prevails

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**Board of directors**

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Luigi GUATRI	Chairman
Carlo ACUTIS	Executive deputy chairman
Giorgio COSTA	Independent deputy chairman
Roberto GUARENA	Managing director
Adriana ACUTIS BISCARETTI di RUFFIA	Director
Andrea ACUTIS	Executive director
Francesco BAGGI SISINI	Independent director
Tiberto BRANDOLINI d'ADDA	Independent director
Marco BRIGNONE	Independent director
Arnaud HELLOUIN de MENIBUS	Independent director
Pietro Carlo MARSANI	Independent director
Giorgio MARSIAJ	Independent director
Giacomo MOTTURA	Director
Edgar MÜLLER-GOTTHARD	Independent director
Luca PAVERI FONTANA	Director
Giuseppe SPADAFORA	Independent director
Mario RAVASIO	Secretary

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**BOARD OF STATUTORY AUDITORS**

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Angelo CASÒ	Chairman
Giovanni MARITANO	Standing auditor
Livio STRAZZERA	Standing auditor
Ferruccio ARALDI	Substitute auditor
Sergio VASCONI	Substitute auditor

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**GENERAL MANAGEMENT**

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Mario RAVASIO	Deputy general manager
Cesare CALDARELLI	Central manager
Enrico CORAZZA	Central manager
Sergio GIOMINI	Central manager

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**INDEPENDENT AUDITORS**

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BDO Sala Scelsi Farina  
Joint-stock audit company

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**APPOINTMENTS AND REMUNERATION COMMITTEE**

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Luca PAVERI FONTANA	Non-executive chairman
Francesco BAGGI SISINI	non-executive, independent
Arnaud HELLOUIN de MENIBUS	non-executive, independent
Giacomo MOTTURA	non-executive

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**INTERNAL CONTROL COMMITTEE**

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Giacomo MOTTURA	Non-executive chairman
Francesco BAGGI SISINI	non-executive, independent
Giorgio COSTA	non-executive, independent

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**FINANCE COMMITTEE**

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Andrea ACUTIS	Executive chairman
Carlo ACUTIS	executive
Giorgio COSTA	non-executive, independent
Roberto GUARENA	executive
Luca PAVERI FONTANA	non-executive

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**REAL ESTATE COMMITTEE**

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Andrea ACUTIS	Executive chairman
Carlo ACUTIS	executive
Francesco BAGGI SISINI	non-executive, independent
Giorgio COSTA	non-executive, independent
Roberto GUARENA	executive
Arnaud HELLOUIN de MENIBUS	non-executive, independent
Giacomo MOTTURA	non-executive
Luca PAVERI FONTANA	non-executive

In accordance with Consob communication no. 97001574 of 20 February 1997 and given that the company by-laws establish that the chairman of the board of directors is the legal representative of the company for transactions with third parties and in court as are the deputy chairmen and managing director, to the extent established by the board of directors, the nature of the powers given by the board of directors (\*), to be exercised separately, to

DEPUTY CHAIRMAN Carlo Acutis  
and MANAGING DIRECTOR

is summarised below:

- Purchase, exchange and sell buildings up to a maximum of Euro ten million per transaction.
- Agree tender contracts, sign projects and contracts related to the company's buildings.
- Purchase and sell, without a fixed ceiling, government securities or securities underwritten by the government, non-convertible bonds and similar equities and OEICs that mainly invest in bonds.
- Purchase and sell, give and carry over shares, convertible bonds, investments in companies and bodies, units of closed-end funds and credit instruments up to a maximum of Euro ten million, reduced to Euro five million when the investments and divestments relate to investments in insurance companies or other companies with a business object directly related or instrumental to that business. The right to purchase and sell majority investments in other companies and bodies is reserved to the board of directors except for those transactions involving real estate companies within the ceiling of Euro ten million per transaction.
- Purchase and sell units of OEICs, excluding closed-end funds, that invest in equities up to a maximum of Euro fifteen million.
- Purchase and sell, without a fixed ceiling, debt securities and equities on behalf of the policyholders of the life business who bear the investment risk and those arising from pension fund management.
- Grant loans and financing up to Euro five million in all other cases, with the power to agree all guarantees, including mortgages.

The right to issue sureties and liens on behalf of third parties is reserved to the board of directors except for those for lease contracts related to the company's normal operations.

(\* ) Powers assigned by the Board of Directors on 29 April 2004

## **Format and content of the first quarter report**

The consolidated first quarter report has been prepared in accordance with the IFRS and in conformity with the provisions of article 82 of Consob resolution no. 11971 of 14 May 1999 as modified and adjusted by resolution no. 14990 of 14 April 2005.

The report, prepared in accordance with Annex 3D of the aforesaid resolution, consists of a directors' report, which comments on the group's performance and the main events of the three months, the interim financial statements and related notes.

In addition to the consolidated income statement and the income statement by business segment, this report also includes the parent's reclassified income statement, drawn up under Italian GAAP, in order to provide greater information on the insurance business.

Unless otherwise indicated, figures in this report are given in thousands of Euros.

## **Accounting policies**

The accounting policies adopted for the preparation of the consolidated first quarter report are consistent with those used for the annual consolidated financial statements. Accordingly, reference should be made to the section "Accounting policies" of the consolidated financial statements as at and for the year ended 31 December 2005. Nevertheless, given the shorter timespan compared to that allowed for annual financial statements and as this is an interim report, the directors have adopted a suitable approach to estimates, in line with management data. Specifically, with respect to mass lines, the valuation of the current generation claims reserve considers the relevant historical data trends.

The comparative 31 March 2005 figures have been restated using the new standards.

## Vittoria Assicurazioni group and consolidation scope

The group underwent the following changes during the first three months of 2006:

- acquisition of a 25% investment in **Mosaico S.p.A.**, through Vittoria Immobiliare S.p.A., for Euro 175 thousand;
- payment of Euro 2,448 thousand by the parent to the group company **White Finance S.A.** to increase its share premium reserve.

### Consolidated investments

The following companies have been consolidated on a line-by-line basis:

Name	Registered offices	Share/quota capital Euro	% held		
			Direct	Indirect	Through
Vittoria Assicurazioni S.p.A.	Milan	30,000,000			
Vittoria Immobiliare S.p.A.	Milan	7,700,000	87.24%		
Immobiliare Bilancia S.r.l.	Milan	2,000,000	97.66%		
Immobiliare Bilancia Prima S.r.l.	Milan	2,000,000	100.00%		
Immobiliare Bilancia Seconda S.r.l.	Milan	1,000,000	100.00%		
Immobiliare Bilancia Terza S.r.l.	Milan	100,000	100.00%		
Vittoria Properties S.r.l.	Milan	4,000,000	99.00%	1.00%	Vittoria Immobiliare S.p.A.
Interbilancia S.r.l.	Milan	80,000	80.00%	20.00%	
Gestimmobili S.r.l.	Milan	104,000		80.00%	
Interimmobili S.r.l.	Rome	104,000		80.00%	Vittoria Immobiliare S.p.A.
V.R.G. Domus S.r.l.	Turin	1,000,000		51.00%	
Parco Fidenae S.r.l.	Rome	50,000		51.00%	
Aspevi S.r.l.	Milan	10,400		100.00%	
Vittoria.Net S.r.l.	Milan	10,400		100.00%	Interbilancia S.r.l.
Aspeca S.r.l.	Milan	10,000		80.00%	

### Unconsolidated investments

The following companies are stated using the equity method:

Name	Registered offices	Share/quota capital Euro	% held		
			Direct	Indirect	Through
Yarpa International Holding N.V.	Amsterdam Holland	675,000	25.00%		
Laumor B.V.	Amsterdam Holland	20,000	25.00%		
White Finance S.A.	Luxembourg	1,000,000	32.17%		
Gimatrading S.r.l.	Turin	10,400		35.00%	
Sivim S.r.l.	Milan	60,000		49.50%	Vittoria Immobiliare S.p.A.
Rovimmobiliare S.r.l.	Rome	20,000		50.00%	
Mosaico S.p.A.	Turin	500,000		25.00%	
Le Api S.r.l.	Milan	10,400		30.00%	Interbilancia S.r.l.

All technical insurance figures included in this quarterly report relate to the parent, Vittoria Assicurazioni S.p.A., which is the only insurance company of the group.



# Directors' report

## Performance of Vittoria Assicurazioni Group

The profit for the first quarter of 2006 attributable to the shareholders of the parent totalled Euro 7,322 thousand, down 22.1% on the figure for the same period of 2005 (Euro 9,401 thousand).

The improvement in the insurance technical performance during the quarter was accompanied by a decline of the real estate sector due to the different nature of business currently carried out which are mainly focused on medium- to long-term development and promoting the business rather than short-term trading transactions. Therefore, the related income will be deferred over time.

Investments totalled Euro 1,512,196 thousand. They are split between investments where policyholders bear the risk (Euro 120,567 thousand) and investments where the group bears the risk (Euro 1,391,629 thousand). They increased by 1.5% over 31 December 2005.

Net gains on investments where the group bears the risk plummeted from Euro 24,599 thousand of the first quarter of the previous year to Euro 11,520 thousand.

The profit attributable to the shareholders of the parent is net of a technical accrual of Euro 457 thousand to the life business technical reserves, since the investments in the subsidiaries Vittoria Immobiliare S.p.A. and Immobiliare Bilancia S.r.l. are partly allocated to the separately-managed life businesses and, therefore, part of the parent's income recognised in the consolidated accounts is to be attributed to the policyholders.

Equity attributable to the shareholders of the parent amounted to Euro 212,745 thousand while that attributable to minority interests accounted for Euro 10,291 thousand.

Given the group's performance during the period, the directors have reasonably estimated 2006 consolidated ROE to be 15%, based on equity net of the reserve for unrealised capital gains.

The net profit for the first quarter of the parent, calculated under Italian GAAP, increased 0.6% to Euro 5,108 thousand (Euro 5,080 thousand in the same period of the previous year).

### INSURANCE BUSINESS

Profit from the insurance business, gross of taxes and inter-segment eliminations, totalled Euro 10,340 thousand (first quarter of 2005: Euro 8,981 thousand). The main operations contributing to this result are described below.

Total revenue amounted to Euro 135,041 thousand at period end, up 6.1% over the same period of the previous year (Euro 127,277 thousand). It comprises insurance premiums issued (Euro 134,836 thousand) and index-linked and unit-linked investment contracts and the Vittoria Formula Lavoro open pension fund (Euro 205 thousand).

Direct life business premiums rose 17.2% over the first quarter of the previous year.

Direct non-life business premiums increased 4.3%. Specifically:

- premiums of the motor business increased 1.8% (motor third-party liability + 0.2%; motor vehicle property damage + 8.2%; support and assistance + 34.7%);
- other non-life premiums excluding aviation, marine, bonds and credit rose 15.2% while premiums relating to aviation, marine, bonds and credit fell 5.7%.

### **REAL ESTATE BUSINESS**

Profit from the real estate business, gross of taxes and inter-segment eliminations, totalled Euro 2,649 thousand (first quarter of 2005: Euro 13,208 thousand). The main income statement items contributing to this result, gross of intragroup eliminations, comprise:

- revenue on property held for trading and development (Euro 4,246 thousand);
- revenue on real estate brokerage and management services (Euro 797 thousand) and rent income (Euro 362 thousand).

The group's share of the profit of associates totalled Euro 1,596 thousand (first quarter of 2005: Euro 1,026 thousand). This profit, which is recognised in the non-life business section of the income statement by business segment, mainly relates to real estate companies.

### **SERVICE BUSINESS**

Revenue from the services rendered by group companies, gross of intragroup transactions, totalled Euro 1,100 thousand during the quarter. It includes Euro 945 thousand in commissions and services provided to the parent and Euro 155 thousand to third parties.

Profit for the period of this business, gross of income taxes and minority interests, came in at Euro 124 thousand (first quarter of 2005: Euro 33 thousand).

## Performance

### Premiums

Premiums totalled Euro 134,836 thousand at period end. The following table shows the portfolio mix and changes by business and business line:

#### BREAKDOWN OF GROSS PREMIUMS WRITTEN IN THE FIRST QUARTER OF 2006 AND 2005 DIRECT AND INDIRECT INSURANCE

(in thousands of Euros)

	31/03/06	31/03/05	Change %	Percentage of portfolio	
				2006	2005
<b>Domestic direct insurance</b>					
<b>Life business</b>					
I Whole and term life insurance	13,031	11,622	12.1	9.7	9.2
IV Health insurance	132	129	2.3	0.1	0.1
V Capitalisation insurance	15,943	13,083	21.9	11.8	10.4
<b>Total life business</b>	<b>29,106</b>	<b>24,834</b>	<b>17.2</b>	<b>21.6</b>	<b>19.7</b>
<b>Non-life business</b>					
Accident insurance	5,534	4,797	15.4	4.1	3.8
Health insurance	1,711	1,898	-9.9	1.3	1.5
Fire and natural events	4,921	4,293	14.6	3.6	3.4
Miscellaneous damage	3,331	2,836	17.5	2.5	2.2
Marine third-party liability	30	28	7.1	0.0	0.0
General third-party liability	5,587	4,929	13.3	4.1	3.9
Pecuniary losses	2,547	1,973	29.1	1.9	1.6
Legal protection	496	212	134.0	0.4	0.2
<b>Total other non-life premiums excluding aviation, marine, bonds and credit</b>	<b>24,157</b>	<b>20,966</b>	<b>15.2</b>	<b>17.9</b>	<b>16.6</b>
Aviation property damage	550	1,102	-50.1	0.4	0.9
Marine property damage	27	16	68.8	0.0	0.0
Cargo insurance	606	789	-23.2	0.4	0.6
Aviation third-party liability	62	119	-47.9	0.0	0.1
Bond insurance	1,998	1,413	41.4	1.5	1.1
<b>Total premiums relating to aviation, marine, bonds and credit</b>	<b>3,243</b>	<b>3,439</b>	<b>-5.7</b>	<b>2.4</b>	<b>2.7</b>
Motor third-party liability	63,180	63,067	0.2	46.9	50.0
Motor property damage	13,981	12,916	8.2	10.4	10.2
Support and assistance	851	632	34.7	0.6	0.5
<b>Total motor business</b>	<b>78,012</b>	<b>76,615</b>	<b>1.8</b>	<b>57.9</b>	<b>60.7</b>
<b>Total non-life business</b>	<b>105,412</b>	<b>101,020</b>	<b>4.3</b>	<b>78.2</b>	<b>80.0</b>
<b>Total direct insurance</b>	<b>134,518</b>	<b>125,854</b>	<b>6.9</b>	<b>99.8</b>	<b>99.7</b>
<b>Domestic indirect insurance</b>					
Life business	-	-	n.a.	0.0	0.0
Non-life business	318	376	-15.4	0.2	0.3
<b>Total indirect insurance</b>	<b>318</b>	<b>376</b>	<b>-15.4</b>	<b>0.2</b>	<b>0.3</b>
<b>Total</b>	<b>134,836</b>	<b>126,230</b>	<b>6.8</b>	<b>100.0</b>	<b>100.0</b>

Three new agencies were set up, one was closed down and nine were restructured during the quarter. At period end, 231 agencies and 264 professional sub-agencies were operative.

The company does not operate in EU and non-EU countries on a freedom-to-provide-services basis or through establishments.

A breakdown of agencies and premiums related to the company's direct business by geographical area is set out below:

(in thousands of Euros)					
Region	Agencies	Non-life business		Life business	
		premiums	%	premiums	%
<b>NORTH</b>					
Emilia Romagna	21	7,977		1,652	
Friuli Venezia Giulia	3	1,515		256	
Liguria	9	4,065		339	
Lombardy	59	28,938		13,575	
Piedmont	25	7,566		959	
Trentino Alto Adige	4	1,736		163	
Valle d'Aosta	1	406		29	
Veneto	22	7,772		1,484	
<b>Total</b>	<b>144</b>	<b>59,975</b>	<b>56.9</b>	<b>18,457</b>	<b>63.4</b>
<b>CENTRE</b>					
Abruzzi	7	4,083		571	
Lazio	21	15,482		5,641	
Marches	7	1,838		366	
Tuscany	20	8,937		809	
Umbria	10	4,375		790	
<b>Total</b>	<b>65</b>	<b>34,715</b>	<b>32.9</b>	<b>8,177</b>	<b>28.1</b>
<b>SOUTH AND ISLANDS</b>					
Basilicata	2	996		69	
Calabria	2	711		28	
Campania	6	1,878		1,662	
Apulia	4	2,885		380	
Sardinia	1	1,187		43	
Sicily	7	3,065		290	
<b>Total</b>	<b>22</b>	<b>10,722</b>	<b>10.2</b>	<b>2,472</b>	<b>8.5</b>
<b>Total</b>	<b>231</b>	<b>105,412</b>	<b>100.0</b>	<b>29,106</b>	<b>100.0</b>

## Life business

### Premiums

Direct insurance premiums written in the first quarter of 2006 totalled Euro 29,106 thousand (first quarter of 2005: Euro 24,834 thousand) and comprised single premiums of Euro 18,424 thousand and annual premiums of Euro 10,682 thousand, accounting for 63.3% and 36.7%, respectively.

### Claims, accrued sums and annuities and surrenders

The following table shows a breakdown of amounts paid relating to the first quarter:

	(in thousands of Euros)	
	31/03/06	31/03/05
Claims	1,065	237
Accrued sums and annuities	6,975	7,264
Surrenders	4,555	2,665
<b>Total</b>	<b>12,595</b>	<b>10,166</b>

### Reinsurance

#### Outwards reinsurance

With respect to Class I of the life business, the following treaties are in place:

- exceeding risk premium;
- pure commercial premiums outwarded in 1996 and 1997.

Ceded premiums amounted to Euro 1,226 thousand in the first quarter.

#### Inwards reinsurance

With respect to the life business, there is a traditional treaty no longer applied which only records changes in the related portfolio.

## Non-life business

### Premiums and technical performance

Direct insurance premiums written in the first quarter of 2006 totalled Euro 105,412 thousand (first quarter of 2005: Euro 101,020 thousand), showing an increase of 4.3%.

The technical performance by group of business lines is summarised below:

#### Other non-life lines of business excluding aviation, marine, bonds and credit

Other non-life premiums excluding aviation, marine, bonds and credit grew 15.2% increasing their share of the parent's portfolio. The technical result worsened due to a number of serious claims.

#### Aviation, marine, bonds and credit lines of business

Premiums relating to aviation, marine, bonds and credit decreased 5.7% during the quarter as a result of the careful risk underwriting policy. The overall technical result is negative but clearly better than the same period of the previous year.

#### Motor business

Overall premiums written grew slightly by 1.8%. The technical result was positive.

## Claims

### Reported claims

The following table of reported claims derives from positions opened during the period. Comparative figures of the first quarter of 2005 are also given.

	(in thousands of Euros)					
	31/03/06		31/03/05		Change %	
	number	total cost	number	total cost	number	total cost
Accident insurance	1,563	6,417	1,306	3,558	19.7	80.4
Health insurance	850	939	928	853	-8.4	10.1
Fire and natural events	1,029	2,479	961	1,790	7.1	38.5
Miscellaneous damage	2,107	3,275	1,505	2,281	40.0	43.6
Marine third-party liability	9	55	6	24	50.0	129.2
General third-party liability	2,209	5,738	2,223	5,060	-0.6	13.4
Pecuniary losses	47	150	21	42	123.8	257.1
Legal protection	50	38	14	14	257.1	171.4
<b>Total other non-life premiums excluding aviation, marine, bonds and credit</b>	<b>7,864</b>	<b>19,091</b>	<b>6,964</b>	<b>13,622</b>	<b>12.9</b>	<b>40.1</b>
Aviation property damage	5	598	5	58	0.0	n.a.
Marine property damage	3	10	2	33	50.0	-69.7
Cargo insurance	92	543	114	369	-19.3	47.2
Aviation third-party liability	2	3	-	-	n.a.	n.a.
Bond insurance	28	1,391	77	1,978	-63.6	-29.7
<b>Total premiums relating to aviation, marine, bonds and credit</b>	<b>130</b>	<b>2,545</b>	<b>198</b>	<b>2,438</b>	<b>-34.3</b>	<b>4.4</b>
Motor third-party liability	16,096	46,440	15,003	37,988	7.3	22.2
Motor property damage	4,478	8,560	3,828	7,226	17.0	18.5
Support and assistance	1,485	128	1,034	88	43.6	45.5
<b>Total motor business</b>	<b>22,059</b>	<b>55,128</b>	<b>19,865</b>	<b>45,302</b>	<b>11.0</b>	<b>21.7</b>
<b>Total non-life business</b>	<b>30,053</b>	<b>76,764</b>	<b>27,027</b>	<b>61,362</b>	<b>11.2</b>	<b>25.1</b>

## Claims paid

Claims paid related to the group's direct business and the reinsurers' share may be analysed on an accruals basis as follows:

(in thousands of Euros)

	Claims paid 31/03/06			Claims recovered from reinsurers	Claims paid 31/03/05			Change in gross claims %
	Current year	Previous years	Total		Current year	Previous years	Total	
Accident insurance	80	1,966	2,046	26	95	1,903	1,998	2.4
Health insurance	153	833	986	-	237	574	811	21.6
Fire and natural events	209	1,920	2,129	190	271	1,054	1,325	60.7
Miscellaneous damage	675	1,810	2,485	10	344	853	1,197	107.6
Marine third-party liability	9	29	38	-	1	41	42	-9.5
General third-party liability	221	2,912	3,133	93	180	4,246	4,426	-29.2
Pecuniary losses	5	19	24	-	8	17	25	-4.0
<b>Total other non-life lines of business excluding aviation, marine, bonds and credit</b>	<b>1,352</b>	<b>9,489</b>	<b>10,841</b>	<b>319</b>	<b>1,136</b>	<b>8,688</b>	<b>9,824</b>	<b>10.4</b>
Aviation property damage	-	2	2	2	-	45	45	n.a.
Marine property damage	-	25	25	3	-	28	28	-10.7
Cargo insurance	1	332	333	118	-	144	144	131.3
Bond insurance	208	1,610	1,818	904	610	430	1,040	74.8
<b>Total lines of business relating to aviation, marine, bonds and credit</b>	<b>209</b>	<b>1,965</b>	<b>2,174</b>	<b>1,023</b>	<b>610</b>	<b>647</b>	<b>1,257</b>	<b>73.0</b>
Motor third-party liability	7,592	41,989	49,581	10,463	5,717	34,900	40,617	22.1
Motor property damage	1,416	5,344	6,760	221	935	4,297	5,232	29.2
Support and assistance	19	185	204	183	6	140	146	39.7
<b>Total motor business</b>	<b>9,027</b>	<b>47,518</b>	<b>56,545</b>	<b>10,867</b>	<b>6,658</b>	<b>39,337</b>	<b>45,995</b>	<b>22.9</b>
<b>Total non-life business</b>	<b>10,588</b>	<b>58,972</b>	<b>69,560</b>	<b>12,209</b>	<b>8,404</b>	<b>48,672</b>	<b>57,076</b>	<b>21.9</b>

The cost includes the additional charge to the guarantee fund for road casualties of Euro 1,557 thousand (first quarter of 2005: Euro 1,510 thousand).

## Reinsurance

### Outwards reinsurance

Group policies on outwards reinsurance are focused on the underwriting selection criteria, the increase and maintenance of the portfolio in line with risks covered and are aimed at reaching the net retention balance. Transactions are carried out at an international level with highly rated reinsurers.

The main existing treaties relate to:

#### **Non-life business**

Accident insurance  
Aviation property damage

Cargo insurance  
Fire and natural events  
Motor third-party liability

Aviation third-party liability  
Bond insurance  
General third-party liability

Legal protection

#### **Type of treaty**

Pure premium for general aviation  
Pure premium for space risks  
Pure premium for general aviation  
Voluntary-mandatory  
Claims excess  
Pure premium  
Claims excess  
Pure premium for general aviation  
Pure premium  
Claims excess  
Pure premium for general aviation  
Pure premium

### Inwards reinsurance

Inwards insurance mainly arises from participation in syndicates and activities carried out in class 05 - Aviation property damage - space risks.

Ceded and retroceded premiums amounted to Euro 17,603 thousand in the first quarter.



## Technical reserves

Technical reserves, gross of the reinsurers' share, may be analysed as follows:

(in thousands of Euros)

	Direct business		Indirect business		Total carrying amount	
	31/03/2006	31/12/2005	31/03/2006	31/12/2005	31/03/2006	31/12/2005
<b>Non-life reserves</b>	<b>588,093</b>	<b>585,481</b>	<b>2,087</b>	<b>2,208</b>	<b>590,180</b>	<b>587,689</b>
Premium reserve	162,384	164,084	317	342	162,701	164,426
Claims reserve	423,297	419,078	1,770	1,866	425,067	420,944
Other reserves	2,412	2,319	-	-	2,412	2,319
of which following the Liability Adequacy Test	-	-	-	-	-	-
<b>Life reserves</b>	<b>673,527</b>	<b>670,311</b>	<b>577</b>	<b>577</b>	<b>674,104</b>	<b>670,888</b>
Reserve for payable amounts	16,744	24,069	14	14	16,758	24,083
Mathematical reserves	616,341	598,193	551	551	616,892	598,744
Other reserves	40,442	48,049	12	12	40,454	48,061
of which following the Liability Adequacy Test	-	-	-	-	-	-
of which deferred liabilities to policyholders	36,930	44,489	-	-	36,930	44,489
<b>Total technical reserves</b>	<b>1,261,620</b>	<b>1,255,792</b>	<b>2,664</b>	<b>2,785</b>	<b>1,264,284</b>	<b>1,258,577</b>

The other reserves of the life business mainly relate to the reserve for deferred liabilities to policyholders (Euro 36,930 thousand, Euro 22,454 thousand of which due to the fair value measurement of financial assets available for sale and Euro 14,476 thousand to the accrual for the profits of the subsidiaries allocated to the separately-managed businesses) and to the reserve for management expenses (Euro 3,332 thousand).

The reinsurers' share of technical reserves may be summarised as follows:

(in thousands of Euros)

	Direct business		Indirect business		Total carrying amount	
	31/03/2006	31/12/2005	31/03/2006	31/12/2005	31/03/2006	31/12/2005
<b>Non-life reserves</b>	<b>108,729</b>	<b>115,751</b>	<b>1,560</b>	<b>1,637</b>	<b>110,289</b>	<b>117,388</b>
Premium reserve	24,993	39,006	253	271	25,246	39,277
Claims reserve	83,736	76,745	1,307	1,366	85,043	78,111
Other reserves	-	-	-	-	-	-
<b>Life reserves</b>	<b>25,820</b>	<b>25,918</b>	<b>-</b>	<b>-</b>	<b>25,820</b>	<b>25,918</b>
Reserve for payable amounts	21	21	-	-	21	21
Mathematical reserves	25,757	25,858	-	-	25,757	25,858
Other reserves	42	39	-	-	42	39
<b>Total reinsurers' share of technical reserves</b>	<b>134,549</b>	<b>141,669</b>	<b>1,560</b>	<b>1,637</b>	<b>136,109</b>	<b>143,306</b>

## Overheads – Operating costs

### Insurance business

#### Overheads

Total insurance overheads, which include personnel expenses, other costs and amortisation/depreciation charges, gross of allocation to specific functions, such as claims settlement, sales organisation and asset management, increased by 1.2% from Euro 12,565 thousand in the first quarter of the previous year to Euro 12,714 thousand.

These costs include not only current operating expense, but also depreciation charges on investments in IT structures and processes aimed at controlling future overheads incurred by the headquarters and agencies while also improving assistance given to policyholders with respect to insurance policies and claims settlement.

They may be analysed by nature as follows, gross of intragroup costs:

(in thousands of Euros)

<b>ANALYSIS OF COSTS - Direct insurance</b>	<b>31/03/06</b>	<b>31/03/05</b>	<b>Change</b>
Personnel expenses	7,367	6,631	11.1%
Other costs and amortisation/depreciation	5,347	5,934	-9.9%
<b>Total overheads</b>	<b>12,714</b>	<b>12,565</b>	<b>1.2%</b>

Other costs mainly include office operating costs, IT costs, legal and corporate expenses, mandatory contributions and membership fees.

Overheads accounted for 9.4% of total premiums, compared to 9.9% in the same period of the previous year.

Changes in the allocation of operating costs, charges relating to claims and other costs by function are analysed below.

(in thousands of Euros)

<b>ALLOCATION BY FUNCTION</b>	<b>31/03/06</b>	<b>31/03/05</b>	<b>Change</b>
Investment management costs	271	255	6.3%
Commissions and other acquisition costs	4,229	4,028	5.0%
Other administrative costs	4,756	4,496	5.8%
Charges relating to claims	2,484	2,216	12.1%
Other costs (unallocated depreciation)	230	211	9.0%
Other costs (amortisation)	744	1,359	-45.3%
<b>Total costs by function</b>	<b>12,714</b>	<b>12,565</b>	<b>1.2%</b>

## Operating costs

To give a clearer view of data reported, the following table shows the total amount of insurance business operating costs (life and non-life business), as reported in the income statement by business segment.

(in thousands of Euros)				
	Non-life business		Life business	
	31/03/06	31/03/05	31/03/06	31/03/05
<b>Gross commissions and other acquisition costs</b>	<b>24,778</b>	<b>22,372</b>	<b>1,916</b>	<b>1,758</b>
a Acquisition commissions	16,774	16,065	607	538
b Other acquisition costs	5,675	5,253	798	549
c Change in deferred acquisition costs	276	-372	206	220
d Premium collection commissions	2,053	1,426	305	451
<b>Profit participation and other commissions received from reinsurers</b>	<b>2,256</b>	<b>-203</b>	<b>201</b>	<b>192</b>
<b>Investment management costs</b>	<b>102</b>	<b>98</b>	<b>75</b>	<b>90</b>
<b>Other administrative costs</b>	<b>3,876</b>	<b>3,588</b>	<b>1,033</b>	<b>1,105</b>
<b>Total</b>	<b>26,500</b>	<b>26,261</b>	<b>2,823</b>	<b>2,761</b>

## Real estate business - Service business

Overheads of the real estate and service sectors, gross of inter-segment eliminations, may be analysed as follows:

### REAL ESTATE BUSINESS

(in thousands of Euros)			
ANALYSIS OF COSTS	31/03/06	31/03/05	Change
Personnel expenses	655	630	4.0%
Other costs and amortisation/depreciation	1,902	2,239	-15.1%
<b>Total overheads</b>	<b>2,557</b>	<b>2,869</b>	<b>-10.9%</b>

### SERVICE BUSINESS

(in thousands of Euros)			
ANALYSIS OF COSTS	31/03/06	31/03/05	Change
Personnel expenses	133	166	-19.9%
Other costs and amortisation/depreciation	835	1,183	-29.4%
<b>Total overheads</b>	<b>968</b>	<b>1,349</b>	<b>-28.2%</b>

Personnel expenses and other costs are classified as operating costs, under "Other administrative costs", while amortisation/depreciation charges are recognised under "Other administrative costs" in the income statement.

## Employees

Employees of Vittoria Assicurazioni and fully consolidated companies numbered 461 at period end compared to 462 at the end of 2005.

The average number of employees split by position is as follows:

	First quarter 2006	First quarter 2005	2005
Managers	22	20	21
Officers	101	94	96
Administrative staff	340	322	332
<b>Total</b>	<b>463</b>	<b>436</b>	<b>449</b>

## Investments – Cash and cash equivalents - Property

Investments, cash and cash equivalents and property totalled Euro 1,512,196 thousand, up Euro 21,774 thousand or 1.5%, over the previous year end.

They may be analysed as follows:

(in thousands of Euros)			
<b>INVESTMENTS - CASH AND CASH EQUIVALENTS - PROPERTY</b>	<b>31/03/2006</b>	<b>31/12/2005</b>	<b>Change</b>
<b>Investment property</b>	-	-	n. a.
- Investments in subsidiaries	-	-	
- Investments in associates	35,641	31,477	
- Interests in joint ventures	-	-	
<b>Investments in subsidiaries and associates and interests in joint ventures</b>	<b>35,641</b>	<b>31,477</b>	<b>13.2%</b>
- Reinsurance deposits	618	618	
- Other loans and receivables	16,165	16,244	
<b>Loans and receivables</b>	<b>16,783</b>	<b>16,862</b>	<b>-0.5%</b>
A <b>Held to maturity investments</b>	<b>118,177</b>	<b>71,687</b>	<b>64.9%</b>
- Equity investments	75,456	69,593	
- OEIC units	8,857	8,744	
- Bonds and other fixed-interest securities	933,499	983,470	
B <b>Financial assets available for sale</b>	<b>1,017,812</b>	<b>1,061,807</b>	<b>-4.1%</b>
- Investments where policyholders bear the risk	120,567	122,758	
- Investments where the group bears the risk at fair value through profit or loss		-	
<b>Financial assets at fair value through profit or loss</b>	<b>120,567</b>	<b>122,758</b>	<b>-1.8%</b>
C - Equity investments held for trading	-	-	
- OEIC units held for trading	-	-	
- Bonds and other fixed-interest securities held for trading	1,533	1,607	
- Other financial assets held for trading	-	-	
D <b>Financial assets held for trading</b>	<b>1,533</b>	<b>1,607</b>	<b>-4.6%</b>
<b>Financial assets at fair value through profit or loss</b>	<b>122,100</b>	<b>124,365</b>	<b>-1.8%</b>
<b>Cash and cash equivalents</b>	<b>108,938</b>	<b>75,016</b>	<b>45.2%</b>
Property under construction	30,859	35,056	
Property held for trading	46,314	58,458	
Owner-occupied property	15,572	15,694	
<b>Property</b>	<b>92,745</b>	<b>109,208</b>	<b>-15.1%</b>
<b>TOTAL INVESTMENTS</b>	<b>1,512,196</b>	<b>1,490,422</b>	<b>1.5%</b>

### Investments where the group bears the risk

Investments where the group bears the risk totalled Euro 1,391,629 thousand (31 December 2005: Euro 1,367,664 thousand).

Transactions that took place during the first three months of the year were as follows:

#### A) Held to maturity investments:

- repayment of bonds for Euro 9 thousand;
- purchase of Italian fixed-interest treasury bonds for Euro 45,332 thousand.

#### B) Financial assets available for sale:

- repayment of bonds for Euro 38,192 thousand;
- partial repayment of closed-end real estate investment trusts for Euro 48 thousand.

D) Financial assets held for trading:

- acquisitions arising from surrenders of policies as per point 2 of article 30 of Legislative decree no. 174 of 17 March 1995 for Euro 174 thousand;
- repayment of bonds for Euro 242 thousand, recording gains of Euro 2 thousand.

Investments benefiting life policyholders bearing the risk and investments arising from pension fund management (section C of the previous table)

These investments decreased 1.8% to Euro 120,567 thousand at quarter end. They relate to unit-linked and index-linked policies (Euro 118,529 thousand) and the Vittoria Formula Lavoro open pension fund (Euro 2,038 thousand).

Overall net return was a positive Euro 3,993 thousand.

Investments in securities decreased 1.9% to Euro 114,136 thousand (31 December 2005: Euro 116,312 thousand).

The caption is made up as follows:

	(in thousands of Euros)		
	31/03/06	31/12/05	Change %
Equity investments	6,165	5,544	11.2
Unit trusts and OEICs	76,953	75,442	2.0
Bonds and other fixed-interest securities	2,747	2,593	5.9
Index-linked derivative notes	28,272	32,734	-13.6
<b>Total</b>	<b>114,136</b>	<b>116,312</b>	<b>-1.9</b>

The three sectors of the open pension fund at 31 March 2006 may be analysed as follows:

	Members		Assets	
	31/03/06	31/12/05	(in thousands of Euros)	
	31/03/06	31/12/05	31/03/06	31/12/05
Previdenza Garantita	25	25	268	269
Previdenza Equilibrata	29	30	276	272
Previdenza Capitalizzata	107	110	1,477	1,381

### Change in securities

Changes during the quarter in financial assets where the risk is borne by group companies (equity investments, bonds and other fixed-interest securities and OEIC units) and in those where the risk is borne by policyholders and relating to pension fund management are detailed below.

(in thousands of Euros)

	Held to maturity investments	Financial assets available for sale				Financial assets at fair value through profit or loss	Financial assets held for trading	Total
		Equity investments	OEIC units	Bonds and other fixed-interest securities	Total	Assets where the risk is borne by policyholders and related to pension funds	Bonds and other fixed-interest securities	
<b>Carrying amount at 31/12/2005</b>	<b>71,687</b>	<b>69,593</b>	<b>8,744</b>	<b>983,470</b>	<b>1,061,807</b>	<b>122,758</b>	<b>1,607</b>	<b>1,257,859</b>
<b>Acquisitions and subscriptions</b>	45,332	-	-	-	-	21	174	45,527
<b>Sales and repayments</b>	-9	-	-48	-38,192	-38,240	-8,244	-242	-46,735
<b>Other changes:</b>								
- effective interest adjustments	348	-	-	154	154	-	-	502
- fair value adjustments	-	5,863	161	-13,306	-7,282	2,333	-7	-4,956
- impairment loss	-	-	-	-	-	-	-	-
- change in accrued interest	819	-	-	1,373	1,373	26	1	2,219
- other changes	-	-	-	-	-	3,673	-	3,673
<b>Carrying amount at 31/03/2006</b>	<b>118,177</b>	<b>75,456</b>	<b>8,857</b>	<b>933,499</b>	<b>1,017,812</b>	<b>120,567</b>	<b>1,533</b>	<b>1,258,089</b>

### Investments in property

Group real estate at 31 March 2006 totalled Euro 92,745 thousand, down 15.1% over 31 December 2005, of which:

- Euro 12,970 thousand relating to the parent;
- Euro 79,775 thousand relating to subsidiaries, of which:
  - Euro 2,602 thousand in owner-occupied property held through Vittoria Properties S.r.l.;
  - Euro 30,859 thousand in areas being built on. The balance includes the gross carrying amount of Euro 36,672 thousand, net of payments on account for Euro 5,813 thousand;
  - Euro 46,314 thousand in property held for trading.

The decrease in the carrying amount of areas being built on by group companies shown in the table "Investments – Cash and cash equivalents - Property" reflects the progress of sales of the residential buildings in Turin ("Spina 1" district) and Peschiera Borromeo (Milan).

Buildings available for sale were affected by new acquisitions (Euro 4,367 thousand) and sales (Euro 20,594 thousand), which generated gross gains of Euro 3,166 thousand.

## Financial liabilities

A breakdown of financial liabilities relating to contracts where the investment risk is borne by policyholders and other financial liabilities with disclosure of subordinated liabilities is set out below.

(in thousands of Euros)			
<b>FINANCIAL LIABILITIES</b>	<b>31/03/2006</b>	<b>31/12/2005</b>	<b>Change</b>
- Financial liabilities where the investment risk is borne by policyholders relating to index- and unit-linked policies	118,529	120,796	
- Financial liabilities where the investment risk is borne by policyholders relating to pension funds	2,038	1,962	
<b>Financial liabilities where the investment risk is borne by policyholders and arising from pension fund management</b>	<b>120,567</b>	<b>122,758</b>	<b>-1.8%</b>
- Reinsurance deposits	106,301	106,301	
- Payables to banks	57,196	55,782	
- Other financial payables	3,685	3,685	
- Subordinated liabilities	17,071	17,760	<b>-3.9%</b>
<b>Other financial liabilities</b>	<b>184,253</b>	<b>183,528</b>	<b>0.4%</b>
<b>TOTAL FINANCIAL LIABILITIES</b>	<b>304,820</b>	<b>306,286</b>	<b>-0.5%</b>

The change for the quarter in financial liabilities relating to investments where the risk is borne by policyholders and arising from pension fund management is set out below.

(in thousands of Euros)			
	Benefits relating to unit-linked and index-linked policies	Benefits relating to pension fund management	Total
<b>Carrying amount at 31/12/2005</b>	<b>120,796</b>	<b>1,962</b>	<b>122,758</b>
Investments of net fund assets	178	24	202
Profits attributable to policyholders	3,885	108	3,993
Amounts paid	-6,330	-56	-6,386
<b>Carrying amount at 31/03/2006</b>	<b>118,529</b>	<b>2,038</b>	<b>120,567</b>



## Gains and losses on investments

A breakdown of net gains on investments with separate disclosure of investments where the risk is borne by life policyholders is set out below.

(in thousands of Euros)

Gains and losses on investments	Interest and other net income	Net realised gains	Unrealised gains	Unrealised losses	Total net realised and unrealised gains first quarter 2006	Total net realised and unrealised gains first quarter 2005
<b>Investments</b>	<b>11,554</b>	<b>126</b>	<b>4,214</b>	<b>496</b>	<b>15,399</b>	<b>16,211</b>
<b>Of which:</b>						
- investment property	-	-	-	-	-	-
- investments in subsidiaries and associates and interests in joint ventures	1,597	-	-	-	1,597	1,026
- held to maturity investments	902	-	-	-	902	761
- loans and receivables	177	-	-	1	176	207
- financial assets available for sale	8,734	-	-	-	8,734	12,131
- financial assets held for trading	1	2	2	8	-3	15
- financial assets at fair value through profit or loss	144	124	4,212	487	3,993	2,071
<b>Other receivables</b>	<b>101</b>	-	-	-	<b>101</b>	<b>127</b>
<b>Cash and cash equivalents</b>	<b>513</b>	-	-	-	<b>513</b>	<b>305</b>
<b>Financial liabilities</b>	<b>1,135</b>	-	-	<b>3,993</b>	<b>5,128</b>	<b>3,356</b>
<b>Of which:</b>						
- financial liabilities held for trading	-	-	-	-	-	-
- financial liabilities at fair value through profit or loss	-	-	-	3,993	3,993	2,071
- other financial liabilities	1,135	-	-	-	1,135	1,285
<b>Payables</b>	-	-	-	-	-	-
<b>Total gains and losses on financial instruments</b>	<b>11,033</b>	<b>126</b>	<b>4,214</b>	<b>4,489</b>	<b>10,885</b>	<b>13,287</b>
<b>Real estate business</b>						
Gains on property trading	-	4,146	-	-	4,146	11,409
Revenue from work in progress (percentage of completion method)	100	-	-	-	100	922
Rent income on owner-occupied property and property held for trading	382	-	-	-	382	1,052
<b>Total real estate business</b>	<b>482</b>	<b>4,146</b>	-	-	<b>4,628</b>	<b>13,383</b>
<b>Total gains and losses on investments</b>	<b>11,515</b>	<b>4,272</b>	<b>4,214</b>	<b>4,489</b>	<b>15,513</b>	<b>26,670</b>
<b>of which</b>						
<b>Investments where policyholders bear the risk</b>	<b>144</b>	<b>124</b>	<b>4,212</b>	<b>487</b>	<b>3,993</b>	<b>2,071</b>
<b>Investments where the group bears the risk</b>	<b>11,371</b>	<b>4,148</b>	<b>2</b>	<b>4,002</b>	<b>11,520</b>	<b>24,599</b>

Net gains on investments where the group bears the risk fell 53.2% from Euro 24,599 thousand in the first quarter of the previous year to Euro 11,520 thousand. The decrease is mainly due to lower profits of the real estate companies.

The weighted average return on bonds and other fixed-interest securities in the first quarter of 2006 is 3.8%, against 6.0% in the same period of the previous year.

## Other income

The income statement caption "Other income", which includes that from the real estate business, as shown in the previous table, is made up as follows:

(in thousands of Euros)		
Other income	31/03/2006	31/03/2005
Total real estate business (*)	4,628	13,383
Revenue on brokerage and management	901	1,602
Other technical captions - insurance business	490	835
Other income - real estate business	8	9
Other income - insurance business	22	118
Other income - service business	-	7
<b>Total other income</b>	<b>6,049</b>	<b>15,954</b>

(\*) as in the previous table "Gains and losses on investments"

## Equity

Equity at quarter end, which includes a dividend of Euro 4,500 thousand to be distributed in May 2006 by the parent, may be broken down as follows:

	(in thousands of Euros)	
BREAKDOWN OF EQUITY	31/03/2006	31/12/2005
Share capital	30,000	30,000
Other equity instruments	1,398	1,398
Equity-related reserves	20,142	20,142
Income-related and other reserves	131,694	91,715
Translation reserve	4	6
Fair value reserve	23,375	21,585
Other gains or losses recognised directly in equity	(1,190)	(1,190)
Profit for the year	7,322	39,979
<b>Total equity attributable to the shareholders of the parent</b>	<b>212,745</b>	<b>203,635</b>
Share capital and reserves attributable to minority interests	9,898	5,518
Profit for the year	393	4,380
<b>Total equity attributable to minority interests</b>	<b>10,291</b>	<b>9,898</b>
<b>Total consolidated equity</b>	<b>223,036</b>	<b>213,533</b>

## Post balance sheet events

### Insurance business

The following non-recurring transactions were carried out in April 2006:

- Laumor B.V. sold its indirect investment in Materis Group for a net gain of approximately Euro 24 million;
- Yarpa International Holding sold a building in Warsaw for a net gain of approximately Euro 3.8 million through its Polish subsidiary Nieruchomosci Placu Zwawiciela Sp Z.O.O..

25% of the above gains are attributable to the group.

### Real estate and service businesses

In a meeting held on 21 April 2006, the quotaholders of Aspeca S.r.l. resolved to put the company into voluntary liquidation since its brokerage activities and the related insurance portfolio had been transferred to the "Milan management" of the parent.

Board of directors

Milan, 10 May 2006

## CONSOLIDATED INCOME STATEMENT

(in thousands of Euros)

		31/03/06	31/03/05	31/12/05
1.1	Net premiums	117,582	106,760	452,955
1.1.1	<i>Gross premiums</i>	136,535	129,152	539,385
1.1.2	<i>Ceded premiums</i>	18,953	22,392	86,430
1.2	Commission income	702	622	1,943
1.3	Gains or losses on remeasurement of financial instruments at fair value through profit or loss	-3	15	45
1.4	Gains on investments in subsidiaries and associates and interests in joint ventures	1,644	1,026	6,532
1.5	Gains on other financial instruments and investment property	10,426	13,531	44,593
1.5.1	<i>Interest income</i>	10,255	9,272	38,863
1.5.2	<i>Other income</i>	171	151	1,605
1.5.3	<i>Realised gains</i>	0	4,093	4,097
1.5.4	<i>Unrealised gains</i>	0	15	28
1.6	Other income	6,049	15,954	60,314
<b>1</b>	<b>TOTAL REVENUE</b>	<b>136,400</b>	<b>137,908</b>	<b>566,382</b>
2.1	Net charges relating to claims	88,661	82,666	353,429
2.1.2	<i>Amounts paid and change in technical reserves</i>	104,149	104,160	422,812
2.1.3	<i>Reinsurers' share</i>	15,488	21,494	69,383
2.2	Commission expense	81	91	722
2.3	Losses on investments in subsidiaries and associates and interests in joint ventures	47	0	298
2.4	Losses on other financial instruments and investment property	1,135	1,285	5,117
2.4.1	<i>Interest expense</i>	1,135	1,285	5,117
2.4.2	<i>Other expense</i>	0	0	0
2.4.3	<i>Realised losses</i>	0	0	0
2.4.4	<i>Unrealised losses</i>	0	0	0
2.5	Operating costs	31,751	31,751	125,519
2.5.1	<i>Commissions and other acquisition costs</i>	23,456	22,960	88,006
2.5.2	<i>Investment management costs</i>	177	188	729
2.5.3	<i>Other administrative costs</i>	8,118	8,603	36,784
2.6	Other costs	2,205	4,300	12,061
<b>2</b>	<b>TOTAL COSTS</b>	<b>123,880</b>	<b>120,093</b>	<b>497,146</b>
	<b>PROFIT FOR THE PERIOD/YEAR BEFORE TAXATION</b>	<b>12,520</b>	<b>17,815</b>	<b>69,236</b>
<b>3</b>	Income taxes	4,805	7,017	24,877
	<b>PROFIT FOR THE PERIOD/YEAR</b>	<b>7,715</b>	<b>10,798</b>	<b>44,359</b>
<b>4</b>	<b>GAIN (LOSS) ON DISCONTINUED OPERATIONS</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>CONSOLIDATED PROFIT</b>	<b>7,715</b>	<b>10,798</b>	<b>44,359</b>
	<b>of which attributable to the shareholders of the parent</b>	<b>7,322</b>	<b>9,401</b>	<b>39,979</b>
	<b>of which attributable to minority interests</b>	<b>393</b>	<b>1,397</b>	<b>4,380</b>

Basic EARNINGS per share	0.24	0.31	1.33
Diluted EARNINGS per share	0.22	0.28	1.21

## Income statement by business segment

(in thousands of Euros)

		Non-life business		Life business		Real estate operations		Services		Inter-segment eliminations		Total	
		31/03/06	31/03/05	31/03/06	31/03/05	31/03/06	31/03/05	31/03/06	31/03/05	31/03/06	31/03/05	31/03/06	31/03/05
1.1	Net premiums	89,702	83,185	27,880	23,575	0	0	0	0	0	0	117,582	106,760
1.1.1	<i>Gross premiums</i>	107,429	104,318	29,106	24,834	0	0	0	0	0	0	136,535	129,152
1.1.2	<i>Ceded premiums</i>	17,727	21,133	1,226	1,259	0	0	0	0	0	0	18,953	22,392
1.2	Commission income	0	0	702	622	0	0	0	0	0	0	702	622
1.3	Gains or losses on remeasurement of financial instruments at fair value through profit or loss	0	0	-3	15	0	0	0	0	0	0	-3	15
1.4	Gains on investments in subsidiaries and associates and interests in joint ventures	1,644	623	0	0	0	489	0	0	0	-86	1,644	1,026
1.5	Gains on other financial instruments and investment property	3,742	3,307	6,461	10,120	222	129	5	11	-4	-36	10,426	13,531
1.6	Other income	564	998	2	10	5,413	15,845	1,100	1,380	-1,030	-2,279	6,049	15,954
<b>1</b>	<b>TOTAL REVENUE</b>	<b>95,652</b>	<b>88,113</b>	<b>35,042</b>	<b>34,342</b>	<b>5,635</b>	<b>16,463</b>	<b>1,105</b>	<b>1,391</b>	<b>-1,034</b>	<b>-2,401</b>	<b>136,400</b>	<b>137,908</b>
2.1	Net charges relating to claims	58,380	53,819	29,688	25,358	0	0	0	0	593	3,489	88,661	82,666
2.1.2	<i>Amounts paid and change in technical reserves</i>	73,189	74,541	30,367	26,130	0	0	0	0	593	3,489	104,149	104,160
2.1.3	<i>Reinsurers' share</i>	14,809	20,722	679	772	0	0	0	0	0	0	15,488	21,494
2.2	Commission expense	0	0	81	91	0	0	0	0	0	0	81	91
2.3	Losses on investments in subsidiaries and associates and interests in joint ventures	47	0	0	0	0	0	0	0	0	0	47	0
2.4	Losses on other financial instruments and investment property	332	535	465	403	341	375	1	8	-4	-36	1,135	1,285
2.5	Operating costs	26,500	26,261	2,823	2,761	2,502	2,836	956	1,340	-1,030	-1,447	31,751	31,751
2.6	Other costs	2,023	4,239	15	7	143	44	24	10	0	0	2,205	4,300
<b>2</b>	<b>TOTAL COSTS</b>	<b>87,282</b>	<b>84,854</b>	<b>33,072</b>	<b>28,620</b>	<b>2,986</b>	<b>3,255</b>	<b>981</b>	<b>1,358</b>	<b>-441</b>	<b>2,006</b>	<b>123,880</b>	<b>120,093</b>
	<b>PROFIT FOR THE YEAR BEFORE TAXATION</b>	<b>8,370</b>	<b>3,259</b>	<b>1,970</b>	<b>5,722</b>	<b>2,649</b>	<b>13,208</b>	<b>124</b>	<b>33</b>	<b>-593</b>	<b>-4,407</b>	<b>12,520</b>	<b>17,815</b>

## Breakdown of the main insurance technical captions

(in thousands of Euros)

		31/03/06			31/03/05		
		Gross amount	Reinsurers' share	Net amount	Gross amount	Reinsurers' share	Net amount
<b>Non-life business</b>							
<b>NET PREMIUMS</b>		<b>107,429</b>	<b>17,727</b>	<b>89,702</b>	<b>104,318</b>	<b>21,133</b>	<b>83,185</b>
a	Recognised premiums	105,730	17,603	88,127	101,396	21,190	80,206
b	Change in premium reserve	-1,699	-124	-1,575	-2,922	57	-2,979
<b>NET CHARGES RELATING TO CLAIMS</b>		<b>73,189</b>	<b>14,809</b>	<b>58,380</b>	<b>74,541</b>	<b>20,722</b>	<b>53,819</b>
a	Amounts paid	70,720	12,253	58,467	59,951	13,998	45,953
b	Change in claims reserve	4,190	2,660	1,530	18,261	7,007	11,254
c	Change in recoveries	1,813	104	1,709	3,798	283	3,515
d	Change in other technical reserves	92	0	92	127	0	127
<b>Life business</b>							
<b>NET PREMIUMS</b>		<b>29,106</b>	<b>1,226</b>	<b>27,880</b>	<b>24,834</b>	<b>1,259</b>	<b>23,575</b>
<b>NET CHARGES RELATING TO CLAIMS</b>		<b>30,367</b>	<b>679</b>	<b>29,688</b>	<b>26,130</b>	<b>772</b>	<b>25,358</b>
a	Amounts paid	19,926	777	19,149	16,206	65	16,141
b	Change in reserve for payable amounts	-7,325	0	-7,325	-6,032	0	-6,032
c	Change in mathematical reserves	17,814	-101	17,915	15,956	703	15,253
d	Change in technical reserves where investment risk is borne by policyholders and reserves arising from pension fund management	0	0	0	0	0	0
e	Change in other technical reserves	-48	3	-51	0	4	-4

The parent's reclassified income statement, prepared in accordance with Italian GAAP, is set out below in order to provide greater information on the insurance business.

## Reclassified income statement Vittoria Assicurazioni S.p.A. - Italian GAAP

(in thousands of Euros)

	31/03/2006	31/03/2005	31/12/2005
Technical account			
Life business:			
Direct insurance			
(+) Gross premiums accounted for	29,311	25,881	117,760
(-) Charges relating to claims	19,803	13,877	91,497
(-) Change in mathematical and other technical reserves	14,191	15,018	42,720
(+) Other technical captions, net	227	254	1,111
(-) Operating costs	2,965	2,831	13,754
(+) Income on investments where the company bears the risk, net of the portion transferred to the non-technical account	5,594	5,544	24,885
(+) Income on investments where the policyholders bear the risk (class D)	3,993	2,071	9,343
Direct insurance result	2,166	2,024	5,128
Outwards reinsurance result	-347	-295	614
Retained direct insurance result	1,819	1,729	5,742
Indirect and retroceded insurance result	-5	-8	-55
Result of life business technical account	1,814	1,721	5,687
Non-life business:			
Direct insurance			
(+) Gross premiums accounted for	105,412	101,020	432,416
(-) Change in premium reserve	-1,629	-2,901	8,178
(-) Charges relating to claims	73,084	74,323	295,776
(-) Change in other technical reserves	92	127	484
(+) Other technical captions, net	-557	-1,776	-3,251
(-) Operating costs	28,509	25,840	111,166
Direct insurance result	4,799	1,855	13,561
Outwards reinsurance result	-508	-473	-3,172
Retained direct insurance result	4,291	1,382	10,389
Indirect and retroceded insurance result	115	73	331
Total retained direct insurance result	4,406	1,455	10,720
(-) Change in equalisation reserves	64	58	260
(+) Income on investments transferred from the non-technical account	2,527	2,108	10,170
Result of non-life business technical account	6,869	3,505	20,630
Result of technical account	8,683	5,226	26,317
(+) Income on non-life business investments net of the portion transferred to the technical account	590	504	2,356
(+) Income on investments transferred from the life business technical account	338	5	2,246
(+) Other income	412	428	2,008
(-) Other charges	1,167	1,894	6,321
Result of ordinary business	8,856	4,269	26,606
(+) Extraordinary income	10	4,214	4,725
(-) Extraordinary expense	6	12	79
Profit before taxation	8,860	8,471	31,252
(-) Taxation on profit for the period/year	3,752	3,391	10,922
Net profit for the period/year	5,108	5,080	20,330

Board of directors

Milan, 10 May 2006