

Vittoria Assicurazioni

SOCIETÀ PER AZIONI
REGISTERED OFFICES: 20153 MILAN - VIA CALDERA, 21
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

2004 half year report of Vittoria Assicurazioni S.p.A. and consolidated half year report

Board of directors' meeting
held on 8 September 2004

pursuant to article 2428 of the Civil Code



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

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BOARD OF DIRECTORS

Luigi GUATRI	Chairman
Carlo ACUTIS	Deputy Chairman
Giorgio COSTA	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
Mario RAVASIO	Secretary

BOARD OF STATUTORY AUDITORS

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

GENERAL MANAGEMENT

Enrico CORAZZA	Joint General Manager
Mario RAVASIO	Deputy General Manager
Cesare CALDARELLI	Central Manager
Sergio GIOMINI	Central Manager

AUDIT COMPANY

BDO Sala Scelsi Farina
Joint-stock audit company

APPOINTMENT AND REMUNERATION COMMITTEE

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

INTERNAL CONTROL COMMITTEE

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

FINANCE COMMITTEE

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

REAL ESTATE COMMITTEE

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-ended 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 businesses 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.

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Format and contents of the half year reports

2004 half year report of Vittoria Assicurazioni S.p.A. and 2004 consolidated half year report

The half year report has been drawn up in accordance with ISVAP (the Italian Supervisory Authority for the Insurance Sector) regulation no.1207-G of 6 July 1999 and subsequent modifications. With respect to the contents of the balance sheet and profit and loss account, the above regulation was adopted by Consob (the Italian Commission for Listed Companies and the Stock Exchange) with regulation no. 12475 of 6 April 2000.

As required by Consob resolution no. 11971 of 14 May 1999, the company informed the supervisory authorities and the market that the half year report is made public within seventy-five days of the half year end and, accordingly, publication of a second quarter report is not required.

Unless otherwise indicated, figures in this report are given in thousands of Euros, except for those included in the consolidated balance sheet and consolidated profit and loss account which are in millions of Euros, as required by law.

Accounting policies

The accounting policies adopted for the preparation of the half year report of Vittoria Assicurazioni S.p.A. and the consolidated half year report, except as set out below, are consistent with those used for the statutory and consolidated financial statements. Accordingly, reference should be made to notes to the statutory and consolidated financial statements as at and for the year ended 31 December 2003. Given the shorter timespan for the preparation of the financial statements and as this is an interim report, a suitable approach to estimates has been adopted, 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.

Buildings under construction by the group's real estate companies have been stated in the consolidated financial statements using the percentage of completion method rather than the completed contract method previously applied. Such method has been applied only to real estate units for which preliminary sales agreements have been signed. Profits arising from the contracts are taken to the profit and loss account according to the extent of completion.

The percentage of completion method gives a better view of the impact of such transactions on the balance sheet and profit and loss account. It is also recommended by Italian Accounting Principle 23 "Construction contracts" and is the only applicable to long-term contracts under International Financial Reporting Standards, which all listed companies will be required to adopt in the preparation of their consolidated financial statements as from 2005.

Such change in accounting policy has been applied with retrospective effects; the effect on 2003 has been recorded under extraordinary income and that pertaining to the six-month period under ordinary income.

Comparative figures at 30 June and 31 December of the previous year have been restated accordingly.

In addition, in accordance with Consob communication no. DAC/99059009, the reclassified consolidated balance sheet and reclassified consolidated profit and loss account show the financial position and results that would have arisen had the new accounting policy been applied constantly over time.

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Directors' report on the performance of Vittoria Assicurazioni S.p.A. during the first half of 2004

The net profit for the first half of the year totalled Euro 8,953 thousand, up 17.8% on the Euro 7,603 thousand of the first half of 2003.

The main reasons for the net profit for the first half of the year are as follows:

- total premiums written totalled Euro 255,829 thousand, up 16.3% over the same period of 2003;
- life business premiums rose 20.0% on the same period of the previous year mainly due to the growth in single premium capitalisation products. Periodic recurring premiums account for 42.8% of premiums underwritten, while single premiums account for 57.2%;
- direct non-life premiums grew 15.1%;
- premiums of the motor lines of business rose by 18.2% (Third-party motor liability +16.9%, Motor vehicle hulls +26.2%) primarily thanks to new customers; the tariff component remained largely the same as last year as the parent company adhered to the Master Agreement for motor third party liability insurance signed by government, ANIA and consumer associations to contain insurance costs
- other non-life premiums excluding aviation, marine, bonds and credit increased by 5.0% with the special business showing an increase of 17.9%
- investments totalled Euro 1,137,599 thousand, up 5.1% on the Euro 1,082,566 thousand at 31 December 2003. They are split between investments where policyholders bear the risk (Euro 122,735 thousand) and investments where the company bears the risk (Euro 1,014,864 thousand). Net ordinary income on investments for the period amounted to Euro 18,932 thousand. The securities portfolio at 31 August 2004 showed overall unrealised gains of Euro 50,002 thousand;
- overheads accounted for 9.6% of premiums, against 10.6% at 30 June 2003.

Given the company's performance during the period and the activities planned for the second half of the year, the Directors reasonably forecast a higher net profit for 2003 than in the previous year, in accordance with the company's targets.

Performance

Premiums

Premiums totalled Euro 255,829 thousand at period end. The following table shows the portfolio mix and increases by business and business line:

BREAKDOWN OF GROSS PREMIUMS UNDERWRITTEN IN THE FIRST HALF OF 2004 AND 2003 DIRECT AND INDIRECT INSURANCE

	(in thousands of Euros)				
	30/06/04	30/06/03	Change %	Percentage of portfolio	
				2004	2003
Domestic direct insurance					
Life businesses					
I Whole and term life insurance	25,046	26,052	-3.9	9.8	11.9
III Unit-linked policies	9,240	8,374	10.3	3.6	3.8
IV Health insurance	155	26	496.2	0.1	0.0
V Capitalisation insurance	19,851	10,742	84.8	7.7	4.9
VI Pension Funds management	205	211	-2.8	0.1	0.1
Total life businesses	54,497	45,405	20.0	21.3	20.7
Non-life businesses					
Accident insurance	10,056	9,092	10.6	3.9	4.1
Health insurance	3,783	4,876	-22.4	1.5	2.2
Fire and natural events	9,667	9,081	6.5	3.8	4.1
Miscellaneous damages	5,837	4,929	18.4	2.3	2.2
Third-party marine liability	88	132	-33.3	0.0	0.1
Third-party general liability	10,246	10,032	2.1	4.0	4.6
Pecuniary losses	2,906	2,393	21.4	1.1	1.1
Legal protection	-	2	n.v	0.0	0.0
Total non-marine businesses	42,583	40,537	5.0	16.6	18.4
Railway truck hulls	-	-	n.v	0.0	0.0
Aviation hulls	1,366	838	63.0	0.5	0.4
Marine hulls	138	123	12.2	0.1	0.1
Cargo insurance	1,170	1,201	-2.6	0.5	0.5
Third-party aviation liability	4	-	n.v	0.0	0.0
Credit insurance	-	-	n.v	0.0	0.0
Bond insurance	4,049	3,542	14.3	1.6	1.6
Total special businesses	6,727	5,704	17.9	2.7	2.6
Motor third-party liability	125,778	107,629	16.9	49.2	48.9
Motor vehicle hulls	24,372	19,312	26.2	9.5	8.8
Support and assistance	1,151	1,037	11.0	0.4	0.5
Total motor businesses	151,301	127,978	18.2	59.1	58.2
Total non-life businesses	200,611	174,219	15.1	78.4	79.2
Total direct insurance	255,108	219,624	16.2	99.7	99.9
Domestic indirect insurance					
Life businesses	1	-	n.v	0.0	0.0
Non-life businesses	720	281	156.2	0.3	0.1
Total indirect insurance	721	281	156.6	0.3	0.1
Total	255,829	219,905	16.3	100.0	100.0

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	Non-life businesses			Life businesses	
	Agencies	Premiums	%	Premiums	%
NORTH					
Emilia Romagna	20	15,949		3,166	
Friuli Venezia Giulia	3	2,698		611	
Liguria	9	8,765		896	
Lombardy	51	59,074		32,334	
Piedmont	23	13,476		1,845	
Trentino Alto Adige	3	3,120		269	
Valle d'Aosta	1	860		56	
Veneto	20	14,763		2,358	
Total	130	118,705	59.2	41,535	76.2
CENTRE					
Abruzzi	6	7,361		1,367	
Lazio	18	28,098		4,959	
Marches	7	3,648		956	
Molise	-	0		0	
Tuscany	17	16,734		2,035	
Umbria	8	7,997		1,079	
Total	56	63,838	31.8	10,396	19.1
SOUTH AND ISLANDS					
Basilicata	2	1,318		513	
Calabria	2	1,051		188	
Campania	4	2,863		546	
Apulia	5	5,055		701	
Sardinia	1	2,042		62	
Sicily	6	5,738		556	
Total	20	18,067	9.0	2,566	4.7
Total	206	200,610	100.0	54,497	100.0

Life businesses

Claims, accrued sums, annuities and surrenders

The 20.0% growth in premiums during the period is due to the policyholders' increased interest in the capitalisation policies linked to low risk separate accounts which the company also offers for the reinvestment of matured policies as an option.

Summarised figures relating to direct insurance claims, accrued sums and annuities and surrenders and comparative 2004 half year figures are set out below.

	(in thousands of Euros)	
	30/06/04	30/06/03
Claims	6,652	1,330
Accrued sums and annuities	19,206	15,794
Surrenders	12,670	10,088
Total	38,528	27,212

Reinsurance

Outwards reinsurance

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

- Exceeding risk premium;
- Pure commercial premiums outwards in 1996 and 1997.

Outwards premiums in the first half of 2004 amounted to Euro 1,712 thousand.

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 businesses

Operating costs

Operating costs relating to direct insurance, gross of commissions and profit participation received from reinsurers, grew 12.6%. As a percentage of premiums written, they decreased from 24.6% in the first half of 2003 to 24.0% .

The following table shows a breakdown of operating costs:

	(in thousands of euros)		
	30/06/04	30/06/03	Change %
Acquisition commissions, premium collection commissions and other acquisition costs	34,756	29,692	17.1%
Overheads allocated to sales costs	6,847	6,676	2.6%
Overheads allocated to other administrative costs	6,557	6,402	2.4%
Total	48,160	42,770	12.6%

Claims

Reported claims

The following table of reported claims derives from open positions during the period. Comparative figures of the first half of 2003 are also given.

	(in thousands of Euros)					
	30/06/04		30/06/03		Change %	
	number	total cost	number	total cost	number	total cost
Accident insurance	2,739	6,303	2,902	6,409	-5.62	-1.65
Health insurance	7,162	2,572	9,949	2,557	-28.01	0.59
Aviation hulls	7	691	8	3,893	-12.50	-82.25
Marine hulls	6	22	4	11	50.00	100.00
Cargo insurance	212	864	221	896	-4.07	-3.57
Fire and natural events	1,431	3,679	1,229	3,097	16.44	18.79
Miscellaneous damages	3,071	4,126	2,982	3,380	2.98	22.07
Third-party marine liability	19	57	15	38	26.67	50.00
Third-party general liability	6,159	10,284	5,510	10,693	11.78	-3.82
Bond insurance	194	6,201	138	7,934	40.58	-21.84
Pecuniary losses	24	50	35	82	-31.43	-39.02
Total non-motor businesses	21,024	34,849	22,993	38,990	-8.56	-10.62
Motor third-party liability	29,348	76,745	24,281	58,413	20.87	31.38
Motor vehicle hulls	7,264	13,083	5,428	8,386	33.82	56.01
Support and assistance	2,734	237	2,720	258	0.51	-8.14
Total motor businesses	39,346	90,065	32,429	67,057	21.33	34.31
Total non-life businesses	60,370	124,914	55,422	106,047	8.93	17.79

The increased number of reported claims during the period over the same period of the previous year is due to a larger number of insured vehicles (+13.4% over the same period of the previous year) and full use of the new claims management system. Such system has

enabled the company to substantially reorganise its procedures, thus significantly improving claims acceptance and management times. In the motor third-party liability line of business, in particular, the new procedure allows the company to use knock for knock agreements for claims even when policyholders do not provide specific information. The frequency of claims relating to motor third-party liability adjusted on a year-on-year basis (period from 1 July to 30 June) remained unchanged.

Claims paid

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

	(in thousands of Euros)							
	Claims paid 30/06/04			Claims recovered from reinsurers	Claims paid 30/06/03			Change in gross claims %
	Current year	Previous years	Total		Current year	Previous years	Total	
Accident insurance	671	3,067	3,738	36	417	3,890	4,307	-13.21
Health insurance	920	2,077	2,997	-	891	1,470	2,361	26.94
Aviation hulls	-	2,312	2,312	2,191	-	1,450	1,450	59.45
Marine hulls	8	5	13	1	-	46	46	-71.74
Cargo insurance	60	336	396	185	74	387	461	-14.10
Fire and natural events	691	2,830	3,521	521	385	2,503	2,888	21.92
Miscellaneous damages	1,336	1,810	3,146	74	1,158	1,747	2,905	8.30
Third-party marine liability	7	47	54	-	10	33	43	25.58
Third-party general liability	1,243	4,942	6,185	137	814	6,736	7,550	-18.08
Bond insurance	2,464	4,598	7,062	3,518	468	5,237	5,705	23.79
Pecuniary losses	10	9	19	-	4	15	19	0.00
Total non-motor businesses	7,410	22,033	29,443	6,663	4,221	23,514	27,735	6.16
Motor third-party liability	22,156	56,122	78,278	23,032	17,275	62,006	79,281	-1.27
Motor vehicle hulls	3,965	4,500	8,465	12	2,810	3,893	6,703	26.29
Support and assistance	147	498	645	581	75	398	473	36.36
Total motor businesses	26,268	61,120	87,388	23,625	20,160	66,297	86,457	1.08
Total non-life businesses	33,678	83,153	116,831	30,288	24,381	89,811	114,192	2.31

The additional charge to the Guarantee Fund For Road Casualties amounted to Euro 2,968 thousand during the period (30 June 2003: Euro 2,468 thousand).

Claims settlement rate

A breakdown of the claims settlement rate by number of claims, net of claims closed without payment, split by current and previous generations of the main lines of business is set out below.

	(percentages)					
	current generation			previous generations		
	30/06/04	30/06/03	31/12/03	30/06/04	30/06/03	31/12/03
Accident insurance	29.66	29.22	51.34	41.60	40.05	59.70
Health insurance	22.35	72.22	62.63	38.23	57.47	57.20
Motor vehicle hulls	71.21	70.99	84.51	70.99	63.44	77.26
Fire and natural events	47.43	45.27	65.35	27.77	38.99	47.59
Miscellaneous damages - theft	58.99	54.93	77.10	62.29	58.06	71.53
Motor third-party liability	49.89	51.25	67.05	44.70	45.23	63.19
Third-party general liability	38.05	37.15	53.66	21.90	22.88	31.44

Rates relating to health insurance for the current period are affected by the termination of two master policies handled by another insurer. In order to adequately analyse the claims settlement rate of the portfolio handled by Vittoria Assicurazioni, data relating to the portfolio handled by third parties have not been considered. The resulting rate for the current generation is 74.0% against 75.6% of the same period of 2003.

Reinsurance

Outwards reinsurance

Group policies on outwards reinsurance are focused on the underwriting selection criteria used to increase and maintain 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	Type of treaty
05 - Aviation hulls	Pure premium for spatial risks Pure premium for general aviation
07 - Cargo insurance	Voluntary-mandatory
08 - Fire and natural events	Excess of loss
10 - Motor third party liability	Pure premium Excess of loss
15 - Bond insurance	Pure premium
13 - General third party liability	Excess of loss

Premiums ceded during the first half of 2004 amounted to Euro 46,192 thousand.

Inwards reinsurance

Inwards insurance mainly arises from participation in syndicates and activities carried out in class 05 - Aviation hulls - spatial risks.

Technical comments on the lines of business

The performance of the main lines of business, which showed a 15.1% increase in premiums during the period, may be analysed as follows:

Accident insurance

Premiums increased by 10.6%, mainly due to a new policy which has been on the market for almost one year and immediately met with success among policyholders. The technical result remained positive also thanks to a slight decrease in the frequency of claims.

Health insurance

Premiums fell 22.4% due to the company's decision not to renew a master policy handled by another insurer, which was not performing in line with targets. The technical result remained negative.

Motor vehicle hulls

The rise in premiums follows the underwriting policy implemented in this sector which, in addition to the particular care taken in matching ancillary covers to motor third-party liability policies and the further strengthening of affinity groups, is aimed at developing new business areas linked to the sale of vehicles and related services.

The products and sales orientation and close attention to underwriting new policies generated a positive result, in line the same period of the previous year.

Aviation hulls

Premium rose 63.0% mainly due to a recovery recorded in the space risk line of business as well as the new policies written in the whole aviation business. The technical result was positive.

Cargo insurance

Premiums decreased 2.6% over the same period of the previous year as a result of more careful risk selection. The technical result remained positive.

Fire and natural elements

The 6.5% rise in premiums was achieved without deviating from the usual underwriting policy which provides for a careful risk selection.

The positive technical result improved.

Miscellaneous damage

Despite the 18.4% increase in this line of business, the technical result worsened. This is due to both the theft and fire lines and certain ancillary covers of the "Globale Fabbricati" (total buildings) policy, in particular water damage and damage detection costs.

Motor third-party liability

Premiums in this line of business rose, largely due to the increase in the fleet of insured vehicles.

Tariffs remained for the most part steady since the company followed the Memorandum of Understanding on motor third-party liability signed by the government, ANIA and consumer associations to control insurance prices. The technical result worsened to a contained loss.

General third-party liability

The 2.1% growth was achieved with a stringent risk selection policy and greater customisation in terms of both regulations and tariffs.

Despite the progressive departure from the less profitable sectors, the technical result improved but remained negative.

Credit and bond insurance

Premiums grew 14.3% thanks to the start up of a new operating structure for brokers and the banking network. The technical result, again negative, was affected by the increased accrual to the premium reserve for unexpired risks, as required by current legislation and provided for in relation to the business of two agencies terminated in 2001.

Other lines of business increased 16.3% overall. Their technical result is positive and in line with the previous year.

Overheads

Total personnel expenses, other general expenses and amortisation/depreciation charges, gross of allocation to specific functions (such as claims settlement, sales organisation and asset management) increased by 4.7% from Euro 23,400 thousand to Euro 24,506 thousand. These costs include current operating charges, and also the depreciation of investments in its structures and processes aimed at controlling future overheads incurred by the headquarters and agencies to improve assistance given to policyholders with respect to insurance policies and claims settlement.

They are made up as follows:

	(in thousands of Euros)			
	30/06/04	30/06/03	Change %	31/12/03
Personnel expenses	12,334	11,065	11.5	23,609
Other costs	8,209	8,992	-8.7	16,454
Amortisation/depreciation charges	3,963	3,343	18.5	6,498
Total	24,506	23,400	4.7	46,561

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

Overheads accounted for 9.6% of premiums, against 10.6% at 30 June 2003

Employees

Employees numbered 369 at 30 June 2004, compared to 363 at the end of 2003.

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

	30/06/04	30/06/03	31/12/2003
Managers	16	15	14
Officers	85	84	86
Administrative staff	267	261	263
Total	368	360	363

Commercial organisation

As part of the agency network development plan, 6 new general agencies were set up and 14 were restructured during the period. In addition, two agencies were closed and, thus, agencies at 30 June 2003 may be broken down as follows:

	30/06/04	30/06/2003	31/12/2003
Agencies	206	201	202
Sub-agencies	229	184	219

Products

The company continued to create new policies and revise those already on offer. Activities in this area during the first half of the year can be summarised as follows:

Life businesses: the following new products were developed: "Vittoria Formula Oxygen" (index-linked policy), "Polizza Collettiva di Capitalizzazione a premi unici ricorrenti", "Assicurazione Temporanea di rendita certa in caso di premorienza a premio unico (Tariffa CQS)" and "Assicurazione Temporanea in caso di morte a capitale decrescente ed a premio unico". The following products were revised: "Capitale Sempre" and "Vittoria Formula Long Term Care".

Other non-life businesses excluding aviation, marine, bonds and credit: the following new products were developed: "Vittoria Formula Benessere", "Multiprotezione" and "Tutti i Rischi della Costruzione Opere Civili". The "Formula Guida Sicura" and "Garanzie eventi speciali" were revised.

Motor businesses: the new products issued during 2003 continued to be promoted, especially those targeting the Affinity Groups. In addition, the "Tutela giudiziaria da Circolazione" and "Ritiro e sospensione patente" products were developed while the "Nuova Tariffa Formula Strada" was updated and revised.

Investments

Investment policies were basically in line with the previous year.

Investments increased by Euro 55,033 thousand, or 5.1% over 31 December 2003, totalling Euro 1,137,599 thousand.

They may be analysed as follows.

(in thousands of Euros)			
Investments	30/06/2004	31/12/2003	Change %
Land and buildings	8,810	9,120	-3.4
Investments in group and other companies			
- Equity investments	152,321	118,414	28.6
- Loans	9,800	8,990	9.0
Other financial investments:			
- Unit trust units	3,279	33,273	-90.2
- Bonds and other fixed-interest securities	827,747	780,607	6.0
- Loans	11,260	11,254	0.1
- Other financial investments	478	478	0.0
Deposits with ceding companies	1,169	1,162	0.6
Total investments where the company bears the risk	1,014,864	963,298	5.4
Investments benefiting life policyholders bearing the risk	122,735	119,268	2.9
Total investments	1,137,599	1,082,566	5.1
Bank accounts and cash-in-hand	37,272	33,013	12.9

In compliance with paragraph 6 of article 2427 of the Civil Code and Legislative decree no. 173 of 26 May 1997, we note that loans due after one year amount to Euro 5,867 thousand, including Euro 4,651 thousand due after five years.

Loans also include Euro 5,309 thousand in loans on life insurance policies which, considering their nature, can be considered as due after more than five years.

Loans to group companies relate to those granted to the associated companies Yarpa International Holding B.V. and Laumor B.V. which are due after one year.

A breakdown of income on investments with separate disclosure of investments where risk is borne by life policyholders is set out below:

(in thousands of Euros)					
Income on investments (net of related costs)	30.06.2004		30.06.2003		Change %
	Amount	% of breakdown	Amount	% of breakdown	
Income on equity investments	1,332	7.0	984	5.0	
Income on other investments:					
- land and buildings	13	0.1	3	0.0	
- bonds and other fixed-interest securities	18,561	98.0	19,831	99.9	
- income on unit trust units	62	0.3	139	0.7	
- interest on loans	354	1.9	386	1.9	
- interest on reinsurance deposits	-1,390	-7.3	-1,490	-7.5	
Total income	18,932	100.0	19,853	100.0	-4.6
Adjustments to investment values:					
- equity investments	-	0.0	30	23.8	
- unit trust units	-	0.0	96	76.2	
- bonds and other fixed-interest securities	-89	100.0	-	0.0	
Total adjustments to investment values	-89	100.0	126	100.0	
Profit on sale of investments:					
- land and buildings	-19	-1.0	-	0.0	
- unit trust units	1,967	100.2	-176	110.0	
- bonds and other fixed-interest securities	16	0.8	16	-10.0	
Total profit on sale of investments	1,964	100.0	-160	100.0	
Total income on investments where the company bears the risk	20,807		19,819		5.0
Net income on investments benefiting life policyholders bearing the risk	4,992		3,786		
Total	25,799		23,605		9.3

Ordinary income, net of adjustments, rose from Euro 19,853 thousand to Euro 18,932 thousand, down 4.6% on the same period of the previous year.

The average weighted return on bonds and other fixed-interest securities in the first half of 2004 decreased to 4.8% from 5.1% in the same period of the previous year.

Dividends collected by the group and other companies may be analysed as follows (in thousands of Euros):

Vittoria Immobiliare S.p.A.	829
Banca Passadore & C. S.p.A.	94
Cam Finanziaria S.p.A.	380
Touring Vacanze S.r.l.	44
Downall Italia S.r.l.	7
Gruppo GPA S.p.A.	26

Buildings

The book value of the company's buildings totalled Euro 8,810 thousand at 30 June 2004, with a net decrease of Euro 310 thousand, or 3.4% on the value at 31 December 2003. The net decrease was the result of the sale of the building unit in Via Agello, Desenzano, and restructuring.

Buildings used by the company amount to Euro 144 thousand, those loaned for use to agencies amount to Euro 4,359 thousand and those used by third parties total Euro 4,307 thousand.

Fixed-interest securities, equity investments, and unit trusts

Investments where the company bears the risk

Fixed-interest securities, investments and unit trusts included under assets where the company bears the risk (item C in the financial statements) totalled Euro 983,825 thousand at 30 June 2004, a 5.5% increase on the Euro 932,772 thousand at 31 December 2003.

Such increase is due to:

	(in thousands of Euros)					
	Investments in group companies	Other equity investments	Unit trusts	Bonds	Other financial investments	Total
Balance at 31 December 2003	118,414	-	33,273	780,607	478	932,772
Acquisitions and subscriptions	33,907	-	2,500	58,542	-	94,949
Sales and repayments	-	-	-32,494	-11,800	-	-44,294
Other changes:						
- adjustments and write-backs	-	-	-	-89	-	-89
- issue and trading discounts	-	-	-	487	-	487
Balance at 30 June 2004	152,321	-	3,279	827,747	478	983,825
Realised capital gains and losses on sales and repayments:						
- investment portfolio	-	-	-	1	-	1
- trading portfolio	-	-	1,967	15	-	1,982
Total net capital gains	-	-	1,967	16	-	1,983

Transactions that took place during the first six months of the year are as follows:

- purchase of fixed-rate Italian government bonds with a residual duration of ten years for Euro 6,635 thousand;
- purchase of variable-rate Italian government securities with a residual duration of five years for Euro 51,414 thousand;
- repayment of bonds for Euro 11,794 thousand, recording capital losses of Euro 1 thousand and capital gains of Euro 17 thousand;
- sale of a foreign monetary OEIC for Euro 32,494 thousand realising capital gains of Euro 1,967 thousand;
- subscription of ten units of the "Pirelli Re Office Fund Cloe" closed-ended real estate fund for Euro 2,500 thousand;
- acquisitions arising from surrenders of policies as per point 2 of article 30 of Legislative decree no. 174 of 17 March 1995 for Euro 493 thousand;
- transfers due to underwriting of policies as per point 2 of article 30 of Legislative decree no. 174 of 17 March 1995 for Euro 6 thousand.

Changes in the equity portfolio held for investment may be analysed as follows:

- Immobiliare Bilancia Prima S.r.l.: subscription and payment of the capital increase of the wholly-owned subsidiary for Euro 28,900 thousand;
- Mediobanca S.p.A.: acquisition of 135,000 shares for Euro 1,289 thousand;
- B.P.C. S.p.A.: increase in the investment from 8.40% to 17.17% at a cost of Euro 846 thousand, partly through new shares and partly through the subscription of the capital increase;
- Vittoria Properties S.r.l.: payment of the four tenths still due for Euro 1,584 thousand;
- Vittoria Immobiliare S.p.A.: subscription of the relevant portion of the share capital increase at a cost of Euro 794 thousand;
- Liguria S.p.A.: this is a financial company that acquires equity investments. The company obtained 10.30% of its share capital for Euro 494 thousand.

The comparison between the book and market values of the securities portfolio was based on the spot price of the last trading day of June, showing net unrealised capital gains of Euro 40,971 thousand. Related data is provided in "Comment - Annexes 2 and 3".

Annexes 1, 2 and 3 required by ISVAP regulation no. 1207-G show the list of companies in which Vittoria holds an investment, changes in investments in group and other companies and the allocation based on the use of other financial investments, respectively.

Pursuant to paragraphs 3 and 4 of article 2428 of the Civil Code, we note that Vittoria Assicurazioni S.p.A. has not traded shares of its parent companies, either directly or through trustees or nominees.

Investments where policyholders bear the risk

Securities relating to investments where the risk is borne by policyholders and to pension funds (Class D) increased by 1.5% to Euro 119,114 thousand (31 December 2003: Euro 117,391 thousand).

The caption is made up as follows:

	(in thousands of Euros)		
	30/06/04	31/12/03	Change %
Equity investments	6,851	5,442	25.9
Unit trusts and OEICs	73,988	73,054	1.3
Bonds and other fixed-interest securities	4,913	5,450	-9.9
Index-linked derivative notes	33,362	33,445	-0.2
Total	119,114	117,391	1.5

Vittoria Formula Lavoro open pension fund

The three sectors of the open pension fund at 30 June 2004, net of payables to members for claims under settlement may be analysed as follows:

	Members		Assets (in thousands of Euros)	
	30/06/04	31/12/03	30/06/04	31/12/03
Previdenza Garantita	45	44	487	443
Previdenza Equilibrata	45	47	321	298
Previdenza Capitalizzata	149	154	1,159	959

Change in shareholders' equity

The change in shareholders' equity may be analysed as follows:

(in thousands of Euros)

	Share capital	Legal reserve	Share premium reserve	Reserve as per Law 72/83	Reserve as per Law 295/78 art. 36	Reserve as per Law 413/91	Reserve for revaluation of buildings	Available reserve	Net profit for the period	Total
Balance at 31 December 2003	30,000	4,319	20,142	781	910	3,130	1,549	42,019	15,147	117,997
Dividend distribution	=	=	=	=	=	=	=	=	= -3,900	-3,900
Allocation to reserve of 2003 net profit	=	757	=	=	=	=	=	10,490	-11,247	=
Net profit for the period	=	=	=	=	=	=	=	=	8,953	8,953
Balance at 30 June 2004	30,000	5,076	20,142	781	910	3,130	1,549	52,509	8,953	123,050

Relationships with group companies and related parties

Relationships with the parent companies

No transactions of a trading or supply nature were carried out with Vittoria Capital N.V. - Holland, which directly held 15,307,200 Vittoria Assicurazioni ordinary shares, equal to 51.024% of the share capital, at period end, unchanged with respect to 31 December 2003.

Moreover, the direct ultimate parent company holds subordinated convertible bonds issued by Vittoria Assicurazioni for a nominal value of Euro 9,240 thousand. The related interest amounts to Euro 254 thousand and is included under financial charges in the non-technical account and under accrued expenses.

No transactions of a trading or supply nature were carried out with the ultimate parent company, Yura International Holding B.V. - Holland, which held 649,900 Vittoria Assicurazioni ordinary shares, equal to 2.166% of the share capital, at period end, unchanged with respect to 31 December 2003.

Moreover, the ultimate parent company holds subordinated convertible bonds issued by Vittoria Assicurazioni for a nominal value of Euro 990 thousand. The related interest amounts to Euro 27 thousand and is included under financial charges in the non-technical account and under accrued expenses.

Relationships with the subsidiaries

Vittoria Immobiliare S.p.A. - Milan

Vittoria Immobiliare S.p.A. paid a dividend of Euro 829 thousand to Vittoria Assicurazioni. In order to continue strengthening its financial position, Vittoria Immobiliare increased its share capital against consideration from Euro 5,150,000 to Euro 6,600,000; Vittoria Assicurazioni paid its portion of Euro 794 thousand, thus keeping its investment therein unchanged at 54.76%.

Vittoria Immobiliare has controlling interests in the following companies:

Gestimmobili S.r.l.	Milan	80% stake
Gestimmobili Intermediazione S.r.l.	Turin	80% stake
Interimmobili S.r.l.	Rome	80% stake
V.R.G. Domus S.r.l.	Turin	51% stake

Relationships with these indirectly-held companies related to real estate sales, for which commissions of Euro 18 thousand plus VAT were paid, management of the company's real estate, logistics and real estate management of agencies and claims settlement departments and preparation of appraisals for the granting of mortgage loans (Euro 134 thousand plus VAT was paid for these services).

Vittoria Properties S.r.l. - Milan and Immobiliare Bilancia S.r.l. - Milan

Vittoria Assicurazioni paid rent and reimbursed expenses relating to rent of buildings for Euro 46 thousand to Vittoria Properties S.p.A. during the period. The subsidiary has called up arrears and the company paid in its share equal to Euro 1,584 thousand.

Immobiliare Bilancia S.r.l. - Milan

Vittoria Assicurazioni did not carry out any trading or supply transactions with this subsidiary, which trades in real estate, and its stake remained 97.66%.

Immobiliare Bilancia Prima S.r.l. - Milan

This subsidiary commenced trading in real estate in January. Vittoria Assicurazioni increased its share capital from Euro 100,000 to Euro 29,000,000, in order to provide it with adequate financial resources, while maintaining full control.

Immobiliare Bilancia Seconda S.r.l. - Milan and Immobiliare Bilancia Terza S.r.l. - Milan

This two companies are still inactive

Relationships with related companies

S.In.T. S.p.A. - Turin

Services provided by S.In.T. S.p.A. related to the Formula Salute and other commercial agreements. The total cost of these services amounted to Euro 370 thousand plus VAT.

Interbilancia S.r.l. - Milan

During the half year, this related company provided services to Vittoria Assicurazioni for Euro 30 thousand plus VAT.

Interbilancia has the following investments:

A.Spe.Vi S.r.l.	Milan	100% stake
Vittoria.net S.r.l.	Milan	100% stake
Le Api S.r.l.	Milan	30% stake
Aspeca S.r.l.	Milan	80% stake

Relationships with associated companies

Yarpa International Holding N.V. - Holland

During the half year, loans granted by Vittoria Assicurazioni to this company increased by Euro 60 thousand to Euro 2,898 thousand. They bear interest at one year Euribor plus 100 basis points totalling Euro 46 thousand. Accrued interest income amounted to Euro 28 thousand at period end.

Laumor B.V. - Holland

Vittoria Assicurazioni increased loans granted to this company from Euro 6,152 thousand to Euro 6,903 thousand, Equivalent loans were granted by the other shareholders. Part of such loans (Euro 2,778 thousand) bears interest at the Euribor rate plus 30 basis points totalling Euro 26 thousand. The remainder (Euro 4,125 thousand) does not bear interest.

Touring Vacanze S.r.l. - Milan

There were no relationships with this associated company during the period.

Special agencies - Indirect investments

A.Spe.Vi. S.r.l. - Milan

This company is active as insurance agent and in the provision of services. It charged Vittoria Assicurazioni Euro 2,081 thousand for services, commissions and contributions.

Vittoria.net S.r.l. - Milan

Total commissions and contributions paid by Vittoria Assicurazioni to this on-line agency, which sells insurance products through the Internet, amounted to Euro 90 thousand. Vittoria Assicurazioni also paid Euro 91 thousand for consultancy services.

Aspeca S.r.l. - Milan

Vittoria Assicurazioni paid this company commissions and contributions totalling Euro 157 thousand.

Other indirectly related companies

Le Api S.r.l. - Milan

Fees paid to Le Api S.r.l. for its IT services amounted to Euro 559 thousand plus VAT.

In compliance with Consob recommendation no. 98015375 dated 27 February 1998, we note that transactions with group companies were carried out during the normal course of business, using the specific professional skills and on an arm's length basis. There were no atypical or unusual transactions.

Post balance sheet events

In July, Vittoria Assicurazioni acquired 1,137,000 shares of Mediobanca S.p.A. for Euro 10,150 thousand, increasing its investment to 0.15%

There were no events with a significant impact on the company's technical operating results or financial position, as described in this report. In particular, at 31 July 2004, gross direct insurance premiums (+17.1%), reported claims and the run-off of the claims reserve at 31 December 2003 are in line with those at 30 June 2004.

Notes to the balance sheet

Information on certain significant balance sheet captions is set out below. Amounts are in thousands of Euros.

Assets

CLASS B - INTANGIBLE ASSETS

This caption includes:

	31/12/03		30/06/04	
	Non-life	Life	Non-life	Life
B.1 - Acquisition costs to be amortised	5,264	8,354	5,741	7,676
B.2 - Other assets	14,416	206	15,111	206

Other intangible assets include long-term costs mainly incurred for the acquisition and development of IT application packages and the development of the internal operating system and the settlement and agency networks.

CLASS C - INVESTMENTS

This caption includes investments in group and other companies split as follows:

	31/12/03		30/06/04	
	Non-life	Life	Non-life	Life
C.II - Investments in group and other companies	57,646	69,759	89,984	72,137

Reference should be made to the section "Fixed-interest securities, equity investments and unit trusts" in the directors' report for details on changes; a breakdown by company is set out in annex 1.

CLASS D - INVESTMENTS BENEFITING LIFE POLICYHOLDERS BEARING THE RISK AND INVESTMENTS STEMMING FROM PENSION FUND MANAGEMENT

Class D investments are made up as follows:

	31/12/03		30/06/04	
	Non-life	Life	Non-life	Life
D I – Investments relating to unit-linked and index-linked policies		117,563		120,758
D II Investments stemming from pension fund management		1,705		1,977

During the period, investments rose 2.9%, taking into consideration fluctuations in the related securities.

CLASS E - RECEIVABLES

E.I - Receivables relating to direct insurance

This caption mainly includes receivables due from policyholders and insurance brokers and agents. A breakdown of receivables net of the related provisions (Euro 3,701 thousand) is set out below by non-life and life businesses:

	31/12/03		30/06/04	
	Non-life	Life	Non-life	Life
Receivables due from Policyholders	29,614	5,598	28,982	8,027
Receivables due from brokers and agents	33,589	8,953	24,677	1,154
Amounts to be recovered from policyholders and third parties	20,177	-	20,828	-
Receivables due from insurance companies - current accounts	2,968	65	4,139	897

Receivables due from policyholders, net of the related provisions, at 31 December 2003 and 30 June 2004 are as follows:

	Non-life	Life
Balance at 31 December 2003	29,614	5,598
Balance at 30 June 2004	1,889	2,782

The balance at 30 June includes the parent company's of premiums issued by other companies in coassurance agreements, amounting to euro 1,491 thousand.

In compliance with paragraph 6 of article 2427 of the Civil Code and Legislative decree no. 173 of 26 May 1997, we note that receivables due after one year amount to euro 7,315 thousand, including euro 3,107 thousand due after five years. Such receivables relate to recharges to agents for their premium portfolio.

	31/12/03		30/06/04	
	Non-life	Life	Non-life	Life
E.II – Receivables relating to reinsurance business	4,916	83	9,600	98

This captino includes current account receivables showing the reinsurance technical result.

	31/12/03		30/06/04	
	Non-life	Life	Non-life	Life
E.III – Other receivables	9,675	4,317	7,495	4,683

They mainly consist of receivables due from the tax authorities (euro 8,558 thousand), which are held to be due after one year given the offhand approach to paying them. The provision for bad debts totalled euro 407 thousand at 30 June 2004.

In compliance with paragraph 6 of article 2427 of the Civil Code and Legislative decree no. 173 of 26 May 1997, we note that receivables due after one year amount to euro 8,759 thousand, including euro 78 thousand due after five years.

CLASS F - OTHER ASSETS

The more significant captions are as follows:

	31/12/03		30/06/04	
	Non-life	Life	Non-life	Life
F.II - Liquid funds	16,843	16,170	13,798	23,474
Liquid funds include bank accounts (euro 37,221 thousand) and cash-in-hand (euro 51 thousand).				
F.IV - Other assets	2,432	12,004	2,640	917

This caption includes deferred tax assets (euro 3,305 thousand).

Liabilities

CLASS B - SUBORDINATED LIABILITIES

	31/12/03		30/06/04	
	Non-life	Life	Non-life	Life
	10,800	7,200	10,800	7,200

The caption relates to the subordinated "Vittoria Assicurazioni S.p.A. Fixed/Floater 2001/2016 bond issue" convertible into ordinary shares, which is 60% allocated to non-life businesses and 40% to life businesses.

The main characteristics of the bond issue are as follows:

- total nominal amount Euro 18,000,000;
- composed of 3,750,000 bonds with a nominal value of Euro 4.80 each;
- nominal interest rate:
 - fixed 5.5% up to 31 December 2010 - annual coupons
 - variable six-monthly Euribor plus a spread of 250 basis points, six-monthly coupons from 1 January 2011;
- due date of coupon as from 12 November 2001;
- first coupon payable on 1 January 2002 (interest of the period);
- conversion option can be exercised from 20 May 2006.
- maturity: 1 January 2016
- Subordination clause: should the company be wound up, put into liquidation, declared bankrupt or put into compulsory liquidation, the principal and residual interest of the bonds will be repaid only after all other creditors, both unsecured and secured, unsubordinated or with a subordination level lower than that of the bonds, have been satisfied.

Furthermore, the company reserves the right to repay all outstanding bonds at any time from 1 January 2011, giving at least one month's advance notice to bondholders.

Bonds are subordinated liabilities included in the issuer's solvency margin cover in accordance with article 33 of Legislative decree no. 174 of 17 March 1995 and article 33 of Legislative decree no. 175 of 17 March 1995 with reference to the life and non-life businesses, respectively.

CLASS C AND D - TECHNICAL RESERVES

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

	31/12/03	30/06/04
Non-life businesses	376,233	398,718
Life businesses	629,407	647,424
Total	1,005,640	1,046,142

Reserves may be broken down as follows:

Non-life businesses

	31/12/03	30/06/04
Gross premium reserve	144,599	156,535
Reinsurers' share	35,119	36,610
Net reserves	109,480	119,925
Gross claims reserve	338,025	352,698
Reinsurers' share	74,024	77,002
Net reserves	264,001	275,696
Other technical and equalisation reserves, gross	2,752	3,097
Reinsurers' share	-	-
Net reserves	2,752	3,097
Total net reserves	376,233	398,718

Life businesses

	31/12/03	30/06/04
Gross mathematical reserves	511,022	530,823
Reinsurers' share	20,929	21,992
Net reserves	490,093	508,831
Gross reserve for payable amounts	16,881	12,883
Reinsurers' share	21	21
Net reserve	16,860	12,862
Other technical reserves, gross	3,224	3,040
Reinsurers' share	38	44
Net reserves	3,186	2,996

Technical reserves where investment risk is borne by policyholders and reserves arising from pension fund management, gross	119,268	122,735
Reinsurers' share	-	-
Net reserves	119,268	122,735
Total net reserves	629,407	647,424

The caption "other technical reserves, gross" may be broken down as follows:

	31/12/03		30/06/04	
	Non-life	Life	Non-life	Life
C.I.3 - Non-life businesses - Other technical reserves				
Ageing reserve	1,375		1,606	
C.II.3 - Life businesses - Other technical reserves				
Complementary insurance premium reserve		218		185
Profit participation and reimbursement reserve		29		29
Other technical reserves		2,977		2,826

The other technical reserves of the non-life business relate to the reserves for operating costs.

CLASS G - PAYABLES AND OTHER LIABILITIES

In compliance with paragraph 6 of article 2427 of the Civil Code and Legislative decree no. 173 of 26 May 1997, we note that payables due after one year amount to Euro 5,041 thousand. There are no payables due after five years.

	31/12/03		30/06/04	
	Non-life	Life	Non-life	Life
G.I - Payables arising from direct insurance business				
	7,006	244	5,296	1130

The caption mainly includes sums payable to insurance brokers and agents and payables arising from current accounts with companies showing the co-insurance technical balance. A breakdown of payables by non-life and life businesses is set out below:

	31/12/03		30/06/04	
	Non-life	Life	Non-life	Life
Payables to insurance brokers and agents	1,500	79	873	593
Current accounts with companies	4,278	158	4,363	509

	31/12/03		30/06/04	
	Non-life	Life	Non-life	Life
G.II – Payables arising from reinsurance business				
	6,055	1,270	15,181	2,267

This caption includes current account payables showing the reinsurance technical result.

	31/12/03		30/06/04	
	Non-life	Life	Non-life	Life
G.V - Other payables and loans	15,079	2,768	14,077	1,985

Significant items are analysed below:

- policyholders' tax due	6,618
- other sums payable to tax authorities	2,400
- social security charges payable	1,357
- accounts payable to creditors and amounts payable to consultants	3,606

Accounts payable to creditors includes invoices issued by the related company S.In.T S.r.l. (euro 69 thousand).

	31/12/03		30/06/04	
	Non-life	Life	Non-life	Life
G.VII - Other liabilities	18,996	879	6,640	1,190

The more significant captions are as follows:

- technical accounts to be settled with agencies	771
- commissions on premiums under collection	4,817
- invoices and notes to be received including those from the related companies S.In.t. S.p.A. totalling Euro 230 thousand and Interbilancia S.r.l. totalling Euro 36 thousand.	2,237

GUARANTEES, COMMITMENTS AND OTHER MEMORANDUM AND CONTINGENCY ACCOUNTS

	31/12/03		30/06/04	
	Non-life	Life	Non-life	Life
Guarantees, commitments and other memorandum and contingency accounts	414,897	583,077	410,889	608,886

Memorandum and contingency accounts at 30 June 2003 may be analysed as follows:

- third party assets	1,821
- securities held by third parties	995,477
- assets pertaining to pension funds	1,977
- other guarantees gives	20,500

Notes to the profit and loss account

The main profit and loss account captions are analysed below, excluding those already commented on. Amounts are in thousands of Euros.

Non-life business technical reserves

Changes in the non-life business technical reserves are given below:

	Premium reserve		Claims reserve	
	30/06/03	30/06/04	30/06/03	30/06/04
Change in gross amount	12,883	11,841	3,412	14,485
Reinsurers' share	3,657	3,144	8,701	2,807

Life business technical reserves

Changes in mathematical reserves (including those of class D), other technical reserves and the reserve for payable amounts are set out below:

	Mathematical reserves and other technical reserves		Reserve for payable amounts	
	30/06/03	30/06/04	30/06/03	30/06/04
Change in gross amount	26,404	22,982	-5,332	-3,999
Reinsurers' share	1,059	1,069	-	-

	30/06/03	30/06/04
III.7 - Other income	993	1,245
The more significant captions are as follows:		
- interest on current accounts with insurance and reinsurance companies	17	20
- interest on bank current accounts	335	379
- interest on tax receivables and agents' recharges	185	187
- financial income	65	96
- exchange rate gains on technical and financial captions	-	7

	30/06/03	30/06/04
III.8 - Other charges	4,454	4,784
The more significant captions are as follows:		
- interest on current accounts with insurance and reinsurance companies	43	45
- amortisation charge of intangible assets	2,662	3,232
- interest on subordinated loan	495	495
- exchange rate losses on technical and financial captions	206	-
III.10 Extraordinary income	58	33
The more significant captions are as follows:		
- capital gains on the sale of investments included in the investment portfolio	1	-
- prior year items	57	32
III.11 - Extraordinary expense	146	55
The more significant captions are as follows:		
- prior year items	140	55

Other information

Solvency margin

On the basis of the financial position as at 30 June 2004, the results for the period then ended and related projections for the entire year, the solvency margin components of non-life and life business are respectively 1.6 and 1.7 times the legally-required margins at that date.

Assets allocated to cover technical reserves

The following figures are given pursuant to Isvap regulation no. 1207-G of 6 July 1999:

Non-life businesses		(in millions of euros)	
	31/12/03	30/06/04	Increase/ Decrease
Technical reserves	481.2	509.3	28.1
Change in assets allocated			
Loan and other similar securities			-2.0
Equities and other similar securities			10.1
Real estate			28.0
Receivables due from insurance brokers and agents			-8.0
Deferred acquisition costs			0.4
Bank accounts			-0.4
Total assets			28.1
Life businesses		(in millions of euros)	
	31/12/03	30/06/04	Increase/ Decrease
Mathematical reserves and other technical reserves	513.5	533.1	19.6
Reserves for payable amounts	16.9	12.9	-4.0
Total assets	530.4	546.0	15.6
Change in assets allocated			
Loans and other similar securities			29.0
Equities and other similar securities			1.7
Real estate			2.2
Receivables due from policyholders			0.9
Receivables due from insurance brokers and agents			-8.4
Deferred acquisition costs			-0.7
Bank accounts			-9.1
Total assets			15.6
		(in millions of euros)	
	31/12/03	30/06/04	Increase/ Decrease
Technical reserves where investment risk is borne by policyholders	119.3	122.7	3.4
Assets allocated			3.4

Board of directors

Milan, 8 September 2004

Reclassified balance sheet

(in thousands of euros)

ASSETS	30/06/2004	31/12/2003
Investments		
Land and buildings	8,810	9,120
Investments in group and other companies		
- Equity investments	152,321	118,414
- Loans	9,800	8,990
Other financial investments:		
- Unit trust units	3,279	33,273
- Bonds and other fixed-interest securities	827,747	780,607
- Loans	11,260	11,254
- Other financial investments	478	478
Deposits with ceding companies	1,169	1,162
Investments benefiting life policyholders	122,735	119,268
Total investments	1,137,599	1,082,566
Receivables		
Receivables relating to direct insurance business from:		
- Policyholders	37,009	35,212
- Insurance brokers and agents	25,831	42,541
- Current account companies	5,036	3,033
- Amounts to be recovered from policyholders and third parties	20,828	20,177
Receivables relating to reinsurance business	9,698	4,999
Other receivables	12,178	13,992
Total receivables	110,580	119,954
Intangible assets	28,734	28,240
Tangible assets and inventory	4,587	4,522
Liquid funds	37,272	33,013
Other assets	3,557	3,300
Prepayments and accrued income	15,274	14,720
TOTAL ASSETS	1,337,603	1,286,315

Reclassified balance sheet

(in thousands of euros)

LIABILITIES AND SHAREHOLDERS' EQUITY	30/06/2004	31/12/2003
Shareholders' equity		
- Share capital	30,000	30,000
- Share premium reserve	20,142	20,142
- Revaluation reserves	6,370	6,370
- Legal reserve	5,076	4,319
- Other reserves	52,509	42,019
- Net profit (loss) for the period	8,953	15,147
Total shareholders' equity	123,050	117,997
Subordinated liabilities	18,000	18,000
Technical reserves, net of reinsurance		
- Premium reserve	119,925	109,480
- Claims reserve	275,696	264,001
- Mathematical reserves	508,831	490,093
- Reserve for amounts payable	12,862	16,860
- Other technical reserves	6,093	5,938
- Technical reserves where investment risk is borne by policyholders and reserves relating to pension fund management	122,735	119,268
Total technical reserves	1,046,142	1,005,640
Payables		
Deposits from reinsurers	95,305	95,501
Payables arising from direct insurance business due to:		
- Insurance brokers and agents	1,466	1,579
- Current account companies	4,872	4,435
- Guarantee deposits and premiums paid by policyholders	88	48
- Guarantee funds in favour of policyholders	-	1,187
Payables arising from reinsurance business	17,448	7,325
Other sums payable	16,062	17,847
Total payables	135,241	127,922
Provisions for contingencies and other charges	1,805	1,805
Employees' leaving entitlement	5,034	5,212
Other liabilities	7,830	8,737
Accrued expenses and deferred income	501	1,002
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1,337,603	1,286,315

Reclassified profit and loss account

(in thousands of Euros)

	First half of 2004	First half of 2003	2003
Technical account			
Life businesses:			
Direct insurance			
(+) Gross premiums accounted for	54,497	45,405	94,021
(-) Charges relating to claims	38,528	27,212	61,346
(-) Change in mathematical and other technical reserves	22,983	26,404	44,186
(+) Other technical captions, net	571	583	1,080
(-) Operating costs	6,505	6,295	14,010
(+) income on investments where the company bears the risk- Class C - net of the portion transferred to the non-technical account	12,004	11,200	22,069
(+) income on investments where policyholders bear the risk - Class D	4,991	3,786	6,768
Direct insurance result	4,047	1,063	4,396
Outwards reinsurance result	-75	-140	131
Retained direct insurance result	3,972	923	4,527
Indirect and retroceded insurance result	-4	-6	-36
Result of life business technical account	3,968	917	4,491
Non-life businesses:			
Direct insurance			
(+) Gross premiums accounted for	200,611	174,219	362,908
(-) Change in premium reserve	11,559	12,973	18,855
(-) Charges relating to claims	132,218	111,263	240,877
(-) Change in other technical reserves	232	181	487
(+) Other technical captions, net	-1,999	-2,252	-3,308
(-) Operating costs	48,160	42,770	89,668
Direct insurance result	6,443	4,780	9,713
Outwards reinsurance result	-740	2,715	1,906
Retained direct insurance result	5,703	7,495	11,619
Indirect and retroceded insurance result	88	37	187
Total retained direct insurance result	5,791	7,532	11,806
(-) Change in equalisation reserves	114	95	212
(+) Income on investments transferred from the non-technical account	6,259	6,172	12,620
Result of non-life business technical account	11,936	13,609	24,214
Result of technical account	15,904	14,526	28,705
(+) Income on non-life business investments net of the portion transferred to the technical account	1,530	1,525	3,141
(+) Income on investments transferred from the life business technical account	1,015	921	1,787
(+) Other income	1,245	992	1,942
(-) Interest on financial payables	495	495	990
(-) Other charges	4,289	3,959	6,784
Result of ordinary business	14,910	13,510	27,801
(+) Extraordinary income	33	58	612
(-) Extraordinary expense	55	146	1,267
Profit (loss) before taxation	14,888	13,422	27,146
(-) Taxation on profit for the period	5,935	5,819	11,999
Net profit (loss) for the period	8,953	7,603	15,147

Annexes to the half year report

Balance sheet	Annex	I
Profit and loss account	Annex	II
Comments	Annex	1
	Annex	2
	Annex	3

BALANCE

ASSETS	At 30 June of the current year	At 30 June of the previous year	At 31 December of the previous year
A. Share capital proceeds to be received	0 ⁷⁵	0 ¹⁴⁹	0
B. Intangible assets			
1. Acquisition costs to be amortised	13,417 ⁷⁶	14,564 ¹⁵⁰	13,618
2. Other assets	15,317 ⁷⁷	13,717 ¹⁵¹	14,622
Total	28,734 ⁷⁸	28,281 ¹⁵²	28,240
C. Investments			
I - Land and buildings	8,810 ⁷⁹	9,085 ¹⁵³	9,120
II - Investments in group and other companies			
1. Equity investments	152,321 ⁸⁰	56,142 ¹⁵⁴	118,414
2. Bonds	0 ⁸¹	0 ¹⁵⁵	0
3. Loans	9,800 ⁸²	4,210 ¹⁵⁶	8,990
Total investments in group and other companies	162,121 ⁸³	60,352 ¹⁵⁷	127,404
III. - Other financial investments			
1. Equity investments	0 ⁸⁴	0 ¹⁵⁸	0
2. Unit trust units	3,279 ⁸⁵	56,646 ¹⁵⁹	33,273
3. Bonds and other fixed-interest securities	827,747 ⁸⁶	800,468 ¹⁶⁰	780,607
4. Loans	11,260 ⁸⁷	11,905 ¹⁶¹	11,254
5. Other	478 ⁸⁸	0 ¹⁶²	478
Total other financial investments	842,764 ⁸⁹	869,019 ¹⁶³	825,612
IV - Deposits with ceding companies	1,169 ⁹⁰	1,385 ¹⁶⁴	1,162
Total	1,014,864 ⁹¹	939,841 ¹⁶⁵	963,298
D. Investments benefiting life policyholders bearing the risk and stemming from pension fund management			
I - Investments relating to unit-linked and index-linked policies	120,758 ⁹²	106,552 ¹⁶⁶	117,563
II - Investments stemming from pension fund management	1,977 ⁹³	1,496 ¹⁶⁷	1,705
Total	122,735 ⁹⁴	108,048 ¹⁶⁸	119,268
D.bis Reinsurers' share of technical reserves			
I - Non-life business technical reserves	113,612 ⁹⁵	115,017 ¹⁶⁹	109,143
II - Life business technical reserves (excluding those mentioned in point III)	22,057 ⁹⁶	19,938 ¹⁷⁰	20,988
III - Life business technical reserves where investment risk is borne by policyholders and reserves arising from pension fund management	0 ⁹⁷	0 ¹⁷¹	0
Total	135,669 ⁹⁸	134,955 ¹⁷²	130,131
E. Receivables			
I - Receivables relating to direct insurance	88,704 ⁹⁹	77,731 ¹⁷³	100,963
II - Receivables relating to reinsurance business	9,698 ¹⁰⁰	4,549 ¹⁷⁴	4,999
III. - Other receivables	12,178 ¹⁰¹	12,228 ¹⁷⁵	13,992
Total	110,580 ¹⁰²	94,508 ¹⁷⁶	119,954
F. Other assets			
I - Tangible assets and inventory	4,587 ¹⁰³	4,813 ¹⁷⁷	4,522
II - Liquid funds	37,272 ¹⁰⁴	34,106 ¹⁷⁸	33,013
III - Own shares	0 ¹⁰⁵	0 ¹⁷⁹	0
IV - Other assets	3,557 ¹⁰⁶	26,744 ¹⁸⁰	14,437
Total	45,416 ¹⁰⁷	65,663 ¹⁸¹	51,972
G. Prepayments and accrued income	15,274 ¹⁰⁸	15,255 ¹⁸²	14,720
TOTAL ASSETS	1,473,272 ¹⁰⁹	1,386,551 ¹⁸³	1,427,583

SHEET

(in thousands of Euros)

LIABILITIES	At 30 June of the current year	At 30 June of the previous year	At 31 December of the previous year
A. Shareholders' equity			
I - Subscribed share capital or equivalent fund	36 30,000	110 30,000	184 30,000
II - Share premium reserve	37 20,142	111 20,142	185 20,142
III. - Legal reserve	38 5,076	112 4,319	186 4,319
IV - Other equity reserves	39 58,879	113 48,389	187 48,389
V - Retained earnings or losses carried forward	40 0	114 0	188 0
VI - Net profit (loss) for the period/year	41 8,953	115 7,603	189 15,147
Total	42 123,050	116 110,453	190 117,997
B. Subordinated liabilities	43 18,000	117 18,000	191 18,000
C. Technical reserves			
I - Non-life businesses			
1. Premium reserve	44 156,535	118 139,357	192 144,599
2. Claims reserve	45 352,698	119 322,190	193 338,025
3. Other technical reserves	46 1,606	120 1,069	194 1,375
4. Equalisation reserves	47 1,491	121 1,260	195 1,377
Total non-life business technical reserves	48 512,330	122 463,876	196 485,376
II - Life businesses			
1. Mathematical reserves	49 530,823	123 504,044	197 511,022
2. Reserve for payable amounts	50 12,883	124 13,926	198 16,881
3. Other technical reserves	51 3,040	125 3,499	199 3,224
Total life business technical reserves	52 546,746	126 521,469	200 531,127
Total	53 1,059,076	127 985,345	201 1,016,503
D. Technical reserves where investment risk is borne by policyholders and reserves arising from pension fund management			
I - Reserves arising from index-linked policies index-linked policies	54 120,758	128 106,552	202 117,563
II - Reserves arising from pension fund management	55 1,977	129 1,496	203 1,705
Total	56 122,735	130 108,048	204 119,268
E. Provisions for contingencies and other charges	57 1,805	131 2,085	205 1,805
F. Deposits from reinsurers	58 95,305	132 87,581	206 95,501
G. Payables and other liabilities			
I - Payables arising from direct insurance business	59 6,426	133 5,641	207 7,250
II - Payables arising from reinsurance business	60 17,448	134 17,783	208 7,325
III. - Bond issues	61 0	135 0	209 0
IV - Due to banks and other financial institutions	62 0	136 0	210 0
V - Other payables and loans	63 16,062	137 15,374	211 17,847
VI - Employees' leaving entitlement	64 5,034	138 4,728	212 5,212
VII - Other liabilities	65 7,830	139 31,007	213 19,873
Total	66 52,800	140 74,533	214 57,507
H. Accrued expenses and deferred income	67 501	141 506	215 1,002
TOTAL LIABILITIES	68 1,473,272	142 1,386,551	216 1,427,583

GUARANTEES, COMMITMENTS AND OTHER MEMORANDUM AND CONTINGENCY ACCOUNTS

I. Guarantees given	69 20,500	143 0	217 20,500
II. Guarantees received or given by third parties in the interest of the company	70 0	144 0	218 0
III. Commitments	71 0	145 0	219 0
IV. Assets pertaining to pension funds managed in favour and on behalf of third parties	72 1,977	146 1,496	220 1,705
V. Other	73 997,298	147 1,005,512	221 975,768
TOTAL MEMORANDUM AND CONTINGENCY ACCOUNTS	74 1,019,775	148 1,007,008	222 997,973

PROFIT AND LOSS

	First half of the current year	First half of the previous year	Previous year
I. NON-LIFE BUSINESS TECHNICAL ACCOUNT			
1 Premiums earned, net of outwards reinsurance	145,951 ⁵⁷	121,045 ¹¹³	255,777
2 (+) Income on investments transferred from non-technical account (caption III. 6)	6,259 ⁵⁸	6,172 ¹¹⁴	12,620
3 Other technical income, net of outwards reinsurance	1,023 ⁵⁹	803 ¹¹⁵	1,316
4 Charges relating to claims, net of recoveries and outwards reinsurance	97,940 ⁶⁰	77,096 ¹¹⁶	172,080
5 Change in other technical reserves, net of outwards reinsurance	232 ⁶¹	181 ¹¹⁷	487
6 Reversals and profit participation, net of outwards reinsurance	0 ⁶²	0 ¹¹⁸	0
7 Operating costs:			
a) Acquisition costs, net of commissions and profit participation received from reinsurers	30,419 ⁶³	24,730 ¹¹⁹	49,231
b) Administrative costs	9,570 ⁶⁴	9,254 ¹²⁰	18,865
Total	39,989 ⁶⁵	33,984 ¹²¹	68,096
8 Other technical charges, net of outwards reinsurance	3,022 ⁶⁶	3,055 ¹²²	4,624
9 Change in equalisation reserves	114 ⁶⁷	96 ¹²³	212
10 Result of non-life business technical account	11,936 ⁶⁸	13,608 ¹²⁴	24,214
II. LIFE BUSINESS TECHNICAL ACCOUNT			
1 Premiums, net of outwards reinsurance	52,786 ⁶⁹	43,643 ¹²⁵	90,932
2 Income on investments			
a) Income on investments	12,490 ⁷⁰	13,366 ¹²⁶	25,570
c) Write-backs of adjustments to investment values	0 ⁷¹	0 ¹²⁷	0
d) Profit on sale of investments	1,967 ⁷²	0 ¹²⁸	978
Total	14,457 ⁷³	13,366 ¹²⁹	26,548
3 Income and unrealised capital gains relating to investments benefitting policyholders who bear the risk and investments stemming from pension fund management	6,164 ⁷⁴	5,245 ¹³⁰	10,579
4 Other technical income, net of outwards reinsurance	580 ⁷⁵	591 ¹³¹	1,147
5 Charges relating to claims, net of outwards reinsurance	38,237 ⁷⁶	26,888 ¹³²	60,844
6 Change in mathematical reserves and other technical reserves, net of outwards reinsurance			
a) Mathematical reserves, complementary insurance premium reserve and other technical reserves	18,448 ⁷⁷	16,959 ¹³³	22,337
b) Technical reserves where investment risk is borne by policyholders and reserves arising from pension fund management	3,467 ⁷⁸	8,386 ¹³⁴	19,606
Total	21,915 ⁷⁹	25,345 ¹³⁵	41,943
7 Reversals and profit participation, net of outwards reinsurance	3 ⁸⁰	0 ¹³⁶	0
8 Operating costs			
a) Acquisition costs, net of commissions and profit participation received from reinsurers	3,101 ⁸¹	2,950 ¹³⁷	7,110
b) Administrative costs	3,134 ⁸²	3,113 ¹³⁸	6,469
Total	6,235 ⁸³	6,063 ¹³⁹	13,579

ACCOUNT

(in thousands of Euros)

	First half of the current year	First half of the previous year	Previous year
9 Capital and financial charges			
a) Investment management charges and interest payable	28 1,367 ⁸⁴	1,236 ¹⁴⁰	2,680
b) Adjustments to investment values	29 70 ⁸⁵	0 ¹⁴¹	4
c) Loss on sale of investments	30 1 ⁸⁶	9 ¹⁴²	9
Total	31 1,438 ⁸⁷	1,245 ¹⁴³	2,693
10 Capital and financial charges and unrealised capital losses relating to investments benefiting policyholders bearing the risk and investments relating to pension fund management	32 1,172 ⁸⁸	1,459 ¹⁴⁴	3,812
11 Other technical charges, net of outwards reinsurance	33 4 ⁸⁹	7 ¹⁴⁵	57
12 (-) Income on investments transferred to non-technical account (caption III.4)	34 1,015 ⁹⁰	921 ¹⁴⁶	1,787
13 Result of life business technical account	35 3,968 ⁹¹	917 ¹⁴⁷	4,491
III. NON-TECHNICAL ACCOUNT			
1 Result of non-life business technical account (caption I.10)	36 11,936 ⁹²	13,608 ¹⁴⁸	24,214
2 Result of life business technical account(Caption II.13)	37 3,968 ⁹³	917 ¹⁴⁹	4,491
3 Income on investments in non-life business			
a) Income on investments	38 10,250 ⁹⁴	10,377 ¹⁵⁰	20,331
b) Write-backs of adjustments to investment values	39 0 ⁹⁵	133 ¹⁵¹	32
c) Profit on sale of investments	40 17 ⁹⁶	33 ¹⁵²	756
Total	41 10,267 ⁹⁷	10,543 ¹⁵³	21,119
4 (+) Income on investments transferred from non-life business technical account (caption II.12)	42 1,015 ⁹⁸	921 ¹⁵⁴	1,787
5 Capital and financial charges of non-life business			
a) Investment management charges and interest payable	43 2,440 ⁹⁹	2,654 ¹⁵⁵	5,173
b) Adjustments to investment values	44 19 ¹⁰⁰	7 ¹⁵⁶	0
c) Loss on sale of investments	45 19 ¹⁰¹	185 ¹⁵⁷	185
Total	46 2,478 ¹⁰²	2,846 ¹⁵⁸	5,358
6 (-) Income on investments transferred to non-life business technical account (caption I.2)	47 6,259 ¹⁰³	6,172 ¹⁵⁹	12,620
7 Other income	48 1,245 ¹⁰⁴	993 ¹⁶⁰	1,942
8 Other expense	49 4,784 ¹⁰⁵	4,454 ¹⁶¹	7,774
9 Result of ordinary business	50 14,910 ¹⁰⁶	13,510 ¹⁶²	27,801
10 Extraordinary income	51 33 ¹⁰⁷	58 ¹⁶³	612
11 Extraordinary expense	52 55 ¹⁰⁸	146 ¹⁶⁴	1,267
12 Result of extraordinary business	53 -22 ¹⁰⁹	-88 ¹⁶⁵	-655
13 Profit (loss) before taxation	54 14,888 ¹¹⁰	13,422 ¹⁶⁶	27,146
14 Taxation on profit for the period/year	55 5,935 ¹¹¹	5,819 ¹⁶⁷	11,999
15 Net profit (loss) for the period/year	56 8,953 ¹¹²	7,603 ¹⁶⁸	15,147

INFORMATION ON COMPANIES IN WHICH VITTORIA HOLDS AN INVESTMENT (*)

Figures for the first half of 2004

Progr. no.	Type	Listed or unlisted	Business activity	Name and registered offices	Currency	Share/quot capital		Book value (5)	Direct %	Indirect %	Total %
						Amount	Number of shares				
1	B	NQ	2	VITTORIA IMMOBILIARE S.p.A. - Largo Toscanini 1 - 20122 MILANO	242	6,600,000	13,200	5,677	54.76		54.76
2	C	NQ	9	S.IN.T. S.p.A. - Piazza Bodoni 3 - 10123 TORINO	242	500,000	500,000	258	14.79		14.79
3	E	NQ	2	B.P.C. S.p.A. - Via Roma 3 - 16121 GENOVA	242	7,050,000	15,000,000	1,281	17.17		17.17
4	E	NQ	2	GRUPPO G.P.A. S.p.A. - Via Melchiorre Gioia 124 - 20125 MILANO	242	8,528,000	16,400,000	3,101	5.00		5.00
5	E	Q	2	CAM FINANZIARIA S.p.A. - Via Sempione 230 - 20016 Pero MILANO	242	106,368,404	204,554,624	18,132	4.65		4.65
6	E	NQ	3	BANCA PASSADORE & C. S.p.A. - Via E. Vermeza 27 - 16121 GENOVA	242	35,000,000	35,000,000	3,381	2.68		2.68
7	E	NQ	3	B. CR COOP VALDOSTANA S.c.r.l. - Frazione Taxed 26 - 11020 Gressan AOSTA	242	1,868,261	362,066	41	1.05		1.05
8	E	NQ	3	BCC ROVIGO S.c.r.l. - Via Casilini n.10 - 45100 ROVIGO	242	617,765	24,672	3	0.42		0.42
9	E	NQ	3	BANCA POPOLARE ETICA S.c.r.l. - Piazzetta Forzate 2 - 35137 PADOVA	242	16,721,187	323,803	52	0.31		0.31
10	E	NQ	9	ELSAG SUPERNET S.p.A. in liquidazione - Via G.Puccini 2 - 16154 GENOVA	242	548,477	36,712	123	14.95		14.95
11	E	NQ	9	DOWNALL ITALIA S.r.l. - Via Melchiorre Gioia 124 - 20125 MILANO	242	100,000	100,000	3	5.08		5.08
12	E	NQ	9	SOPHIEA S.r.l. in liq. - Via del Plebiscito 102 - 00186 ROMA	242	47,664,600	47,664,600	705	1.46		1.46
13	E	NQ	9	U.C.I. S.c.o.s.r.l. - C.so Sempione 39 - 20145 MILANO	242	510,000	1,000,000	4	0.69		0.69
14	E	NQ	9	RITA S.r.l. - P.zza San Babila 1 - 20122 MILANO	242	5,720,000	11,000,000	53	0.93		0.93
15	E	NQ	9	CESTAR S.c.o.s.r.l. - Via Pisacane 48 - 20016 Pero MILANO	242	2,040,000	4,000,000	15	0.71		0.71
16	E	NQ	2	MEDINVEST INTERNATIONAL S.C.A. - I. Avenue de la Gare - Lussemburgo	242	76,636,000	7,663,600	3,001	3.91		3.91
17	E	NQ	6	EUROPRIUS NBI ASSET MANAGEMENT S.A. - 39, Allée Scheffer - Lussemburgo	242	125,000	10,000	6	5.00		5.00
18	D	NQ	2	YARPA INTERNATIONAL HOLDING N.V. - Herengracht 483, 1017 BT - Amsterdam	242	675,000	1,500	13,782	25.00		25.00
19	C	NQ	2	INTERBILANCIA S.r.l. - Via Caldere, 21 - 20153 MILANO	242	80,000	80,000	39	49.00		49.00
20	B	NQ	4	IMMOBILIARE BILANCIA S.r.l. - Largo Toscanini 1 - 20122 MILANO	242	64,000,000	64,000,000	62,500	97.66		97.66
21	D	NQ	2	LAUMOR BV - Herengracht 483, 1017 BT - Amsterdam	242	20,000	40	6	25.00		25.00
22	D	NQ	9	TOURING VACANZE S.r.l. - Corso Italia n.10 - 20122 Milano	242	12,900,000	12,900,000	5,165	24.00		24.00
23	B	NQ	4	VITTORIA PROPERTIES S.r.l. - Via Caldera n.21 - 20153 Milano	242	4,000,000	4,000,000	3,960	99.00	0.55	99.55
24	B	NQ	4	IMMOBILIARE BILANCIA PRIMA S.r.l. - Largo Toscanini n.1 - 20122 Milano	242	29,000,000	29,000,000	29,000	100.00		100.00
25	B	NQ	4	IMMOBILIARE BILANCIA SECONDA S.r.l. - Largo Toscanini n.1 - 20122 Milano	242	100,000	100,000	100	100.00		100.00
26	B	NQ	4	IMMOBILIARE BILANCIA TERZA S.r.l. - Largo Toscanini n.1 - 20122 Milano	242	100,000	100,000	100	100.00		100.00
27	E	NQ	3	BCC APUANA S.c.r.l. - Viale Stazione n.78 - 54100 Massa	242	3,417,246	13,194	50	1.46		1.46
28	E	NQ	2	LIGURIA S.p.A. - Via Cantù n.1 - 20123 Milano	242	5,600,000	5,600,000	494	10.30		10.30
29	E	Q	2	MEDIOBANCA S.p.A. - P.zza E.Cuccia n.1 - 20121 Milano	242	389,291,457	778,582,915	1,289	0.02		0.02

(*) List of group companies and other companies held either directly and through trusts or nominee.

- (1) Type
a = Parent companies
b = Subsidiaries
c = Related companies
d = Associated companies
e = Other companies
- (2) Indicate L for listed securities on regulated markets and UN for unlisted securities

- (3) Business activity
1 = Insurance company
2 = Financial company
3 = Bank
4 = Real estate company
5 = Trustee
6 = Asset management
7 = Consortium
8 = Manufacturing company
9 = Other

- (4) Amounts in original currency
(5) Amount stated in the half year report
(6) Indicate:
N investment allocated to the non-life business (caption C.II.1)
L investments allocated to the life business (caption C.II.1)
L1 investments allocated to the life business (caption D.1)
L2 investments allocated to the life business (caption D.2)
Even if it is only a portion, the investment should be identified with the same progress number
(7) Indicate total holding percentage

Changes in investments in group and other companies: equity investments (caption C.II.1), bonds (caption C.II.2) and loans (caption C.II.3)

Figures for the first half of

2004

(in thousands of Euros)

		Equity investments C.II.1	Bonds C.II.2	Loans C.II.3
Opening book value	+	1 48,655	21	41 8,990
Increases:.....	+	2 31,529	22	42 810
for: acquisitions, subscriptions or lending		3 31,529	23	43 810
write-backs		4	24	44
revaluations		5	25	45
other changes		6	26	46
Decreases:.....	-	7	27	47
for: sales or repayments		8	28	48
write-downs		9	29	49
other changes		10	30	50
Total		11 80,184	31	51 9,800
Current value		12 80,134	32	52
Total revaluations		13		
Total write-downs		14	34	54

(*) N= non-life business schedule

L= life business schedule

Changes in investments in group and other companies: equity investments (caption C.II.1), bonds (caption C.II.2) and loans (caption C.II.3)

Figures for the first half of

2004

(in thousands of Euros)

		Equity investments C.II.1	Bonds C.II.2	Loans C.II.3
Opening book value	+	1 69.759	21	41
Increases:	+	2 2.378	22	42
for: acquisitions, subscriptions or lending		3 2.378	23	43
write-backs		4	24	44
revaluations		5	25	45
other changes		6	26	46
Decreases:	-	7	27	47
for: sales or repayments		8	28	48
write-downs		9	29	49
other changes		10	30	50
Total		11 72.137	31	51
Current value		12 72.137	32	52
Total revaluations		13		
Total write-downs		14	34	54

(*) N= non-life business schedule

L= life business schedule

Allocation based on the use of other financial investments: equity investments, unit trust units, bonds and other fixed-interest securities, other financial investments (captions C.III.1, 2, 3, 5)

2004

Figures for the first half of I - Non-life business

(in thousands of Euros)

	Investment portfolio		Trading portfolio		Total	
	Book value (1)	Current value	Book value (1)	Current value	Book value (1)	Current value
1. Equity investments:						
a) listed shares	13	25	37		49	61
b) unlisted shares	14	26	38		50	62
c) quotas	15	27	39		51	63
2. Unit trust units	16	28	40		52	64
a) listed government bonds	17	588	29	41	53	779
b) other fixed-interest securities	18	326,616	30	51,008	54	362,952
c) other listed securities	19	276,601	31	51,008	43	315,603
d) other unlisted securities	20	48,473	32		56	45,807
e) convertible bonds	21		33		57	
f) other unlisted securities	22	1,542	34		58	1,542
g) convertible bonds	23		35		59	
h) Other	24		36		60	

II - Life business

	Investment portfolio		Trading portfolio		Total	
	Book value (1)	Current value	Book value (1)	Current value	Book value (1)	Current value
1. Equity investments:						
a) listed shares	85	97	109		121	133
b) unlisted shares	86	98	110		122	134
c) quotas	87	99	111		123	135
2. Unit trust units	88	100	112		124	136
a) listed government bonds	89	3,546	101		125	2,500
b) other fixed-interest securities	90	425,758	102	64,091	126	464,796
c) other listed securities	91	288,494	103	63,442	127	335,850
d) other unlisted securities	92	135,294	104	521	128	126,848
e) convertible bonds	93		105		129	
f) Other	94	1,970	106	128	130	2,098
3. Bonds and other fixed-interest securities	95		107		131	
a) listed government bonds	96		108		132	
b) other unlisted securities						
c) convertible bonds						
d) Other						

(1) amount stated in the half year report

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Directors' report on the group performance during the first half of 2004

The net profit of the Group for the period increased to Euro 14,507 thousand from Euro 9,197 thousand in the first half of 2003. As described in the section on "Accounting policies", the increase is partly due to adoption by the group of a new accounting policy for real estate units being built, which are now stated using the percentage of completion method rather than the completed contract method. If the percentage of completion method had been applied constantly over time the group's net profit for the period would have increased by 24.5% to Euro 11,568 thousand (Euro 9,289 thousand for the first six months of 2003).

The key figures of the period may be summarised as follows:

- total premiums written totalled Euro 255,829 thousand, up 16.3% over the same period of 2003;
- life business premiums rose 20.0% on the same period of the previous year mainly due to the growth in single premium capitalisation products. Periodic recurring premiums account for 42.8% of premiums underwritten, while single premiums account for 57.2%;
- direct non-life premiums grew 15.1%;
- premiums of the motor lines of business rose by 18.2% (Third-party motor liability +16.9%, Motor vehicle hulls +26.2%) primarily thanks to new customers; the tariff component remained largely the same as last year as the parent company adhered to the Master Agreement for motor third party liability insurance signed by government, ANIA and consumer associations to contain insurance costs;
- other non-life premiums excluding aviation, marine, bonds and credit increased by 5.0% with the special business showing an increase of 17.9%;
- investments totalled Euro 1,242,427 thousand, up 6.1% on the Euro 1,170,945 thousand at 31 December 2003. They are split between investments where the policyholders bear the risk (Euro 122,735 thousand) and investments where the parent company bears the risk (Euro 1,119,692 thousand). Net ordinary income on investments where the group bears the risk amounted to Euro 26,801 thousand (first half of 2003: Euro 22,640 thousand). It includes, for the relevant portions, the ordinary profit of associated companies stated using the equity method (Euro 2,434 thousand against Euro 1,732 thousand in the same period of the previous year). The securities portfolio at 31 August 2004 showed overall unrealised gains of Euro 50,002 thousand;
- the results of real estate companies consolidated on a line-by-line basis, net of intercompany transactions, include turnover arising from real estate brokerage services (Euro 1,671 thousand; first half of 2003: Euro 1,012 thousand) and profit on real estate trading (Euro 2,213 thousand; first half of 2003: Euro 460 thousand).

Group shareholders' equity amounts to Euro 133,200 thousand while minority interests account for Euro 8,212 thousand.

Given the group's performance during the period and the activities planned for the second half of the year, the Directors reasonably forecast a higher net profit for 2004 than in the previous year, in line with the group's targets.

Performance

Premiums

Premiums totalled Euro 255,829 thousand at period end. The following table shows the portfolio mix and increases by business and business line:

BREAKDOWN OF GROSS PREMIUMS WRITTEN IN THE FIRST HALF OF 2004 AND 2003 DIRECT AND INDIRECT INSURANCE

(in thousands of Euros)

	30/06/04	30/06/03	Change %	Percentage of portfolio	
				2004	2003
Domestic direct insurance					
Life business					
Total life business	54,497	45,405	20.0	21.3	20.7
Non-life business					
Total other non-life premiums excluding aviation, marine, bonds and credit	42,583	40,537	5.0	16.6	18.4
Total premiums relating to aviation, marine, bonds and credit	6,727	5,704	17.9	2.7	2.6
Total motor business	151,301	127,978	18.2	59.1	58.2
Total non-life business	200,611	174,219	15.1	78.4	79.2
Total direct insurance	255,108	219,624	16.2	99.7	99.9
Domestic indirect insurance					
Life business	1	-	n.a.	0.0	0.0
Non-life business	720	281	156.2	0.3	0.1
Total indirect insurance	721	281	156.6	0.3	0.1
Total	255,829	219,905	16.3	100.0	100.0

Life business

Claims, accrued sums, annuities and surrenders

The 20.0% growth in premiums during the period is due to the policyholders' increased interest in the capitalisation policies linked to low risk separate accounts which the parent company also offers the reinvestment of matured policies as an option.

Summarised figures relating to direct insurance claims, accrued sums and annuities and surrenders and comparative 2004 half year figures are set out below.

(in thousands of Euros)

	30/06/04	30/06/03
Claims	6,652	1,330
Accrued sums and annuities	19,206	15,794
Surrenders	12,670	10,088
Total	38,528	27,212

Reinsurance

Outwards reinsurance

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

- Exceeding risk premium;
- Pure commercial premiums outwards in 1996 and 1997.

Outwards premiums in the first half of 2004 amounted to Euro 1,712 thousand.

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

Operating costs

Operating costs relating to direct insurance, gross of commissions and profit participation received from reinsurers, grew 12.6%. As a percentage of premiums written, they decreased from 24.6% in the first half of 2003 to 24.0%. The following table shows a breakdown of operating costs:

	(in thousands of Euros)		
	30/06/04	30/06/03	Change %
Acquisition commissions, premium collection commissions and other acquisition costs	34,756	29,692	17.1%
Overheads allocated to sales costs	6,847	6,676	2.6%
Overheads allocated to other administrative costs	6,557	6,402	2.4%
Total	48,160	42,770	12.6%

Operating costs net of intercompany charges which have been eliminated during consolidation, totalled Euro 47,982 thousand (first half of 2003: Euro 42,709 thousand).

Claims

Reported claims

The following table of reported claims derives from open positions during the period. Comparative figures of the first half of 2003 are also given.

	(in thousands of Euros)					
	30/06/04		30/06/03		Change %	
	number	total cost	number	total cost	number	total cost
Total non-motor business	21,024	34,849	22,993	38,990	-8.56	-10.62
Total motor business	39,346	90,065	32,429	67,057	21.33	34.31
Total non-life business	60,370	124,914	55,422	106,047	8.93	17.79

The increased number of reported claims during the period over the same period of the previous year is due to a larger number of insured vehicles (+13.4% over the same period of the previous year) and full use of the new claims management system. Such system has enabled the company to substantially reorganise its procedures, thus significantly improving claims acceptance and management times. In the motor third-party liability line of business, in particular, the new procedure allows the company to use knock for knock agreements for claims even when policyholders do not provide specific information. The frequency of claims relating to motor third-party liability adjusted on a year-on-year basis (period from 1 July to 30 June) remained unchanged.

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 30/06/04			Claims recovered from reinsurers	Claims paid 30/06/03			Change in gross claims %
	Current year	Previous years	Total		Current year	Previous years	Total	
Total non-motor business	7,410	22,033	29,443	6,663	4,221	23,514	27,735	6.16
Total motor business	26,268	61,120	87,388	23,625	20,160	66,297	86,457	1.08
Total non-life business	33,678	83,153	116,831	30,288	24,381	89,811	114,192	2.31

The additional charge to the Guarantee Fund For Road Casualties amounted to Euro 2,968 thousand during the period (30 June 2003: Euro 2,468 thousand).

Claims settlement rate

A breakdown of the claims settlement rate by number of claims, net of claims closed without payment, split by current and previous generations of the main lines of business is set out below.

(percentages)

	current generation			previous generations		
	30/06/04	30/06/03	31/12/03	30/06/04	30/06/03	31/12/03
Accident insurance	29.66	29.22	51.34	41.60	40.05	59.70
Health insurance	22.35	72.22	62.63	38.23	57.47	57.20
Motor vehicle hulls	71.21	70.99	84.51	70.99	63.44	77.26
Fire and natural events	47.43	45.27	65.35	27.77	38.99	47.59
Miscellaneous damages - theft	58.99	54.93	77.10	62.29	58.06	71.53
Motor third-party liability	49.89	51.25	67.05	44.70	45.23	63.19
General third-party liability	38.05	37.15	53.66	21.90	22.88	31.44

Rates relating to health insurance for the current period are affected by the termination of two master policies handled by another insurer. In order to adequately analyse the claims settlement rate of the portfolio handled by Vittoria Assicurazioni, data relating to the portfolio handled by third parties have not been considered. The resulting rate for the current generation is 74.0% against 75.6% of the same period of 2003.

Reinsurance

Outwards reinsurance

Group policies on outwards reinsurance are focused on the underwriting selection criteria used to increase and maintain 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	Type of treaty
05 - Aviation hulls	Pure premium for space risks Pure premium for general aviation
07 - Cargo insurance	Voluntary-mandatory
08 - Fire and natural events	Excess of loss
10 – Motor third-party liability	Pure premium Excess of loss
15 - Bond insurance	Pure premium
13 - General third-party liability	Excess of loss

Outwards premiums in the first half of 2004 amounted to Euro 46,192 thousand.

Inwards reinsurance

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

Technical comments on the lines of business

The performance of the main lines of business, which showed a 15.1% increase in premiums during the period, may be analysed as follows:

Accident insurance

Premiums increased by 10.6%, mainly due to a new policy which has been on the market for almost one year and immediately met with success among policyholders. The technical result remained positive also thanks to a slight decrease in the frequency of claims.

Health insurance

Premiums fell 22.4% due to the company's decision not to renew a master policy handled by another insurer, which was not performing in line with targets. The technical result remained negative.

Motor vehicle hulls

The rise in premiums follows the underwriting policy implemented in this sector which, in addition to the particular care taken in matching ancillary covers to motor third-party liability policies and the further strengthening of affinity groups, is aimed at developing new business areas linked to the sale of vehicles and related services.

The products and sales orientation and close attention to underwriting new policies generated a positive result, in line the same period of the previous year.

Aviation hulls

Premium rose 63.0% mainly due to a recovery recorded in the space risk line of business as well as the new policies written in the whole aviation business. The technical result was positive.

Cargo insurance

Premiums decreased 2.6% over the same period of the previous year as a result of more careful risk selection. The technical result remained positive.

Fire and natural elements

The 6.5% rise in premiums was achieved without deviating from the usual underwriting policy which provides for a careful risk selection.

The positive technical result improved.

Miscellaneous damage

Despite the 18.4% increase in this line of business, the technical result worsened. This is due to both the theft and fire lines and certain ancillary covers of the "Globale Fabbricati" (total buildings) policy, in particular water damage and damage detection costs.

Motor third-party liability

Premiums in this line of business rose, largely due to the increase in the fleet of insured vehicles.

Tariffs remained for the most part steady since the parent company followed the Memorandum of Understanding on motor third-party liability signed by the government, ANIA and consumer associations to control insurance prices. The technical result worsened to a contained loss.

General third-party liability

The 2.1% growth was achieved with a stringent risk selection policy and greater customisation in terms of both regulations and tariffs.

Despite the progressive departure from the less profitable sectors, the technical result improved but remained negative.

Credit and bond insurance

Premiums grew 14.3% thanks to the start up of a new operating structure for brokers and the banking network. The technical result, again negative, was affected by the increased accrual to the premium reserve for unexpired risks, as required by current legislation and provided for in relation to the business of two agencies terminated in 2001.

Other lines of business increased 16.3% overall. Their technical result is positive and in line with the previous year

Overheads

Total insurance overheads, which include personnel expenses, other general expenses and depreciation charges, before allocation to specific functions, such as claims settlement, sales organisation and asset management, increased by 4.7% from Euro 23,400 thousand in the first half of the previous year to Euro 24,506 thousand.

These costs include not only current operating charges, but also the depreciation of investments in IT structures and processes aimed at controlling future overheads incurred by the headquarters and agencies to improve assistance given to policyholders with respect to insurance policies and claims settlement. They are made up as follows:

	(in thousands of Euros)			
	30/06/04	30/06/03	Change %	31/12/03
Personnel expenses	12,334	11,065	11.5	23,609
Other costs	8,209	8,992	-8.7	16,454
Depreciation	3,963	3,343	18.5	6,498
Total	24,506	23,400	4.7	46,561

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

Overheads account for 9.6% of premiums against 10.6% at 30 June 2003.

Real estate overheads are as follows:

	(in thousands of Euros)			
	30/06/04	30/06/03	Change %	31/12/03
Personnel expenses	1,148	915	25.5	2,027
Other costs	1,103	963	14.5	1,973
Depreciation	107	82	30.5	178
Total	2,358	1,960	20.3	4,178

Insurance overheads have been charged to the profit and loss account on the basis of the recognition of the related revenue (trading profits, recognised when the sales agreements are signed, and income on the progress of construction works). Costs with an actual impact on the profit and loss account totalled Euro 3,012 thousand (first half of 2003: Euro 1,521 thousand).

Employees

Employees of Vittoria Assicurazioni and fully consolidated companies numbered 409 at 30 June 2004 compared to 398 at 31 December 2003.

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

	30/06/04	30/06/03	31/12/2003
Managers	18	16	18
Officers	85	80	82
Administrative staff	303	281	283
Total	406	377	383

Real estate business

The real estate business continues in line with long-term plans, both in Italy and abroad.

In particular:

- foreign business continued to record improved results mainly thanks to the activities performed by the French group, Cogedim S.A., which is indirectly held through Yarpa International Holding N.V. and Inbro B.V.;
- Vittoria Immobiliare S.p.A.'s activities in Peschiera Borromeo (MI) provide for the construction of 184 houses, in addition to the related accessory buildings for a total sales value of approximately Euro 46 million. At the end of the half year, preliminary sales agreements totalling Euro 34.6 million (75.2% of the total) had been signed. These included Euro 7.4 million (16.1% of the total) signed in the first half of 2004.
- Vittoria Immobiliare S.p.A.'s trading activities mainly related to the joint acquisition with an operator in this industry of 50% each of a building in Rome - Via Sardinia, whose intended use is mainly in the services sector. Sales totalling Euro 0.7 million and preliminary sales agreements for Euro 7.8 million have already been concluded. Moreover, this company signed preliminary sales agreements totalling Euro 7.9 million for the building located in Monza - Via Clementi;
- V.R.G. Domus S.r.l., controlled by Vittoria Immobiliare S.p.A., is building three lots for a total of 349 houses and accessory buildings, as well as commercial units in the area of Turin, "Spina 1", for a total sales value of approximately Euro 100 million. At the end of the half year, preliminary sales agreements totalling Euro 68.0 million (68% of the total) had been signed. These included Euro 19.9 million (19.9% of the total) signed in the first half of 2003;
- during the period, Immobiliare Bilancia S.r.l. commenced marketing the buildings in Rome - Via di Villa Massimo and Via Nomentana it acquired in December 2003. It concluded sales for Euro 10.4 million (recording gross capital gains of Euro 1.9 million) and preliminary sales agreements for Euro 39.8 million;

- Immobiliare Bilancia Prima S.r.l. acquired a prestigious building for commercial use in the historic centre of Rome (Via delle Quattro Fontane) during the period. Negotiations are underway for the sale of this building, which is of great interest to institutional investors for its potential profitability;
- Vittoria Properties S.r.l. continued managing the buildings used by group companies during the six months.

Insurance products

The parent company continued to create new policies and revise those already on offer. Activities in this area during the first half of the year can be summarised as follows:

Life businesses: the following new products were developed: “Vittoria Formula Oxygen” (index-linked policy), “Polizza Collettiva di Capitalizzazione a premi unici ricorrenti”, “Assicurazione Temporanea di rendita certa in caso di premorienza a premio unico (Tariffa CQS)” and “Assicurazione Temporanea in caso di morte a capitale decrescente ed a premio unico”. The following products were revised: “Capitale Sempre” and “Vittoria Formula Long Term Care”.

Other non-life businesses excluding aviation, marine, bonds and credit: the following new products were developed: “Vittoria Formula Benessere”, “Multiprotezione” and “Tutti i Rischi della Costruzione Opere Civili”. The “Formula Guida Sicura” and “Garanzie eventi speciali” were revised.

Motor businesses: the new products issued during 2003 continued to be promoted, especially those targeting the Affinity Groups. In addition, the “Tutela giudiziaria da Circolazione” and “Ritiro e sospensione patente” products were developed while the “Nuova Tariffa Formula Strada” was updated and revised.

Investments

Investment policies were basically in line with the previous year.

Investments increased by Euro 71,482 thousand, or 6.1% over 31 December 2003, totalling Euro 1,242,427 thousand.

They may be analysed as follows:

	(in thousands of Euros)			
	30.06.2004	31.12.2003	31.12.2003 (*)	Change % (*)
Investments				
Land and buildings				
- Areas being built on	95,202	70,426	75,476	26.1
- Buildings relating to trading activities	96,172	71,262	71,262	35.0
- Buildings classified as subsidiaries' fixed assets	1,731	1,754	1,754	-1.3
- Buildings owned by the parent company	8,810	9,120	9,120	-3.4
Investments in group and other companies				
- Equity investments	62,984	55,204	57,901	8.8
- Loans	10,860	9,390	9,390	15.7
Other financial investments:				
- Equity investments	-	-	-	0.0
- Unit trust units	3,279	33,273	33,273	-90.2
- Bonds and other fixed-interest securities	827,747	780,607	780,607	6.0
- Loans	11,260	11,254	11,254	0.1
- Other financial investments	478	478	478	
Deposits with ceding companies	1,169	1,162	1,162	0.6
Total investments where the parent company bears the risk	1,119,692	1,043,930	1,051,677	6.5
Investments benefiting life policyholders bearing the risk	122,735	119,268	119,268	2.9
Total investments	1,242,427	1,163,198	1,170,945	6.1
Bank accounts and cash-in-hand	81,629	49,264	49,264	65.7

(*) These figures have been recalculated as if the percentage of completion method had been applied to buildings under construction constantly over time.

In compliance with paragraph 6 of article 2427 of the Civil Code and Legislative decree no. 173 of 26 May 1997, we note that loans due after one year amount to Euro 5,867 thousand, including Euro 4,651 thousand due after five years.

Loans to group companies include Euro 9,800 thousand (due after one year) granted by the parent company to the associated companies Yarpa International Holding B.V. and Laumor B.V. and Euro 1,060 thousand granted by Vittoria Immobiliare to the associated company Rovimmobiliare and the related company Interbilancia S.r.l..

A breakdown of income on investments with separate disclosure of investments where risk is borne by life policyholders is set out below:

(in thousands of Euros)

Income on investments (net of related costs)	30.06.2003		30/06/03	30/06/2003 (*)		Change % (*)
	Amount	% of breakdown	Amount	Amount	% of breakdown	
Income on associated companies stated using the equity method	2,434	9.1	1,693	1,732	7.7	
Income on other equity investments	503	1.9	706	706	3.1	
Income on other investments:						
- land and buildings	1,208	4.5	86	86	0.4	
- land and buildings (income on the valuation of buildings using the stage of completion method)	5,061	18.9	-	1,237	5.5	
- bonds and other fixed-interest securities	18,561	69.2	19,831	19,831	87.6	
- income on unit trust units	62	0.2	139	139	0.6	
- interest on loans	362	1.4	399	399	1.8	
- interest on reinsurance deposits	-1,390	-5.2	-1,490	-1,490	-6.6	
- other financial investments	-	0.0	-	-	0.0	
Total income	26,801	100.0	21,364	22,640	100.0	18.4
Adjustments to investment values:						
- equity investments	-	0.0	30	30	23.8	
- unit trust units	-	0.0	96	96	76.2	
- bonds and other fixed-interest securities	-89	100.0	-	-	0.0	
Total adjustments to investment values	-89	100.0	126	126	100.0	
Profit on sale of investments:						
- land and buildings	2,193	52.5	460	460	153.4	
- unit trust units	1,967	47.1	-176	-176	-58.7	
- bonds and other fixed-interest securities	16	0.4	16	16	5.3	
Total profit on sale of investments	4,176	100.0	300	300	100.0	
Total income on investments where the parent company bears the risk	30,888		21,790	23,066		33.9
Net income on investments benefiting life policyholders bearing the risk	4,992		3,786	3,786		
Total	35,880		25,576	26,852		33.6

(*) Figures restated applying the percentage of completion method to buildings under construction.

Ordinary income, net of adjustments, rose from Euro 22,640 thousand to Euro 26,801 thousand, up 18.4% on the same period of the previous year

The weighted average return on bonds and other fixed-interest securities in the first half of 2004 is 4.8%, against 5.1% in the same period of 2003.

Buildings

The book value of the parent company's buildings totalled Euro 8,810 thousand at 30 June 2003, down a net Euro 310 thousand, or 3.4% on the value at 31 December 2003 due to the sale of the real estate unit in Via Agello, Desenzano and renovation.

The increase in the value of areas being built on by group companies shown in the table, "Investments", reflects the progress of construction works in Peschiera Borromeo (Milan) and Turin.

Buildings available for sale were affected by new acquisitions and improvement costs (Euro 34,165 thousand) and sales (Euro 11,468 thousand), from which gross capital gains of Euro 2,213 thousand arose.

Fixed-interest securities, equity investments, and unit trusts

Investments where the parent company bears the risk

Fixed-interest securities, investments and unit trusts included under assets where the parent company bears the risk (item C in the financial statements) totalled Euro 894,488 thousand at 30 June 2004, a 2.5% increase on the Euro 872,259 thousand at 31 December on a like-for-like basis.

This increase is due to:

	(in thousands of Euros)					
	Investments in group companies	Other equity investments	Unit trusts	Bonds	Other financial investments	Total
Balance at 31 December 2003	57,901 (*)	-	33,273	780,607	478	872,259
Acquisitions and subscriptions	2,650	-	2,500	58,542	-	63,692
Sales and repayments	-	-	-32,494	-11,800	-	-44,294
Other changes:						
- adjustments and write-backs	-	-	-	-89	-	-89
- revaluations of associated companies stated using the equity method (ordinary)	2,433	-	-	-	-	2,433
- issue and trading discounts	-	-	-	487	-	487
Balance at 30 June 2004	62,984	-	3,279	827,747	478	894,488
Net realised capital gains and losses on sales and repayments:						
- investment portfolio	-	-	-	1	-	1
- trading portfolio	-	-	1,967	15	-	1,982
Total net capital gains	-	-	1,967	16	-	1,983

(*) Figures restated applying the percentage of completion method to buildings under construction.

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

- purchase of fixed-rate Italian government bonds with a residual duration of ten years for Euro 6,635 thousand;
- purchase of variable-rate Italian government securities with a residual duration of five years for Euro 51,414 thousand;
- repayment of bonds for Euro 11,794 thousand, recording capital losses of Euro 1 thousand and capital gains of Euro 17 thousand;
- sale of a foreign monetary OEIC for Euro 32,494 thousand realising capital gains of Euro 1,967 thousand;
- subscription of ten units of the "Pirelli Re Office Fund Cloe" closed-ended real estate fund for Euro 2,500 thousand;
- acquisitions arising from surrenders of policies as per point 2 of article 30 of Legislative decree no. 174 of 17 March 1995 for Euro 493 thousand;
- transfers due to underwriting of policies as per point 2 of article 30 of Legislative decree no. 174 of 17 March 1995 for Euro 6 thousand.

Changes in the group's investment portfolio during the half year are as follows:

- Mediobanca S.p.A.: acquisition of 135,000 shares for Euro 1,289 thousand;
- B.P.C. S.p.A.: increase in the investment from 8.40% to 17.17% at a cost of Euro 846 thousand, partly through new shares and partly through the subscription of the capital increase;
- Liguria S.p.A.: this is a financial company that acquires equity investments. The parent company obtained 10.30% of its share capital for Euro 494 thousand;
- Sivim S.r.l.: Through Vittoria Immobiliare, the group paid the residual seven tenths and acquired a further 4.5% of the company's share capital, bringing its stake to 49.5%, for a total of Euro 21 thousand.

The comparison between the book and market values of the securities portfolio was based on the spot price of the last trading day of June, showing net unrealised capital gains of Euro 40,971 thousand. Data relating to "Other financial investments" are provided in the section "Other information".

Pursuant to paragraphs 3 and 4 of article 2428 of the Civil Code, we note that none of the Vittoria group companies carried out transactions involving shares of its parent companies either directly or through a trustees or nominees.

Investments where policyholders bear the risk

Securities relating to investments where the risk is borne by policyholders and to pension funds (Class D) increased by 1.5% to Euro 119,114 thousand (31 December 2003: Euro 117,391 thousand).

The caption is made up as follows:

(in thousands of Euros)			
	30/06/04	31/12/03	Change %
Equity investments	6,851	5,442	25.9
Unit trusts and OEICs	73,988	73,054	1.3
Bonds and other fixed-interest securities	4,913	5,450	-9.9
Index-linked derivative notes	33,362	33,445	-0.2
Total	119,114	117,391	1.5

Vittoria Formula Lavoro open pension fund

The three sectors of the open pension fund at 30 June 2004, net of payables to members for claims under settlement may be analysed as follows:

	Members		Assets	
	30/06/04	31/12/03	(in thousands of Euros)	
	30/06/04	31/12/03	30/06/04	31/12/03
Previdenza Garantita	45	44	487	443
Previdenza Equilibrata	45	47	321	298
Previdenza Capitalizzata	149	154	1,159	959

Change in shareholders' equity

The change in shareholders' equity may be analysed as follows:

(in thousands of Euros)

	Share capital	Equity reserves	Consolidation reserve	Reserve for valuation of unconsolidated associated companies	Net profit for the year/period of the group	Total group share	Share capital and reserves of minority interests	Net profit for the year/period of minority interests	Total minority interests share
Balance at 31/12/ 2003	30,000	72,164	-1,807	2,946	19,290	122,593	4,309	238	4,547
Dividend distribution		10,719	344	4,327	-19,290	-3,900	238	-238	0
Dividends distributed by group companies		829	-829			0	-928		-928
Share capital increase of subsidiaries (pertaining to minority interests)							656		656
Net profit for the first half of 2004 (1)					14,507	14,507		3,937	3,937
Balance at 30/06/2004	30,000	83,712	-2,292	7,273	14,507	133,200	4,275	3,937	8,212

(1) The consolidated net profit for the period includes the effect of the change in accounting policy totalling Euro 3,158 thousand, including Euro 2,939 thousand classified under extraordinary income (the effect accrued at 31 December 2003) and Euro 219 thousand classified under ordinary income (portion pertaining to the period).

Relationships with group companies and related parties

Relationships with the parent companies

No transactions of a trading or supply nature were carried out with Vittoria Capital N.V. - Holland, which directly held 15,307,200 Vittoria Assicurazioni ordinary shares, equal to 51.024% of the share capital, at period end, unchanged with respect to 31 December 2003.

Moreover, the parent company holds subordinated convertible bonds issued by Vittoria Assicurazioni amounting to Euro 9,240 thousand. The related interest amounts to Euro 254 thousand and is included under financial charges in the non-technical account and under accrued expenses.

No transactions of a trading or supply nature were carried out with the ultimate parent company, Yura International Holding B.V. - Holland, which directly held 649,900 Vittoria Assicurazioni ordinary shares, equal to 2.166% of the share capital, at period end, unchanged with respect to 31 December 2003.

Moreover, the ultimate parent company holds subordinated convertible bonds issued by Vittoria Assicurazioni amounting to Euro 990 thousand. The related interest amounts to Euro 27 thousand and is included under financial charges in the non-technical account and under accrued expenses.

Relationships with related companies

S.In.T. S.p.A. - Turin

Services provided by S.In.T. S.p.A. related to the Formula Salute and other commercial agreements. The total cost of these services amounted to Euro 370 thousand plus VAT.

Interbilancia S.r.l. - Milan

During the period, this related company provided services to the parent company for Euro 30 thousand, plus VAT.

Through Vittoria Immobiliare S.p.A., Interbilancia S.r.l. was granted a loan of Euro 160 thousand. Interest for the half year totalled Euro 3 thousand.

Interbilancia has the following investments:

A.Spe.Vi S.r.l.	Milan	100% stake
Vittoria.net S.r.l.	Milan	100% stake
Le Api S.r.l.	Milan	30% stake
Aspeca S.r.l.	Milan	80% stake

Relationships with associated companies

Yarpa International Holding N.V. - Holland

During the half year, loans granted by Vittoria Assicurazioni to this company increased by Euro 60 thousand to Euro 2,898 thousand. They bear interest at one year Euribor plus 100 basis points totalling Euro 46 thousand. Accrued interest income amounted to Euro 28 thousand at period end.

Laumor B.V. - Holland

The parent company increased loans granted to this company from Euro 6,152 thousand to Euro 6,903 thousand, Equivalent loans were granted by the other shareholders. Part of such loans (Euro 2,778 thousand) bears interest at the Euribor rate plus 30 basis points totalling Euro 26 thousand; the remainder (Euro 4,125 thousand) does not bear interest.

Touring Vacanze S.r.l. - Milan

There were no relationships with this associated company during the period.

Rovimmobiliare S.r.l. - Rome

Through Vittoria Immobiliare S.p.A., this company was granted a loan of Euro 900 thousand bearing interest at three-month Euribor plus 250 basis points. Interest of Euro 5 thousand has been charged.

Special agencies - Indirect investments

A.Spe.Vi. S.r.l. - Milan

This company is active as insurance agent and in the provision of services. It charged Vittoria Assicurazioni Euro 2,081 thousand for services, commissions and contributions.

Vittoria.net S.r.l. - Milan

Total commissions and contributions paid by parent company to this on-line agency, which sells insurance products through the Internet, amounted to Euro 90 thousand. Vittoria Assicurazioni also paid Euro 91 thousand for consultancy services.

Aspeca S.r.l. - Milan

The parent company paid this company commissions and contributions totalling Euro 157 thousand.

Other indirectly related companies

Le Api S.r.l. - Milan

The parent company paid fees to Le Api S.r.l. for its IT services totalling Euro 559 thousand plus VAT.

In compliance with Consob recommendation no. 98015375 dated 27 February 1998, transactions with group companies were carried out during the normal course of business, using the specific professional skills and on an arm's length basis. There were no atypical or unusual transactions.

Post balance sheet events

There were no events that occurred after 30 June with a significant impact on the group's technical operating results or financial position, as described in this report.

At 31 July 2004, gross direct insurance premiums (+17.7%), reported claims and the change in the claims reserve at 30 June 2004 are in line with those at 31 December 2003.

In July, the parent company acquired 1,137,000 shares of Mediobanca S.p.A. for Euro 10,150 thousand, bringing its stake to 0.15%.

Real estate trading activities have continued. Vittoria Immobiliare S.p.A. signed preliminary sales agreements in July, covering all units of the building in Rome - Via Sardegna. The related definitive sales agreements are scheduled to be signed before the end of the year.

Vittoria Immobiliare S.p.A. and V.R.G. Domus S.r.l. have continued selling units under construction with the signing of preliminary sales agreements for a total of Euro 0.6 million and Euro 1.1 million, respectively.

Vittoria Assicurazioni group and consolidation area

The group underwent the following changes during the first six months of the year:

- Vittoria Immobiliare S.p.A.: share capital increase against consideration from Euro 5,150,000 thousand to Euro 6,600,000 thousand; Vittoria Assicurazioni paid its portion of Euro 794 thousand, thus keeping its investment therein unchanged;
- Immobiliare Bilancia Prima S.r.l.: quota capital increase against consideration from Euro 100,000 to Euro 29,000,000, at a cost for the parent company, the sole quotaholder, of Euro 28,900 thousand;
- Vittoria Properties S.r.l.: the company has fully called up arrears and Vittoria Assicurazioni and Vittoria Immobiliare paid their portion of Euro 1,600 thousand.

Pursuant to article 68 of Legislative decree no. 173 of 26 May 1997, the following companies have been consolidated using the line-by-line method:

Name	Registered		%held		Trough
	Offices	Share capital	Direct	Indirect	
Vittoria Assicurazioni S.p.A.	Milan	Euro 30.000.000			
Vittoria Immobiliare S.p.A.	Milan	Euro 6.600.000	54.76%		
Immobiliare Bilancia S.r.l.	Milan	Euro 64.000.000	97.66%		
Immobiliare Bilancia Prima S.r.l.	Milan	Euro 29.000.000	100.00%		
Immobiliare Bilancia Seconda S.r.l.	Milan	Euro 100.000	100.00%		
Immobiliare Bilancia Terza S.r.l.	Milan	Euro 100.000	100.00%		
Vittoria Properties S.r.l.	Milan	Euro 4.000.000	99.00%	1.00%	Vittoria Immobiliare S.p.A
Gestimmobili S.r.l.	Milan	Euro 104.000		80.00%	
Gestimmobili Intermediazione S.r.l.	Turin	Euro 26.000		80.00%	Vittoria
Interimmobili S.r.l.	Rome	Euro 104.000		80.00%	Immobiliare S.p.A.
V.R.G. Domus S.r.l.	Turin	Euro 1.000.000		51.00%	

The following companies are stated using the equity method:

Name	Registered		%held		Trough
	Offices	Share capital	Direct	Indirect	
Yarpa International Holding N.V.	Amsterdam Holland	Euro 675.000	25.00%		
Laumor B.V.	Amsterdam Holland	Euro 20.000	25.00%		
Interbilancia S.r.l.	Milan	Euro 80.000	49.00%		
Gimatrading S.r.l.	Turin	Euro 10.400		35.00%	Vittoria
Sivim S.r.l.	Milan	Euro 60.000		49.50%	Immobiliare S.p.A.
Rovimmobiliare S.r.l.	Rome	Euro 20.000		50.00%	

Notes to the consolidated balance sheet

Information on certain significant consolidated balance sheet captions is set out below.

Amounts are in thousands of Euros.

Assets

CLASS B - INTANGIBLE ASSETS

This caption includes:

	31/12/03	30/06/04
B.1 – Deferred acquisition costs	13,618	13,417
B.2 - Other assets	14,823	15,492
B.3 - Goodwill arising on consolidation	7	4

Other intangible assets include long-term costs mainly incurred for the acquisition and development of IT application packages and the development of the internal operating system of Vittoria Assicurazioni and the settlement and agency networks.

CLASS C - INVESTMENTS

	31/12/03	30/06/04
C.I – Land and buildings	152,562	201,915

The caption includes buildings under construction held by V.R.G. Domus S.r.l. and Vittoria Immobiliare S.p.A. totalling Euro 95,202 thousand, with an increase of Euro 24,776 thousand over the previous year (Euro 19,726 thousand on a like-for-like basis), broken down as follows:

- capitalised charges of Euro 14,666 thousand;
- profit of Euro 5,060 thousand accrued during the period on the real estate units for which preliminary sales agreements had been signed;
- profit of Euro 5,050 thousand accrued in previous years on the real estate units for which preliminary sales agreements had been signed.

Mortgage loans have been granted on such buildings and the related financial charges capitalised during the period totalled Euro 855 thousand.

Buildings held for trading amounted to Euro 96,172 thousand, up Euro 24,910 thousand mainly due to:

- acquisition of the building in Rome - Via Sardinia by Vittoria Immobiliare S.p.A. during the period for Euro 10,690 thousand, net of sales already made. The transaction has been financed by a mortgage loan granted by a bank;
- sales of real estate units in Rome - Via Nomentana and Via di Villa Massimo by Immobiliare Bilancia S.r.l.. As a result, buildings held by such company have decreased by Euro 8,274 thousand (from Euro 56,685 thousand to Euro 48,411 thousand). The company obtained a trading profit of Euro 1,897 thousand from the units subject to definitive sales agreements;

- acquisition of the building in Rome - Via delle Quattro Fontane by Immobiliare Bilancia Prima S.r.l. for Euro 22,634 thousand.

This caption also includes investments in group and other companies

	31/12/03	30/06/04
C II - Investments in group and other companies	64,594	73,844

Reference should be made to the section "Fixed-interest securities, equity investments and unit trusts" in the directors' report for details on changes.

The companies in which the group has an investment are as follows:

Name and registered office		Share/ Direct quota capital holding (%)	Book value
Directly held by parent company			
Yarpa International Holding N.V. - Holland	Euro	675,000 25.00	25,026
Laumor Bv - Holland	Euro	20,000 25.00	116
Interbilancia S.R.L. - Via Caldera 21 - Milan	Euro	80,000 49.00	55
S.In.T. S.P.A. - Piazza Bodoni 3 - Turin	Euro	500.000 14.79	258
B.P.C. S.P.A. - Via Roma 3 - Genoa	Euro	7,050,000 17.17	1,281
Gruppo G.P.A. S.P.A. - Via M. Gioia 124 - Milan	Euro	8.528.000 5.00	3,101
Cam Finanziaria S.P.A. - Via Sempione 230 - Pero (Mi)	Euro	106.368.404 4.65	18,132
Banca Passadore & C. Spa - Via E. Vernazza 27 - Genoa	Euro	35.000.000 2.68	3,381
B Cr Coop Valdostana S.C.R.L. - Fraz. Taxel 26 - Gressan (Ao)	Euro	1,868,261 1.05	41
BCC Rovigo S.C.R.L. - Via Casalini 10 - Ro	Euro	617,765 0.42	3
Banca Pop.Etica S.C.R.L. - P.tta Forzatè 2/3 - Pd	Euro	16,721,187 0.31	52
Elsag Supernet Spa in liquidation - Via G.Puccini 2 - Genoa	Euro	548.477 14.95	123
Downall Italia S.r.l. - Via M. Gioia 124 - Milan	Euro	100.000 5.08	3
Sofigea S.R.L. in liq. - Via Del Plebiscito 102 - Rome	Euro	47.664.600 1.46	705
U.C.I. Soc.Cons. A R.L. - C.So Sempione 39 - Milan	Euro	510.000 0.69	4
Rita S.R.L. - P.zza San Babila 1 - Milan	Euro	5.720.000 0.93	53
Cestar S.Cons.R.L. - Via Pisacane 48 - Pero (Mi)	Euro	2.040.000 0.71	15
Medinvest International S.C.A. - Luxemburg	Euro	76.636.000 3.91	3,001
Europrius Nbi Asset Management Sa - Luxemburg	Euro	125.000 5.00	6
Touring Vacanze S.R.L. - C.so Italia 10 - Milan	Euro	12.900.000 24.00	5,165
BCC Apuana S.c.r.l. - Viale Stazione 78 - 54100 Massa	Euro	3,417,246 1.46	50
Liguria S.P.A. - Via Cantù 1 - Milan	Euro	5,600,000 10.30	494
Mediobanca S.P.A. - P.tta E. Cuccia 1 - Milan	Euro	389,291,457 0.02	1,289
Held through Vittoria Immobiliare S.p.A.			
Beni Immobili Gestiti S.p.A. - Via Montenapoleone 15 - Milan	Euro	1.396.000 0.93	124
Gimatrading S.R.L. - Via Vela 42 - Turin	Euro	10.400 35.00	29
Rovimmobiliare S.R.L. - Lungotevere Flaminio 78 - Rome	Euro	20.000 50.00	452
Sivim S.R.L. - Via Verri 3 - Milan	Euro	60.000 45.00	25
Total			62,984

If the percentage of completion method had been applied constantly over time, the caption as at 31 December 2003 would have increased by Euro 2,697 thousand (relating to the associated company Yarpa International Holding N.V.) to Euro 67,291 thousand.

CLASS D - INVESTMENTS BENEFITING LIFE POLICYHOLDERS BEARING THE RISK AND INVESTMENTS STEMMING FROM PENSION FUND MANAGEMENT

Class D investments are made up as follows:

	31/12/03	30/06/04
– Investments relating to unit-linked and index-linked policies	117,563	120,758
– Investments stemming from pension fund management	1,705	1,977

During the period, investments rose 2.9%, taking into consideration fluctuations in the related securities.

CLASS E - RECEIVABLES

E.I - Receivables relating to direct insurance

The caption mainly includes receivables due from policyholders and insurance brokers and agents. A breakdown of receivables net of the related provisions (Euro 3,701 thousand) is set out below:

	31/12/03	30/06/04
Receivables due from policyholders	35,212	37,009
Receivables due from brokers and agents	42,541	25,831
Receivables due from insurance companies - current accounts	3,033	5,036
Amounts to be recovered from policyholders and third parties	20,177	20,828

In compliance with paragraph 6 of article 2427 of the Civil Code and Legislative decree no. 173 of 26 May 1997, we note that receivables due after one year amount to Euro 7,315 thousand, including Euro 3,107 thousand due after five years. Such receivables relate to recharges to agents for their premium portfolio.

E.II. – Receivables relating to reinsurance business	4,999	9,698
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This caption includes current account receivables showing the reinsurance technical result.

E.III. - Other receivables	34,050	38,014
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This caption mainly consists of VAT receivables (Euro 19,503 thousand) and payments on account for acquisitions yet to be finalised (Euro 3,255 thousand) recorded by the group

real estate companies and receivables due from the tax authorities to the parent company (Euro 8,558 thousand), which are held to be due after one year given the offhand approach to paying them.

The provision for bad debts totalled Euro 440 thousand at 30 June 2004.

In compliance with paragraph 6 of article 2427 of the Civil Code and Legislative decree no. 173 of 26 May 1997, we note that receivables due after one year amount to Euro 8,759 thousand, including Euro 78 thousand due after five years.

CLASS F - OTHER ASSETS

The more significant captions are as follows:

	31/12/03	30/06/04
F.II - Liquid funds	49,264	81,269
Liquid funds include bank accounts (Euro 81,576 thousand) and cash-in-hand (Euro 53 thousand).		
F.IV - Other assets	3,710	3,561
This caption mainly includes deferred tax assets of Euro 3,420 thousand.		

Liabilities

CLASS A - SHAREHOLDERS' EQUITY

The reconciliation between the parent company's shareholders' equity and that of the group is set out below:

(in thousands of Euros)

	Group share		Minority interests share	
	Shareholders' equity excluding the net profit for the period	Net profit for the period	Shareholders' equity excluding the net profit for the period	Net profit for the period
As per parent company's financial statements	114,097	8,953	-	-
Consolidated companies' net equities	103,373	6,042	350	1,767
Book value of consolidated companies	-101,355			
Minority interests	-4,310	-2,233	4,310	2,233
Elimination of intercompany profits	-480	-120	-385	-100
Tax effect of the elimination of intercompany profits		45	-	37
Elimination of dividends	829	-829	-	-
Associated companies stated using the equity method	7,273	4,972	-	-
Profits allocated to life policyholders	-711	-2,982	-	-
Write-off of profits allocated to life policyholders due to the actual crediting of dividends to the separately-managed business		663	-	-
Amortisation of goodwill arising on consolidation	-23	-4	-	-
Total	118,693	14,507	4,275	3,937
Total shareholders' equity and net profit	133,200		8,212	

Had the group applied the percentage of completion method to contract work in progress constantly over time, the group share in reserves and net profit shown in the above reconciliation would have been respectively greater and lower by Euro 2,939 thousand, as detailed in the table set out in the section "Other information".

CLASS B - SUBORDINATED LIABILITIES

	31/12/03	30/06/04
	18,000	18,000

The caption relates to the subordinated "Vittoria Assicurazioni S.p.A. Fixed/Floater 2001/2016 bond issue" convertible into ordinary shares, which is 60% allocated to non-life business and 40% to life business.

The main characteristics of the bond issue are as follows:

- total nominal amount Euro 18,000,000;
- composed of 3,750,000 bonds with nominal value of Euro 4.80 each;
- nominal interest rate:
 - fixed 5.5% up to 31 December 2010 - annual coupons
 - variable six-month Euribor plus a spread of 250 basis points - six-monthly coupons from 1 January 2011;
- due date of coupon from 12 November 2001;
- first coupon payable on 1 January 2002 (interest of the period);
- conversion option can be exercised from 20 May 2006;
- maturity: 1 January 2016;
- subordination clause: should the company be wound up, put into liquidation, declared bankrupt or put into compulsory liquidation, the principal and residual interest of the bonds will be repaid only after all other creditors, both unsecured and secured, unsubordinated or with a subordination level lower than that of the bonds, have been satisfied.

Furthermore, the parent company reserves the right to early repayment of all outstanding bonds at any time from 1 January 2011, with prior notice of at least one month to bondholders.

Bonds are subordinated liabilities included in the issuer's solvency margin cover in accordance with article 33 of Legislative decree no. 174 of 17 March 1995 and article 33 of Legislative decree no. 175 of 17 March 1995 with reference to the life and non-life business, respectively.

CLASS C and D- TECHNICAL RESERVES

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

	31/12/03	30/06/04
Non-life business	376,233	398,718
Life business	630,118	650,454
Total	1,006,351	1,049,172

Reserves may be broken down as follows:

Non-life business

	31/12/03	30/06/04
Gross premium reserve	144,599	156,535
Reinsurers' share	35,119	36,610
Net reserves	109,480	119,925
Gross claims reserve	338,025	352,698
Reinsurers' share	74,024	77,002
Net reserves	264,001	275,696
Other technical and equalisation reserves, gross	2,752	3,097
Reinsurers' share	-	-
Net reserves	2,752	3,097
Total net reserves	376,233	398,718

Life business

	31/12/03	30/06/04
Gross mathematical reserves	511,733	533,853
Reinsurers' share	20,929	21,992
Net reserves	490,804	511,861
Gross reserve for payable amounts	16,881	12,883
Reinsurers' share	21	21
Net reserve	16,860	12,862
Other technical reserves, gross	3,224	3,040
Reinsurers' share	38	44
Net reserves	3,186	2,996
Technical reserves where investment risk is borne by policyholders and reserves arising from pension fund management, gross	119,268	122,735
Reinsurers' share	-	-
Net reserves	119,268	122,735
Total net reserves	630,118	650,454

The reconciliation of the mathematical reserves in the parent company's accounts and consolidated accounts is set out below:

(in thousands of Euros)			
	As per parent company accounts	Accrual for profits allocated to life policyholders	As per consolidated accounts
Mathematical reserves at 31 December 2003	511,022	711	511,733
Changes:			
- Change as per parent company accounts	19,801	-	19,801
- Use for dividends distributed by Vittoria Immobiliare	-	-663	-663
- Accrual for the net profit for the period of Vittoria Immobiliare	-	2,184	2,184
- Accrual for the net profit for the period of Immobiliare Bilancia	-	798	798
Mathematical reserves at 30 June 2004	530,823	3,030	533,853

The consolidated mathematical reserves include Vittoria Immobiliare's and Immobiliare Bilancia's portion of net profit not yet distributed pertaining to life policyholders, whose investment is partly allocated to the separate accounts in favour of life policyholders.

The accrual reflects the cost of the benefit to be paid to life policyholders relating to the net profits of the subsidiaries which are included in the consolidated financial statements on an accruals basis.

However, Euro 1,941 thousand of the accrual for Vittoria Immobiliare's net profit relates to the change in accounting policy (including Euro 968 thousand accrued at 31 December 2003 and Euro 973 thousand accrued during the first six months of 2004).

The caption "other technical reserves, gross" may be broken down as follows:

	31/12/03	30/06/04
C.I.4 - Non-life business - Other technical reserves		
Ageing reserve	1,375	1,606
C.II.3 - Life business - Other technical reserves		
Complementary insurance premium reserve	218	185
Profit participation and reimbursement reserve	29	29
Other technical reserves	2,977	2,826

The other technical reserves of the life business relate to the reserves for operating costs.

CLASS G - PAYABLES AND OTHER LIABILITIES

In compliance with paragraph 6 of article 2427 of the Civil Code and Legislative decree no. 173 of 26 May 1997, we note that payables due after one year amount to Euro 7,629 thousand. There are no payables due after five years.

	31/12/03	30/06/04
G.I - Payables arising from direct insurance business	7,250	6,426

The caption mainly includes sums payable to insurance brokers and agents and payables arising from current accounts with companies showing the co-insurance technical balance. Such payables may be broken down as follows:

Payables to insurance brokers and agents	1,579	1,466
Current accounts with companies	4,436	4,872

G.II - Payables arising from reinsurance business	7,325	17,448
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This caption includes current account payables showing the reinsurance technical result.

G.IV Due to banks and other financial institutions	70,961	82,678
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The caption includes loans granted by banks to the group real estate companies, including Euro 51,017 thousand secured with collateral.

The net financial indebtedness of the group real estate companies improved from Euro 54,710 thousand to Euro 38,321 thousand. The improvement of Euro 16,389 thousand is mainly due to the following:

- collections due to sales and preliminary sales agreements relating to Immobiliare Bilancia S.r.l. (Euro 14,772 thousand);
- net outflows by Vittoria Immobiliare S.p.A. for the acquisition of the building in Roma - Via Sardinia (Euro 4,378 thousand), partly offset by inflows from other transactions;
- collections due to down payments on buildings under construction by V.R.G. Domus S.r.l., net of outflows for work in progress (Euro 3,418 thousand);
- capital injections by the parent company for the capital increases of Immobiliare Bilancia Prima S.r.l. and Vittoria Properties S.r.l., which recorded, net of acquisitions made, net inflows of Euro 2,899 thousand.

	31/12/03	30/06/04
G.V - Other payables and loans	56,276	86,631

Significant items are analysed below:

- payments on account received by real estate companies for preliminary sales agreements	54,624
- shareholder loan granted to the indirect subsidiary V.R.G. Domus S.r.l. totalling Euro 14,100 thousand, net of the portion paid by Vittoria Immobiliare S.p.A., eliminated during consolidation	6,909
- policyholders' tax due	6,618
- other sums payable to tax authorities	6,592
- social security charges payable	1,448
- accounts payable to creditors and amounts payable to consultants	5,529

Accounts payable to creditors include invoices issued by the related company S.In.T S.p.A. (Euro 69 thousand).

Had the group applied the percentage of completion method to contract work in progress constantly over time, other payables and loans at 31 December 2003 would have been greater by Euro 1,932 thousand.

	31/12/03	30/06/04
G.VII - Other liabilities	8,938	9,875

The most significant captions are as follows:

- technical account to be settled with agencies	771
- commissions on premiums under collection	4,817
- invoices and notes to be received including those from the related companies S.In.t. S.p.A. totalling Euro 230 thousand and Interbilancia S.r.l. totalling Euro 36 thousand.	2,031

GUARANTEES, COMMITMENTS AND OTHER MEMORANDUM AND CONTINGENCY ACCOUNTS

	31/12/03	30/06/04
Guarantees, commitments and other memorandum and contingency accounts	1,022,356	1,040,551

Memorandum and contingency accounts at 30 June 2004 may be analysed as follows:

- third party assets	4,220
- securities held by third parties	995,477
- assets pertaining to pension funds	1,977
- guarantees on unsold assets given by Vittoria Immobiliare	36,178
- cross guarantee granted by Vittoria Immobiliare S.p.A. to Sviluppo Immobiliare S.p.A. in relation to the trading transaction on the building in Rome - Via Sardegna.	2,700

Notes to the consolidated profit and loss account

The main consolidated profit and loss account captions are analysed below, excluding those already commented on. Amounts are in thousands of Euros.

Non-life business technical reserves

Changes in the non-life business technical reserves are given below:

	Premium reserve		Claims reserve	
	30/06/03	30/06/04	30/06/03	30/06/04
Change in gross amount	12,883	11,841	3,412	14,485
Reinsurers' share	3,657	3,144	8,701	2,807

Life business technical reserves

Changes in mathematical reserves (including those of class D), other technical reserves and the reserve for payable amounts are set out below:

	Mathematical reserves and other technical reserves		Reserve for payable amounts	
	30/06/03	30/06/04	30/06/03	30/06/04
Change in gross amount	26,194	24,335	-5,332	-3,999
Reinsurers' share	1,059	1,069	-	-

Had the group applied the percentage of completion method to contract work in progress constantly over time, the change in mathematical reserves at 30 June 2003 would have amounted to Euro 26,412 thousand.

	30/06/03	30/06/04
III.6 - Other income	2,123	2,914
The most significant captions are as follows:		
- interest on current accounts with insurance and reinsurance companies	17	20
- interest on bank current accounts	451	607
- interest on tax receivables and agents' recharges	185	187
- financial income	65	96
- exchange rate gains on technical and financial captions	-	7
- services (real estate brokerage and management) provided by group companies	1,012	1,671

	30/06/03	30/06/04
III.7 - Other charges	6.226	7.943
The most significant captions are as follows:		
- interest on current accounts with insurance and reinsurance companies	43	45
- amortisation charge of intangible assets	2,662	3,276
- interest on subordinated loan	495	495
- exchange rate losses on technical and financial captions	206	-
- interest on loans granted to group companies	219	375
- overheads recorded by the group's real estate companies	1,521	2,969
- amortisation of goodwill arising on consolidation	4	4
III.9 - Extraordinary income	142	4,917
The most significant captions are as follows:		
- capital gains on the sale of investments included in the investment portfolio	1	-
- prior year items	116	68
- extraordinary income arising from the change in accounting policy) (Euro 7,747 thousand), net of the accrual in favour of life policyholders (Euro 968 thousand), for a gross amount of Euro 6,779 thousand, stated net of the related tax effect (Euro 1,932 thousand)	-	4,847
III.10 - Extraordinary expense	166	102
The most significant captions are as follows:		
- prior year items	160	102

Other information

Solvency margin

On the basis of the financial position 30 June 2004, the results for the period then ended and related projections for the entire year, the solvency margin components of non-life and life business of the parent company are respectively 1.6 and 1.7 times the legally-required margins at that date.

Assets allocated to cover technical reserves

The following figures relating to the parent company are given pursuant to Consob resolution no. 12475 of 6 April 2000:

Non-life businesses		(in millions of euros)	
	31/12/03	30/06/04	Increase/ Decrease
Technical reserves	481.2	509.3	28.1

Change in assets allocated

Loan and other similar securities			-2.0
Equities and other similar securities			10.1
Real estate			28.0
Receivables due from insurance brokers and agents			-8.0
Deferred acquisition costs			0.4
Bank accounts			-0.4
Total assets			28.1

Life businesses		(in millions of euros)	
	31/12/03	30/06/04	Increase/ Decrease

Mathematical reserves and other technical reserves	513.5	533.1	19.6
Reserves for payable amounts	16.9	12.9	-4.0
Total assets	530.4	546.0	15.6

Change in assets allocated

Loans and other similar securities			29.0
Equities and other similar securities			1.7
Real estate			2.2
Receivables due from policyholders			0.9
Receivables due from insurance brokers and agents			-8.4
Deferred acquisition costs			-0.7
Bank accounts			-9.1
Total assets			15.6

		(in millions of euros)	
	31/12/03	30/06/04	Increase/ Decrease
Technical reserves where investment risk is borne by policyholders	119.3	122.7	3.4
Assets allocated			3.4

Effects arising from the change in accounting policy

The effects of the change from the completed contract method to the percentage on completion method for the valuation of buildings under construction on the consolidated balance sheet and profit and loss account are summarised below:

(in thousands of Euros)

	Greater value accrued at 31.12.2003	Greater value accrued during the six months	Greater value accrued at 30.06.2004
Impact of Vittoria Immobiliare Group on Vittoria Assicurazioni Group (buildings being constructed by the subsidiaries Vittoria Immobiliare and V.R.G. Domus)			
Gross amounts	5,050	5,061	10,111
Tax effect	-1,932	-1,835	-3,767
Minority interests ⁽¹⁾	-1,908	-2,010	-3,918
Profits accrued in favour of life policyholders ⁽²⁾	-968	-973	-1,941
Net amounts	242	243	485
Impact of Yarpa International Holding Group on Vittoria Assicurazioni Group (buildings being constructed by Cogedim Group, controlled by the associated company)			
Net revaluation of investment	10,789	-96	10,693
Portion of Vittoria Assicurazioni (25%)	2,697	-24	2,673
Summary	Net extraordinary income	Net ordinary income	Total net income
Total net effect for Vittoria Assicurazioni Group	2,939	219	3,158
Total net effect for minority interests	1,908	2,010	3,918
Total consolidated net effect	4,847	2,229	7,076

Note

(1) portion of net profit of minority interests of V.R.G. Domus and Vittoria Immobiliare

(2) 80% of the net profit of Vittoria Immobiliare S.p.A. and - for the investment portion allocated to the separate accounts - of Immobiliare Bilancia S.r.l., recorded in the consolidated financial statements, is accrued in a reserve supplementary to the mathematical reserve up until such profits are distributed.

Allocation based on the use of other financial investments

Other financial investments may be broken down by investment and trading portfolio as follows. The related market value is also given.

Allocation based on the use of other financial investments: equity investments, unit trust units, bonds and other fixed-interest securities, other financial investments (captions C.III.1, 2, 3, 5)

(in thousands of Euros)

	Investment portfolio		Trading portfolio		Total	
	Book value (1)	Market value	Book value (1)	Market value	Book value (1)	Current value
1. Equity investments:	-	-	-	-	-	-
a) listed shares	-	-	-	-	-	-
b) unlisted shares	-	-	-	-	-	-
c) quotas	-	-	-	-	-	-
2. Unit trust units	3,279	4,134	-	-	3,279	4,134
3. Bonds and other fixed-interest securities	712,649	752,374	115,099	115,159	827,748	867,533
a1) listed government bonds	537,003	565,095	114,450	114,510	651,453	679,605
a2) other listed securities	172,134	183,767	521	521	172,655	184,288
b1) unlisted government bonds	-	-	-	-	-	-
b2) other unlisted securities	3,512	3,512	128	128	3,640	3,640
c) convertible bonds	-	-	-	-	-	-
5. Other	-	-	-	-	-	-

(1) amount stated in the half year report

Board of directors

Milan, 8 September 2004

Reclassified consolidated balance sheet

(in thousands of Euros)

ASSETS	30/06/2004	31/12/2003	30/06/2004 (*)	31/12/2003 (*)
Investments				
Land and buildings	201,915	152,562	201,915	157,612
Investments in group and other companies				
- Equity investments	62,984	55,204	62,984	57,901
- Loans	10,860	9,390	10,860	9,390
Other financial investments:				
- Equity investments	-	-	-	-
- Unit trust units	3,279	33,273	3,279	33,273
- Bonds and other fixed-interest securities	827,747	780,607	827,747	780,607
- Loans	11,260	11,254	11,260	11,254
- Other financial investments	478	478	478	
Deposits with ceding companies	1,169	1,162	1,169	478
Investments benefiting life policyholders	122,735	119,268	122,735	1,162
Total investments	1,242,427	1,163,198	1,242,427	1,051,677
Receivables				
Receivables relating to direct insurance business	88,704	100,963	88,704	100,963
Receivables relating to reinsurance business	9,698	4,999	9,698	4,999
Other receivables	38,014	34,050	38,014	34,050
Total receivables	136,416	140,012	136,416	140,012
Intangible assets	28,913	28,448	28,913	28,448
Tangible assets and inventory	4,787	4,690	4,787	4,690
Liquid funds	81,629	49,264	81,629	49,264
Other assets	3,561	3,710	3,561	3,710
Prepayments and accrued income	17,240	16,936	17,240	16,936
TOTAL ASSETS	1,514,973	1,406,258	1,514,973	1,294,737

(*) These figures have been recalculated as if the percentage of completion method had been applied to buildings under construction constantly over time.

Reclassified consolidated balance sheet

(in thousands of Euros)

	30/06/2004	31/12/2003	30/06/2004 (*)	31/12/2003 (*)
LIABILITIES AND SHAREHOLDERS' EQUITY				
Shareholders' equity				
- Share capital	30,000	30,000	30,000	30,000
- Equity reserves	83,712	72,164	83,712	72,164
- Consolidation reserves	-2,292	-1,807	-2,050	-1,766
- Reserve for differences in the valuation of investments not consolidated on a line-by-line basis	7,273	2,946	9,970	5,007
- Net profit for the period/year	14,507	19,290	11,568	20,127
Total group shareholders' equity	133,200	122,593	133,200	125,532
- Share capital and reserves pertaining to minority interests	4,275	4,309	6,183	4,583
- Net profit for the period/year pertaining to minority interests	3,937	238	2,029	1,872
Total shareholders' equity pertaining to minority interests	8,212	4,547	8,212	6,455
Subordinated liabilities	18,000	18,000	18,000	18,000
Technical reserves, net of reinsurance				
- Premium reserve	119,925	109,480	119,925	109,480
- Claims reserve	275,696	264,001	275,696	264,001
- Mathematical reserves	511,861	490,804	511,861	491,772
- Reserve for amounts payable	12,862	16,860	12,862	16,860
- Other technical reserves	6,093	5,938	6,093	5,938
- Technical reserves where investment risk is borne by policyholders and reserves relating to pension fund management	122,735	119,268	122,735	119,268
Total technical reserves	1,049,172	1,006,351	1,049,172	1,007,319
Payables				
Deposits from reinsurers	95,305	95,501	95,305	95,501
Payables arising from direct insurance business due to:	6,426	7,250	6,426	7,250
Payables arising from reinsurance business	17,448	7,325	17,448	7,325
Sums payable to banks and financial institutions	82,678	70,961	82,678	70,961
Other sums payable	86,631	56,276	86,631	58,208
Total payables	288,488	237,313	288,488	239,245
Provisions for contingencies and other charges	1,822	1,822	1,822	1,822
Employees' leaving entitlement	5,421	5,651	5,421	5,651
Other liabilities	9,874	8,938	9,874	8,938
Accrued expenses and deferred income	784	1,043	784	1,043
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1,514,973	1,406,258	1,514,973	1,414,005

(*) These figures have been recalculated as if the percentage of completion method had been applied to buildings under construction constantly over time.

Reclassified consolidated profit and loss account

(in thousands of Euros)

	First half of 2004	First half of 2003	2003	First half of 2004 (*)	First half of 2003 (*)	2003 (*)
Technical account						
Life businesses:						
Direct insurance						
(+) Gross premiums accounted for	54,497	45,405	94,021	54,497	45,405	94,021
(-) Charges relating to claims	38,528	27,212	61,346	38,528	27,212	61,346
(-) Change in mathematical and other technical reserves	24,334	26,194	44,271	24,334	26,412	45,076
(+) Other technical captions, net	571	583	1,080	571	583	1,080
(-) Operating costs	6,505	6,295	14,010	6,505	6,295	14,010
(+) Income on investments where the parent company bears the risk - Class C - net of the portion transferred to the non-technical account	14,018	10,990	22,375	14,018	11,208	23,180
(+) Income on investments where policyholders bear the risk - Class D	4,991	3,786	6,768	4,991	3,786	6,768
Direct insurance result	4,710	1,063	4,617	4,710	1,063	4,617
Outwards reinsurance result	-75	-140	131	-75	-140	131
Retained direct insurance result	4,635	923	4,748	4,635	923	4,748
Indirect and retroceded insurance result	-4	-6	-36	-4	-6	-36
Result of life business technical account	4,631	917	4,712	4,631	917	4,712
Non-life businesses:						
Direct insurance						
(+) Gross premiums accounted for	200,611	174,219	362,908	200,611	174,219	362,908
(-) Change in premium reserve	11,559	12,973	18,855	11,559	12,973	18,855
(-) Charges relating to claims	132,172	111,263	240,816	132,172	111,263	240,816
(-) Change in other technical reserves	232	181	487	232	181	487
(+) Other technical captions, net	-1,999	-2,252	-3,308	-1,999	-2,252	-3,308
(-) Operating costs	47,982	42,709	89,593	47,982	42,709	89,593
Direct insurance result	6,667	4,841	9,849	6,667	4,841	9,849
Outwards reinsurance result	-740	2,715	1,906	-740	2,715	1,906
Retained direct insurance result	5,927	7,556	11,755	5,927	7,556	11,755
Indirect and retroceded insurance result	88	37	187	88	37	187
Total retained insurance result	6,015	7,593	11,942	6,015	7,593	11,942
(-) Change in equalisation reserve	114	95	212	114	95	212
(+) Income on investments transferred from the non-technical account	6,259	6,172	12,621	6,259	6,172	12,621
Result of non-life business technical account	12,160	13,670	24,351	12,160	13,670	24,351
Result of technical account	16,791	14,587	29,063	16,791	14,587	29,063
(+) Income on investments net of the portion included in the technical account	10,610	4,627	10,298	10,610	5,685	14,379
(+) Other income	2,914	2,123	5,082	2,914	2,123	5,082
(-) Interest on financial payables	870	713	1,633	870	713	1,633
(-) Other charges	7,073	5,512	9,759	7,073	5,512	9,759
Result of ordinary business	22,372	15,112	33,051	22,372	16,170	37,132
(+) Extraordinary income	69	142	812	69	142	812
(-) Extraordinary expense	102	166	1,351	102	166	1,351
Profit before taxation and change in accounting policy	22,339	15,088	32,512	22,339	16,146	36,593
(+) Income on the change in accounting policy, before minority interests and taxation	6,779	-	-	-	-	-
Profit before taxation	29,118	15,088	32,512	22,339	16,146	36,593
(-) Taxation on profit for the period/year	10,675	5,918	12,984	8,743	6,416	14,594
Consolidated net profit (loss) for the period/year	18,443	9,170	19,528	13,596	9,730	21,999
(-) Minority interests (ordinary)	2,028	-27	238	2,028	441	1,872
(-) Minority interests - change in accounting policy	1,908	-	-	-	-	-
Net profit (loss) of the group	14,507	9,197	19,290	11,568	9,289	20,127

(*) These figures have been recalculated as if the percentage of completion method had been applied to buildings under construction constantly over time.

Annexes to the consolidated half year report

Consolidated balance sheet	Annex	IV
Consolidated profit and loss account	Annex	V

CONSOLIDATED

ASSETS	At 30 June of the current year	At 30 June of the previous year	At 31 December of the previous year
A. Share capital proceeds to be received	0 ⁷⁷	0 ¹⁵³	0
B. Intangible assets			
1. Acquisition costs to be amortised	13 ⁷⁸	14 ¹⁵⁴	14
2. Other assets	15 ⁷⁹	14 ¹⁵⁵	15
3. Goodwill arising on consolidation	0 ⁸⁰	0 ¹⁵⁶	0
Total	28 ⁸¹	28 ¹⁵⁷	29
C. Investments			
I - Land and buildings	202 ⁸²	75 ¹⁵⁸	153
II - Investments in group and other companies			
1. Equity investments	63 ⁸³	53 ¹⁵⁹	55
2. Bonds	0 ⁸⁴	0 ¹⁶⁰	0
3. Loans	11 ⁸⁵	6 ¹⁶¹	9
Total investments in group and other companies	74 ⁸⁶	59 ¹⁶²	64
III - Other financial investments			
1. Equity investments	0 ⁸⁷	0 ¹⁶³	0
2. Unit trust units	3 ⁸⁸	57 ¹⁶⁴	33
3. Bonds and other fixed-interest securities	828 ⁸⁹	800 ¹⁶⁵	781
4. Loans	11 ⁹⁰	12 ¹⁶⁶	11
5. Other	0 ⁹¹	0 ¹⁶⁷	0
Total other financial investments	842 ⁹²	869 ¹⁶⁸	825
IV - Deposits with ceding companies	1 ⁹³	1 ¹⁶⁹	1
Total	1,119 ⁹⁴	1,004 ¹⁷⁰	1,043
D. Investments benefiting life policyholders bearing the risk and stemming from pension fund management	123 ⁹⁵	108 ¹⁷¹	119
D.bis Reinsurers' share of technical reserves			
I - Non-life business technical reserves	114 ⁹⁶	115 ¹⁷²	109
II - Life business technical reserves (excluding those mentioned in point III)	22 ⁹⁷	20 ¹⁷³	21
III - Life business technical reserves where investment risk is borne by policyholders and reserves arising from pension fund management	0 ⁹⁸	0 ¹⁷⁴	0
Total	136 ⁹⁹	135 ¹⁷⁵	130
E. Receivables			
I - Receivables relating to direct insurance	89 ¹⁰⁰	78 ¹⁷⁶	101
II - Receivables relating to reinsurance business	10 ¹⁰¹	4 ¹⁷⁷	5
III - Other receivables	38 ¹⁰²	25 ¹⁷⁸	34
Total	137 ¹⁰³	107 ¹⁷⁹	140
F. Other assets			
I - Tangible assets and inventory	5 ¹⁰⁴	5 ¹⁸⁰	5
II - Liquid funds	82 ¹⁰⁵	46 ¹⁸¹	49
III - Own shares or quotas	0 ¹⁰⁶	0 ¹⁸²	0
IV - Other assets	3 ¹⁰⁷	3 ¹⁸³	4
Total	90 ¹⁰⁸	54 ¹⁸⁴	58
G. Prepayments and accrued income	17 ¹⁰⁹	17 ¹⁸⁵	17
TOTAL ASSETS	1,650¹¹⁰	1,453¹⁸⁶	1,536

BALANCE SHEET

(in millions of Euros)

LIABILITIES	At 30 June of the current year	At 30 June of the previous year	At 31 December of the previous year
A. Shareholders' equity			
I - Group shareholders' equity			
1. Subscribed share capital or equivalent fund	30 ¹¹¹	30 ¹⁸⁷	30
2. Equity reserves	84 ¹¹²	72 ¹⁸⁸	72
3. Consolidation reserves	-2 ¹¹³	-2 ¹⁸⁹	-2
4. Reserve for valuation difference of unconsolidated investments	7 ¹¹⁴	3 ¹⁹⁰	3
5. Conversion difference reserve	0 ¹¹⁵	0 ¹⁹¹	0
6. Reserve for purchase of own shares and shares of parent company	0 ¹¹⁶	0 ¹⁹²	0
7. Net profit (loss) for the period/year	15 ¹¹⁷	9 ¹⁹³	19
Total group shareholders' equity	134 ¹¹⁸	112 ¹⁹⁴	122
II - Minority interests			
1. Share capital and reserves pertaining to minority interests	4 ¹¹⁹	3 ¹⁹⁵	5
2. Net profit (loss) for the period/year pertaining to minority interests	4 ¹²⁰	0 ¹⁹⁶	0
Total minority interests	8 ¹²¹	3 ¹⁹⁷	5
Total	142 ¹²²	115 ¹⁹⁸	127
B. Subordinated liabilities	18 ¹²³	18 ¹⁹⁹	18
C. Technical reserves			
I - Non-life businesses			
1. Premium reserve	156 ¹²⁴	139 ²⁰⁰	145
2. Claims reserve	353 ¹²⁵	323 ²⁰¹	338
3. Equalisation reserves	1 ¹²⁶	1 ²⁰²	1
4. Other	2 ¹²⁷	1 ²⁰³	1
Total non-life business technical reserves	512 ¹²⁸	463 ²⁰⁴	485
II - Life businesses			
1. Mathematical reserves	534 ¹²⁹	504 ²⁰⁵	512
2. Reserve for payable amounts	13 ¹³⁰	14 ²⁰⁶	17
3. Other	3 ¹³¹	4 ²⁰⁷	3
Total life business technical reserves	550 ¹³²	522 ²⁰⁸	532
Total	1,062 ¹³³	985 ²⁰⁹	1,017
D. Technical reserves where investment risk is borne by policyholders and reserves arising from pension fund management	123 ¹³⁴	108 ²¹⁰	119
E. Provisions for contingencies and other charges	2 ¹³⁵	2 ²¹¹	2
F. Deposits from reinsurers	95 ¹³⁶	88 ²¹²	96
G. Payables and other liabilities			
I - Payables arising from direct insurance business	6 ¹³⁷	6 ²¹³	7
II - Payables arising from reinsurance business	17 ¹³⁸	18 ²¹⁴	7
III - Bond issues	0 ¹³⁹	0 ²¹⁵	0
IV - Due to banks and other financial institutions	83 ¹⁴⁰	71 ²¹⁶	71
V - Other payables and loans	86 ¹⁴¹	29 ²¹⁷	56
VI - Employees' leaving entitlement	5 ¹⁴²	5 ²¹⁸	6
VII - Other liabilities	10 ¹⁴³	7 ²¹⁹	9
Total	207 ¹⁴⁴	136 ²²⁰	156
H. Accrued expenses and deferred income	1 ¹⁴⁵	1 ²²¹	1
TOTAL LIABILITIES	1,650 ¹⁴⁶	1,453 ²²²	1,536

GUARANTEES, COMMITMENTS AND OTHER MEMORANDUM AND CONTINGENCY ACCOUNTS

I - Guarantees given	3 ¹⁴⁷	2 ²²³	2
II - Guarantees received or given by third parties in the interest of consolidated companies	0 ¹⁴⁸	0 ²²⁴	0
III - Commitments	36 ¹⁴⁹	65 ²²⁵	40
IV - Assets pertaining to pension funds managed in favour and on behalf of third parties	2 ¹⁵⁰	1 ²²⁶	2
V - Other	1,000 ¹⁵¹	1,008 ²²⁷	978
TOTAL MEMORANDUM AND CONTINGENCY ACCOUNTS	1,041 ¹⁵²	1,076 ²²⁸	1,022

CONSOLIDATED

	First half of the current year	First half of the previous year	Previous year
I. NON-LIFE BUSINESS TECHNICAL ACCOUNT			
1 Premiums earned, net of outwards reinsurance	146 ⁴⁹	121 ⁹⁷	256
2 Other technical income, net of outwards reinsurance	1 ⁵⁰	1 ⁹⁸	1
3 Charges relating to claims, net of recoveries and outwards reinsurance	98 ⁵¹	78 ⁹⁹	172
4 Change in other technical reserves, net of outwards reinsurance	0 ⁵²	0 ¹⁰⁰	0
5 Reversals and profit participation, net of outwards reinsurance	0 ⁵³	0 ¹⁰¹	0
6 Operating costs:			
a) Acquisition costs, net of commissions and profit participation received from reinsurers	31 ⁵⁴	25 ¹⁰²	49
b) Administrative costs	9 ⁵⁵	9 ¹⁰³	19
Total	40 ⁵⁶	34 ¹⁰⁴	68
7 Other technical charges, net of outwards reinsurance	3 ⁵⁷	3 ¹⁰⁵	5
8 Change in equalisation reserves	0 ⁵⁸	0 ¹⁰⁶	0
9 Result of non-life business technical account	6 ⁵⁹	7 ¹⁰⁷	12
II. LIFE BUSINESS TECHNICAL ACCOUNT			
1 Premiums, net of outwards reinsurance	53 ⁶⁰	44 ¹⁰⁸	91
2 (+) Income on investments transferred from non-technical account (caption III. 5)	14 ⁶¹	11 ¹⁰⁹	22
3 Income and unrealised capital gains relating to investments benefitting policyholders who bear the risk and investments stemming from pension fund management	6 ⁶²	5 ¹¹⁰	11
4 Other technical income, net of outwards reinsurance	1 ⁶³	1 ¹¹¹	1
5 Charges relating to claims, net of outwards reinsurance	38 ⁶⁴	27 ¹¹²	61
6 Change in mathematical reserves and other technical reserves, net of outwards reinsurance			
a) Mathematical reserves, complementary insurance premium reserve and other technical reserves	20 ⁶⁵	17 ¹¹³	42
b) Technical reserves where investment risk is borne by policyholders and reserves arising from pension fund management	4 ⁶⁶	8 ¹¹⁴	0
Total	24 ⁶⁷	25 ¹¹⁵	42
7 Reversals and profit participation, net of outwards reinsurance	0 ⁶⁸	0 ¹¹⁶	0
8 Operating costs:			
a) Acquisition costs, net of commissions and profit participation received from reinsurers	3 ⁶⁹	3 ¹¹⁷	7
b) Administrative costs	3 ⁷⁰	3 ¹¹⁸	7
Total	6 ⁷¹	6 ¹¹⁹	14

PROFIT AND LOSS ACCOUNT

(in millions of Euros)

	First half of the current year	First half of the previous year	Previous year
9 Capital and financial charges and unrealised capital losses relating to investments benefiting policyholders bearing the risk and investments relating to pension fund management	1 ⁷²	2 ¹²⁰	4
10 Other technical charges, net of outwards reinsurance	0 ⁷³	-	0 ¹²¹
11 Result of life business technical account	5 ⁷⁴	1 ¹²²	4
III. NON-TECHNICAL ACCOUNT			
1 Result of non-life business technical account (caption I. 9)	6 ⁷⁵	7 ¹²³	12
2 Result of life business technical account(Caption II. 11)	5 ⁷⁶	1 ¹²⁴	4
3 Income on investments			
a) Income on investments	31 ⁷⁷	25 ¹²⁵	50
c) Write-backs of adjustments to investment values	0 ⁷⁸	-	0 ¹²⁶
d) Profit on sale of investments	4 ⁷⁹	1 ¹²⁷	3
Total	35 ⁸⁰	26 ¹²⁸	53
4 Capital and financial charges			
a) Investment management charges and interest payable	4 ⁸¹	4 ¹²⁹	8
b) Adjustments to investment values	0 ⁸²	-	0 ¹³⁰
c) Loss on sale of investments	0 ⁸³	-	0 ¹³¹
Total	4 ⁸⁴	4 ¹³²	8
5 (-) Income on investments transferred to the life business technical account (caption II. 2)	14 ⁸⁵	11 ¹³³	22
6 Other income	3 ⁸⁶	2 ¹³⁴	5
7 Other charges	8 ⁸⁷	6 ¹³⁵	11
8 Result of ordinary business	23 ⁸⁸	15 ¹³⁶	33
9 Extraordinary income	5 ⁸⁹	-	1 ¹³⁷
10 Extraordinary expense	0 ⁹⁰	-	2 ¹³⁸
11 Result of extraordinary business	5 ⁹¹	-	-1 ¹³⁹
12 Profit (loss) before taxation	28 ⁹²	15 ¹⁴⁰	32
13 Taxation on profit for the period/year	9 ⁹³	6 ¹⁴¹	13
14 Consolidated net profit (loss) for the period/year	19 ⁹⁴	9 ¹⁴²	19
15 Net profit (loss) for the period/year pertaining to minority interests	4 ⁹⁵	-	0 ¹⁴³
16 Net profit (loss) of the group	15 ⁹⁶	9 ¹⁴⁴	19

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Report of the Independent Auditors

**AUDITOR'S REPORT ON THE REVIEW
OF THE MANAGEMENT REPORT
FOR THE SIX MONTHS PERIOD ENDED JUNE 30th, 2004 OF
VITTORIA ASSICURAZIONI S.p.A.**

(This report has been translated from the original Italian text
which was issued in accordance with the Italian legislation)

To the Shareholders of
Vittoria Assicurazioni S.p.A.

1. We have performed the review of the Management Report of Vittoria Assicurazioni S.p.A. as of and for the six months period ended June 30th, 2004, represented by the statements of Interim Balance Sheet and Interim Statement of Income (Parent Company only) and related Notes together with statements of Interim Consolidated Balance Sheet and Interim Consolidated Statement of Income and related Notes. We have also reviewed the part of the financial information presented by the Board of Directors in the Management Report, with respect of their discussions and analyses of the operations of Vittoria Assicurazioni S.p.A., solely for the purpose of evaluating its consistency with the above mentioned statements and related Notes.

In accordance with art. 81 sub-section 4 of CONSOB (the Italian Stock Exchange Regulatory Agency) regulations, as approved in its resolution No. 11971 of May 14, 1999 and subsequent modifications, the Company has prepared the Management Report in accordance with the Management Report' structure prescribed by Recommendation No. 1207-G of July 6, 1999 issued by ISVAP (the Italian Insurance Regulator). Therefore, the Management Report complies with both art. 81 of CONSOB regulations as approved in its resolution No. 11971 of May 14, 1999 and ISVAP Recommendation issued for regulatory purposes.

2. Our review was conducted in accordance with auditing standards governing review of interim financial statements recommended by CONSOB in its resolution No. 10867 of July 31, 1997. The review of the data related to the six months period ended June 30th, 2004 of certain subsidiaries, which represent approximately 17% of consolidated assets, was performed by other auditors who supplied us with their review reports. A review consists mainly of obtaining relevant information with respect to the data included in the statements identified in paragraph 1 of this report and on evaluating the consistency of the accounting principles applied through discussions with appropriate members of management, and performing analytical reviews of the financial data presented in such statements. As requested by ISVAP Recommendation we appointed an actuary enrolled in the Italian professional register. A review does not include performing auditing procedures such as tests of compliance of internal controls and substantive procedures for the verification tests of account balances of assets and liabilities. Consequently, the scope of work for a review engagement provides significantly less assurance than a full scope audit performed in accordance with generally accepted auditing standards. We do not, therefore, express an audit opinion on the statements identified in paragraph 1 of this report and related Notes of Vittoria Assicurazioni S.p.A. as of and for the six months period ended June 30th, 2004 as we do in connection with reporting on our full scope audit of the annual statutory and consolidated financial statements of Vittoria Assicurazioni S.p.A..

Concerning the comparative data as of and for the year ended December 31st, 2003, and for the six months period ended June 30th, 2003 that have been presented for comparative purposes in the accompanying Management report, reference should be made to the audit and review reports issued by us on April 7th, 2004 and on September 16th, 2003, respectively.

3. As a result of our review, we did not become aware of any significant modifications that should be made to the statements and related Notes identified in paragraph 1. of this report, in order for them to be in conformity with the criteria for the presentation of the semi-annual interim Management Report, as described in paragraph 1. of this report.

Milan, September 14th, 2004

BDO Sala Scelsi Farina
Società di Revisione per Azioni

Signed by: Paolo Scelsi