

Vittoria Assicurazioni

SOCIETÀ PER AZIONI
REGISTERED OFFICES: 20153 MILAN - VIA CALDERA, 21 - ITALY
SHARE CAPITAL EURO 30,244,147 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

2006 half year report of Vittoria Assicurazioni S.p.A. and consolidated interim financial statements

Board of directors' meeting
held on 8 September 2006

pursuant to article 2428 of the Italian Civil Code



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

Mr. Giacomo MOTTURA, director of Vittoria Assicurazioni S.p.A. since 6 November 1986, as well as Chairman of the Internal Control Committee, Member of the Real Estate Committee and Member of the Appointments and Remuneration Committee, passed away on 13 July 2006.

The members of the Board of directors and Board of statutory auditors remember his human touch, moral fibre and professional skills with sincerity and regret.

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BOARD OF DIRECTORS

| | |
|-------------------------------------|------------------------------------|
| Luigi GUATRI | Chairman |
| Carlo ACUTIS Giorgio COSTA | Deputy chairman 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 |
| Edgar MÜLLER-GOTTHARD | Independent director |
| Luca PAVERI FONTANA | Director |
| Giuseppe SPADAFORA | Independent director |
| Mario RAVASIO | Secretary |

BOARD OF STATUTORY AUDITORS

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

GENERAL MANAGEMENT

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

INTERNAL CONTROL COMMITTEE

| | |
|------------------------|-------------------------------------|
| * Pietro Carlo MARSANI | Non executive, independent 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, independent |

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 |
| Luca PAVERI FONTANA | Executive |

* Chairman appointed by Board of directors' meeting held on 8 September 2006

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

DEPUTY CHAIRMAN Carlo Acutis
and MANAGING DIRECTOR is summarised below

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

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

* Powers assigned by the Board of Directors on 29 April 2004.

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2006 half year report of
Vittoria Assicurazioni S.p.A.

Board of directors' meeting
held on 8 September 2006

pursuant to article 2428 of the Italian Civil Code



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Format and contents of the half year report

2006 half year report of Vittoria Assicurazioni S.p.A.

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 with regulation no. 12475 of 6 April 2000.

For the purposes of more complete disclosure, a reclassified balance sheet and a reclassified profit and loss account have been prepared.

The captions in the reclassified balance sheet are net of the effect of reinsurance.

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.

Accounting policies

The accounting policies adopted for the preparation of the separate half year financial statements of Vittoria Assicurazioni S.p.A. are consistent with those used for the annual separate financial statements. Accordingly, reference should be made to notes to the separate financial statements as at and for the year ended 31 December 2005.

Given the shorter timespan compared to that allowed for annual financial statements and as this is an interim report, the directors have adopted a suitable approach to estimates, in line with management data.

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Directors' report on the performance of Vittoria Assicurazioni S.p.A. during the first half of 2006

The net profit for the first half of the year totalled Euro 13,124 thousand, up 27.2% on the Euro 10,318 thousand of the first half of the previous year.

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

- total premiums written rose 4.8% on the same period of the previous year to Euro 280,474 thousand;
- life business premiums rose 10.5% on the same period of the previous year. Periodic recurring premiums account for 37.7% of premiums written, while single premiums account for 62.3%;
- direct non-life business premiums grew 3.4% over the same period of the previous year;
- premiums of the motor business increased 2.5% (motor third-party liability +1.2%; motor vehicle property damage +7.8%; support and assistance +27.0%; marine third-party liability +22.3%). The increase is attributable to new business since tariffs remained substantially stable. The rise in premiums is a consequence of the further strengthening of the commercial organisation and the particular care dedicated to the Affinity Groups. The actions put in place to change the mix in the motor third-party liability portfolio in order to achieve a positive technical result have enabled the company to decrease the frequency of claims by 8% with respect to the same period of the previous year;
- other non-life premiums excluding aviation, marine, bonds and credit rose 9.1% while premiums relating to aviation, marine, bonds and credit fell 14.1%;
- investments totalled Euro 1,324,721 thousand as compare to Euro 1,286,194 thousand at the end of 2005. They are split between investments where policyholders bear the risk (Euro 118,064 thousand) and investments where the company bears the risk (Euro 1,206,657 thousand). The related net ordinary income for the period increased 41.3% to Euro 26,683 thousand from Euro 18,889 thousand in the first half of 2005. This result is partly affected by the dividend distribution policy which provide for the incorporation in the separate financial statements of the positive results already recognised in previous consolidated financial statements;
- the option to convert the subordinated bonds into shares of the company became exercisable this year. Following the exercise of conversion options, the share capital at 30 June 2006 went from Euro 30,000,000 to Euro 30,244,147;
- overheads as a percentage of premiums grew to 9.6% from 9.2% in the same period of the previous year;

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 2006 than in the previous year.

Performance

Premiums

Premiums totalled Euro 280,474 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 2006 AND 2005 DIRECT AND INDIRECT INSURANCE

(in thousands of Euros)

| | 30/06/06 | 30/06/05 | Change % | Percentage of portfolio | |
|---|----------------|----------------|--------------|----------------------------|--------------|
| | | | | 2006 | 2005 |
| Domestic direct insurance | | | | | |
| Life business | | | | | |
| I Whole and term life insurance | 26,683 | 24,954 | 6.9 | 9.5 | 9.3 |
| III Unit-linked policies | 7,268 | 2,155 | 237.3 | 2.6 | 0.8 |
| IV Health insurance | 195 | 185 | 5.4 | 0.1 | 0.1 |
| V Capitalisation insurance | 23,740 | 24,973 | -4.9 | 8.5 | 9.3 |
| VI Unit trust management | 146 | 254 | -42.5 | 0.1 | 0.1 |
| Total life business | 58,032 | 52,521 | 10.5 | 20.8 | 19.6 |
| Non-life business | | | | | |
| Accident insurance | 12,109 | 10,683 | 13.3 | 4.3 | 4.0 |
| Health insurance | 3,621 | 3,751 | -3.5 | 1.3 | 1.4 |
| Fire and natural events | 10,727 | 10,148 | 5.7 | 3.8 | 3.8 |
| Miscellaneous damage | 6,935 | 6,347 | 9.3 | 2.5 | 2.4 |
| General third-party liability | 11,727 | 11,215 | 4.6 | 4.2 | 4.2 |
| Pecuniary losses | 5,164 | 4,386 | 17.7 | 1.8 | 1.6 |
| Legal protection | 1,057 | 533 | 98.3 | 0.4 | 0.2 |
| Total other non-life premiums excluding aviation, marine, bonds and credit | 51,340 | 47,063 | 9.1 | 18.3 | 17.5 |
| Railway truck property damage | - | - | n.v | 0.0 | 0.0 |
| Aviation property damage | 1,122 | 2,329 | -51.8 | 0.4 | 0.9 |
| Marine property damage | 216 | 180 | 20.0 | 0.1 | 0.1 |
| Cargo insurance | 905 | 1,205 | -24.9 | 0.3 | 0.5 |
| Aviation third-party liability | 83 | 239 | -65.3 | 0.0 | 0.1 |
| Credit insurance | - | - | n.v | 0.0 | 0.0 |
| Bond insurance | 3,997 | 3,412 | 17.1 | 1.4 | 1.3 |
| Total premiums relating to aviation, marine, bonds and credit | 6,323 | 7,365 | -14.1 | 2.2 | 2.9 |
| Motor third-party liability | 133,717 | 132,126 | 1.2 | 47.7 | 49.4 |
| Marine third-party liability | 203 | 166 | 22.3 | 0.1 | 0.1 |
| Motor vehicle property damage | 28,404 | 26,346 | 7.8 | 10.1 | 9.8 |
| Support and assistance | 1,801 | 1,418 | 27.0 | 0.6 | 0.5 |
| Total motor business | 164,125 | 160,056 | 2.5 | 58.5 | 59.8 |
| Total non-life business | 221,788 | 214,484 | 3.4 | 79.0 | 80.2 |
| Total direct insurance | 279,820 | 267,005 | 4.8 | 99.8 | 99.8 |
| Domestic indirect insurance | | | | | |
| Life business | 2 | 10 | -80.0 | 0.0 | 0.0 |
| Non-life business | 652 | 634 | 2.8 | 0.2 | 0.2 |
| Total indirect insurance | 654 | 644 | 1.6 | 0.2 | 0.2 |
| Total | 280,474 | 267,649 | 4.8 | 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 business | | | Life business | |
| | Agencies | Premiums | % | Premiums | % |
| NORTH | | | | | |
| Emilia Romagna | 21 | 17,233 | | 3,146 | |
| Friuli Venezia Giulia | 3 | 2,993 | | 626 | |
| Liguria | 9 | 8,888 | | 696 | |
| Lombardy | 58 | 59,734 | | 29,284 | |
| Piedmont | 25 | 15,680 | | 1,726 | |
| Trentino Alto Adige | 4 | 3,677 | | 380 | |
| Valle d'Aosta | 1 | 1,020 | | 101 | |
| Veneto | 22 | 16,268 | | 2,638 | |
| Total | 143 | 125,493 | 56.6 | 38,597 | 66.5 |
| CENTRE | | | | | |
| Abruzzi | 7 | 8,710 | | 1,108 | |
| Lazio | 22 | 33,071 | | 10,311 | |
| Marches | 8 | 3,911 | | 757 | |
| Tuscany | 20 | 18,496 | | 1,876 | |
| Umbria | 10 | 9,366 | | 1,492 | |
| Total | 67 | 73,554 | 33.2 | 15,544 | 26.8 |
| SOUTH AND ISLANDS | | | | | |
| Basilicata | 2 | 2,069 | | 240 | |
| Calabria | 2 | 1,448 | | 74 | |
| Campania | 6 | 4,134 | | 2,260 | |
| Apulia | 4 | 5,907 | | 683 | |
| Sardinia | 1 | 2,515 | | 70 | |
| Sicily | 7 | 6,668 | | 564 | |
| Total | 22 | 22,741 | 10.3 | 3,891 | 6.7 |
| Total | 232 | 221,788 | 100.0 | 58,032 | 100.0 |

Life business

Claims, accrued sums, annuities and surrenders

Premiums rose 10.5% on the same period of the previous year. Periodic recurring premiums account for 37.7% of premiums written, while single premiums account for 62.3%.

Summarised figures relating to Class C direct insurance claims, accrued sums and annuities and surrenders at period end and comparative 2005 half year figures are set out below.

| | (in thousands of Euros) | |
|----------------------------|-------------------------|---------------|
| | 30/06/06 | 30/06/05 |
| Claims | 1,389 | 884 |
| Accrued sums and annuities | 17,812 | 19,988 |
| Surrenders | 8,771 | 8,735 |
| Total | 27,972 | 29,607 |

Surrenders and claims relating to investments where policyholders bear the risk (Classes III and VI index-linked policies, unit-linked policies and open pension fund, class D) totalled Euro 11,126 thousand with respect to Euro 7,928 thousand in the first half of the previous year.

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.

Ceded premiums amounted to Euro 1,648 thousand in the first half of 2006.

Inwards reinsurance

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

Non-life business

Premiums written as part of the direct insurance business grew 3.4%.

Operating costs

These costs include investments made in the commercial, marketing and IT activities both for personnel and IT developments. They were undertaken to expand the company's presence in Italy by opening new agencies and providing the agency network and policyholders with a range of products that meets their new insurance cover requirements. As a percentage of premiums written and a result of these investments, the operating costs increased to 25.0% in the first half of 2005 to 26.3% in the first half of 2006 (2005 year end: 25.7%). The following table shows a breakdown of operating costs:

| (in thousands of Euros) | | | |
|---|---------------|---------------|-------------|
| | 30/06/2006 | 30/06/2005 | Change % |
| Acquisition commissions, premium collection commissions and other acquisition costs | 41,873 | 38,302 | 9.3% |
| Overheads allocated to sales costs | 8,953 | 7,940 | 12.8% |
| Overheads allocated to other administrative costs | 7,489 | 7,466 | 0.3% |
| Total | 58,315 | 53,708 | 8.6% |

Claims

Reported claims

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

| (in thousands of Euros) | | | | | | |
|--|---------------|----------------|---------------|----------------|---------------|--------------|
| | 30/06/06 | | 30/06/05 | | Change % | |
| | number | total cost | number | total cost | number | total cost |
| Accident insurance | 3,023 | 10,626 | 2,620 | 7,263 | 15.38 | 46.30 |
| Health insurance | 1,643 | 1,732 | 1,934 | 1,938 | -15.05 | -10.63 |
| Fire and natural events | 2,095 | 5,163 | 1,179 | 3,329 | 77.69 | 55.09 |
| Miscellaneous damage | 3,654 | 5,597 | 4,010 | 5,575 | -8.88 | 0.39 |
| General third-party liability | 4,274 | 10,995 | 4,785 | 9,720 | -10.68 | 13.12 |
| Pecuniary losses | 168 | 354 | 89 | 143 | 88.76 | 147.55 |
| Legal protection | 100 | 72 | 42 | 33 | 138.10 | 118.18 |
| Total other non-life business | 14,957 | 34,539 | 14,659 | 28,001 | 2.03 | 23.35 |
| Marine property damage | 7 | 55 | 2 | 33 | 250.00 | 66.67 |
| Cargo insurance | 183 | 1,076 | 189 | 823 | -3.17 | 30.74 |
| Aviation property damage | 7 | 706 | 5 | 58 | 40.00 | 1,117.24 |
| Aviation third-party liability | 3 | 11 | 19 | 29 | -84.21 | -62.07 |
| Bond insurance | 52 | 2,657 | 106 | 2,308 | -50.94 | 15.12 |
| Total aviation, marine, bonds and credit business | 252 | 4,505 | 321 | 3,251 | -21.50 | 38.57 |
| Motor third-party liability | 31,251 | 90,560 | 31,629 | 85,765 | -1.20 | 5.59 |
| Marine third-party liability | 15 | 69 | 18 | 51 | -16.67 | 35.29 |
| Motor vehicle property damage | 8,937 | 15,802 | 7,745 | 14,569 | 15.39 | 8.46 |
| Support and assistance | 1,975 | 176 | 2,491 | 215 | -20.71 | -18.14 |
| Total motor business | 42,178 | 106,607 | 41,883 | 100,600 | 0.70 | 5.97 |
| Total non-life business | 57,387 | 145,651 | 56,863 | 131,852 | 0.92 | 10.47 |

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 30/06/06 | | | Claims recovered from reinsurers | Claims paid 30/06/05 | | | Change in gross claims % |
| | Current year | Previous years | Total | | Current year | Previous years | Total | |
| Accident insurance | 501 | 3,586 | 4,087 | 251 | 473 | 4,079 | 4,552 | -10.22 |
| Health insurance | 579 | 1,767 | 2,346 | - | 736 | 1,135 | 1,871 | 25.39 |
| Fire and natural events | 1,129 | 3,832 | 4,961 | 468 | 1,017 | 1,944 | 2,961 | 67.54 |
| Miscellaneous damage | 1,920 | 2,716 | 4,636 | 21 | 1,959 | 1,549 | 3,508 | 32.16 |
| General third-party liability | 991 | 5,659 | 6,650 | 211 | 817 | 6,895 | 7,712 | -13.77 |
| Pecuniary losses | 52 | 56 | 108 | - | 11 | 25 | 36 | 200.00 |
| Legal Protection | - | 9 | 9 | 8 | - | - | - | n.m. |
| Total other non-life business | 5,172 | 17,625 | 22,797 | 959 | 5,013 | 15,627 | 20,640 | 10.45 |
| Aviation property damage | 586 | 926 | 1,512 | 1,350 | - | 878 | 878 | 72.21 |
| Marine property damage | 6 | 38 | 44 | 3 | - | 34 | 34 | 29.41 |
| Cargo insurance | 65 | 622 | 687 | 257 | 35 | 345 | 380 | 80.79 |
| Bond insurance | 597 | 2,235 | 2,832 | 1,418 | 1,119 | 5,830 | 6,949 | -59.25 |
| Total aviation, marine, bonds and credit business | 1,254 | 3,821 | 5,075 | 3,028 | 1,154 | 7,087 | 8,241 | -38.42 |
| Motor third-party liability | 24,419 | 76,565 | 100,984 | 20,626 | 24,547 | 67,927 | 92,474 | 9.20 |
| Marine third-party liability | 22 | 87 | 109 | - | 11 | 68 | 79 | 37.97 |
| Motor vehicle property damage | 5,285 | 7,492 | 12,777 | 328 | 4,213 | 6,806 | 11,019 | 15.95 |
| Support and assistance | 190 | 246 | 436 | 393 | 192 | 232 | 424 | 2.83 |
| Total motor business | 29,916 | 84,390 | 114,306 | 21,347 | 28,963 | 75,033 | 103,996 | 9.91 |
| Total non-life business | 36,342 | 105,836 | 142,178 | 25,334 | 35,130 | 97,747 | 132,877 | 7.00 |

The additional charge to the guarantee fund for road casualties amounted to Euro 3,199 thousand during the period (first half of 2005: Euro 3,084 thousand).

Claims settlement rate

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

| | (percentages) | | | | | |
|-------------------------------|--------------------|----------|----------|----------------------|----------|----------|
| | current generation | | | previous generations | | |
| | 30/06/06 | 30/06/05 | 31/12/05 | 30/06/06 | 30/06/05 | 31/12/05 |
| Accident insurance | 30.80 | 31.08 | 55.26 | 45.52 | 40.62 | 64.71 |
| Health insurance | 66.90 | 64.28 | 74.96 | 29.10 | 22.93 | 69.61 |
| Motor vehicle property damage | 73.84 | 72.49 | 84.83 | 69.71 | 65.04 | 90.97 |
| Fire and natural events | 60.71 | 50.71 | 67.03 | 42.21 | 29.82 | 42.12 |
| Miscellaneous damage - theft | 60.23 | 57.80 | 79.34 | 51.23 | 55.18 | 74.29 |
| Motor third-party liability | 50.47 | 49.72 | 67.68 | 49.31 | 49.66 | 70.20 |
| General third-party liability | 37.55 | 33.37 | 55.83 | 28.34 | 21.84 | 42.37 |

Reinsurance

Outwards reinsurance

Company 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 |
|-------------------------------------|-----------------------------------|
| 01 - Accident insurance | Pure premium for general aviation |
| 05 - Aviation property damage | Pure premium for space risks |
| | Pure premium for general aviation |
| 07 - Cargo insurance | Voluntary-mandatory |
| 08 - Fire and natural events | Claims excess |
| 10 - Motor third-party liability | Pure premium |
| | Claims excess |
| 11 - Aviation third-party liability | Pure premium for general aviation |
| 13 - General third-party liability | Claims excess |
| | Pure premium for general aviation |
| 15 - Bond insurance | Pure premium |
| 17 - Legal protection | Pure premium |

Ceded premiums during the first half of 2006 amounted to Euro 35,549 thousand.

Inwards reinsurance

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

Technical comments on the lines of business

The following table shows the total technical performance and the performance by group of lines of business in direct and indirect insurance, net of outwards, gross of related operating costs and net of related revenues. Comparative figures of the same period of the previous year are also given.

| Non-life business – Results for the first half of 2006 | | | | (in thousands of Euros) | |
|---|---|--|---------------------------------|--|---|
| | Technical balance of direct insurance net of outwards | Technical balance of indirect insurance net of retroceded business | Change in equalisation reserves | Technical result for the first half of 2006 | Technical result for the first half of 2005 |
| Other non-life lines of business excluding aviation, marine, bonds and credit | -358 | 151 | -43 | -250 | 2,737 |
| Aviation, marine, bonds and credit lines of business | -839 | 65 | -3 | -777 | -2,137 |
| Motor business | 3,514 | 0 | -85 | 3,429 | 2,800 |
| Total non-life business | 2,317 | 216 | -131 | 2,402 | 3,400 |

OTHER NON-LIFE LINES OF BUSINESS EXCLUDING AVIATION, MARINE, BONDS AND CREDIT

Other non-life premiums excluding aviation, marine, bonds and credit grew 9.1% increasing their share of the company's portfolio. The overall technical result plummeted due to the considerable increase in the average cost of large claims in certain lines, despite the reduction in their frequency. In particular:

Accident insurance

Premiums of this line grew 13.3%. The technical result is negative due to the increase in large claims and a worsening in the claims of the previous year, despite the persistent decrease in the frequency of claims.

Health insurance

Premiums fell 3.5% as a result of a more careful underwriting policy. The technical result is negative, despite the significant reduction in the frequency of claims in the period (more than 11%) which was offset by the worsening of certain claims of the previous year.

Fire and natural elements

Premiums continued to grow (up 5.7%), in line with the previous year, notwithstanding the careful underwriting policy followed by the agency network. The technical result was positive, but decreased with respect to the same period of the previous year as a result of an increase in average costs.

Miscellaneous damage

This business includes theft, electrical systems damage and risks related to total buildings policies. Premiums written increased by 9.3%. Despite remaining negative, the technical result shows a considerable improvement in the claims rate for the period.

General third-party liability

Premiums written grew 4.6% largely due to the tariff adjustment performed over the last few years. Average policy premiums in the third-party liability sector increased by

approximately 7% over the same period of the previous year. The technical result was again negative although a lot better than in the same period of 2005.

Pecuniary losses

The growth in this business is mainly due to the start up of activities in the "Cessione del Quinto" (transfer of one fifth of one's salary) sector. Premiums written increased by 17.7% and the technical result was positive, with a further improvement over the same period of the previous year.

Legal protection

Activities in this business were launched on a large scale during the previous year, with covers mainly related to risks arising from the use of cars. Premiums jumped over the same period of the previous year and the technical result was positive, showing continuous improvement.

AVIATION, MARINE, BONDS AND CREDIT LINES OF BUSINESS

Premiums in these lines of business fell 14.1% mainly due to the considerable reduction in space risk-related contracts. The overall technical result is negative but clearly better than the same period of the previous year.

Credit and bond insurance

Premiums grew by 17.1% thanks to the good performance of the agency network and the special unit dedicated to the other insurance brokers and agents sector. The technical result continued to improve although it remained negative due to increased accruals made on a prudent basis to the claims reserves relating to claims reported in previous years.

Aviation property damage – Aviation third-party liability

Premiums in this business plummeted 51.8% and 65.3% in the property damage and third-party liability line respectively. The decrease is due to the particular market conditions, where the significant growth in the policy underwriting offer led to a reduction in tariffs. In this context, the company opted to protect its technical result and abandoned no longer profitable contracts. The technical result for the period, including the related indirect business, remained positive.

Cargo insurance

Premiums written decreased 24.9% due to the changes to legislation governing carriers' third-party liability introduced with Legislative decree no. 286 of 21 November 2005. As a result of such changes, the carrier's liability limit decreased from Euro 6.2/Kg to Euro 1.0/Kg. The technical result was negative.

Marine and rail truck property damage

Premiums in this business grew 20.0% over the same period of the previous year. The technical result was positive.

MOTOR BUSINESS

Overall premiums written grew 2.5%, mainly due to the rise in ancillary covers in the motor third-party liability line, which was achieved notwithstanding the considerable reorganisation made of the portfolios with greater risks. The positive technical result improved over the same period of the previous year.

Motor third-party liability

Premiums written increased slightly by 1.2%, despite the 5.9% rise in vehicles insured in the period, since tariffs remained stable and as a result of the decrease arising from the application of the "no claims bonus" clause. The special restructuring of the portfolios of high risk sectors introduced at the end of the previous year led to a slow down in the business growth, but, at the same time, has already enabled the company to

significantly reduce the number of claims. The average cost of claims increased due to a rise in the number of "serious" claims. The technical result was positive.

Motor vehicle property damage

Premiums rose 7.8%, partly thanks to the continuing development of new business areas linked to the sale of vehicles and related services and the further consolidation of Affinity Groups. The technical result decreased over the same period of the previous year due to a worsening in the claims rate, but remained positive.

Support and assistance

Premiums increased 27.0%. The technical result was positive.

Overheads

Total personnel expenses, other general expenses and depreciation charges, gross of allocation to specific functions (such as claims settlement, sales organisation and asset management) increased by 9.3% from Euro 24,670 thousand in the same period of the previous year to Euro 26,963 thousand.

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

| | (in thousands of Euros) | | |
|----------------------|-------------------------|---------------|------------|
| | 30/06/06 | 30/06/05 | Change % |
| Personnel expenses | 14,529 | 13,384 | 8.6 |
| Other costs | 9,945 | 9,160 | 8.6 |
| Depreciation charges | 2,489 | 2,126 | 17.1 |
| Total | 26,963 | 24,670 | 9.3 |

Overheads as a percentage of premiums grew to 9.6% from 9.2% in the same period of the previous year.

Employees

Employees numbered 365 at 30 June 2006, compared to 355 at the end of 2005 e and 391 at 30 June 2005.

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

| | 30/06/06 | 30/06/2005 | 31/12/2005 |
|----------------------|------------|------------|------------|
| Managers | 20 | 19 | 20 |
| Officers | 102 | 95 | 96 |
| Administrative staff | 280 | 269 | 273 |
| Total | 402 | 383 | 389 |

Commercial organisation

As part of the agency network development plan, five new agencies were set up, 13 were restructured and two were closed during the period. Therefore, agencies at 30 June may be broken down as follows:

| | 30/06/06 | 30/06/2005 | 31/12/2005 |
|--------------|----------|------------|------------|
| Agencies | 232 | 222 | 229 |
| Sub-agencies | 285 | 235 | 251 |

Products

New products were developed and others were reviewed during the period. Activities in this area during the first half of the year can be summarised as follows:

Life business: New products

- "Vittoria Formula Index Milan 2006": life index-linked policy with single premium, directly linked to the S&P MIB market index;
- "Vittoria Formula Equilibrio": term life insurance policy with constant annual premium that provides for the return of part of the premiums paid should the insured party be alive at the end of the contract;
- "Vittoria Formula Futuro": education insurance policy with merit bonus;
- "Vittoria Formula VitaOk": revaluable capital, whole life insurance policy with annual constant premiums.

Other non-life lines of business excluding aviation, marine, bonds and credit: New products

- "Prodotto Incendio ed R.C. della Proprietà": Cover associated with bank loans.

Other non-life lines of business excluding aviation, marine, bonds and credit: Revised products

- "Vittoria Formula Salute", "Vittoria Formula Famiglia" and "Formula Assistenza per un Ente appartenente agli Affinity Groups".

Transport insurance: New products

- "Formula Navigare Più": cover that gives the policyholder the right to recover the entire insured sum in case of boat loss and to obtain compensation for costs and charges in case of assistance or rescue.

Motor lines of business: Revised products

Marketing of products issued in the previous years continued and the "Vittoria Formula Strada" product was revised.

Investments

Investment policies were basically in line with the previous year.

Investments increased by Euro 38,527 thousand or 3.0% over 31 December 2005, totalling Euro 1,324,721 thousand.

They may be analysed as follows:

| (in thousands of Euros) | | | |
|--|------------------|------------------|------------|
| Investments | 30/06/06 | 31/12/05 | Change % |
| Land and buildings | 8,211 | 8,414 | -2 |
| Investments in group and other companies | | | |
| - Equity investments | 141,078 | 135,324 | 4.3 |
| - Loans | - | 3,688 | -100.0 |
| Other financial investments: | | | |
| - Unit trust units | 7,903 | 7,952 | -0.6 |
| - Bonds and other fixed-interest securities | 1,037,236 | 997,885 | 3.9 |
| - Loans | 11,614 | 12,222 | -5.0 |
| Deposits with ceding companies | 615 | 618 | -0.5 |
| Total investments where the company bears the risk | 1,206,657 | 1,166,103 | 6.0 |
| Investments benefiting life policyholders bearing the risk | 118,064 | 120,091 | -1.7 |
| Total investments | 1,324,721 | 1,286,194 | 3.0 |
| Bank accounts and cash-in-hand | 43,723 | 37,021 | 18.1 |

In compliance with paragraph 6 of article 2427 of the Italian Civil Code and Legislative decree no. 173 of 26 May 1997, we note that loans due after one year amount to Euro 5,852 thousand, including Euro 3,586 thousand due after five years. Loans also include Euro 5,216 thousand in loans on life insurance policies which, considering their nature, can be considered as due after more than five years.

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) | 30.06.06 | | 30.06.05 | | Change % |
|---|---------------|-------------------|---------------|-------------------|-------------|
| | Amount | % of breakdown | Amount | % of breakdown | |
| Income on equity investments | 7,717 | 28.9 | 2,133 | 11.3 | |
| Income on other investments: | | | | | |
| - land and buildings | 3 | 0.0 | 9 | 0.0 | |
| - bonds and other fixed-interest securities | 19,442 | 72.9 | 17,303 | 91.6 | |
| - income on unit trust units | 88 | 0.3 | 148 | 0.8 | |
| - interest on loans | 321 | 1.2 | 298 | 1.6 | |
| - interest on reinsurance deposits | -888 | -3.3 | -1,002 | -5.3 | |
| Total income | 26,683 | 100.0 | 18,889 | 100.0 | 41.3 |
| Adjustments to investment values: | | | | | |
| - equity investments | -41 | 23.3 | - | 0.0 | |
| - bonds and other fixed-interest securities | -135 | 76.7 | -251 | 100.0 | |
| Total adjustments to investment values | -176 | 100.0 | -251 | 100.0 | |
| Profit on sale of investments: | | | | | |
| - bonds and other fixed-interest securities | 16 | 100.0 | 1 | 100.0 | |
| Total profit on sale of investments | 16 | 100.0 | 1 | 100.0 | |
| Total income on investments where the company bears the risk | 26,523 | | 18,639 | | 42.3 |
| Net income on investments benefiting life policyholders bearing the risk | 1,792 | | 5,712 | | |
| Total | 28,315 | | 24,351 | | 16.3 |

Ordinary income on investments, net of adjustments, increased by 41.3% over the same period of the previous year, from Euro 18,889 thousand to Euro 26,683 thousand.

The average weighted return on bonds and other fixed-interest securities in the first half of 2006 is 3.9%, almost unchanged against 4.0% in the same period of 2005.

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

| | |
|-------------------------------------|-------|
| Vittoria Immobiliare S.p.A. | 3,574 |
| Immobiliare Bilancia S.r.l. | 391 |
| Immobiliare Bilancia Seconda S.r.l. | 915 |
| Banca Passadore & C. S.p.A. | 106 |
| Cam Finanziaria S.p.A. | 475 |
| Laumor B.V. | 2,250 |
| Downall Italia S.r.l. | 81 |

Buildings

The book value of the company's buildings at period end totalled Euro 8,211 thousand, with a net decrease of Euro 203 thousand, or 2.4%, over 31 December 2005 due to the sale of the units in Foligno - via C. Battisti, 1, partly in Alessandria - Piazza Carducci, 1 and the increase in restructuring work.

Buildings used by the company amount to Euro 454 thousand, those loaned for use to agencies amount to Euro 4,371 thousand and those used by third parties total Euro 3,386 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 1,186,217 thousand at 30 June 2006, a 3.95% increase on the Euro 1,141,161 thousand at 31 December 2005.

Such increase is due to:

| (in thousands of Euros) | | | | |
|--|-----------------------------------|--------------|------------------|------------------|
| | Investments in group companies | Unit trusts | Bonds | Total |
| Balance at 31 December 2005 | 135,324 | 7,952 | 997,885 | 1,141,161 |
| Acquisitions and subscriptions | 5,895 | - | 76,803 | 82,698 |
| Sales and repayments | -100 | -49 | -38,462 | -38,611 |
| Other changes: | | | | |
| - adjustments and write-backs | -41 | - | -135 | -176 |
| - issue and trading discounts | - | - | 1,145 | 1,145 |
| Balance at 30 June 2006 | 141,078 | 7,903 | 1,037,236 | 1,186,217 |
| Realised capital gains and losses on sales and repayments: | | | | |
| - trading portfolio | - | - | 16 | 16 |
| Total net capital gains | - | - | 16 | 16 |

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

- repayment of bonds for Euro 38,462 thousand (including Euro 16,378 thousand held for investment), recording net gains of Euro 16 thousand;
- acquisition of fixed-interest securities maturing within two years and issued by Euro-land countries for Euro 64,041 thousand, all classified as held for investment;
- acquisition of fixed-interest securities maturing in fifteen years and issued by the Italian state for Euro 10,855 thousand, all classified as held for investment;
- acquisitions arising from surrenders of policies and policies not written as per point 2 of article 41 of Legislative decree no. 209 of 7 September 2005 for Euro 1,907 thousand.

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

- Vittoria Immobiliare S.p.A.: subscription of the share capital increase at a cost of Euro 3,926 thousand, Euro 536 thousand of which by using the capital injection for future share capital increases made in 2005 and Euro 3,390 using new funds;
- Vittoria Service S.r.l.: incorporation of this real estate and insurance consulting company, in which Vittoria Assicurazioni subscribed 70% for Euro 56 thousand;
- Marina S.r.l.: collected Euro 100 thousand as partial distribution of available reserves;
- White Finance S.A.: paid in Euro 2,448 thousand as share premium;
- Rita S.r.l.: this investment has been written down by Euro 41 thousand, to adjust its book value to the agreed sales price.

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 31,766 thousand. Related data are 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 Italian 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) decreased by 3.7% to Euro 112,064 thousand (31 December 2005: Euro 116,313 thousand).

The caption is made up as follows:

| | (in thousands of Euros) | | |
|---|-------------------------|----------------|-------------|
| | 30/06/06 | 31/12/05 | Change % |
| Equity investments | 6,402 | 5,544 | 15.5 |
| Unit trusts and OEICs | 74,228 | 75,442 | -1.6 |
| Bonds and other fixed-interest securities | 2,818 | 2,593 | 8.7 |
| Index-linked derivative notes | 28,616 | 32,734 | -12.6 |
| Total | 112,064 | 116,313 | -3.7 |

Vittoria Formula Lavoro Open Pension Fund

The three sectors of the open pension fund at 30 June 2006, net of payables to members for claims under settlement, may be analysed as follows:

| | Members | | Assets | |
|--------------------------|----------|----------|-------------------------|----------|
| | 30/06/06 | 31/12/05 | (in thousands of Euros) | |
| | 30/06/06 | 31/12/05 | 30/06/06 | 31/12/05 |
| Previdenza Garantita | 24 | 25 | 273 | 269 |
| Previdenza Equilibrata | 28 | 30 | 268 | 272 |
| Previdenza Capitalizzata | 106 | 110 | 1,520 | 1,381 |

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 | Technical reserves (1) | Available reserve | Net profit for the year | Total |
|-------------------------------|---------------|---------------|-----------------------|------------------------|-------------------|-------------------------|---------|
| Balance at 31 December 2001 | 30.000 | 3.099 | 20.142 | 6.370 | 26.589 | 10.744 | 96.944 |
| Dividend distribution | = | = | = | = | = | - 3.300 | - 3.300 |
| Allocation of 2001 net profit | = | 537 | = | = | 6.907 | - 7.444 | = |
| 2002 net profit | = | = | = | = | = | 12.806 | 12.806 |
| Balance at 31 December 2002 | 30.000 | 3.636 | 20.142 | 6.370 | 33.496 | 12.806 | 106.450 |
| Dividend distribution | = | = | = | = | = | - 3.600 | - 3.600 |
| Allocation of 2002 net profit | = | 683 | = | = | 8.523 | - 9.206 | = |
| 2003 net profit | = | = | = | = | = | 15.147 | 15.147 |
| Balance at 31 December 2003 | 30.000 | 4.319 | 20.142 | 6.370 | 42.019 | 15.147 | 117.997 |
| Dividend distribution | = | = | = | = | = | - 3.900 | - 3.900 |
| Allocation of 2003 net profit | = | 757 | = | = | 10.490 | - 11.247 | = |
| 2004 net profit | = | = | = | = | = | 17.779 | 17.779 |
| Balance at 31 December 2004 | 30.000 | 5.076 | 20.142 | 6.370 | 52.509 | 17.779 | 131.876 |
| Dividend distribution | = | = | = | = | = | - 4.200 | - 4.200 |
| Allocation of 2004 net profit | = | 889 | = | = | 12.689 | - 13.579 | = |
| 2005 net profit | = | = | = | = | = | 20.330 | 20.330 |
| Balance at 31 December 2005 | 30.000 | 5.965 | 20.142 | 6.370 | 65.198 | 20.330 | 148.005 |
| Dividend distribution | = | = | = | = | = | - 4.500 | - 4.500 |
| Allocation of 2005 net profit | = | 35 | = | = | 15.795 | - 15.830 | = |
| Conversion of bond issue | 244 | = | 928 | = | = | = | 1.172 |
| Net profit for the period | = | = | = | = | = | 13.124 | 13.124 |
| Balance at 30 June 2006 | 30.244 | 6.000 | 21.070 | 6.370 | 80.993 | 13.124 | 157.801 |

(1) It includes the reserves as per Laws no. 72/83, no. 295/78 and no. 413/91

The share capital comprises 30,244,147 fully subscribed and paid-up shares with a nominal value of Euro 1.00 each, as modified following the exercise of bond conversion options up to 30 June 2006.

In their meeting of 26 April 2001, the shareholders approved the issue of 3,750,000 shares for the purpose of the conversion of the "Vittoria Assicurazioni S.p.A. Fixed/Floater 2001/2016 subordinated bond issue convertible into ordinary shares" (ISIN code IT0003184758).

Relationships with group companies and related parties

In its meeting of 19 April 2004, the board of directors approved the company's guidelines governing relationships with related parties. These are included in the annual report on corporate governance.

This section sets out all transactions carried out with group companies during the period. For further information, reference should be made to the section on the notes to the consolidated balance sheet and income statement in the consolidated interim financial statements.

Relationships with 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 50.612% of the share capital, at year end, unchanged with respect to 31 December 2005. Moreover, the direct parent company holds subordinated convertible bonds issued by Vittoria Assicurazioni amounting to Euro 9,240 thousand. The captions other charges of the non-technical account and accrued expenses include Euro 254 thousand relating to the interest payable on such bonds.

No transactions of a trading or supply nature have been carried out with the indirect ultimate parent company Yura International Holding B.V. - Holland, which holds a 68% stake in Vittoria Capital N.V.. Its direct investment at period end was 6.498%.

Moreover, the indirect ultimate parent company holds subordinated convertible bonds issued by Vittoria Assicurazioni for a nominal value of Euro 990 thousand. The captions other changes of the non-technical account and accrued expenses include Euro 27 thousand relating interest payable on such bonds.

Relationships with subsidiaries

Vittoria Immobiliare S.p.A. - Milan

Vittoria Immobiliare paid a dividend of Euro 3,574 thousand to Vittoria Assicurazioni. In order to continue strengthening its financial position, Vittoria Immobiliare increased its share capital against consideration from Euro 7,700 thousand to Euro 12,200 thousand; Vittoria paid in its share equal to Euro 3,926 thousand, Euro 536 thousand of which using the capital injection for future share capital increases made in 2005 and Euro 3,390 thousand using new funds. Its stake therein remained unchanged.

Vittoria Immobiliare S.p.A. holds 50% of Rovimmobiliare S.r.l. (Rome), 35% of Gimatrading S.r.l. (Turin), 49.5% of SIVIM S.r.l. (Milan) and 25% of Mosaico S.p.A. (Turin). It also controls the following companies:

| | | |
|----------------------|-------|-----------|
| Gestimmobili S.r.l. | Milan | 80% stake |
| Interimmobili S.r.l. | Rome | 80% stake |
| V.R.G. Domus S.r.l. | Turin | 51% stake |
| Parco Fidenae S.r.l. | Rome | 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 119 thousand plus VAT was paid for these services).

The net receivable due to Vittoria Immobiliare from Vittoria Assicurazioni arising from the tax consolidation system amounted to Euro 1,837 thousand.

For further details on operations of group companies reference should be made to the consolidated interim financial statements.

Vittoria Properties S.r.l. - Milan

Vittoria Assicurazioni paid rent and reimbursed expenses relating to rent of buildings for Euro 75 thousand to Vittoria Properties S.p.A. during the period.

Vittoria Service S.r.l. – - Milan

This subsidiary, set up on 7 June 2006 with a quota capital of Euro 80 thousand, provides assistance and consulting services in the real estate and insurance sectors.

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 100%. Immobiliare Bilancia paid a dividend of Euro 391 thousand to Vittoria Assicurazioni. The net receivable from Vittoria Assicurazioni arising from the tax consolidation system amounted to Euro 572 thousand.

Immobiliare Bilancia Prima 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 100%. The receivable from Vittoria Assicurazioni arising from the tax consolidation system amounted to Euro 1,389 thousand.

Immobiliare Bilancia Seconda 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 100%. Immobiliare Bilancia Seconda paid a dividend of Euro 915 thousand to Vittoria Assicurazioni. The net payable to Vittoria Assicurazioni arising from the tax consolidation system amounted to Euro 161 thousand.

Immobiliare Bilancia Terza S.r.l. - Milan

The company is dormant.

Interbilancia S.r.l. - Milan

Interbilancia has the following investments:

| | | |
|------------------------------|-------|------------|
| A.Spe.Vi S.r.l. | Milan | 100% stake |
| Vittoria.Net S.r.l. | Milan | 100% stake |
| Aspeca S.r.l. in liquidation | Milan | 80% stake |
| Le Api S.r.l. | Milan | 30% stake |

Interbilancia group companies provided services to Vittoria Assicurazioni at a cost of Euro 636 thousand. They also received brokerage commissions and contributions totalling Euro 1,274 thousand.

Relationships with associated companies

Yarpa International Holding N.V. - Holland

Vittoria Assicurazioni did not carry out any trading or supply transactions with this associated company, and its stake remained 25.0%.

Laumor B.V. - Holland

This associated company repaid Vittoria Assicurazioni the loan of Euro 3,688 thousand. The part of the loan (Euro 3,063 thousand) given for the real estate trading performed by this company through its special purpose vehicles accrued interest at the three-month Euribor rate plus 30 basis points totalling Euro 44 thousand. Laumor B.V. paid a dividend of Euro 2,250 thousand to Vittoria Assicurazioni.

Touring Vacanze S.r.l. - Milan

Vittoria Assicurazioni paid Euro 7.5 thousand plus VAT to this company for advertising services during the period.

White Finance S.A. - Luxemburg

Vittoria Assicurazioni paid White Finance S.A. Euro 2,448 thousand as share premium.

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 policies and other commercial agreements. The total cost of these services amounted to Euro 575 thousand plus VAT.

In compliance with Consob recommendation no. 98015375 dated 27 February 1998 and subsequent recommendation no. 6064293 of 28 July 2006, 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 with a significant impact on the company's technical operating results or financial position, as described in this report. Gross premiums of direct insurance rose 4.5% at the end of July 2006.

From 1 July to 31 July 2006, conversion of the "Vittoria Assicurazioni – Fixed/Floater 2001/2016" bond issue continued totalling Euro 189 thousand. As a result, the share capital increased to Euro 30,283,591, following the issue of 39,444 new shares, at 30 June 2006.

On 9 July 2006, the associated company Yarpa International Holding N.V. distributed a dividend of Euro 20 million, Euro 5 million of which to Vittoria Assicurazioni S.p.A..

In the ordinary meeting held on 14 July 2006, the quotaholders of the subsidiary Immobiliare Bilancia S.r.l. approved the distribution of Euro 16 million from the quota premium reserve, Euro 15.6 million of which due to Vittoria Assicurazioni.

On 17 July 2006, the company subscribed 55.0% of Sas Yafra – Paris (France), a special purpose vehicle set up together with the associated company Yarpa International Holding N.V., which will mainly acquire and manage buildings, including through real estate investment trusts. The initial investment was Euro 86 thousand.

In August, Vittoria Assicurazioni paid another advance of Euro 35 million for the purchase of a real estate area in Milan (Portello area).

The acquisition of Italian government securities for Euro 15,696 thousand is currently being finalised. They will be classified as held for investment.

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:

| | 31/12/2005 | | 30/06/2006 | |
|--|------------|-------|------------|-------|
| | Non-life | Life | Non-life | Life |
| B.I – Acquisition costs To be amortised | 7,410 | 5,408 | 7,152 | 4,944 |
| B.II – Other assets | 15,275 | 339 | 16,180 | 313 |

Other assets relate to deferred costs mainly incurred for the acquisition and development of the IT software applications – the NewAge System– the integrated management tool for all relationships between the agencies, the sales network, the settlement network and the company.

The NewAge system estimated useful life is ten years.

CLASS C – INVESTMENTS

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

| | 31/12/2005 | | 30/06/2006 | |
|---|------------|--------|------------|--------|
| | Non-life | Life | Non-life | Life |
| C.II. – Investments in group and other companies | 97,187 | 41,825 | 97,125 | 43,953 |

Reference should be made to the section "Fixed-interest securities, 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 ARISING FROM PENSION FUND MANAGEMENT

Investments are made up as follows:

| | 31/12/2005 | | 30/06/2006 | |
|---|------------|---------|------------|---------|
| | Non-life | Life | Non-life | Life |
| D.I – Investments relating to unit-linked and index-linked policies | - | 118,169 | - | 116,003 |
| D.II – Investments arising from pension fund management | - | 1,922 | - | 2,061 |

During the period, investments fell 1.69%, 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 4,941 thousand) is set out below by non-life and life business:

| | 31/12/2005 | | 30/06/2006 | |
|--|------------|-------|------------|-------|
| | Non-life | Life | Non-life | Life |
| Receivables due from policyholders | 30,398 | 4,938 | 22,267 | 6,396 |
| Receivables due from brokers and agents | 35,339 | 8,919 | 26,609 | 3,863 |
| Receivables due from insurance companies – current accounts | 4,363 | 118 | 5,477 | 30 |
| Amounts to be recovered from policyholders and third parties | 24,243 | - | 25,222 | - |

Receivables due from policyholders, gross of the related provisions, at 31 December 2005 and 30 June 2006 are as follows:

| | Non-life | Life |
|-----------------------------|----------|-------|
| Balance at 31 December 2005 | 31,498 | 4,964 |
| Balance at 30 June 2006 | 3,138 | 1,731 |

The balances at 30 June include receivables for premiums relating to pertaining to other insurance companies amounting to Euro 827 thousand.

In compliance with paragraph 6 of article 2427 of the Italian Civil Code and Legislative decree no. 173 of 26 May 1997, we note that receivables due after one year amount to Euro 7,332 thousand, including Euro 2,790 thousand due after five years. Such receivables relate to recharges to agents for their premium portfolios.

| | 31/12/2005 | | 30/06/2006 | |
|--|------------|------|------------|------|
| | Non-life | Life | Non-life | Life |
| E.II – Receivables relating to reinsurance business | 10,351 | 24 | 14,549 | 655 |

This caption includes current account receivables showing the reinsurance technical result, net of the related provision of Euro 1,603 thousand.

| | 31/12/2005 | | 30/06/2006 | |
|----------------------------------|------------|--------|------------|--------|
| | Non-life | Life | Non-life | Life |
| E.III - Other receivables | 24,401 | 13,764 | 21,744 | 21,022 |

They mainly consist of receivables due from the tax authorities (Euro 13,747 thousand), which are held to be due after one year given the offhand approach to paying them.

The provision for bad debts totalled Euro 1,357 thousand at 30 June 2006.

In compliance with paragraph 6 of article 2427 of the Italian Civil Code and Legislative decree no. 173 of 26 May 1997, we note that receivables due after one year amount to Euro 13,881 thousand, including Euro 79 thousand due after five years.

CLASS F – OTHER ASSETS

The more significant captions are as follows:

| | 31/12/2005 | | 30/06/2006 | |
|----------------------------|------------|--------|------------|--------|
| | Non-life | Life | Non-life | Life |
| F.II – Liquid funds | 18,258 | 18,763 | 25,758 | 17,965 |

Liquid funds at 30 June 2006 include bank accounts (Euro 43,659 thousand) and cash-in-hand (Euro 64 thousand).

| | 31/12/2005 | | 30/06/2006 | |
|-----------------------------|------------|------|------------|------|
| | Non-life | Life | Non-life | Life |
| F.IV. – Other assets | 5,588 | 887 | 11,339 | 350 |

This caption includes deferred tax assets (Euro 5,964 thousand).

Liabilities

CLASS B –SUBORDINATED LIABILITIES

| 31/12/2005 | | 30/06/2006 | |
|------------|-------|------------|-------|
| Non-life | Life | Non-life | Life |
| 10,800 | 7,200 | 10,097 | 6,731 |

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 on issue: Euro 18,000,000; total residual nominal amount following the exercise of conversion options up to 30 June 2006: Euro 16,828,094.40;
- originally comprising 3,700,000 bonds with a nominal value of Euro 4.80 each; residual bonds at 30 June 2006: 3,505,853;
- 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 (included) to 30 October (included) in 2006, 2007, 2008, 2009 and 2010. In 2011, 2012, 2013, 2014 and 2015, the conversion option can be exercised from 20 May (included) to 10 June (included) of each year. The exercise of the conversion option is suspended in the period from the date of any issuer's board of directors' meetings resolving to call a shareholders' meeting for the approval of financial statements "with dividend distribution" to the date subsequent to the coupon detachment date approved by the same meeting.
- maturity: 1 January 2016;
- convertible into Vittoria Assicurazioni ordinary shares (1 share for each bond);
- early repayment: call option from 1 January 2011;
- subordination clause: in the case of dissolution, liquidation, insolvency or compulsory liquidation of the company, the bonds will be repaid, in terms of residual principal and interest, only after that all other company creditors (unsecured, secured, unsubordinated or with a subordination level lower than those of the bonds) have been satisfied.

Furthermore, the company reserved 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 articles 44 and 45 of Legislative decree no. 209 of 7 September 2005.

CLASS C and D – TECHNICAL RESERVES

A breakdown of the technical reserves of the non-life and life businesses is set out below:

| | 31/12/2005 | 30/06/2006 |
|-------------------|------------------|------------------|
| Non-life business | 474,688 | 499,884 |
| Life business | 723,484 | 738,487 |
| Total | 1,198,172 | 1,238,371 |

Reserves may be broken down as follows:

Non-life business

| | 31/12/2005 | 30/06/2006 |
|--|----------------|----------------|
| Gross premium reserve | 167,031 | 174,659 |
| Reinsurers' share | 39,371 | 31,206 |
| Net reserves | 127,660 | 143,453 |
| Gross claims reserve | 420,944 | 429,916 |
| Reinsurers' share | 78,111 | 78,016 |
| Net reserves | 342,833 | 351,900 |
| Other technical and equalisation reserves, gross | 4,195 | 4,531 |
| Reinsurers' share | - | - |
| Net reserves | 4,195 | 4,531 |
| Total net reserves | 474,688 | 499,884 |

Life business

| | 31/12/2005 | 30/06/2006 |
|---|----------------|----------------|
| Gross mathematical reserves | 598,750 | 625,214 |
| Reinsurers' share | 25,859 | 25,436 |
| Net reserves | 572,891 | 599,778 |
| Gross reserve for payable amounts | 26,745 | 16,809 |
| Reinsurers' share | 21 | 21 |
| Net reserve | 26,724 | 16,788 |
| Other technical reserves, gross | 3,817 | 3,899 |
| Reinsurers' share | 39 | 42 |
| Net reserves | 3,778 | 3,857 |
| Technical reserves where investment risk is borne by policyholders and reserves arising from pension fund management, gross | 120,091 | 118,064 |
| Reinsurers' share | - | - |
| Net reserves | 120,091 | 118,064 |
| Total net reserves | 723,484 | 738,487 |

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

| | 31/12/2005 | | 30/06/2006 | |
|---|------------|-------|------------|-------|
| | Non-life | Life | Non-life | Life |
| C.I.3 – Non-life business – Other technical reserves | | | | |
| Ageing reserve | 2,319 | - | 2,524 | - |
| C.II.3 – Life business – Other technical reserves | | | | |
| Complementary insurance premium reserve | - | 205 | - | 174 |
| Profit participation and reimbursement reserve | - | 11 | - | 11 |
| Other technical reserves | - | 3,601 | - | 3,714 |

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 Italian Civil Code and Legislative decree no. 173 of 26 May 1997, we note that there are no payables due after one year. The only exception is the accrual for employees' leaving entitlement of Euro 5,911 thousand as, given its particular nature, it can be considered to be mostly due after five years.

| | 31/12/2005 | | 30/06/2006 | |
|--|------------|------|------------|-------|
| | Non-life | Life | Non-life | Life |
| G.I – Payables arising from direct insurance business | 7,331 | 548 | 4,937 | 1,229 |

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 business is set out below:

| | 31/12/2005 | | 30/06/2006 | |
|---|------------|------|------------|-------|
| | Non-life | Life | Non-life | Life |
| Payables to insurance brokers and agents | 1,431 | 529 | 622 | 1,212 |
| Current accounts with companies | 4,864 | 17 | 4,312 | - |

| | 31/12/2005 | | 30/06/2006 | |
|--|------------|------|------------|-------|
| | Non-life | Life | Non-life | Life |
| G.II – Payables arising from reinsurance business | 6,633 | 521 | 3,925 | 1,075 |

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

| | 31/12/2005 | | 30/06/2006 | |
|---------------------------------------|------------|-------|------------|-------|
| | Non-life | Life | Non-life | Life |
| G.V – Other payables and loans | 23,537 | 1,631 | 18,296 | 3,105 |

Significant items are analysed below:

| | |
|---|-------|
| - Policyholders' tax due | 7,625 |
| - Other sums payable to tax authorities | 1,152 |
| - Social security charges payable | 1,245 |
| - Accounts payable to creditors and amounts payable to consultants | 4,488 |
| - Amounts payable to group companies following the adoption of the Italian tax consolidation system | 4,023 |

Amounts payable to group companies following the adoption of the Italian tax consolidation system related to the subsidiaries Vittoria Immobiliare S.p.A. (Euro 1,837 thousand), Immobiliare Bilancia S.r.l. (Euro 572 thousand) and Immobiliare Bilancia Prima S.r.l. (Euro 1,389 thousand). Accounts payable to creditors include Euro 143 thousand relating to invoices issue by the related company S.In.T. S.p.A. and Euro 9 thousand to invoices issued by the associated company Touring Vacanze S.r.l..

| | 31/12/2005 | | 30/06/2006 | |
|----------------------------------|------------|-------|------------|-------|
| | Non-life | Life | Non-life | Life |
| G.VII – Other liabilities | 9,703 | 1,210 | 6,779 | 6,143 |

The more significant captions are as follows:

| | |
|---|-------|
| - Technical accounts to be settled with agencies | 774 |
| - Commissions on premiums under collection | 5,003 |
| - Invoices and notes to be received including those from the subsidiary Interbilancia S.r.l. (Euro 48 thousand) and the related company S.In.T. S.p.A. (Euro 48 thousand) | 1,775 |

GUARANTEES, COMMITMENTS AND OTHER MEMORANDUM AND CONTINGENCY ACCOUNTS

| | 31/12/2005 | | 30/06/2006 | |
|---|------------|---------|------------|---------|
| | Non-life | Life | Non-life | Life |
| Guarantees, commitments and other memorandum and contingency accounts | 516,442 | 624,507 | 555,567 | 650,803 |

Memorandum and contingency accounts at 30 June 2006 may be analysed as follows:

| | |
|--------------------------------------|-----------|
| - Third party assets | 4,962 |
| - Securities held by third parties | 1,114,981 |
| - Commitments | 63,416 |
| - Assets pertaining to pension funds | 2,061 |
| - Other guarantees given | 20,500 |
| - Other guarantees received | 450 |

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 | |
|------------------------|-----------------|------------|----------------|------------|
| | 30/06/2005 | 30/06/2006 | 30/06/2005 | 30/06/2006 |
| Change in gross amount | 6,186 | 7,699 | 15,110 | 9,134 |
| Reinsurers' share | 2,017 | 1,273 | -1,445 | 39 |

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:

| amounts | Mathematical reserves and other technical reserves | | Reserves for payable | |
|------------------------|--|------------|----------------------|------------|
| | 30/06/2005 | 30/06/2006 | 30/06/2005 | 30/06/2006 |
| Change in gross amount | 22,984 | 24,146 | 2,254 | 9,935 |
| Reinsurers' share | -1,257 | 418 | - | - |

| | 30/06/2005 | 30/06/2006 |
|---|------------|------------|
| III.7 – Other income | 828 | 920 |
| The more significant captions are as follows: | | |
| - Interest on current accounts with insurance and reinsurance companies | 7 | 34 |
| - Interest on bank current accounts | 407 | 551 |
| - Interest on tax receivables and agents' recharges | 194 | 197 |
| - Financial income | 35 | 99 |
| - Exchange rate gains on technical and financial captions | 96 | - |

| | 30/06/2005 | 30/06/2006 |
|---|--------------|--------------|
| III.8 – Other charges | 2,292 | 2,742 |
| The more significant captions are as follows: | | |
| - Interest on current accounts with insurance and reinsurance companies | 32 | 50 |
| - Amortisation charge of intangible assets | 1,320 | 1,584 |
| - Interest on subordinated loan | 495 | 463 |
| - Exchange rate losses on technical and financial captions | - | 230 |

| | | |
|---|--------------|------------|
| III.10 – Extraordinary income | 4,513 | 303 |
| The more significant captions are as follows: | | |
| - Capital gains on the sale buildings held for investment | 209 | 106 |
| - Capital gains from the sale of long-term bonds | 4,093 | - |
| - Prior year items | 207 | 197 |

| | | |
|--|-----------|-----------|
| III.11 – Extraordinary expense | 52 | 70 |
| The more significant captions are as follows: | | |
| - Costs on the sale of buildings held for investment | 26 | 18 |
| - Prior year items | 16 | 52 |

Other information

Solvency margin

On the basis of the financial position as at 30 June 2006, 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 both 1.7 times the margin.

Assets allocated to cover technical reserves

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

Non-life business

| | (in millions of Euros) | | |
|---|------------------------|--------------|-----------------------|
| | 31/12/2005 | 30/06/2006 | Increase/ Decrease |
| Technical reserves | 589.7 | 606.9 | 17.2 |
| Change in assets used | | | |
| Loans and other similar securities | | | 19.6 |
| Equity and other similar securities | | | 2.8 |
| Real estate | | | 2.9 |
| Receivables due from reinsurers | | | -0.6 |
| Receivables due from policyholders | | | -5.3 |
| Receivables due from insurance brokers and agents | | | -7.0 |
| Acquisition costs to be amortised | | | -0.2 |
| Bank accounts | | | 5.1 |
| Total assets | | | 17.2 |

Life business

| | (in millions of Euros) | | |
|--|------------------------|--------------|-----------------------|
| | 31/12/2005 | 30/06/2006 | Increase/ Decrease |
| Mathematical reserves and other technical reserves | 602.0 | 628.6 | 26.5 |
| Reserve for payable amounts | 26.7 | 16.8 | -9.9 |
| Technical reserves | 628.7 | 645.3 | 16.6 |

Change in assets used

| | |
|---|-------------|
| Loans and other similar securities | 18.3 |
| Equity and other similar securities | 2.6 |
| Real estate | -6.9 |
| Receivables due from policyholders | 2.4 |
| Receivables due from insurance brokers and agents | -5.6 |
| Acquisition costs to be amortised | -0.4 |
| Bank accounts | 6.2 |
| Total assets | 16.6 |

| | (in millions of Euros) | | |
|---|------------------------|--------------|-----------------------|
| | 31/12/2005 | 30/06/2006 | Increase/ Decrease |
| Technical reserves where investment risk is borne by policyholders | 120.1 | 118.1 | -2.0 |
| Assets allocated | | | -2.0 |

Board of Directors

Milan, 8 September 2006

Reclassified balance sheet

(in thousands of Euros)

| ASSETS | 30/06/2006 | 31/12/2005 |
|--|------------|------------|
| Investments | | |
| Land and buildings | 8,211 | 8,414 |
| Investments in group and other companies | | |
| - Equity investments | 141,078 | 135,324 |
| - Loans | - | 3,688 |
| Other financial investments: | | |
| - Unit trust units | 7,903 | 7,952 |
| - Bonds and other fixed-interest securities | 1,037,236 | 997,885 |
| - Loans | 11,614 | 12,222 |
| Deposits with ceding companies | 615 | 618 |
| Investments benefiting life policyholders | 118,064 | 120,091 |
| Total investments | 1,324,721 | 1,286,194 |
| Receivables | | |
| Receivables relating to direct insurance business from: | | |
| - Policyholders | 28,663 | 35,336 |
| - Insurance brokers and agents | 30,472 | 44,258 |
| - Current account companies | 5,507 | 4,481 |
| - Amounts to be recovered from policyholders and third parties | 25,222 | 24,243 |
| Receivables relating to reinsurance business | 15,204 | 10,375 |
| Other receivables | 42,766 | 38,166 |
| Total receivables | 147,834 | 156,859 |
| Intangible assets | 28,589 | 28,432 |
| Tangible assets and inventory | 4,226 | 4,422 |
| Liquid funds | 43,723 | 37,021 |
| Other assets | 6,330 | 5,719 |
| Prepayments and accrued income | 15,096 | 13,935 |
| TOTAL ASSETS | 1,570,519 | 1,532,582 |

Reclassified balance sheet

(in thousands of Euros)

| LIABILITIES AND SHAREHOLDERS' EQUITY | 30/06/2006 | 31/12/2005 |
|---|------------------|------------------|
| Shareholders' equity | | |
| - Share capital | 30,244 | 30,000 |
| - Share premium reserve | 21,070 | 20,142 |
| - Revaluation reserves | 6,370 | 6,370 |
| - Legal reserve | 6,000 | 5,965 |
| - Other reserves | 80,993 | 65,198 |
| - Net profit for the period | 13,124 | 20,330 |
| Total shareholders' equity | 157,801 | 148,005 |
| Subordinated liabilities | 16,828 | 18,000 |
| Technical reserves, net of reinsurance | | |
| - Premium reserve | 143,453 | 127,659 |
| - Claims reserve | 351,899 | 342,833 |
| - Mathematical reserves | 599,778 | 572,891 |
| - Reserve for amounts payable | 16,789 | 26,724 |
| - Other technical reserves | 8,388 | 7,974 |
| - Technical reserves where investment risk is borne by policyholders and reserves relating to pension fund management | 118,064 | 120,091 |
| Total technical reserves | 1,238,371 | 1,198,172 |
| Payables | | |
| Deposits from reinsurers | 106,295 | 106,301 |
| Payables arising from direct insurance business due to: | | |
| - Insurance brokers and agents | 1,834 | 1,960 |
| - Current account companies | 4,312 | 4,881 |
| - Guarantee deposits paid by policyholders | 19 | 4 |
| - Guarantee funds in favour of policyholders | - | 1,034 |
| Payables arising from reinsurance business | 5,000 | 7,154 |
| Other sums payable | 21,401 | 25,168 |
| Total payables | 138,861 | 146,502 |
| Provisions for contingencies and other charges | 4,713 | 4,818 |
| Employees' leaving entitlement | 5,911 | 5,921 |
| Other liabilities | 7,564 | 10,160 |
| Accrued expenses and deferred income | 470 | 1,004 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | 1,570,519 | 1,532,582 |

Reclassified profit and loss account

(in thousands of Euros)

| | First half of 2006 | First half of 2005 | 2005 |
|---|-----------------------|-----------------------|---------------|
| Technical account | | | |
| Life business: | | | |
| Direct insurance | | | |
| (+) Gross premiums accounted for | 58,032 | 52,521 | 117,760 |
| (-) Charges relating to claims | 39,096 | 37,535 | 91,497 |
| (-) Change in mathematical and other technical reserves | 24,146 | 22,984 | 42,720 |
| (+) Other technical captions, net | 512 | 581 | 1,111 |
| (-) Operating costs | 6,484 | 6,951 | 13,754 |
| (+) Income on investments where the company bears the risk- Class C - net of the portion transferred to the non-technical account | 13,568 | 11,367 | 24,885 |
| (+) Income on investments where policyholders bear the risk - Class D | 1,792 | 5,712 | 9,343 |
| Direct insurance result | 4,178 | 2,711 | 5,128 |
| Outwards reinsurance result | -79 | -84 | 614 |
| Retained direct insurance result | 4,099 | 2,627 | 5,742 |
| Indirect and retroceded insurance result | -32 | -23 | -55 |
| Result of life business technical account | 4,067 | 2,604 | 5,687 |
| Non-life business: | | | |
| Direct insurance | | | |
| (+) Gross premiums accounted for | 221,788 | 214,484 | 432,416 |
| (-) Change in premium reserve | 7,843 | 6,637 | 8,178 |
| (-) Charges relating to claims | 150,330 | 147,537 | 295,776 |
| (-) Change in other technical reserves | 205 | 238 | 484 |
| (+) Other technical captions, net | -1,676 | -2,606 | -3,251 |
| (-) Operating costs | 58,315 | 53,709 | 111,166 |
| Direct insurance result | 3,419 | 3,757 | 13,561 |
| Outwards reinsurance result | -1,101 | -469 | -3,172 |
| Retained direct insurance result | 2,318 | 3,288 | 10,389 |
| Indirect and retroceded insurance result | 215 | 235 | 331 |
| Total retained insurance result | 2,533 | 3,523 | 10,720 |
| (-) Change in equalisation reserves | 131 | 122 | 260 |
| (+) Income on investments transferred from the non-technical account | 9,515 | 5,075 | 10,170 |
| Result of non-life business technical account | 11,917 | 8,476 | 20,630 |
| Result of technical account | 15,984 | 11,080 | 26,317 |
| (+) Income on non-life business investments net of the portion transferred to the technical account | 2,216 | 1,181 | 2,356 |
| (+) Income on investments transferred from the life business technical account | 1,225 | 1,016 | 2,246 |
| (+) Other income | 920 | 828 | 2,008 |
| (-) Other charges | 2,742 | 2,292 | 6,321 |
| Result of ordinary business | 17,603 | 11,813 | 26,606 |
| (+) Extraordinary income | 303 | 4,513 | 4,725 |
| (-) Extraordinary expense | 70 | 52 | 79 |
| Profit before taxation | 17,836 | 16,274 | 31,252 |
| (-) Taxation on profit for the period/year | 4,712 | 5,956 | 10,922 |
| Net profit for the period/year | 13,124 | 10,318 | 20,330 |

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 | 0 | 0 |
| B. Intangible assets | | | |
| 1. Acquisition costs to be amortised | 12,096 | 13,687 | 12,818 |
| 2. Other assets | 16,493 | 15,149 | 15,614 |
| Total | 28,589 | 28,836 | 28,432 |
| C. Investments | | | |
| I - Land and buildings | 8,211 | 8,506 | 8,414 |
| II - Investments in group and other companies | | | |
| 1. Equity investments | 141,078 | 189,398 | 135,324 |
| 2. Bonds | 0 | 0 | 0 |
| 3. Loans | 0 | 5,115 | 3,688 |
| Total investments in group and other companies | 141,078 | 194,513 | 139,012 |
| III. - Other financial investments | | | |
| 1. Equity investments | 0 | 0 | 0 |
| 2. Unit trust units | 7,903 | 8,280 | 7,952 |
| 3. Bonds and other fixed-interest securities | 1,037,236 | 907,464 | 997,885 |
| 4. Loans | 11,614 | 12,364 | 12,222 |
| 5. Other | 0 | 0 | 0 |
| Total other financial investments | 1,056,753 | 928,108 | 1,018,059 |
| IV - Deposits with ceding companies | 615 | 966 | 618 |
| Total | 1,206,657 | 1,132,093 | 1,166,103 |
| D. Investments benefiting life policyholders bearing the risk and stemming from pension fund management | | | |
| I - Investments relating to unit-linked and index-linked policies | 116,003 | 128,609 | 118,169 |
| II - Investments stemming from pension fund management | 2,061 | 1,896 | 1,922 |
| Total | 118,064 | 130,505 | 120,091 |
| D.bis Reinsurers' share of technical reserves | | | |
| I - Non-life business technical reserves | 109,222 | 118,296 | 117,482 |
| II - Life business technical reserves (excluding those mentioned in point III) | 25,500 | 24,521 | 25,918 |
| III - Life business technical reserves where investment risk is borne by policyholders and reserves arising from pension fund management | 0 | 0 | 0 |
| Total | 134,722 | 142,817 | 143,400 |
| E. Receivables | | | |
| I - Receivables relating to direct insurance | 89,864 | 95,199 | 108,318 |
| II - Receivables relating to reinsurance business | 15,204 | 13,330 | 10,375 |
| III. - Other receivables | 42,766 | 10,820 | 38,165 |
| Total | 147,834 | 119,349 | 156,858 |
| F. Other assets | | | |
| I - Tangible assets and inventory | 4,226 | 4,521 | 4,422 |
| II - Liquid funds | 43,723 | 33,565 | 37,021 |
| III - Own shares | 0 | 0 | 0 |
| IV - Other assets | 11,689 | 11,383 | 6,475 |
| Total | 59,638 | 49,469 | 47,918 |
| G. Prepayments and accrued income | 15,096 | 14,010 | 13,934 |
| TOTAL ASSETS | 1,710,600 | 1,617,079 | 1,676,736 |

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 30,244 | 110 30,000 | 184 30,000 |
| II - Share premium reserve | 37 21,070 | 111 20,142 | 185 20,142 |
| III - Legal reserve | 38 6,000 | 112 5,965 | 186 5,965 |
| IV - Other equity reserves | 39 87,363 | 113 71,569 | 187 71,569 |
| V - Retained earnings or losses carried forward | 40 0 | 114 0 | 188 0 |
| VI - Net profit (loss) for the period/year | 41 13,124 | 115 10,318 | 189 20,330 |
| Total | 42 157,801 | 116 137,994 | 190 148,006 |
| B. Subordinated liabilities | 43 16,828 | 117 18,000 | 191 18,000 |
| C. Technical reserves | | | |
| I - Non-life businesses | | | |
| 1. Premium reserve | 44 174,659 | 118 165,627 | 192 167,031 |
| 2. Claims reserve | 45 429,916 | 119 408,799 | 193 420,944 |
| 3. Other technical reserves | 46 2,524 | 120 2,074 | 194 2,319 |
| 4. Equalisation reserves | 47 2,007 | 121 1,738 | 195 1,876 |
| Total non-life business technical reserves | 48 609,106 | 122 578,238 | 196 592,170 |
| II - Life businesses | | | |
| 1. Mathematical reserves | 49 625,215 | 123 569,054 | 197 598,750 |
| 2. Reserve for payable amounts | 50 16,809 | 124 15,959 | 198 26,745 |
| 3. Other technical reserves | 51 3,899 | 125 3,419 | 199 3,817 |
| Total life business technical reserves | 52 645,923 | 126 588,432 | 200 629,312 |
| Total | 53 1,255,029 | 127 1,166,670 | 201 1,221,482 |
| D. Technical reserves where investment risk is borne by policyholders and reserves arising from pension fund management | | | |
| I - Reserves arising from index-linked policies | 54 116,003 | 128 128,609 | 202 118,169 |
| II - Reserves arising from pension fund management | 55 2,061 | 129 1,896 | 203 1,922 |
| Total | 56 118,064 | 130 130,505 | 204 120,091 |
| E. Provisions for contingencies and other charges | 57 4,713 | 131 4,001 | 205 4,818 |
| F. Deposits from reinsurers | 58 106,295 | 132 103,049 | 206 106,301 |
| G. Payables and other liabilities | | | |
| I - Payables arising from direct insurance business | 59 6,166 | 133 5,518 | 207 7,879 |
| II - Payables arising from reinsurance business | 60 5,000 | 134 13,024 | 208 7,154 |
| 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 21,401 | 137 16,090 | 211 25,168 |
| VI - Employees' leaving entitlement | 64 5,911 | 138 5,366 | 212 5,921 |
| VII - Other liabilities | 65 12,922 | 139 16,361 | 213 10,913 |
| Total | 66 51,400 | 140 56,359 | 214 57,035 |
| H. Accrued expenses and deferred income | 67 470 | 141 501 | 215 1,003 |
| TOTAL LIABILITIES | 68 1,710,600 | 142 1,617,079 | 216 1,676,736 |

GUARANTEES, COMMITMENTS AND OTHER MEMORANDUM AND CONTINGENCY ACCOUNTS

| | | | |
|---|--------------|---------------|---------------|
| I. Guarantees given | 69 20,500 | 143 20,500 | 217 20,500 |
| II. Guarantees received or given by third parties in the interest of the company | 70 450 | 144 270 | 218 400 |
| III. Commitments | 71 63,416 | 145 0 | 219 47,460 |
| IV. Assets pertaining to pension funds managed in favour and on behalf of third parties | 72 2,061 | 146 1,896 | 220 1,922 |
| V. Other | 73 1,119,943 | 147 1,116,299 | 221 1,070,667 |
| TOTAL MEMORANDUM AND CONTINGENCY ACCOUNTS | 74 1,206,370 | 148 1,138,965 | 222 1,140,949 |

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 | 180,087 ⁵⁷ | 168,609 ¹¹³ | 342,532 |
| 2 (+) Income on investments transferred from non-technical account (caption III. 6) | 9,515 ⁵⁸ | 5,075 ¹¹⁴ | 10,170 |
| 3 Other technical income, net of outwards reinsurance | 967 ⁵⁹ | 1,197 ¹¹⁵ | 1,636 |
| 4 Charges relating to claims, net of recoveries and outwards reinsurance | 125,469 ⁶⁰ | 118,876 ¹¹⁶ | 230,074 |
| 5 Change in other technical reserves, net of outwards reinsurance | 205 ⁶¹ | 238 ¹¹⁷ | 484 |
| 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 | 38,623 ⁶³ | 32,794 ¹¹⁹ | 76,285 |
| b) Administrative costs | 11,581 ⁶⁴ | 10,571 ¹²⁰ | 21,719 |
| Total | 50,204 ⁶⁵ | 43,365 ¹²¹ | 98,004 |
| 8 Other technical charges, net of outwards reinsurance | 2,643 ⁶⁶ | 3,804 ¹²² | 4,886 |
| 9 Change in equalisation reserves | 131 ⁶⁷ | 122 ¹²³ | 260 |
| 10 Result of non-life business technical account | 11,917 ⁶⁸ | 8,476 ¹²⁴ | 20,630 |
| II. LIFE BUSINESS TECHNICAL ACCOUNT | | | |
| 1 Premiums, net of outwards reinsurance | 56,385 ⁶⁹ | 50,768 ¹²⁵ | 114,681 |
| 2 Income on investments | | | |
| a) Income on investments | 16,328 ⁷⁰ | 13,928 ¹²⁶ | 30,290 |
| c) Write-backs of adjustments to investment values | 10 ⁷¹ | 1 ¹²⁷ | 0 |
| d) Profit on sale of investments | 16 ⁷² | 5 ¹²⁸ | 14 |
| Total | 16,354 ⁷³ | 13,934 ¹²⁹ | 30,304 |
| 3 Income and unrealised capital gains relating to investments benefitting policyholders who bear the risk and investments stemming from pension fund management | 4,103 ⁷⁴ | 6,740 ¹³⁰ | 12,779 |
| 4 Other technical income, net of outwards reinsurance | 521 ⁷⁵ | 584 ¹³¹ | 1,136 |
| 5 Charges relating to claims, net of outwards reinsurance | 37,409 ⁷⁶ | 37,399 ¹³² | 90,931 |
| 6 Change in mathematical reserves and other technical reserves, net of outwards reinsurance | | | |
| a) Mathematical reserves, complementary insurance premium reserve and other technical reserves | 26,591 ⁷⁷ | 21,698 ¹³³ | 50,410 |
| b) Technical reserves where investment risk is borne by policyholders and reserves arising from pension fund management | -2,027 ⁷⁸ | 28 ¹³⁴ | -10,386 |
| Total | 24,564 ⁷⁹ | 21,726 ¹³⁵ | 40,024 |
| 7 Reversals and profit participation, net of outwards reinsurance | 2 ⁸⁰ | 0 ¹³⁶ | -1 |
| 8 Operating costs | | | |
| a) Acquisition costs, net of commissions and profit participation received from reinsurers | 3,141 ⁸¹ | 3,601 ¹³⁷ | 7,335 |
| b) Administrative costs | 3,076 ⁸² | 3,098 ¹³⁸ | 6,045 |
| Total | 6,217 ⁸³ | 6,699 ¹³⁹ | 13,380 |

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 1,456 ⁸⁴ | 1,449 ¹⁴⁰ | 2,838 |
| b) Adjustments to investment values | 29 105 ⁸⁵ | 99 ¹⁴¹ | 331 |
| c) Loss on sale of investments | 30 0 ⁸⁶ | 4 ¹⁴² | 4 |
| Total | 31 1,561 ⁸⁷ | 1,552 ¹⁴³ | 3,173 |
| 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 2,310 ⁸⁸ | 1,028 ¹⁴⁴ | 3,436 |
| 11 Other technical charges, net of outwards reinsurance | 33 8 ⁸⁹ | 2 ¹⁴⁵ | 25 |
| 12 (-) Income on investments transferred to non-technical account (caption III.4) | 34 1,225 ⁹⁰ | 1,016 ¹⁴⁶ | 2,246 |
| 13 Result of life business technical account | 35 4,067 ⁹¹ | 2,604 ¹⁴⁷ | 5,686 |
| III. NON-TECHNICAL ACCOUNT | | | |
| 1 Result of non-life business technical account (caption I.10) | 36 11,917 ⁹² | 8,476 ¹⁴⁸ | 20,630 |
| 2 Result of life business technical account (Caption II.13) | 37 4,067 ⁹³ | 2,604 ¹⁴⁹ | 5,686 |
| 3 Income on investments in non-life business | | | |
| a) Income on investments | 38 12,961 ⁹⁴ | 7,860 ¹⁵⁰ | 15,925 |
| b) Write-backs of adjustments to investment values | 39 16 ⁹⁵ | 0 ¹⁵¹ | 0 |
| c) Profit on sale of investments | 40 0 ⁹⁶ | 0 ¹⁵² | 0 |
| Total | 41 12,977 ⁹⁷ | 7,860 ¹⁵³ | 15,925 |
| 4 (+) Income on investments transferred from non-life business technical account (caption II.12) | 42 1,225 ⁹⁸ | 1,016 ¹⁵⁴ | 2,246 |
| 5 Capital and financial charges of non-life business | | | |
| a) Investment management charges and interest payable | 43 1,150 ⁹⁹ | 1,451 ¹⁵⁵ | 2,723 |
| b) Adjustments to investment values | 44 96 ¹⁰⁰ | 153 ¹⁵⁶ | 675 |
| c) Loss on sale of investments | 45 0 ¹⁰¹ | 0 ¹⁵⁷ | 0 |
| Total | 46 1,246 ¹⁰² | 1,604 ¹⁵⁸ | 3,398 |
| 6 (-) Income on investments transferred to non-life business technical account (caption I.2) | 47 9,515 ¹⁰³ | 5,075 ¹⁵⁹ | 10,170 |
| 7 Other income | 48 920 ¹⁰⁴ | 828 ¹⁶⁰ | 2,008 |
| 8 Other expense | 49 2,742 ¹⁰⁵ | 2,292 ¹⁶¹ | 6,321 |
| 9 Result of ordinary business | 50 17,603 ¹⁰⁶ | 11,813 ¹⁶² | 26,606 |
| 10 Extraordinary income | 51 303 ¹⁰⁷ | 4,513 ¹⁶³ | 4,725 |
| 11 Extraordinary expense | 52 70 ¹⁰⁸ | 52 ¹⁶⁴ | 79 |
| 12 Result of extraordinary business | 53 233 ¹⁰⁹ | 4,461 ¹⁶⁵ | 4,646 |
| 13 Profit (loss) before taxation | 54 17,836 ¹¹⁰ | 16,274 ¹⁶⁶ | 31,252 |
| 14 Taxation on profit for the period/year | 55 4,712 ¹¹¹ | 5,956 ¹⁶⁷ | 10,922 |
| 15 Net profit (loss) for the period/year | 56 13,124 ¹¹² | 10,318 ¹⁶⁸ | 20,330 |

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

Figures for the first half of 2006

(in thousands of Euros)

| Progr. no. | Type | Listed or unlisted | Business activity | Name and registered offices | Currency | Share/quota capital | | Number of shares | Book value (€) | | Percentage held (%) | | Total % |
|------------|------|--------------------|-------------------|--|----------|---------------------|-------------|------------------|----------------|--------|---------------------|------------|---------|
| | | | | | | Amount -4 | N/L | | Amount | -6 | Direct % | Indirect % | |
| 1 | B | NQ | 2 | VITTORIA IMMOBILIARE S.p.A. - Galleria San Babila 4/b - 20122 Milano | 242 | 12,200,000 | 24,400 | V | 8,743 | 54.75 | 8,743 | 54.75 | |
| 1 | B | NQ | 2 | VITTORIA IMMOBILIARE S.p.A. - Galleria San Babila 4/b - 20122 Milano | 242 | 12,200,000 | 24,400 | D | 9,292 | 32.49 | 9,292 | 32.49 | |
| 2 | C | NQ | 9 | S.I.N.T. S.p.A. - Piazza Bodoni 3 - 10123 Torino | 242 | 1,000,000 | 1,000,000 | D | 258 | 14.79 | 258 | 14.79 | |
| 3 | E | NQ | 2 | B.P.C. S.p.A. - Via Roma 3 - 16121 Genova | 242 | 9,635,000 | 20,500,000 | D | 1,990 | 19.91 | 1,990 | 19.91 | |
| 4 | E | NQ | 2 | GRUPPO G.P.A. S.p.A. - Via Melchiorre Gioia 124 - 20125 Milano | 242 | 8,528,000 | 16,400,000 | D | 3,101 | 5.00 | 3,101 | 5.00 | |
| 5 | E | Q | 2 | CAM FINANZIARIA S.p.A. - Via Sempione 230 - 20016 Pero MI | 242 | 187,223,471 | 360,045,137 | D | 28,276 | 4.40 | 28,276 | 4.40 | |
| 6 | E | NQ | 3 | BANCA PASSADORE & C. S.p.A. - Via E. Vernazza 27 - 16121 Genova | 242 | 35,000,000 | 35,000,000 | D | 3,540 | 2.76 | 3,540 | 2.76 | |
| 7 | E | NQ | 3 | BCR COOP VALDOSTANA Soc. Coop. - Frazione Taxel 26 - 11020 Gressan AO | 242 | 1,893,776 | 367,011 | D | 41 | 1.04 | 41 | 1.04 | |
| 8 | E | NQ | 3 | BCC PAD-ORIENT-ROVIGO Soc. Coop. - Via Casalini n.10 - 45100 Rovigo | 242 | 630,441 | 24,397 | D | 3 | 0.41 | 3 | 0.41 | |
| 9 | E | NQ | 3 | BANCA POPOLARE ETICA Soc. Coop. - Piazzetta Forzate 2 - 35137 Padova | 242 | 19,010,594 | 368,137 | D | 52 | 0.27 | 52 | 0.27 | |
| 10 | E | NQ | 9 | DOWNALL ITALIA S.r.l. - Piazza Sicilia 6 - 20125 Milano | 242 | 100,000 | 100,000 | D | 3 | 5.08 | 3 | 5.08 | |
| 11 | E | NQ | 9 | SOFIGEA S.r.l. in liq. - Via della Frezza 70 - 00186 Roma | 242 | 47,664,600 | 47,664,600 | D | 705 | 1.46 | 705 | 1.46 | |
| 12 | E | NQ | 9 | U.C.I. S.coms.r.l. - C.so Sempione 39 - 20145 Milano | 242 | 510,000 | 1,000,000 | D | 4 | 0.69 | 4 | 0.69 | |
| 13 | E | NQ | 9 | RITA S.r.l. - P.zza San Babila 1 - 20122 Milano | 242 | 5,720,000 | 11,000,000 | D | 12 | 0.93 | 12 | 0.93 | |
| 14 | E | NQ | 9 | CESTAR S.coms.r.l. - Via Pisacane 48 - 20016 Pero MI | 242 | 2,040,000 | 2,040,000 | D | 15 | 0.71 | 15 | 0.71 | |
| 15 | E | NQ | 2 | MEDINVEST INT. S.C.A. - I, Avenue de la Gare - Lussemburgo | 242 | 76,636,000 | 7,663,600 | D | 3,001 | 3.91 | 3,001 | 3.91 | |
| 16 | D | NQ | 2 | YARPA INT. HOLDING N.V. - Herengracht 483, 1017 BT - Amsterdam | 242 | 675,000 | 1,500 | D | 9,282 | 25.00 | 9,282 | 25.00 | |
| 17 | B | NQ | 2 | INTERBILANCIA S.r.l. - Via Caldera, 21 - 20153 Milano | 242 | 80,000 | 80,000 | D | 78 | 80.00 | 78 | 80.00 | |
| 18 | B | NQ | 4 | IMMOBILIARE BILANCIA S.r.l. - Galleria San Babila 4/b - 20122 MILANO | 242 | 2,000,000 | 2,000,000 | V | 31,250 | 97.66 | 31,250 | 97.66 | |
| 19 | D | NQ | 2 | LAUMOR BV - Herengracht 483, 1017 BT - Amsterdam | 242 | 20,000 | 40 | D | 6 | 25.00 | 6 | 25.00 | |
| 20 | D | NQ | 9 | TOURING VACANZE S.r.l. - Corso Italia n.10 - 20122 Milano | 242 | 12,900,000 | 12,900,000 | D | 5,525 | 24.00 | 5,525 | 24.00 | |
| 21 | B | NQ | 4 | VITTORIA PROPERTIES S.r.l. - Via Caldera n.21 - 20153 Milano | 242 | 4,000,000 | 4,000,000 | V | 3,960 | 99.00 | 3,960 | 99.87 | |
| 22 | B | NQ | 4 | IMMOBILIARE BILANCIA PRIMA S.r.l. - Galleria San Babila 4/b - 20122 Milano | 242 | 2,000,000 | 2,000,000 | D | 2,400 | 100.00 | 2,400 | 100.00 | |
| 23 | B | NQ | 4 | IMMOBILIARE BILANCIA SECONDA S.r.l. - Galleria San Babila 4/b - 20122 Milano | 242 | 1,000,000 | 1,000,000 | D | 8,500 | 100.00 | 8,500 | 100.00 | |
| 24 | B | NQ | 4 | IMMOBILIARE BILANCIA TERZA S.r.l. - Galleria San Babila 4/b - 20122 Milano | 242 | 100,000 | 100,000 | D | 100 | 100.00 | 100 | 100.00 | |
| 25 | E | NQ | 3 | BCC APUANA Soc. Coop. - Via E.Chiesa n.4 - 54100 Massa | 242 | 3,712,506 | 14,334 | D | 50 | 1.35 | 50 | 1.05 | |
| 26 | E | NQ | 2 | LIGURIA S.p.A. - Via Cesare Mangili 6 - 20121 Milano | 242 | 5,600,000 | 5,600,000 | D | 516 | 10.30 | 516 | 10.30 | |
| 27 | E | Q | 2 | MEDIOBANCA S.p.A. - P.ta E.Cuccia n.1 - 20121 Milano | 242 | 400,319,208 | 800,638,415 | D | 11,443 | 0.15 | 11,443 | 0.15 | |
| 28 | E | NQ | 9 | MEDIORISCHI S.p.A. - Via Melchiorre Gioia 124 - 20125 Milano | 242 | 102,000 | 102,000 | D | 11 | 5.35 | 11 | 5.35 | |
| 29 | E | NQ | 2 | BCM & Partners LLP - 102 Jermyn Street - SW1Y 6EE Londra | 2 | 1,396,225 | 1,396,225 | D | 207 | 10.00 | 207 | 10.00 | |
| 30 | E | NQ | 2 | MARINA S.r.l. - Via Cesare Mangili 6 - 20121 Milano | 242 | 100,000 | 100,000 | D | 730 | 19.98 | 730 | 19.98 | |
| 31 | D | NQ | 2 | WHITE FINANCE S.A. - 5, Boulevard de la Foire - L1528 Lussemburgo | 242 | 1,000,000 | 800,000 | D | 7,880 | 32.17 | 7,880 | 32.17 | |
| 32 | E | NQ | 3 | BCC COMPENSORIO DEL CUOIO - Via Prov. Francesca Nord 78 - 56022 Casterif | 242 | 5,201,000 | 10,402 | D | 50 | 0.96 | 50 | 0.96 | |
| 33 | B | NQ | 9 | VITTORIA SERVICE S.r.l. - Via Caldera 21 - 20153 Milano | 242 | 80,000 | 80,000 | D | 56 | 70.00 | 56 | 96.17 | |

(*) List of group companies and other companies held either directly and through trustee 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 2006 (in thousands of Euros)

| | | Equity investments C.II.1 | Bonds C.II.2 | Loans C.II.3 |
|---|---|------------------------------|-----------------|-----------------|
| Opening book value | + | 1 93,498 | 21 | 41 3,688 |
| Increases:..... | + | 2 3,767 | 22 | 42 |
| for: acquisitions, subscriptions or lending | | 3 3,767 | 23 | 43 |
| write-backs | | 4 | 24 | 44 |
| revaluations | | 5 | 25 | 45 |
| other changes | | 6 | 26 | 46 |
| Decreases:..... | - | 7 141 | 27 | 47 3,688 |
| for: sales or repayments | | 8 100 | 28 | 48 3,688 |
| write-downs | | 9 41 | 29 | 49 |
| other changes | | 10 | 30 | 50 |
| Total | | 11 97,124 | 31 | 51 |
| Current value | | 12 102,721 | 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 2006 (in thousands of Euros)

| | | Equity investments C.II.1 | Bonds C.II.2 | Loans C.II.3 |
|---|---|------------------------------|-----------------|-----------------|
| Opening book value | + | 1 41,825 | 21 | 41 |
| Increases: | + | 2 2,128 | 22 | 42 |
| for: acquisitions, subscriptions or lending | | 3 2,128 | 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 43,953 | 31 | 51 |
| Current value | | 12 43,953 | 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)

Figures for the first half of 2006

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 | 61 |
| b) unlisted shares | 14 | 26 | 38 | 50 | 62 | 62 |
| c) quotas | 15 | 27 | 39 | 51 | 63 | 63 |
| 2. Unit trust units | 16 | 28 | 40 | 52 | 64 | 64 |
| 3. Bonds and other fixed-interest securities | 779 | 563 | 5,000 | 5,210 | 5,779 | 5,773 |
| a1) listed government bonds | 18 | 161,823 | 30 | 278,996 | 54 | 440,819 |
| a2) other listed securities | 19 | 115,937 | 31 | 278,996 | 55 | 394,933 |
| b1) unlisted government bonds | 20 | 44,675 | 32 | 56 | 43,053 | 44,675 |
| b2) other unlisted securities | 21 | | 33 | | 57 | |
| c) convertible bonds | 22 | 1,211 | 34 | 58 | 1,211 | 1,211 |
| 5. Other | 23 | 35 | 47 | 59 | 71 | 71 |
| | 24 | 36 | 48 | 60 | 72 | 72 |

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 | 133 |
| b) unlisted shares | 86 | 98 | 110 | 122 | 134 | 134 |
| c) quotas | 87 | 99 | 111 | 123 | 135 | 135 |
| 2. Unit trust units | 88 | 100 | 112 | 124 | 136 | 136 |
| 3. Bonds and other fixed-interest securities | 2,124 | 3,117 | 113 | 125 | 2,124 | 3,117 |
| a1) listed government bonds | 89 | 453,873 | 102 | 167,725 | 138 | 621,602 |
| a2) other listed securities | 90 | 312,481 | 103 | 164,509 | 127 | 476,994 |
| b1) unlisted government bonds | 91 | 134,924 | 104 | 1,779 | 128 | 136,703 |
| b2) other unlisted securities | 92 | 6,468 | 105 | 1,437 | 141 | 7,905 |
| c) convertible bonds | 93 | 107 | 107 | 131 | 143 | 143 |
| 5. Other | 94 | 108 | 108 | 132 | 144 | 144 |

(1) amount stated in the half-year report

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Consolidated interim
financial statements
as at and for the
six months ended
30 June 2006

Board of directors' meeting
held on 8 September 2006



Format and content

The consolidated interim financial statements as at and for the six months ended 30 June 2006, prepared in accordance with IFRS, are presented in conformity with ISVAP regulation no. 1207-L of 6 July 1999, as subsequently amended and integrated, and article 81 of the Regulation implementing Legislative decree no. 58 of 24 February 1998, relating to issuer regulations, adopted by Consob with resolution no. 11971 of 14 May 1999, as subsequently amended and integrated.

As required by the above Consob and ISVAP provisions, these consolidated interim financial statements comply with the International Financial Reporting Standard applicable to interim reporting. They comprise the financial schedules required by ISVAP regulation no. 2460 of 10 August 2006 (balance sheet, income statement, statement of changes in equity, cash flow statement and accounting schedules). They also comprise the additional disclosures required by IFRS (IAS 34) or useful to give a clearer view of data reported.

The disclosures provided also consider the provisions of Consob communication no. 6064293 of 28 July 2006.

The 2005 half year comparative figures included in these consolidated interim financial statements are those included in the IFRS reconciliation schedules published in connection with the approval of the 2005 consolidated half year report.

As required by Consob resolution no. 11971 of 14 May 1999 and subsequent amendments and integrations, 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 are given in thousands of Euros.

Accounting policies

The accounting policies adopted for the preparation of the consolidated interim financial statements are consistent with those used for the annual consolidated financial statements. Accordingly, reference should be made to the section "Accounting policies" of the consolidated financial statements as at and for the year ended 31 December 2005. Nevertheless, given the shorter timespan compared to that allowed for annual financial statements and as this is an interim report, the directors have adopted a suitable approach to estimates, in line with management data.

Other relevant information

The Vittoria Assicurazioni Group is active in the insurance business solely through the parent. As part of its strategy aimed at optimising the risk/return ratio, it has focused part of its investments in the real estate business (trading, development and real estate brokerage and management services) where it is active through Vittoria Immobiliare S.p.A. and other group companies.

Certain group companies provide services mainly aimed at supporting the parent's insurance operations.

The direct parent of Vittoria Assicurazioni is Vittoria Capital N.V., with registered offices in Amsterdam (Holland), while the ultimate parent is the Luxembourg-based Yura S.A.

Directors' report

The economy and insurance market

2006 commenced showing encouraging signs for the global economy, expected to grow at a pace of roughly 3% throughout the year, in line with the average growth rate of the last ten years (United Nations estimate).

US is again the growth driver, but developing countries, especially China and India, are increasing their contribution.

According to Eurostat, prospects are also promising for Euroland countries, with the European economy growing at a rate that, on an annual basis, approximates 2%.

The money markets saw the following actions taken by central banks: after its measure of 10 May, the FED has again increased the interest rate on FED funds by 25 basis points, to 5.25%, while the European Central Bank brought the interest rate on refinancing transactions to 3.00% on 3 August.

Both central banks aimed at containing inflation which, especially in Europe, is constantly negatively affected by the tensions in the oil product markets.

On the exchange rate side, the Euro appreciated against the main global currencies, particularly the US dollar, during the first six months of 2006. This trend is not expected to change in the short term, considering the current deficit figures of the US economy.

In Italy, according to the data issued by ISTAT, GDP grew 1.5% on an annual basis during the first quarter of 2006. The European Commission forecasts a 2006 growth rate of 1.6%, which is better than the zero growth rate of 2005 but clearly lower than the above-mentioned European average.

With reference to financial markets, the equity markets performed well in the first six months of the year (the S&P/MIB index went up by 5.62%) while bond markets were negatively affected by the tensions in the international money markets and lost 3.58% (source: FTSE Italy Govt Performance index).

The real estate sector showed a slow down compared to the fast-pace growth rates recorded in the last few years.

Italian insurance sector data may be summarised as follows.

Gross premiums written in 2005 totalled Euro 73,470 million in the life business (up 12.0% over the previous year) and Euro 36,308 million in the non-life business (up 2.5% over the previous year).

Growth in the non-life business was driven by the non-motor lines of business, especially the property, transport and accident and health insurance.

Overall new life business (individual policies), fell 6.3% in the first four months of the year compared to the same period of 2005.

The decrease was especially seen in Classes I and V, relating to the "traditional" policies which lost 11.9%, while policies in Class III, i.e. those entailing a greater financial component, rose slightly by 1.1%.

Performance of Vittoria Assicurazioni Group

The profit for the first half of 2006 attributable to the shareholders of the parent totalled Euro 20,652 thousand, down 16.2% on the figure for the same period of 2005 (Euro 24,641 thousand).

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

Companies forming part of the group are listed in part A) consolidation scope of the notes to the consolidated financial statements.

Investments totalled Euro 1,489,705 thousand. They are split between investments where policyholders bear the risk (Euro 119,124 thousand) and investments where the group bears the risk (Euro 1,370,581 thousand). They are largely in line with the figure at 31 December 2005 (Euro 1,490,422).

Net gains on investments where the group bears the risk decreased by 23.1% from Euro 50,747 thousand of the same period of the previous year to Euro 39,032 thousand.

As already mentioned, previous years' inventories of real estate trading operations, almost exclusively carried out by Italian companies, are nearly finished and current activities are mainly focused on medium- to long-term development and promoting the business.

The profit attributable to the shareholders of the parent is net of a technical accrual of Euro 1,227 thousand to the life business technical reserves, since the investments in the subsidiaries Vittoria Immobiliare S.p.A. and Immobiliare Bilancia S.r.l. are partly allocated to the separately-managed life businesses and, therefore, part of the parent's income recognised in the consolidated accounts is to be attributed to the policyholders.

Equity attributable to the shareholders of the parent amounted to Euro 213,420 thousand while that attributable to minority interests accounted for Euro 6,372 thousand.

The option to convert the subordinated bonds into shares of the parent became exercisable this year. Following the exercise of conversion options, the share capital of the parent at 30 June 2006 went from Euro 30,000,000 to Euro 30,244,147.

Given the group's performance during the period, the directors have reasonably estimated 2006 consolidated ROE to be 16%, based on equity net of the reserve for unrealised capital gains directly recognised in equity following the application of IFRS (item 1.1.7 of the balance sheet - page 89).

The net profit for the first half of the parent, calculated under Italian GAAP, increased 27.2% to Euro 13,124 thousand (Euro 10,318 thousand in the same period of the previous year).

INSURANCE BUSINESS

Profit from the insurance business, gross of taxes and intersegment eliminations, totalled Euro 29,257 thousand (first half of 2005: Euro 18,819 thousand). The main operations contributing to this result are described below.

Total revenue totalled Euro 280,474 thousand at period end, up 4.8% over the same period of the previous year (Euro 267,649 thousand). It comprises insurance premiums issued (Euro 273,060

thousand) and index-linked and unit-linked investment contracts and the Vittoria Formula Lavoro open pension fund (Euro 7,414 thousand).

Direct life business premiums rose 1.0% over the first half of the previous year. Periodic recurring premiums account for 43.3% of premiums written, while single premiums account for 56.7%.

Direct non-life business premiums increased 3.4%. Specifically:

- premiums of the motor business increased 2.5% (motor third-party liability + 1.2%; motor vehicle property damage + 7.8%; support and assistance +27.0%; marine third-party liability +22.3%). The increase is attributable to new business since tariffs remained substantially stable. The rise in premiums is a consequence of the further strengthening of the commercial organisation and the particular care dedicated to the Affinity Groups. The actions put in place to change the portfolio mix in order to achieve a positive technical result have enabled the parent to decrease the frequency of claims by 8% with respect to the same period of the previous year;
- other non-life premiums excluding aviation, marine, bonds and credit rose 9.1% while premiums relating to aviation, marine, bonds and credit fell 14.1%.

Overheads as a percentage of premiums grew to 9.6% from 9.3% in the same period of the previous year.

REAL ESTATE BUSINESS

Profit from the real estate business, gross of taxes and intersegment eliminations; totalled Euro 6,383 thousand (first half of 2005: Euro 32,487 thousand). The main income statement items contributing to this result, gross of intragroup eliminations, comprise:

- gains on property for trading (Euro 9,000 thousand) and development activities (Euro 232 thousand) totalling Euro 9,232 thousand;
- revenue on real estate brokerage and management services (Euro 1,993 thousand) and rent income (Euro 648 thousand).

The group's share of the profit of associates totalled Euro 11,117 thousand (first half of 2005: Euro 3,021 thousand). This profit, which is recognised in the non-life business section of the income statement by business segment, mainly relates to real estate companies.

SERVICE BUSINESS

Revenue from the services rendered by group companies during the period, gross of intragroup transactions, totalled Euro 1,909 thousand. It includes Euro 1,594 thousand in commissions and services provided to the parent and Euro 320 thousand to third parties.

Profit for the period of this business, gross of income taxes and minority interests, came in at Euro 126 thousand (first half of 2005: Euro 117 thousand).

INSURANCE BUSINESS

Performance

Premiums earned are recognised in the consolidated financial statements net of revenue on index-linked and unit-linked policies and that relating to the Vittoria Formula Lavoro open pension fund, which do not qualify for recognition as premiums under IFRS 4. This revenue totalled Euro 7,414 thousand (first half of 2005: Euro 2,409 thousand).

Premiums earned therefore totalled Euro 273,060 thousand at period end. The following table shows the portfolio mix and changes by business (life and non-life lines of business):

| | (in thousands of Euros) | | | | |
|---|-------------------------|----------------|-------------|----------------------------|--------------|
| | 30/06/06 | 30/06/05 | Change % | Percentage of portfolio | |
| | | | | 2006 | 2005 |
| Domestic direct insurance | | | | | |
| Life business | | | | | |
| I Whole and term life insurance | 26,683 | 24,954 | 6.9 | 9.8 | 9.4 |
| IV Health insurance | 195 | 185 | 5.4 | 0.1 | 0.1 |
| V Capitalisation insurance | 23,740 | 24,973 | -4.9 | 8.7 | 9.4 |
| Total life business | 50,618 | 50,112 | 1.0 | 18.5 | 18.9 |
| Non-life business | | | | | |
| Other non-life premiums excluding aviation, marine, bonds and credit | 51,340 | 47,063 | 9.1 | 18.8 | 17.7 |
| Premiums relating to aviation, marine, bonds and credit | 6,323 | 7,365 | -14.1 | 2.3 | 2.8 |
| Motor business | 164,125 | 160,056 | 2.5 | 60.1 | 60.3 |
| Non-life business | 221,788 | 214,484 | 3.4 | 81.2 | 80.9 |
| Total direct insurance | 272,406 | 264,596 | 3.0 | 99.8 | 99.8 |
| Domestic indirect insurance | | | | | |
| Life business | 2 | 10 | -80.0 | 0.0 | 0.0 |
| Non-life business | 652 | 634 | 2.8 | 0.2 | 0.2 |
| Total indirect insurance | 654 | 644 | 1.6 | 0.2 | 0.2 |
| Total | 273,060 | 265,240 | 2.9 | 100.0 | 100.0 |

Revenue on index-linked and unit-linked policies and that relating to the Vittoria Formula Lavoro open pension fund, which do not qualify for recognition as premiums under IFRS 4, totalled Euro 7,414 thousand (first half of 2005: Euro 2,409 thousand).

Life business

Insurance and investment contracts of the life business

The products currently offered by the parent cover all insurance lines of business, the savings sector (revaluable policies relating to the separately-managed business), protection (policies covering risks of death, disablement and non-self-sufficiency) and supplementary pension plans (individual pension schemes and open pension fund). The product mix includes unit-linked financial policies. Products offered include policies that grant the beneficiary the option to convert the benefit earned into annuity. Conversion takes place at the terms effective when the option is exercised. Tariffs used comprise endowment, whole life and term life policies, both on an annual and single premium basis, fixed term policies and group tariffs for the whole life, term life and/or disablement policies.

Contractual terms are updated on an ongoing basis and are in line with the market. As required by ISVAP circular no. 551D, the parent integrated them with the new prospectuses and posted them to its website.

Premiums

Direct insurance premiums rose 1.0%, largely due to the growth in the premiums of Class I - Whole and term life insurance (up 6.9%) offset by a fall in premiums earned in Class V - Capitalisation (down 4.9%).

Claims, accrued sums and annuities and surrenders

Summarised figures relating to direct insurance claims, accrued sums and annuities and surrenders at period end and comparative figures of the same period of the previous year are set out below.

| | (in thousands of Euros) | |
|----------------------------|-------------------------|---------------|
| | 30/06/2006 | 30/06/2005 |
| Claims | 1,389 | 884 |
| Accrued sums and annuities | 17,812 | 19,988 |
| Surrenders | 8,771 | 8,735 |
| Total | 27,972 | 29,607 |

Reinsurance

Outwards reinsurance

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

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

Ceded premiums during the first half of 2006 amounted to Euro 1,648 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

Premiums

Direct insurance premiums written in the first half of 2006 totalled Euro 221,788 thousand (first half of 2005: Euro 214,484 thousand), showing an increase of 3.4%.

Claims

Reported claims

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

| | (in thousands of Euros) | | | | | |
|---|-------------------------|----------------|---------------|----------------|-------------|--------------|
| | 30/06/2006 | | 30/06/2005 | | Change % | |
| | number | total cost | number | total cost | number | total cost |
| Other non-life lines of business excluding aviation, marine, bonds and credit | 14,957 | 34,539 | 14,659 | 28,001 | 2.03 | 23.35 |
| Aviation, marine, bonds and credit lines of business | 252 | 4,505 | 321 | 3,251 | -21.50 | 38.57 |
| Motor business | 42,178 | 106,607 | 41,883 | 100,600 | 0.70 | 5.97 |
| Total non-life business | 57,387 | 145,651 | 56,863 | 131,852 | 0.92 | 10.47 |

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 30/06/06 | | | In gross recovered from reinsurers | Claims paid 30/06/05 | | | Change in gross claims % |
| | Current year | Previous years | Total | | Current year | Previous years | Total | |
| Other non-life lines of business excluding aviation, marine, bonds and credit | 5,172 | 17,625 | 22,797 | 959 | 5,013 | 15,627 | 20,640 | 10.50 |
| Aviation, marine, bonds and credit lines of business | 1,254 | 3,821 | 5,075 | 3,028 | 1,154 | 7,087 | 8,241 | -38.40 |
| Motor business | 29,916 | 84,390 | 114,306 | 21,347 | 28,963 | 75,033 | 103,996 | 9.90 |
| Total non-life business | 36,342 | 105,836 | 142,178 | 25,334 | 35,130 | 97,747 | 132,877 | 7.00 |

The cost includes the additional charge to the guarantee fund for road casualties of Euro 3,199 thousand (first half of 2005: Euro 3,084 thousand).

Claims settlement rate

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

| | (percentages) | | | | | |
|-------------------------------|--------------------|----------|----------|----------------------|----------|----------|
| | current generation | | | previous generations | | |
| | 30/06/06 | 30/06/05 | 31/12/05 | 30/06/06 | 30/06/05 | 31/12/05 |
| Accident insurance | 30.80 | 31.08 | 55.26 | 45.52 | 40.62 | 64.71 |
| Health insurance | 66.90 | 64.28 | 74.96 | 29.10 | 22.93 | 69.61 |
| Motor property damage | 73.84 | 72.49 | 84.83 | 69.71 | 65.04 | 90.97 |
| Fire and natural events | 60.71 | 50.71 | 67.03 | 42.21 | 29.82 | 42.12 |
| Miscellaneous damage - theft | 60.23 | 57.80 | 79.34 | 51.23 | 55.18 | 74.29 |
| Motor third-party liability | 50.47 | 49.72 | 67.68 | 49.31 | 49.66 | 70.20 |
| General third-party liability | 37.55 | 33.37 | 55.83 | 28.34 | 21.84 | 42.37 |

Reinsurance

Outwards reinsurance

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

The main existing treaties relate to:

Non-life business

Accident insurance
Aviation property damage

Cargo insurance
Fire and natural events
Motor third-party liability

Aviation third-party liability
General third-party liability

Bond insurance
Legal protection

Type of treaty

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

Inwards reinsurance

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

Ceded and retroceded premiums during the first half of 2006 amounted to Euro 35,927 thousand.

Technical performance

The performance of the main lines of business, which showed a 3.4% increase in premiums during the period over the same period of the previous year, may be analysed as follows:

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

Other non-life premiums excluding aviation, marine, bonds and credit grew 9.1% increasing their share of the parent's portfolio. The overall technical result plummeted due to the considerable increase in the average cost of large claims in certain lines, despite the reduction in their frequency. In particular:

Accident insurance

Premiums of this line grew 13.3%. The technical result is negative due to the increase in large claims and a worsening in the claims of the previous year, despite the persistent decrease in the frequency of claims.

Health insurance

Premiums fell 3.5% as a result of a more careful underwriting policy. The technical result is negative, despite the significant reduction in the frequency of claims in the period (more than 11%) which was offset by the worsening of certain claims of the previous year.

Fire and natural events

Premiums continued to grow (up 5.7%), in line with the previous year, notwithstanding the careful underwriting policy followed by the agency network. The technical result was positive, but decreased with respect to the same period of the previous year as a result of an increase in average costs.

Miscellaneous damage

This business includes theft, electrical systems damage and risks related to total buildings policies. Premiums written increased by 9.3%. Despite remaining negative, the technical result shows a considerable improvement in the claims rate for the period.

General third-party

Premiums written grew 4.6% largely due to the tariff adjustment performed over the last few years. Average policy premiums in the third-party liability sector increased by approximately 7% over the same period of the previous year. The technical result was again negative although a lot better than in the same period of 2005.

Pecuniary losses

The growth in this business is mainly due to the start up of activities in the "Cessione del Quinto" (transfer of one fifth of one's salary) sector. Premiums written increased by 17.7% and the technical result was positive, with a further improvement over the same period of the previous year.

Legal protection

Activities in this business were launched on a large scale during the previous year, with covers mainly related to risks arising from the use of cars. Premiums jumped over the same period of the previous year and the technical result was positive, showing continuous consolidation.

Aviation, marine, bonds and credit lines of business

Premiums in these lines of business fell 14.1% mainly due to the considerable reduction in space risk-related contracts. The overall technical result is negative but clearly better than the same period of the previous year.

Credit and bond insurance

Premiums grew by 17.1% thanks to the good performance of the agency network and the special unit dedicated to the other insurance brokers and agents sector. The technical result continued to improve although it remained negative due to increased accruals made on a prudent basis to the claims reserves relating to claims reported in previous years.

Aviation property damage – Aviation third-party liability

Premiums in this business plummeted 51.8% and 65.3% in the property damage and third-party liability line respectively. The decrease is due to the particular market conditions, where the significant growth in the policy underwriting offer led to a reduction in tariffs. In this context, the parent opted to protect its technical result and abandoned no longer profitable contracts. The technical result for the period, including the related indirect business, remained positive.

Cargo insurance

Premiums written decreased 24.9% due to the changes to legislation governing carriers' third-party liability introduced with Legislative decree no. 286 of 21 November 2005. As a result of such changes, the carrier's liability limit decreased from Euro 6.2/Kg to Euro 1.0/Kg. The technical result was negative.

Marine and railway truck property damage

Premiums in this business grew 20.0% over the same period of the previous year. The technical result was positive.

Motor business

Overall premiums written grew 2.5%, mainly due to the rise in ancillary covers in the motor third-party liability line, which was achieved notwithstanding the considerable reorganisation made of the portfolios with greater risks. The positive technical result improved over the same period of the previous year.

Motor third-party liability

Premiums written increased slightly by 1.2%, despite the 5.9% rise in vehicles insured in the period, since tariffs remained stable and as a result of the decrease arising from the application of the "no claims bonus" clause. The special restructuring of the portfolios of high risk sectors introduced at the end of the previous year led to a slow down in the business growth, but, at the same time, has already enabled the company to significantly reduce the number of claims. The average cost of claims increased due to a rise in the number of "serious" claims. The technical result was positive.

Motor vehicle property damage

Premiums rose 7.8%, partly thanks to the continuing development of new business areas linked to the sale of vehicles and related services and the further consolidation of Affinity Groups. The technical result decreased over the same period of the previous year due to a worsening in the

claims rate but remained positive.

Support and assistance

Premiums increased 27.0%. The technical result was positive.

Overheads

Total insurance overheads, which include personnel expenses, other costs and amortisation/depreciation charges, gross of allocation to specific functions, such as claims settlement, sales organisation and asset management, increased by 7.1% from Euro 25,022 thousand in the first half of the previous year to Euro 26,802 thousand.

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

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

| (in thousands of Euros) | | | |
|---|-----------------|-----------------|---------------|
| ANALYSIS OF COSTS - Direct insurance | 30/06/06 | 30/06/05 | Change |
| Personnel expenses | 14,291 | 13,661 | 4.6% |
| Other costs and amortisation/depreciation | 12,511 | 11,361 | 10.1% |
| Total overheads | 26,802 | 25,022 | 7.1% |

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

Overheads accounted for 9.6% of total premiums, compared to 9.3% in the same period of the previous year.

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

| (in thousands of Euros) | | | |
|---|-----------------|-----------------|---------------|
| ALLOCATION BY FUNCTION | 30/06/06 | 30/06/05 | Change |
| Investment management costs | 541 | 489 | 10.6% |
| Commissions and other acquisition costs | 9,782 | 8,629 | 13.4% |
| Other administrative costs | 9,246 | 9,621 | -3.9% |
| Charges relating to claims | 5,263 | 4,591 | 14.6% |
| Other costs (unallocated depreciation) | 445 | 438 | 1.6% |
| Other costs (amortisation) | 1,525 | 1,254 | 21.6% |
| Total costs by function | 26,802 | 25,022 | 7.1% |

Commercial organisation

Within the context of the agency network development plan, five new agencies were set up and 13 were restructured during the period. Moreover, two agencies were closed and, therefore, the parent had 232 general agencies and 285 professional sub-agencies at period end.

Products

New products were developed and others were reviewed during the period. Activities in this area during the first half of the year can be summarised as follows:

Life business: New products

- “Vittoria Formula Index Milan 2006”: life index-linked policy with single premium, directly linked to the S&P MIB market index;
- “Vittoria Formula Equilibrio”: term life insurance policy with constant annual premium that provides for the return of part of the premiums paid should the insured party be alive at the end of the contract;
- “Vittoria Formula Futuro”: education insurance policy with merit bonus;
- “Vittoria Formula VitaOk”: revaluable capital, whole life insurance policy with annual constant premiums.

Other non-life lines of business excluding aviation, marine, bonds and credit: New products

- “Prodotto Incendio ed R.C. della Proprietà”: Cover associated with bank loans.

Other non-life lines of business excluding aviation, marine, bonds and credit: Revised products

- “Vittoria Formula Salute”, “Vittoria Formula Famiglia” and “Formula Assistenza per un Ente appartenente agli Affinity Groups”.

Transport insurance: New products

- “Formula Navigare Più”: cover that gives the policyholder the right to recover the entire insured sum in case of boat loss and to obtain compensation for costs and charges in case of assistance or rescue.

Motor business: Revised products

Marketing of products issued in the previous years continued and the “Vittoria Formula Strada” product was revised.

REAL ESTATE BUSINESS

Profit for the period of this business, gross of income taxes and minority interests, came in at Euro 6,383 thousand (first half of 2005: Euro 32,487 thousand).

Operations of the group in the real estate sectors include trading, brokerage and management of own and third party property.

The key operating results of the group companies are set out below.

Trading activities

The following companies are active in this sector:

- **Vittoria Immobiliare S.p.A. - Milan**

This company operates in the real estate development and trading sector, both directly and through special purpose real estate companies; turnover from the sale of property amounted to Euro 15,696 thousand. Closing inventory totalled Euro 32,448 thousand.

- **V.R.G. Domus S.r.l. - Turin**

The company continued its "Spina 1" real estate operation in Turin. Turnover from the sale of property amounted to Euro 18,919 thousand. Closing inventory totalled Euro 10,590 thousand.

- **Immobiliare Bilancia S.r.l. - Milan**

This company, active in the real estate trading business, achieved revenue on the sale of property totalling Euro 17,668 thousand. Closing inventory totalled Euro 17,269 thousand.

- **Immobiliare Bilancia Seconda S.r.l. - Milan**

This company, again active in the real estate trading business, achieved revenue on the sale of property totalling Euro 4,650 thousand. Its inventory totalled Euro 6,122 thousand.

Brokerage activities

The following companies are active in this sector:

- **Interimmobili S.r.l. – Rome**

Its real estate brokerage activities brought in Euro 3,117 thousand in revenue, gross of intragroup eliminations. During the half year, the company continued to sell buildings mainly in Rome, Turin and Milan on the basis of the warrants of sale granted by group companies and leading institutional investors, social security bodies and building contractors.

- **Vittoria Service S.r.l. – Milan**

This company was set up in June and is expected to start operations before the end of 2006.

Management activities

Gestimmobili S.r.l. based in Milan, is active in this sector, especially in the administrative and technical management of property. Its overall revenue totalled Euro 661 thousand during the period.

Overheads

Real estate overheads, gross of intersegment eliminations, are set out below:

| (in thousands of Euros) | | | |
|---|-----------------|-----------------|---------------|
| ANALYSIS OF COSTS | 30/06/06 | 30/06/05 | Change |
| Personnel expenses | 1,329 | 1,597 | -16.8% |
| Other costs and amortisation/depreciation | 3,730 | 4,300 | -13.3% |
| Total cost by nature | 5,059 | 5,897 | -14.2% |

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

SERVICE BUSINESS

Profit for the period of this business, gross of income taxes and minority interests, came in at Euro 126 thousand (first half of 2005: Euro 117 thousand).

Overheads

Service business overheads, gross of intersegment eliminations, are set out below:

| (in thousands of Euros) | | | |
|---|-----------------|-----------------|---------------|
| ANALYSIS OF COSTS | 30/06/06 | 30/06/05 | Change |
| Personnel expenses | 313 | 373 | -16.1% |
| Other costs and amortisation/depreciation | 1,471 | 1,793 | -18.0% |
| Total cost by nature | 1,784 | 2,166 | -17.6% |

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

Investments – Cash and cash equivalents - Property

Investments, cash and cash equivalents and property totalled Euro 1,489,705 thousand, down Euro 717 thousand over the previous year end.

(in thousands of Euros)

| | 30/06/2006 | 31/12/2005 | Change |
|---|------------------|------------------|---------------|
| INVESTMENTS - CASH AND CASH EQUIVALENTS - PROPERTY | | | |
| Investment property | - | - | n.v. |
| - Investments in subsidiaries | - | - | |
| - Investments in associates | 43,157 | 31,477 | |
| - Interests in joint venture | - | - | |
| Investments in subsidiaries and associates and interests in joint ventures | 43,157 | 31,477 | 37.1% |
| - Reinsurance deposits | 615 | 618 | |
| - Other loans and receivables | 12,386 | 16,244 | |
| Loans and receivables | 13,001 | 16,862 | -22.9% |
| A Held to maturity investments | 146,915 | 71,687 | 104.9% |
| - Equity investments | 67,968 | 69,593 | |
| - OEIC units | 8,890 | 8,744 | |
| - Bonds and other fixed-interest securities | 940,938 | 983,470 | |
| B Financial assets available for sale | 1,017,796 | 1,061,807 | -4.1% |
| - Investments where policyholders bear the risk | 119,124 | 122,758 | |
| - Investments where the group bears the risk at fair value through profit or loss | - | - | |
| Financial assets at fair value through profit or loss | 119,124 | 122,758 | -3.0% |
| C | | | |
| - Equity investments held for trading | - | - | |
| - OEIC units held for trading | - | - | |
| - Bonds and other fixed-interest securities held for trading | 3,225 | 1,607 | |
| - Other financial assets held for trading | - | - | |
| D Financial assets held for trading | 3,225 | 1,607 | 100.7% |
| Financial assets at fair value through profit or loss | 122,349 | 124,365 | -1.6% |
| Cash and cash equivalents | 67,519 | 75,016 | -10.0% |
| Property under construction | 27,771 | 35,056 | |
| Property held for trading | 36,031 | 58,458 | |
| Owner-occupied property | 15,166 | 15,694 | |
| Property | 78,968 | 109,208 | -27.7% |
| TOTAL INVESTMENTS | 1,489,705 | 1,490,422 | 0.0% |
| of which | | | |
| Investments where the Group bears the risk | 1,370,581 | 1,367,664 | 0.2% |
| Investments where policyholders bear the risk | 119,124 | 122,758 | -3.0% |

They may be analysed as follows:

Investments where the group bears the risk

Investments where the group bears the risk totalled Euro 1,370,581 thousand (31 December 2005: Euro 1,367,664 thousand).

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

A) Held to maturity investments:

- repayment of bonds for Euro 86 thousand;
- purchase of Italian fixed-interest treasury bonds for Euro 74,896 thousand.

B) Financial assets available for sale:

- repayment of bonds for Euro 38,192 thousand;
- purchase of Italian fixed-interest treasury bonds for Euro 15,696 thousand;
- partial repayment of closed-end real estate investment trusts for Euro 48 thousand;
- collection of Euro 100 thousand from Marina S.r.l. as partial distribution of reserves;
- an impairment loss of Euro 41 thousand was recognised on the investment in Rita S.r.l. to adjust its carrying amount to the related agreed sales price.

D) Financial assets held for trading:

- acquisitions arising from surrenders of policies and policies not written as per point 2 of article 41 of Legislative decree no. 209 of 7 September 2005 for Euro 1,907 thousand;
- repayment of bonds for Euro 242 thousand, recording gains of Euro 2 thousand.

Investment where policyholders bear the risk (section C of the previous table)

These investments decreased 3% to Euro 119,124 thousand at period end. They relate to unit-linked and index-linked policies (Euro 117,010 thousand) and the Vittoria Formula Lavoro open pension fund (Euro 2,114 thousand).

Overall net return was a positive Euro 1,792 thousand.

Investments in property

Group real estate at 30 June 2006 totalled Euro 78,968 thousand, down 27.7% over 31 December 2005, of which:

- Euro 12,585 thousand relating to the parent;
- Euro 66,383 thousand relating to subsidiaries, of which:
 - Euro 2,581 thousand in owner-occupied property held through Vittoria Properties S.r.l.;
 - Euro 27,771 thousand in areas being built on; the balance include the gross carrying amount of Euro 30,396 thousand , net of payments on account for Euro 2,625 thousand;
 - Euro 36,031 thousand in property held for trading.

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

Property held for trading was affected by new acquisitions (Euro 4,491 thousand) and sales (Euro 34,431 thousand), which generated gross gains of Euro 6,597 thousand.

Investments in associates

The performance in the main associates is set out below.

Yarpa International Holding N.V. group. - Holland

The parent is a real estate holding company active in Europe, especially Paris. Through its investment in Inbro B.V. (39.43%) and Yam Invest N.V. (75.00%), it controls the French real estate group Cogedim S.A.S., whose turnover totalled Euro 251,333 thousand in the first half of 2006.

This associate, through its Polish subsidiary Nieruchomosci Placu Zwawiciela Sp Z.O.O., sold a building in Warsaw recording a net gain of Euro 4.6 million.

The total profit of the Yarpa International Holding N.V. group was Euro 20,124 thousand at period end. Vittoria Assicurazioni's share was Euro 5,031 thousand.

Laumor B.V. Group - Holland

The parent is a holding company active in France. Through special purpose vehicles, it performs real estate trading with sales totalling Euro 12,341 thousand in the first half of the year. It also sold its stake in the French group Materis, active in the building materials sector, which it held through the French investment fund F.C.P.R. Francois III, recording a net gain of Euro 22.5 million.

The total profit of Laumor B.V. group was Euro 24,615 thousand at period end. Vittoria Assicurazioni's share was Euro 6,154 thousand.

White Finance S.A. - Luxembourg

This is a financial company which invests in closed-end securities funds.

Its loss for the first half of the year was Euro 214 thousand.

Financial liabilities

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

| (in thousands of Euros) | | | |
|---|-------------------|-------------------|---------------|
| FINANCIAL LIABILITIES | 30/06/2006 | 31/12/2005 | Change |
| - Financial liabilities where the investment risk is borne by policyholders relating to index- and unit-linked policies | 117,010 | 120,796 | |
| - Financial liabilities where the investment risk is borne by policyholders relating to pension funds | 2,114 | 1,962 | |
| Financial liabilities where the investment risk is borne by policyholders and arising from pension fund management | 119,124 | 122,758 | -3.0% |
| - Reinsurance deposits | 106,295 | 106,301 | |
| - Payables to banks | 59,737 | 55,782 | |
| - Other financial payables | 3,685 | 3,685 | |
| - Subordinated liabilities | 16,231 | 17,760 | -8.6% |
| Other financial liabilities | 185,948 | 183,528 | 1.3% |
| TOTAL FINANCIAL LIABILITIES | 305,072 | 306,286 | -0.4% |

Reference should be made to the notes to the consolidated interim financial statements for greater details.

Gains and losses on investments

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

(in thousands of Euros)

| Gains and losses on investments | Interest and other net income | Net realised gains | Unrealised gains | Unrealised losses | Total net realised and unrealised gains 30/06/06 | Total net realised and unrealised gains 30/06/05 |
|--|-------------------------------|--------------------|------------------|-------------------|--|--|
| Investments | 32,462 | 1,271 | 1,953 | 2,037 | 33,649 | 31,468 |
| Related to: | | | | | | |
| a Investment property | 0 | 0 | 0 | 0 | 0 | 0 |
| b Investments in subsidiaries and associates and interests in joint ventures | 11,117 | 0 | 0 | 0 | 11,117 | 3,021 |
| c Held to maturity investments | 2,356 | 0 | 0 | 0 | 2,356 | 1,519 |
| d Loans and receivables | 330 | 0 | 0 | 2 | 328 | 377 |
| e Financial assets available for sale | 18,141 | | | 41 | 18,100 | 20,801 |
| f Financial assets held for trading | 9 | 2 | 3 | 58 | -44 | 38 |
| g Financial assets at fair value through profit or loss | 509 | 1,269 | 1,950 | 1,936 | 1,792 | 5,712 |
| Other receivables | 234 | 0 | 0 | 0 | 234 | 286 |
| Cash and cash equivalents | 1,081 | 0 | 0 | 0 | 1,081 | 953 |
| Financial liabilities | -2,268 | 0 | 0 | 1,792 | -4,060 | -8,347 |
| Related to: | | | | | | |
| a Financial liabilities held for trading | 0 | 0 | 0 | 0 | 0 | 0 |
| b Financial liabilities at fair value through profit or loss | 0 | 0 | 0 | 1,792 | -1,792 | -5,712 |
| c Other financial liabilities | -2,268 | 0 | 0 | 0 | -2,268 | -2,635 |
| Payables | 0 | 0 | 0 | 0 | 0 | 0 |
| | | | | | | |
| Total gains and losses on financial instruments | 31,509 | 1,271 | 1,953 | 3,829 | 30,904 | 24,360 |
| | | | | | | |
| Real estate business | | | | | | |
| a Gains on property trading | 0 | 9,000 | 0 | 0 | 9,000 | 27,926 |
| b Revenue from work in progress (percentage of completion method) | 232 | 0 | 0 | 0 | 232 | 2,329 |
| c Rent income on owner-occupied property and property held for trading | 688 | 0 | 0 | 0 | 688 | 1,844 |
| | | | | | | |
| Total real estate business | 920 | 9,000 | 0 | 0 | 9,920 | 32,099 |
| | | | | | | |
| Total gains and losses on investments | 32,429 | 10,271 | 1,953 | 3,829 | 40,824 | 56,459 |
| of which | | | | | | |
| Investments where policyholders bear the risk | 509 | 1,269 | 1,950 | 1,936 | 1,792 | 5,712 |
| Investments where the group bears the risk | 31,920 | 9,002 | 3 | 1,893 | 39,032 | 50,747 |

Net gains on investments where the group bears the risk fell from Euro 50,747 thousand to Euro 39,032 thousand, down 23.1% over the same period of the previous year. The decrease is mainly due to lower profits recorded by real estate companies.

The average weighted return on bonds and other fixed-interest securities in the first half of 2006 is 3.9%, almost unchanged against 4% in the same period of 2005.

Financial risk analysis

Breakdown of the securities portfolio

A breakdown of the carrying amounts of the securities portfolio where the risk is borne by the group by investment nature (debt securities, equity instruments and OEIC units) is set out in the following table, which also gives indications on the group's exposure to financial risks and cash flow uncertainties.

Figures shown in the table reflect the carrying amounts at 30 June 2006 and 31 December 2005.

(in thousands of Euros)

| Investment nature | Amount | | Amount | |
|--|------------------|----------------|------------------|----------------|
| | 30/06/2006 | % of breakdown | 31/12/2005 | % of breakdown |
| Listed treasury bonds: | 960,398 | 82.3% | 924,231 | 79.1% |
| Fixed-interest rate | 476,009 | 40.8% | 416,506 | 35.7% |
| Variable interest rate | 484,389 | 41.5% | 507,725 | 43.5% |
| Unlisted treasury bonds: | 2,911 | 0.2% | 2,896 | 0.2% |
| Fixed-interest rate | - | 0.0% | - | 0.0% |
| Variable interest rate | 2,911 | 0.2% | 2,896 | 0.2% |
| Listed corporate bonds: | 103,063 | 8.8% | 105,317 | 9.0% |
| Fixed-interest rate | 94,440 | 8.1% | 95,126 | 8.1% |
| Variable interest rate | 8,623 | 0.7% | 10,191 | 0.9% |
| Unlisted corporate bonds: | 6,246 | 0.5% | 5,060 | 0.4% |
| Fixed-interest rate | 298 | 0.0% | 307 | 0.0% |
| Variable interest rate | 5,948 | 0.5% | 4,753 | 0.4% |
| Bonds of supranational issuers: | 18,461 | 1.6% | 19,260 | 1.6% |
| Fixed-interest rate | 18,461 | 1.6% | 19,260 | 1.6% |
| Variable interest rate | - | 0.0% | - | 0.0% |
| DEBT SECURITIES | 1,091,079 | 93.4% | 1,056,764 | 93.1% |
| of which | | | | |
| Total fixed-interest securities | 589,208 | 54.0% | 531,199 | 50.3% |
| Total variable-interest securities | 501,871 | 46.0% | 525,565 | 49.7% |
| Total debt securities | 1,091,079 | 100.0% | 1,056,764 | 100.0% |
| of which | | | | |
| Total listed securities | 1,063,461 | 97.5% | 1,029,548 | 97.4% |
| Total unlisted securities | 27,618 | 2.5% | 27,216 | 2.6% |
| Total debt securities | 1,091,079 | 100.0% | 1,056,764 | 100.0% |
| listed shares | 45,320 | 3.9% | 47,429 | 4.1% |
| unlisted equity instruments | 22,647 | 1.9% | 22,164 | 1.9% |
| EQUITY INSTRUMENTS | 67,967 | 5.8% | 69,593 | 6.1% |
| OEIC UNITS | 8,890 | 0.8% | 8,744 | 0.8% |
| TOTAL | 1,167,936 | 100.0% | 1,135,101 | 100.0% |

The fixed-interest securities portfolio has a duration of 2.96 years.

Group investments at fair value through profit or loss (index-linked and unit-linked policies and pension funds) are not mentioned in this section since they are strictly linked to the related liabilities.

Market risk

The market risk comprises the interest rate risk, price risk and exchange rate risk.

Debt securities are recognised at a certain **interest rate risk**.

The interest rate risk on fair value is the risk that the value of a financial instrument varies as a result of changes in the market interest rates.

A decrease in the interest rate would result in an increase in the fair value of such securities, while an increase would decrease their fair value.

The interest rate risk on cash flows relates to the possible change in the coupons of variable-interest securities.

The carrying amount of fixed-interest debt securities at interest rate risk on fair value totalled Euro 589,208 thousand, accounting for 54.0% of the bond portfolio with investment risk borne by the group.

The quantitative impacts on the fair value of an assumed parallel variation in the interest rate curve of ± 100 basis points (BP) are analysed below.

These impacts related to the fixed-interest debt securities classified as "Financial assets available

| (in thousands of Euros) | |
|---|-------------------------------|
| Fixed-interest securities at fair value | Amount |
| Carrying amount | 465,401 ⁽¹⁾ |
| Change | |
| 100 BP increase | -20,913 |
| 100 BP decrease | 23,020 |

(1) of which Euro 323,112 thousand allocated to the separately-managed life business for sale".

The carrying amount of variable-interest debt securities at interest rate risk on cash flows totalled Euro 501,871 thousand, accounting for 46.0% of the bond portfolio with investment risk borne by the group. In terms of variable interest rate cash flow sensitivity, a positive or negative change of 100 BP would result in an increase or decrease in interest income of Euro 4,967 thousand.

The life business insurance contracts have a direct relationship between investments and benefits to be paid to policyholders. They may also provide for a minimum guaranteed interest rate.

This direct relationship between obligations to policyholders and investments of assets allocated to the benefits is regulated through the ALM model.

The group manages the interest rate risk by matching asset and liability cash flows and the liability duration with those of the related investment portfolio.

The following tables show the carrying amounts of fixed-interest securities broken down by maturity and those of variable-interest securities broken down by type of rate.

Fixed-interest securities

(in thousands of Euros)

| Maturity | Amount | % of breakdown |
|-------------------------------|----------------|-----------------------|
| < 1 year | 17,645 | 3.0% |
| 1<X<2 | 163,944 | 27.8% |
| 2<X<3 | 32,978 | 5.6% |
| 3<X<4 | 43,824 | 7.4% |
| 4<X<5 | 87,507 | 14.9% |
| 5<X<10 | 158,053 | 26.8% |
| more | 85,256 | 14.5% |
| Total | 589,208 | 100.0% |
| of which repayable in advance | 5,194 | |

Variable-interest securities

(in thousands of Euros)

| Type of rate | Indexation | Amount | % of breakdown |
|---------------------|-----------------------|----------------|-----------------------|
| Constant mat. swaps | Euroswaps 10Y | 32,631 | 6.5% |
| Constant mat. swaps | Euroswaps 30Y | 8,239 | 1.6% |
| variable | 3 month treasury bond | 5,411 | 1.1% |
| variable | 6 month treasury bond | 449,104 | 89.5% |
| variable | other | 6,486 | 1.3% |
| Total | | 501,871 | 100.0% |

The refixing of most of these securities is carried out every six months.

The group holds variable-interest financial liabilities, mainly comprising bank loans taken out by the real estate companies, totalling Euro 63,422 thousand.

In terms of their sensitivity, a 100 BP increase would mean that interest expense would rise by Euro 634 thousand and, vice versa, a similar decrease would lead to a Euro 634 thousand fall in interest expense.

Equity investments are exposed to the **price risk**, i.e., the possibility that their fair value varies as a result of changes arising from factors that are specific to the individual instrument or issuer or that affect all traded instruments.

If the listed shares classified as "Financial assets available for sale" had incurred a loss of 10%, equity attributable to the shareholders of the parent would have been Euro 4,532 thousand lower at 30 June 2006.

The group does not face any **foreign exchange risk** since almost all investments in portfolio at period end where it bears the risk are expressed in Euros.

Liquidity risk

The group makes daily payments arising from insurance and financial contracts.

The liquidity risk is the risk that available funds may not suffice to meet the group's obligations and it is monitored through ALM on an ongoing basis.

This risk may also arise as a result of the group's inability to quickly sell a financial asset at an amount approximating its fair value.

This is less probable when the financial assets are listed in active markets.

Financial assets listed in an active market accounted for more than 95% of the group's portfolio at period end.

Credit risk

The group limits its exposure to credit risk by investing in highly-rated issuers.

As shown in the table below, almost all bonds held by the group at period end were classified as

(in thousands of Euros)

| Rating (Standard & Poor's) | Amount | % of breakdown |
|---------------------------------------|------------------|-----------------------|
| AAA | 119,189 | 10.9% |
| AA+ / AA- | 882,938 | 80.9% |
| A+ / A- | 43,534 | 4.0% |
| BBB+ / BBB- | 35,700 | 3.3% |
| Non investment grade | 2,520 | 0.2% |
| Unrated | 7,198 | 0.7% |
| Total | 1,091,079 | 100.0% |

investment grade.

Reference should be made to the relevant section of the consolidated annual financial statements at 31 December 2005 for information on the financial risk objectives and management policies.

Relationships with group companies and related parties

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.

This section sets out all transactions carried out with group companies during the period, excluding those with companies consolidated on a line-by-line basis.

(in thousands of Euros)

| Related parties | Loans | Other receivables | Financial liabilities | Other sums payable | Revenue | Costs | Total |
|------------------------|------------|-------------------|-----------------------|--------------------|------------|------------|---------------|
| Parents | | | 9,867 | | | 281 | 10,148 |
| Related companies | | | | | | 690 | 690 |
| Associates | 575 | 163 | | | 191 | | 929 |
| Total | 575 | 163 | 9,867 | - | 191 | 971 | 11,767 |

Relationships with subsidiaries

In 2005, Vittoria Assicurazioni S.p.A. opted to use the consolidated tax system pursuant to articles 117 and following of Presidential decree no. 917 of 22 December 1986, acting as the consolidating company. The effective period is from 2005 to 2007. The fiscally-consolidated companies under this system are Immobiliare Bilancia S.r.l., Immobiliare Bilancia Prima S.r.l., Immobiliare Bilancia Seconda S.r.l. and Immobiliare Bilancia Terza S.r.l..

Vittoria Immobiliare S.p.A. joined the tax consolidation scope in 2006.

Relationships with parents

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 50.612% of the share capital, at period end, unchanged with respect to 31 December 2005.

Moreover, the direct parent holds subordinated convertible bonds issued by Vittoria Assicurazioni amounting to Euro 9,240 thousand. The related interest, recognised under losses on other financial instruments and investment property, totalled Euro 254 thousand.

No transactions of a trading or supply nature were carried out with the indirect ultimate parent Yura International Holding B.V. - Holland, which holds a 68% stake in Vittoria Capital N.V.. Its direct investment at period end was 6.498%, equal to 1,965,114 shares.

Moreover, the ultimate parent holds subordinated convertible bonds issued by Vittoria Assicurazioni amounting to Euro 990 thousand. The related interest, recognised under losses on other financial instruments and investment property, totalled Euro 27 thousand.

Relationships with related companies

Services provided by S.In.T. S.p.A. related to the Formula Salute policies and other commercial agreements. The total cost of these services amounted to Euro 575 thousand plus VAT.

Relationships with associates

Laumor B.V. - Holland

This associate repaid Vittoria Assicurazioni the loan of Euro 3,688 thousand. The part of the loan (Euro 3,063 thousand) given for the real estate trading performed by this company through its special purpose vehicles accrued interest at the three-month Euribor rate plus 30 basis points totalling Euro 44 thousand.

Mosaico S.p.A. - Italy

Through Vittoria Immobiliare S.p.A., this company was granted a non-interest bearing shareholder loan of Euro 575 thousand.

Post balance sheet events

Insurance business

There were no events with a significant impact on the parent's technical operating results or financial position, as described in this report. Gross premiums of direct insurance rose 4.5% at the end of July 2006.

From 1 July to 31 July 2006, conversion of the "Vittoria Assicurazioni – Fixed/Floater 2001/2016" bond issue continued totalling Euro 189 thousand. As a result, the share capital of the parent increased to Euro 30,283,591, following the issue of 39,444 new shares, at 30 June 2006.

In the ordinary meeting held on 14 July 2006, the quotaholders of the subsidiary Immobiliare Bilancia S.r.l. approved the distribution of Euro 16 million from the quota premium reserve, Euro 15.6 million of which due to Vittoria Assicurazioni.

On 17 July 2006, the group subscribed 55.0% of Sas Yafra – Paris (France), a special purpose vehicle set up together with the associate Yarpa International Holding N.V., which will mainly acquire and manage buildings, including through real estate investment trusts. The initial investment was Euro 86 thousand.

In August, Vittoria Assicurazioni paid another advance of Euro 35 million for the purchase of a real estate area in Milan (Portello area).

Real estate business

Nothing to report.

Board of directors

Milan, 8 September 2006

Consolidated interim
financial statements
as at and for the
six months ended
30 June 2006

Balance sheet

BALANCE SHEET - ASSETS

(in thousands of Euros)

| | Note | 30/06/2006 | 30/06/2005 | 31/12/2005 |
|----------|--|------------------|------------------|------------------|
| 1 | INTANGIBLE ASSETS | 15,830 | 15,464 | 14,924 |
| 1.1 | Goodwill | 0 | 1,106 | 0 |
| 1.2 | Other intangible assets | 15,830 | 14,358 | 14,924 |
| 2 | PROPERTY, PLANT AND EQUIPMENT | 84,271 | 163,840 | 114,586 |
| 2.1 | Property | 78,968 | 158,478 | 109,208 |
| 2.2 | Other items of property, plant and equipment | 5,303 | 5,362 | 5,378 |
| 3 | REINSURERS' SHARE OF TECHNICAL RESERVES | 134,631 | 142,713 | 143,306 |
| 4 | INVESTMENTS | 1,343,218 | 1,236,707 | 1,306,198 |
| 4.1 | Investment property | 0 | 0 | 0 |
| 4.2 | Investments in subsidiaries and associates and interests in joint ventures | 43,157 | 25,697 | 31,477 |
| 4.3 | Held to maturity investments | 146,915 | 62,777 | 71,687 |
| 4.4 | Loans and receivables | 13,001 | 19,691 | 16,862 |
| 4.5 | Financial assets available for sale | 1,017,796 | 995,547 | 1,061,807 |
| 4.6 | Financial assets at fair value through profit or loss | 122,349 | 132,995 | 124,365 |
| 5 | OTHER RECEIVABLES | 192,934 | 118,175 | 188,417 |
| 5.1 | Receivables relating to direct insurance | 89,864 | 92,929 | 107,151 |
| 5.2 | Receivables relating to reinsurance business | 15,204 | 13,330 | 10,375 |
| 5.3 | Other receivables | 87,866 | 11,916 | 70,891 |
| 6 | OTHER ASSETS | 43,306 | 45,890 | 45,619 |
| 6.1 | Non-current assets or assets of a disposal group classified as held for sale | 0 | 0 | 0 |
| 6.2 | Deferred acquisition costs | 12,096 | 13,687 | 12,818 |
| 6.3 | Deferred tax assets | 10,814 | 6,654 | 10,682 |
| 6.4 | Current tax assets | 17,429 | 22,397 | 19,910 |
| 6.5 | Other assets | 2,967 | 3,152 | 2,209 |
| 7 | CASH AND CASH EQUIVALENTS | 67,519 | 129,675 | 75,016 |
| | TOTAL ASSETS | 1,881,709 | 1,852,464 | 1,888,066 |

BALANCE SHEET - EQUITY AND LIABILITIES

(in thousands of Euros)

| | Note | 30/06/2006 | 30/06/2005 | 31/12/2005 |
|---|------|------------------|------------------|------------------|
| 1 EQUITY | | 219,792 | 203,866 | 213,533 |
| 1.1 attributable to the shareholders of the parent | | 213,420 | 194,786 | 203,635 |
| 1.1.1 Share capital | 14 | 30,244 | 30,000 | 30,000 |
| 1.1.2 Other equity instruments | 14 | 1,307 | 1,398 | 1,398 |
| 1.1.3 Equity-related reserves | 14 | 21,081 | 20,142 | 20,142 |
| 1.1.4 Income-related and other reserves | 14 | 127,420 | 91,596 | 91,715 |
| 1.1.5 (Treasury shares) | 14 | 0 | 0 | 0 |
| 1.1.6 Translation reserve | 14 | -6 | 5 | 6 |
| 1.1.7 Fair value reserve | 14 | 13,912 | 28,194 | 21,585 |
| 1.1.8 Other gains or losses recognised directly in equity | 14 | -1,190 | -1,190 | -1,190 |
| 1.1.9 Profit for the period/year attributable to the shareholders of the parent | | 20,652 | 24,641 | 39,979 |
| 1.2 attributable to minority interests | 14 | 6,372 | 9,080 | 9,898 |
| 1.2.1 Share capital and reserves attributable to minority interests | | 5,742 | 6,292 | 5,518 |
| 1.2.2 Gains or losses recognised directly in equity | | 0 | 0 | 0 |
| 1.2.3 Profit for the period/year attributable to minority interests | | 630 | 2,788 | 4,380 |
| 2 PROVISIONS | 15 | 4,811 | 3,396 | 5,344 |
| 3 TECHNICAL RESERVES | 16 | 1,279,341 | 1,214,709 | 1,258,577 |
| 4 FINANCIAL LIABILITIES | | 305,072 | 323,826 | 306,286 |
| 4.1 Financial liabilities at fair value through profit or loss | 17 | 119,124 | 131,730 | 122,758 |
| 4.2 Other financial liabilities | 17 | 185,948 | 192,096 | 183,528 |
| 5 PAYABLES | | 44,420 | 62,222 | 57,646 |
| 5.1 Payables arising from direct insurance business | 18 | 6,166 | 5,518 | 7,879 |
| 5.2 Payables arising from reinsurance business | 19 | 5,000 | 13,024 | 7,154 |
| 5.3 Other sums payable | 20 | 33,254 | 43,680 | 42,613 |
| 6 OTHER LIABILITIES | | 28,273 | 44,445 | 46,680 |
| 6.1 Liabilities of a disposal group held for sale | | 0 | 0 | 0 |
| 6.2 Deferred tax liabilities | 21 | 8,161 | 10,113 | 10,474 |
| 6.3 Current tax liabilities | 22 | 6,687 | 17,872 | 19,832 |
| 6.4 Other liabilities | 23 | 13,425 | 16,460 | 16,374 |
| TOTAL EQUITY AND LIABILITIES | | 1,881,709 | 1,852,464 | 1,888,066 |

Income statement

(in thousands of Euros)

| | Note | first half 2006 | first half 2005 | 2005 |
|----------|--|--------------------|--------------------|----------------|
| 1.1 | Net premiums | | 229,165 | 452,955 |
| 1.1.1 | <i>Gross premiums</i> | 24 | 265,464 | 539,385 |
| 1.1.2 | <i>Ceded premiums</i> | 24 | 36,299 | 86,430 |
| 1.2 | Commission income | 25 | 635 | 1,943 |
| 1.3 | Gains or losses on remeasurement of financial instruments at fair value through profit or loss | 26 | -44 | 45 |
| 1.4 | Gains on investments in subsidiaries and associates and interests in joint ventures | 26 | 11,186 | 6,532 |
| 1.5 | Gains on other financial instruments and investment property | 26 | 22,142 | 44,593 |
| 1.5.1 | <i>Interest income</i> | | 21,389 | 38,863 |
| 1.5.2 | <i>Other income</i> | | 753 | 1,605 |
| 1.5.3 | <i>Realised gains</i> | | 0 | 4,097 |
| 1.5.4 | <i>Unrealised gains</i> | | 0 | 28 |
| 1.6 | Other income | 27 | 13,420 | 60,314 |
| 1 | TOTAL REVENUE | | 276,504 | 283,562 |
| 2.1 | Net charges relating to claims | | 177,680 | 353,429 |
| 2.1.1 | <i>Amounts paid and change in technical reserves</i> | 24 | 203,922 | 422,812 |
| 2.1.2 | <i>Reinsurers' share</i> | 24 | -26,242 | -69,383 |
| 2.2 | Commission expense | 28 | 248 | 722 |
| 2.3 | Losses on investments in subsidiaries and associates and interests in joint ventures | 26 | 69 | 298 |
| 2.4 | Losses on other financial instruments and investment property | 26 | 2,311 | 5,117 |
| 2.4.1 | <i>Interest expense</i> | | 2,268 | 5,117 |
| 2.4.2 | <i>Other expense</i> | | 0 | 0 |
| 2.4.3 | <i>Realised losses</i> | | 0 | 0 |
| 2.4.4 | <i>Unrealised losses</i> | | 43 | 0 |
| 2.5 | Operating costs | | 61,150 | 125,519 |
| 2.5.1 | <i>Commissions and other acquisition costs</i> | 29 | 45,175 | 88,006 |
| 2.5.2 | <i>Investment management costs</i> | 29 | 372 | 729 |
| 2.5.3 | <i>Other administrative costs</i> | 29 | 15,603 | 36,784 |
| 2.6 | Other costs | 30 | 5,555 | 12,061 |
| 2 | TOTAL COSTS | | 247,013 | 497,146 |
| | PROFIT FOR THE YEAR BEFORE TAXATION | | 29,491 | 69,236 |
| 3 | Income taxes | 31 | 8,209 | 24,877 |
| | PROFIT FOR THE YEAR | | 21,282 | 44,359 |
| 4 | GAIN (LOSS) ON DISCONTINUED OPERATIONS | | 0 | 0 |
| | CONSOLIDATED PROFIT | | 21,282 | 44,359 |
| | of which attributable to the shareholders of the parent | | 20,652 | 39,979 |
| | of which attributable to minority interests | 14 | 630 | 4,380 |

| | | | | |
|----------------------------|--|------|------|------|
| Basic EARNINGS per share | | 0.68 | 0.82 | 1.33 |
| Diluted EARNINGS per share | | 0.62 | 0.74 | 1.21 |

Calculation of earnings per share

| | | 30/06/06 | 30/06/05 | 31/12/05 |
|--|-------------|-------------|-------------|-------------|
| Profit for the period/year attributable to the shareholders of the parent | Euro | 20,651,907 | 24,641,000 | 39,979,161 |
| Average number of shares | no. | 30,244,147 | 30,000,000 | 30,000,000 |
| Basic earnings per share | Euro | 0.68 | 0.82 | 1.33 |
| Adjustments | | | | |
| Financial charges on the convertible subordinated bond issue | Euro | 370,072 | 398,055 | 796,110 |
| Number of potential shares | no. | 3,505,853 | 3,750,000 | 3,750,000 |
| Adjusted profit for the period/year attributable to the shareholders of the parent | Euro | 21,021,979 | 25,039,056 | 40,775,271 |
| Adjusted average number of shares | no. | 33,750,000 | 33,750,000 | 33,750,000 |
| Diluted earnings per share | Euro | 0.62 | 0.74 | 1.21 |

Adjustments refer to the number of potential shares arising from the conversion of the convertible subordinated bond issue and the related financial charges.

Statement of changes in equity

(in thousands of Euros)

| | Balance at 31/12/04 | Adjustment to closing balance | Allocation | Reclass. to profit or loss | Other reclassifications | Balance at 30/06/05 | Balance at 31/12/05 | Adjustment to closing balance | Allocation | Reclass. to profit or loss | Other reclassifications | Balance at 30/06/06 |
|---|---------------------|-------------------------------|---------------|----------------------------|-------------------------|---------------------|---------------------|-------------------------------|---------------|----------------------------|-------------------------|---------------------|
| Share capital | 30,000 | | | | | 30,000 | 30,000 | | 244 | | | 30,244 |
| Other equity instruments | 1,398 | | | | | 1,398 | 1,398 | | -91 | | | 1,307 |
| Equity-related reserves | 20,142 | | | | | 20,142 | 20,142 | | 939 | | | 21,081 |
| Income-related and other reserves | 73,681 | | 22,115 | | -4,200 | 91,596 | 91,715 | | 40,205 | | -4,500 | 127,420 |
| (Treasury shares) | 0 | | | | | 0 | 0 | | | | | 0 |
| Translation reserve | 5 | | | | | 5 | 6 | | -12 | | | -6 |
| Fair value reserve | 20,836 | | 7,358 | | | 28,194 | 21,585 | | -7,643 | -30 | | 13,912 |
| Hedging reserve | 0 | | | | | 0 | 0 | | | | | 0 |
| Gains or losses on hedging instruments of net investment in foreign operations | 0 | | | | | 0 | 0 | | | | | 0 |
| Reserve for changes in the equity of investees | -77 | | -1,113 | | | -1,190 | -1,190 | | | | | -1,190 |
| Other gains or losses recognised directly in equity | 0 | | | | | 0 | 0 | | | | | 0 |
| Intangible asset revaluation reserve | 0 | | | | | 0 | 0 | | | | | 0 |
| Property, plant and equipment revaluation reserve | 0 | | | | | 0 | 0 | | | | | 0 |
| Gains or losses on non-current assets or assets of a disposal group classified as held for sale | 0 | | | | | 0 | 0 | | | | | 0 |
| Other reserves | 0 | | | | | 0 | 0 | | | | | 0 |
| Profit for the period/year | 22,120 | | 2,821 | | | 24,641 | 39,979 | | -19,327 | | | 20,652 |
| Total attributable to the shareholders of the parent | 168,105 | 0 | 30,881 | 0 | -4,200 | 194,786 | 203,635 | 0 | 14,315 | -30 | -4,500 | 213,420 |
| Share capital and reserves attributable to minority interests | 3,727 | | 3,158 | | -593 | 6,292 | 5,518 | | 4,876 | | -4,652 | 5,742 |
| Gains or losses recognised directly in equity | 0 | | | | | 0 | 0 | | | | | 0 |
| Profit for the period/year | 3,158 | | -370 | | | 2,788 | 4,380 | | -3,750 | | | 630 |
| Total attributable to minority interests | 6,885 | 0 | 2,788 | 0 | -593 | 9,080 | 9,898 | 0 | 1,126 | 0 | -4,652 | 6,372 |
| Total | 174,990 | 0 | 33,669 | 0 | -4,793 | 203,866 | 213,533 | 0 | 15,441 | -30 | -9,152 | 219,792 |

For further information, reference should be made to the notes to the consolidated interim financial statements.

Reconciliation of the half year report of the parent with the consolidated interim financial statements

The following schedule reconciles the net profit and net equity shown in the half year report of the parent with the profit and equity shown in the consolidated interim financial statements as at and for the six months ended 30 June 2006.

IFRS adjustments to the parent's half year report prepared under Italian GAAP, as legally allowed, are shown separately.

(in thousands of Euros)

| | Attributable to the shareholders of the parent | | Attributable to minority interests | |
|---|--|-----------------------|--|-----------------------|
| | Equity excluding the profit for the period | Profit for the period | Equity excluding the profit for the period | Profit for the period |
| As per parent company's half year report under Italian GAAP | 144,677 | 13,124 | - | - |
| IFRS adjustments (net of the related tax effects) | 19,016 | 190 | - | - |
| As per parent company's half year report under IFRS | 163,693 | 13,314 | - | - |
| Consolidated companies' equities | 118,585 | 13,953 | 1,437 | 486 |
| Carrying amount of investments in consolidated companies | (80,766) | | | |
| Minority interests | (4,411) | (144) | 4,411 | 144 |
| Elimination of intragroup profits | (767) | | (106) | |
| Profits allocated to life policyholders during the current and previous periods | (10,697) | (1,423) | | |
| Elimination of dividends | 7,131 | (7,131) | | |
| Impact of life policyholders on elimination of dividends | | 2,083 | | |
| Consolidated interim financial statements | 192,768 | 20,652 | 5,742 | 630 |

Cash flow statement – indirect method

| | (in thousands of Euros) | |
|--|-------------------------|----------------|
| | 30/06/2006 | 30/06/2005 |
| Profit for the period/year before taxation | 29,491 | 43,338 |
| Change in non-monetary items | 14,216 | 64,658 |
| Change in non-life premium reserve | 15,689 | 1,972 |
| Change in claims reserve and other non-life technical reserves | 9,272 | 16,813 |
| Change in mathematical reserves and other life technical reserves | 4,478 | 31,055 |
| Change in deferred acquisition costs | 722 | -750 |
| Change in provisions | -533 | 1,809 |
| Non-monetary gains and losses on financial instruments, investment property and investments in subsidiaries and associates and interests in joint ventures | 98 | -56 |
| Other changes | -15,510 | 13,815 |
| Change in receivables and payables arising from operating activities | -17,743 | 29,311 |
| Change in receivables and payables relating to direct insurance and reinsurance | 8,591 | 17,666 |
| Change in other receivables and payables | -26,334 | 11,645 |
| Taxes paid | -8,209 | -15,909 |
| Net cash flow generated by/used for monetary items from investing and financing activities | -1,673 | 1,240 |
| Liabilities from financial contracts issued by insurance companies | -3,634 | -31 |
| Payables to bank and interbank customers | | |
| Loans and receivables from bank and interbank customers | | |
| Other financial instruments at fair value through profit or loss | 1,961 | 1,271 |
| NET CASH FLOW FROM OPERATING ACTIVITIES | 16,082 | 122,638 |
| Net cash flow generated by/used for investment property | | |
| Net cash flow generated by/used for investments in subsidiaries and associated companies and interests in joint ventures | -11,680 | -3,020 |
| Net cash flow generated by/used for loans and receivables | 3,859 | 710 |
| Net cash flow generated by/used for held to maturity investments | -75,228 | -1,764 |
| Net cash flow generated by/used for financial assets available for sale | 36,297 | -84,597 |
| Net cash flow generated by/used for property, plant and equipment | 29,409 | 27,105 |
| Other net cash flows generated by/used for investing activities | | |
| NET CASH FLOW FROM INVESTING ACTIVITIES | -17,343 | -61,566 |
| Net cash flow generated by/used for equity instruments attributable to the shareholders of the parent | | |
| Net cash flow generated by/used for treasury shares | | |
| Dividends distributed to the shareholders of the parent | -4,500 | -4,200 |
| Net cash flow generated by/used for share capital and reserves attributable to minority interests | -4,156 | -552 |
| Net cash flow generated by/used for subordinated liabilities and equity instruments | | |
| Net cash flow generated by/used for other financial liabilities | 2,420 | 17,803 |
| NET CASH FLOW FROM FINANCING ACTIVITIES | -6,236 | 13,051 |
| Effect of exchange rate gains/losses on cash and cash equivalents | 0 | 0 |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD/YEAR | 75,016 | 55,552 |
| INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | -7,497 | 74,123 |
| CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD/YEAR | 67,519 | 129,675 |

Notes to the consolidated interim financial statements

The notes to the consolidated interim financial statements comprise:

- tables and notes of a general nature listed below in alphabetic order;
- tables and notes of a specific nature on the individual balance sheet, income statement, equity and cash flow statement captions, listed below in numerical order.

Notes of a general nature

A) Consolidation scope

| | Country | Method (1) | Business (2) | Share/ quota capital | % of direct holding | % indirect | Through | % of total investment (3) | % of voting rights in ordinary meetings (4) | % of consolidation |
|-------------------------------------|---------|------------|--------------|----------------------|---------------------|------------|-----------------------------|---------------------------|---|--------------------|
| Vittoria Assicurazioni S.p.A. | Italy | L | 1 | 30,244,147 | | | | | | |
| Vittoria Immobiliare S.p.A. | Italy | L | 10 | 12,200,000 | 87.24 | | | 87.24 | | 87.24 |
| Immobiliare Bilancia S.r.l. | Italy | L | 10 | 2,000,000 | 97.66 | | | 97.66 | | 97.66 |
| Immobiliare Bilancia Prima S.r.l. | Italy | L | 10 | 2,000,000 | 100.00 | | | 100.00 | | 100.00 |
| Immobiliare Bilancia Seconda S.r.l. | Italy | L | 10 | 1,000,000 | 100.00 | | | 100.00 | | 100.00 |
| Immobiliare Bilancia Terza S.r.l. | Italy | L | 10 | 100,000 | 100.00 | | | 100.00 | | 100.00 |
| Vittoria Properties S.r.l. | Italy | L | 10 | 4,000,000 | 99.00 | 1.00 | Vittoria Immobiliare S.p.A. | 99.87 | 100.00 | 99.87 |
| Interbilancia S.r.l. | Italy | L | 9 | 80,000 | 80.00 | 20.00 | Vittoria Immobiliare S.p.A. | 97.45 | 100.00 | 97.45 |
| Vittoria Service S.r.l. | Italy | L | 11 | 80,000 | 70.00 | 30.00 | Vittoria Immobiliare S.p.A. | 96.17 | 100.00 | 96.17 |
| Gestimmobili S.r.l. | Italy | L | 11 | 104,000 | | 80.00 | Vittoria Immobiliare S.p.A. | 69.79 | 80.00 | 69.79 |
| Interimmobili S.r.l. | Italy | L | 11 | 104,000 | | 80.00 | Vittoria Immobiliare S.p.A. | 69.79 | 80.00 | 69.79 |
| V.R.G. Domus S.r.l. | Italy | L | 10 | 1,000,000 | | 51.00 | Vittoria Immobiliare S.p.A. | 44.49 | 51.00 | 44.49 |
| Parco Fidenae S.r.l. | Italy | L | 10 | 50,000 | | 51.00 | Vittoria Immobiliare S.p.A. | 44.49 | 51.00 | 44.49 |
| Aspevi S.r.l. | Italy | L | 11 | 10,400 | | 100.00 | Interbilancia S.r.l. | 97.45 | 100.00 | 97.45 |
| Vittoria.Net S.r.l. | Italy | L | 11 | 10,400 | | 100.00 | Interbilancia S.r.l. | 97.45 | 100.00 | 97.45 |
| Aspeca S.r.l. in liquidazione | Italy | L | 11 | 10,000 | | 80.00 | Interbilancia S.r.l. | 77.96 | 80.00 | 77.96 |

(1) Consolidation method: Line-by-line =L, Proportionate =P, Proportionate by common management =C

(2) 1=Italian insurance; 2=EU insurance; 3=non-EU insurance; 4=insurance holding; 5=EU reinsurance; 6=non-EU reinsurance; 7=banking; 8=fund management; 9=other holding; 10=real estate 11=other

(3) the total of the stakes held by all the companies that, in the shareholding structure, are placed between the company that prepares the consolidated financial statements and the investee. If the latter is directly held by more than one subsidiary, the individual products should be added.

(4) total voting rights percentage available in ordinary meetings if different from the direct or indirect investment percentage.

Changes in holding percentages and other changes of the half year:

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

- **Vittoria Immobiliare S.p.A.:** subscription of the parent's portion of its share capital increase at a cost of Euro 3,926 thousand, Euro 536 thousand of which by using the capital injection for future share capital increases made in 2005 and Euro 3,390 using new funds.
- **Vittoria Service S.r.l.:** incorporation of this real estate and insurance consulting company, in which Vittoria Assicurazioni subscribed 70% and the subsidiary Vittoria Immobiliare 30%, for Euro 80 thousand.

B) List of unconsolidated investments

| | Country | Business (1) | Share/ quota capital | Type (2) | % of direct holding | % indirect | Through | % of total investment (3) | % of voting rights in ordinary meetings (4) | Carrying amount |
|----------------------------------|------------|--------------|----------------------|----------|---------------------|------------|-----------------------------|---------------------------|---|-----------------|
| Yarpa International Holding N.V. | Holland | 9 | 675,000 | b | 25.00 | | | 25.00 | | 29,359 |
| Laumor B.V. | Holland | 9 | 20,000 | b | 25.00 | | | 25.00 | | 4,391 |
| White Finance S.A. | Luxembourg | 9 | 1,000,000 | b | 32.17 | | | 32.17 | | 7,512 |
| Gimatrading S.r.l. | Italy | 10 | 10,400 | b | | 35.00 | Vittoria Immobiliare S.p.A. | 30.53 | 35.00 | 25 |
| Sivim S.r.l. | Italy | 10 | 60,000 | b | | 49.50 | Vittoria Immobiliare S.p.A. | 43.18 | 49.50 | 23 |
| Rovimmobiliare S.r.l. | Italy | 10 | 20,000 | b | | 50.00 | Vittoria Immobiliare S.p.A. | 43.62 | 50.00 | 1,680 |
| Mosaico S.p.A. | Italy | 10 | 500,000 | b | | 25.00 | Vittoria Immobiliare S.p.A. | 21.81 | 25.00 | 175 |
| Le Api S.r.l. | Italy | 11 | 10,400 | b | | 30.00 | Interbilancia S.r.l. | 29.23 | 30.00 | 8 |

(1) 1=Italian insurance; 2=EU insurance; 3=non-EU insurance; 4=insurance holding; 5=EU reinsurance; 6=non-EU reinsurance; 7=banking; 8=fund management; 9=other holding; 10=real estate 11=other

(2) a=subsidiaries (IAS 27) ; b=associated companies (IAS 28); c=joint ventures (IAS 31)

(3) the total of the stakes held by all the companies that, in the shareholding structure, are placed between the company that prepares the consolidated financial statements and the investee. If the latter is directly held by more than one subsidiary, the individual products should be added.

(4) total voting rights percentage available in ordinary meetings if different from the direct or indirect investment percentage.

Changes in holding percentages and other changes of the half year:

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

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

C) Segment reporting

C1) Primary segment

Balance sheet by business segment

(in thousands of Euros)

| | Non-life business | | Life business | | Real estate operations | | Services | | Intersegment eliminations | | Total | |
|--|-------------------|----------------|----------------|----------------|------------------------|----------------|--------------|--------------|---------------------------|----------------|------------------|------------------|
| | 30/06/06 | 31/12/05 | 30/06/06 | 31/12/05 | 30/06/06 | 31/12/05 | 30/06/06 | 31/12/05 | 30/06/06 | 31/12/05 | 30/06/06 | 31/12/05 |
| | | | | | | | | | | | | |
| 1 INTANGIBLE ASSETS | 15,271 | 14,404 | 217 | 225 | 333 | 291 | 9 | 4 | 0 | 0 | 15,830 | 14,924 |
| 2 PROPERTY, PLANT AND EQUIPMENT | 17,541 | 18,127 | 0 | 0 | 66,672 | 96,406 | 58 | 53 | 0 | 0 | 84,271 | 114,586 |
| 3 REINSURERS' SHARE OF TECHNICAL RESERVES | 109,131 | 117,388 | 25,500 | 25,918 | 0 | 0 | 0 | 0 | 0 | 0 | 134,631 | 143,306 |
| 4 INVESTMENTS | 588,554 | 566,136 | 817,221 | 799,730 | 2,819 | 2,277 | 109 | 108 | -65,485 | -62,053 | 1,343,218 | 1,306,198 |
| 4.1 Investment property | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 4.2 Investments in subsidiaries and associates and interests in joint ventures | 62,560 | 49,712 | 43,953 | 41,825 | 1,980 | 1,805 | 9 | 8 | -65,345 | -61,873 | 43,157 | 31,477 |
| 4.3 Held to maturity investments | 36,915 | 1,313 | 110,000 | 70,374 | 0 | 0 | 0 | 0 | 0 | 0 | 146,915 | 71,687 |
| 4.4 Loans and receivables | 6,526 | 10,377 | 5,900 | 6,317 | 715 | 348 | 0 | 0 | -140 | -180 | 13,001 | 16,862 |
| 4.5 Financial assets available for sale | 482,553 | 504,734 | 535,019 | 556,849 | 124 | 124 | 100 | 100 | 0 | 0 | 1,017,796 | 1,061,807 |
| 4.6 Financial assets at fair value through profit or loss | 0 | 0 | 122,349 | 124,365 | 0 | 0 | 0 | 0 | 0 | 0 | 122,349 | 124,365 |
| 5 OTHER RECEIVABLES | 110,582 | 124,804 | 25,847 | 22,889 | 60,912 | 44,994 | 967 | 1,164 | -5,374 | -5,434 | 192,934 | 188,417 |
| 6 OTHER ASSETS | 25,404 | 17,989 | 11,809 | 11,663 | 8,323 | 13,392 | 139 | 144 | -2,369 | 2,431 | 43,306 | 45,619 |
| 6.1 Deferred acquisition costs | 7,152 | 7,410 | 4,944 | 5,408 | 0 | 0 | 0 | 0 | 0 | 0 | 12,096 | 12,818 |
| 6.2 Other assets | 18,252 | 10,579 | 6,865 | 6,255 | 8,323 | 13,392 | 139 | 144 | -2,369 | 2,431 | 31,210 | 32,801 |
| 7 CASH AND CASH EQUIVALENTS | 25,758 | 18,258 | 949 | 16,095 | 39,239 | 39,641 | 1,573 | 1,022 | 0 | 0 | 67,519 | 75,016 |
| TOTAL ASSETS | 892,241 | 877,106 | 881,543 | 876,520 | 178,298 | 197,001 | 2,855 | 2,495 | -73,228 | -65,056 | 1,881,709 | 1,888,066 |
| 1 EQUITY | 741 | 741 | 441 | 546 | 3,629 | 4,057 | 0 | 0 | 0 | 0 | 219,792 | 213,533 |
| 2 PROVISIONS | 604,392 | 587,689 | 661,922 | 657,005 | 0 | 0 | 0 | 0 | 13,027 | 13,883 | 1,279,341 | 1,258,577 |
| 3 TECHNICAL RESERVES | 90,138 | 91,061 | 151,512 | 155,759 | 63,371 | 59,415 | 51 | 51 | 0 | 0 | 305,072 | 306,286 |
| 4 FINANCIAL LIABILITIES | 0 | 0 | 119,124 | 122,758 | 0 | 0 | 0 | 0 | 0 | 0 | 119,124 | 122,758 |
| 4.1 Financial liabilities at fair value through profit or loss | 90,138 | 91,061 | 32,388 | 33,001 | 63,371 | 59,415 | 51 | 51 | 0 | 0 | 185,948 | 183,528 |
| 4.2 Other financial liabilities | 32,367 | 37,051 | 6,753 | 4,128 | 8,347 | 19,748 | 2,467 | 2,233 | -5,514 | -5,514 | 44,420 | 57,646 |
| 5 PAYABLES | 14,804 | 25,042 | 8,741 | 3,945 | 9,905 | 18,479 | 182 | 69 | -5,359 | -855 | 28,273 | 46,680 |
| 6 OTHER LIABILITIES | | | | | | | | | | | | |
| TOTAL EQUITY AND LIABILITIES | | | | | | | | | | | 1,881,709 | 1,888,066 |

Income statement by business segment

(in thousands of Euros)

| | Non-life business | | Life business | | Real estate operations | | Services | | Intersegment eliminations | | Total | |
|--|-------------------|----------------|---------------|---------------|------------------------|---------------|--------------|--------------|---------------------------|---------------|----------------|----------------|
| | 30/06/06 | 30/06/05 | 30/06/06 | 30/06/05 | 30/06/06 | 30/06/05 | 30/06/06 | 30/06/05 | 30/06/06 | 30/06/05 | 30/06/06 | 30/06/05 |
| 1.1 Net premiums | 180,193 | 168,723 | 48,972 | 48,359 | 0 | 0 | 0 | 0 | 0 | 0 | 229,165 | 217,082 |
| 1.1.1 Gross premiums | 214,844 | 209,046 | 50,620 | 50,122 | 0 | 0 | 0 | 0 | 0 | 0 | 265,464 | 259,168 |
| 1.1.2 Ceded premiums | 34,651 | 40,323 | 1,648 | 1,763 | 0 | 0 | 0 | 0 | 0 | 0 | 36,299 | 42,086 |
| 1.2 Commission income | 0 | 0 | 635 | 884 | 0 | 0 | 0 | 0 | 0 | 0 | 635 | 884 |
| 1.3 Gains or losses on remeasurement of financial instruments at fair value through profit or loss | 0 | 0 | -44 | 38 | 0 | 0 | 0 | 0 | 0 | 0 | -44 | 38 |
| 1.4 Gains on investments in subsidiaries and associates and interests in joint ventures | 15,081 | 2,979 | 2,634 | 1,255 | 1 | 522 | 1 | -9 | -7,131 | -1,726 | 11,186 | 3,021 |
| 1.5 Gains on other financial instruments and investment property | 8,397 | 7,254 | 13,251 | 16,152 | 518 | 555 | 14 | 18 | -38 | -43 | 22,142 | 23,936 |
| 1.6 Other income | 1,351 | 1,595 | 5 | 126 | 11,969 | 38,352 | 1,910 | 2,289 | -1,815 | -3,761 | 13,420 | 38,601 |
| 1 TOTAL REVENUE | 205,622 | 180,551 | 65,453 | 66,814 | 12,488 | 39,429 | 1,925 | 2,298 | -8,984 | -5,530 | 276,504 | 283,562 |
| 2.1 Net charges relating to claims | 125,673 | 119,116 | 52,863 | 51,211 | 0 | 0 | 0 | 0 | -856 | 4,979 | 177,680 | 175,306 |
| 2.1.1 Amounts paid and change in technical reserves | 150,613 | 147,949 | 54,165 | 52,637 | 0 | 0 | 0 | 0 | -856 | 4,979 | 203,922 | 205,565 |
| 2.1.3 Reinsurers' share | -24,940 | -28,833 | -1,302 | -1,426 | 0 | 0 | 0 | 0 | 0 | 0 | -26,242 | -30,259 |
| 2.2 Commission expense | 0 | 0 | 248 | 135 | 0 | 0 | 0 | 0 | 0 | 0 | 248 | 135 |
| 2.3 Losses on investments in subsidiaries and associates and interests in joint ventures | 69 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 69 | 0 |
| 2.4 Losses on other financial instruments and investment property | 692 | 892 | 947 | 813 | 708 | 970 | 2 | 3 | -38 | -43 | 2,311 | 2,635 |
| 2.5 Operating costs | 50,097 | 43,672 | 6,150 | 6,945 | 4,947 | 5,769 | 1,771 | 2,158 | -1,815 | -2,381 | 61,150 | 56,163 |
| 2.6 Other costs | 5,040 | 5,743 | 39 | 19 | 450 | 203 | 26 | 20 | 0 | 0 | 5,555 | 5,985 |
| 2 TOTAL COSTS | 181,571 | 169,423 | 60,247 | 59,123 | 6,105 | 6,942 | 1,799 | 2,181 | -2,709 | 2,555 | 247,013 | 240,224 |
| PROFIT FOR THE PERIOD BEFORE TAXATION | 24,051 | 11,128 | 5,206 | 7,691 | 6,383 | 32,487 | 126 | 117 | -6,275 | -8,085 | 29,491 | 43,338 |

C2) Secondary segment

A breakdown of the main revenue and assets is set out in the following tables:

Segment reporting by geographical area

(in thousands of Euros)

| Revenue (gross of intersegment eliminations) | North | | Italy Centre | | South and Islands | | Total external revenue | |
|--|----------------|----------------|---------------|----------------|-------------------|---------------|------------------------|----------------|
| | 30/06/06 | 30/06/05 | 30/06/06 | 30/06/05 | 30/06/06 | 30/06/05 | 30/06/06 | 30/06/05 |
| Insurance premiums - direct business | 156,978 | 156,427 | 88,849 | 84,944 | 26,579 | 23,225 | 272,406 | 264,596 |
| Trading and construction profits | 2,784 | 8,838 | 6,448 | 27,642 | 0 | 0 | 9,232 | 36,480 |
| Services and rent income | 2,727 | 4,141 | 1,797 | 4,039 | 0 | 0 | 4,524 | 8,180 |
| Total | 162,489 | 169,406 | 97,094 | 116,625 | 26,579 | 23,225 | 286,162 | 309,256 |

(in thousands of Euros)

| Assets | Italy | | Europe | | Rest of the world | | Total assets | |
|-----------------------------------|------------------|------------------|----------------|----------------|-------------------|---------------|------------------|------------------|
| | 30/06/06 | 31/12/05 | 30/06/06 | 31/12/05 | 30/06/06 | 31/12/05 | 30/06/06 | 31/12/05 |
| Debt instruments | 829,363 | 803,068 | 222,781 | 212,184 | 38,935 | 41,513 | 1,091,079 | 1,056,765 |
| Equity instruments and OEIC units | 70,342 | 71,986 | 49,674 | 37,828 | 0 | 0 | 120,016 | 109,814 |
| Property | 78,968 | 109,208 | 0 | 0 | 0 | 0 | 78,968 | 109,208 |
| Other assets | 591,646 | 612,279 | 0 | 0 | 0 | 0 | 591,646 | 612,279 |
| Total | 1,570,319 | 1,596,541 | 272,455 | 250,012 | 38,935 | 41,513 | 1,881,709 | 1,888,066 |

Notes of a specific nature

Consolidated balance sheet

Note 1

| | 30/06/2006 | 31/12/2005 | Change |
|----------|------------|------------|--------|
| Goodwill | 0 | 0 | 0 |

Note 2

| | 30/06/2006 | 31/12/2005 | Change |
|--|------------|------------|---------|
| Other intangible assets | 15,830 | 14,924 | 906 |
| Property | 78,968 | 109,208 | -30,240 |
| Other items of property, plant and equipment | 5,303 | 5,378 | -75 |

A breakdown of property, other items of property, plant and equipment and other intangible assets based on the policy adopted by the group for the measurement subsequent to initial recognition is set out below.

Breakdown of property, plant and equipment and intangible assets

(in thousands of Euros)

| | At cost | Deemed cost or fair value | Total carrying amount |
|--|---------|---------------------------|-----------------------|
| Investment property | - | - | - |
| Other property | 78,968 | - | 78,968 |
| Other items of property, plant and equipment | 5,303 | - | 5,303 |
| Other intangible assets | 15,830 | - | 15,830 |

Other intangible assets and other items of property, plant and equipment

The group's assets have finite useful lives. Amortisation/depreciation is calculated on a straight-line basis over the asset's estimated useful life.

Specifically, the estimated useful life of each category of property, plant and equipment and intangible assets may be summarised as follows:

- Software: between 5 to 10 years;
- Other intangible assets: between 2 to 5 years.
- Furniture, fittings, plant and equipment: between 5 to 10 years;
- Ordinary and electronic office machines: between 3 to 5 years;
- Cars: between 4 to 5 years.

Amortisation of intangible assets is recognised under "Other costs".

In particular, other assets mainly relate to deferred costs incurred for the acquisition and development of the IT software applications – the NewAge System– the integrated management tool for all relationships between the agencies, the sales network, the settlement network and the parent. The NewAge system estimated useful life is ten years.

Property

A breakdown of this caption is set out below:

| | (in thousands of Euros) | | |
|-----------------------------|-------------------------|----------------|----------------|
| | 30/06/2006 | 31/12/2005 | Change |
| Owner-occupied property | 15,166 | 15,694 | -528 |
| Property held for trading | 36,031 | 58,458 | -22,427 |
| Property under construction | 27,771 | 35,056 | -7,285 |
| Total | 78,968 | 109,208 | -30,240 |

- Owner-occupied property

The carrying amount of owner-occupied property at 30 June 2006 relates to the parent (Euro 12,585 thousand) and to the subsidiary Vittoria Properties S.r.l. (Euro 2,581 thousand).

Changes during the half year are set out below:

| | (in thousands of Euros) | | | | | |
|--------------------------|-------------------------|--------------|-------------------|-------------|--------------|---------------|
| | 31/12/2005 | Acquisitions | Improvement costs | Sales | Depreciation | 30/06/2006 |
| Owner-occupied property | | | | | | |
| Gross carrying amount | 16,391 | 0 | 6 | -375 | | 16,022 |
| Accumulated depreciation | 697 | | | -17 | 176 | 856 |
| Carrying amount | 15,694 | 0 | 6 | -358 | -176 | 15,166 |

Depreciation is calculated on a straight-line basis over the property's estimated useful life, between 30 and 50 years.

- Property held for trading and under construction

Changes during the half year are set out below:

(in thousands of Euros)

| Property | Trading activities | Construction work | Total |
|--|--------------------|-------------------|---------------|
| Carrying amount at 31/12/2005 | 58,458 | 35,056 | 93,514 |
| Acquisitions, net of capitalised financial charges | 4,491 | 4,533 | 9,024 |
| Capitalised financial charges | 0 | 313 | 313 |
| Revaluations due to work in progress | 0 | 232 | 232 |
| Sales | -33,462 | -14,819 | -48,281 |
| Write-downs | 0 | 0 | 0 |
| Recognised gains | 6,544 | 2,456 | 9,000 |
| Recognised losses | 0 | 0 | 0 |
| Exchange rate gains or losses | 0 | 0 | 0 |
| Carrying amount at 30/06/2006 | 36,031 | 27,771 | 63,802 |

Inventory charged to secure liabilities totalled Euro 31,402 thousand (Euro 12,612 thousand of which relating to trading activities and Euro 18,790 thousand to construction work).

Commitments for acquisitions to be settled totalled Euro 137,669 thousand (Euro 1,209 thousand of which relating to trading activities and Euro 136,460 thousand to construction work). The latter includes Euro 122,460 thousand in commitments for acquisitions to be settled for a real estate area in Milan (Portello area), Euro 47,460 thousand of which for commercial use and Euro 75,000 thousand for residential use.

The main real estate transactions carried out during the half year may be summarised as follows:

Trading activities

Newly-acquired property

- Acquisition of a building in Rome – Via Ojetti, available for sale in lots, for Euro 4,176 thousand. Sales for Euro 343 thousand, recording a profit of Euro 158 thousand, have already been made.

Property already acquired at 31 December 2005

- Buildings in Rome – Via Benedetto Croce: sale of lots for Euro 17,043 thousand, at a profit of Euro 2,371 thousand;
- Buildings in Rome – Via Capuana: sales for Euro 4,307 thousand, at a profit of Euro 1,609 thousand.
- Building portfolio (various areas in Rome) acquired from an insurance company in 2005: sales for Euro 10,844 thousand, at a profit of Euro 2,299 thousand.
- Property held for trading in Peschiera Borromeo (Milan): sales for Euro 969 thousand, at a profit of Euro 67 thousand.

Construction work

Property already acquired at 31 December 2005

- Property under construction in Turin ("Spina 1" district): costs incurred for the progress of construction work totalled Euro 1,107 thousand; notary deeds have already been signed on such buildings for Euro 18,919 thousand;
- Property under construction in Peschiera Borromeo (Milan): costs incurred for the progress of construction work totalled Euro 3,738 thousand; notary deeds have already been signed on such buildings for Euro 3,583 thousand.

Profits on property under construction are measured using the percentage of completion method, taking into account revenue relating to the period, while deducting that relating to units for which a sales agreement already exists and which was recognised in previous years in line with the stage of completion.

Note 3

| | 30/06/2006 | 31/12/2005 | Change |
|---|------------|------------|--------|
| Reinsurers' share of technical reserves | 134,631 | 143,306 | -8,675 |

A breakdown of the reinsurers' share of technical reserves by non-life and life business is set out below:

Breakdown of reinsurers' share of technical reserves

(in thousands of Euros)

| | Direct business | | Indirect business | | Total carrying amount | |
|--|-----------------|----------------|-------------------|--------------|-----------------------|----------------|
| | 30/06/06 | 31/12/05 | 30/06/06 | 31/12/05 | 30/06/06 | 31/12/05 |
| Non-life reserves | 107,696 | 115,751 | 1,435 | 1,637 | 109,131 | 117,388 |
| Premium reserve | 30,924 | 39,006 | 191 | 271 | 31,115 | 39,277 |
| Claims reserve | 76,772 | 76,745 | 1,244 | 1,366 | 78,016 | 78,111 |
| Other reserves | 0 | 0 | 0 | 0 | 0 | 0 |
| Life reserves | 25,500 | 25,918 | 0 | 0 | 25,500 | 25,918 |
| Reserve for payable amounts | 21 | 21 | 0 | 0 | 21 | 21 |
| Mathematical reserves | 25,437 | 25,858 | 0 | 0 | 25,437 | 25,858 |
| Technical reserves where investment risk is borne by policyholders and reserves arising from pension fund management | 0 | 0 | 0 | 0 | 0 | 0 |
| Other reserves | 42 | 39 | 0 | 0 | 42 | 39 |
| Total reinsurers' share of technical reserves | 133,196 | 141,669 | 1,435 | 1,637 | 134,631 | 143,306 |

Note 4

| | 30/06/2006 | 31/12/2005 | Change |
|--|------------|------------|--------|
| Investments in subsidiaries and associates and interests in joint ventures | 43,157 | 31,477 | 11,680 |

This caption is made up as follows:

| (in thousands of Euros) | | |
|----------------------------------|-------------------|-------------------|
| Investments in associates | 30/06/2006 | 31/12/2005 |
| Yarpa International Holding N.V. | 29,359 | 24,112 |
| Laumor B.V. | 4,391 | 488 |
| White Finance S.A | 7,512 | 5,133 |
| Gimatrading S.r.l. | 9 | 34 |
| Sivim S.r.l. | 23 | 23 |
| Rovimmobiliare S.r.l | 1,680 | 1,680 |
| Mosaico S.p.A. | 175 | 0 |
| Le Api S.r.l. | 8 | 7 |
| Total | 43,157 | 31,477 |

The increase of Euro 11,680 thousand is due to acquisitions and sales made and the group's share of the change in the equity of associates measured using the equity method, as follows:

| (in thousands of Euros) | |
|--|----------------------------------|
| Change | Investments in associates |
| Carrying amount at 31/12/2005 | 31,477 |
| Acquisitions and subscriptions: | 2,623 |
| White Finance S.A. | 2,448 |
| Mosaico S.p.A. | 175 |
| Sales and repayments | 0 |
| Change due to equity method measurement | 11,117 |
| Yarpa Internationa Holding B.V. | 5,031 |
| Laumor B.V. | 6,154 |
| White Finance S.A. | -69 |
| Gimatrading S.r.l. | 0 |
| Sivim S.r.l. | 0 |
| Rovimmobiliare S.r.l. | 0 |
| Mosaico S.p.A. | 0 |
| Le Api S.r.l. | 1 |
| - dividends from associates | -2,276 |
| - Other changes | 216 |
| Carrying amount at 30/06/2006 | 43,157 |

Note 5

| | 30/06/2006 | 31/12/2005 | Change |
|---|------------|------------|---------|
| Held to maturity investments | 146,915 | 71,687 | 75,228 |
| Loans and receivables | 13,001 | 16,862 | -3,861 |
| Financial assets available for sale | 1,017,796 | 1,061,807 | -44,011 |
| Financial assets at fair value through profit or loss | 122,349 | 124,365 | -2,016 |

In particular:

Breakdown of financial assets

(in thousands of Euros)

| | Held to maturity investments | | Loans and receivables | | Financial assets available for sale | | Financial assets at fair value through profit or loss | | | | Total carrying amount | |
|--|------------------------------|---------------|-----------------------|---------------|-------------------------------------|------------------|---|--------------|---|----------------|-----------------------|------------------|
| | | | | | | | Financial assets held for trading | | Financial assets at fair value through profit or loss | | | |
| | 30/06/06 | 31/12/05 | 30/06/06 | 31/12/05 | 30/06/06 | 31/12/05 | 30/06/06 | 31/12/05 | 30/06/06 | 31/12/05 | 30/06/06 | 31/12/05 |
| Equity and derivative instruments measured at cost | 0 | 0 | 0 | 0 | 14,501 | 14,644 | 0 | 0 | 0 | 0 | 14,501 | 14,644 |
| Equity instruments at fair value | 0 | 0 | 0 | 0 | 53,467 | 54,949 | 0 | 0 | 6,402 | 5,544 | 59,869 | 60,493 |
| of which listed | 0 | 0 | 0 | 0 | 45,320 | 47,429 | 0 | 0 | 6,402 | 5,544 | 51,722 | 52,973 |
| Debt securities | 146,915 | 71,687 | 0 | 0 | 940,938 | 983,470 | 3,225 | 1,607 | 31,526 | 35,956 | 1,122,604 | 1,092,720 |
| of which listed | 139,202 | 63,881 | 0 | 0 | 940,938 | 983,470 | 3,225 | 1,607 | 31,526 | 35,956 | 1,114,891 | 1,084,914 |
| OEIC units | 0 | 0 | 0 | 0 | 8,890 | 8,744 | 0 | 0 | 74,228 | 76,626 | 83,118 | 85,370 |
| Loans and receivables from bank customers | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Interbank loans and receivables | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Deposits with ceding companies | 0 | 0 | 615 | 618 | 0 | 0 | 0 | 0 | 0 | 0 | 615 | 618 |
| Financial asset portion of insurance contracts | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other loans and receivables | 0 | 0 | 12,386 | 16,244 | 0 | 0 | 0 | 0 | 0 | 0 | 12,386 | 16,244 |
| Non-hedging derivatives | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Hedging derivatives | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other financial assets | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 6,968 | 4,632 | 6,968 | 4,632 |
| Total | 146,915 | 71,687 | 13,001 | 16,862 | 1,017,796 | 1,061,807 | 3,225 | 1,607 | 119,124 | 122,758 | 1,300,061 | 1,274,721 |

Disclosure on fair value

(in thousands of Euros)

| FINANCIAL ASSETS | Carrying amount | Fair Value |
|---|------------------|------------------|
| Held to maturity investments | 146,915 | 147,596 |
| Loans and receivables | 13,001 | 13,001 |
| Financial assets available for sale | 1,017,796 | 1,017,796 |
| Financial assets held for trading | 3,225 | 3,225 |
| Financial assets at fair value through profit or loss | 119,124 | 119,124 |
| Total | 1,300,061 | 1,300,742 |

The fair value of unlisted financial instruments has been determined on the basis of the market trend of similar instruments or, where not available, using suitable measurement techniques, which are based on recent transactions and analyses using the discounted cash flow method.

Changes in equity investments, fixed-interest securities and OEIC units where the risk is borne by the group or policyholders

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

(in thousands of Euros)

| | Held to maturity investments | Financial assets available for sale | | | | Financial assets at fair value through profit or loss | Financial assets held for trading | Total |
|---------------------------------------|------------------------------|-------------------------------------|--------------|---|------------------|--|---|------------------|
| | | Equity investments | OEIC units | Bonds and other fixed-interest securities | Total | Assets where the risk is borne by policyholders and related to pension funds | Bonds and other fixed-interest securities | |
| Carrying amount at 31/12/2005 | 71,687 | 69,593 | 8,744 | 983,470 | 1,061,807 | 122,758 | 1,607 | 1,257,859 |
| Acquisitions and subscriptions | 74,896 | | | 15,696 | 15,696 | 10,686 | 1,907 | 95,212 |
| Sales and repayments | -86 | -100 | -48 | -38,192 | -38,340 | -18,990 | -242 | -50,307 |
| Other changes: | | | | | | | | |
| - effective interest adjustments | 796 | | | 346 | 346 | | | 1,142 |
| - fair value adjustments | | -1,484 | 194 | -21,236 | -22,526 | 1,121 | -56 | -21,461 |
| - impairment loss | | -41 | | | -41 | | | -41 |
| - rate changes | -378 | | | 854 | 854 | 54 | 9 | 539 |
| - other changes | | | | | | 3,495 | | 4,117 |
| Carrying amount at 30/06/2006 | 146,915 | 67,968 | 8,890 | 940,938 | 1,017,796 | 119,124 | 3,225 | 1,287,060 |

The relationship between financial liabilities and financial assets relating to contracts where the risk is borne by policyholders and relating to pension fund management is set out below.

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

(in thousands of Euros)

| | Benefits relating to unit-linked and index-linked policies | | Benefits relating to pension fund management | | Total | |
|----------------------------------|--|----------------|--|--------------|----------------|----------------|
| | 30/06/2006 | 31/12/2005 | 30/06/2006 | 31/12/2005 | 30/06/2006 | 31/12/2005 |
| Recognised assets | 117,010 | 120,796 | 2,114 | 1,962 | 119,124 | 122,758 |
| Intragroup assets * | 0 | 0 | 0 | 0 | 0 | 0 |
| Total assets | 117,010 | 120,796 | 2,114 | 1,962 | 119,124 | 122,758 |
| Recognised financial liabilities | 117,010 | 120,796 | 2,114 | 1,962 | 119,124 | 122,758 |
| Recognised technical reserves | 0 | 0 | 0 | 0 | 0 | 0 |
| Intragroup liabilities * | 0 | 0 | 0 | 0 | 0 | 0 |
| Total liabilities | 117,010 | 120,796 | 2,114 | 1,962 | 119,124 | 122,758 |

* Assets and liabilities eliminated during consolidation

Loans and receivables

At 30 June 2006, loans and receivables totalled Euro 13,001 thousand, down Euro 3,861 thousand on 31 December 2005 (Euro 16,862 thousand).

This caption mainly includes:

- loans to group companies of Euro 575 thousand;
- mortgage loans granted by the parent of 4,470 thousand;
- loans on life insurance policies of Euro 5,337 thousand;
- loans granted to employees and agents of the parent of Euro 1,713 thousand;
- reinsurance deposits of Euro 615 thousand.

Laumor B.V. repaid the parent the loan of Euro 3,688 thousand. At 30 June 2006, loans to group companies relate to the associate Mosaico S.p.A..

Euro 11,667 thousand is due after one year. Such receivables relate to recharges to agents for their premium portfolios.

Note 6

| | 30/06/2006 | 31/12/2005 | Change |
|--|------------|------------|---------|
| Receivables relating to direct insurance | 89,864 | 107,151 | -17,287 |

This caption is made up as follows:

| | (in thousands of Euros) | |
|--|-------------------------|-------------------|
| Receivables relating to direct insurance | 30/06/2006 | 31/12/2005 |
| Premiums due from policyholders | 28,663 | 35,336 |
| Receivables due from brokers and agents | 30,472 | 43,091 |
| Receivables due from insurance companies - current accounts | 5,507 | 4,481 |
| Amounts to be recovered from policyholders and third parties | 25,222 | 24,243 |
| Total | 89,864 | 107,151 |

These receivables are stated net of the related provisions for bad debts. Specifically, the provision relating to premiums due from policyholders takes into account historical trends of write-offs of premiums written but not collected.

Euro 7,332 thousand is due after one year.

Note 7

| | 30/06/2006 | 31/12/2005 | Change |
|--|-------------------|-------------------|---------------|
| Receivables relating to reinsurance business | 15,204 | 10,375 | 4,829 |

This caption relates to receivables due from insurance and reinsurance companies. It includes current account receivables showing the reinsurance technical result.

Note 8

| | 30/06/2006 | 31/12/2005 | Change |
|--------------------|-------------------|-------------------|---------------|
| Sundry receivables | 87,866 | 70,891 | 16,975 |

This caption relates to advances paid to third parties of Euro 72,934 thousand, including Euro 56,283 thousand for the acquisition of the companies owning an area suitable for building in Milan (Portello area).

Note 9

| | 30/06/2006 | 31/12/2005 | Change |
|----------------------------|-------------------|-------------------|---------------|
| Deferred acquisition costs | 12,096 | 12,818 | -722 |

This caption includes the acquisition costs paid in advance upon signing long-term insurance contracts.

At 30 June 2006, Euro 4,944 thousand relates to the life business and Euro 7,152 thousand to the non-life business.

Note 10

| | 30/06/2006 | 31/12/2005 | Change |
|---------------------|-------------------|-------------------|---------------|
| Deferred tax assets | 10,814 | 10,682 | 132 |

This caption includes deferred tax assets of the parent, real estate business and service business of Euro 5,964 thousand, Euro 1,856 thousand and Euro 4 thousand, respectively, relating to elimination and other consolidation entries of Euro 2,990 thousand.

Note 11

| | 30/06/2006 | 31/12/2005 | Change |
|--------------------|-------------------|-------------------|---------------|
| Current tax assets | 17,429 | 19,910 | -2,481 |

The caption includes tax receivables of the parent of Euro 11,284 thousand, mainly deferred tax assets on the life business mathematical reserves (Euro 5,998 thousand) and tax receivables recognised as a result of the tax consolidation system (Euro 3,863 thousand). It also comprises VAT receivables of the real estate companies of Euro 4,619 thousand arising from the acquisition of building areas and property.

Note 12

| | 30/06/2006 | 31/12/2005 | Change |
|--------------|-------------------|-------------------|---------------|
| Other assets | 2,967 | 2,209 | 758 |

This caption includes deferred commission expense on investment contracts of Euro 517 thousand and prepayments of Euro 2,085 thousand mainly relating to general costs.

Note 13

| | 30/06/2006 | 31/12/2005 | Change |
|---------------------------|-------------------|-------------------|---------------|
| Cash and cash equivalents | 67,519 | 75,016 | -7,497 |

This caption includes bank account balances of Euro 67,441 thousand and cash-in-hand of Euro 78 thousand.

Note 14

| | 30/06/2006 | 31/12/2005 | Change |
|---|------------|------------|--------|
| Equity attributable to the shareholders of the parent | 213,420 | 203,635 | 9,785 |
| Equity attributable to minority interests | 6,372 | 9,898 | -3,526 |

Details on changes in consolidated equity are set out in the section entitled "Statement of changes in equity".

The caption may be broken down as follows:

| | (in thousands of Euros) | |
|--|-------------------------|-------------------|
| BREAKDOWN OF EQUITY | 30/06/2006 | 31/12/2005 |
| Share capital | 30,244 | 30,000 |
| Other equity instruments | 1,307 | 1,398 |
| Equity-related reserves | 21,081 | 20,142 |
| Income-related and other reserves | 127,420 | 91,715 |
| Translation reserve | (6) | 6 |
| Fair value reserve | 13,912 | 21,585 |
| Other gains or losses recognised directly in equity | (1,190) | (1,190) |
| Profit for the period/year | 20,652 | 39,979 |
| Total equity attributable to the shareholders of the parent | 213,420 | 203,635 |
| Share capital and reserves attributable to minority interests | 5,742 | 5,518 |
| Profit for the period/year | 630 | 4,380 |
| Total equity attributable to minority interests | 6,372 | 9,898 |
| Total consolidated equity | 219,792 | 213,533 |

The share capital comprises 30,244,147 fully subscribed and paid-up shares with a nominal value of Euro 1.00 each, as modified following the exercise of bond conversion options up to 30 June 2006. In their meeting of 26 April 2001, the shareholders approved the issue of 3,750,000 shares for the purpose of the conversion of the "Vittoria Assicurazioni S.p.A. Fixed/Floater 2001/2016 subordinated bond issue convertible into ordinary shares" (ISIN code IT0003184758).

The group does not hold either directly or indirectly any shares of its parents.

Dividends distributed by the parent, recognised under "Other reclassifications" in the "Statement of changes in equity", totalled Euro 4,200,000 and Euro 4,500,000 in 2005 and 2006, respectively.

Changes in the "Fair value reserve" may be analysed as follows:

(in thousands of Euros)

A) Net unrealised gains

| | Gross amount | Tax impact | Net amount |
|--|----------------|---------------|----------------|
| Unrealised gains at 31/12/2005 | 55,183 | 14,699 | 40,484 |
| Decrease due to sales | -45 | -15 | -30 |
| Decrease due to fair value changes at 30 June 2006 | -22,525 | -6,674 | -15,851 |
| Total change for the period/year | -22,570 | -6,689 | -15,881 |
| Unrealised gains at 30/06/2006 | 32,613 | 8,010 | 24,603 |

B) Shadow accounting reserve

| | Gross amount | Tax impact | Net amount |
|--|---------------|---------------|---------------|
| Shadow accounting reserve at 31/12/2005 | 30,605 | 11,706 | 18,899 |
| Change in shadow accounting reserve | -13,292 | -5,084 | -8,208 |
| Shadow accounting reserve at 30/06/2006 | 17,313 | 6,622 | 10,691 |

Combined effect A) - B) : "Fair value reserve"

| | Gross amount | Tax impact | Net amount |
|--|---------------|---------------|---------------|
| Gains or losses on financial assets AFS at 31/12/2005 | 24,578 | 2,993 | 21,585 |
| Decrease due to sales | -45 | -15 | -30 |
| Decrease due to fair value changes at 30 June 2006 | -22,525 | -6,674 | -15,851 |
| Change in shadow accounting reserve | 13,292 | 5,084 | 8,208 |
| Total change for the period/year | -9,278 | -1,605 | -7,673 |
| Gains or losses on financial assets AFS at 30/06/2006 | 15,300 | 1,388 | 13,912 |

Losses recognised directly in equity of Euro 7,643 thousand have arisen on the Euro 15,851 thousand decrease in the reserve for unrealised capital gains on financial assets available for sale and the Euro 8,208 thousand decrease in the shadow accounting reserve.

Total gains recognised in profit or loss and equity amounted to Euro 12,979 thousand during the period, as follows.

| | |
|--|---------------|
| Profit attributable to the shareholders of the parent for the period | 20,652 |
| Unrealised gains/losses | <u>-7,673</u> |
| Total | 12,979 |

Note 15

| | 30/06/2006 | 31/12/2005 | Change |
|------------|------------|------------|--------|
| Provisions | 4,811 | 5,344 | -533 |

The caption mainly includes the accrual of Euro 441 thousand made by the parent to cover the risk of a pending litigation before the Supreme Court and the accrual of Euro 3,630 thousand for contract costs to be incurred in relation to formally sold real estate units. Changes in this caption are set out below.

(in thousands of Euros)

| Provisions | 31/12/2005 | Accruals of the year | Utilisations of the year | 30/06/2006 |
|------------------------------------|--------------|----------------------|--------------------------|--------------|
| Provision for litigation | 546 | | -105 | 441 |
| Provision for costs to be incurred | 4,058 | 664 | -1,092 | 3,630 |
| Other provisions | 740 | | | 740 |
| Total | 5,344 | 664 | - 1,197 | 4,811 |

Note 16

| | 30/06/2006 | 31/12/2005 | Change |
|--------------------|------------|------------|--------|
| Technical reserves | 1,279,341 | 1,258,577 | 20,764 |

Technical reserves may be broken down as follows.

Breakdown of technical reserves

(in thousands of Euros)

| | Direct business | | Indirect business | | Total carrying amount | |
|--|------------------|------------------|-------------------|--------------|-----------------------|------------------|
| | 30/06/2006 | 31/12/2005 | 30/06/2006 | 31/12/2005 | 30/06/2006 | 31/12/2005 |
| Non-life reserves | 602,468 | 585,481 | 1,925 | 2,208 | 604,393 | 587,689 |
| Premium reserve | 171,774 | 164,084 | 179 | 342 | 171,953 | 164,426 |
| Claims reserve | 428,170 | 419,078 | 1,746 | 1,866 | 429,916 | 420,944 |
| Other reserves | 2,524 | 2,319 | 0 | 0 | 2,524 | 2,319 |
| of which following the Liability Adequacy Test | 0 | 0 | 0 | 0 | 0 | 0 |
| Life reserves | 674,371 | 670,311 | 577 | 577 | 674,948 | 670,888 |
| Reserve for payable amounts | 15,743 | 24,069 | 14 | 14 | 15,757 | 24,083 |
| Mathematical reserves | 624,654 | 598,193 | 551 | 551 | 625,205 | 598,744 |
| Technical reserves where investment risk is borne by policyholders and reserves arising from pension fund management | 0 | 0 | 0 | 0 | 0 | 0 |
| Other reserves | 33,974 | 48,049 | 12 | 12 | 33,986 | 48,061 |
| of which following the Liability Adequacy Test | 0 | 0 | 0 | 0 | 0 | 0 |
| of which deferred liabilities to policyholders | 30,341 | 44,489 | 0 | 0 | 30,341 | 44,489 |
| Total technical reserves | 1,276,839 | 1,255,792 | 2,502 | 2,785 | 1,279,341 | 1,258,577 |

Deferred liabilities to policyholders are due to the fair value measurement of financial assets available for sale (Euro 17,313 thousand) and to the accrual for the profits of the subsidiaries allocated to the separately-managed businesses (Euro 13,028 thousand).

Liability Adequacy Test (LAT)

The adequacy of the technical reserves in the financial statements has been confirmed by the LAT.

Note 17

| | 30/06/2006 | 31/12/2005 | Change |
|--|------------|------------|--------|
| Financial liabilities at fair value through profit or loss | 119,124 | 122,758 | -3,634 |
| Other financial liabilities | 185,948 | 183,528 | 2,420 |

Financial liabilities at fair value through profit or loss relate to investment contracts where the investment risk is borne by the policyholders and to pension fund management.

The caption "Other financial liabilities", Euro 125,115 thousand of which is due within one year with Euro 60,833 thousand after one year, mainly relates to reinsurance deposits of Euro 106,295 thousand, bank loans to the group's real estate companies of Euro 59,686 thousand (Euro 14,621 thousand of which secured by collateral) and the financial liability portion of Euro 16,231 thousand of the subordinated bonds issued by the parent.

Financial liabilities may be broken down as follows.

Breakdown of financial liabilities

(in thousands of Euros)

| | Financial liabilities at fair value through profit or loss | | | | Other financial liabilities | | Total carrying amount | |
|--|--|----------|--|----------------|-----------------------------|----------------|-----------------------|----------------|
| | Financial liabilities held for trading | | Financial liabilities at fair value through profit or loss | | 30/06/06 | 31/12/05 | 30/06/06 | 31/12/05 |
| | 30/06/06 | 31/12/05 | 30/06/06 | 31/12/05 | | | | |
| Equity instruments | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Subordinated liabilities | 0 | 0 | 0 | 0 | 16,231 | 17,760 | 16,231 | 17,760 |
| Liabilities from financial contracts issued by insurance companies | 0 | 0 | 119,124 | 122,758 | 0 | 0 | 119,124 | 122,758 |
| From contracts where the investment risk is borne by policyholders | 0 | 0 | 117,010 | 120,796 | | 0 | 117,010 | 120,796 |
| From pension fund management | 0 | 0 | 2,114 | 1,962 | | 0 | 2,114 | 1,962 |
| From other contracts | 0 | 0 | 0 | 0 | | 0 | 0 | 0 |
| Deposits received from reinsurers | 0 | 0 | 0 | 0 | 106,295 | 106,301 | 106,295 | 106,301 |
| Financial liability portion of insurance contracts | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Debt securities issued | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Payables to bank customers | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Interbank payables | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other loans obtained | 0 | 0 | 0 | 0 | 63,422 | 59,467 | 63,422 | 59,467 |
| Non-hedging derivatives | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Hedging derivatives | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other financial liabilities | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 0 | 0 | 119,124 | 122,758 | 185,948 | 183,528 | 305,072 | 306,286 |

Subordinated liabilities relate to the "Vittoria Assicurazioni S.p.A. Fixed/Floater 2001/2016 subordinated bond issue convertible into ordinary shares" (ISIN code IT0003184758), issued in accordance with the resolution of the parent's shareholders taken in the extraordinary meeting of 26 April 2001. The bonds are fully subscribed.

The main characteristics of the convertible subordinated bond issue are as follows:

- total nominal amount on issue: Euro 18,000,000; total residual nominal amount following the exercise of conversion options up to 30 June 2006: Euro 16,828,094.40;
- originally comprising 3,700,000 bonds with a nominal value of Euro 4.80 each; residual bonds at 30 June 2006: 3,505,853;
- nominal interest rate:
 - fixed 5.5% up to 31 December 2010 - annual coupons
 - variable six-monthly Euribor plus a spread of 2.5% six-monthly coupons from 1 January 2011;
- conversion option can be exercised from 20 May (included) to 30 October (included) in 2006, 2007, 2008, 2009 and 2010. In 2011, 2012, 2013, 2014 and 2015, the conversion option can be exercised from 20 May (included) to 10 June (included) of each year. The exercise of the conversion option is suspended in the period from the date of any issuer's board of directors' meetings resolving to call a shareholders' meeting for the approval of financial statements "with dividend distribution" to the date subsequent to the coupon detachment date approved by the same meeting;
- maturity: 1 January 2016;
- convertible into Vittoria Assicurazioni ordinary shares (1 share for each bond);
- early repayment: call option from 1 January 2011;
- subordination clause: in the case of dissolution, liquidation, insolvency or compulsory liquidation of the company, the bonds will be repaid, in terms of residual principal and interest, only after all other company creditors (unsecured, secured, unsubordinated or with a subordination level lower than those of the bonds) have been satisfied.

Furthermore, the parent 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.

As described in the section on accounting policies, the equity portion (conversion option) has been measured separately from the debt component, to which the effective interest rate of 7.17% has been applied.

Financial liabilities at fair value through profit or loss

Changes in the financial liabilities relating to investment contracts may be analysed as follows.

| (in thousands of Euros) | | | |
|---------------------------------------|--|--|----------------|
| Financial liabilities | Benefits relating to unit-linked and index-linked policies | Benefits relating to pension fund management | Total |
| Carrying amount at 31/12/2005 | 120,796 | 1,962 | 122,758 |
| Investments of net fund assets | 7,165 | 144 | 7,309 |
| Profits attributable to policyholders | 1,729 | 63 | 1,792 |
| Amounts paid | -12,680 | -55 | -12,735 |
| Carrying amount at 30/06/2006 | 117,010 | 2,114 | 119,124 |

Disclosure on fair value

| (in thousands of Euros) | | |
|--|-----------------|----------------|
| FINANCIAL LIABILITIES | Carrying amount | Fair Value |
| Financial liabilities held for trading | - | - |
| Financial liabilities at fair value through profit or loss | 119,124 | 119,124 |
| Other financial liabilities | 185,948 | 187,637 |
| Total | 305,072 | 306,761 |

The overall fair value of "Other financial liabilities" relates to the subordinated bond issue (Euro 17,920 thousand) and reinsurance deposits and loans granted to the real estate companies (Euro 169,717 thousand). The fair value measurement of the subordinated bond issue is based on the market value of similar instruments.

Note 18

| | 30/06/2006 | 31/12/2005 | Change |
|---|------------|------------|--------|
| Payables arising from the direct insurance business | 6,166 | 7,879 | -1,713 |

This caption is made up as follows:

| (in thousands of Euros) | | |
|--|--------------|--------------|
| Payables arising from direct insurance business | 30/06/2006 | 31/12/2005 |
| Payables to insurance brokers and agents | 1,834 | 1,960 |
| Payables to insurance companies - current accounts | 4,313 | 4,881 |
| Guarantee deposits paid by policyholders | 19 | 4 |
| Payables to guarantee funds in favour of policyholders | - | 1,034 |
| Total | 6,166 | 7,879 |

Note 19

| | 30/06/2006 | 31/12/2005 | Change |
|--|------------|------------|--------|
| Payables arising from the reinsurance business | 5,000 | 7,154 | -2,154 |

This caption relates to payables to insurance and reinsurance companies. It includes current account receivables showing the reinsurance technical result.

Note 20

| | 30/06/2006 | 31/12/2005 | Change |
|--------------------|------------|------------|--------|
| Other sums payable | 33,254 | 42,613 | -9,359 |

The caption includes:

| | (in thousands of Euros) | |
|--|-------------------------|-------------------|
| Other sums payable | 30/06/2006 | 31/12/2005 |
| Payments on account received by real estate companies for preliminary sales agreements | 1,886 | 2,912 |
| Trade payables | 10,469 | 16,028 |
| Payables to employees (amounts settled in July 2007 and accruals for untaken holidays) | 1,885 | 1,486 |
| Employee benefits - provisions for termination benefits | 7,162 | 7,437 |
| Policyholders' tax due | 7,625 | 8,748 |
| Sundry tax liabilities (withholdings) | 1,134 | 1,347 |
| Social security charges payable | 1,389 | 1,730 |
| Sundry payables | 1,704 | 2,925 |
| Total | 33,254 | 42,613 |

Other liabilities relating to employee benefits, especially medical services and seniority bonuses, are recognised as "Other liabilities" (note 23).

Termination benefits are considered to be due after one year.

The key actuarial and financial assumptions used in measuring employee benefits relate to:

- Inflation rate
- Discount rate
- Exit from the group due to:
 - mortality
 - invalidity
 - resignation and firing
 - retirement
- Premium paid per family for medical services to managers during retirement

Note 21

| | 30/06/2006 | 31/12/2005 | Change |
|--------------------------|------------|------------|--------|
| Deferred tax liabilities | 8,161 | 10,474 | -2,313 |

This caption mainly includes deferred tax liabilities of the parent totalling Euro 7,901 thousand.

Note 22

| | 30/06/2006 | 31/12/2005 | Change |
|-------------------------|------------|------------|---------|
| Current tax liabilities | 6,687 | 19,832 | -13,145 |

The caption relates to income tax for the period, net of payments on account.

The liabilities are accounted for considering the options of the tax consolidation system adopted by the parent.

Note 23

| | 30/06/2006 | 31/12/2005 | Change |
|-------------------|------------|------------|--------|
| Other liabilities | 13,425 | 16,374 | -2,949 |

This caption mainly includes commissions to be paid on premiums under collection at period end and agents' incentives (Euro 5,003 thousand), deferred commission income on investment contracts (Euro 912 thousand), invoices and notes to be received from suppliers (Euro 4,963 thousand) and liabilities relating to defined benefit plans and other employee long-term benefits, such as medical services and seniority bonuses (Euro 1,785 thousand).

Consolidated income statement

Note 24

| | 30/06/2006 | 30/06/2005 | Change |
|---|------------|------------|--------|
| Gross premiums | 265,464 | 259,168 | 6,296 |
| Ceded premiums | 36,299 | 42,086 | -5,787 |
| Amounts paid and change in technical reserves | 203,922 | 205,565 | -1,643 |
| Reinsurers' share | -26,242 | -30,259 | 4,017 |

Gross premiums relate to:

- non-life business for Euro 214,844 thousand, Euro 222,442 thousand of which relating to premiums written (Euro 221,788 thousand relating to direct insurance and Euro 654 thousand to inwards reinsurance) and Euro 7,598 thousand to a change in the premium reserve;
- life business for Euro 50,620 thousand, Euro 50,618 thousand of which relating to direct insurance and Euro 2 thousand to inwards reinsurance.

Ceded premiums relate to:

- non-life business for Euro 35,927 thousand, Euro 35,549 thousand of which relating to outwards reinsurance and Euro 378 thousand to retrocession.
- life business for Euro 1,648 thousand relating to outwards reinsurance.

Amounts paid and changes in technical reserves relate to:

- non-life business for Euro 150,613 thousand, Euro 150,534 thousand of which relating to direct insurance and Euro 79 thousand to inwards reinsurance;
- life business for Euro 54,165 thousand, Euro 54,131 thousand of which relating to direct insurance and Euro 33 thousand to inwards reinsurance.

The reinsurers' share relates to:

- non-life business for Euro 24,940 thousand, Euro 24,920 thousand of which relating to outwards reinsurance and Euro 20 thousand to retrocession.
- life business for Euro 1,302 thousand relating to outwards reinsurance.

Reference should be made to the table set out in the section on "Segment reporting" for a breakdown of premiums by geographical area.

Net premiums and net charges relating to claims broken down by primary segment, gross of intersegment eliminations, may be analysed as follows:

Breakdown of insurance technical captions

(in thousands of Euros)

| | 30/06/06 | | | 30/06/05 | | |
|--|----------------|-------------------|----------------|----------------|-------------------|----------------|
| | Gross amount | Reinsurers' share | Net amount | Gross amount | Reinsurers' share | Net amount |
| Non-life business | | | | | | |
| NET PREMIUMS | 214,844 | 34,651 | 180,193 | 209,046 | 40,323 | 168,723 |
| a Recognised premiums | 222,440 | 35,927 | 186,513 | 215,118 | 42,340 | 172,778 |
| b Change in premium reserve | 7,596 | 1,276 | 6,320 | 6,072 | 2,017 | 4,055 |
| NET CHARGES RELATING TO CLAIMS | 150,613 | 24,940 | 125,673 | 147,949 | 28,833 | 119,116 |
| a Amounts paid | 145,908 | 25,377 | 120,531 | 136,978 | 30,570 | 106,408 |
| b Change in claims reserve | 9,134 | 39 | 9,095 | 15,110 | -1,445 | 16,555 |
| c Change in recoveries | 4,634 | 476 | 4,158 | 4,377 | 292 | 4,085 |
| d Change in other technical reserves | 205 | 0 | 205 | 238 | 0 | 238 |
| Life business | | | | | | |
| NET PREMIUMS | 50,620 | 1,648 | 48,972 | 50,122 | 1,763 | 48,359 |
| NET CHARGES RELATING TO CLAIMS | 54,165 | 1,302 | 52,863 | 52,637 | 1,426 | 51,211 |
| a Amounts paid | 36,329 | 1,720 | 34,609 | 31,842 | 169 | 31,673 |
| b Change in reserve for payable amounts | -8,325 | 0 | -8,325 | -2,202 | 0 | -2,202 |
| c Change in mathematical reserves | 26,088 | -422 | 26,510 | 22,946 | 1,252 | 21,694 |
| d Change in technical reserves where investment risk is borne by policyholders and reserves arising from pension fund management | 0 | 0 | 0 | 0 | 0 | 0 |
| e Change in other technical reserves | 73 | 4 | 69 | 51 | 5 | 46 |

Note 25

| | 30/06/2006 | 30/06/2005 | Change |
|-------------------|------------|------------|--------|
| Commission income | 635 | 884 | -249 |

The caption includes commission income earned on investment contracts classified as financial liabilities (index-linked, unit-linked and pension funds).

Gains and losses on financial instruments and investments

(in thousands of Euros)

| | Interest | Other income | Other charges | Realised gains | Realised losses | Total realised gains and losses | Unrealised gains | | | | Total unrealised gains and losses 30/06/06 | Total gains and losses 30/06/05 | |
|--|---------------|---------------|---------------|----------------|-----------------|---------------------------------|------------------|-------------------------------|-------------------|-------------------|--|---------------------------------|---------------|
| | | | | | | | Unrealised gains | Reversal of impairment losses | Unrealised losses | Impairment losses | | | |
| Investments | 20,607 | 12,125 | 270 | 1,444 | 173 | 33,733 | 1,953 | 0 | 1,936 | 41 | -94 | 33,649 | 31,468 |
| a Investment property | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| b Investments in subsidiaries and associates and interests in joint ventures | 0 | 11,186 | 69 | 0 | 0 | 11,117 | 0 | 0 | 0 | 0 | 0 | 11,117 | 3,021 |
| c Held to maturity investments | 2,356 | 0 | 0 | 0 | 0 | 2,356 | 0 | 0 | 0 | 0 | 0 | 2,356 | 1,519 |
| d Loans and receivables | 330 | 0 | 0 | 0 | 0 | 330 | 0 | 0 | 2 | 0 | -2 | 328 | 377 |
| e Financial assets available for sale | 17,388 | 753 | 0 | 0 | 0 | 18,141 | 0 | 0 | 0 | 41 | -41 | 18,100 | 20,801 |
| f Financial assets held for trading | 9 | 0 | 0 | 2 | 0 | 11 | 3 | 0 | 58 | 0 | -55 | -44 | 38 |
| g Financial assets at fair value through profit or loss | 524 | 186 | 201 | 1,442 | 173 | 1,778 | 1,950 | 0 | 1,936 | 0 | 14 | 1,792 | 5,712 |
| Other receivables | 234 | 0 | 0 | 0 | 0 | 234 | 0 | 0 | 0 | 0 | 0 | 234 | 266 |
| Cash and cash equivalents | 1,081 | 0 | 0 | 0 | 0 | 1,081 | 0 | 0 | 0 | 0 | 0 | 1,081 | 953 |
| Financial liabilities | -2,288 | 0 | 0 | 0 | 0 | -2,288 | 0 | 0 | 1,792 | 0 | -1,792 | -4,080 | -8,347 |
| a Financial liabilities held for trading | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| b Financial liabilities at fair value through profit or loss | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,792 | 0 | -1,792 | -1,792 | -5,712 |
| c Other financial liabilities | -2,288 | 0 | 0 | 0 | 0 | -2,288 | 0 | 0 | 0 | 0 | 0 | -2,288 | -2,635 |
| Payables | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 19,654 | 12,125 | 270 | 1,444 | 173 | 32,780 | 1,953 | 0 | 3,786 | 41 | -1,876 | 30,904 | 24,350 |

The table breaks down gains and losses on financial instruments and equity investments by originating balance sheet caption.

With reference to the captions shown in note 26:

- gains and losses on other financial instruments at fair value through profit or loss relate to captions f) and g) of the table relating to investments and a) and b) of the table relating to financial liabilities;
- gains and losses on investments in subsidiaries and associates and interests in joint ventures relate to caption b) of the table relating to investments;
- gains and losses on other financial instruments and investment property relate to captions a), c), d), and e) of the table relating to investments, and c) of the tables relating to financial liabilities, other receivables and cash and cash equivalents.

Note 26

| | 30/06/2006 | 30/06/2005 | Change |
|---|------------|------------|--------|
| Gains and losses on financial instruments at fair value through profit or loss | -44 | 38 | -82 |
| Gains on investments in subsidiaries, associates and interests in joint ventures | 11,186 | 3,021 | 8,165 |
| Losses on investments in subsidiaries, associates and interests in joint ventures | 69 | 0 | 69 |
| Gains on other financial instruments and investment property | 22,142 | 23,936 | -1,794 |
| Losses on other financial instruments and investment property | 2,311 | 2,635 | -324 |

The net gain of Euro 11,117 thousand on investments in subsidiaries, associates and interests in joint ventures relates to the group's share of the profit or loss of group companies measured using the equity method. Reference should be made to note 4 for greater details.

Gains on investments in financial assets at fair value through profit or loss relate to the net gain of Euro 1,792 thousand on investment contracts (index-linked, unit-linked and pension funds) offset by losses of the same amount due to changes in the related financial liabilities at fair value through profit or loss.

Note 27

| | 30/06/2006 | 30/06/2005 | Change |
|--------------|------------|------------|---------|
| Other income | 13,420 | 38,601 | -25,181 |

The caption includes:

- trading profits of Euro 9,000 thousand;
- revenue from construction work in progress of Euro 232 thousand;
- revenue from services of Euro 2,188 thousand, mainly comprising:
 - real estate brokerage services (Euro 1,701 thousand);
 - real estate management (Euro 50 thousand);
 - administration, real estate appraisals and other income (Euro 117 thousand);
 - insurance commission income with third parties (Euro 320 thousand);
- rent income of Euro 688 thousand;
- technical income on insurance contracts of Euro 972 thousand, mainly comprising:
 - write-off of commissions for premiums cancelled (Euro 332 thousand);
 - other technical captions (Euro 402 thousand), mainly related to recoveries of settlement costs related to claims subject to knock for knock agreements and ANIA incentives for scrapping damaged vehicles;
 - utilisation of the provision for bad debts (Euro 238 thousand);
- prior year items of Euro 258 thousand;
- other income of Euro 99 thousand.

Note 28

| | 30/06/2006 | 30/06/2005 | Change |
|--------------------|------------|------------|--------|
| Commission expense | 248 | 135 | 113 |

The caption includes commission expense, i.e., acquisition and maintenance costs incurred on investment contracts classified as financial liabilities (index-linked, unit-linked and pension funds).

Note 29

| | 30/06/2006 | 30/06/2005 | Change |
|---|------------|------------|--------|
| Commissions and other acquisition costs | 45,175 | 38,199 | 6,976 |
| Investment management costs | 372 | 362 | 10 |
| Other administrative costs | 15,603 | 17,602 | -1,999 |

Operating costs, broken down by non-life and life business, are detailed in the following table.

Breakdown of insurance operating costs

(in thousands of Euros)

| | Non-life business | | Life business | |
|--|-------------------|---------------|---------------|--------------|
| | 30/06/06 | 30/06/05 | 30/06/06 | 30/06/05 |
| Gross commissions and other acquisition costs net of profit participation and other commissions received from reinsurers | 42,716 | 35,858 | 3,734 | 4,455 |
| Investment management costs | 191 | 188 | 181 | 174 |
| Other administrative costs | 7,190 | 7,626 | 2,235 | 2,316 |
| Total | 50,097 | 43,672 | 6,150 | 6,945 |

Personnel expenses, other general costs and amortisation/depreciation charges allocated to operating costs totalled Euro 19,569 thousand (first half of 2005: Euro 18,739 thousand) as better described in the section on "Overheads" of the directors' report.

Note 30

| | 30/06/2006 | 30/06/2005 | Change |
|-------------|------------|------------|--------|
| Other costs | 5,555 | 5,985 | -430 |

The caption is made up as follows:

- technical costs on insurance contracts of Euro 2,651 thousand, of which:
 - technical write-offs and losses on unrecoverable premiums and related accruals to the provision for bad debts (Euro 1,939 thousand);
 - charges for services supporting insurance covers and costs for premiums under litigation (Euro 712 thousand).
- accruals to the provision for bad debts of Euro 150 thousand;
- exchange rate losses of Euro 230 thousand;
- losses on the sale of property of Euro 43 thousand;
- losses on the sale of other items of property, plant and equipment of Euro 10 thousand;
- prior year items of Euro 370 thousand;
- amortisation/depreciation charges of Euro 2,096 thousand;
- other costs of Euro 5 thousand.

Note 31

| | 30/06/2006 | 30/06/2005 | Change |
|--------------|------------|------------|--------|
| Income taxes | 8,209 | 15,909 | -7,700 |

The caption includes current taxes of Euro 8,619 thousand and deferred tax income of Euro 410 thousand.

Income taxes are taken to profit or loss except for those that are directly debited or credited to equity, when the tax effect is also recognised directly in equity.

Other information

Employees

Employees of Vittoria Assicurazioni and fully consolidated companies numbered 467 at period end compared to 462 at the end of the previous year and 452 at the end of the first half of the previous year.

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

| | 30/06/06 | 30/06/05 | 31/12/05 |
|----------------------|------------|------------|------------|
| Managers | 21 | 20 | 21 |
| Officers | 102 | 95 | 96 |
| Administrative staff | 342 | 327 | 332 |
| Total | 465 | 442 | 449 |

Tax position

The group companies availed themselves of the provisions (paragraph 44, article 2) of Law no. 350 of 24 December 2003 (2004 Finance Act), published in the Official Journal of 27 December 2003, and settled all years up to and including 2002 for direct and indirect tax purposes, except for the situation outlined below for 1992.

Insurance business

The parent was served an assessment report for 1992 arising from a documental inspection. The tax authorities contested the deductibility of the accruals to the life business mathematical reserves. The appeal filed by Vittoria Assicurazioni was discussed before the Milan Local Tax Court which admitted it. The Milan tax authorities appealed against this decision before the Milan Regional Tax Court, which reversed the decision taken by the Milan Local Tax Court. As a result of such decision, the parent received a tax assessment notice of Euro 648,385, which was recognised as an expense in the 2004 income statement.

The decision of the Supreme Court is still pending. Considering previous law cases, the company is confident of winning the case.

Real estate business

There is no pending tax litigation involving the group companies.

Board of directors

Milan, 8 September 2006

Report of the Independent Auditors

(Translation from the Italian original which remains the definitive version)

**Review report on the consolidated half-year report
prepared in accordance with article 81 of Consob Regulation
of Vittoria Assicurazioni S.p.A. approved with Resolution no. 11971 dated 14 May
1999 and ISVAP Provision no. 1207-G dated 6 July 1999 and subsequent
modifications and integrations with supervision purposes**

To the Board of Directors of
Vittoria Assicurazioni S.p.A.

1. We have reviewed the half-year consolidated report as at and for the six months ended 30 June 2006, comprising the balance sheet, profit and loss accounts, the statement of changes in shareholders' equity, the cash flow statement (the "half year report") and the related notes of Vittoria Assicurazioni S.p.A.. This half-year report is the responsibility of the management of Vittoria Assicurazioni S.p.A.. Our responsibility is to draw up this report based on our review. We have also reviewed that part of the notes describing the activities of the company and the group for the period with the sole objective of verifying consistency with the remaining part of the half-year report. The half-year report complies both to the article 81 of Consob Regulation approved with Resolution no. 11971 dated 14 May 1999 and ISVAP Provision no. 1207-G dated 6 July 1999 and subsequent modifications and integrations with supervision purposes.
2. We conducted our review in accordance with Consob guidelines set out in Consob Resolution no. 10867 dated 31 July 1997. The review consisted primarily of the collection of information relating to the financial data and the consistency of application of the accounting policies through discussions with company management and analytical procedures applied to the financial data presented. With respect to the examination of technical reserves accounted for under liabilities in the balance sheet, we also referred to the report of a qualified actuary, in accordance with ISVAP Provision. The review excluded such audit procedures as tests of controls and verification or validation of assets and liabilities and is significantly less than a full scope audit performed in accordance with generally accepted auditing standards. As a consequence, contrary to our reports on the consolidated financial statements, we do not express an opinion on the half-year report.
3. With reference to the comparative figures relative to the annual consolidated financial statements and half-year report of the previous year, reference should be made to our reports dated 7 April 2006 and 16 September 2005.

4. Based on our review, we are not aware of any material modification or integrations that should be made to the consolidated balance sheet, profit and loss accounts and relative notes of Vittoria Assicurazioni S.p.A. described in paragraph 1 above for them to be in conformity with international accounting principle - IAS 34, Consob guidelines governing preparation of half-year reports foreseen in article 81 of Resolution no. 11971 dated 14 May 1999 and ISVAP Provision no. 1207-G dated 6 July 1999 and subsequent modifications and integrations.

Milan, 18 September 2006

BDO Sala Scelsi Farina
Società di Revisione per Azioni



Paolo Scelsi
(A Director)