

Vittoria Assicurazioni

SOCIETÀ PER AZIONI
REGISTERED OFFICES: VIA CALDERA, 21 - 20153 MILAN - ITALY
SHARE CAPITAL: EURO 32,770,700 FULLY PAID-UP
FISCAL CODE AND MILAN COMPANIES REGISTER
NO. 01329510158 - REA NO. 54871
COMPANY REGISTERED TO REGISTER OF INSURANCE AND REINSURANCE COMPANIES –
SECTION I NO.1.00014
PARENT COMPANY OF VITTORIA ASSICURAZIONI GROUP REGISTERED TO REGISTER OF
INSURANCE GROUPS NO.008

87th year of business

Consolidated half-year financial report as at 30 June 2008

Board of Directors' meeting
of 8 August 2008



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

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APPOINTMENTS AND REMUNERATION COMMITTEE

Luca PAVERI FONTANA	Non-executive president
Francesco BAGGI SISINI	Independent non-executive member
Lodovico PASSERIN d'ENTREVES	Independent non-executive member

INTERNAL CONTROL COMMITTEE

Pietro Carlo MARSANI	Independent non-executive president
Francesco BAGGI SISINI	Independent non-executive member
Giuseppe SPADAFORA	Independent non-executive member

FINANCE COMMITTEE

Andrea ACUTIS	Executive president
Carlo ACUTIS	Executive member
Giorgio COSTA	Non-executive member
Roberto GUARENA	Executive member
Luca PAVERI FONTANA	Non-executive member

REAL ESTATE COMMITTEE

Andrea ACUTIS	Executive president
Adriana ACUTIS BISCARETTI di RUFFIA	Non-executive member
Carlo ACUTIS	Executive member
Francesco BAGGI SISINI	Independent non-executive member
Giorgio COSTA	Non-executive member
Roberto GUARENA	Executive member
Arnaud HELLOUIN de MENIBUS	Non-executive member
Luca PAVERI FONTANA	Non-executive member

In accordance with CONSOB (Italian securities & exchange commission) communication no. 97001574 of 20 February 1997 and given that the company Articles of Association delegate to the Chairman of the Board of Directors powers of legal representation of the company for transactions with third parties and in court and, with the approach established by the Board of Directors, to the Deputy Chairman and Managing Director, a brief description is provided below of the nature of the powers given by the Board of Directors, to be exercised on a disjoined basis, to:

The DEPUTY CHAIRMAN Carlo Acutis
and to the MANAGING DIRECTOR

- Purchase, exchange and sell buildings up to a maximum of € 10 (ten) million per transaction.
- Stipulate tender contracts and sign projects and specifications related to the company's buildings.
- Purchase and sell, without any limit on the amount, government securities or securities guaranteed by the government, non-convertible bonds and similar securities and units in CIUs (collective investment undertakings) 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 in general up to a maximum of € 10 (ten) million, reduced to € 5 (five) million when the investments and divestments relate to investments in insurance companies or other companies with a corporate purpose directly related or functional to that business. The right to purchase and sell majority investments in other companies and bodies is in any case the prerogative of the Board of Directors, except for those transactions involving real estate companies within the limit of € 10 million per transaction.
- Purchase and sell units of CIUs, excluding closed-end funds, that invest in the equity segment, up to the maximum amount of € 15 (fifteen) million.
- Purchase and sell, without any limit on amount, debt and equity securities for the benefit of life policyholders who bear related risk and those arising from pension fund management.
- Grant loans and financing up to the amount of € 5 (five) million in all other cases, with the right to agree on all guarantees, including mortgages.

The right to issue sureties and endorsements on behalf of third parties is in any case the prerogative of the Board of Directors except for those for lease contracts related to the company's normal operations.

Format and content

The consolidated half-year report as at 30 June 2008 was prepared in accordance with International Accounting Standards (IASs/IFRSs) and in compliance with Article 154-*ter* of Legislative Decree 58 of 24 February 1998, the “Consolidated Law on Financial Intermediation,” as amended by Legislative Decree 195 of 6 November 2007 (*Transparency*), and related implementation provisions pursuant to Article 9 of Legislative Decree 38 of 2005.

This report complies with IAS 34 - Interim Financial Reporting, and consists of the statements envisaged in ISVAP Regulation no. 7 of 13 July 2007 (Balance Sheet, Income Statement, Statement of Changes in Equity, Statement of Cash Flows, and account statements), and includes additional detail tables as necessary to complete disclosures required pursuant to international accounting standards or to facilitate comprehension of the report.

The account statements required by the supervisory authority as the minimum disclosures are contained in the specific chapter “Appendices to Consolidated Half-Year Financial Statements,” which is an integral part of this report.

This report was prepared in accordance with the specifications set out in Legislative Decree 209 of 7 September 2005 and Consob Memorandum no. 6064293 of 28 July 2006.

All technical insurance figures that are shown in the various statements of this report refer to Vittoria Assicurazioni S.p.A., in its capacity as the sole insurance company of the Group.

All amounts are shown in thousands of Euro, unless otherwise indicated.

Accounting policies

The rules for preparation and accounting policies adopted for the preparation of the consolidated half-year interim report are the same as those used for the annual consolidated financial statements. Accordingly, reference should be made to the “Accounting policies” section of the Consolidated Annual Report for the year ending on 31 December 2007.

Nevertheless, given the faster presentation required than in the case of annual financial statements and since this is an interim report, use has been made – consistently with the period’s operating data – of appropriate estimation methods.

Other relevant information

During the first half of the year, the Vittoria Assicurazioni Group was officially registered with the Register of Insurance Groups envisaged in Article 85 of the Italian Code of Private Insurance Companies (with registration number 008).

The Vittoria Assicurazioni Group operates in the insurance sector solely through its parent company and, as part of its strategy to streamline its risk/reward profile, has made some of its investments in the real estate sector (trading, development, and real estate brokering and property management services) through Vittoria Immobiliare S.p.A. and other equity holdings, and in the private equity sector through Luxembourg-based companies.

Certain Group companies provide services primarily in support of insurance activities.

Yafa S.p.A., with registered office in Turin, Italy, controls Vittoria Assicurazioni through the chain of investors comprised of Yafa Holding B.V. and Vittoria Capital N.V., with registered offices in Amsterdam, The Netherlands, and administration offices in Italy.

The parent companies do not engage in management and coordination of the Group, insofar as they merely serve as financial holding companies.

Directors' report

Economic and insurance scenario

The global economic slowdown that began last summer is likely to continue throughout 2008, with a slow recovery beginning only next year.

In advanced economies, business and consumer confidence has continued to deteriorate, and industrial production has weakened further, while the first signs of a slowdown are beginning to appear in emerging economies.

The risks of default remain high since, in the event of an economic crisis, negative financial results could worsen the liquidity shortage in the financial system.

Furthermore, the resurgent growth in inflation poses increasing concerns and will force world monetary authorities to implement restrictive policies that will inevitably jeopardize economic growth.

Consequently, the world economy is estimated to grow by 4.1% in 2008 (source: International Monetary Fund), as opposed to 5% in 2007.

The United States economy has not yet overcome the financial and real estate crisis that has afflicted it for some time now. This has led both the federal government and the Federal Reserve to take extraordinary stabilisation measures (e.g. the bailout of Bear Stearns and the recent action taken to shore up the two leading mortgage securitisation corporations, Fannie Mae and Freddie Mac).

The liquidity crunch and a sudden spurt in raw materials prices, has severely hit the purchasing power of families, which has been alleviated only in part by recent tax breaks.

The persistent weakness of the U.S. dollar against the currencies of its leading trading partners has stimulated American export, helping to correct the U.S. balance of payments' current accounts deficit by bringing it down to more sustainable levels.

This year's economic outlook envisages that the U.S. economy will grow by about 1.2 – 1.3% (sources: OECD and the International Monetary Fund).

In regard to monetary policies, expectations of changes in interest rates evolve extremely rapidly according to whether fears of a financial crisis or inflation prevail. In 2008, the Federal Reserve has reduced the Fed Funds rate by 25 basis points, to its current level of 2%.

In the eurozone, economic data for 1Q 2008 indicated that growth exceeded expectations, but future prospects remain uncertain.

GDP grew by 0.8% from the previous quarter, and 2.2% from the same period in 2007, with a slight acceleration from 4Q 2007.

Leading international bodies agree on a forecast growth rate of about 1.7% in 2008.

The real concern is represented by inflation, which hit the 4% threshold in June, driven by rises in raw material (principally oil) and food prices.

If these two factors are excluded, the core inflation rate rose at a much more modest rate (1.8%), thus remaining below the 2% threshold that represents the target level repeatedly affirmed by European monetary authorities.

However, fears that the sharp increase in prices might push inflation higher led the European Central Bank to raise its benchmark interest rate by 25 basis points on 3 July, bringing it to the current level of 4.25%.

During 1Q 2008, the Italian economy grew by 0.5% from 4Q 2007 and by 0.3% from the same period a year earlier.

This figure is higher than expected, but once again betrays the gap between Italian performance and the average economic performances for the eurozone.

The growth forecast for 2008 set out in the Economic and Financial Planning Document ("DPEF") and confirmed by the International Monetary Fund and OECD is 0.5%.

Turning now to the financial markets, the figures reported during 1H 2008 reveal a downturn on both the equity and fixed income markets.

The S&P/MIB stock index showed a loss of more than 20%. Following turbulence on the monetary market during the first half of the financial year, the fixed income market dipped by 1.41% (FTSE Italy Govt Performance index).

The Euro continued to strengthen against major world currencies, particularly against the dollar, with the exchange rate hitting a high of USD 1.60 to the Euro.

On the Italian insurance market, premiums (as calculated in accordance with Italian GAAP) at 31 March 2008 (the most recent available data) show the following changes from the same period a year earlier, and are compared with the results of Vittoria Assicurazioni at 31 March and 30 June 2008:

Sector	Change		
	Market 31 March 2008	Vittoria Assicurazioni 31 March 2008	Vittoria Assicurazioni 30 June 2008
Life Business	-15,8%	+10,2%	- 7,9%
Non-Life Business	-0,3%	+3,9%	+3,1%
- of which TPL Motor	-2,8%	+4,9%	+3,7%

In the real estate industry, 1H 2008 confirmed the weak market that has taken over after ten years of growth. Projections for the entire year are also unfavourable: sales volumes should contract from € 123 to € 110 billion (-10.5%).

In contrast with a nominal increase of 2.1% in home prices, consistent with inflation, the increase in discounts applied, which reach 12.2%, causes an overall reduction in real prices.

This phenomenon has hit suburban and ex-urban areas particularly hard, where average sale times have lengthened to up to seven months (compared with an average of 5.5 months).

However, it should be pointed out that the Italian market should not witness the severe slump in housing prices reported for other European markets, especially in Spain, and in the United States, where the market has reeled both in the face of a glut of newly built houses and the auctions held by banks that are creditors of defaulted mortgagors. Furthermore, Italian families are far less indebted than the average American or European family.

Following the strategy defined by the Finance Committee and the Real Estate Committee, the Group has invested a large portion of its assets in low-risk bonds, and has set absolute quantitative constraints on the amounts to be invested in the real estate industry. Consequently, property promotion rather than trading activities are currently being privileged. The Group has also implemented a policy of curbing its exposure to financial market risks, basically by limiting them to specific investments in private equity vehicles.

Performance of the Vittoria Assicurazioni Group

The strong performances reported for the first half enabled the Group to absorb the mark-to-market of the equity investment loss from Cam Finanziaria S.p.A., totalling € 7,823 thousand.

If this write-down were ignored, the gross result for the period would have been € 29,302 thousand, with an increase of 24.0% from the same period of the previous year.

Following such adjustment, the final result for 1H 2008 shows Group net profit of € 11,027 thousand, against € 16,120 thousand in the same period of 2007 (-31.6%).

Group equity totals € 311,368 thousand, substantially unchanged from the € 320,770 thousand reported at 31 December 2007, in spite of the equity market crisis, that caused the aforementioned write-down of Cam Finanziaria S.p.A., and the rise in interest rates, which had a material impact on the equity reserves for unrealised capital gains. This result was achieved by means of a prudent and far-sighted investment management policy.

The other non-recurring items that contributed to this result were:

- the Group's share (€ 4,891 thousand) in the profit of its associated company Yarpa International Holding, which benefited from the price equalisation upon sale of the Cogedim Group in FY 2007;
- recalculation of deferred tax liabilities, with a charge of € 3,349 thousand, due to partial inclusion in the IRAP (the regional tax on production activity) taxable amount of all profits realised by equity investments that had not yet been paid out as at the reporting date (Law 244/2007).

The premiums retained by the Non-Life Business increased by 10.4% from the same period of the previous year. This partly reflected the parent company's decision not to renew the pure premium treaty for the TPL Motor Business. The total growth in conserved premiums was 7.9%, considering the 1.1% reduction in conserved premiums of the Life Business.

Investments, totalling € 1,970,519 thousand (+0.5% from 31 December 2007), consist of € 86,324 thousand (-17.2%) in investments with the risk being borne by policyholders and € 1,884,195 thousand (+1.5%) in investments with the risk being borne by the Group.

Net gains on investments generated by investments with the risk borne by the Group totalled € 26,044 thousand, compared with € 33,982 thousand in the previous period (-23.4%).

Financial market instability dictates extreme prudence in making assumptions about the operating result. However, healthy revenue performance, supported by the planned development connected with the opening of new sales outlets, enables us to confirm the medium-term strategic objectives previously announced to the market.

At 30 June 2008 the parent company showed net profit - determined according to Italian GAAP - of € 27,237 thousand (€ 17,024 thousand in the same period of 2007), for an increase of 60.0%.

Conversion of the subordinated loan into parent company shares continued in 1H 2008, with a consequent increase in share capital from € 32,666,088 to € 32,736,950.

On 27 June 2008, the Extraordinary Shareholders' Meeting of the parent company approved a number of amendments to the Articles of Association and a motion for a bonus issue.

Effective in November, a new share will be issued for each outstanding share, with dividends payable on 1 January 2008, at a par value of Euro 1.00. The conversion ratio for the "Vittoria Assicurazioni S.p.A. Fixed / Floater 2001/2016 subordinated loan convertible into ordinary shares" bond was adjusted at the same time.

The companies that comprise the Group are discussed in the chapter "Explanatory notes to accounts" – Schedule A) Scope of consolidation.

Insurance business

Profit for the insurance business, before taxes and intersegment eliminations, amounted to € 23,321 thousand (€ 26,204 thousand as at 30/06/2007). The key operating items contributing to the period's result are described below.

Total insurance premiums in 1H08 amounted to € 317,231 thousand (+0.7% vs. premiums of € 280,474 thousand in 1H07), of which € 315,639 thousand for insurance premiums written and € 1,592 thousand for index- and unit-linked investment contracts and for the Vittoria Formula Lavoro open-ended pension fund.

Direct Life insurance premiums – which do not include contracts considered to be financial instruments – featured a decrease of 1.6% vs. premiums in 1H07, as shown in the specific table.

The value of production is consistent with the first half of the previous year, which had posted a significant increase, particularly in Class I, which the parent company considers as strategic.

Direct Non-Life (i.e. property & casualty) insurance premiums increased by +3.1%. Specifically:

- Motor premiums progressed by 3.7%
- Premiums for other non-marine insurance grew by +2.1%
- Premiums for specialty categories [i.e. marine & transport, aviation, and credit & suretyship] increased by 3.0%.

Overhead costs as a percentage of total direct insurance premiums were 10.1% (vs. 8.9% in 1H07).

Following adoption of the equity method for assessing associated companies, the Group's interest in their profits total € 4,956 thousand (€ 5,328 thousand last year), partially offset by expenses in the amount of € 344 thousand (€ 142 thousand last year), recognised in the income statement under "income from equity investments in subsidiaries, associated companies, and joint ventures" and "expenses from equity investments in subsidiaries, associated companies, and joint ventures".

These results, primarily recognised in the Non-life Business section of the Income Statement by business segment, are mainly connected with the results of real estate and private equity companies.

Review of performance

In consolidated financial statements premiums are shown net of index- and unit-linked contracts and those relating to the Vittoria Formula Lavoro open-ended pension fund, as these revenues do not qualify as premiums as defined by IFRS 4. The revenues in question amounted to € 1,592 thousand (€ 6,116 thousand in 1H07).

Premiums as up to 30 June 2008 thus amounted to € 315,639 thousand. Portfolio breakdown and the changes occurring by business segment and branch are shown in the following table:

COMPARISON BETWEEN GROSS PREMIUMS WRITTEN IN 1H08 AND 1H07 DIRECT AND INDIRECT BUSINESS

	(in thousand of euros)					
	I st HALF 2008	I st HALF 2007	YoY change %	% of total book		
				2008	2007	
Domestic direct business						
Life business						
I Whole- and term life	53,135	54,243	- 2.0	16.8	17.6	
IV Health (long-term care)	198	114	73.7	0.1	-	
V Capitalisation	9,044	9,013	0.3	2.9	2.9	
Total Life business	62,377	63,370	-1.6	19.8	20.5	
Non-Life business						
Accident	13,857	12,739	8.8	4.4	4.1	
Health	3,851	3,524	9.3	1.2	1.1	
Fire and natural events	10,875	13,070	-16.8	3.5	4.3	
Miscellaneous damage	8,070	7,378	9.4	2.6	2.4	
General TPL (third-party liability)	14,436	13,242	9.0	4.6	4.3	
Pecuniary losses	13,995	13,841	1.1	4.4	4.5	
Legal protection	1,322	1,256	5.3	0.4	0.4	
Total non-marine lines (exc. specialty and motor)	66,406	65,050	2.1	21.0	21.1	
Aircraft hulls	433	399	8.5	0.1	0.1	
Marine hulls	587	633	-7.3	0.2	0.2	
Cargo insurance	1,067	929	14.9	0.3	0.4	
Aviation TPL	25	63	-60.3	0.0	0.0	
Bond insurance	4,195	4,475	-6.3	1.3	1.4	
Total specialty lines	6,307	6,499	-3.0	2.0	2.1	
Third-party motor liability	147,363	141,956	3.8	46.7	45.9	
Third-party marine liability	264	238	10.9	0.1	0.1	
Motor vehicle hulls	30,239	29,500	2.5	9.6	9.6	
Support and assistance	2,378	2,075	14.6	0.8	0.7	
Total motor lines	180,244	173,769	3.7	57.1	56.3	
Total Non-Life business	252,957	245,318	3.1	80.1	79.5	
Total direct business	315,334	308,688	2.2	99.9	100.0	
Domestic indirect business						
Life business	-	-	n.v	0.0	0.0	
Non-Life business	305	133	129.3	0.1	0.0	
Total indirect business	305	133	129.3	0.1	0.0	
Grand Total	315,639	308,821	2.2	100.0	100.0	

The direct operating parent company does not operate under freedom-to-provide-service provisions or via secondary establishments in other EU and non-EU countries.

The table below shows the geographical spread of agencies and geographical breakdown of premiums for Italian direct business.

(in thousands of Euros)

Regions	Non-Life Business			Life Business	
	Agencies	Premiums	%	Premiums	%
NORTH					
Emilia Romagna	21	18,687		2,286	
Friuli Venezia Giulia	3	3,005		334	
Liguria	8	9,012		942	
Lombardy	59	65,521		16,309	
Piedmont	26	17,360		1,610	
Trentino Alto Adige	5	4,024		357	
Valle d'Aosta	1	1,030		46	
Veneto	22	17,318		2,616	
Total	145	135,957	53.7	24,500	39.3
CENTRE					
Abruzzo	8	9,543		1,236	
Lazio	24	41,530		30,421	
Marche	9	4,456		429	
Tuscany	20	20,386		1,745	
Umbria	11	10,820		1,442	
Total	72	86,735	34.3	35,273	56.5
SOUTH AND ISLANDS					
Basilicata	2	2,421		197	
Calabria	2	1,867		50	
Campania	6	6,374		697	
Puglia	4	7,416		627	
Sardinia	2	3,285		65	
Sicily	8	8,902		968	
Total	24	30,265	12.0	2,604	4.2
Overall total	241	252,957	100.0	62,377	100.0

Life business

Insurance and investment contracts in the Life business

The products currently offered by the parent company cover all insurance business lines, from savings (“revaluable” policies relating to segregated accounts), to protection (policies covering risks of death, disability, and non-self-sufficiency (i.e. long-term care) and supplementary pension plans (individual pension schemes and open-ended pension fund). The product range also includes unit-linked financial policies. The lines marketed include policies that envisage the possibility of converting the benefit accrued into an annuity. Conversion takes place at the conditions in force when the option is exercised. The types of tariffs used are those for endowment, whole-life and term-life policies, on both an annual and single-premium basis, and fixed term policies, plus group tariffs for whole/term life and/or disability policies. Contractual terms are updated constantly and are in line with those commonly offered by the market.

During the first half, development of production in the protection segment continued, particularly in the sector of risk coverage for the “Assignment of One-Fifth of Salary” consumer lending segment, while there was a significant cut in production in the financial policies segment. The latest financial markets trends led the parent company to interrupt sales of index linked products to customers.

Premiums

Direct insurance business premiums recognised for the period totalled € 62,377 thousand, which includes € 41,930 thousand in annual premiums and € 20,447 thousand in recurrent premiums, representing 67.2% and 32.8% of the total respectively.

Claims, accrued capital sums & annuities, and surrenders

The comparison relating to settlements in the quarter is shown in the following table: The following table summarises data for direct business relating to claims, accrued capital sums and annuities, and surrenders as at 30 June 2008, compared with data for the same period in the previous year.

	(in thousands of Euros)	
	30/06/2008	30/06/2007
Claims	3,531	911
Accrued sums and annuities	22,313	22,020
Surrenders	41,492	11,240
Total	67,336	34,171

Reinsurance

Outward reinsurance

In the Life business, the main treaties in place, which relate to Class 1 (whole/term life), are as follows:

- Excess of risk premium
- Pure office premiums – treaties set up in 1996 and 1997.

* For non-Italian readers: with the Italian “revaluable” policy, which is of the endowment type, the insurance company, at the end of each year, grants a bonus that is credited to mathematical reserves and depends on the performance of an investment portfolio. This bonus is determined in such a way that total interest credited to the insured is equal to a given percentage of the annual return of the reference portfolio and in any case does not fall below the minimum interest rate guaranteed. The “revaluable” policy is therefore of the participating type.

In 1H08 ceded premiums amounted to € 1,293 thousand.

Inward reinsurance

With respect to the life business, there is a traditional pure-premium treaty no longer fed with new business, which merely records changes occurring in the related portfolio.

Non-Life business

Technical performance

Based on individual categories' performance, it is possible to make the following considerations:

PRIMARY LINES

Primary Businesses reported a 2.1% increase in premium revenues, confirming their growing importance in the parent company's portfolio. The balance of premium accruals and liabilities was negative, in contrast with the positive balance for the same period of the previous year, due to worsening results as illustrated below:

Accidents: this business reported an 8.8% increase in premiums. Operating performance this year shows a reduction in the frequency of claims against an increase in their average cost not related to claim peaks, which remain steady at last year's level. The balance of premium accruals and liabilities was positive, albeit lower than what was reported in the same period of the previous financial year.

Healthcare: this business reported a 9.3% increase in premiums. The growing frequency of claims compared with the previous year and rising average costs caused the balance in accruals and liabilities to worsen from last year.

Fire and natural events: this business reported a sharp fall in accrued premiums (-16.8%) due to non-renewal of two agreements for fire coverage connected with the granting of home mortgage loans. Net of this effect, the parent company's favourite business segments, namely personal and SME coverage, continued to safely expand within the limits of severe risk selection criteria. The coverage granted in the large business segment was supported by a specific reinsurance policy. This business reported a positive balance in premium accruals and liabilities, although this was down from the same period a year earlier due to the greater frequency of claims and their higher average cost.

Miscellaneous damage: premium revenues in this business, which include coverage against losses from theft, hail, and damage to electronic and technological devices, increased by 9.4%. The frequency of claims increased sharply from the previous year, notwithstanding a reduction in their average cost. This resulted in a negative balance between premium accruals and liabilities that was worse than that reported in the same period a year earlier.

Third Party Liability (TPL): premiums increased by 9.0% due to significant growth in the individual segment and rate adjustments carried out in recent years, in view of rebalancing the industrial results in the area of business and professional risks. The balance of premium accruals and liabilities was negative, and worse than the previous year, due to a sharp increase in the frequency and average cost of losses, including claim peaks.

Sundry cash losses: this business reported a 1.1% increase in premium accruals. The performance of this business is largely characterised by the coverage provided in the "Transfer of One-fifth of Salary" consumer lending segment. Statutory changes in the

public sector led to revision of rates, with a sharp reduction in average premiums. The balance of premium accruals and liabilities was positive, but down from the corresponding period of prior year, which was the very first period of operations, both due to the impact of higher claims and to recent legislation related to premium reserves, which do not permit adequate adjustment of premiums in step with changes in the actual risk during the lifetime of the contract.

Legal protection: premiums rose by 5.3%, mainly due to guarantees pledged against risks connected with use of cars. Sales of new family-oriented products should result in further business development. The balance of premium accruals and liabilities was positive, and up from the same period a year earlier.

SPECIALTY LINES

Specialty Businesses reported a 3.0% decrease, with a rate of claims on par with that reported in the previous year. Specifically:

Credit and Suretyship: premium accruals decreased by 6.3%, due to the general economic situation that caused a slowdown in public works contracts. Claims rate continued to decline as compared to prior year as a result of policies implemented in recent years. The trend towards a balance between premium accruals and liabilities that had already appeared in 2007 was confirmed. The balance for 1H 2008 was negative, due to losses that occurred in previous years.

Aircraft Hulls – Aviation TPL: accrued premiums decreased by 0.9%, due to the reduction in subscription in the General Aviation and Space Risk sector. The balance of premium accruals and liabilities remained negative, although it showed major improvement from the same period a year earlier.

Marine, Railroad, Lake and River Vessel Hulls: accrued premiums, which decreased by 7.3% from the same period of the previous year, continued to improve.

Cargo insurance: this business reported a 14.9% increase in premium accruals. Careful risk selection during the policy writing phase, and attentive management of recoveries made it possible to maintain a positive balance of premium accruals and liabilities, notwithstanding a slight reduction from the balance for the same period in the previous year.

MOTOR LINES

These business lines reported a 3.7% growth in accrued premiums, with an overall positive balance in premium accruals and liabilities. Specifically:

Motor Third Party Liability – Sea, Lake, and River Vessel TPL: premium accruals rose by 3.8%, due to the increased number of vehicles/year insured that, in the Motor TPL Line, rose by 8.1% against a 3.7% reduction in the average premium, due to the rate component that remained unchanged. Corporate policies for this specific business segment continue to focus on customisation, with a view to further improving policyholder loyalty. Both on account of the rate/policy writing component and the claim settlement component, performance of this line remains heavily impacted by the “direct compensation” envisaged by the Insurance Code and undertaken during the previous year. Major investments continue to be made in parent company’s information technology and procedures in order to adequately deal with the issues related to the implementation of new insurance legislation in force, as well as to create new databases to better allow a fair calculation of insurance rates. The experience developed in these months confirmed a dramatic improvement in our claim settlement times, far ahead of average market settlement times. The positive balance in premium accruals and liabilities continued to improve, due to the combined effect of lower average costs and frequency of claims.

Motor Vehicle Bodies, Marine, Railroad, Lake and River Vessel Hulls, Support and Assistance: these lines provide additional coverage for the vehicles mentioned in the description of this business. Premium accruals grew by 3.3%. Previous policy-writing rules remained in force. In addition to dedicating special attention to matching supplemental guarantees to Motor TPL and further development of “Affinity Groups,” these rules aimed to consolidate collaboration, through Group agencies, with the sales networks of newly registered vehicles and related services. The positive balance in premium accruals and liabilities continued to improve from the corresponding period of the previous year.

Premiums

Premiums written for direct business in 1H08 amounted to € 252,957 thousand (vs. € 245,318 thousand in 1H07), with growth of 3.1% YoY.

Claims

Reported claims

The following chart, concerning reported claims, has been prepared using data from positions opened during 1H08. Data are compared with those for 1H07:

	30/06/08		30/06/07		Change %	
	number	total cost	number	total cost	number	total cost
Accident insurance	3,392	8,794	3,084	8,029	10.0	9.5
Health insurance	2,063	3,035	1,838	2,622	12.2	15.8
Fire and natural events	2,135	6,047	1,970	4,176	8.4	44.8
Miscellaneous damages	4,410	7,577	4,078	6,878	8.1	10.2
Third-party general liability	3,414	13,151	3,458	10,337	-1.3	27.2
Pecuniary losses	1,514	3,727	184	785	722.8	374.8
Legal protection	73	37	112	58	-34.8	-36.2
Total non-motor businesses	17,001	42,368	14,724	32,885	15.5	28.8
Third-party aviation liability	2	407	4	1,157	-50.0	-64.8
Third-party marine liability	9	28	13	81	-30.8	-65.4
Cargo insurance	201	561	190	622	5.8	-9.8
Third-party aviation liability	-	-	2	22	-100.0	-100.0
Bond insurance	71	1,309	69	2,113	2.9	-38.1
Total Special businesses	283	2,305	278	3,995	1.8	-42.3
Third-party motor liability	32,220	101,723	30,312	91,959	6.3	10.6
Third-party marine liability	11	41	16	155	-31.3	-73.5
Motor vehicle hulls	9,955	16,473	9,893	16,739	0.6	-1.6
Support and assistance	5,083	508	3,299	297	54.1	71.0
Total motor businesses	47,269	118,745	43,520	109,150	8.6	8.8
Total non-life businesses	64,553	163,418	58,522	146,030	10.3	11.9

For Motor TPL claims (land vehicles and watercraft) occurring from 1 February 2007 onwards, the regulation concerning the Inter-insurer Agreement for Direct Compensation (knock-for-knock system – Italian acronym = CARD) is applied for settlement of damages, in compliance with the requirements of the Italian Insurance Code.

As regards Motor TPL reported claims, the following table shows data by claim handling type:

(cost in thousands of euros)

Claim handling Type	01/01/08 - 30/06/2008		01/02/07 - 30/06/2007	
	Number	Total cost	Number	Total cost
K-for-K - liable	21,865	38,753	15,198	33,892
K-for-K - originator	28,008	66,953	19,063	40,187
Non K-for-K claims	10,366	50,059	16,354	58,122
	60,239	155,765	50,615	132,201

Claims paid

The following table shows claims paid for direct business and the amount charged to reinsurers, with the data broken down by the period to which claims refer:

(in thousands of euros)

	Claims paid 30/06/08			Claims recovered from reinsurers	Claims paid 30/06/07			Change gross claims %
	Current year	Previous years	Total		Current year	Previous years	Total	
Accident insurance	695	5,022	5,717	501	585	6,231	6,816	-16.1
Health insurance	1,109	1,448	2,558	-	1,158	1,394	2,552	0.2
Fire and natural events	1,114	3,479	4,594	210	1,273	3,603	4,876	-5.8
Miscellaneous damages	3,162	2,412	5,574	111	2,825	2,871	5,696	-2.2
Third-party general liability	1,520	5,849	7,369	102	1,335	6,154	7,489	-1.6
Pecuniary losses	641	1,731	2,372	-	-	17	17	13851.3
Legal protection	0	1	1	-	8	36	44	-98.5
Total non-motor businesses	8,241	19,942	28,182	924	7,184	20,306	27,490	2.5
Third-party aviation liability	383	501	884	745	1,000	344	1,344	-34.2
Third-party marine liability	6	35	40	5	18	42	60	-33.0
Cargo insurance	51	535	585	219	36	423	459	27.5
Third-party aviation liability	-	5	5	-	-	5	5	-9.0
Credit insurance	-	-	-	-	-	-	-	n.v.
Bond insurance	254	2,165	2,420	186	1,301	1,495	2,796	-13.5
Total Special businesses	694	3,240	3,934	1,155	2,355	2,309	4,664	-15.7
Third-party motor liability	28,892	85,051	113,943	9,133	22,115	68,880	90,995	25.2
Third-party marine liability	19	305	324	-	16	90	106	206.0
Motor vehicle hulls	6,863	7,166	14,029	22	6,272	6,920	13,192	6.4
Support and assistance	277	846	1,123	950	216	244	460	144.1
Total motor businesses	36,051	93,369	129,420	10,105	28,619	76,134	104,753	23.6
Total non-life businesses	44,985	116,551	161,536	12,184	38,158	98,749	136,907	18.0

The cost includes the amount incurred in 1H08 for the contribution to the guarantee fund for road-accident victims. This totalled € 3,485 thousand vs. € 3,393 thousand in 1H07.

Claims settlement speed

The following table shows claims settlement speed based on the number of reported claims, net of claims eliminated without payout, split by present and aged claims for the main lines of insurance business.

(percentages)

	current generation			previous generations		
	30/6/08	30/6/07	31/12/07	30/6/08	30/6/07	31/12/07
Accident insurance	30.83	31.15	60.02	53.65	45.95	74.90
Health insurance	69.55	73.84	85.42	44.36	47.18	62.70
Motor vehicle hulls	74.10	72.52	85.57	73.56	67.74	82.98
Fire and natural events	53.25	63.35	86.00	63.03	43.87	75.77
Miscellaneous damages - theft	62.17	58.24	87.02	76.19	61.67	85.88
Third-party motor liability	60.16	58.46	73.14	54.49	46.20	70.99
Third-party general liability	40.55	39.10	66.44	25.68	16.54	40.81

Reinsurance

Outward reinsurance

As far as outward reinsurance is concerned, the corporate policy is based on selective underwriting of risks and on book development and entity in relation to the risks covered. It aims to balance net retention. Transactions are undertaken internationally with players in the reinsurance markets featuring high ratings.

The main treaties in place are the following:

Non-life business

Accident

Type of treaty

Excess claims

Aviation hulls

Pure premium for general aviation

Pure premium for flight risks

Cargo (goods in transit)

Pure premium for general aviation

Voluntary-mandatory

Fire and natural events

Excess claims

Motor TPL

Pure premium

Excess claims

Aviation TPL

Pure premium for general aviation

General TPL

Excess claims

Pure premium for general aviation

Suretyship

Pure premium

Legal protection

Pure premium

Assistance

Pure premium

Although the Motor TPL pure premium treaty was not renewed in FY 2008, it continues to operate with relation to what remains of the FY 2006 and 2007 treaties.

Inward reinsurance

Acceptance of inward reinsurance risks mainly arises from participation in syndicates and from business concerning Aviation hulls – flight risks.

Ceded and retroceded premiums in 1H08 amounted to € 8,697 thousand.

Insurance risk management and analysis

Insurance risk management

Objectives

The Group's insurance business is managed according to the following objectives:

- Diversification of types of insurance cover offered;
- Careful and correct pricing of policies;
- Diversification of risks based on customer segmentation (households, individuals, professionals, small business operators, SMEs and large companies) giving preference to net retention of personal-line and SME risks, without however neglecting larger companies whose policies are covered by adequate reinsurance;
- Diversification of sales channels (agents, bancassurance agreements, and brokers);
- Selective risk underwriting policy and continuous monitoring of risk trends;
- Organisation of an agency network capable of timely and professional response to customer needs
- Strengthening of the affinity-group approach
- Enhancement of customer loyalty via the sale of integrated products and services;
- Increase of Non-Life market share, dedicating special attention to the non-motor segment, and increase of Life new-business growth rates;
- Consolidation of acquired portfolio;
- Consolidation of technical profitability and further improvement of the combined ratio, which shows the degree of coverage of charges relating to claims, sales costs and overhead costs in the non-life business;
- Constant updating of the New Age system, taking changes in headquarters and agency management processes into account, in order to monitor the insurance book, risk concentration and adequacy of claims settlement speed on an ongoing basis, paying special attention to changes in the insurance market.

Policies

The Group intends to pursue the above objectives by applying the following policies:

- Strengthening of the agency network throughout Italy, thus ensuring diversification of risk by geographical area and at the same time paying the utmost attention to areas with anomalous claims rate trends;
- Reinforcement of the agency network in terms of continuous training for both agents and their staff;
- Creation of transparent products for policyholders;
- Incentive campaigns for agents to assure the ideal mix of types of cover marketed
- Use of outward reinsurance pursuing a policy of technical balance in mass risks and protection against peak and catastrophe claims;
- Limitation of costs, above all thanks to use of the new integrated headquarters/agency operating system, which permits improvement of the combined ratio;
- Presence of dedicated non-life actuaries, separate from those of the life business, thus permitting not only correct risk pricing (adjustment to the expected claims rate) but also development of customised tariffs with innovative content. The greatest degree of customisation has been achieved in the Motor TPL line with the parent company's lead product. The corporate sector, which includes large companies, has always featured pricing based on policyholder reliability and risk levels to be underwritten.

In order to permit control of risks underwritten, agents work according to a level of independence that is constantly monitored and updated, with limits defined based on the type of cover and entity of risk. Beyond these limits, only headquarters personnel have the power to sign policies.

Financial and actuarial assumptions for Life insurance products

The assumptions used for valuation of the products sold, as regards both their financial and demographic aspects, are applied taking regulatory constraints into account (e.g., maximum limits for financial cover) and the latest information on demographic trends (e.g., mortality and/or survivorship) and portfolio trends (e.g. cancellations and surrenders, etc.).

When a new product is being created, certain assumptions are adopted (first-order technical bases) which, compatibly with the factors just mentioned, are initially screened, during development of appropriate actuarial valuations, using profit-testing techniques. The latter require the adoption of assumptions other than those previously defined as first-order assumptions. These further assumptions relate to:

- Macro-economic assumptions: trends in market interest rates, inflation, cash flow discount rates, etc.;
- Second-order assumptions: mortality and expected portfolio trends, and assets' rate of return, etc.;
- Business assumptions: levels of commercial and administrative costs and expenses.

As part of such valuations, sensitivity analyses are performed of how the result varies according to changes in the above assumptions.

A similar procedure is applied when moving from the ex ante valuation to the ex post valuation carried out on the entire portfolio in order to check the evaluations made when designing the product.

Insurance risk analysis

In this section we describe the insurance risks to which the Group is exposed. These are classified in three main categories, i.e. credit risk, concentration risk, and catastrophe cover (earthquakes, hail, flight, and floods).

Credit risk

As regards credit risk, we highlight the fact that the parent company makes use of premier reinsurers. The following table shows the balance sheet transactions in place as at reporting date, by Standard & Poor's rating.

(in thousand of euros)

S&P Rating	Current and deposit accounts	Technical reserves of inward & outward reinsurance	Total net balance sheets amounts	% breakdown
AAA	-132	490	358	1.1%
AA+	9	-	9	0.0%
AA	-298	2,569	2,271	7.4%
AA-	-26,208	33,021	6,813	22.2%
A+	-8,666	13,217	4,551	14.8%
A	-365	1,124	759	2.5%
A-	-11,747	18,472	6,725	21.8%
BBB+	162	12	174	0.6%
Senza rating	1,337	7,770	9,107	29.6%
Totale	-45,908	76,675	30,767	100.0%

Concentration risk

In order to neutralise concentration risk, the Vittoria Group distributes its non-life and life products throughout Italy using a multi-channel sales approach.

Based on the analysis of premiums as at 30 June 2008, non-life business accounts for approximately 80% of total Group premiums, with 57% of this percentage referring to motor lines.

This concentration of premiums in these lines means that group profitability is largely dependent on the frequency and average cost of claims and on efficient tariff management.

The risks of this concentration may make the Group more vulnerable to changes in the regulatory framework and in market trends. They may occasionally translate into increases in indemnities payable to policyholders. These risks are mitigated by enhancing the loyalty of policyholders featuring more “virtuous” behaviour (i.e. not reporting claims) through accentuated tariff customisation. This aims to normalise the entity of claims whilst also reducing portfolio volatility.

Earthquake exposure

Reinsurance covers put in place to mitigate exposure to earthquake risks have been calculated using the main tools available on the market. Calculation is based on the maximum probable loss on the fire and other property damage lines (technological risk sector), in turn calculated over a 250-year return period, which is the one most widely used in the Italian market.

The protection purchased far exceeds the requirement shown for the worst-case scenario.

Hail exposure

Once again, in the case of this risk, cover acquired for exposure to the risks present in the land vehicle hull line is approximately twice the amount of the worst claim that has ever occurred in this line.

Flight risk exposure

The outward reinsurance programme has made it possible to limit maximum net theoretical exposure per risk, with more than 80% of the portfolio underwritten outwardly reinsured.

Furthermore, the portfolio underwritten has a maximum effective exposure 60% lower than theoretical exposure.

Flood exposure

Exposure to this catastrophic risk has again been calculated based on an assessment model used by other market operators. The capacity purchased, as in the case of the earthquake risk, far exceeds the worst-case requirement assumed in the model.

Commercial organisation

As part of the planned expansion of the agency network, five new agencies were opened, five were closed, and another 19 were reorganised in 1H 2008. As a result, the parent company is domestically represented by 241 general agencies and 396 professional sub-agencies.

The planned opening of new sales outlets by the end of the year will generate an increase in premium accruals consistently with the announced targets, in spite of the non-renewal of two major agreements.

Products

Work continued on new-product development and on revamping of existing products. Work done during 1H08 is outlined below:

Life Business: New Products

- "Unit Linked Multiasset Funds": Single premium unit linked life insurance policy. This product features a wide choice of funds in which the investment can be diversified and an active asset allocation management style.

Primary Lines: New Products

- "Linea Impresa e Professioni": a new product line to meet the needs of professionals operating in diversified business sectors. The line features a specific product for each sector. The first extensively revised product is aimed at production and crafts firms;

- "Vittoria Formula Mutui": a tailor-made insurance solution that covers the building on which a mortgage loan has been granted.

Life Business: Revised Products

- "Linea Risparmio": the communication strategy and design of the following products was revised: single premium Life Insurance with annual coupon, free payments Life Insurance, single premium Financial Contract for capitalisation, periodic payments Life insurance, and Life Insurance with adjustable payments.

- "Linea Investimento": the communication strategy and design of the unit linked product was revised, with its yield tied to the performance of the two internal funds, Vittoria Azionario Europa and Vittoria Obbligazionario Euro, set up by the parent company.

- "Vittoria Formula lavoro": updating of documents for the Vittoria Formula Lavoro Open Pension Fund.

Primary Lines: Revised Products

Insurance terms and conditions for the following products were revised: TPL Sundry Risks, TPL Industry and Building Trade, TPL Products, and TPL Vittoria Formula Professioni (Professionals). The clause regulating the cumulative accidents policy was redrafted. A new version of the policy was prepared and the contractual documents for the industrial plant environmental liability policy were revised.

Motor Lines: Revised Products

The "Vittoria Formula Strada" and "Vittoria Formula Strada InCamper" products were also revised.

Overhead costs

Overhead costs – direct business

In 1H08 the total amount of insurance overhead costs (Non-Life and Life) – consisting of personnel costs and various other costs, plus depreciation of tangible assets and amortisation of intangible assets – rose to € 32,071 thousand vs. € 28,040 thousand in 1H07, increasing by 14.4%.

Besides current operating expenses, these costs also include depreciation & amortisation costs for investments made in IT facilities and processes. These investments are intended to limit, in future years, the operating costs burdening corporate departments and the agency network, whilst at the same time improving services to policyholders as regards insurance coverage and claims settlement. Their breakdown is shown in the following table, where “Other costs” consist mainly of office running costs, IT costs, legal and legal-entirety expenses, mandatory contributions, and association membership dues.

(in thousands of Euros)			
ANALYSIS OF COSTS	30/6/08	30/6/07	Change
Personnel expenses	17,575	15,022	17.0%
Other costs	11,978	10,636	12.6%
Amortisation/Depreciation	2,518	2,382	5.7%
Total cost by nature	32,071	28,040	14.4%

Increase in personnel expenses reflects the settlement of insurance labour contract closed in the second half of 2007 and the absence of € 1,104 thousand benefit recorded as at 1H07, due to change to Retirement Indemnity calculation according to IAS 19.

Operating costs

The following table shows the total amount of insurance operating costs (Life and Non-Life), as shown in the income statement, by activity.

(in thousands of Euros)			
	30/6/08	30/6/07	Change
Gross commissions and other acquisition costs	67,726	64,923	4.3%
a Gross commissions and other acquisition costs	51,188	51,129	0.1%
a1 Acquisition costs	47,088	46,748	0.7%
a2 Premium collection costs	4,100	4,381	-6.4%
b Other acquisition costs	15,818	13,388	18.2%
c Change in deferred acquisition costs	720	406	77.3%
Profit participation and other commissions received from reinsurers	-3,742	-7,146	-47.6%
Investment management costs	438	461	-5.0%
Other administrative costs	8,770	10,596	-17.2%
Total	73,192	68,834	6.3%

Real estate business

The loss made by the real estate business, before taxes and intersegment eliminations, amounted to € -633 thousand (vs. a loss of € -36 thousand in 1H07) and featured contributors to the income statement that, before intersegment eliminations, included:

- Income earned on properties from trading (€ 380 thousand) and development (€ 2,625 thousand) totalling € 3,005 thousand (€ 4,816 thousand in 1H07)
- Revenues from real estate brokerage and management services of € 678 thousand and rental income of € 309 thousand (€ 1,158 thousand and € 468 thousand respectively in 1H07)
- financial expenses of € 3,205 thousand (€ 2,362 thousand at 30 June 2007).

The Group's real estate business includes trading and development, brokerage, and management of own and third-party property.

Below, we highlight the key operating results of group companies.

Trading and development

The following companies operate in this segment:

- **Vittoria Immobiliare S.p.A. - Milan**
The company operates in the areas of real estate development and trading, both directly and through specially created property companies; the revenues realised in 1H 2008 from the sale of real estate totalled € 13,924 thousand. Final inventories totalled € 67,777 thousand.
- **V.R.G. Domus S.r.l. - Turin**
During the period, the company continued to develop the real estate property transaction "Spina 1" in Turin; the revenues realised from sale of real estate totalled € 453 thousand. Final inventories totalled € 1,704 thousand.
- **Immobiliare Bilancia S.r.l. - Milan**
The company, which operates in the property trading area, realised € 437 thousand on the sale of real estate. Final inventories totalled € 3,440 thousand.
- **Immobiliare Bilancia Prima S.r.l. - Milan**
In December 2007, the company bought a property in Parma. The building currently standing on the site is scheduled for demolition in 2H 2008, with subsequent construction of homes. Final inventories totalled € 7,196 thousand.
- **Immobiliare Bilancia Seconda S.r.l. - Milan**
The company, which operates in the property trading area, realised € 607 thousand on the sale of real estate and has inventories of € 1,522 thousand.
- **Parco Fidenae S.r.l. and Valsalaria S.r.l. – Rome**
The companies are developing a real estate project in Rome.
- **Lauro 2000 S.r.l. – Milan**
The company operates in the property development sector. Final inventories, comprised by a buildable lot in the Portello area of Milan and zoned for office use, totalled € 55,682 thousand, including € 39,604 thousand for the future headquarters of the parent company.

- **Acacia 2000 S.r.l. – Milan**

The company operates in the property development sector. Final inventories, comprised by a buildable lot in the Portello area of Milan and zoned for residential use, totalled € 126,963.

At the beginning of 1H 2008, the company obtained a € 180,000 thousand loan from a pool of banks.

- **Forum Mondadori Residenze S.r.l. – Milan**

A preliminary sale agreement made last year for the purchase of a buildable lot in Mantua expired after the termination clauses included in that agreement were not satisfied. The Group is reviewing its various options at hand.

- **Vaimm Sviluppo S.r.l. – Milan**

The company operates in the trading business (following remodelling and amelioration of buildings). The final inventories of the properties located in Genoa at Piazza De Ferrari, Via Orefici, and Via Conservatori del Mare totalled € 44,652 thousand.

Sales in 1H 2008 totalled € 1,213 thousand.

- **Cadorna Real Estate S.r.l. – Milan**

The company operates in the trading business, following remodelling and amelioration of buildings located on Corso Cairoli in Turin.

Final inventories totalled € 10,256 thousand at the end of 1H 2008.

Real Estate Brokerage Activities

The following companies operate in this segment:

- **Interimmobili S.r.l. - Rome**

The company generated € 1,002 thousand in commission revenues from its property brokerage activities, gross of intercompany eliminations.

During the first half, the company continued to sell real estate, mainly in Rome, Turin, and Milan, on the basis of agency retainer agreements with Group companies and major institutional investors, social security institutions, and construction businesses.

The project management contracts made by Interimmobili with Group companies generated revenues of € 871 thousand.

- **Vittoria Service S.r.l. – Milan**

The Company generated € 120 thousand in revenues from the provision of services, gross of intercompany eliminations.

Property management

Gestimmobili Srl, based in Milan, is the company active in this segment, i.e. in the administrative and technical management of property assets. Revenues achieved for this activity in 1H07 totalled € 467 thousand.

Overhead costs

Overhead costs for the real estate business are as shown in the table below:

(in thousands of Euros)			
ANALYSIS OF COSTS	30/6/08	30/6/07	Change
Personnel expenses	1,718	1,545	11.2%
Other costs	2,231	2,795	-20.2%
Amortisation/Depreciation	173	155	11.6%
Total cost by nature	4,122	4,495	-8.3%

Personnel and G&A costs are allocated to Operating Costs (specifically to “Other administrative costs”). Depreciation and amortisation costs are allocated to the “Other costs” caption in the income statement.

Service business

Revenues for services rendered in 1H08 by group companies, before elimination of infragroup services, amounted to € 2,312 thousand (€ 2,539 thousand in 1H07). These revenues included € 2,063 thousand for commissions and services rendered to the direct operating parent company.

This segment showed a profit in the period, before tax and minority interest, of € 128 thousand (€ 80 thousand in 1H07).

Overhead costs

The following table shows overhead costs for the service business, before intersegment eliminations:

(in thousands of Euros)			
ANALYSIS OF COSTS	30/6/08	30/6/07	Change
Personnel expenses	331	303	9.2%
Other costs	1,863	2,161	-13.8%
Amortisation/Depreciation	6	16	-62.5%
Total cost by nature	2,200	2,480	-11.3%

Personnel and G&A costs are allocated to Operating Costs (specifically to “Other administrative costs”). Depreciation and amortisation costs are allocated to the “Other costs” caption in the income statement

Investments – Cash & cash equivalents - Property

Investments, cash & cash equivalents, and property reached a value of € 1,970,519 thousand with an increase of € 9,540 thousand vs. 31/12/2007, i.e. +0.5%. The detailed breakdown is shown in the following table:

(in thousands of Euros)

INVESTMENTS - CASH AND CASH EQUIVALENTS - PROPERTY	30/06/2008	31/12/2007	Change
Investment property	-	-	n.v
Investments in subsidiaries and associates and interests in joint ventures	98,500	109,299	-9.9%
- Investments in subsidiaries	-	-	
- Investments in associates	98,500	109,299	
- Interests in joint ventures	-	-	
Held to maturity investments	103,219	173,106	-40.4%
Loans and receivables	42,142	43,593	-3.3%
- Reinsurance deposits	427	426	
- Other loans and receivables	41,715	43,167	
Financial assets available for sale	1,170,243	1,096,160	6.8%
- Equity investments	44,465	58,843	
- OEIC units	13,537	13,814	
- Bonds and other fixed-interest securities	1,112,241	1,023,503	
Financial assets at fair value through profit or loss	91,444	109,214	-16.3%
Financial assets at fair value through profit or loss	86,324	104,244	-17.2%
- Investments where policyholders bear the risk	86,324	104,244	
Financial assets held for trading	5,120	4,970	3.0%
- Bonds and other fixed-interest securities held for trading	5,120	4,970	
Cash and cash equivalents	100,982	69,267	45.8%
Property	363,989	360,520	1.0%
Property under construction	244,588	242,771	
Property held for trading	63,160	64,181	
Owner-occupied property	56,241	53,568	
TOTAL INVESTMENTS	1,970,519	1,961,159	0.5%

of which

investments where the Group bears the risk	1,884,195	1,856,915	1.5%
investments where policyholders bear the risk	86,324	104,244	-17.2%

The following table shows the breakdown of investments, cash & cash equivalents, and property by business segment.

(in thousands of Euros)

Investments - Cash and cash equivalents - Pro	Insurance Business		Real Estate Business		Service Business		Intersegment Eliminations		Total	
	30/06/2008	31/12/2007	30/06/2008	31/12/2007	30/06/2008	31/12/2007	30/06/2008	31/12/2007	30/06/2008	31/12/2007
Investments in subsidiaries	132,986	130,020	-	-	-	-	-132,986	-130,020	-	-
Investments in associates	98,414	109,146	1,144	1,217	61	48	-1,119	-1,112	98,500	109,299
Held to maturity investments	103,219	173,106	-	-	-	-	-	-	103,219	173,106
Reinsurance deposits	427	426	-	-	-	-	-	-	427	426
Other loans and receivables	39,959	41,542	2,525	2,220	-	-	-769	-595	41,715	43,167
Financial assets available for sale										
Equity investments	44,116	58,494	249	249	100	100	-	-	44,465	58,843
OEIC units	13,537	13,814	-	-	-	-	-	-	13,537	13,814
Bonds and other fixed-interest securities	1,112,241	1,023,503	-	-	-	-	-	-	1,112,241	1,023,503
Financial assets at fair value through profit or loss:										
Investments where policyholders bear the risk	86,324	104,244	-	-	-	-	-	-	86,324	104,244
Financial assets held for trading: Bonds and other fixed-interest securities	5,120	4,970	-	-	-	-	-	-	5,120	4,970
Cash and cash equivalents	48,243	37,389	50,965	30,009	1,774	1,869	-	-	100,982	69,267
Property under construction	-	-	221,264	219,447	-	-	23,324	23,324	244,588	242,771
Property held for trading	-	-	63,160	64,181	-	-	-	-	63,160	64,181
Owner-occupied property	12,038	12,168	28,169	25,366	-	-	16,034	16,034	56,241	53,568
Total	1,696,624	1,708,822	367,476	342,689	1,935	2,017	-95,516	-92,369	1,970,519	1,961,159

Investments with risk borne by Group

Investments with risks borne by the Group totalled € 1,884,195 thousand (€ 1,856,915 thousand as at 31 December 2007).

The following transactions took place during 1H08:

A) Investments in subsidiaries, associates, and joint ventures:

Reference should be made to the next section "Investments in associate companies".

B) Investments held to maturity:

- redemption of bonds for € 69,593 thousand.

C) Financial assets available for sale:

- redemption of bonds for € 58,033 thousand;
- purchase of Italian government bonds for € 167,477 thousand, most of which at a fixed rate;
- collection of € 360 thousand as a partial pre-payment from the liquidation of the Bond Swissair in default, recognising € 309 thousand as a capital gain;
- Liguria S.r.l.: € 515 thousand collected as redemption of share capital;
- Cam Finanziaria S.p.A.: € 2,219 thousand collected upon distribution of capital reserves and mark-to-market at 30 June 2008, with recognition of € 7,823 thousand on the income statement.

D) Investments benefiting Life policyholders who bear related risk and those arising from pension fund management

As at 30 June 2008 these investments amounted to € 86,324 thousand, with a decrease of -17.2% YoY. Of this amount, € 82,490 thousand related to unit- and index-linked policies and € 3,834 thousand to the open-ended pension fund Vittoria Formula Lavoro. There was total net income of € -7,528 thousand.

The value of investments in securities amounted to € 83,591 thousand (€ 93,211 thousand as at 31 December 2007).

Their breakdown was as shown in the following table:

	(in thousand in euros)		
	30/06/08	31/12/07	Change %
Equity investments	7,006	6,116	14.6
Unit trusts and OEICs	45,270	52,525	-13.8
Bonds and other fixed-interest securities	10,105	10,801	-6.4
Index-linked derivative notes	21,210	23,769	-10.8
Total Investments in securities	83,591	93,211	-10.3
Cash and other assets	2,733	11,033	-75.2
Investments benefiting policyholders who bear relating risk and those arising from pension fund management	86,324	104,244	-17.2

As at 30 June 2008 the status of the three segments of Vittoria Assicurazioni's open-ended pension fund was as follows:

	Members		Assets (in thousands of euros)	
	30/06/08	31/12/07	30/06/08	31/12/07
Previdenza Garantita	180	137	720	505
Previdenza Equilibrata	247	207	952	790
Previdenza Capitalizzata	324	280	2,135	2,170

E) Financial assets held for trading:

- Acquisitions coming from surrenders and non-signature of policies (pursuant to Article 41, paragraph 2 of Italian Legislative Decree no. 209 of 7 September 2005) = € 525 thousand.

F) Investments in property

As at 30 June 2008, real estate assets totalled € 363,989 thousand (+1.0% vs. 31 December 2007).

The following table shows the breakdown of these real estate assets:

	(in thousands of Euros)		
	30/06/2008	31/12/2007	Change
Property under construction:			
- Gross carrying amount	226,162	222,644	1.6%
- Payments on account	-12,447	-10,746	15.8%
- Alignment with fair value of property acquired in business combinations	30,873	30,873	0.0%
Total property under construction	244,588	242,771	0.7%
Property held for trading	63,160	64,181	-1.6%
Owner-occupied property:			
- Held by the parent	12,038	12,168	-1.1%
- Held by subsidiaries	28,169	25,366	11.1%
- Alignment with fair value of property acquired in business combinations	16,034	16,034	
Total owner-occupied property	56,241	53,568	5.0%
Total	363,989	360,520	1.0%

Changes occurring in the period were the following:

(in thousands of euros)				
	Property under construction	Property held for trading	Owner-occupied property	Total
Balance as at 31/12/07	242,771	64,181	53,568	360,520
Purchases and capitalised interests paid				
- GENOA - P.za De Ferrari, Via Conservatori del Mare, Via Orefici (through Vaimm Sviluppo S.r.l.)		1,422		1,422
- SAN DONATO MILANESE (MI) - building land purchase (through Vittoria Immobiliare S.p.A.)	3,374			3,374
- PESCHIERA BORROMEO (MI) (through Vittoria Immobiliare S.p.A.)	2,893			2,893
- TURIN - Via Villar Focchiardo - building land purchase (through Vittoria Immobiliare S.p.A.)	710			710
- MILAN - Portello Area (through Acacia 2000 S.r.l. and Lauro 2000 S.r.l.)	4,586		3,134	7,720
- ROME - Valsalaria S.r.l. purchase	2,726			2,726
- Other purchases and other incremental costs (miscellaneous operations)	218	198		416
Total purchases	14,507	1,620	3,134	19,261
Sales:				
- GENOA - P.za De Ferrari, Via Conservatori del Mare, Via Orefici (through Vaimm Sviluppo S.r.l.)		(1,213)		(1,213)
- TURIN - "Spina" (through V.R.G. Domus S.r.l.)	(453)			(453)
- PESCHIERA BORROMEO (MI) (through Vittoria Immobiliare S.p.A.)	(13,160)			(13,160)
- Other sales (miscellaneous operations)		(1,808)	(750)	(2,558)
Total sales	(13,613)	(3,021)	(750)	(17,384)
Decrease (Increase) payments on account received	(1,702)			(1,702)
Amortisation			(205)	(205)
Margins	2,625	380	494	3,499
Balance as at 30/06/08	244,588	63,160	56,241	363,989

Investments in associate companies (as shown in earlier table)

The main associate companies' performance is described below:

Yarpa International Holding N.V. Group – The Netherlands

Partly as a result of the price equalisation received in 1H 2008 following sale of the Cogedim Group (in 2007), the aggregate net result of the Yarpa International Holding N.V. Group at 30 June 2008 was € 19,565 thousand, for which Vittoria Assicurazioni recognises a gain of € 4,891 thousand gross of taxes.

Laumor B.V. in liquidation – The Netherlands

The company ceased operations in 2007 and paid its shareholders a dividend. The parent company's share in the dividend was € 1,875 thousand.

The net loss of Laumor B.V. at 30 June 2008 was € 22 thousand, with € 6 thousand of that loss being allocable to Vittoria Assicurazioni.

Laumor Holdings S.a.r.l. – Luxembourg

This associated company invests in private equity transactions through closed Mutual Funds.

In 1H 2008 the company reported a net loss of € 177 thousand. The share of Vittoria Assicurazioni in that loss was € 51 thousand.

White Finance S.A. - Luxembourg

This is a holding company that invests in closed Mutual Funds.

In 1H 2008 the company reported a net loss of € 349 thousand. The share of Vittoria Assicurazioni in that loss was € 112 thousand.

Gima Finance S.A. - Luxembourg

This is a holding company that invests in closed Mutual Funds.

In 1H 2008 the company reported a net loss of € 304 thousand. The share of Vittoria Assicurazioni in that loss was € 98 thousand.

S.In.T. S.p.A. – Italy

This associate realises and manages customer loyalty and sales network incentive programmes, relational marketing, communication, and promotion.

The company reported a net profit of € 29 thousand in 1H 2008.

Yarpa S.p.A. – Italy

This associate offers financial services to businesses, from the analysis of pool financing to advisory services for the acquisition or sale of businesses. The subsidiary, Yarpa Investimenti SGR, operates the closed Italian Mutual Funds “Maestrato” and “RP3 Fund” and the closed real estate Mutual Funds “Rosso Mattone” and “Ambiente.”

Rovimmobiliare S.r.l. - Italy

The associate is a real estate company, and the relevant equity investment is owned by Vittoria Immobiliare S.p.A.

The company reported a loss of € 143 thousand in 1H 2008.

Mosaico S.p.A. - Italy

The associate is a real estate company that is 25% owned through Vittoria Immobiliare S.p.A. and is realising a development at Collegno (TO).

Pama & Partners S.r.l. – Italy

The associate is a real estate company, and the relevant equity investment is owned by Vittoria Immobiliare S.p.A.

The company reported a loss of € 19 thousand in 1H 2008.

Consorzio Movincom S.c.r.l. – Italy

The associate, in which the equity investment is owned through Vittoria.Net S.r.l., is a company dedicated to the development of payment systems via mobile phones.

Financial liabilities

The following table shows the breakdown of financial liabilities relating to contracts for which policyholders bear investment risk and of other financial liabilities, highlighting subordinated liabilities.

(in thousands of Euros)

FINANCIAL LIABILITIES	30/06/2008	31/12/2007	Change
Financial liabilities where the investment risk is borne by policyholders and arising from pension fund management	86,324	104,244	-17.2%
- Financial liabilities where the investment risk is borne by policyholders relating to index- and unit-linked policies	82,490	100,756	
- Financial liabilities where the investment risk is borne by policyholders relating to pension funds	3,834	3,488	
Othe financial liabilities	319,351	284,053	12.4%
- Reinsurance deposits	39,517	56,632	
- Payables to banks	241,047	183,617	
- Other financial payables	9,344	9,300	
- Other financial liabilities	24,630	29,243	
- Subordinated liabilities	4,813	5,261	
TOTAL FINANCIAL LIABILITIES	405,675	388,297	4.5%

The following table shows the breakdown of financial liabilities by business segment.

(in thousands of Euros)

Financial liabilities	Insurance Business		Real Estate Business		Service Business		Intersegment Eliminations		Total	
	30/06/2008	31/12/2007	30/06/2008	31/12/2007	30/06/2008	31/12/2007	30/06/2008	31/12/2007	30/06/2008	31/12/2007
Financial liabilities where the investment risk is borne by policyholders relating to index- and unit-linked policies	82,490	100,756	-	-	-	-	-	-	82,490	100,756
Financial liabilities where the investment risk is borne by policyholders relating to pension funds	3,834	3,488	-	-	-	-	-	-	3,834	3,488
Reinsurance deposits	39,517	56,632	-	-	-	-	-	-	39,517	56,632
Payables to banks	-	-	241,047	183,617	-	-	-	-	241,047	183,617
Other financial payables	-	-	9,344	9,300	-	-	-	-	9,344	9,300
Other financial liabilities	24,630	29,243	-	-	-	-	-	-	24,630	29,243
Subordinated liabilities	4,813	5,261	-	-	-	-	-	-	4,813	5,261
Total	155,284	195,380	250,391	192,917	-	-	-	-	405,675	388,297

Reference should be made to the Explanatory Notes for greater detail on the various items' breakdown.

Gains and losses on investments

The following table shows the breakdown as at 30 June 2008 of net gains on investments, with separate disclosure of investments where the risk is borne by life policyholders.

						(in thousands of Euros)	
Gains and losses on investments	Interest and other net income	Net realised gains	Unrealised gains	Unrealised losses	1H2008 total net realised and unrealised gains	1H2007 total net realised and unrealised gains	
Investments	32,953	-1,008	558	15,844	16,659	36,236	
From:							
a investment property	-	-	-	-	-	-	
b investments in subsidiaries and associates and interests in joint ventures	4,612	-	-	-	4,612	5,186	
c held to maturity investments	3,334	-	-	-	3,334	3,062	
d loans and receivables	333	-	5	-	338	267	
e financial assets available for sale	23,748	309	-	7,823	16,234	21,609	
f financial assets held for trading	49	-	17	397	-331	25	
g financial assets at fair value through profit or loss	877	-1,317	536	7,624	-7,528	6,087	
Other receivables	213	-	-	-	213	260	
Cash and cash equivalents	2,294	-	-	-	2,294	1,628	
Financial liabilities	-4,018	-	-	-7,528	3,510	-9,452	
From:							
a financial liabilities held for trading	-	-	-	-	-	-	
b financial liabilities at fair value through profit or loss	-	-	-	-7,528	7,528	-6,087	
c other financial liabilities	-4,018	-	-	-	-4,018	-3,365	
Payables	-	-	-	-	-	-	
Total gains and losses on financial instruments	31,442	-1,008	558	8,316	22,676	28,672	
Real estate business							
From:							
a Gains on property trading	-	380	-	-	380	3,998	
b Revenue from work in progress (percentage of completion)	2,625	-	-	-	2,625	818	
c Rent income on owner-occupied property and property held for trading	363	-	-	-	363	494	
Total real estate business	2,988	380	-	-	3,368	5,310	
Total gains and losses on investments	34,430	-628	558	8,316	26,044	33,982	

Net gains with risk borne by the Group decreased from € 33,982 thousand to € 26,044 thousand, with a -23.4 % decrease vs. 1H07. Aside from mark-to-market of the equity investment held in Cam Finanziaria S.p.A. which caused a deterioration of € 7,823 thousand, the contraction is also attributable to the lower margins reported by the real estate companies and the lower results reported by associates that invest in private equity transactions.

As up to 30 June 2008 the weighted average return on "Bonds and other fixed-income securities" was 4.5% as compared with 4.4% in 1H07.

The following table shows the breakdown of investment gains and losses by business segment.

(in thousands of Euros)

Net income on investments	Insurance Business		Real Estate Business		Service Business		Intersegment Eliminations		Total	
	30/6/08	30/6/07	30/6/08	30/6/07	30/6/08	30/6/07	30/6/08	30/6/07	30/6/08	30/6/07
Gains or losses on remeasurement of financial instruments at fair value through profit or loss	-331	25	-	-	-	-	-	-	-331	25
Gains or losses on investments in subsidiaries and associates and interests in joint ventures	8,258	10,150	-73	-139	2	2	-3,575	-4,827	4,612	5,186
Gains or losses on other financial instruments and investment property	20,618	25,149	-2,239	-1,703	17	15	-1	-	18,395	23,461
Gains on property trading	-	-	380	3,998	-	-	-	-	380	3,998
Revenue from work in progress (percentage of completion)	-	-	2,625	818	-	-	-	-	2,625	818
Rent income on owner-occupied property and pro	105	94	309	468	-	-	-51	-68	363	494
Total	28,650	35,418	1,002	3,442	19	17	-3,627	-4,895	26,044	33,982

Investment and financial risk management & analysis policies

Financial risk management

The financial risk management system is designed to assure the Group's capital soundness via monitoring of the risks inherent in asset portfolios due to adverse market conditions. In this perspective, specific investment policies have been designed – as illustrated in the earlier section “Investments – Cash & cash equivalents – Property” – and special procedures adopted.

Investment policies: objectives

The Group's financial assets are managed according to the following objectives:

A) Life and Non-Life investments with risk borne by the Group

- Assure the Group's capital soundness by means of a policy of limitation of potential portfolio loss risk following adverse changes in interest rates, equity prices, and exchange rates
- Limit credit risk by giving preference to investments in issuers with high ratings
- Assure adequate investment diversification, also prudently taking opportunities arising in the real estate sector
- For the Life segment, assure a stable return higher than the technical rate envisaged by contracts in force, optimising management of expected cash flows consistently with insurance liabilities
- For the Non-Life segment, assure both a stable return in line with the forecasts factored into product tariffs and positive cash flows also able to address scenarios featuring any significant increase in claims cost and settlement speed

- Monitor the securities portfolio duration in relation to liabilities' duration
- Give preference to continuity of returns rather than to achievement of high returns in limited periods of time
- Protect investments' value from exchange-rate fluctuations also via use of financial derivatives.

B) Life investments with risk borne by policyholders

- Manage investments benefiting policyholders who bear related risk (index- and unit-linked policies) and those relating to pension-fund management according to the objectives envisaged by relevant policies and by pension funds' regulations, with the constraint of total transparency vis-à-vis policy holders and in compliance with specific legal regulations
- Define investments' level of protection against exchange-rate fluctuations also via use of financial derivatives.

Procedures

In order to keep its exposure to financial risks under control, the Group has equipped itself with a structured system of procedures and activities. These assure regular reporting able to monitor:

- The market value of assets and their consequent potential losses vs. carrying value
- Trends of macroeconomic and market variables
- For bond portfolios, issuers' rating of the issuers and analysis of sensitivity to interest-rate risk
- Compliance with the investment limits defined by the Board of Directors
- Overall exposure to the same issuer.

The Group also performs ALM (asset-liability management) analyses, the main objective of which, in a medium-term perspective, is to:

- Provide joint dynamic projections of cash flows and of other asset and liability features in order to show any income-statement and/or financial mismatching ;
- Provide an indication – for asset portfolios backing life insurance contracts - of the expected trends in asset portfolios' rates of returns compared with contractual minimum returns
- Identify the variables (financial, actuarial and commercial) that may have a greater negative impact on results by performing specific stress tests and scenario analyses.

The results of the above activities and reports are regularly reviewed by the Finance Committee. This committee has been set up within the Board of Directors and has been delegated to supervise the securities portfolio's performance and to define investment strategies within the limits established by the Board in investment policies.

Financial risk analysis

In this chapter we describe the risks to which the Group is exposed in relation to financial markets' movements. These risks are grouped in the three main categories, i.e. market risk, liquidity risk, and credit risk.

The chapter does not discuss the Group's investments in instruments designated at fair value going through profit and loss (index- and unit-linked policies – pension funds) because these are strictly connected with related liabilities.

Securities portfolio breakdown

The following table shows the carrying value of the securities portfolio with risk borne by the Group, broken down by investment type (debt securities, equity securities and CIU units). It also provides indications concerning financial risk exposure and uncertainties of flows.

(in thousands of euros)

Investment nature	Amount		Amount	
	30/06/2008	% of breakdown	31/12/2007	% of breakdown
DEBT SECURITIES	1,220,580	93.4%	1,092,648	93.8%
Listed treasury bonds:	1,112,422	87.0%	1,076,865	84.5%
Fixed-interest rate	678,837	53.1%	627,125	49.2%
Variable interest rate	433,585	33.9%	449,740	35.3%
Unlisted treasury bonds:	2,586	0.2%	2,666	0.2%
Fixed-interest rate	-	0.0%	-	0.0%
Variable interest rate	2,586	0.2%	2,666	0.2%
Listed corporate bonds:	89,429	7.0%	101,456	8.0%
Fixed-interest rate	82,031	6.4%	93,675	7.4%
Variable interest rate	7,398	0.6%	7,781	0.6%
Unlisted corporate bonds:	2,787	0.2%	7,304	0.6%
Fixed-interest rate	258	0.0%	269	0.0%
Variable interest rate	2,529	0.2%	7,035	0.6%
Bonds of supranational issuers:	13,356	1.0%	13,288	1.0%
Fixed-interest rate	13,356	1.0%	13,288	1.0%
Variable interest rate	-	0.0%	-	0.0%
of which				
Total fixed-interest securities	774,482	63.5%	734,357	61.1%
Total variable-interest securities	446,098	36.5%	467,222	38.9%
Total debt securities	1,220,580	100.0%	1,201,579	100.0%
of which				
Total listed securities	1,215,207	99.6%	1,191,609	99.2%
Total unlisted securities	5,373	0.4%	9,970	0.8%
Total debt securities	1,220,580	100.0%	1,201,579	100.0%
EQUITY INSTRUMENTS	44,465	3.5%	58,843	4.6%
listed shares	24,149	1.9%	38,065	3.0%
unlisted equity instruments	20,316	1.6%	20,778	1.6%
OEIC UNITS	13,537	1.1%	13,814	1.1%
TOTAL	1,278,582	100.0%	1,274,236	100.0%

The fixed-income securities portfolio has a duration of 3.49 years.

Market risk

Market risk consists of interest-rate risk, price risk and exchange-rate risk.

Debt securities are exposed to interest-rate risk.

The interest-rate risk on fair value is the risk of a financial instrument's value varying due to changes in market interest rates.

A decrease in interest rates would cause an increase in the fair value of such securities, whereas an increase in rates would decrease their fair value.

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

The carrying value of fixed-interest debt securities exposed to interest-rate risk on fair value totalled € 774,482 thousand (63.5% of the bond portfolio with investment risk borne by the Group). Of this amount, securities totalling € 542,653 thousand are classified as available-for-sale financial assets.

The following table illustrates the quantitative impacts on the fair value of these latter assets of a hypothetical parallel variation in the interest rate curve of ± 100 basis points (bp).

	(€ '000)
Fixed-interest securities at fair value	Amount
Carrying amount	701,523 ⁽¹⁾
Change	
100 BP increase	-33,027
100 BP decrease	35,976

(1) of which Euro 366,517 thousand allocated to the separately-managed life business.

The carrying value of floating-rate debt securities exposed to interest-rate risk on cash flows totalled € 446,098 thousand (36.5% of the bond portfolio with investment risk borne by the Group). In order to indicate the sensitivity of floating-rate securities' cash flows, we point out that a 100-bp positive or negative change in interest rates would respectively cause higher or lower interest receivable of € +4,447 thousand and € -4,050 thousand.

Life insurance contracts envisage a guaranteed minimum rate of interest and feature a direct link between investments and benefits to be paid to policyholders.

This direct link between obligations to policyholders and investments of assets associated with benefits is governed by means of the integrated asset-liability management (ALM) model mentioned earlier.

More specifically, the Group manages interest-rate risk by matching asset and liability cash flows and by maintaining a balance between liabilities' duration and that of the investment portfolio directly related to such liabilities.

Duration is an indicator of the sensitivity of asset and liability fair value to changes in interest rates.

To complete disclosure, the following tables show the carrying value of fixed-rate securities by maturity and the carrying value of floating-rate securities by type of interest rate.

Fixed - interest securities		(in thousand of euros)	
Maturity	Amount	% of breakdown	
< 1 year	32,668	4.2%	
1<X<2	43,336	5.6%	
2<X<3	122,724	15.8%	
3<X<4	52,131	6.7%	
4<X<5	131,425	17.0%	
5<X<10	338,075	43.7%	
more	54,123	7.0%	
Total	774,482	100.0%	
of which repayable in advance	5,180		

Variable - interest securities		(in thousand of euros)	
Type of rate	Indexation	Amount	% of breakdown
Constant mat. Swap	Euroswap 10Y	32,266	7.2%
Constant mat. Swap	Euroswap 30Y	7,694	1.7%
variable	3 months treasury bonds	5,115	1.1%
Variable	6 months treasury bonds	396,606	89.0%
Variable	other	4,417	1.0%
Total		446,098	100.0%

The contractual rate refixing date for most of these securities is in the first half of the year. As regards interest-rate risk, it is pointed out, lastly, that the Group holds floating-rate financial liabilities, mainly consisting of real estate companies' bank borrowings, totalling € 245,576 thousand.

In order to indicate their sensitivity, it is noted that a 100-bp increase would increase interest expense by € 2,456 thousand. Vice versa, a 100-bp decrease would reduce interest expense by € 2,456 thousand.

Equity securities are exposed to **price risk**, i.e., the possibility of their fair value varying as a result of changes arising both from factors specific to the individual instrument or issuer and those affecting all instruments traded on the market

If the listed shares classified as "Available-for-sale financial assets" had suffered a 10% loss as at 30.06.2008, equity attributable to parent company shareholders would have decreased by € 2,415 thousand.

The Group is not exposed to **foreign exchange risk** since, as at 30.06.2008, nearly all investments for which it bears the risk were expressed in euro, observing the principle of consistency with technical reserves.

Liquidity risk

The group is daily required to execute payments arising from insurance and investment contracts.

The liquidity risk is the risk that available funds may not be sufficient to meet obligations. It is constantly monitored by means of the integrated ALM procedure.

This risk may also arise as a result of inability to sell a financial asset fast at an amount close to its fair value.

This is less probable when the financial assets are listed in active markets. The greater the weight is of financial assets listed in active and regulated markets, the less likely it is that this will happen

As at 30.06.2008 financial assets listed in a regulated market accounted for over 95% of financial assets owned.

Credit risk

In applying its investment policy, the Group limits its exposure to credit risk by investing in highly rated issuers.

As can be seen in the table below, as at 30.06.2008 nearly all bonds held by the group were rated as investment grade.

(in thousands of euros)

Rating (Standard & Poor's)	Amounts	% of breakdown
AAA	235,747	19.3%
AA+ / AA-	84,820	6.9%
A+ / A-	862,254	70.7%
BBB+ / BBB-	32,578	2.7%
Total investment grade	<u>1,215,399</u>	<u>99.6%</u>
Non investment grade	1	0.0%
Not rated	5,180	0.4%
Totale	1,220,580	100.0%

Infragroup and related-party transactions

Transactions with group companies referred to the normal course of business, using specific professional skills at going market rates. There were no atypical or unusual transactions.

This section presents financial and business transactions occurring during as up to 30 June 2008 with group companies, excluding those with companies consolidated on a 100% line-by-line basis.

(in thousands of Euros)

Related parties	Other receivables	Loans	Commitments for subscription of private equity investments	Revenues	Costs
Parents	-	-	-	-	-
Associates	61	2,525	24,630	45	-
Total	61	2,525	24,630	45	-

Transactions and relationships with subsidiaries

Starting from 2008, Vittoria Assicurazioni S.p.A. renewed its option to participate in the National Tax Consolidation Programme (Articles 117 et seq. of Presidential Decree 917 of 22 December 1986) with the companies Immobiliare Bilancia S.r.l., Immobiliare Bilancia Prima S.r.l., Immobiliare Bilancia Seconda S.r.l., and Immobiliare Bilancia Terza S.r.l.. Furthermore, in FY 2008, the subsidiaries Lauro 2000 S.r.l. and Acacia 2000 S.r.l. were also included in the scope of the tax consolidation programme.

Both renewal of the option and inclusion of the new participants are effective for the three-year period 2008-2010.

Transactions and relationships with parent companies

The Group has no financial or commercial relationships with the direct parent company Vittoria Capital N.V. and the indirect parent company Yafa Holding B.V., The Netherlands.

Transactions with associate companies

Yarpa International Holding N.V. – The Netherlands

Laumor B.V. – The Netherlands

White Finance S.A. - Luxembourg

No commercial or supply relationships were maintained with these associates during the period.

Laumor Holdings S.a.r.l. – Luxembourg

Vittoria Assicurazioni recognises € 2,914 thousand under financing to associates and under financial payables for the commitment to subscribe to private equity investments through the associate.

Gima Finance S.A. - Luxembourg

Vittoria Assicurazioni recognises € 21,716 thousand under financing to associates and under financial payables for the commitment to subscribe to private equity investments through the associate.

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

The parent company used the services of S.In.T. S.p.A. in 1H 2008 for the Formula Salute policies and other commercial agreements made by the parent company, for an aggregate cost of € 554 thousand plus VAT.

Mosaico S.p.A. – Turin

The subsidiary Vittoria Immobiliare S.p.A. paid the associate € 650 thousand as a non-interest bearing shareholder loan.

Pama & Partners S.r.l. – Genoa

The subsidiary Vittoria Immobiliare S.p.A. paid the associate € 765 thousand as a non-interest bearing shareholder loan.

Sivim S.r.l. – Milan

The subsidiary Vittoria Immobiliare S.p.A. paid the associate € 220 thousand as a non-interest bearing shareholder loan.

Rovimmobiliare S.r.l. - Rome

Gestimmobili S.r.l. billed the indirect associate € 16 thousand for administration services, and trade receivables totalled €12 thousand at 30 June 2008.

Finally, the subsidiary Vittoria Immobiliare S.p.A. paid the associate € 1,180 thousand as a non-interest bearing shareholder loan.

Le Api S.r.l. - Milan

The associate provided the parent company with services for € 774 thousand plus VAT.

Yarpa S.p.A. – Genoa

The associate provided the parent company with services for € 36 thousand plus VAT.

Significant events occurring after the first half

Insurance Business

In July the parent company acquired:

- Gpa S.p.A. Group: 776,959 shares for a countervalue of € 4,026 thousand, raising its equity stake from 5.0% to 9.738%;
- Downhall Italia S.r.l.: 4,919 units, for a countervalue of € 492 thousand, raising its equity stake from 5.08% to 9.999%;
- Mediorischi S.p.A.: 4,744 shares for a countervalue of € 233 thousand, raising its equity stake from 5.35% to 9.999%.

In July the parent company paid its associate GIMA Finance S.A. € 500 thousand as a share premium.

The associate Laumor B.V. was placed in liquidation in July.

Conversion of the "Vittoria Assicurazioni – Fixed/Floater 2001/2016" bond loan continued between 1 July 2008 and 31 July 2008. A total of € 162 thousand was converted during the period. Consequently, the parent company's share capital totalled € 32,770,770 shares at 31 July 2008, following the issuance of 33,750 new shares.

Real Estate Business

The subsidiary Vittoria Immobiliare S.p.A. sold another 15% of its shareholding in Acacia 2000 S.r.l. in July, realising a capital gain of € 1,039 thousand.

In July the subsidiary Immobiliare Bilancia S.r.l. acquired 49% of the shares of Jannozi S.r.l., the owner of a buildable lot in San Donato Milanese (MI), with an investment of € 2,327 thousand, of which € 1,649 thousand for shares and € 678 thousand for shareholder financing.

The Board of Directors

Milan, 8 August 2008

Consolidated interim
financial statements
as at and for the
six months ended
30 June 2008

Balance sheet

Vittoria Assicurazioni S.p.A.

Consolidated interim financial statements as at and for the six months ended 30 June 2008

BALANCE SHEET - ASSETS

(in thousands of Euros)

	Note	30/06/2008	30/06/2007	31/12/2007
1	INTANGIBLE ASSETS	18,445	16,482	17,349
1.1	Goodwill	0	0	0
1.2	Other intangible assets	18,445	16,482	17,349
2	PROPERTY, PLANT AND EQUIPMENT	368,013	356,074	364,499
2.1	Property	363,989	351,730	360,520
2.2	Other items of property, plant and equipment	4,024	4,344	3,979
3	REINSURERS' SHARE OF TECHNICAL RESERVES	78,096	112,766	97,307
4	INVESTMENTS	1,505,548	1,414,508	1,531,372
4.1	Investment property	0	0	0
4.2	Investments in subsidiaries and associates and interests in joint ve	98,500	56,543	109,299
4.3	Held to maturity investments	103,219	151,141	173,106
4.4	Loans and receivables	42,142	17,584	43,593
4.5	Financial assets available for sale	1,170,243	1,067,227	1,096,160
4.6	Financial assets at fair value through profit or loss	91,444	122,013	109,214
5	OTHER RECEIVABLES	151,438	135,226	176,493
5.1	Receivables relating to direct insurance	118,459	103,226	148,612
5.2	Receivables relating to reinsurance business	4,523	7,510	3,502
5.3	Other receivables	28,456	24,490	24,379
6	OTHER ASSETS	59,123	56,031	55,350
6.1	Non-current assets or assets of a disposal group classified as held for sale	0	0	0
6.2	Deferred acquisition costs	9,452	10,843	10,173
6.3	Deferred tax assets	16,434	14,543	13,044
6.4	Current tax assets	28,541	26,495	28,843
6.5	Other assets	4,696	4,150	3,290
7	CASH AND CASH EQUIVALENTS	100,982	94,788	69,267
	TOTAL ASSETS	2,281,645	2,185,875	2,311,637

Vittoria Assicurazioni S.p.A.

Consolidated interim financial statements as at and for the six months ended 30 June 2008

BALANCE SHEET - EQUITY AND LIABILITIES

(in thousands of Euros)

	Note	30/06/2008	30/06/2007	31/12/2007
1	EQUITY	330,629	253,066	326,926
1.1	attributable to the shareholders of the parent	311,368	247,186	320,770
1.1.1	Share capital	32,737	32,637	32,666
1.1.2	Other equity instruments	378	415	404
1.1.3	Equity-related reserves	30,799	30,406	30,518
1.1.4	Income-related and other reserves	239,428	156,007	156,008
1.1.5	(Treasury shares)	0	0	0
1.1.6	Translation reserve	57	20	45
1.1.7	Fair value reserve	-3,080	11,559	11,495
1.1.8	Other gains or losses recognised directly in equity	22	22	62
1.1.9	Profit for the year attributable to the shareholders of the parent	11,027	16,120	89,572
1.2	attributable to minority interests	19,261	5,880	6,156
1.2.1	Share capital and reserves attributable to minority interests	19,553	6,124	6,249
1.2.2	Gains or losses recognised directly in equity	0	0	0
1.2.3	Profit for the year attributable to minority interests	-292	-244	-93
2	PROVISIONS	3,948	4,730	4,066
3	TECHNICAL RESERVES	1,442,340	1,389,081	1,448,667
4	FINANCIAL LIABILITIES	405,675	394,110	388,297
4.1	Financial liabilities at fair value through profit or loss	86,324	117,558	104,244
4.2	Other financial liabilities	319,351	276,552	284,053
5	PAYABLES	53,471	96,845	95,625
5.1	Payables arising from direct insurance business	7,035	6,411	6,414
5.2	Payables arising from reinsurance business	11,344	6,263	9,977
5.3	Other sums payable	35,092	84,171	79,234
6	OTHER LIABILITIES	45,582	48,043	48,056
6.1	Liabilities of a disposal group held for sale	0	0	0
6.2	Deferred tax liabilities	22,403	26,129	22,738
6.3	Current tax liabilities	2,934	3,220	2,907
6.4	Other liabilities	20,245	18,694	22,411
	TOTAL EQUITY AND LIABILITIES	2,281,645	2,185,875	2,311,637

Income statement

Vittoria Assicurazioni S.p.A.

Consolidated interim financial statements as at and for the six months ended 30 June 2008

(in thousands of Euros)

	Note	30/6/08	30/6/07	31/12/07
1.1	Net premiums	294,069	269,912	552,436
1.1.1	<i>Gross premiums</i>	24 304,413	293,515	601,785
1.1.2	<i>Ceded premiums</i>	24 10,344	23,603	49,349
1.2	Commission income	25 568	1,111	1,763
1.3	Gains or losses on remeasurement of financial instruments at fair value through profit or loss	26 -331	25	2
1.4	Gains on investments in subsidiaries and associates and interests in joint ventures	26 4,956	5,328	75,974
1.5	Gains on other financial instruments and investment property	26 30,236	46,990	46,990
1.5.1	<i>Interest income</i>	29,696	25,853	54,117
1.5.2	<i>Other income</i>	226	643	1,628
1.5.3	<i>Realised gains</i>	309	331	383
1.5.4	<i>Unrealised gains</i>	5	0	0
1.6	Other income	27 8,902	7,555	17,409
1	TOTAL REVENUE	338,400	573,576	573,576
2.1	Net charges relating to claims	221,623	375,909	375,909
2.1.1	<i>Amounts paid and change in technical reserves</i>	24 224,352	220,489	463,334
2.1.2	<i>Reinsurers' share</i>	24 -2,729	-14,582	-33,594
2.2	Commission expense	28 219	458	650
2.3	Losses on investments in subsidiaries and associates and interests in joint ventures	26 344	142	287
2.4	Losses on other financial instruments and investment property	26 11,841	3,366	12,942
2.4.1	<i>Interest expense</i>	4,018	3,365	6,249
2.4.2	<i>Other expense</i>	0	0	0
2.4.3	<i>Realised losses</i>	0	0	0
2.4.4	<i>Unrealised losses</i>	7,823	1	6,693
2.5	Operating costs	77,123	72,895	143,792
2.5.1	<i>Commissions and other acquisition costs</i>	29 62,361	56,138	115,584
2.5.2	<i>Investment management costs</i>	29 438	461	801
2.5.3	<i>Other administrative costs</i>	29 14,324	16,296	27,407
2.6	Other costs	30 5,771	4,356	11,098
2	TOTAL COSTS	316,921	521,707	521,707
	PROFIT FOR THE YEAR BEFORE TAXATION	21,479	51,869	51,869
3	Income taxes	31 10,744	7,758	15,724
	PROFIT FOR THE YEAR	10,735	36,525	36,525
4	GAIN (LOSS) ON DISCONTINUED OPERATIONS	0	0	0
	CONSOLIDATED PROFIT	10,735	36,525	36,525
	of which attributable to the shareholders of the parent	11,027	16,120	89,572
	of which attributable to minority interests	14 -292	-244	-93

Basic EARNINGS per share	0.34	0.49	2.74
Diluted EARNINGS per share	0.33	0.48	2.66

Calculation of earnings per share

		30/06/08	30/06/07	31/12/07
Profit for the year attributable to the shareholders of Euro the parent		11,026,744	16,119,777	89,572,238
Average number of shares	N.	32,736,950	32,637,400	32,666,088
Basic earnings per share	Euro	0.34	0.49	2.74
Adjustments				
Financial charges on the convertible subordinated bond issue	Euro	118,751	118,932	235,812
Number of potential shares	N.	1,013,050	1,112,600	1,083,912
Adjusted profit for the year attributable to the shareholders of the parent	Euro	11,145,495	16,238,709	89,808,050
Adjusted average number of shares	N.	33,750,000	33,750,000	33,750,000
Diluted earnings per share	Euro	0.33	0.48	2.66

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

Vitória Assicurazioni S.p.A.
Consolidated interim financial statements as at and for the six months ended 30 June 2008

(in thousands of Euros)

	Balance at 31/12/2006	Adjustment to closing balance	Allocation	Reclass. to profit or loss	Other reclassifications	Balance at 30/06/2007	Balance at 31/12/2007	Adjustment to closing balance	Allocation	Reclass. to profit or loss	Other reclassifications	Balance at 30/06/2008
Share capital	30,462	0	2,185			32,637	32,637	71				32,737
Other equity instruments	1,229	0	-814			415	404	-26				378
Equity-related reserves	21,878	0	8,528			30,406	30,518	281				30,799
Income-related and other reserves (Treasury shares)	125,478	0	35,401		-4,872	156,007	156,008	88,973			-5,553	239,428
Translation reserve	-2	0	22			20	45	12				57
Fair value reserve	11,847	0	-288			11,559	11,495	-14,575				-3,080
Hedging reserve	0	0	0			0	0	0				0
Gains or losses on hedging instruments of net investment in foreign operations	0	0	0			0	0	0				0
Reserve for changes in the equity of investees	22	0	0			22	62	-40				22
Intangible asset revaluation reserve	0	0	0			0	0	0				0
Property, plant and equipment revaluation reserve	0	0	0			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	0	0				0
Other reserves	0	0	0			0	0	0				0
Profit for the year	35,407	0	-19,287			16,120	89,572	-78,545				11,027
Total attributable to the shareholders of the parent	225,311	0	25,747	0	-4,872	247,186	320,770	0	-3,849	0	-5,553	311,368
Share capital and reserves attributable to minority interests	5,393	0	1,514		-783	6,124	6,249	13,304				19,553
Gains or losses recognised directly in equity	0	0	0		0	0	0	0				0
Profit for the year	1,118	0	-1,362			-244	-93	-199				-292
Total attributable to minority interests	6,511	0	152	0	-783	5,880	6,156	0	13,105	0	0	19,261
Total	232,822	0	25,899	0	-5,655	253,066	326,926	0	9,256	0	-5,553	330,629

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

Cash flow statement – indirect method

Vittoria Assicurazioni S.p.A.

Consolidated interim financial statements as at and for the six months ended 30 June 2008

(in thousands of Euros)

	30/06/2008	31/12/2007
Profif for the year before taxation	21,479	105,203
Change in non-monetary items	2,649	52,330
Change in non-life premium reserve	20,329	34,156
Change in claims reserve and other non-life technical reserves	15,532	60,807
Change in mathematical reserves and other life technical reserves	-22,977	41,850
Change in deferred acquisition costs	721	1,077
Change in provisions	-118	-747
Non-monetary gains and losses on financial instruments, investment property and investments in subsidiaries and associates and interests in joint ventures	-3,870	-68,998
Other changes	-6,968	-15,815
Change in receivables and payables arising from operating activities	-17,099	-30,655
Change in receivables and payables relating to direct insurance and reinsurance	31,120	-34,815
Change in other receivables and payables	-48,219	4,160
Taxes paid	-10,744	-15,724
Net cash flow generated by/used for monetary items from investing and financing activities	-150	-1,560
Liabilities from financial contracts issued by insurance companies	-17,920	-11,804
Payables to bank and interbank customers	0	0
Loans and receivables from bank and interbank customers	0	0
Other financial instruments at fair value through profit or loss	17,770	10,244
NET CASH FLOW FROM OPERATING ACTIVITIES	-3,865	109,594
Net cash flow generated by/used for investment property	0	0
Net cash flow generated by/used for investments in subsidiaries and associated companies and interests in joint ventures	6,806	19,622
Net cash flow generated by/used for loans and receivables	1,451	-24,105
Net cash flow generated by/used for held to maturity investments	69,887	-21,882
Net cash flow generated by/used for financial assets available for sale	-80,835	-92,632
Net cash flow generated by/used for property, plant and equipment	-4,610	-86,892
Other net cash flows generated by/used for investing activities	0	0
NET CASH FLOW FROM INVESTING ACTIVITIES	-7,301	-205,889
Net cash flow generated by/used for equity instruments attributable to the shareholders of the parent	0	0
Net cash flow generated by/used for treasury shares	0	0
Dividends distributed to the shareholders of the parent	-5,553	-4,872
Net cash flow generated by/used for share capital and reserves attributable to minority interests	12,811	-220
Net cash flow generated by/used for subordinated liabilities and equity instruments	0	0
Net cash flow generated by/used for other financial liabilities	35,623	87,901
NET CASH FLOW FROM FINANCING ACTIVITIES	42,881	82,809
Effect of exchange rate gains/losses on cash and cash equivalents	0	0
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	69,267	82,753
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	31,715	-13,486
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	100,982	69,267

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

	Registered Offices	Share Capital Euro	% Ownership		Via
			Direct	Indirect	
Vittoria Assicurazioni S.p.A.	Milan	32,736,950			
Vittoria Immobiliare S.p.A.	Milan	20,000,000	87.24%		
Immobiliare Bilancia S.r.l.	Milan	2,000,000	100.00%		
Immobiliare Bilancia Prima S.r.l.	Milan	3,000,000	100.00%		
Immobiliare Bilancia Seconda S.r.l.	Milan	1,000,000	100.00%		
Immobiliare Bilancia Terza S.r.l.	Milan	100,000	100.00%		
Lauro 2000 S.r.l.	Milan	15,000,000	100.00%		
Vittoria Properties S.r.l.	Milan	4,000,000	99.00%	1.00%	Vittoria Immobiliare S.p.A.
Interbilancia S.r.l.	Milan	80,000	80.00%	20.00%	
Vittoria Service S.r.l.	Milan	100,000	70.00%	30.00%	
Gestimmobili S.r.l.	Milan	104,000		80.00%	Vittoria Immobiliare S.p.A.
Acacia 2000 S.r.l.	Milan	100,000		80.00%	
Interimmobili S.r.l.	Rome	104,000		80.00%	
Forum Mondadori Residenze S.r.l.	Milan	100,000		70.00%	
Cadorna Real Estate S.r.l.	Milan	10,000		70.00%	
V.R.G. Domus S.r.l.	Turin	1,000,000		51.00%	
Vaimm Sviluppo S.r.l.	Milan	100,000		51.00%	
Parco Fidenae S.r.l.	Rome	50,000		51.00%	
Valsalaria S.r.l.	Rome	10,000		51.00%	
Aspevi S.r.l.	Milan	10,400		100.00%	Interbilancia S.r.l.
Vittoria.Net S.r.l.	Milan	10,400		100.00%	

Changes occurring in 1H08

Vittoria Immobiliare S.p.A. – 87.24% ownership

The share capital of Vittoria Immobiliare was raised to € 20,000 thousand in 1H 2008, pursuant to the authority granted to the Board of Directors to increase the share capital to € 40,000 thousand by 2012.

The parent company participated in the capital increase, proportionally to its interest owned.

Valsalaria S.r.l. – 51% ownership

On 17 January 2008 Vittoria Immobiliare S.p.A. acquired 51% of the company Valsalaria S.r.l. for a price of € 87 thousand.

Vittoria.Net S.r.l. – 100%ownership

In February Interbilancia S.r.l. paid the subsidiary Vittoria.Net S.r.l. € 90 thousand against a future capital increase.

Acacia 2000 S.r.l. – 80% ownership

In 1H 2008 Vittoria Immobiliare S.p.A. completed sale of a 20% interest in the share capital of Acacia 2000 S.r.l., thereby reducing its shareholding to 80%.

B) List of unconsolidated investments

	Registered Offices	Share Capital Euro	% Ownership		
			Direct	Indirect	Via
Yarpa International Holding N.V.	Amsterdam Netherlands	675,000	25.00%		
Laumor B.V.	Amsterdam Netherlands	20,000	25.00%		
S.In.T. S.p.A.	Turin	1,000,000	48.19%		
Yarpa S.p.A.	Genoa	9,635,000	20.91%		
White Finance S.A	Luxembourg	1,000,000	32.17%		
Laumor Holdings S.a.r.l.	Luxembourg	12,500	29.00%		
Gima Finance S.A.	Luxembourg	31,000	32.13%		
Sivim S.r.l.	Milan	60,000		49.50%	} Vittoria Immobiliare S.p.A.
Rovimmobiliare S.r.l	Rome	20,000		50.00%	
Mosaico S.p.A.	Turin	500,000		25.00%	
Pama & Partners S.r.l.	Genoa	1,200,000		25.00%	
Le Api S.r.l.	Milan	10,400		30.00%	Interbilancia S.r.l.
Consorzio Movincom S.c.r.l.	Turin	100,000 *		40.00%	Vittoria.Net S.r.l.

* of which paid euro 25.000

Changes occurring in 1H08

Consorzio Movincom S.c.r.l.

In February Vittoria.Net S.r.l., paid € 10 thousand to participate, within the limits of its 40% shareholding, in incorporating of the Movincom Consortium, whose purpose is to develop payment systems via mobile phone technologies. The 60% share was subscribed by the associate S.In.T. S.p.A.

Laumor Holdings S.a.r.l.

A total of € 1,600 thousand was paid to the associate by the parent company towards an increase in share premium reserve.

Gima Finance S.A.

A total of € 3,013 thousand was paid to the associate by the parent company towards an increase in share premium reserve.

C) Geographical segment reporting (secondary segment)

As regards primary segment reporting, the relevant balance sheet and income statement tables by business segment – compliant with the formats established by the ISVAP ordinance already mentioned earlier – are shown in the specific section “Appendices to Consolidated Half-Year Financial Statements”.

The following tables show the geographical split of total balance sheet assets, deferred costs, and of the main items of revenue.

(in thousands of Euros)

Assets	Italy		Europe		Rest of the World		Total	
	30/06/2008	31/12/2007	30/06/2008	31/12/2007	30/06/2008	31/12/2007	30/06/2008	31/12/2007
Debt instruments	855,625	805,355	334,204	356,692	30,751	39,532	1,220,580	1,201,579
Equity instruments and OEIC units	52,258	63,299	104,244	111,968	-	-	156,502	175,267
Property (incl. owner-occupied property)	363,989	360,520	-	-	-	-	363,989	360,520
Other assets	540,574	574,271	-	-	-	-	540,574	574,271
Total	1,812,446	1,803,445	438,448	468,660	30,751	39,532	2,281,645	2,311,637

(in thousands of Euros)

Deferred costs	North		Italy Centre		South and Islands		Total external deferred costs	
	30/06/2008	31/12/2007	30/06/2008	31/12/2007	30/06/2008	31/12/2007	30/06/2008	31/12/2007
Other property, plant and equipment	3,707	3,696	317	283	-	-	4,024	3,979
Other intangible assets	18,425	17,325	20	24	-	-	18,445	17,349
Owner-occupied property	54,227	51,532	1,333	1,347	681	689	56,241	53,568
Total	76,359	72,553	1,670	1,654	681	689	78,710	74,896

(in thousands of Euros)

Revenue (gross of intersegment eliminations)	North		Italy Centre		South and Islands		Total	
	2007	2006	2007	2006	2007	2006	2007	2006
Insurance premiums - direct business	160,458	155,831	122,008	124,521	32,869	28,336	315,335	308,688
Trading and construction profits	2,524	1,883	481	2,933	-	-	3,005	4,816
Services and rent income	-	-	2,202	1,188	-	-	2,202	1,188
Total	162,982	157,714	124,691	128,642	32,869	28,336	320,542	314,692

Specific explanatory notes

Consolidated Balance Sheet

Note 1	30/06/2008	31/12/2007	Change
Goodwill	0	0	0

Note 2	30/06/2008	31/12/2007	Change
Other intangible assets	18,445	17,349	1,096
Other items of property, plant and equipment	4,024	3,979	45
Property	363,989	360,520	3,469

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

The assets recognised in Group accounts have a finite useful life and depreciation & amortisation is applied on a straight-line basis during estimated useful life.

Specifically, the estimated useful life of each type of property, plant and equipment and intangible assets can 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 in the income statement under "Other costs".

The item "Other intangible assets" mainly refers to long-term costs incurred for the creation of IT applications – called the NewAge system – relating to development of the management system of the direct operating parent company, the claims settlement network, and of the agency network. The NewAge application has been estimated to be usable for 10 years.

Property

The following table shows the breakdown of this item:

	30/06/2008	31/12/2007	Change
Owner-occupied property	56,241	53,568	2,673
Property held for trading	63,160	64,181	-1,021
Property under construction	244,588	242,771	1,817
Total	363,989	360,520	3,469

- **Owner-occupied property**

The book value of owner-occupied property at 30 June 2008 includes € 12,038 thousand for property owned by the parent company, € 2,804 thousand for property owned by the subsidiary Vittoria Properties S.r.l., € 1,492 thousand for property owned by Vittoria Immobiliare S.p.A., € 39,604 thousand for property owned by the subsidiary Lauro 2000 S.r.l., and € 303 thousand for property owned by the subsidiary Acacia 2000 S.r.l.

The following table shows the reconciliation of changes occurring during 1H08:

(in thousands of Euros)

	31/12/2007	Acquisitions	Improvement costs	Sales	Depreciation	30/06/2008
Owner-occupied property						
Gross carrying amount	54,980	0	3,135	-297	0	57,818
Accumulated depreciation	1,412	0	0	-40	205	1,577
Carrying amount	53,568	0	3,135	-257	-205	56,241

Depreciation is applied on a straight-line basis during property's estimated useful life of between 30 and 50 years.

Almost all of this property has been appraised by independent experts.

- **Property held for trading and property under construction**

The following table shows the reconciliation of changes occurring during 1H08:

(in thousands of Euros)

Property	Trading activities	Construction work	Total
Carrying amount as at 31/12/2007	64,181	242,771	306,952
Acquisitions, net of capitalised financial charges	321	11,845	12,166
Capitalised financial charges	1,299	2,661	3,960
Revaluations due to work in progress	0	-45	-45
Sales	-3,021	-15,314	-18,335
Fair value of property acquired in business combinations	0	0	0
Write-downs	0	0	0
Recognised gains	380	2,670	3,050
Recognised losses	0	0	0
Exchange rate gains or losses	0	0	0
Carrying amount as at 30/06/2008	63,160	244,588	307,748
Other information on inventory			
Inventory expected to be sold after one year	47,711	243,604	291,315
Inventory charged to secure liabilities	23,795	186,854	210,649
Fair value net of costs to sell	72,666	252,295	324,961
Commitments for acquisitions to be settled	0	4,284	4,284
Other information on construction work at 30/06/08			
Advances received		12,447	
Guarantee withholdings		0	

Commitments primarily refer to the balance to be settled for purchase of the building in Turin, at Via Barbaroux, 43.

Please refer to the Report on Operations for details on the principal real estate activities carried out during the first half.

The margins recognised on construction in progress, measured according to their percentage of completion, reflect revenues allocated to the pertaining period and discount all revenues from units already pledged for sale and recognised in previous years according to the stage of work progress.

Note 3	30/06/2008	31/12/2007	Change
Reinsurers' share of technical reserves	78,096	97,307	-19,211

The following table shows – separately for the Non-Life and Life insurance business – reinsurers' share of technical reserves:

(in thousands of Euros)

	Direct business		Indirect business		Total carrying amount	
	30/06/2008	31/12/2007	30/06/2008	31/12/2007	30/06/2008	31/12/2007
Non-life reserves	59,105	78,853	423	452	59,528	79,305
Premium reserve	9,408	18,559	73	81	9,481	18,640
Claims reserve	49,697	60,294	350	371	50,047	60,665
Other reserves	-	-	-	-	-	-
Life reserves	18,568	18,002	-	-	18,568	18,002
Reserve for payable amounts	-	21	-	-	-	21
Mathematical reserves	18,536	17,956	-	-	18,536	17,956
Other reserves	32	25	-	-	32	25
Total reinsurers' share of technical reserves	77,673	96,855	423	452	78,096	97,307

Note 4	30/06/2008	31/12/2007	Change
Investments in subsidiaries and associates and interests in joint-ventures	98,500	109,299	-10,799

The breakdown of this item was as follows:

(in thousands of Euros)

Investments in associates	30/06/2008	31/12/2007
Yarpa International Holding N.V.	69,032	82,248
Laumor B.V.	62	1,943
White Finance S.A	10,836	10,948
Gima Finance S.A	3,066	151
S.In.T. S.p.A.	4,739	4,725
Yarpa. S.p.A.	2,317	2,317
Laumor Holdings S.a.r.l.	7,398	5,852
Gimatrading S.r.l.	0	0
Sivim S.r.l.	17	20
Rovimmobiliare S.r.l	47	118
Mosaico S.p.A.	132	132
Pama & Partners S.r.l.	793	797
Le Api S.r.l.	51	48
Consorzio Movincom S.c.r.l.	10	0
Total carrying amount	98,500	109,299

The Group's interest in net income and losses totals € 4,638 thousand (with revaluations of € 4,905 thousand and write-downs for € 267 thousand).

The shares of the associated company Mosaico S.p.A. owned by Vittoria Immobiliare have been pledged to Intesa Sanpaolo, as security for the credit lines granted to the associate by the bank.

The change in the line item of € 10,799 thousand reflects all investments and divestments made during the period, as well as the Group's interest in the change of equity of the associates carried at equity, as illustrated in the following table:

(in thousands of Euros)	
Change	Investments in associates
Carrying amount at 31/12/2007	109,299
Acquisitions and subscriptions	4,623
Sales and repayments	-163
Yarpa International Holding N.V.	-163
Change to equity method measurement	4,560
Yarpa International Holding N.V.	4,891
Laumor B.V.	-6
White Finance S.A	-112
Gima Finance S.A	-98
S.In.T. S.p.A.	14
Laumor Holdings S.a.r.l.	-51
Sivim S.r.l.	-3
Rovimmobiliare S.r.l	-72
Pama & Partners S.r.l.	-5
Le Api S.r.l.	2
Dividend distribution	-19,212
Other changes	-607
Carrying amount at 30/06/2008	98,500

Note 5	30/06/2008	31/12/2007	Change
Held to maturity investments	103,219	173,106	-69,887
Loans and receivables	42,142	43,593	-1,451
Financial assets available for sale	1,170,243	1,096,160	74,083
Financial assets at fair value through profit or loss	91,444	109,214	-17,770

To complete the information disclosed below, reference should be made to the information already given in great detail in the Directors' Report in the sections "Investments – Cash & cash equivalents – Property" and "Financial risk management and analysis".

The table detailing the breakdown of financial assets, compliant with the format with the ISVAP ordinance already mentioned, is shown in the specific section "Appendices to Consolidated Half-Year Financial Statements".

Investments held to maturity – Financial assets available for sale – Financial assets at fair value through profit or loss

The following table shows changes in financial assets – for which risk is borne by Group companies – referring to shares and quotas, bonds and other fixed-income securities, and shares in CIUs (collective investment undertakings).

In addition, changes in assets for which risk is borne by policyholder and those relating to pension-fund management are shown separately.

(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 31/12/2007	173,106	58,843	13,814	1,023,503	1,096,160	104,244	4,970	1,378,480
Acquisitions and subscriptions	-	-	-	167,477	167,477	11,720	525	179,722
Sales and repayments	-69,593	-	-	-58,033	-58,033	-13,984	-	-141,610
Other changes:								
- effective interest adjustments	992	-	-	1,336	1,336	-	-	2,328
- fair value adjustments	-	-3,821	-277	-24,347	-28,445	-1,204	-380	-30,029
- impairment loss	-	-7,823	-	-	-7,823	-	-	-7,823
- rate changes	-1,286	-	-	2,354	2,354	298	5	1,371
- other changes	-	-2,734	-	-49	-2,783	-14,750	-	-17,533
Carrying amount at 31/03/2008	103,219	44,465	13,537	1,112,241	1,170,243	86,324	5,120	1,364,906

Loans and receivables

As at 30 June 2008 loans and receivables totalled € 42,142 thousand (€ 43,593 thousand as at 31 December 2007).

As envisaged in IAS 32 – AG7, the item includes the contra entry for commitments to Laumor Holdings S.a.r.l. and Gima Finance S.A. for the payments to be made for financing of the investments that the equity holdings will make in private equity transactions. The parent company's residual commitment at 30 June 2008 is € 24,630 thousand.

The related commitments to the equity holding are recognised under the "Other financial liabilities" discussed in note 17.

In addition to the foregoing, the item is principally comprised of the following:

- loans granted by Vittoria Immobiliare S.p.A. to the indirect associates Mosaico S.p.A., Sivim S.r.l., Rovimmobiliare S.r.l. and Pama & Partners S.r.l. for a total of € 2,525 thousand;
- loans granted by the parent company to third parties and secured by mortgages for a total of € 3,602 thousand;
- € 4,065 thousand in loans against life insurance policies;
- loans granted to employees and agents of the parent company for € 1,757 thousand;
- € 5,000 thousand in loans granted to other subsidiaries and associates (€ 2,000 thousand to Immobiliare Adamello S.r.l. and € 3,000 thousand to the company Spefin Finanziaria S.p.A.);
- reinsurance deposit assets for € 427 thousand.

The amount of € 10,880 thousand is collectible after 12 months.

Disclosure concerning fair value

The following table indicates the fair value of investments discussed in the present note.

(in thousands of Euros)		
Financial assets	Carrying amount	Fair Value
Held to maturity investments	103,219	98,441
Loans and receivables	42,142	42,142
Financial assets available for sale	1,170,243	1,170,243
Financial assets held for trading	5,120	5,120
Financial assets at fair value through profit or loss	86,324	86,324
Total	1,407,048	1,402,270

To complete the above information, we point out that the fair value of unlisted financial instruments has been calculated on the basis of the market prices or rates of similar instruments or, when these benchmarks are not available, using appropriate measurement techniques. The latter include use of recent transactions and analyses using the discounted cash flow method.

Note 6	30/06/2008	31/12/2007	Change
Receivables relating to direct insurance	118,459	148,612	-30,153

The breakdown of this item was as follows:

	(in thousands of Euros)	
Receivables relating to direct insurance	30/06/2008	31/12/2007
Premiums due from policyholders	48,584	53,117
Receivables due from brokers and agents	25,153	53,252
Receivables due from insurance companies - current accounts	15,084	14,018
Amounts to be recovered from policyholders and third parties	29,638	28,225
Total	118,459	148,612

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

Note 7	30/06/2008	31/12/2007	Change
Receivables relating to reinsurance business	4,523	3,502	1,021

The item relates to receivables due from insurers and reinsurers. It includes receivables arising from the current accounts showing the technical result of reinsurance treaties

Note 8	30/06/2008	31/12/2007	Change
Other receivables	28,456	24,379	4,077

This item refers to trade receivables and to advances paid to third parties.

The most significant sub-item as up to 30 June 2008 consisted of advances of € 9,183 thousand paid by the real estate companies.

Note 9	30/06/2008	31/12/2007	Change
Deferred acquisition costs	9,452	10,173	-721

This item includes acquisition costs paid in advance upon signature of long-term insurance contracts.

As at 30 June 2008 € 3,298 thousand referred to the life business and € 6,154 thousand to the non-life business.

Note 10	30/06/2008	31/12/2007	Change
Deferred tax assets	16,434	13,044	3,390

The item included deferred tax assets pertaining to the direct operating parent company (€ 11,898 thousand) and to the real estate and services sector (€ 1,974 thousand), plus those relating to consolidation adjustments (€ 2,562 thousand).

Note 11	30/06/2008	31/12/2007	Change
Current tax assets	28,541	28,843	-302

The item includes tax receivables of the direct operating parent company of € 8,498 thousand (including tax credits relating to taxes prepaid on the life business mathematical reserves) and VAT receivables totalling € 19,859 thousand of the real estate companies arising from the purchase of buildable areas and property.

Note 12	30/06/2008	31/12/2007	Change
Other assets	4,696	3,290	1,406

The item includes € 471 thousand of deferred commission expenses relating to investment contracts and € 3,952 thousand of prepayments, mainly relating to G&A costs.

Note 13	30/06/2008	31/12/2007	Change
Cash and cash equivalents	100,982	69,267	31,715

The item refers to bank balances of € 100,835 thousand and cash amounts of € 147 thousand.

Note 14	30/06/2008	31/12/2007	Change
Equity attributable to shareholders of the parent	311,368	320,770	-9,402
Equity attributable to minority interests	19,261	6,156	13,105

Changes in consolidated equity are detailed in chapter "Statement of Changes in Equity".
The following table details the breakdown of equity:

(in thousands of Euros)

BREAKDOWN OF EQUITY	30/06/2008	31/12/2007
Total equity attributable to the shareholders of the parent	311,368	320,770
Share capital	32,737	32,666
Other equity instruments	378	404
Equity-related reserves	30,799	30,518
Income-related and other reserves	239,428	156,008
Translation reserve	57	45
Fair value reserve	-3,080	11,495
Other gains or losses recognised directly in equity	22	62
Group profit for the year	11,027	89,572
Total equity attributable to minority interests	19,261	6,156
Share capital and reserves attributable to minority interests	19,553	6,249
Minority interests' profit for the year	-292	-93
Total consolidated equity	330,629	326,926

At their meeting on 26 April 2001, shareholders approved the issue of 3,750,000 shares for the purpose of conversion of the "Vittoria Assicurazioni SpA Fixed/Floater 2001/2016 subordinated bond issue convertible into ordinary shares" (ISIN: IT0003184758).

During 1H07 conversion continued of the bond loan into parent company shares. In the period between 20 May 2008 and 30 June 2008 70,862 bonds were converted, for a nominal amount of € 340,138.

The direct operating parent company's share capital consists of 32,736,950 fully subscribed and paid-up shares with a nominal value of € 1.00 each.

The Group does not hold either directly or indirectly any shares of its parent companies.

Dividends paid out by the direct operating parent company, shown in the column "Other transfers" in the statement of changes in equity, totalled € 4,872,260 and € 5,553,235 respectively for FYs 2007 and 2008.

More specifically, changes in the “Fair value reserve” (i.e. gains or losses on available-for-sale financial assets”) are detailed in the following table:

(in thousands of euro)			
A) Net unrealised gains	Gross amount	Tax impact	Net amount
31/12/2007	19,801	3,266	16,535
Decrease due to sales	-58	-22	-36
Decrease due to fair value changes	-28,372	-6,912	-21,460
Total change for the period/year	-28,430	-6,934	-21,496
30/06/2008	-8,629	-3,668	-4,961

(in thousands of euro)			
B) Shadow accounting reserve	Gross amount	Tax impact	Net amount
31/12/2007	7,447	2,407	5,040
Change in shadow accounting reserve	-10,226	-3,305	-6,921
30/06/2008	-2,779	-898	-1,881

(in thousands of euro)			
Gains or losses on financial assets AFS	Gross amount	Tax impact	Net amount
Combined effect A) - B)			
31/12/2007	12,354	859	11,495
Decrease due to sales	-58	-22	-36
Decrease due to fair value changes	-28,372	-6,912	-21,460
Change in shadow accounting reserve	10,226	3,305	6,921
Total change for the period/year	-18,204	-3,629	-14,575
30/06/2008	-5,850	-2,770	-3,080

Losses recognised directly in equity in 1H08 of € 14,575 thousand were the result of the reduction of € 21,496 thousand in the reserve for unrealised capital gains on financial assets available for sale, net of the reduction of € 6,921 thousand in the shadow accounting reserve.

The decrease is largely attributable to the recognition of net losses on bond investments due to the increase in interest rates.

The sum of profits through profit and loss and the losses recognised directly in equity totals € -3,548 thousand, as detailed below:

	€ '000
Gains recognised in profit or loss	11,027
Gains recognised directly in equity	-14,575
Total gains recognised in profit or loss and equity	-3,548

Note 15	30/06/2008	31/12/2007	Change
Provisions	3,948	4,066	-118

This account refers mainly to the provisions made for € 3,207 thousand in costs for real estate contracts that have yet to be incurred, connected with properties for which closing has already taken place.

The table below shows the changes in the item:

(in thousands of Euros)

Provisions	31/12/2007	Accruals of the year	Utilisations of the year	30/06/2008
Provision for tax demand	-	-	-	-
Provision for costs to be incurred	3,317	248	-358	3,207
Other provisions	749	-	-8	741
Total	4,066	248	- 366	3,948

Note 16	30/06/2008	31/12/2007	Change
Technical reserves	1,442,340	1,448,667	-6,327

The following table shows the breakdown of technical reserves.

(in thousands of Euros)

	Direct business		Indirect business		Total carrying amount	
	30/06/2008	31/12/2007	30/06/2008	31/12/2007	30/06/2008	31/12/2007
Non-life reserves	722,048	705,956	889	899	722,937	706,855
Premium reserve	209,818	198,642	114	120	209,932	198,762
Claims reserve	508,726	504,022	775	779	509,501	504,801
Other reserves	3,504	3,292	-	-	3,504	3,292
Life reserves	719,005	741,414	398	398	719,403	741,812
Reserve for payable amounts	17,719	21,836	-	-	17,719	21,836
Mathematical reserves	685,246	691,361	388	388	685,634	691,749
Other reserves	16,040	28,217	10	10	16,050	28,227
Total technical reserves	1,441,053	1,447,370	1,287	1,297	1,442,340	1,448,667

The Non-Life "Other reserves" item consists of the ageing reserve of the Health line.

The Life "Other reserves" item, totalling € 16,040 thousand, mainly consisted of:

- € 5,149 thousand = reserve for deferred liabilities to policyholders (of which € -2,779 thousand stemming from fair value measurement of available-for-sale financial assets and € 7,928 thousand from reserving against subsidiaries' profits allocated to segregated accounts)
- € 10,719 thousand = management expenses.

Liability Adequacy Test (LAT)

Testing confirmed the adequacy of the book value of the technical reserves shown in accounts.

Note 17	30/06/2008	31/12/2007	Change
Financial liabilities at fair value through profit or loss	86,324	104,244	-17,920
Other financial liabilities	319,351	284,053	35,298

To complete what is presented below, we point that the detailed breakdown of financial liabilities, compliant with the format established by the ISVAP ordinance already mentioned, is shown in the specific "Appendices to Consolidated Half-Year Financial Statements" section.

Financial liabilities at fair value through profit or loss

The item "Financial liabilities at fair value through profit or loss" refers to financial liabilities relating to investment contracts for which policyholders bear the investment risk and those relating to pension-fund management.

The following table shows the cumulative change as at 30 June 2008.

(in thousands of Euros)

	Benefits relating to unit-linked and index-linked policies	Benefits relating to pension fund management	Total
Carrying amount at 31/12/2007	100,756	3,488	104,244
Investment of net fund assets	726	740	1,466
Profits attributable to policyholders	-7,134	-394	-7,528
Amounts paid	-11,858	-	-11,858
Carrying amount at 30/06/2008	82,490	3,834	86,324

Other financial liabilities

The item includes the direct operating parent company's commitment for payment of € 2,914 thousand to the associate Laumor Holdings Sarl and of € 21,716 thousand to the associate Gima Finance SA, against which the rights to receive the related financial instruments are posted in the "Loans & receivables" item. Reference should be made to Note 5 for further information.

Besides the above, the item – which comprises liabilities of € 155,365 thousand falling due after more than 12 months – mainly refers to:

- Reinsurance deposits of € 39,517 thousand
- Bank loans issued to the Group's real estate companies for a total of € 250,391 thousand (of which € 155,365 thousand backed by collateral)
- Subordinated liabilities of €4,813 thousand.

Subordinated liabilities relate to the “Vittoria Assicurazioni SpA Fixed/Floater 2001/2016 subordinated bond issue convertible into ordinary shares” (ISIN: IT0003184758), issuance of which was approved by the Extraordinary Meeting of Shareholders of Vittoria Assicurazioni SpA on 26 April 2001. The bonds are fully subscribed.

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

- Total nominal amount of € 18,000,000; residual nominal value of € 4,862,640 following exercise of bond conversion option as up to the end of 30/06/2008;
- Originally consisting of 3,750,000 bonds with a nominal value of €4.80 each, as at 30/06/2008 1,013,050 bonds remained;
- Nominal interest rate:
 - Fixed 5.5% until 31 December 2010 - annual coupons
 - Variable 6-month Euribor plus a spread of 2.5%, six-monthly coupons as from 1 January 2011;
- The conversion right can be exercised in the years 2008, 2009, and 2010, in the period between 20 May (included) and 30 October (included) of each year. In the years 2011, 2012, 2013, 2014 and 2015 the conversion right can be exercised in the interval between 20 May (included) and 10 June (included) of each year. In any case exercise of conversion rights is suspended in the period that goes from the date of any meeting of the issuer’s Board of Directors that has decided to summon the shareholders’ meeting to approve year-end accounts “with dividend distribution” until the day after the dividend detachment date resolved by the shareholders’ meeting;
- Maturity: 1 January 2016;
- Convertible into Vittoria Assicurazioni ordinary shares (1 share for each bond) with normal entitlement;
- 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 (whether they be unsecured, secured, non-subordinated or with a subordination level lower than that of the bonds) have been satisfied.

Furthermore, the direct operating parent company has also reserved the right to proceed at any time, as from 1 January 2011, with early repayment of all outstanding bonds, with prior notice of at least one month to be notified 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.

Disclosure concerning fair value

The following table indicates the fair value of the liabilities discussed in the present note.

(in thousands of Euros)

Financial liabilities	Carrying amount	Fair Value
Financial liabilities held for trading	-	-
Financial liabilities at fair value through profit or loss	86,324	86,324
Other financial liabilities	319,351	319,271
Total	405,675	405,595

In addition to what is illustrated hereinabove, note that the total fair value of the "Other financial liabilities" illustrated in the table refers to the subordinated loan for € 4,733 thousand, the commitment to Laumor Holdings S.a.r.l. and Gima Finance S.A. for a total of € 24,630 thousand, and to reinsurance deposits and loans granted to the real estate companies for € 289,908 thousand. The fair value of the subordinated loan was determined on the basis of market prices for similar instruments.

Note 18	30/06/2008	31/12/2007	Change
Payables arising from direct insurance business	7,035	6,414	621

The breakdown of the item was as follows:

(in thousands of Euros)

Payables arising from direct insurance business	30/06/2008	31/12/2007
Payables to insurance brokers and agents	2,079	2,861
Payables to insurance companies - current accounts	4,721	2,888
Guarantee deposits paid by policyholders	235	193
Payables to guarantee funds in favour of policyholders	-	472
Total	7,035	6,414

Note 19	30/06/2008	31/12/2007	Change
Payables arising from reinsurance business	11,344	9,977	1,367

The item refers to amounts payable to insurers and reinsurers and reflects debts arising from the current accounts showing the technical results of reinsurance treaties.

Note 20	30/06/2008	31/12/2007	Change
Other sums payable	35,092	79,234	-44,142

The breakdown of the item was as follows:

	(in thousands of Euros)	
Other sums payable	30/06/2008	31/12/2007
Payments on accounts received by real estate companies for preliminary sales agreements	7	573
Trade payables	11,473	11,649
Payables to employees (amounts settled in January 2008 and accruals for untaken holidays)	2,030	1,745
Employee benefits - provisions for termination benefits	4,967	5,563
Policyholders' tax due	7,948	9,185
Sundry tax liabilities (withholdings)	1,783	1,418
Social security charges payable	1,879	2,042
Payables to associate companies	683	6
Sundry payables	4,322	47,053
Total	35,092	79,234

The change in Other sums payable reflects the balance for the acquisition price of the equity investment in the subsidiary Acacia 2000 S.r.l. for € 44,159 thousand.

The other liabilities for employee benefits, particularly health benefits (P.S.) and seniority bonuses (P.A.) are classified in the account "Other liabilities" (note 23).

It is expected that the amount of the reserve for termination benefits (T.F.R.) will be collectible more than 12 months hence.

The principal actuarial and financial assumptions made here refer to:

- Inflation rate (assumed to be a constant 2.50% over time)
- Discount rate (assumed to be the euroswap rate, with a duration equal to that of existing staff, with reference to each of the expected benefits payable)
- Corporate service termination from:
 - death (assumptions derived from ISTAT 2000 surveys, reduced by 25%)
 - invalidity
 - resignation and dismissal
 - retirement
- Premium paid to each family for Health Benefits to Executives during Retirement

Note 21	30/06/2008	31/12/2007	Change
Deferred tax liabilities	22,403	22,738	-335

The account includes deferred tax liabilities allocated to the insurance business for € 5,707 thousand, the real estate and services business for € 3,423 thousand, and to reversals totalling € 13,272 thousand, mainly in regard to fair value adjustment of the assets owned by associates and subsidiaries acquired in the past few years.

Note 22	30/06/2008	31/12/2007	Change
Current tax liabilities	2,934	2,907	27

This account refers to period income taxes net of tax prepayments.
This payable reflects the options adopted by the parent company as part of the National Tax Consolidation Programme.

Note 23	30/06/2008	31/12/2007	Change
Other liabilities	20,245	22,411	-2,166

This account consists mainly of commissions to be paid on the bonuses being collected at the end of the period and provisions for agency awards totalling € 10,403 thousand, the deferred commission income of € 537 thousand connected with investment contracts, invoices and notes to be received from suppliers totalling € 7,066 thousand, and the liabilities for defined benefits and other long-term employee benefits (health benefits and seniority benefits) for € 2,044 thousand.

Consolidated Income Statement

Note 24	30/06/2008	30/06/2007	Change
Gross premiums	304,413	293,515	10,898
Ceded premiums for reinsurance	10,344	23,603	-13,259
Amounts paid and change in technical reserves	224,352	220,489	3,863
Reinsurers' share	-2,729	-14,582	11,853

The following table provides information on the split between direct business, indirect business, outward reinsurance, and retrocession:

	30/06/2008				30/06/2007			
	Non-life business	Life business	Intersegment eliminations	Total	Non-life business	Life business	Intersegment eliminations	Total
NET PREMIUMS	232,984	61,085	-	294,069	208,136	61,776	-	269,912
Gross premiums	242,035	62,378	-	304,413	230,145	63,370	-	293,515
Gross premiums written	253,262	62,378	-	315,640	245,451	63,370	-	308,821
a Direct business	252,957	62,378	-	315,335	245,318	63,370	-	308,688
b Indirect business	305	-	-	305	133	-	-	133
Change in premium reserve	-11,227	-	-	-11,227	-15,306	-	-	-15,306
a Direct business	-11,222	-	-	-11,222	-15,345	-	-	-15,345
b Indirect business	-5	-	-	-5	39	-	-	39
Ceded premiums	9,051	1,293	-	10,344	22,009	1,594	-	23,603
Gross premiums ceded	8,697	1,293	-	9,990	23,940	1,594	-	25,534
a Outward reinsurance	8,563	1,293	-	9,856	23,896	1,594	-	25,490
b Retrocession	134	-	-	134	44	-	-	44
Change in premium reserve	354	-	-	354	-1,931	-	-	-1,931
a Outward reinsurance	353	-	-	353	-1,970	-	-	-1,970
b Retrocession	1	-	-	1	39	-	-	39
NET CHARGES RELATING TO CLAIMS	163,321	60,541	-2,239	221,623	145,012	63,108	-2,213	205,907
Amounts paid and change in technical reserves	165,106	61,485	-2,239	224,352	158,565	64,137	-2,213	220,489
Direct business	165,061	61,452	-	226,513	158,666	64,096	-	222,762
Indirect business	45	33	-	78	-101	41	-	-60
Shadow accounting of investee companies' profits	-	-	-2,239	-2,239	-	-	-2,213	-2,213
Reinsurers' share	1,785	944	-	2,729	13,553	1,029	-	14,582
Outward reinsurance	1,775	944	-	2,719	13,640	1,029	-	14,669
Retrocession	10	-	-	10	-87	-	-	-87

For the geographical split of premiums, reference should be made to the table shown in the section "Geographical segment reporting (secondary segment)".

Note 25	30/06/2008	30/06/2007	Change
Commission income	568	1,111	-543

The item refers to commission income for the period for investment contracts classified as financial liabilities (index- and unit-linked contracts and pension funds).

Note 26	30/06/2008	30/06/2007	Change
Gains or losses on financial instruments at fair value through profit or loss	-331	25	-356
Gains on investments in subsidiaries and associates and interests in joint ventures	4,956	5,328	-372
Gains or losses on other financial instruments and investment property	344	142	202
Losses on investments in subsidiaries and associates and interests in joint ventures	30,236	26,827	3,409
Losses on other financial instruments and investment property	11,841	3,366	8,475

To complete the information disclosed below, we point out that the table detailing the breakdown of financial and investment income and charges/losses, compliant with the format established by the ISVAP ordinance already mentioned, is shown in the specific section called "Appendices to Consolidated Half-Year Financial Statements".

Gains and losses on financial instruments at fair value through profit or loss

These are income and losses on financial assets held for trading. Specifically, income realised, net of losses, amounted to € 49 thousand, whilst unrealised income amounted to € -380 thousand (net capital loss).

As regards financial assets designated at fair value through profit or loss – i.e. referring to investment contracts of the index-linked, unit-linked, and pension-fund type – net income recognised in 1H08 amounted to € 7,528 thousand, set against losses/charges of the same amount, due to the change in related financial liabilities designated at fair value through profit or loss.

Gains and losses on investments in subsidiaries, associates, and joint ventures

As up to 30 June 2008 these items referred entirely to the results of equity-accounted Group companies.

Reference should be made to Note 4 for further details.

Gains and losses on other financial instruments and investment property

The following table summarises the investments and financial assets and liabilities originating the gains and losses indicated above:

<u>Gains and losses on other financial instruments and investment property</u>		(in thousands of Euros)		
	Gains 30/6/08	Gains 30/6/07	Losses 30/6/08	Losses 30/6/07
Investment property	-	-	-	-
Held to maturity investments	3,334	3,062	-	-
Loans and receivables	338	268	-	1
Financial assets available for sale	24,057	21,609	7,823	-
Other receivables	213	260	-	-
Cash and cash equivalents	2,294	1,628	-	-
Other financial liabilities	-	-	4,018	3,365
Total	30,236	26,827	11,841	3,366

Note 27	30/06/2008	30/06/2007	Change
Other income	8,902	7,555	1,347

The following table details the breakdown of this item.

(in thousands of Euros)		
Other income	30/6/08	30/6/07
Trading profits	380	3,998
Revenue from construction work in progress	2,625	818
Revenue from services: real estate brokerage	564	973
Revenue from services: real estate management	53	43
Revenue from services: administration, real estate appraisals and other income	8	4
Revenue from services: insurance commission income with third parties	249	-
Revenue from services: other revenue from services	97	27
Rent income	363	494
Technical income on insurance contracts (*)	2,521	873
Gains on the sale of property, plant and equipment	1,212	17
Exchange rate gains	-	-
Incidental non-operating income	749	163
Other income	81	145
Total	8,902	7,555

(*) Of which:

- € 18 thousand (€ 78 thousand in June 2007) referring to reversal of commissions on cancelled premiums;
- € 2,421 thousand (€ 708 thousand in June 2007) referring to other technical items, mainly consisting of recovers on knock-for-knock claims settlement costs and ANIA contributions for cars scrapped following claim events;
- € 82 thousand (€ 87 thousand in June 2007) of utilisation of bad-debt provision.

Note 28	30/06/2008	30/06/2007	Change
Commission expense	219	458	-239

The item includes commission expense, i.e., acquisition and maintenance costs incurred in 1H08 for investment contracts classified as financial liabilities (index-linked, unit-linked and pension funds).

Note 29	30/06/2008	30/06/2007	Change
Commissions and other acquisition costs	62,361	56,138	6,223
Investment management costs	438	461	-23
Other administrative costs	14,324	16,296	-1,972

To complete the information disclosed below, we point out that the table detailing insurance operating costs, compliant with the format established by the ISVAP ordinance already mentioned, is shown in the specific section called "Appendices to Consolidated Half-Year Financial Statements".

The following table details the breakdown of "Commissions and other acquisition costs" as at 30 June 2008.

(in thousands of Euros)		
Gross commissions and other acquisition costs net of profit participation and other commissions	30/6/08	30/6/07
Acquisition commissions	45,465	45,465
Other acquisition costs	15,818	13,031
Change in deferred acquisition costs	720	406
Premium collection commissions	4,100	4,382
Profit participation and other commissions received from reinsurers	-3,742	-7,146
Total	62,361	56,138

Personnel expenses, other G&A costs and depreciation & amortisation charges allocated to operating costs totalled € 21,191 thousand (€20,351 thousand as up to 30/06/2007) as better described in the "Overhead Costs" section of the Directors' Report.

Note 30	30/06/2008	30/06/2007	Change
Other costs	5,771	4,356	1,415

The breakdown of this item was as shown below:

(in thousands of Euros)		
Other costs	30/6/08	30/6/07
Technical costs on insurance contracts (*)	1,804	1,276
Accruals to the provision for bad debts	1,000	700
Foreign-exchange losses	154	16
Incidental non-operating costs	112	208
Annual depreciation & amortisation	2,696	2,058
Other costs	5	98
Total	5,771	4,356

(*) Of which:

- € 237 thousand (€ 711 thousand in June 2007) for technical write-offs and losses on unrecoverable premiums and related bad-debt provisioning;
- € 1,567 thousand (€ 565 thousand in June 2007) for services supporting insurance covers and costs for premiums under litigation.

Note 31	30/06/2008	30/06/2007	Change
Income taxes	10,744	7,758	2,986

Of this item, € 8,561 thousand related to current taxes and € 2,184 thousand to deferred taxes.

Income taxes are recognised in profit or loss, with the exception of those relating to items directly charged or credited to equity, in which case the tax effect is recognised directly in equity.

Other disclosures

Employees

Employees of Vittoria Assicurazioni and of fully consolidated companies numbered 485 as at 30 June 2008 vs. 463 present as at 31 December 2007 and 476 as at 30 June 2007.

The average number of in-force employees on the payroll, split by contractual grade, was as follows:

	30/06/2008	30/06/2007	31/12/2007
Managers	21	21	21
Officers	112	108	108
Administrative staff	348	344	341
Total	481	473	470

Tax status

Group companies, availing themselves of the provisions (paragraph 44, Article 2) of Italian Law no. 350 of 24 December 2003 (2004 National Budget Law), published in the Official Italian Gazette of 27 December 2003, settled all years up to and including 2002 in terms of direct and indirect taxes, except for the situation described below.

Insurance Business

By virtue of the provisions set forth in Article 2(44) of Law 350 of 24 December 2003, published in the Official Gazette of 27 December 2003 (the 2004 Italian National Budget Act), the parent company settled its direct and indirect taxes for all fiscal years through to 2002 included. An appeal pending before the Final Court of Appeal (Cassazione) was settled in the Group's favour, regarding a lawsuit over the deductibility of the Mathematical Reserves Provision for the Life Business in FY 1992. Vittoria Assicurazioni obtained reversal of the higher taxes assessed by the Revenue Agency and submitted a request for refund of the amounts paid on an instalment basis until 31 March 2008.

Real Estate Business

The companies VRG Domus S.r.l. and Vittoria Immobiliare S.p.A. were subjected to tax audits for the 2004 tax year. At the end of these audits, VRG Domus S.r.l. paid the tax authorities € 126 thousand in higher assessed taxes, penalties, and interest, while Vittoria Immobiliare, which has not yet received the notice of assessment, set aside € 128 thousand as tax provisions to cover the charges made in the assessment report.

The Board of Directors

Milan, 8 August 2008

Annexes to Consolidated
Interim financial statements
as at and for the six months
ended 30 June 2008

Vittoria Assicurazioni S.p.A.
 Consolidated interim financial statements as at and for the six months ended 30 June 2008
Consolidation scope

	Country	Method (1)	Business (2)	% of direct holding	% of total investment (3)	% of voting rights in ordinary meetings (4)	% of consolidation
Vittoria Assicurazioni S.p.A.	Italy	G	1				
Vittoria Immobiliare S.p.A.	Italy	G	10	87.24	87.24	-	100.00
Immobiliare Bilancia S.r.l.	Italy	G	10	100.00	100.00	-	100.00
Immobiliare Bilancia Prima S.r.l.	Italy	G	10	100.00	100.00	-	100.00
Immobiliare Bilancia Seconda S.r.l.	Italy	G	10	100.00	100.00	-	100.00
Immobiliare Bilancia Terza S.r.l.	Italy	G	10	100.00	100.00	-	100.00
Lauro 2000 S.r.l.	Italy	G	10	100.00	100.00	-	100.00
Vittoria Properties S.r.l.	Italy	G	10	99.87	99.87	100.00	100.00
Interbilancia S.r.l.	Italy	G	9	97.45	97.45	100.00	100.00
Vittoria Service S.r.l.	Italy	G	11	96.17	96.17	100.00	100.00
Acacia 2000 S.r.l.	Italy	G	10	69.79	69.79	80.00	100.00
Gestimmobili S.r.l.	Italy	G	11	69.79	69.79	80.00	100.00
Interimmobili S.r.l.	Italy	G	11	69.79	69.79	80.00	100.00
V.R.G. Domus S.r.l.	Italy	G	10	44.49	44.49	51.00	100.00
Parco Fidenae S.r.l.	Italy	G	10	44.49	44.49	51.00	100.00
Vaimm Sviluppo S.r.l.	Italy	G	10	44.49	44.49	51.00	100.00
Forum Mondadori Residenze S.r.l.	Italy	G	10	61.07	61.07	70.00	100.00
Cadorna Real Estate S.r.l.	Italy	G	10	61.07	61.07	70.00	100.00
Valsalaria S.r.l.	Italy	G	10	44.49	44.49	51.00	100.00
Aspevi S.r.l.	Italy	G	11	97.45	97.45	100.00	100.00

(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.

Vittoria Assicurazioni S.p.A.
 Consolidated interim financial statements as at and for the six months ended 30 June 2008
List of unconsolidated investments

	Country	Business (1)	Type (2)	% of direct holding	% of total investment (3)	% of voting rights in ordinary meetings (4)	Carrying amount
Yarpa International Holding N.V.	Holland	9	b	25.00	25.00	-	69,032
Laumor B.V.	Holland	9	b	25.00	25.00	-	62
White Finance S.A	Luxembourg	9	b	32.17	32.17	-	10,836
S.In. T. S.p.A.	Italy	11	b	48.19	48.19	-	4,739
Yarpa S.p.A.	Italy	9	b	20.91	20.91	-	2,317
Laumor Holdings S.a.r.l.	Luxembourg	9	b	29.00	29.00	-	7,398
Gima Finance S.A.	Luxembourg	9	b	32.13	32.13	-	3,066
Sivim S.r.l.	Italy	10	b	-	43.18	49.50	17
Rovimmobiliare S.r.l	Italy	10	b	-	43.62	50.00	47
Mosaico S.p.A.	Italy	10	b	-	21.81	25.00	132
Pama & Partners S.r.l.	Italy	10	b	-	21.81	25.00	793
Le Api S.r.l.	Italy	11	b	-	29.23	30.00	51
Consorzio Movincom S.c.r.l.	Italy	11	b	-	38.98	40.00	10

(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 (IAS27) ; b=associated companies (IAS28); c= joint ventures (IAS 31); indicate with an asterisk (*) companies classified as held for sale in compliance with IFRS 5 and show the key at the foot of the table.

(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.

Vittoria Assicurazioni S.p.A.
Consolidated interim financial statements as at and for the six months ended 30 June 2008
Balance sheet by business and business line

(in thousands of Euros)

	Non-life business		Life business		Real estate business		Service business		Intersegment eliminations		Total	
	30/06/08	31/12/07	30/06/08	31/12/07	30/06/08	31/12/07	30/06/08	31/12/07	30/06/08	31/12/07	30/06/08	31/12/07
1 INTANGIBLE ASSETS	17,888	16,830	144	183	409	331	4	5	0	0	18,445	17,349
2 PROPERTY, PLANT AND EQUIPMENT	15,689	15,787	0	0	312,946	309,318	20	36	39,358	39,358	368,013	364,499
3 REINSURERS' SHARE OF TECHNICAL RESERVES	59,529	79,306	18,567	18,001	0	0	0	0	0	0	78,096	97,307
4 INVESTMENTS	778,391	773,763	857,952	885,502	3,918	3,686	161	148	-134,874	-131,727	1,505,548	1,531,372
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	186,455	196,083	44,945	43,083	1,144	1,217	61	48	-134,105	-131,132	98,500	109,299
4.3 Held to maturity investments	10,851	47,280	92,368	125,826	0	0	0	0	0	0	103,219	173,106
4.4 Loans and receivables	35,923	37,472	4,463	4,496	2,525	2,220	0	0	-769	-595	42,142	43,593
4.5 Financial assets available for sale	545,162	492,928	624,732	602,883	249	249	100	100	0	0	1,170,243	1,096,160
4.6 Financial assets at fair value through profit or loss	0	0	91,444	109,214	0	0	0	0	0	0	91,444	109,214
5 OTHER RECEIVABLES	107,798	130,226	22,512	27,470	24,323	22,173	451	471	-3,646	-3,847	151,438	176,493
6 OTHER ASSETS	22,305	21,511	12,702	11,582	22,810	21,443	186	155	1,120	659	59,123	55,350
6.1 Deferred acquisition costs	6,154	6,679	3,298	3,494	0	0	0	0	0	0	9,452	10,173
6.2 Other assets	16,151	14,832	9,404	8,088	22,810	21,443	186	155	1,120	659	49,671	45,177
7 CASH AND CASH EQUIVALENTS	44,980	23,254	3,263	14,135	50,965	30,009	1,774	1,869	0	0	100,982	69,267
TOTAL ASSETS	1,046,580	1,060,677	915,140	956,873	415,371	386,960	2,596	2,684	-98,042	-95,557	2,281,645	2,311,637
1 EQUITY											330,629	326,926
2 PROVISIONS	741	741	0	0	3,207	3,325	0	0	0	0	3,948	4,066
3 TECHNICAL RESERVES	722,937	706,855	711,475	731,644	0	0	0	0	7,928	10,168	1,442,340	1,448,667
4 FINANCIAL LIABILITIES	49,055	71,052	106,229	124,328	250,391	192,917	0	0	0	0	405,675	388,297
4.1 Financial liabilities at fair value through profit or loss	0	0	86,324	104,244	0	0	0	0	0	0	86,324	104,244
4.2 Other financial liabilities	49,055	71,052	19,905	20,084	250,391	192,917	0	0	0	0	319,351	284,053
5 PAYABLES	39,393	40,468	4,958	4,787	10,032	52,425	1,837	2,387	-2,749	-4,442	53,471	95,625
6 OTHER LIABILITIES	18,659	18,482	5,369	8,023	9,543	9,718	196	63	11,815	11,770	45,582	48,056
TOTAL EQUITY AND LIABILITIES											2,281,645	2,311,637

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 at fair value through profit or loss				
	30/06/08	31/12/07	30/06/08	31/12/07	30/06/08	31/12/07	Financial assets held for trading	30/06/08	31/12/07		
Equity and derivative instruments measured at cost	0	0	0	0	13,359	13,888	0	0	0	13,359	13,888
Equity instruments at fair value of which listed	0	0	0	0	31,106	44,955	0	0	7,006	38,112	51,071
	0	0	0	0	24,149	38,065	0	0	7,006	31,155	44,181
Debt securities of which listed	103,219	173,106	0	0	1,112,241	1,023,503	5,120	4,970	31,315	1,251,895	1,236,149
	97,846	163,136	0	0	1,112,241	1,023,502	5,120	4,970	31,315	1,246,522	1,226,178
OEIC units	0	0	0	0	13,537	13,814	0	0	45,270	58,807	66,339
Loans and receivables from bank customers	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
Deposits with ceding companies	0	0	427	426	0	0	0	0	0	427	426
Financial asset portion of insurance contracts	0	0	0	0	0	0	0	0	0	0	0
Other loans and receivables	0	0	17,085	13,924	0	0	0	0	0	17,085	13,924
Non-hedging derivatives	0	0	0	0	0	0	0	0	0	0	0
Hedging derivatives	0	0	0	0	0	0	0	0	0	0	0
Other financial assets	0	0	24,630	29,243	0	0	0	0	2,733	11,033	40,276
Total	103,219	173,106	42,142	43,593	1,170,243	1,096,160	5,120	4,970	86,324	104,244	1,407,048
											1,422,073

Vittoria Assicurazioni S.p.A.
Consolidated interim financial statements as at and for the six months ended 30 June 2008
Financial and investment gains and losses/costs

	Interest	Other net income	Other costs	Realised gains	Realised losses	Net realised gains and losses	Valuation gains		Valuation losses		Net unrealised gains and losses	Net gains and costs/losses	
							Valuation capital gains	Write-backs	Valuation capital losses	Write-downs		Net gains and costs/losses 1H 2008	Net gains and costs/losses 1H 2007
Investments	28,015	5,438	500	480	1,488	31,945	0	0	0	0	0	0	0
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	4,956	344	0	0	4,612	0	0	0	0	0	4,612	5,186
c. Held to maturity investments	3,334	0	0	0	0	3,334	0	0	0	0	0	3,334	3,062
d. Loans and receivables	333	0	0	0	0	333	5	0	0	0	5	338	267
e. Financial assets available for sale	23,522	226	0	309	0	24,057	0	0	7,823	0	-7,823	16,234	21,609
f. Financial assets held for trading	49	0	0	0	0	49	17	0	397	0	-380	-331	25
g. Financial assets at fair value through profit or loss	777	256	156	171	1,488	-440	536	0	7,624	0	-7,088	-7,528	6,087
Other receivables	213	0	0	0	0	213	0	0	0	0	0	213	260
Cash and cash equivalents	2,294	0	0	0	0	2,294	0	0	0	0	0	2,294	1,628
Financial liabilities	-4,018	0	0	0	0	-4,018	0	0	-7,528	0	7,528	3,510	-9,452
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	-7,528	0	7,528	7,528	-6,087
c. Other financial liabilities	-4,018	0	0	0	0	-4,018	0	0	0	0	0	-4,018	-3,365
Payables	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	26,504	5,438	500	480	1,488	30,434	558	0	493	7,823	-7,558	22,676	26,672

(in thousands of Euros)

Vittoria Assicurazioni S.p.A.

Consolidated interim financial statements as at and for the six months ended 30 June 2008

Breakdown of technical reserves

(in thousands of Euros)

	Direct business		Indirect business		Total carrying amount	
	30/06/08	31/12/07	30/06/08	31/12/07	30/06/08	31/12/07
Non-life reserves	722,048	705,956	889	899	722,937	706,855
Premium reserve	209,818	198,642	114	120	209,932	198,762
Claims reserve	508,726	504,022	775	779	509,501	504,801
Other reserves	3,504	3,292	0	0	3,504	3,292
of which posted following liability adequacy testing	0	0	0	0	0	0
Life reserves	719,005	741,414	398	398	719,403	741,812
Reserve for payable amounts	17,719	21,836	0	0	17,719	21,836
Mathematical reserves	685,246	691,361	388	388	685,634	691,749
Technical reserves where investment risk is borne by policyholders and reserves arising from pension fund management	0	0	0	0	0	0
Other reserves	16,040	28,217	10	10	16,050	28,227
of which posted following liability adequacy testing	0	0	0	0	0	0
of which deferred liabilities to policyholders	5,149	17,615	0	0	5,149	17,615
Total technical reserves	1,441,053	1,447,370	1,287	1,297	1,442,340	1,448,667

Vittoria Assicurazioni S.p.A.

Consolidated interim financial statements as at and for the six months ended 30 June 2008

Breakdown of reinsurers' share of technical reserves

(in thousands of Euros)

	Direct business		Indirect business		Total carrying amount	
	30/06/08	31/12/07	30/06/08	31/12/07	30/06/08	31/12/07
Non-life reserves	59,105	78,855	423	452	59,528	79,307
Premium reserve	9,408	18,559	73	81	9,481	18,640
Claims reserve	49,697	60,296	350	371	50,047	60,667
Other reserves	0	0	0	0	0	0
Life reserves	18,568	18,000	0	0	18,568	18,000
Reserves for payable amounts	0	20	0	0	0	20
Mathematical reserves	18,536	17,956	0	0	18,536	17,956
Technical reserves where investment risk is borne by policyholders and reserves arising from pension fund management	0	0	0	0	0	0
Other reserves	32	24	0	0	32	24
Total reinsurers' share of technical reserves	77,673	96,855	423	452	78,096	97,307

Vittoria Assicurazioni S.p.A.

Consolidated interim financial statements as at and for the six months ended 30 June 2008

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 through profit or loss		Financial liabilities at fair value through profit or loss		Other financial liabilities		Total carrying amount	
	30/06/08	31/12/07	30/06/08	31/12/07	30/06/08	31/12/07	30/06/08	31/12/07
Participating non-equity instruments	0	0	0	0	0	0	0	0
Subordinated liabilities	0	0	0	0	4,813	5,261	4,813	5,261
Liabilities from financial contracts issued by insurers arising from:	0	0	86,324	104,244	0	0	86,324	104,244
Contracts where policyholders bear investment risk	0	0	82,490	100,756	0	0	82,490	100,756
Pension-fund management	0	0	3,834	3,488	0	0	3,834	3,488
Other contracts	0	0	0	0	0	0	0	0
Deposits received from reinsurers	0	0	0	0	39,517	56,632	39,517	56,632
Negative financial components of insurance contracts	0	0	0	0	0	0	0	0
Debt securities on issue	0	0	0	0	0	0	0	0
Bank customer deposits	0	0	0	0	0	0	0	0
Interbank liabilities	0	0	0	0	0	0	0	0
Other loans received	0	0	0	0	250,391	192,917	250,391	192,917
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	24,630	29,243	24,630	29,243
Total	0	0	86,324	104,244	319,351	284,053	405,675	388,297

Detail of insurance technical items

(in thousands of Euros)

	30/06/08			30/06/07		
	Gross amount	Reinsurer's share of amount	Net amount	Gross amount	Reinsurers' share of amount	Net amount
Non-life business						
NET PREMIUMS	242,036	9,051	232,985	230,145	22,009	208,136
a Premiums written	253,263	8,697	244,566	245,452	23,940	221,512
b Change in premiums reserve	11,227	-354	11,581	15,307	1,931	13,376
NET CLAIMS COSTS	165,106	1,785	163,321	158,566	13,552	145,014
a Amounts paid	163,981	12,190	151,791	140,627	19,832	120,795
b Change in claims reserves	4,751	-10,570	15,321	22,508	-6,809	29,317
c Change in recoveries	3,837	-165	4,002	4,760	-529	5,289
d Change in other technical reserves	211	0	211	191	0	191
Life business						
NET PREMIUMS	62,377	1,293	61,084	63,370	1,594	61,776
NET CLAIMS COSTS	61,485	944	60,541	64,136	1,030	63,106
a Amounts paid	71,478	378	71,100	41,000	2,508	38,492
b Change in reserve for amounts to be paid	-4,117	-21	-4,096	-6,788	0	-6,788
c Change in mathematical reserves	-6,169	580	-6,749	26,754	-1,480	28,234
d Change in technical reserves when investment risk is borne by policyholders and in reserves arising from pension fund management	0	0	0	0	0	0
e Change in other technical reserves	293	7	286	3,170	2	3,168

Vittoria Assicurazioni S.p.A.

Consolidated interim financial statements as at and for the six months ended 30 June 2008

Breakdown of insurance operating costs

(in thousands of Euros)

	Non-life business		Life business	
	30/06/08	31/12/07	30/06/08	31/12/07
Gross commissions and other acquisition costs	57,164	55,600	10,562	9,323
a Acquisition commissions	39,951	40,029	7,137	6,719
b Other acquisition costs	13,259	11,759	2,559	1,629
c Change in deferred acquisition costs	525	221	195	185
d Premium collection commissions	3,429	3,591	671	790
Profit participation and other commissions received from reinsurers	-3,512	-6,916	-230	-230
Investment management costs	211	226	227	235
Other administrative costs	7,096	8,131	1,674	2,465
Total	60,959	57,041	12,233	11,793

Vittoria Assicurazioni S.p.A.

Consolidated interim financial statements as at and for the six months ended 30 June 2008

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	363,989	-	363,989
Other items of property, plant and equipment	4,024	-	4,024
Other intangible assets	18,445	-	18,445

Vittoria Assicurazioni S.p.A.

Consolidated interim financial statements as at and for the six months ended 30 June 2008

Detail of assets and liabilities relating to insurance contracts with risk borne by policyholders or relating to pension-fund management

(in thousands of Euros)

	Unit- and index-linked benefits		Benefits relating to pension-fund management		Total	
	30/06/08	31/12/07	30/06/08	31/12/07	30/06/08	31/12/07
On-balance sheet assets	82,490	100,756	3,834	3,488	86,324	104,244
Infragroup assets *	0	0	0	0	0	0
Total assets	82,490	100,756	3,834	3,488	86,324	104,244
On-balance sheet liabilities	82,490	100,756	3,834	3,488	86,324	104,244
On-balance sheet technical reserves	0	0	0	0	0	0
Infragroup liabilities*	0	0	0	0	0	0
Total Liabilities	82,490	100,756	3,834	3,488	86,324	104,244

* Assets and liabilities eliminated in consolidation process

Companies in which an unquoted Shareholding higher than 10% is held

Participating interest through:	Registered Offices	%Ownership
Acacia 2000 S.r.l. Vittoria Immobiliare S.p.A.	Milan	65.00% 65.00%
Aspevi S.r.l. Interbilancia	Milan	100.00% 100.00%
Cadorna Real Estate S.r.l. Vittoria Immobiliare S.p.A.	Milan	70.00% 70.00%
Consorzio Movincom S.c.r.l. Vittoria.Net S.r.l.	Turin	40.00% 40.00%
Forum Mondadori Residenze S.r.l. Vittoria Immobiliare S.p.A.	Milan	70.00% 70.00%
Gestimmobili S.r.l. Vittoria Immobiliare S.p.A.	Milan	80.00% 80.00%
Gima Finance SA Vittoria Assicurazioni S.p.A.	Luxembourg	32.13% 32.13%
Immobiliare Bilancia S.r.l. Vittoria Assicurazioni S.p.A.	Milan	100.00% 100.00%
Immobiliare Bilancia Prima S.r.l. Vittoria Assicurazioni S.p.A.	Milan	100.00% 100.00%
Immobiliare Bilancia Seconda S.r.l. Vittoria Assicurazioni S.p.A.	Milan	100.00% 100.00%
Immobiliare Bilancia Terza S.r.l. Vittoria Assicurazioni S.p.A.	Milan	100.00% 100.00%
Interbilancia S.r.l. Vittoria Assicurazioni S.p.A. Vittoria Immobiliare S.p.A.	Milan	100.00% 80.00% 20.00%
Interimmobili S.r.l. Vittoria Immobiliare S.p.A.	Rome	80.00% 80.00%
Laumor BV Vittoria Assicurazioni S.p.A.	Amsterdam	25.00% 25.00%
Laumor Holdings Sarl Vittoria Assicurazioni S.p.A.	Luxembourg	29.00% 29.00%
Lauro 2000 S.r.l. Vittoria Assicurazioni S.p.A.	Milan	100.00% 100.00%
Le Api S.r.l. Interbilancia S.r.l.	Milan	30.00% 30.00%

Participating interest through:	Registered Offices	%Ownership
Liguria S.p.A. Vittoria Assicurazioni S.p.A.	Milan	10.30% 10.30%
Mosaico S.p.A. Vittoria Immobiliare S.p.A.	Turin	25.00% 25.00%
Pama & Partners S.r.l. Vittoria Immobiliare S.p.A.	Genoa	25.00% 25.00%
Parco Fidenae S.r.l. Vittoria Immobiliare S.p.A.	Rome	51.00% 51.00%
Rovimmobiliare S.r.l. Vittoria Immobiliare S.p.A.	Rome	50.00% 50.00%
S.in.T. S.p.A. Vittoria Assicurazioni S.p.A.	Turin	48.19% 48.19%
Sivim S.r.l. Vittoria Immobiliare S.p.A.	Milan	49.50% 49.50%
Touring Vacanze S.r.l. Vittoria Assicurazioni S.p.A.	Milan	24.00% 24.00%
Vaimm Sviluppo S.r.l. Vittoria Immobiliare S.p.A.	Milan	51.00% 51.00%
Valsalaria S.r.l. Vittoria Immobiliare S.p.A.	Rome	51.00% 51.00%
Vittoria Immobiliare S.p.A. Vittoria Assicurazioni S.p.A.	Milan	87.24% 87.24%
Vittoria Properties S.r.l. Vittoria Assicurazioni S.p.A. Vittoria Immobiliare S.p.A.	Milan	100.00% 99.00% 1.00%
Vittoria Service S.r.l. Vittoria Assicurazioni S.p.A. Vittoria Immobiliare S.p.A.	Milan	100.00% 70.00% 30.00%
Vittoria.Net S.r.l. Interbilancia S.r.l.	Milan	100.00% 100.00%
VRG Domus S.r.l. Vittoria Immobiliare S.p.A.	Turin	51.00% 51.00%
White Finance SA Vittoria Assicurazioni S.p.A.	Luxembourg	32.17% 32.17%
Yarpa International Holding NV Vittoria Assicurazioni S.p.A.	Amsterdam	25.00% 25.00%
Yarpa S.p.A. Vittoria Assicurazioni S.p.A.	Genoa	20.91% 20.91%

Management Attestation

First-half financial statements certification pursuant to Art.81-ter of Consob Regulation N° 11971 dated May 14 1999, as amended

1.The undersigned Roberto Guarena (as Managing Director) and Mario Ravasio (as the Manager Charged with preparing the financial reports), of Vittoria Assicurazioni S.p.A., taking into consideration Article 154-bis (subparagraph 3 and 4) of Italian Legislative Decree February 24th 1998 n.58, do hereby certify:

- the adequacy in relation to the Legal Entity features and
- the actual application

of the administrative and accounting procedures employed to draw up 2008 half-yearly consolidated financial statements.

2. The undersigned also certify that:

2.1 The half-yearly consolidated financial statements as at June 30th 2008:

- a) corresponds to results of the books and accounts records;
- b) was prepared in compliance with applicable international accounting standards recognised by the European Community pursuant to European Parliament and Council Regulation no.1606/2002 of July 19, 2002 and with Legislative Decree No.38 of 28 February 2005;
- c) prepared according to the Italian Civil Code, Legislative Decree No. 209 of 7 September 2005 and applicable provisions, regulations and circular letters issued by ISVAP , is suitable to provide a fair and correct representation of the situation of the assets and liabilities, the economic and financial situation of the issuer and the group of companies included in the scope of consolidation.

2.2 The consolidated interim directors' report contains reference to the more significant events occurring in the first six months of the financial year and their impact on the half-yearly consolidated financial statements, together with a description of the main risks and uncertainties faced in the remaining six months of the year. The consolidated interim directors' report also contains information on significant related party transactions.

Milan, 8 August 2008

Roberto Guarena
Managing Director

Mario Ravasio
*Manager Charged with preparing
the company's financial reports*

Independent Auditors' Report

(Translation from the Italian original which remains the definitive version)**Auditors' report on the review of condensed consolidated interim financial statements for six months ended 30 June 2008**

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

1. We have reviewed the condensed consolidated interim financial statements of Vittoria Assicurazioni S.p.A. and subsidiaries (Vittoria Assicurazioni Group) as of 30 June 2008 and the six months then ended, comprising the consolidated balance sheet, consolidated income statement, consolidated statements of changes in shareholders' equity and cash flows and related explanatory notes. Vittoria Assicurazioni S.p.A.'s Directors are responsible for the preparation of the condensed consolidated interim financial statements in accordance with International Accounting Standard n. 34 (IAS 34), applicable to interim financial reporting, as adopted by the European Union, and ISVAP regulation n. 7 dated on 13 July 2007. Our responsibility is to issue this report based on our review.
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 reported in the condensed consolidated interim financial statements and the consistency of application of the accounting policies through discussions with company management and analytical procedures applied to the financial data contained in the above mentioned consolidated financial statements. 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 a professional audit opinion on the condensed consolidated interim financial statements.

Regarding the comparative amounts of the consolidated financial statements of the prior year and the consolidated interim financial statements of the prior year presented in the condensed consolidated interim financial statements, reference should be made to our reports dated 11 April 2008 and 19 October 2007, respectively.

3. Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial statements of Vittoria Assicurazioni Group as of 30 June 2008 have not been prepared, in all material respects, in accordance with IAS 34, applicable to interim financial reporting, as adopted by the European Union.

Milan, 27 August 2008

BDO Sala Scelsi Farina
Società di Revisione per Azioni



Paolo Scelsi
(Director)