

2005 half year results

Consolidated results:

- Net profit: Euro 25.0 million (+72.5%)
- Direct life business premiums: Euro 52.5 million (-3.6%)
- Direct non-life business premiums: Euro 214.5 million (+6.9%)

Parent company results:

- Net profit: Euro 10.3 million (+15.2%)
- Parent company ROE forecast confirmed at 14.5% for 2005

The board of directors of Vittoria Assicurazioni chaired by Mr. Luigi Guatri met today in order to discuss the results for the first half of 2005.

GROUP CONSOLIDATED RESULTS

The consolidated net profit for the period increased 72.5% to Euro 25.0 million (first half of 2004: Euro 14.5 million). This result was boosted by the excellent performance of the trading and real estate promotion businesses.

Assets managed relating to life business amount to Euro 732.0 million, up 3.6% on 31 December 2004. Direct life business premiums fell 3.6%.

Total direct non-life business premiums amounted to Euro 214.5 million, up 6.9%.

Premiums of the motor business rose 5.7% to Euro 159.9 million, essentially as a result of new contracts.

Premiums of other non-life lines of business rose 10.7% to Euro 54.6 million.

Investments totalled Euro 1,335.3 million (31 December 2004: Euro 1,320.3 million). They are split between investments where the group bears the risk (Euro 1,204.8 million) and those where the policyholders bear the risk (Euro 130.5 million). Income on investments where the group bears the risk amounted to Euro 52.0 million (first half of 2004: Euro 30.9 million). With respect to the real estate companies consolidated on a line-by-line basis, it includes turnover from the provision of services of Euro 4.5 million and profit on real estate construction and trading of Euro 30.3 million (first half of 2004: Euro 1.7 million and Euro 7.3 million, respectively).

Group shareholders' equity, including the net profit for the period, amounted to Euro 165,4 million. Minority interests account for Euro 9.1 million.

PARENT COMPANY RESULTS

The net profit for the period rose 15.2% to Euro 10.3 million (first half of 2004: Euro 8.9 million).

On the basis of the performance of the period and forecasts for the following months, the 2005 year-end net profit is expected to be higher than that at 2004 year end, in line with group objectives showing 2005 year-end ROE at 14.5%.

RECONCILIATION WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

Vittoria Assicurazioni Group has completed its procedures for the adoption of the international financial reporting standards in its consolidated financial statements. Starting from the 2005 third quarter report, consolidated results will be published in full compliance with IFRS.

A reconciliation with IFRS of shareholders' equity and net profit for 2004 and the first half of 2005 is set out below:

Shareholders' equity (millions of Euros)

	Group shareholders' equity under Italian GAAP	Group shareholders' equity under IFRS
1 January 2004	122.6	145.5
31 December 2004	144.6	168.1
30 June 2005	165.4	194.8

Consolidated net profit (millions of Euros)

	Group consolidated net profit under Italian GAAP	Group consolidated net profit under IFRS
2004	25.9	22.1
2005 - first half	25.0	24.6

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Annexes: Reclassified balance sheet and profit and loss account and reclassified consolidated balance sheet and profit and loss account, which have been submitted to the Board of statutory auditors for their checks. The independent auditors, Sala Scelsi Farina BDO, are currently carrying out a review.

About Vittoria Assicurazioni

Vittoria Assicurazioni is an independent insurance company, founded in Milan in 1921. The company is active in all Life and non Life lines covering the entire Italian territory through an extensive commercial network based on over 450 exclusive Agencies and Sub Agencies and agreements with over 250 bank branches.

Vittoria's mission is to be the families and small and medium firms insurer.

Vittoria Assicurazioni S.p.A. Reclassified balance sheet

(in thousands of Euros)

ASSETS	30 June 2005	31 December 2004
Investments		
Land and buildings	8,506	8,735
Investments in group and other companies		
- Equity investments	189,398	191,757
- Loans	5,115	7,115
Other financial investments:		
- Unit trust units	8,280	8,280
- Bonds and other fixed-interest securities	907,464	840,139
- Loans	12,364	11,135
Deposits with ceding companies	966	976
Investments benefiting life policyholders	130,505	130,477
Total investments	1,262,598	1,198,614
Receivables		
Receivables relating to direct insurance business due from:		
- Policyholders	34,069	37,845
- Insurance brokers and agents	30,929	44,539
- Current account companies	6,020	5,135
- Amounts to be recovered from policyholders and third parties	24,181	23,222
Receivables relating to reinsurance business	13,330	11,731
Other receivables	10,820	16,767
Total receivables	119,349	139,239
Intangible assets	28,836	27,368
Tangible assets and inventory	4,521	4,433
Liquid funds	33,565	36,783
Other assets	3,679	3,702
Prepayments and accrued income	14,010	13,365
TOTAL ASSETS	1,466,558	1,423,504

Vittoria Assicurazioni S.p.A. Reclassified balance sheet

(in thousands of Euros)

LIABILITIES AND SHAREHOLDERS' EQUITY	30 June 2005	31 December 2004
Shareholders' equity		
- Share capital	30,000	30,000
- Share premium reserve	20,142	20,142
- Revaluation reserves	6,370	6,370
- Legal reserve	5,965	5,076
- Other reserves	65,199	52,509
- Net profit for the period	10,318	17,779
Total shareholders' equity	137,994	131,876
Subordinated liabilities	18,000	18,000
Technical reserves, net of reinsurance		
- Premium reserve	124,900	122,814
- Claims reserve	331,230	314,655
- Mathematical reserves	544,597	522,901
- Reserves for payable amounts	15,938	18,193
- Other technical reserves	7,187	6,823
- Technical reserve where investment risk is borne by policyholders and reserves relating to pension fund management	130,505	130,477
Total technical reserves	1,154,357	1,115,863
Payables		
Deposits received from reinsurers	103,049	103,210
Payables arising from direct insurance business due to:		
- Insurance brokers and agents	1,801	1,876
- Current account companies	3,664	4,663
- Guarantee deposits paid by policyholders	54	61
- Guarantee funds in favour of policyholders	0	1,374
Payables arising from reinsurance business	13,024	7,785
Other sums payable	16,090	18,666
Total payables	137,682	137,635
Provisions for contingencies and other charges	4,001	4,001
Employees' leaving entitlement	5,366	5,424
Other liabilities	8,657	9,702
Accrued expenses and deferred income	501	1,003
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1,466,558	1,423,504

Vittoria Assicurazioni S.p.A.

Reclassified profit and loss account

(in thousands of Euros)

	1st half of 2005	1st half of 2004	2004
Technical account			
Life business:			
Direct insurance			
(+) Gross premiums accounted for	52,521	54,497	112,176
(-) Charges relating to claims	37,535	38,528	77,192
(-) Change in mathematical and other technical reserves	22,984	22,983	46,479
(+) Other technical captions, net	581	571	1,184
(-) Operating costs	6,951	6,505	12,930
(+) Income on investments where the company bears the risk - Class C - net of account	11,367	12,004	22,102
(+) Income on investments where policyholders bear the risk - Class D	5,712	4,991	8,720
Direct insurance result	2,711	4,047	7,581
Outwards reinsurance result	-84	-75	437
Retained direct insurance result	2,627	3,972	8,018
Indirect and retroceded insurance result	-23	-4	-113
Result of life business technical account	2,604	3,968	7,905
Non-life business:			
Direct insurance			
(+) Gross premiums accounted for	214,484	200,611	405,650
(-) Change in premium reserve	6,637	11,559	14,727
(-) Charges relating to claims	147,537	132,218	290,102
(-) Change in other technical reserves	238	232	461
(+) Other technical captions, net	-2,606	-1,999	-3,089
(-) Operating costs	53,709	48,160	100,365
Direct insurance result	3,757	6,443	-3,094
Outwards reinsurance result	-469	-740	3,058
Retained direct insurance result	3,288	5,703	-36
Indirect and retroceded insurance result	235	88	146
Total retained insurance result	3,523	5,791	110
(-) Change in equalisation reserve	122	114	239
(+) Income on investments transferred from the non-technical account	5,075	6,259	11,930
Result of non-life business technical account	8,476	11,936	11,801
Result of technical account	11,080	15,904	19,706
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portion transferred to the technical account	1,181	1,530	2,832
(+) Income on investments transferred from the life business technical account	1,016	1,015	1,926
(+) Other income	828	1,245	2,378
(-) Interest on financial payables	495	495	990
(-) Other charges	1,797	4,289	9,300
Result of ordinary business	11,813	14,910	16,552
(+) Extraordinary income	4,513	33	13,325
(-) Extraordinary expense	52	55	212
Profit before taxation	16,274	14,888	29,665
(-) Taxation on profit for the period/year	5,956	5,935	11,886
Net profit for the period/year	10,318	8,953	17,779

Reclassified consolidated balance sheet

ASSETS	30 June 2005	31 December 2004
Investments		
Land and buildings	182,112	247,827
Investments in group and other companies		
- Equity investments	87,473	73,314
- Loans	6,165	8,165
Other financial investments:		
- Equity investments	-	-
- Unit trust units	8,280	8,280
- Bonds and other fixed-interest securities	907,464	840,139
- Loans	12,364	11,135
Deposits with ceding companies	966	976
Investments benefiting life policyholders	130,505	130,477
Total investments	1,335,329	1,320,313
Receivables		
Receivables relating to direct insurance	92,929	109,410
Receivables relating to reinsurance business	13,330	11,731
Other receivables	29,530	37,381
Total receivables	135,789	158,522
Intangible assets	30,057	28,785
Tangible assets and inventory	4,732	4,689
Liquid funds	130,901	56,835
Other assets	6,753	3,704
Prepayments and accrued income	14,600	14,338
TOTAL ASSETS	1,658,161	1,587,186

Reclassified consolidated balance sheet

LIABILITIES AND SHAREHOLDERS' EQUITY	30 June 2005	31 December 2004
Shareholders' equity		
- Share capital	30,000	30,000
- Equity reserves	90,487	83,712
- Consolidation reserve	6,494	-2,274
- Reserve for differences in the valuation of investments not consolidated on a line-by-line basis	13,426	7,257
- Net profit for the period/year	25,030	25,917
Total group shareholders' equity	165,437	144,612
- Share capital and reserves pertaining to minority interests	6,337	2,536
- Net profit for the period/year	2,785	4,364
Total minority interests	9,122	6,900
Subordinated liabilities	18,000	18,000
Technical reserves, net of reinsurance		
- Premium reserve	124,900	122,814
- Claims reserve	331,230	314,655
- Mathematical reserves	557,089	530,934
- Reserves for payable amounts	15,938	18,193
- Other technical reserves	7,188	6,823
- Technical reserve where investment risk is borne by policyholders and reserves relating to pension fund management	130,505	130,477
Total technical reserves	1,166,850	1,123,896
Payables		
Deposits received from reinsurers	103,049	103,210
Payables arising from direct insurance business	5,518	7,973
Payables arising from reinsurance business	13,024	7,785
Sums payable to banks and financial institutions	64,330	53,521
Other sums payable	85,427	91,569
Total payables	271,348	264,058
Provisions for contingencies and other charges	7,629	9,165
Employees' leaving entitlement	5,913	5,930
Other liabilities	13,239	13,615
Accrued expenses and deferred income	623	1,010
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1,658,161	1,587,186

Reclassified consolidated profit and loss account

	1st half of 2005	1st half of 2004	2004
Technical account			
Life business:			
Direct insurance			
(+) Gross premiums accounted for	52,521	54,497	112,176
(-) Charges relating to claims	37,535	38,528	77,192
(-) Change in mathematical and other technical reserves	27,442	24,334	52,834
(+) Other technical captions, net	581	571	1,184
(-) Operating costs	6,946	6,505	12,930
(+) Income on investments where the parent company bears the risk - Class C - net of the portion transferred to the non-technical account	15,825	14,018	28,457
(+) Income on investments where policyholders bear the risk - Class D	5,712	4,991	8,720
Direct insurance result	2,716	4,710	7,581
Outwards reinsurance result	-84	-75	437
Retained direct insurance result	2,632	4,635	8,018
Indirect and retroceded insurance result	-23	-4	-113
Result of life business technical account	2,609	4,631	7,905
Non-life business:			
Direct insurance			
(+) Gross premiums accounted for	214,484	200,611	405,650
(-) Change in premium reserve	6,637	11,559	14,727
(-) Charges relating to claims	147,514	132,172	290,011
(-) Change in other technical reserves	238	232	461
(+) Other technical captions, net	-2,606	-1,999	-3,089
(-) Operating costs	53,554	47,982	100,079
Direct insurance result	3,935	6,667	-2,717
Outwards reinsurance result	-469	-740	3,058
Retained direct insurance result	3,466	5,927	341
Indirect and retroceded insurance result	235	88	146
Total retained insurance result	3,701	6,015	487
(-) Change in equalisation reserve	122	114	239
(+) Income on investments transferred from the non-technical account	5,075	6,259	11,930
Result of non-life business technical account	8,654	12,160	12,178
Result of technical account	11,263	16,791	20,083
(+) Income on investments net of the portion included in the technical account	31,088	10,610	25,560
(+) Other income	6,193	2,914	6,272
(-) Interest on financial payables	1,465	870	1,754
(-) Other charges	7,853	7,073	16,970
Result of ordinary business	39,226	22,372	33,191
(+) Extraordinary income	4,548	69	13,380
(-) Extraordinary expense	103	102	719
Profit before taxation	43,671	22,339	45,852
(-) Taxation on profit for the period/year	15,856	10,675	19,699
Net profit for the period/year - ordinary	27,815	11,664	26,153
(+) Net income from change in accounting policy	-	6,779	4,128
Net profit	27,815	18,443	30,281
(-) Minority interests (ordinary)	2,785	2,028	3,173
(-) Minority interests in the change in accounting policy	-	1,908	1,191
Group net profit	25,030	14,507	25,917