# Vittoria Assicurazioni

SOCIETÀ PER AZIONI
REGISTERED OFFICES: VIA CALDERA, 21 - 20153 MILAN - ITALY
SHARE CAPITAL: EURO 66,516,198 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

# 89th year of business

# Consolidated half-year financial report as at 30 June 2010

Board of Directors' meeting of 30 July 2010



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

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#### **BOARD OF DIRECTORS**

Luigi GUATRI Honorary President

Giorgio Roberto COSTA Chairman

Andrea ACUTIS **Executive Deputy Chairman** Carlo ACUTIS Executive Deputy Chairman

Roberto GUARENA Managing Director

Adriana ACUTIS BISCARETTI di RUFFIA Director

Francesco BAGGI SISINI Independent director Independent director Marco BRIGNONE Luciano GOBBI Independent director

Arnaud HELLOUIN de MENIBUS Director

Pietro Carlo MARSANI Independent director Independent director Giorgio MARSIAJ Edgar MÜLLER-GOTTHARD Independent director Independent director Lodovico PASSERIN d'ENTREVES

Luca PAVERI FONTANA Director

Robert RICCI Independent director Giuseppe SPADAFORA Independent director

Mario RAVASIO Secretary

#### **BOARD OF STATUTORY AUDITORS**

Angelo CASÒ President

Ferruccio ARALDI Standing statutory auditor Giovanni MARITANO Standing statutory auditor

Sergio VASCONI Substitute statutory auditor Corrado VERSINO Substitute statutory auditor

#### **GENERAL MANAGEMENT**

Cesare CALDARELLI Joint General Manager Mario RAVASIO Joint General Manager

Enrico CORAZZA Central Manager Antonio MASSOCCO Central Manager Central Manager Piero Angelo PARAZZINI

#### **INDEPENDENT AUDITOR**

BDO S.p.A.

#### 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

Luciano GOBBI Independent non-executive member Giuseppe SPADAFORA Independent non-executive member

#### FINANCE COMMITTEE

Andrea ACUTIS Executive president

Adriana ACUTIS BISCARETTI di RUFFIA

Carlo ACUTIS

Giorgio Roberto COSTA

Non-executive member

Non-executive member

Luciano GOBBI Independent 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 Roberto 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 to a maximum of € 10 (ten) million per transaction.
- 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, 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 2010 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

From FY2010 onwards, the Group is applying the interpretation IFRIC 15 – "Agreements for the construction of real estate" – for the valuation of real estate under construction, according to which agreements for real-estate construction by the Group do not come within the scope of IAS 11 (Construction Contracts).

Given this, real-estate trading profits are now recognized at the time of the notarial deed of sale, rather than according to building completion status.

Comparative data as at 30 June 2009 and 31 December 2009 shown in this report have been restated consistently with application of IFRIC 15. Related impact is illustrated in a specific section of the explanatory notes to accounts.

Apart from the above change, the rules for preparation and the accounting policies applied for the consolidated half-year report are the same as those used for annual consolidated financial statements. Readers should therefore refer to the "Accounting Policies" section of the Consolidated Annual Report for the year ended on 31 December 2009. Given, however, the faster preparation required than in the case of annual financial statements and the fact that this is an interim report, use has been made – consistently with the period's operating data – of appropriate estimation methods.

In addition, it is pointed out that our impairment procedure establishes that downgraded debt securities are not subjected to impairment if they are accompanied by guarantees or protective mechanisms instituted by supranational entities, by other sovereign countries or by other issuers with high credit ratings, such as to have a positive effect on the ability to repay at maturity, thus making the change of rating less significant.

#### Other relevant information

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

In the first quarter of 2010 (1Q10) the global economy grew at an annual rate of over 5%. This figure, better than expected, caused upward revision of growth estimates for 2010, increasing them to the present 4.5% (source: International Monetary Fund).

At the same time, the risks of this recovery should not be underestimated. They mainly relate to the strong growth of emerging countries, whose production capacity may not be able to keep pace with aggregate demand, and to recent turbulence in sovereign bond markets in the Eurozone.

In the **USA** economic growth continued the positive trend initiated last year, even although the creation of new jobs has not yet returned to pre-crisis levels.

The present situation – featuring a low level of resource utilization and moderate inflationary expectations – has prompted the Federal Reserve not to revise its monetary policy, keeping federal fund rates unchanged at between 0% and 0.25%.

Forecasts for 2010 indicate growth of 3.2% (source: OECD).

In **Europe** recovery, strongly stimulated by the economic policy initiatives implemented by the main countries' governments, was more gradual. As in the USA, one notes an employment market that is still very unstable and continues to show signs of weakness.

Financial reforms to support the banking industry's stability – in part already undertaken following the recent credit crisis – require further acceleration to aid the flow of cash towards the real economy.

The transparency of the banking industry also plays a priority role in creating a climate of confidence among investors, particularly in view of the recent pressure on the sovereign bond market featured in this last period. The recent decision to disclose the results of the stress test performed on the main European banks is seen as a step in the right direction.

As regards monetary policy, the European Central Bank has decided not to change the official discount rates, which therefore remain at the level of 1% fixed more than a year ago.

In **Italy** the recession had already ended in the second half of 2009 and the current year started with significant economic growth that, based on 1Q10 results, apparently points to annual growth of 2% for 2010.

Forecasts, however, are more prudent and indicate a more modest 1.1% as the rate of GDP growth in 2010 (source: OECD).

Use of the subsidized temporary lay-off system has helped to limit the unemployment rate and the budget deficit has remained in line with what was projected in 2009. The government has also announced that it intends to continue its policy of tighter control of public spending in order to improve the overall system's efficiency.

Financial markets' data in the first six months of 2010 (1H10) featured substantially unchanged performance as regards the bond market (FTSE Italy Govt. Performance index = +0.9%), whereas the equity market featured sharp contraction (FTSE MIB index = -16.9%).

The Euro experienced a phase of depreciation vs. the main global currencies – headed by the US dollar - which has only recently been interrupted.

As regards the Italian insurance market, we note that premiums (based on Italian GAAPs) as up to 31 March 2010 (the latest data available), show the following changes over the same period in 2009, compared with those of Vittoria Assicurazioni (source: ISVAP (the Italian insurance regulator):

		% YoY Change		
Segment	Market	Vittoria	Vittoria	
	31 March	Assicurazioni 31	Assicurazioni 30	
	2010	March 2010	June 2010	
Life	+68.6%	+111.9%	+66.2%	
Non-Life	-3.6%(*)	+22.2%	+21.4%	
- of which Motor	-3.0%(**)	+24.5%	+24.4%	
TPL				

(\*) and (\*\*): Excluding the exit from the Italian direct portfolio of an agency in Italy of a non-EEA company, whose portfolio was totally assigned to an agency in Italy of an EEA company, the percentages were +0.5% and +1.4%.

In 1H10 the Italian real estate market showed a certain recovery of demand for those buildings whose common denominator is quality in its various forms, i.e. buildings well located in towns and cities, with services, parking facilities, green areas, and designed to save energy. There was also good demand for whole and rented buildings for business activities, featuring market yield.

During 1H10, however, there was a -2.5% YoY decrease in the average prices of homes (which should mean an annual decrease of between -2% and -3%), which hit North Italian towns and cities particularly hard. In parallel, the time needed for sales negotiations further increased over 2009.

Set against these data, some positive signs are nevertheless emerging as regards families' propensity to buy. These lead us to foresee lessening of the market's difficulties during 2010 – but set against prices that will in any case remain soft until the end of the year. Only as from 2011 will it be possible to see symptoms of recovery in terms both of volume and of prices.

Based on the strategy defined by the Finance and Real Estate Committees, the Group has channelled a very preponderant part of its investments into low-risk bonds and has set quantitative limits for investments in the real estate sector. For the latter, preference is currently given to real estate promotion as opposed to trading.

# Performance of the Vittoria Assicurazioni Group

Results for the first half of 2010 (1H10) show profit attributable to parent company shareholders amounting to € 10,382 thousand vs. € 7,335 thousand in the same period in 2009 (1H09) (+26.7%).

Profit for the insurance business, before intercompany eliminations and excluding the contribution of investee companies, rose from € 12,880 thousand to € 15,641 thousand. Results featured a tangible increase of premiums (+28.6%) achieved by the agency network, which, following the established development plan, as at 30 June 2010 operated with 301 general agencies and 509 professional sub-agencies.

The real estate business achieved a pre-tax profit of  $\leqslant$  6,626 thousand, as opposed to a pre-tax loss of  $\leqslant$  -3,276 thousand in 1H09, following the start of material extraction of value from the investments made in previous financial years. Profits on the volume of sales completed with notarial deeds in 1H10 in fact totalled  $\leqslant$  10,230 thousand vs.  $\leqslant$  748 thousand in 1H09. This contribution to operating results made it possible to attribute a significant share of these profits to life policyholders.

Private equity investments made by associate companies led to a loss of € -1,189 thousand (vs. a loss of € -516 thousand in 1H09).

Of investments totalling  $\notin$  2,146,752 thousand (+1.9% vs. the situation at 31 December 2009),  $\notin$  77,630 thousand (-2.5%) referred to investments with risk borne by policyholders and  $\notin$  2,069,122 thousand (+2.1%) to investments with risk borne by the Group.

Net investment income, relating to investments with risk borne by the Group, amounted to € 31,899 thousand vs. € 23,162 thousand in 1H09 (+37.7%). Net income for the insurance business featured a reduction of € 2,246 thousand, -8.5%, mainly because of the reduction of interest rates.

Equity attributable to parent company shareholders amounted to € 349,394 thousand, down by -1.0% vs. € 353,088 thousand reported at 31 December 2009, due to lower unrealized capital gains on available-for-sale securities (€ -4,735 thousand).

The Group confirms its determination to reinforce capital and deems appropriate projection of dividend service for the current FY (financial year) in line with that of FY2009.

As up to 30 June 2010 the direct operating parent company, Vittoria Assicurazioni S.p.A., showed a net profit – based on Italian GAAPs – of € 10,671 thousand (vs. € 12,498 thousand in 1H09).

The key operating item contributing to the period's results were as follows:

- Growth of the Life business's technical (i.e. underwriting) result by € 1,901 thousand
- Growth of the Non-Life business's technical result by € 1,319 thousand (before transfer of investments' technical income), with a combined ratio as at 30 June 2010 of 99.7% (vs. 99.8% at 30 June 2009), improving slightly despite significant additional costs for investments relating to development
- Lower contribution from investments compared with the previous year, because 1H09 included a write-back of € 2.6 million on securities, whereas 1H10 featured dividends from investee companies that were € 1.6 million lower.

Based on the improvements expected in the insurance and real estate businesses in the second part of the year, we feel able to confirm the consolidated profit target already announced.

During 1H10 conversion continued of the subordinated loan into Vittoria Assicurazioni shares, with a consequent increase of share capital to € 66,516,198.

As highlighted in the "Accounting policies" section, all comparative data relating to 2009 have been restated according to retrospective application of IFRIC 15. Similarly, YoY changes have been calculated based on restated data.

The companies forming the Group are listed in the chapter "Explanatory notes" – Table A) Investments consolidated line by line.

# Insurance business

Profit for the insurance business, before taxes and intersegment eliminations, amounted to € 15,091 thousand (€14,749 thousand as at 30/06/2009). The key operating items contributing to the period's result are described below.

Total insurance premiums in 1H10 amounted to € 398,525 thousand (+28.1% vs. premiums of € 311,124 thousand in 1H09), of which € 397,932 thousand for insurance premiums written and € 593 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 an increase of 66.2% vs. premiums in 1H09, as shown in the specific table.

Direct Non-Life (i.e. property & casualty) insurance premiums increased by +21.4%. Specifically:

- Motor premiums progressed by 24.3%
- Premiums for other non-marine insurance increased by 8.3%
- Premiums for specialty categories [i.e. marine & transport, aviation, and credit & suretyship] increased by 68.1%.

Overhead costs as a percentage of total direct insurance premiums were 8.9% (vs.10.4% in 1H09).

# 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  $\leqslant$  593 thousand ( $\leqslant$ 1,584 thousand in 1H09).

Premiums as up to 30 June 2010 thus amounted to € 397,932 thousand. Portfolio breakdown and the changes occurring by business segment and branch are shown in the following table:

# COMPARISON BETWEEN GROSS PREMIUMS WRITTEN IN 2010 AND 2009 DIRECT AND INDIRECT BUSINESS

					(€/000)
			YoY	% (	of
	Year	Year	change	total b	ook
	2010	2009	%	2010	2009
Domestic direct business					
Life business					
I Whole- and term life	63,737	39,034	63.3	16.0	12.6
IV Health (long-term care)	213	216	- 1.4	0.0	0.1
V Capitalisation	19,344	10,881	77.8	4.9	3.5
Total Life business	83,294	50,131	66.2	20.9	16.2
Non-Life business					
Total non-marine lines (exc. specialty and motor)	70,770	65,329	8.3	17.8	21.1
Total specialty lines	11,099	6,602	68.1	2.8	2.1
Total motor lines	232,738	187,252	24.3	58.5	60.5
Total Non-Life business	314,607	259,183	21.4	79.1	83.7
Total direct business	397,901	309,314	28.6	100.0	99.9
Domestic indirect business					
Life business	-	-	n.v	0.0	0.0
Non-Life business	31	226	-86.3	0.0	0.1
Total indirect business	31	226	-86.3	0.0	0.1
Grand Total	397,932	309,540	28.6	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.

					(€/000)
	ļ	Non-Life Business		Life Business	
Regions	Agencies	Premiums	%	Premiums	%
NORTH					_
Emilia Romagna	25	22,084		3,581	
Friuli Venezia Giulia	4	3,725		1,058	
Liguria	12	12,767		1,390	
Lombardy	70	78,090		30,802	
Piedmont	33	23,539		1,980	
Trentino Alto Adige	6	4,364		425	
Valle d'Aosta	1	1,198		51	
Veneto	28	19,922		2,776	
Total	179	165,689	52.7	42,063	50.5
CENTRE					
Abruzzo	10	13,242		1,270	
Lazio	29	43,287		23,489	
Marche	13	8,200		3,883	
Tuscany	27	25,211		2,195	
Umbria	14	15,048		2,396	
Total	93	104,988	33.4	33,233	39.9
SOUTH AND ISLANDS	3				
Basilicata	2	2,967		360	
Calabria	2	2,266		39	
Campania	7	10,011		1,528	
Puglia	5	8,655		5,461	
Sardinia	4	5,282		87	
Sicily	9	14,749		523	
Total	29	43,930	14.0	7,998	9.6
Overall total	301	314,607	100.0	83,294	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.

#### Premiums

Direct insurance business premiums recognised for the period totalled € 83,294 thousand, which includes € 64,303 thousand in annual premiums and € 18,991 thousand in recurrent premiums, representing 77.2% and 22.8% of the total respectively.

#### Claims, accrued capital sums & annuities, and surrenders

The following table summarises data for direct business relating to claims, accrued capital sums and annuities, and surrenders as at 30 June 2010, compared with data for the same period in the previous year.

(£/000)

		(6/000)
	30/06/2010	30/06/2009
Claims	11,794	7,073
Accrued sums and annuities	37,444	23,708
Surrenders	17,095	13,057
Total	66,334	43,838

#### 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.

In 1H10 ceded premiums amounted to € 1,001 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.

<sup>\*</sup> 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.

#### Non-Life business

#### Technical performance

As is typically the case in negative economic cycles, the deterioration of the present economic environment has burdened the retained technical result, which, net of income attributable to assets allocated to technical reserves, led to a retained combined ratio (based on Italian GAAPs) of 99.7% (vs. 99.8% at 30 June 2010).

For analysis of the increases in premiums in individual branches vs. 1H09 and their share of the Group's total book, reference should be made to the table shown earlier. Below we analyse the performance of individual branches.

#### **NON-MARINE**

Non-Marine premiums grew by 8.3% and contributed to a positive technical result featuring clear improvement.

Accident: this line featured attractive premium growth and a positive retained technical result.

Health: premiums' growth was positive, as was the technical result.

Fire & natural events: growth of premiums helped to generate a positive technical result, which showed great improvement.

Other asset damage: there was a good increase in premiums, set against a negative technical result – a trend that had already emerged during FY2009.

General TPL: premiums were up, with a technical result that decreased.

**Pecuniary loss:** premiums were down following application of a careful underwriting policy in the "20% salary-assignment loan" sector, as a direct consequence of the critical situation connected with the increase in the unemployment rate. The technical result was substantially at breakeven.

**Legal protection:** premiums grew while the technical result remained positive.

#### **SPECIALTY**

Bond insurance (credit & suretyship), aircraft hulls, aviation TPL, watercraft hulls (sea, lake and river), railway rolling stock, and cargo (goods in transit). This group of branches featured 68.1% growth of premiums, set against a negative technical result.

#### **MOTOR**

Overall, Motor lines featured a positive result, with premiums growing by +24.3% in a virtually stationary market.

Land motor vehicle and watercraft (sea, lake and river) hulls: the segment ended with a profit, although it was heavily affected by the crisis of the market in general and of cars in particular.

Motor vehicle and watercraft (sea, lake and river) TPL: premiums featured a major increase, as did the number of insured vehicles/year. The technical result was negative.

**Assistance:** premiums grew well, making it possible to end the period with a positive technical result.

#### Premiums

Premiums written for direct business in 1H10 amounted to € 314,607 thousand (vs. € 259,183 thousand in 1H09), with growth of 21.4% YoY.

#### Claims

#### Reported claims

The following chart, concerning reported claims, has been prepared using data from positions opened during 1H10. Data are compared with those for 1H09:

						(€/000)	
	30/06/10		30/0	30/06/09		Change %	
	number total cost		number total cost		number	total cost	
Total non-motor businesses	29,666	48,958	20,058	51,281	47.9	-4.5	
Total Special businesses	351	3,233	237	19,534	48.1	-83.4	
Total motor businesses	64,073	171,628	55,085	132,790	16.3	29.2	
Total non-life businesses	94,090	223,819	75,380	203,605	24.8	9.9	

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

					(€/000)
		30/06	6/10	30/06	6/09
Branch	Claim handling Type	Number	Total cost	Number	Total cost
					_
Motor TPL - land	K-for-K - liable	30,046	63,646	28,615	51,245
Motor TPL - land	K-for-K - originator	36,716	88,306	31,643	77,636
Motor TPL - land	Non K-for-K claims	12,598	68,273	8,947	46,776
Motor TPL - land	Lump sum payment - originator	-36,716	-71,814	-31,643	-64,710
Motor TPL - watercraft	Non K-for-K claims	9	50	24	90
Total Motor T.P.L. claims	42,653	148,461	37,586	111,036	

#### 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:

								(€/000)
		Claims paid		Claims		Claims paid		Change
		30/06/10		recovered		30/06/09		gross
	Current	Previous		from	Current	Previous		claims
	year	years	Total	reinsurers	year	years	Total	%
Total non-motor businesses	9,363	28,015	37,378	1,463	8,943	24,846	33,790	10.6
Total Special businesses	1,103	6,200	7,303	3,585	857	1,934	2,791	161.7
Total motor businesses	50,720	95,018	145,738	1,823	42,620	90,128	132,748	9.8
Total non-life businesses	61,186	129,233	190,419	6,871	52,420	116,908	169,328	12.5

The cost includes the amount incurred in 1H10 for the contribution to the guarantee fund for road-accident victims. This totalled € 4,367 thousand vs. € 3,578 thousand in 1H09.

#### 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)							
	curre	ent gene	ration	previo	previous generations		
	30/6/10	30/6/09	31/12/09	30/6/10	30/6/09	31/12/09	
Accident insurance	27.25	29.07	57.78	42.15	53.13	73.43	
Health insurance	73.92	70.00	86.43	45.94	41.87	82.68	
Motor vehicle hulls	75.20	70.78	84.49	61.79	74.00	86.82	
Fire and natural events	57.39	56.51	83.46	57.82	69.48	80.66	
Miscellaneous damages - theft	63.41	63.54	87.82	73.34	77.90	87.19	
Third-party motor liability	60.66	58.52	74.22	51.59	53.32	72.24	
Third-party general liability	44.00	39.21	70.45	20.40	27.53	36.78	

#### 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	Type of treaty
Accident	Excess claims
Motor vehicle Hulls	Excess claims
Marine Hulls	Excess claims
Cargo (goods in transit)	Excess claims
Fire and natural events	Excess claims
Miscellaneous damage	Pure premium for hail, multi-risk
	Pure premium for engineering risks
	Pure premium for ten year guarantees
Motor TPL	Excess claims
General TPL	Excess claims
Suretyship	Pure premium
Legal protection	Pure premium

Ceded premiums in 1H10 amounted to € 10,426 thousand (€ 9,025 thousand at 30 June 2009).

#### Inward reinsurance

Assistance

Acceptance of inward reinsurance risks mainly arises from participation in syndicates.

Pure premium

#### 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.

				(€/000)
S&P Rating	Current and Deposit accounts	Reinsurers' share of technical reserves	Total net balance sheet items	% of breakdown
AAA	93	377	470	1.1%
AA+	24	13	37	0.1%
AA	-306	2,374	2,068	4.8%
AA-	-6,216	14,110	7,894	18.2%
AA2	399	-	399	0.9%
A+	63	19,442	19,505	44.9%
A	-20,979	27,729	6,750	15.5%
A-	-871	2,720	1,849	4.3%
BBB+	198	67	265	0.6%
Unrated	214	4,024	4,238	9.7%
Total	-27,381	70,856	43,475	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 2010, non-life business accounts for approximately 79% of total Group premiums, with 58,5% 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.

#### 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, 21 new agencies were opened, 3 agencies were closed and other 27 were reorganised in 1H 2010. As a result, the parent company is domestically represented by 301 general agencies and 509 professional subagencies.

#### **Products**

Work continued on new-product development and on revamping of existing products. Work done during 1H10 is outlined below:

#### Life business: New Products

"Linea Previdenza Complementare (Supplementary pension-planning line)": launch of a new Vittoria individual pension plan.

#### Non-Marine business: New Products

"Linea Imprese e Professioni" (Businesses & professions line): creation of a new multi-risk product for retailers ("Multirischi Esercizi Commerciali")

"Linea Arte" (Art line): creation of four insurance products dedicated to the world of art.

A new policy was devised for TPL cover of products being exported to the USA, Canada and Mexico.

#### Motor business: New Products

"Linea Strada" (Road line): a new TPL price and new complementary cover for affinity groups.

#### Life business: Revamped Products

"Linea Investimento" (Investment line): updating of proposal chart;

"Linea Risparmio" (Savings line): updating of prospectus and of proposal chart

"Linea Protezione" (Protection line): updating of prospectus and insurance proposal.

#### Non-Marine business: Revamped Products

Insurance conditions of the following products were updated:

- "Assicurazione infortuni per la famiglia" (family accident insurance)
- "Guida Sicura" (insurance against injuries to driver in accidents caused by the latter)
- "RC Industria e Edilizia" (industry & building-industry TPL)
- "Indennità giornaliera per ricoveri" (daily hospitalization indemnity)
- "Invalidità permanente da malattia" (permanent disability caused by illness).

Local prices were updated for the following products:

- "Multirischi Aziende e Artigiani" (multi-risk cover for businesses and craft tradesmen)
- "Multirischi Casa e Famiglia" (home and family multi-risk cover)
- "Assicurazione infortuni per la famiglia" (family accident insurance)

Some conditions were adjusted for the products:

- "Rimborso spese sanitarie" (reimbursement of hospital expenses)
- "Rischi commerciali, piccole industrie e rischi vari incendio" (commercial risks, small enterprises, and miscellaneous fire risks).

Lastly the graphics were revamped of the products "Assicurazione Mutui" (Mortage insurance) and "Assicurazione Fabbricati" (Building insurance), which were included in the new Assets Line ("Linea Patrimonio").

#### Overhead costs

#### Overhead costs – direct business

In 1H10 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 € 35,655 thousand vs. € 32,239 thousand in 1H10, increasing by 10.6%.

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-entity expenses, mandatory contributions, and association membership dues.

			(€/000)
ANALYSIS OF COSTS	30/6/10	30/6/09	Change
Personnel expenses	19,220	17,368	10.7%
Other costs	13,468	12,377	8.8%
Amortisation/Depreciation	2,967	2,494	19.0%
Total cost by nature	35,655	32,239	10.6%

## 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.

			(€/000)
	30/6/10	30/6/09	Change
Gross commissions and other acquisition costs	75,778	64,515	17.5%
Profit participation and other commissions received from			
reinsurers	-3,344	-2,757	21.3%
Investment management costs	339	410	-17.3%
Other administrative costs	8,851	8,299	6.7%
Total	81,624	70,467	15.8%

# Real estate business

The profit made by the real estate business, before taxes and intersegment eliminations, amounted to € 6,626 thousand (vs. a loss of € -3,276 thousand in 1H09) and featured contributors to the income statement that, before intersegment eliminations, included:

- Income earned on properties from trading and development totalling € 10,230 thousand (€ 748 thousand in 1H09)
- Revenues from real estate brokerage and management services of € 1,076 thousand and rental income of € 102 thousand (€ 845 thousand and € 299 thousand respectively in 1H09)
- financial expenses of € 1,276 thousand (€1,665 thousand at 30 June 2009).

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 SpA - Milan

87.24% direct equity interest

This company operates in real-estate development and trading, both directly and via special-purpose real-estate companies. Revenues from the sale of property in 1H10 amounted to € 42,114 thousand. Closing inventory totalled € 47,103 thousand.

#### - Immobiliare Bilancia Srl - Milan

100% direct equity interest

This company is active in real-estate trading and development. Closing inventory totalled € 12,959 thousand.

#### - Immobiliare Bilancia Prima Srl - Milan

100% direct equity interest

The company owns a site in the municipality of Parma, for which the development project is now underway. Closing inventory amounted to € 10,265 thousand.

#### - Immobiliare Bilancia Seconda Srl - Milan

100% direct equity interest

This company, active in real-estate trading, achieved revenue on the sale of property totalling € 300 thousand. Closing inventory totalled € 715 thousand.

#### - Lauro 2000 Srl - Milan

100% direct equity interest

The company is active in property development. Closing inventory – consisting of a buildable area earmarked for use by the service industry in the Portello zone of Milan - amounted to € 131,347 thousand. Of this, € 63,886 thousand related to the future HQ of the parent company Vittoria Assicurazioni SpA.

#### - Acacia 2000 Srl - Milan

65% indirect equity interest via Immobiliare S.p.A.

The company is active in property development. Closing inventory – consisting of a buildable area for residential use in the Portello zone of Milan – amounted to € 152,063 thousand.

#### - Forum Mondadori Residenze Srl. - Milan

100% direct equity interest

At present the company is not operational.

#### - Cadorna Real Estate Srl - Milan

70% indirect equity interest via Vittoria Immobiliare S.p.A.

The company is active in the trading (after restructuring and refurbishment) of buildings located in Corso Cairoli in Turin.

Closing inventories at the end of 1H10 amounted to € 16,020 thousand.

#### - VRG Domus Srl. - Turin

51% indirect equity interest via Vittoria Immobiliare S.p.A.

During 1H10 the company continued development of its "Spina 1" real-estate operation in Turin. Revenues from the sale of property in 1H10 amounted to € 395 thousand. Closing inventory totalled € 1,073 thousand.

#### - Vaimm Sviluppo Srl - Milan

100% indirect equity interest via Vittoria Immobiliare S.p.A.

The company is active in trading (after restructuring and refurbishment of buildings). The closing inventory of the building units located in Genoa in Piazza De Ferrari, Via Orefici and Via Conservatori del Mare amounted to € 52,195 thousand. Sales during 1H10 totalled € 2,200 thousand.

#### Valsalaria Srl Rome

51% indirect equity interest via Vittoria Immobiliare S.p.A.

The company is managing a real-estate project in the municipality of Rome. Closing inventory amounted to € 5,354 thousand.

#### Real Estate Brokerage Activities

In this segment the following companies are active:

#### - Interimmobili Srl - Rome

80% indirect equity interest via Vittoria Immobiliare S.p.A.

In its real-estate brokerage activities, the company achieved commission revenue of  $\le$  2,146 thousand, before infragroup eliminations.

In 1H10 the company continued to sell properties mainly in Rome, Turin and Milan based on sales mandates given by Group companies and premier institutional investors, social security & pension agencies, and building companies.

Project management contracts acquired by Interimmobili with Group companies generated revenues of € 1,157 thousand.

#### - Vittoria Service Srl - Milan

70% direct equity interest and 30% indirect via Vittoria Immobiliare S.p.A.

The company achieved service revenues of € 25 thousand, before infragroup 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 1H10 totalled € 680 thousand.

#### Overhead costs

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

			(€/000)
ANALYSIS OF COSTS	30/6/10	30/6/09	Change
Personnel expenses	1,842	1,681	9.6%
Other costs	1,967	2,002	-1.8%
Amortisation/Depreciation	204	203	0.5%
Total cost by nature	4,013	3,886	3.3%

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

This segment showed a loss in the period, before tax and minority interest, of  $\in$  -67 thousand (profit of  $\in$ 239 thousand in 1H09).

Revenues for services rendered in 1H10 by group companies, before elimination of infragroup services, amounted to  $\in$  1,451 thousand ( $\in$ 1,932 thousand in 1H09). These revenues included  $\in$  1,274 thousand for commissions and services rendered to the direct operating parent company.

#### Overhead costs

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

			(€/000)
ANALYSIS OF COSTS	30/6/10	30/6/09	Change
Personnel expenses	251	228	10.1%
Other costs	1,283	1,472	-12.8%
Amortisation/Depreciation	3	4	-25.0%
Total cost by nature	1,537	1,704	-9.8%

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 € 2,146,752 thousand with an increase of +1.9% vs. 31/12/2009, equal to € 2,106,498 thousand.

The detailed breakdown is shown in the following table:

				(€/000)
	INVESTMENTS - CASH AND CASH EQUIVALENTS - PROPERTY	30/06/2010	31/12/2009	Change
Α	Investments in subsidiaries and associates and interests in joint ventures	99,806	99,898	-0.1%
В	Held to maturity investments	94,901	94,717	0.2%
	Loans and receivables	46,117	43,227	6.7%
	- Reinsurance deposits	281	280	
	- Other loans and receivables	45,836	42,947	
С	Financial assets available for sale	1,317,878	1,264,299	4.2%
	- Equity investments	40,443	43,974	
	- OEIC units	10,328	6,705	
	- Bonds and other fixed-interest securities	1,267,107	1,213,620	
	Financial assets at fair value through profit or loss	82,717	86,010	-3.8%
D	Financial assets held for trading	5,087	6,400	-20.5%
	- Bonds and other fixed-interest securities held for trading	5,087	6,400	
Ε	Financial assets at fair value through profit or loss	77,630	79,610	-2.5%
	- Investments where policyholders bear the risk	77,630	79,610	
	Cash and cash equivalents	60,457	66,895	-9.6%
F	Property	444,876	451,452	-1.5%
	Property under construction	283,460	301,210	
	Property held for trading	81,749	78,998	
	Owner-occupied property	79,667	71,244	
	TOTAL INVESTMENTS	2,146,752	2,106,498	1.9%
	of which			
	investments where the Group bears the risk	2,069,122	2,026,888	2.1%
_	investments where policyholders bear the risk	77,630	79,610	-2.5%

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

										(€/000)	
Investments - Cash and cash equivalents - Property	Insura Busir			Real Estate Service Business Business				Interseg Elimina		To	tal
,	30/06/2010	31/12/2009	30/06/2010	31/12/2009	30/06/2010	31/12/2009	30/06/2010	31/12/2009	30/06/2010	31/12/2009	
Investments in subsidiaries	172,501	157,116	-	-	-	-	-172,501	-157,116	-	-	
Investments in associates	97,743	97,898	3,531	3,459	75	60	-1,543	-1,519	99,806	99,898	
Held to maturity investments	94,901	94,717	-	-	_	-	-	-	94,901	94,717	
Reinsurance deposits	281	280	-	-	-	-	-	-	281	280	
Other loans and receivables	31,646	31,780	14,490	11,731	-	-	-300	-564	45,836	42,947	
Financial assets available for sale											
Equity investments	40,218	43,750	175	174	50	50	-	-	40,443	43,974	
OEIC units	10,328	6,705	-	-	-	-	-	-	10,328	6,705	
Bonds and other fixed-interest securities	1,267,107	1,213,620	-	=	_	=	-	-	1,267,107	1,213,620	
Financial assets at fair value through profit or											
loss: Investments where policyholders bear the risk	77.630	79.610							77.630	79.610	
5	77,630	79,010	-				-	_	77,630	79,610	
Financial assets held for trading: Bonds and other fixed-interest securities	5.087	6.400	_	_	_	_	_	_	5.087	6.400	
Cash and cash equivalents	32.004	40.969	25.929	24.283	2.524	1.643	_		60.457	66.895	
Property under construction	-	-	260,136	277,886	_	-	23,324	23,324	283,460	301,210	
Property held for trading	-	-	81,749	78,998	-	-	-		81,749	78,998	
Owner-occupied property	10,714	10,820	52,919	44,390	-	-	16,034	16,034	79,667	71,244	
Total	1,840,160	1,783,665	438,929	440,921	2,649	1,753	-134,986	-119,841	2,146,752	2,106,498	

#### Investments with risk borne by Group

Investments with risks borne by the Group totalled  $\in$  2,069,122 thousand ( $\in$  2,026,888 thousand as at 31 December 2009).

The following transactions took place during 1H10:

#### 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 € 98 thousand.

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

- Purchases of Italian government securities = € 182,730 thousand
- Purchases of shares in a money market fund = € 4,000 thousand
- Downall Italia S.r.l.: paid € 12 thousand to cover losses and reconstruct capital
- Receipt of € 49 thousand as a partial advance for liquidation of the Swissair bond in default, recognised as a gain
- Sale of Italian government securities for € 32,720 thousand, making a capital gain of € 217 thousand
- Partial redemption of closed real estate investment trusts for € 63 thousand
- Repayment of corporate bonds = € 95,600 thousand

#### D) 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) = € 328 thousand
- Repayment of corporate bonds for € 1,512 thousand realising a capital gain of € 39 thousand.

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

As at 30 June 2010 these investments amounted to € 77,630 thousand, with an increase of 2.3% YoY. Of this amount, € 68,392 thousand related to unit- and index-linked policies and € 9,238 thousand to the open-ended pension fund Vittoria Formula Lavoro.

There was total net income of 1,889 thousand (€ 4,896 thousand as at 30 June 2009).

Their breakdown was as shown in the following table:

			(€/000)
	30/06/10	31/12/09	Change %
Equity investments	7,386	6,492	13.8
Unit trusts and OEICs	34,205	33,311	2.7
Bonds and other fixed-interest securities	17,743	16,537	7.3
Index-linked derivative notes	12,049	14,143	-14.8
Total Investments in securities	71,384	70,483	1.3
Cash and other assets	6,246	9,127	-31.6
Investments benefiting policyholders who bear relating risk and those aring from pension fund management		79,610	-2.5

As at 30 June 2010 the status of the three segments of Vittoria Assicurazioni's open-ended pension fund was as follows:

	Men	nbers	Ass	ets
			(€/00	00)
	30/06/10	31/12/09	30/06/10	31/12/09
Previdenza Garantita	292	288	2,525	2,339
Previdenza Equilibrata	325	314	3,115	2,979
Previdenza Capitalizzata	376	378	3,597	3,504

#### F) Investments in property

As at 30 June 2010, real estate assets totalled € 444,876 thousand (-1.5% vs. 31 December 2009).

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

			(€/000)
	30/06/2010	31/12/2009	Change
Property under construction:			
- Gross carrying amount	252,587	270,337	-6.6%
<ul> <li>Alignment with fair value of property acquired in business combinations</li> </ul>	30,873	30,873	0.0%
Total property under construction	283,460	301,210	-5.9%
Property held for trading	81,749	78,998	3.5%
Owner-occupied property:			
- Held by the parent	10,714	10,820	-1.0%
- Held by subsidiaries	52,919	44,390	19.2%
<ul> <li>Alignment with fair value of property acquired in business combinations</li> </ul>	40.004	10.004	
	16,034	16,034	
Total owner-occupied property	79,667	71,244	11.8%
Total	444,876	451,452	-1.5%

# Changes occurring in the period were the following:

				(€/000)
	Property under construction	Property held for trading	Owner- occupied property	Total
Balance as at 01/01/2010	301,210	78,998	71,244	451,452
Purchase and capitalised interests paid				
- MILANO - Portello Area (via Acacia 2000 S.r.l. and Lauro 2000 S.r.l.)	10,610	-	8,598	19,208
- PARMA (via Immobiliare Bilancia Prima S.r.l.)	30	-	-	30
- SAN DONATO MILANESE (MI) - (via Immobiliare Bilancia Prima S.r.l.)	508	-	-	508
- SAN DONATO MILANESE (MI) - (via Vittoria Immobiliare S.p.A.)	3,208	-	-	3,208
- ROMA (via Valsalaria S.r.l.)	138	-	-	138
- TORINO - Villar Focchiardo Street - (via Vittoria Immobiliare S.p.A.)	387	-	-	387
- GENOVA - De Ferrari Sq., Conservatori del Mare Str., Orefici Str. (via Vaimm Sviluppo S.r.l.)	-	2,808	-	2,808
- GENOVA - Venezia Street (via Immobiliare Bilancia S.r.l.)	-	186	-	186
- TORINO - Cairoli Street (via Cadorna Real Estate S.r.l.)	-	1,421	-	1,421
- Miscellaneous	52	427	0	479
Total purchase and capitalised interests paid	14,933	4,842	8,598	28,373
Sales: - GENOVA - De Ferrari Sq., Conservatori del Mare Str., Orefici Str. (via Vaimm Sviluppo S.r.l.)	-	(2,200)	-	(2,200)
- TORINO - "Villarfocchiardo" (via Vittoria Immobiliare S.p.A.)	(4,867)	-	-	(4,867)
- PESCHIERA BORROMEO (MI) - (via Vittoria Immobiliare S.p.A.)	(1,458)	-	-	(1,458)
- ROMA - Ugo Ojetti Street (via Immobiliare Bilancia Seconda S.r.l.)	-	(300)	-	(300)
- TORINO - "Spina 1" (via V.R.G. Domus S.r.l.)	(394)	-	-	(394)
- MILANO - San Donato Milanese (via Vittoria Immobiliare S.p.A.)	(35,790)	-	-	(35,790)
- Miscellaneous	- (40.500)	(10)	-	(10)
Total sales	(42,509)	(2,510)	0	(45,019)
Depreciations	-	-	(175)	(175)
Recognised gains	9,826	419	-	10,245
Balance as at 30/06/2010	283,460	81,749	79,667	444,876

#### Investments in associate companies and joint ventures (section A of earlier table)

The main associate and joint-venture companies' performance is described below:

#### Yam Invest N.V. Group – The Netherlands

Direct equity interest: 18.75%.

Yam Invest N.V. Group is a joint venture that is a strategic investment, with the function of monitoring, developing and managing initiatives in the real estate and services sectors in the European market.

As up to 30 June 2010 it showed a total net loss of € -2,387 thousand, of which Vittoria Assicurazioni's share was € -448 thousand.

#### Laumor Holdings S.a.r.l. - Luxembourg

Direct equity interest: 29.00%

This associate company selects and aggregates important international players to aid the creation of value in private equity investments in Europe. The accounts prepared for the purposes of Vittoria Assicurazioni's consolidated half-year financial statements showed a total net profit of € 7 thousand, of which the Group's share was € 2 thousand.

#### White Finance S.A. - Luxembourg

Direct equity interest: 32.17%

This associate company selects and aggregates important international players to aid the creation of value in private equity investments in Europe. The accounts prepared for the purposes of Vittoria Assicurazioni's consolidated half-year financial statements showed a total net loss of € -3,109 thousand, of which the Group's share was € -1,000 thousand.

#### Gima Finance S.A. - Luxembourg

Direct equity interest: 32.13%

This associate company selects and aggregates important international players to aid the creation of value in private equity investments in Europe. The accounts prepared for the purposes of Vittoria Assicurazioni's consolidated half-year financial statements showed a total net loss of € -866 thousand, of which the Group's share was € -285 thousand.

#### S.In.T. S.p.A. - Italy

Direct equity interest: 48,19%

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

In 1H10 the company reported a net profit of € 11 thousand.

#### Yarpa S.p.A. - Italy

Direct equity interest: 25.90%

Yarpa S.p.A. acts as a holding company and holds a portfolio of long-lasting equity investments. It owns 100% of Yarpa Consulting S.r.I., a company active in advisory and financial consulting services, and 100% of Yarpa Investimenti SGR S.p.A., a company active in the management of closed investment and real estate funds. In addition, in December 2009 it set up YLF SpA, a company wholly owned, created to manage private equity investments in the Italian market on a joint-venture basis with LBO France, and whose capital will be opened up to financial investors during 2010.

#### Sivim S.r.l. - Italy

Equity interest: 49.50% via Vittoria Immobiliare S.p.A.

This associate is a property company.

#### Rovimmobiliare S.r.l. - Italy

Equity interest: 50.00% via Vittoria Immobiliare S.p.A.

This associate is a property company.

#### Mosaico S.p.A. - Italy

Equity interest: 25.00% via Vittoria Immobiliare S.p.A.

This associate is a property company involved in a development project at Collegno (TO).

#### Pama & Partners S.r.l. - Italy

Equity interest: 25.00% via Vittoria Immobiliare S.p.A.

This associate is a property company.

#### VP Sviluppo 2015 S.r.l. – Italy

Equity interest: 40.00% via Vittoria Immobiliare S.p.A.

This associate is managing a development project in Peschiera Borromeo (Milan).

#### VZ Real Estate S.r.l. - Italy

Equity interest: 49.00% via Vittoria Immobiliare S.p.A.

This associate is managing a refurbishment operation in Via Don Gnocchi in Milan.

#### Fiori di S. Bovio S.r.l. - Italy

Equity interest: 40.00% via Vittoria Immobiliare S.p.A

This associate is a property company involved in a development project in Peschiera Borromeo (Milan).

#### Valsalaria A.11 S.r.l. – Italy

Equity interest: 40.00% via Vittoria Immobiliare S.p.A

This associate is a property company, owner of lands in Rome.

#### Consorzio Movincom S.c.r.l. - Italy

Direct equity interest of 0.98% and 38.80% via Vittoria.Net S.r.l.

The associate is a company dedicated to the development of payment systems using the mobile phone.

#### Spefin Finanziaria S.p.A. - Italy

Equity interest: 21.00% via Vittoria Service S.r.l.

The associate operates as a non-banking intermediary in personal loans (20% salary-assignment loans), focusing on the public administration and state-owned sectors.

#### Le Api S.r.l. - Italy

Equity interest: 30.00% via Interbilancia S.r.l.

The associate is a service company.

At 30 June 2010 it shows € 49 thousand in net profit for the year.

# 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.

			(€/000)
FINANCIAL LIABILITIES	30/06/2010	31/12/2009	Change
Financial liabilities where the investment risk is borne by policyholders and arising from pension fund management	77,630	79,610	-2.5%
<ul> <li>Financial liabilities where the investment risk is borne by policyholders relating to index- and unit-linked policies</li> <li>Financial liabilities where the investment risk is borne</li> </ul>	68,392	70,789	
by policyholders relating to pension funds	9,238	8,821	
Othe financial liabilities	304,027	319,804	-4.9%
- Reinsurance deposits	23,554	23,554	
- Payables to banks	252,686	265,390	
- Other financial payables	9,485	9,282	
- Other financial liabilities	15,896	17,310	
- Subordinated liabilities	2,406	4,268	
TOTAL FINANCIAL LIABILITIES	381,657	399,414	-4.4%

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

										(€/000)
Financial liabilities	Insur Busi 30/06/2010	ness		ness	Busi	vice ness 31/12/2009	Elimir	egment nations 31/12/2009	To <sup>-</sup> 30/06/2010	
Financial liabilities where the investment risk is borne by policyholders relating to index- and unit-linked policies	68,392		-	- 31/12/2009	-	- 31/12/2009	-		68,392	<b>31/12/2009</b> 70,789
Financial liabilities where the investment risk is borne by policyholders relating to pension funds	9,238	8,821	_	_	_	_	-	-	9,238	8,821
Reinsurance deposits	23,554	23,554	-	-	-	-	-	-	23,554	23,554
Payables to banks	-	-	252,686	265,390	-	-	-	-	252,686	265,390
Other financial payables	-	-	9,485	9,282	-	-	-	-	9,485	9,282
Other financial liabilities	15,896	17,310	-	-	-	-	-	-	15,896	17,310
Subordinated liabilities	2,406	4,268	-	-	-	-	-	-	2,406	4,268
Total	119,486	124,742	262,171	274,672	_				381,657	399,414

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 2010 of net gains on investments, with separate disclosure of investments where the risk is borne by life policyholders.

·	(€/000					
Gains and losses on investments		Unrealised gains/ (losses)	HY10 total net gains/(losses)	HY09 total net gains/(losses)		
Investments	25,465	-798	24,667	28,399		
From:						
a investment property	=	-	-	=		
b investments in subsidiaries and associates and interests in joint ventures	-2,172	=	-2,172	-886		
c held to maturity investments	2,113	-	2,113	2,312		
d loans and receivables	273		273			
e financial assets available for sale	22,674	=	22,674	21,798		
f financial assets held for trading	54	-164	-110	123		
g financial assets at fair value through profit or loss	2,523	-634	1,889	4,896		
Other receivables	295	-	295	366		
Cash and cash equivalents	305	-	305	635		
Financial liabilities	-1,928	-1,889	-3,817	-7,285		
From:						
a financial liabilities held for trading	-	=	-	-		
b financial liabilities at fair value through profit or loss	-	-1,889	-1,889	-4,896		
c other financial liabilities	-1,928	=	-1,928	-2,389		
Payables	-	-	-	-		
Total gains and losses on financial instruments	24,137	-2,687	21,450	22,115		
Real estate business						
From:						
a Gains on property trading	10,230	-	10,230	748		
c Rent income on owner-occupied property and property held for trading	219	-	219	299		
Total real estate business	10,449	_	10,449	1,047		
Total gains and losses on investments	34,586	-2,687	31,899	23,162		

Net gains with risk borne by the Group rose from  $\leqslant$  23,162 thousand to  $\leqslant$  31,899 thousand, with a +37.7% increase vs. 1H09, thanks to trading and development margins. As up to 30 June 2010 the weighted average return on "Bonds and other fixed-income securities" was 3.8% as compared with 4.0% in 1H09.

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

(€/000)												
Net income on investments	Insurance Business		Real Estate Business		Service Business		Intersegment Eliminations		Total			
	30/6/10	30/6/09	30/6/10	30/6/09	30/6/10	30/6/09	30/6/10	30/6/09	30/6/10	30/6/09		
Gains or losses on remeasurement of financial												
instruments at fair value through profit or loss	-110	123	-	-	-	-	-	-	-110	123		
Gains or losses on investments in subsidiaries												
and associates and interests in joint ventures	-550	1,869	-642	19	15	13	-995	-2,787	-2,172	-886		
Gains or losses on other financial instruments and												
investment property	24,664	24,268	-931	-1,388	-1	-2	-	-	23,732	22,878		
Gains on property trading	-	-	10,230	748	-	-	-	-	10,230	748		
Revenue from work in progress (percentage of												
completion)	-	-	-	-	-	-	-	-	-	-		
Rent income on owner-occupied property and pro	117	107	102	237	-	-	-	-45	219	299		
Total	24,121	26,367	8,759	-384	14	11	-995	-2,832	31,899	23,162		

# 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.

				(€/000)
Investment nature	Amount 30/06/2010	% of breakdown	Amount 31/12/2009	% of breakdown
DEBT SECURITIES	1,366,591	96.4%	1,313,929	96.2%
Listed treasury bonds:	1,125,743	79.4%	1,236,666	90.5%
Fixed-interest rate	887,648	62.6%	931,405	68.2%
Variable interest rate	238,095	16.8%	305,261	22.3%
Unlisted treasury bonds:	2,127	0.2%	2,324	0.2%
Fixed-interest rate	174	0.0%	-	0.0%
Variable interest rate	1,953	0.1%	2,324	0.2%
Listed corporate bonds:	231,020	16.3%	60,036	4.4%
Fixed-interest rate	205,875	14.5%	46,480	3.4%
Variable interest rate	25,145	1.8%	13,556	1.0%
Unlisted corporate bonds:	324	0.0%	225	0.0%
Fixed-interest rate	39	0.0%	225	0.0%
Variable interest rate	285	0.0%	-	0.0%
Bonds of supranational issuers:	7,377	0.5%	14,678	1.1%
Fixed-interest rate	7,377	0.5%	14,678	1.1%
Variable interest rate	· -	0.0%	, <u>-</u>	0.0%
of which				
Total fixed-interest securities	1,101,113	80.6%	992,788	75.6%
Total variable-interest securities	265,478	19.4%	321,141	24.4%
Total debt securities	1,366,591	100.0%	1,313,929	100.0%
of which			·	
Total listed securities	1,364,140	99.8%	1,311,380	99.8%
Total unlisted securities	2,451	0.2%	2,549	0.2%
Total debt securities	1,366,591	100.0%	1,313,929	100.0%
	.,,		.,,	
EQUITY INSTRUMENTS	40,443	2.9%	43,974	3.2%
listed shares	15,406	1.1%	19,060	1.4%
unlisted equity instruments	25,037	1.8%	24,914	1.8%
	.,	- 1	,,,,,,,	
DERIVATIVES	504	0.0%	808	0.1%
Non-hedging derivatives	504	0.0%	808	0.1%
OEIC UNITS	10,328	0.7%	6,705	0.5%
TOTAL	1,417,866	100.0%	1,365,415	100.0%

The fixed-income securities portfolio has a duration of 4.3 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 € 1,101,114 thousand (80.6% of the bond portfolio with investment risk borne by the Group).

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  $\pm 100$  basis points (bp).

	(€ '000)
Fixed-interest securities at fair value	Amount
Carrying amount as at 30/06/2010	1,001,784 (1)
Change 100 BP increase 100 BP decrease	-47,612 51,729

(1) of which Euro 541,475 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 € 265,478 thousand (19.4% 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 € 2,696 thousand and € 2,291 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

(€/000)

Maturity	Amount	% of breakdown
< 1 year	76,298	6.9%
1 <x<2< td=""><td>139,090</td><td>12.6%</td></x<2<>	139,090	12.6%
2 <x<3< td=""><td>26,465</td><td>2.4%</td></x<3<>	26,465	2.4%
3 <x<4< td=""><td>100,976</td><td>9.2%</td></x<4<>	100,976	9.2%
4 <x<5< td=""><td>140,232</td><td>12.7%</td></x<5<>	140,232	12.7%
5 <x<10< td=""><td>548,929</td><td>49.9%</td></x<10<>	548,929	49.9%
more	69,123	6.3%
Total	1,101,113	100.0%

### Variable - interest securities

(€/000)

Tipe of rate	Indexation	Amount	% of breakdown
Constant mat. Swap	Euroswap 10Y	30,540	11.5%
Constant mat. Swap	Euroswap 30Y	8,231	3.1%
variabile	3 months tresury bonds	2,238	0.8%
Variable	6 months tresury bonds	213,941	80.6%
Variable	other	10,528	4.0%
Total		265,478	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 € 154,952 thousand.

In order to indicate their sensitivity, taking into account the hedging operation set up by Acacia 2000 SrI it is noted that a 100-bp increase would increase interest expense by € 1,545 thousand. Vice versa, a 100-bp decrease would reduce interest expense by € 1,545 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 30.06.2010, equity attributable to parent company shareholders would have decreased by € 1,541 thousand.

The Group is not exposed to foreign exchange risk since, as at 30.06.2010, 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 30.06.2010 financial assets listed in a regulated market accounted for over 99% 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 30.06.2010 nearly all bonds held by the group were rated as investment grade.

			(€/000)
Rating (Standard & Poor's)		Amounts	% of breakdown
AAA		201,972	14.8%
AA+ / AA-		41,952	3.1%
A+ / A-		1,062,371	77.7%
BBB+ / BBB-	_	10,528	0.8%
	Total investment grade	1,316,823	96.4%
Non investment grade	•	5,396	0.4%
Not rated		44,372	3.2%
Total		1,366,591	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 2010 with group companies, excluding those with companies consolidated on a 100% line-by-line basis.

Related parties	Other receivables	Loans	Commitments for subscription of private equity investments	Revenues	(€/000) Costs
Associates	606	19,490	15,896	162	-
Total	606	19,490	15,896	162	-

# Transactions and relationships with subsidiaries

The parent company Vittoria Assicurazioni S.p.A. has confirmed for the 3-year period 2008-2010 the option for domestic tax consolidation (Article 117 et seq. of Italian Presidential Decree no. 917 of 22 December 1986) with the subsidiaries Immobiliare Bilancia S.r.I., Immobiliare Bilancia Seconda S.r.I. and Immobiliare Bilancia Terza S.r.I.. As from FY2008 and once again for the 3-year period 2008-2010, the subsidiaries Lauro 2000 S.r.I. and Acacia 2000 S.r.I. were included in the scope of tax consolidation. During 2009 the domestic tax consolidation option was renewed for the companies Vittoria Immobiliare S.p.A., Gestimmobili S.r.I. and Interimmobili S.r.I. and was exercised also for the subsidiaries Forum Mondadori Residenze S.r.I. e Interbilancia S.r.I.

As regards 2010, Vittoria Assicurazioni S.p.A., as the parent company, has exercised the option for group settlement of VAT pursuant to the Ministry Decree of 13 December 1979. This option has been taken up, in their capacity as subsidiaries, by the companies Forum Mondadori Residenze S.r.I., Immobiliare Bilancia Terza S.r.I., Gestimmobili S.r.I., Interimmobili S.r.I. and Vittoria Properties S.r.I..

# 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.

# Relations and transactions with associates and joint ventures

Yam Invest N.V. – Netherlands 18.75% direct equity interest
White Finance S.A. – Luxembourg
Yarpa S.p.A. – Genoa 25.90% direct equity interest

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

# Laumor Holdings S.a.r.l. - Luxembourg

29.00% direct equity interest

Vittoria Assicurazioni has recognised € 14 thousand under loans to associates and under financial liabilities for the commitment to subscribe to private equity investments through the associate.

# Gima Finance S.A. - Luxembourg

32.13% direct equity interest

Vittoria Assicurazioni has recognised € 15,882 thousand under loans to associates and under financial liabilities for the commitment to subscribe to private equity investments through the associate.

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

48.19% direct equity interest

The parent company used the services of S.In.T. S.p.A. for commercial agreements made by the parent company, for an aggregate cost of € 418 thousand plus VAT.

# Mosaico S.p.A. – Turin

25.00% equity interest via Vittoria Immobiliare S.p.A.

The subsidiary Vittoria Immobiliare S.p.A. granted the associate a non-interest bearing shareholder loan, which has a balance of € 607 thousand.

### Pama & Partners S.r.l. - Genoa

25.00% equity interest via Vittoria Immobiliare S.p.A.

The subsidiary Vittoria Immobiliare S.p.A. granted the associate a non-interest bearing shareholder loan, which has a balance of € 500 thousand.

# Sivim S.r.l. – Milan

49.50% equity interest via Vittoria Immobiliare S.p.A.

The subsidiary Vittoria Immobiliare S.p.A. gave the associate as a non-interest bearing shareholder loan, which has a balance of € 1.116 thousand.

# Rovimmobiliare S.r.l. - Rome

50.00% equity interest via Vittoria Immobiliare S.p.A.

The subsidiary Vittoria Immobiliare S.p.A. gave the associate a non-interest bearing shareholder loan, which has a balance of € 278 thousand.

## VP Sviluppo 2015 S.r.l. – Milan

40.00% equity interest via Vittoria Immobiliare S.p.A.

The subsidiary Vittoria Immobiliare S.p.A. gave the associate an interest bearing shareholder loan, which has a balance of € 5,130 thousand.

# VZ Real Estate S.r.l. - Turin

49.00% equity interest via Vittoria Immobiliare S.p.A.

The subsidiary Vittoria Immobiliare S.p.A. gave the associate a non-interest bearing shareholder loan, which has a balance of € 3,023 thousand.

# Fiori di S.Bovio S.r.l. – Milan

40.00% equity interest via Vittoria Immobiliare S.p.A.

The subsidiary Vittoria Immobiliare S.p.A. gave the associate a non-interest bearing shareholder loan, which has a balance of € 740 thousand.

# Valsalaria A.11 S.r.l. - Rome

40.00% equity interest via Vittoria Immobiliare S.p.A.

The subsidiary Vittoria Immobiliare S.p.A. acquired, together with participating interest, a shareholder loan which has a balance of € 3,097 thousand.

# Le Api S.r.l. - Milan

30.00% equity interest via Interbilancia S.r.l.

The associate provided the parent company with services for € 687 thousand plus VAT.

# Spefin Finanziaria S.p.A. - Rome

21.00% equity interest via Vittoria Service S.r.l.

The parent company granted the associate a non-interest bearing loan, which has a balance of € 5.000 thousand.

# Consorzio Movincom S.c.r.l. – Turin

Direct equity interest of 0.98% and of 38.80% via Vittoria.Net S.r.l.

The associated billed the parent company for fees of € 7 thousand plus VAT.

# Significant events occurring after the reporting period

# Real Estate Business

On 25 June 2010 the Quotaholders' Meeting of Lauro 2000 S.r.l. resolved a capital increase of  $\in$  6,250 thousand nominal with premium of  $\in$  18,750 thousand – to be executed in several tranches, by 30 June 2011. The company's Board of Director, which met on the same date, decided to ask the sole quotaholder Vittoria Assicurazioni S.p.A. to pay in an initial tranche of  $\in$  1,250 thousand nominal, with premium of  $\in$  3,750 thousand, to be paid in by 15 July 2010. The capital increase was subscribed and paid in on 8 July 2010.

As at that date Lauro 2000's capital therefore amounted to € 25,000 thousand.

The Board of Directors

Milan, 30 July 2010

Consolidated interim financial statements as at and for the six months ended 30 June 2010

- /	0	1	$\cap$	2
- (	€/	U	U	U)

					(€/000)
		Note	30/06/2010	31/12/2009	31/12/2009 not restated
1	INTANGIBLE ASSETS		33,990	31,940	31,940
1.1	Goodwill	1	1,795	1,795	1,795
	Other intangible assets	2	32,195	30,145	30,145
2	PROPERTY, PLANT AND EQUIPMENT		449,006	455,593	443,125
2.1	Property	2	444,876	451,452	438,984
2.2	Other items of property, plant and equipment	2	4,130	4,141	4,141
3	REINSURERS' SHARE OF TECHNICAL RESERVES	3	72,220	74,226	74,226
4	INVESTMENTS		1,641,419	1,588,151	1,588,151
4.1	Investment property		0	0	0
4.2	Investments in subsidiaries and associates and interests in joint ve	4	99,806	99,898	99,898
4.3	Held to maturity investments	5	94,901	94,717	94,717
4.4	Loans and receivables	5	46,117	43,227	43,227
4.5	Financial assets available for sale	5	1,317,878	1,264,299	1,264,299
4.6	Financial assets at fair value through profit or loss	5	82,717	86,010	86,010
5	OTHER RECEIVABLES		176,900	196,542	196,542
5.1	Receivables relating to direct insurance	6	146,719	151,404	151,404
5.2	Receivables relating to reinsurance business	7	5,530	5,303	5,303
5.3	Other receivables	8	24,651	39,835	39,835
6	OTHER ASSETS		67,215	66,471	66,667
6.1	Non-current assets or assets of a disposal group classified as		0	0	0
0.1	held for sale		U	U	U
6.2	Deferred acquisition costs	9	7,584	7,154	7,154
6.3	Deferred tax assets	10	24,174	21,110	21,306
6.4	Current tax assets	11	29,962	33,782	33,782
6.5	Other assets	12	5,495	4,425	4,425
7	CASH AND CASH EQUIVALENTS	13	60,457	66,895	66,895
	TOTAL ASSETS		2,501,207	2,479,818	2,467,546

(€/000)

				(€/000)	
		Note	30/06/2010	31/12/2009	31/12/2009
		11010			not restated
1	EQUITY		375,468	378,576	382,923
1.1	attributable to the shareholders of the parent		349,394	353,088	356,056
1.1.1	Share capital	14	66,516	65,789	65,789
1.1.2	Other equity instruments	14	184	319	
1.1.3	Equity-related reserves	14	32,538	31,412	31,412
1.1.4	Income-related and other reserves	14	218,889	215,547	216,124
1.1.5	(Treasury shares)	14	0	0	0
1.1.6	Translation reserve	14	-174	-197	-197
1.1.7	Fair value reserve	14	20,900	25,635	25,635
1.1.8	Other gains or losses recognised directly in equity	14	159	50	50
1.1.9	Profit for the year attributable to the shareholders of the parent		10,382	14,533	16,924
1.2	attributable to minority interests	14	26,074	25,488	26,867
1.2.1	Share capital and reserves attributable to minority interests		25,445	27,270	27,502
1.2.2	Gains or losses recognised directly in equity		0	0	0
1.2.3	Profit for the year attributable to minority interests		629	-1,782	-635
2	PROVISIONS	15	3,442	3,021	3,021
3	TECHNICAL RESERVES	16	1,616,147	1,554,039	1,556,341
4	FINANCIAL LIABILITIES		381,657	399,414	399,414
4.1	Financial liabilities at fair value through profit or loss	17	77,630	79,610	79,610
4.2	Other financial liabilities	17	304,027	319,804	319,804
5	PAYABLES		69,164	85,375	64,216
5.1	Payables arising from direct insurance business	18	7,481	7,098	7,098
5.2	Payables arising from reinsurance business	19	9,638	7,451	7,451
5.3	Other sums payable	20	52,045	70,826	49,667
6	OTHER LIABILITIES		55,329	59,393	61,631
6.1	Liabilities of a disposal group held for sale		0	0	0
6.2	Deferred tax liabilities	21	31,667	31,377	33,607
6.3	Current tax liabilities	22	148	230	230
6.4	Other liabilities	23	23,514	27,786	27,794
	TOTAL EQUITY AND LIABILITIES		2,501,207	2,479,818	2,467,546

(£)	'n	$\cap$	U)	
(0)	U	v	υ,	

INCOM	ME (LOSS) STATEMENT	Note	30/6/10	30/6/09	30/06/2009 not restated
1.1	Net premiums		359,610	291,607	291,607
1.1.1	Gross premiums	24	368,011	301,621	301,621
1.1.2	Ceded premiums	24	8,401	10,014	10,014
1.2	Commission income	25	430	354	354
1.3	Gains or losses on remeasurement of financial instruments at fair	26	-110	123	123
1.4	value through profit or loss Gains on investments in subsidiaries and associates and interests in joint ventures	26	203	991	991
1.5	Gains on other financial instruments and investment property	26	25,660	46,990	46,990
1.5.1	Interest income	20	25,049	25,143	25,143
1.5.2	Other income		344	138	138
1.5.3	Realised gains		267	82	82
1.5.4	Unrealised gains		267	02	02
1.6		27		E 60E	7 009
	Other income	21	17,444	5,605	7,998
1	TOTAL REVENUE		403,237	573,576	573,576
2.1	Net charges relating to claims	0.4	285,639	375,909	375,909
2.1.1	Amounts paid and change in technical reserves	24	286,355	245,767	246,424
2.1.2	Reinsurers' share	24	-716	-18,370	-18,370
2.2	Commission expense	28	54	73	73
2.3	Losses on investments in subsidiaries and associates and interests in joint ventures	26	2,375	1,877	1,877
2.4	Losses on other financial instruments and investment property	26	1,928	2,486	2,486
2.4.1	Interest expense		1,928	2,389	2,389
2.4.2	Other expense		0	0	0
2.4.3	Realised losses		0	97	97
2.4.4	Unrealised losses		0	0	0
2.5	Operating costs		85,309	74,029	74,029
2.5.1	Commissions and other acquisition costs	29	71,159	60,118	60,118
2.5.2	Investment management costs	29	339	410	410
2.5.3	Other administrative costs	29	13,811	13,501	13,501
2.6	Other costs	30	8,710	6,717	6,725
2	TOTAL COSTS		384,015	312,579	313,244
_	PROFIT FOR THE YEAR BEFORE TAXATION		19,222	11,465	13,193
3	Income taxes	31	8,211	4,724	5,265
	PROFIT FOR THE YEAR	<u> </u>	11,011	6,741	7,928
4	GAIN (LOSS) ON DISCONTINUED OPERATIONS		11,011	0,741	
	CONSOLIDATED PROFIT (LOSS)		11,011	6,741	7,928
	of which attributable to the shareholders of the parent		10,382	7,335	8,193
	of which attibutable to minority interests	14	629	-594	-265
	por which attributable to minority interests	14	029	- <del>-534</del>	0
	Basic EARNINGS per share		0.16	0.11	0.12
	Diluted EARNINGS per share		0.15	0.11	0.12

OTHER COMPREHENSIVE INCOME (LOSS)	30/06/2010	30/06/2009	30/06/2009 not restated
CONSOLIDATED PROFIT (LOSS)	11,011	6,741	7,928
Translation reserve	23	-399	-399
Fair value reserve	-4,735	6,750	6,750
Hedging reserve	0	0	0
Gains or losses on hedging instruments of net investment in foreign operations	0	0	0
Reserve for changes in the equity of investees	109	76	76
Intangible asset revaluation reserve	0	0	0
Property, plant and equipment revaluation reserve	0	0	0
Gains or losses on non-current assets or assets of a disposal group classified as held for sale	0	0	0
Other reserves	0	0	0
OTHER COMPREHENSIVE INCOME (LOSS) NET OF TAX	-4,603	6,427	6,427
COMPREHENSIVE INCOME (LOSS)	6,408	13,168	14,355
of which attributable to the shareholders of the parent	5,779	13,762	14,620
of which attibutable to minority interests	629	-594	-265

# Calculation of earnings per share

		30/06/10	30/06/09	31/12/09
Profit for the year attributable to the shareholders of the parent	Euro	10,381,852	7,335,079	14,532,620
Average number of shares	N.	66,516,198	65,766,210	65,788,948
Basic earnings per share	Euro	0.16	0.11	0.22
Adjustments				
Financial charges on the convertible subordinated bond	Euro	59,355	102,396	206,998
issue Number of potential shares	N.	983,802	1,733,790	1,711,052
Adjusted profit for the year attributable to the shareholder	s Euro	10,441,207	7,437,475	14,739,618
of the parent Adjusted average number of shares	N.	67,500,000	67,500,000	67,500,000
Diluted earnings per share	Euro	0.15	0.11	0.22

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 vitroria Assicurazioni S.p.A. Consolidated interim financial statements as at 30 June 2010

													(€/000)
		Balance at 31/12/2008	Adjustment to closing balance	Allocation	Reclass, to profit or loss	Other Balance reclassifications at 30/06/2009	Balance at 30/06/2009	Balance at 31/12/2009	Adjustment to closing balance	Allocation	Reclass. to profit or loss	Other Balance reclassifications at 30/06/2010	Balance at 30/06/2010
	Share capital	65,766	0	11		0	65,777	62,789	0	727		0	66,516
	Other equity instruments	323	0	-2		0	321	319	0	-135		0	184
Eduity	Equity-related reserves	31,378	0	17		0	31,395	31,412	0	1,126		0	32,538
attributable to	Income-related and other reserves	207,129	0	20,170		-11,180	216,119	216,124	1 -2,975	16,924		-11,184	218,889
shareholders	(Treasury shares)	0	0	0		0	0	0	0	0		0	0
of the parent	Profit ((Loss) for the year	20,170	0	-11,977		0	8,193	16,924	0	-6,542		0	10,382
	Other comprehensive income	080'6	0	6,427	0	0	15,507	25,488	0	-4,508	96-	10	20,885
	Total attributable to the shareholders of the parent	333,846	0	14,646	0	-11,180	337,312	356,056	-2,975	7,592	96-	-11,184	349,394
Equity	Share capital and reserves attributable to minority interests	29,336	0	-249		-164	28,923	27,502	-1,382	-635	0	-40	25,445
attributable to	attributable to Profit for the year	06-	0	-175		0	-265	(922)	0	1,264	0	0	629
minority	Other comprehensive income	0	0	0		0	0	0	0	0	0	0	0
interests	Total attributable to minority interests	29,246	0	-424	0	-164	28,658	26,867	-1,382	629	0	0 <del>1</del> -40	26,074
Total		363,092	0	14,222	0	-11,344	365,970	382,923	-4,357	8,221	96-	-11,224	375,468

Reference should be made to Notes to the consolidated interim financial statement for further information.

# Cash flow statement – indirect method

Vittoria Assicurazioni S.p.A. Consolidated interim financial statements as at 30 June 2010

Consolidated interim initialistatements as at 50 bane 2010			(€/000)
	30/06/2010	31/12/2009	31/12/2009 not restated
Profif for the year before taxation	19.222	22.873	28,020
Change in non-monetary items	57,555	102,548	106,892
Change in non-life premium reserve	26.934	13.423	13,423
Change in claims reserve and other non-life technical reserves	22,303	32,553	32,553
Change in mathematical reserves and other life technical reserves	14,877	51,081	53,383
Change in deferred acquisition costs	-430	1,014	1,014
Change in provisions	421	-737	-737
Non-monetary gains and losses on financial instruments, investment property and investments in			
subsidiaries and associates and interests in joint ventures	-2,172	-1,692	-1,692
Other changes	-4,378	6,906	8,948
Change in receivables and payables arising from operating activities	3,431	-733	-21,892
Change in receivables and payables relating to direct insurance and reinsurance	7,028	-7,518	-7,518
Change in other receivables and payables	-3,597	6,785	-14,374
Taxes paid	-8,211	-10,122	-11,731
Net cash flow generated by/used for monetary items from investing and financing activities	1,313	-1,619	-1,619
Liabilities from financial contracts issued by insurance companies	-1,980	9,510	9,510
Payables to bank and interbank customers	0	0	0
Loans and receivables from bank and interbank customers	0	0	0
Other financial instruments at fair value through profit or loss	3,293	-11,129	-11,129
NET CASH FLOW FROM OPERATING ACTIVITIES	73,310	112,947	99,670
Net cash flow generated by/used for investment property	0	0	0
Net cash flow generated by/used for investments in subsidiaries and associated companies and	0	Ü	0
interests in joint ventures	2,373	-2,947	-2,947
Net cash flow generated by/used for loans and receivables	-2,890	1,579	1,579
Net cash flow generated by/used for held to maturity investments	-184	10,141	10,141
Net cash flow generated by/used for financial assets available for sale	-58,314	-87,806	-87,806
Net cash flow generated by/used for property, plant and equipment	4,537	-80,021	-67,553
Other net cash flows generated by/used for investing activities	0	0	0
NET CASH FLOW FROM INVESTING ACTIVITIES	-54,478	-159,054	-146,586
Net cash flow generated by/used for equity instruments attributable to the shareholders of the parent	0	0	0
Net cash flow generated by/used for treasury shares	0	0	0
Dividends distributed to the shareholders of the parent	-11,180	-11,180	-11,180
Net cash flow generated by/used for share capital and reserves attributable to minority interests	1,687	-1,935	-1,126
Net cash flow generated by/used for subordinated liabilities and equity instruments	0	0	0
Net cash flow generated by/used for other financial liabilities	-15,777	28,629	28,629
NET CASH FLOW FROM FINANCING ACTIVITIES	-25,270	15,514	16,323
Title at all analysis and analysis and analysis along	-	-	-
Effect of exchange rate gains/losses on cash and cash equivalents	0	0	0
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	66,895	97,488	97,488
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	-6,438	-30,593	-30,593
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	60,457	66,895	66,895

# 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

			% Own	ership		
	Registered	Share Capital				
	Offices	Euro	Direct	Indirect	Via	
Vittoria Assicurazioni S.p.A.	Milan	66,516,198				
Vittoria Immobiliare S.p.A.	Milan	22,000,000	87.24%			
Immobiliare Bilancia S.r.I.	Milan	3,150,000	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	23,750,000	100.00%			
Forum Mondadori Residenze S.r.I.	Milan	100,000	100.00%			
Vittoria Properties S.r.I.	Milan	4,000,000	99.00%	1.00%		
Interbilancia S.r.I	Milan	80,000	80.00%	20.00%	Vittoria Immobiliare S.p.A.	
Vittoria Service S.r.l.	Milan	100,000	70.00%	30.00%		
Gestimmobili S.r.l.	Milan	104,000		80.00% \		
Acacia 2000 S.r.l.	Milan	100,000		65.00%		
Interimmobili S.r.I.	Rome	104,000		80.00%		
Cadorna Real Estate S.r.l.	Milan	10,000		70.00%	Vittoria Immobiliare S.p.A.	
V.R.G. Domus S.r.l	Turin	1,000,000		51.00%		
Vaimm Sviluppo S.r.l.	Milan	1,500,000		100.00%		
Valsalaria S.r.l.	Rome	60,000		51.00%		
Aspevi S.r.l.	Milan	10,400		100.00%	Interbilancia S.r.I.	
Vittoria.Net S.r.I.	Milan	50,000		100.00%	interplianda 3.1.1.	

# Changes occurring in 1H10

# Changes in % ownership and other changes in 1H10

# Lauro 2000 S.r.l. - 100% direct equity interest

19 March 2010 marked completion of the capital increased resolved by the Quotaholders' Meeting of Lauro 2000 S.r.l. on 6 July 2009, taking capital up to € 22,500 thousand.

On 25 June 2010, the Quotaholders' Meeting of Lauro 2000 S.r.l. resolved a capital increase of € 1,250 thousand, with premium of € 3,750 thousand, executed simultaneously to the resolution against the amount totalling € 5,000 thousand previously paid in by the sole quotaholder Vittoria Assicurazioni S.p.A.

Capital thus rose to € 23,750 thousand.

# Immobiliare Bilancia Terza S.r.l. - 100% direct equity interest

In 1H10 the parent company paid € 36 thousand into the company to cover losses.

# Vaimm Sviluppo S.r.I. – 100% indirect equity interest via Vittoria Immobiliare S.p.A.

On 25 June 2010 the Quotaholders' Meeting of Vaimm Sviluppo S.r.l. resolved to increase capital as follows:

- A capital increase of € 500 thousand nominal, with premium of € 2,500 thousand, executed simultaneously to the resolution against the total amount of € 3,000 thousand previously paid in by the sole quotaholder Vittoria Immobiliare S.p.A.
- A further capital increase of € 500 thousand nominal, with premium of € 2,500 thousand, to be executed in one or more tranches by 30 June 2011.

Capital thus rose to € 1,500 thousand.

# Vittoria Service S.r.I. - 70% direct interest and 30% indirect interest via Vittoria Immobiliare S.p.A.

On 1 April 2010 Vittoria Assicurazioni S.p.A. and Vittoria Immobiliare S.p.A. respectively paid € 385 thousand and € 165 thousand into the company for future capital increases, for a total of € 550 thousand.

# B) List of unconsolidated investments valued with the Net Equity method

			% Own	ership	
	Registered Offices	Share Capital Euro	Direct	Indirect	Via
Yam Invest N.V.	Amsterdam Netherlands	63,083,168	18.75%		
S.In.T. S.p.A.	Turin	1,000,000	48.19%		
Yarpa S.p.A.	Genoa	38,201,600	25.90%		
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%		
Consorzio Movincom S.c.r.l.	Turin	103,100	0.98%	38.80%	Vittoria.Net S.r.l.
Spefin Finanziaria S.p.A.	Rome	2,000,000		21.00%	Vittoria Service S.r.l.
Sivim S.r.l.	Milan	60,000		49.50%	
Rovimmobiliare S.r.l	Rome	20,000		50.00%	
Mosaico S.p.A.	Turin	500,000		25.00%	
Pama & Partners S.r.I.	Genoa	1,200,000		25.00%	Vittoria Immobiliara C n A
Fiori di S. Bovio S.r.l.	Milan	30,000		40.00%	Vittoria Immobiliare S.p.A.
Valsalaria A.11 S.r.l.	Rome	33,715		40.00%	
VP Sviluppo 2015 S.r.l.	Milan	100,000		40.00%	
VZ Real Estate S.r.l.	Turin	100,000		49.00%	
Le Api S.r.l.	Milan	10,400		30.00%	Interbilancia S.r.l.

# Changes in % ownership and other changes in 1H10

# Yarpa S.p.A. – 25.90% direct equity increase

14 June 2010 marked completion of registration of the new share capital of Yarpa S.p.A. following subscription of the increase resolved by the Shareholders' Meeting on 7 August 2008. Capital amounts to € 38,201,600 divided into 81,280,000 ordinary shares of € 0.47 each. Vittoria Assicurazioni S.p.A. owns 21,048,662 shares, accounting for 25.90% of share capital.

# Gima Finance S.A.- 32.13% direct equity interest

Vittoria Assicurazioni S.p.A. paid € 1,250 thousand into the associate company as an increase of the share premium reserve.

# Laumor Holdings S.a.r.l.- 29.00% direct equity interest

Vittoria Assicurazioni S.p.A. paid € 164 thousand into the associate company as an increase of the share premium reserve.

# Spefin Finanziaria S.p.A. – 21% indirect equity interest via Vittoria Service S.r.l.

On 1 April 2010 Vittoria Service S.r.l. paid € 548 thousand into the associate company to cover losses and reconstitute capital, as shown in the company's financial statements as at 31 December 2009. Coverage of losses and reconstitution of share capital to € 2,000 thousand was resolved and completed by the Shareholders' Meeting of Spefin Finanziaria S.p.A. on 15 April 2010.

# Valsalaria A.11 S.r.l. – 40% indirect equity interest via Vittoria Immobiliare S.r.l.

On 14 June 2010 Vittoria Immobiliare S.p.A., with an outlay of € 2,293 thousand, purchased a 40% equity interest in Valsalaria A.11 S.r.I., a real estate company based in Rome.

# 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 "Annexes to Consolidated interim financial statements".

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

								(€/000)
Assets	lt	aly	Eur	оре	Rest of the	ne World	То	tal
	30/06/2010	31/12/2009	30/06/2010	31/12/2009	30/06/2010	31/12/2009	30/06/2010	31/12/2009
Debt instruments	1,043,007	982,836	308,070	316,415	15,514	14,678	1,366,591	1,313,929
Equity instruments and OEIC units	40,281	55,397	10,994	94,678	-	-	51,275	150,075
Property (incl. owner-occupied property	444,876	451,452	-	-	-	=	444,876	451,452
Other assets	638,465	564,362	-	-	-	-	638,465	564,362
Total	2,166,629	2,054,048	319,064	411,093	15,514	14,678	2,501,207	2,479,818

								(€/000)
Deferred costs	No	orth	Ital Cer	ly ntre	South an	d Islands	Total extern	nal deferred sts
	30/06/2010	31/12/2009	30/06/2010	31/12/2009	30/06/2010	31/12/2009	30/06/2010	31/12/2009
Other property, plant and equipment	3,813	3,929	317	212	-	-	4,130	4,141
Other intangible assets	32,175	30,125	20	20	-	-	32,195	30,145
Owner-occupied property	77,742	69,297	1,274	1,289	651	659	79,667	71,244
Total	113,730	103,351	1,611	1,521	651	659	115,992	105,530

								(€/000)
Revenue (gross of intersegment eliminations)	No	orth	Ital Cer	•	South and	d Islands	То	tal
	30/06/2010	30/06/2009	30/06/2010	30/06/2009	30/06/2010	30/06/2009	30/06/2010	30/06/2009
Insurance premiums - direct business	207,762	166,405	138,221	106,678	51,918	36,230	397,901	309,313
Trading and construction profits	10,134	200	96	548	-	=	10,230	748
Services and rent income	4,704	2,648	1,137	821	-	-	5,841	3,469
Total	222,600	169,253	139,454	108,047	51,918	36,230	413,972	313,530

# Specific explanatory notes

### **Consolidated Balance Sheet**

Note 1	30/06/2010	31/12/2009	Change
Goodwill	1,795	1,795	0

The item relates to the goodwill paid for the acquisition of the life business of SACE BT S.p.A., occurred on 1<sup>st</sup> July 2009. According to IAS 36, the goodwill has been tested for impairment.

Note 2	30/06/2010	31/12/2009	Change
Other intangible assets Other items of property, plant and	32,195 4,130	30,145 4,141	2,050 -11
equipment Property	444,876	451,452	-6,576

# 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.

# **Property**

The following table shows the breakdown of this item:

			(€/000)
	30/06/2010	31/12/2009	
			Change
Owner-occupied property	79,667	71,244	8,423
Property held for trading	81,749	78,998	2,751
Property under construction	283,460	301,210	-17,750
Total	444,876	451,452	-6,576

# Owner-occupied property

The book value of owner-occupied property at 30 June 2010 includes € 10,713 thousand for property owned by the parent company, € 2,761 thousand for property owned by the subsidiary Vittoria Properties S.r.l., € 2,020 thousand for property owned by Vittoria Immobiliare S.p.A., € 63,886

thousand for property owned by the subsidiary Lauro 2000 S.r.I. and € 287 thousand for property owned by the subsidiary Acacia 2000 S.r.I.

The following table shows the reconciliation of changes occurring during 1H10:

(€/000)

Owner-occupied property	31/12/2009	Acquisitions	Improvement costs	Sales	Depreciation	30/06/2010
Gross carrying amount	73,266	8,599	16	0	0	81,881
Accumulated depreciation	2,022	0	0	0	192	2,214
Carrying amount	71,244	8,599	16	0	-192	79,667

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. The owner-occupied property current value as at 30 June 2010 is equal to € 90,245 thousand.

# Property held for trading and property under construction

The following table shows the reconciliation of changes occurring during 1H10:

(€/000)

		Construction	
Property	Trading activities	work	Total
Carrying amount as at 31/12/2009	78,998	301,210	380,208
Acquisitions, net of capitalised financial charges	4,313	12,654	16,967
Capitalised financial charges	529	2,280	2,809
Sales	-2,510	-42,510	-45,020
Recognised gains	419	9,826	10,245
Carrying amount as at 30/06/2010	81,749	283,460	365,209

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

Note 3	30/06/2010	31/12/2009	Change
Reinsurers' share of technical reserves	72,220	74,226	-2,006

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

						(€/000)	
	Direct b	ousiness	Indirect	business	Total carry	Total carrying amount	
	30/06/2010	31/12/2009	30/06/2010	31/12/2009	30/06/2010	31/12/2009	
Non-life reserves	50,631	53,467	466	437	51,097	53,904	
Premium reserve	12,664	9,586	4	43	12,668	9,629	
Claims reserve	37,967	43,881	462	394	38,429	44,275	
Other reserves	-	-	-	-	-	-	
Life reserves	21,123	20,322	-	-	21,123	20,322	
Reserve for payable amounts	373	373	-	-	373	373	
Mathematical reserves	20,720	19,926	-	-	20,720	19,926	
Other reserves	30	23	-	-	30	23	
Total reinsurers' share of technical reserves	71,754	73,789	466	437	72,220	74,226	

Note 4	30/06/2010	31/12/2009	Change
Investments in subsidiaries and associates and interests in joint-ventures	99,806	99,898	-92

The breakdown of this item was as follows:

		(€/000)
Investments in associates	30/06/2010	31/12/2009
Yam Invest N.V.	65,612	65,942
White Finance S.A	5,306	6,306
Gima Finance S.A	8,242	7,276
S.In.T. S.p.A.	4,745	4,740
Yarpa. S.p.A.	4,775	4,735
Laumor Holdings S.a.r.l.	8,099	7,933
VP Sviluppo 2015 S.r.l.	11	21
VZ Real Estate S.r.l.	18	29
Sivim S.r.I.	0	0
Rovimmobiliare S.r.I	542	603
Mosaico S.p.A.	176	167
Pama & Partners S.r.l.	768	774
Le Api S.r.l.	35	21
Consorzio Movincom S.c.r.l.	41	41
Spefin Finanziaria S.p.A.	1,224	1,090
Fiori di S. Bovio S.r.l.	212	220
Valsalaria A.11 S.r.l.	0	0
Total carrying amount	99,806	99,898

The Group's interest in net income and losses totals  $\in$  -1,689 thousand (with revaluations of  $\in$  47 thousand and write-downs for  $\in$  1,733 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 € -92 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:

	(€/000)
Carrying amount at 31/12/2009	99,898
Acquisitions and subscriptions	1,964
Gima Finance S.A	1,250
Laumor Holdings S.a.r.l.	164
Spefin Finanziaria S.p.A.	550
Change to equity method measurement	-2,174
Yam Invest N.V.	-448
White Finance S.A	-1,000
Gima Finance S.A	-285
S.In.T. S.p.A.	5
Yarpa. S.p.A.	39
Laumor Holdings S.a.r.l.	2
VP Sviluppo 2015 S.r.l.	-10
VZ Real Estate S.r.l.	-10
Rovimmobiliare S.r.l	-61
Mosaico S.p.A.	9
Pama & Partners S.r.l.	-6
Le Api S.r.l.	15
Spefin Finanziaria S.p.A.	-415
Fiori di S. Bovio S.r.l.	-9
Other changes	118
Carrying amount at 30/06/2010	99,806

Note 5	30/06/2010	31/12/2009	Change
Held to maturity investments	94,901	94,717	184
Loans and receivables	46,117	43,227	2,890
Financial assets available for sale	1,317,878	1,264,299	53,579
Financial assets at fair value through profit or loss	82,717	86,010	-3,293

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 "Annexes to Consolidated interim financial statements".

# <u>Investments held to maturity – Financial assets available for sale – Financial assets at fair value through profit or loss</u>

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 pensionfund management are shown separately.

(€/000)								
	Held to maturity		ncial asse	ts available fo	or sale	Financial assets at fair value through profit or loss	Financial assets held for trading	
	investments	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	Total
Carrying amount at 31/12/2009	94,717	43,974	6,705	1,213,620	1,264,299	79,610	6,400	1,445,027
Acquisitions and subscriptions Sales and repayments Other changes:	- -98	-	4,000 -63					
- effective interest adjustments - fair value adjustments - rate changes - other changes	887 - -605 -	- -3,544 - 13	- -313 - -1	1,470 -4,594 1,983	-8,451	604	- -164 -5 -	2,357 -8,011 1,373 115
Carrying amount at 30/06/2010	94,901	40,443	10,328	1,267,107	1,317,878	77,630	5,087	1,495,497

# Loans and receivables

As at 30 June 2010 loans and receivables totalled € 46,117 thousand (€ 43,227 thousand as at 31 December 2009).

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 2010 is  $\leqslant 15,896$  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.I., Rovimmobiliare S.r.I., Pama & Partners S.r.I., Valsalaria A.11 S.r.I., VP Sviluppo S.r.I. and VZ Real Estate S.r.I. for a total of € 14,491 thousand;
- loans granted by the parent company to third parties and secured by mortgages for a total of € 3,019 thousand;
- € 3,682 thousand in loans against life insurance policies;
- loans granted to employees and agents of the parent company for € 1,562 thousand;
- € 7,187 thousand in loans granted to other subsidiaries and associates (of which € 2,000 thousand to Immobiliare Adamello S.r.I., € 150 thousand to the Gruppo GPA S.p.A. and € 5,000 thousand to the company Spefin Finanziaria S.p.A.);
- reinsurance deposit assets for € 281 thousand.

The amount of € 9.991 thousand is collectible after 12 months.

# Disclosure concerning fair value

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

(€/000)

Financial assets	Carrying amount	Fair Value
Held to maturity investments	94,901	98,553
Loans and receivables	46,117	46,117
Financial assets available for sale	1,317,878	1,317,878
Financial assets held for trading	5,087	5,087
Financial assets at fair value through profit or loss	77,630	77,630
Total	1,541,613	1,545,265

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.

# Disclosure concerning fair value hierarchy

The following table shows financial instruments valued at fair value according to the three levels required by IFRS 7. Financial instruments were split as follows:

- Level 1: financial instruments quoted in an active market;
- Level 2: financial instruments whose fair value is determined from inputs, other than quoted prices, that are observable on the market;
- Level 3: financial instruments whose fair value is determined from inputs that are not observable on the market.

		Lev	el 1	Lev	Level 2 Le		el 3	To	tal
		30/06/10	31/12/09	30/06/10	31/12/09	30/06/10	31/12/09	30/06/10	31/12/09
Financial assets Available for sale		1,292,841	1,239,385	7,427	7,330	17,610	17,584	1,317,878	1,264,299
Financial assets at fair	Financial assets held for trading	5,087	6,400	1	-	1	-	5,087	6,400
Va	Financial assets at fair value through profit or loss	77,630	79,610		-		-	77,630	79,610
Total	•	1,375,558	1,325,395	7,427	7,330	17,610	17,584	1,400,595	1,350,309
Financial liabilities at fair	Financial liabilities held for trading	_	-	-	-	_	_		
value through profit or loss	Financial liabilities at fair value through profit or loss	74,109	75,800	3,521	3,810	-	-	77,630	79,610
Total	•	74,109	75,800	3,521	3,810	_	_	77,630	79,610

The following table shows the change in financial instruments classified in level 3.

(€/000)_						
		Financial assets		=		
	Financial	Financial assets at profit of	0		at fair value through or loss	
	assets Available for sale	Financial assets held for trading	Financial assets at fair value through profit or loss	Financial liabilities held for trading	Financial liabilities at fair value through profit or loss	
Opening balance	17,584	-	-	-	-	
Purchases/ Issues	12	-	-	-	-	
Sales/Repurchases	-	-	-	-	-	
Redemptions	-	-	-	-	-	
Gains or losses charged to profit and loss	-	-	-	-	-	
Moves to other Levels	-	-	-	-	-	
Other changes	14	-	-	-	-	
Closing balance	17,610	-	-	-	-	

No transfers to level 3 occurred during the year.

Note 6	30/06/2010	31/12/2009	Change
Receivables relating to direct insurance	146,719	151,404	-4,685

The breakdown of this item was as follows:

		(€/000)
Receivables relating to direct insurance	30/06/2010	31/12/2009
Premiums due from policyholders	54,342	51,474
Receivables due from brokers and agents	41,717	53,052
Receivables due from insurance companies - current accounts	9,289	10,846
Amounts to be recovered from policyholders and third parties	41,371	36,032
Total	146,719	151,404

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	30/06/2010	31/12/2009	Change
Receivables relating to reinsurance business	5,530	5,303	227

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	30/06/2010	31/12/2009	Change
Other receivables	24,651	39,835	-15,184

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

The most significant sub-item as up to 30 June 2010 consisted of advances of € 12,803 thousand paid by the real estate companies.

Note 9	30/06/2010	31/12/2009	Change
Deferred acquisition costs	7,584	7,154	430

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

As at 30 June 2010 € 3,205 thousand referred to the life business and € 4,379 thousand to the non-life business.

Note 10	30/06/2010	31/12/2009	Change
Deferred tax assets	24,174	21,110	3,064

The item included deferred tax assets pertaining to the direct operating parent company (€ 20,791 thousand) and to the real estate and services sector (€ 1,972 thousand), plus those relating to consolidation adjustments (€ 1,385 thousand).

Note 11	30/06/2010	31/12/2009	Change
Current tax assets	29,962	33,782	-3,820

The item includes tax receivables of the direct operating parent company of  $\leqslant$  9,384 thousand (including tax credits relating to taxes prepaid on the life business mathematical reserves) and VAT receivables totalling  $\leqslant$  15,709 thousand of the real estate companies arising from the purchase of buildable areas and property.

Note 12	30/06/2010	31/12/2009	Change
Other assets	5,495	4,425	1,070

The item includes € 206 thousand of deferred commission expenses relating to investment contracts and € 4,894 thousand of prepayments, mainly relating to G&A costs.

Note 13	30/06/2010	31/12/2009	Change
Cash and cash equivalents	60,457	66.895	-6,438

The item refers to bank balances of € 60,390 thousand and cash amounts of € 67 thousand.

Note 14	30/06/2010	31/12/2009	Change
Equity attributable to shareholders of the parent Equity attributable to minority interests	349,394	353,088	-3,694
	26,074	25,488	586

Changes in consolidated equity are detailed in chapter "Statement of Changes in Equity".

The following table details the breakdown of equity:

		(€/000)
BREAKDOWN OF EQUITY	30/06/2010	31/12/2009
Total equity attributable to the shareholders of the parent	349,394	353,088
Share capital	66,516	65,789
Other equity instruments	184	319
Equity-related reserves	32,538	31,412
Income-related and other reserves	218,889	215,547
Translation reserve	-174	-197
Fair value reserve	20,900	25,635
Other gains or losses recognised directly in equity	159	50
Group profit for the year	10,382	14,533
Total equity attributable to minority interests	26,074	25,488
Share capital and reserves attributable to minority interests	25,445	27,270
Minority interests' profit for the year	629	-1,782
Total consolidated equity	375,468	378,576

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 1H10 conversion continued of the bond loan into parent company shares: 363,625 bonds were converted, for a nominal amount of € 1,745,400.

As at 30 June 2010 the direct operating parent company's share capital consists of 66,516,198 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 € 11,180,256 and € 11,184,121 respectively for FYs 2009 and 2010.

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:

(€)		

A) Net unrealised gains	Gross amount	Tax impact	Net amount
31/12/2009	50,160	12,535	37,625
Decrease due to sales	-134	-39	-95
Decrease due to fair value changes	-8,647	-1,516	-7,131
Total change for the period/year	-8,781	-1,555	-7,226
30/06/2010	41,379	10,980	30,399

(€/000)

B) Shadow accounting reserve	Gross amount	Tax impact	Net amount
31/12/2009	17,716	5,726	11,990
Change in shadow accounting reserve	-3,680	-1,189	-2,491
30/06/2010	14,036	4,537	9,499

# Gains or losses on financial assets AFS

(€/000)

Combined effect A) - B)	Gross amount	Tax impact	Net amount
31/12/2009	32,444	6,809	25,635
Decrease due to sales	-134	-39	-95
Decrease due to fair value changes	-8,647	-1,516	-7,131
Change in shadow accounting reserve	3,680	1,189	2,491
Total change for the period/year	-5,101	-365	-4,735
30/06/2010	27,343	6,444	20,900

Gains recognised directly in equity in 1H10 of  $\in$  4,735 thousand were the result of the decrease of  $\in$  7,226 thousand in the reserve for unrealised capital gains on financial assets available for sale, net of the increase of  $\in$  2,491 thousand in the shadow accounting reserve.

Note 15	30/06/2010	31/12/2009	Change
Provisions	3,442	3,021	421

This account refers mainly to the provisions made for € 2,224 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:

(€/000)

Provisions	31/12/2009	Accruals of the year	Utilisations of the year	30/06/2010
Provision for costs to be incurred	2,180	309	-265	2,224
Other provisions	841	377	-	1,218
Total	3,021	686	-265	3,442

Note 16	30/06/2010	31/12/2009	Change
Technical reserves	1,616,147	1,554,039	62,108

The following table shows the breakdown of technical reserves.

						(€/000)
	Direct b	Direct business		Indirect business		ng amount
	30/06/2010	31/12/2009	30/06/2010	31/12/2009	30/06/2010	31/12/2009
Non-life reserves	825,311	778,941	965	903	826,276	779,844
Premium reserve	256,504	226,484	32	78	256,536	226,562
Claims reserve	567,033	548,683	933	825	567,966	549,508
Other reserves	1,774	3,774	-	-	1,774	3,774
Life reserves	789,582	773,905	289	290	789,871	774,195
Reserve for payable amounts	20,578	19,487	11	11	20,589	19,498
Mathematical reserves	738,530	721,622	274	274	738,804	721,896
Other reserves	30,474	32,796	4	5	30,478	32,801
Total technical reserves	1,614,893	1,552,846	1,254	1,193	1,616,147	1,554,039

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

The Life "Other reserves" item mainly consisted of:

- € 18,323 thousand = reserve for deferred liabilities to policyholders (of which € 14,036 thousand stemming from fair value measurement of available-for-sale financial assets and € 4,287 thousand from reserving against subsidiaries' profits allocated to segregated accounts)
- € 11,982 thousand = management expenses.

Further to the ALM (Asset & Liability Management) analysis made on internal Separate Accounts, additional reserves for granted interest rate risk have been accrued (art.47 of ISVAP Regulation no.21): € 522 thousand and € 79 thousand, respectively, for the Separate Accounts "Vittoria Valore Crescente" and "Vittoria Liquinvest".

# Liability Adequacy Test (LAT)

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

Note 17	30/06/2010	31/12/2009	Change
Financial liabilities at fair value through profit or loss	77,630	79,610	-1,980
Other financial liabilities	304,027	319,804	-15,777

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 "Annexes to Consolidated interim 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 2010.

			(€/000)
	Benefits relating to unit- linked and index-linked policies	Benefits relating to pension fund management	Total
Carrying amount at 31/12/2009	70,789	b	79,610
Investment of net fund assets	43	701	744
Profits attributable to policyholders	2,137	-248	1,889
Amounts paid	-4,577	-36	-4,613
Carrying amount at 30/06/2010	68,392	9,238	77,630

# Other financial liabilities

The item includes the direct operating parent company's commitment for payment of € 15,896 thousand to the associates Laumor Holdings Sarl and 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 € 46,192 thousand falling due after more than 12 months – mainly refers to:

- Reinsurance deposits of € 23,554 thousand;
- Bank loans issued to the Group's real estate companies for a total of € 262,172 thousand (of which € 174,000 thousand backed by collateral);
- Subordinated liabilities of € 2,406 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 € 2,361,124.80 following exercise of bond conversion option as up to the end of 30/06/2010;
- Originally consisting of 3,750,000 bonds with a nominal value of € 4.80 each, as at 30/06/2010 491,901 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 Board of Directors of Vittoria Assicurazioni S.p.A. on 12 November 2009 resolved the early repayment of the "Vittoria Assicurazioni – Fixed/Floater 2001-2016" convertible bond. Given this, as allowed by Article 9.2 of the loan's Regulation, on 1 January 2011 the Company will repay all bonds outstanding on that date.

On 5 February 2010 ISVAP approved the early repayment. As an alternative to repayment, bondholders will be given the option of exercising the bonds' conversion right. The repayment to the bondholders who will not exercise their conversion right will take place at par, including the interest accrued (5.50% gross of withholding tax).

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.

(€/000)

Financial liabilities	Carrying amount	Fair Value
Financial liabilities at fair value through profit or loss	77,630	77,630
Other financial liabilities	304,027	304,069
Total	381,657	381,699

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 € 2,447 thousand, the commitment to Laumor Holdings S.a.r.l. and Gima Finance S.A. for a total of € 15,896 thousand, and to reinsurance deposits and loans granted to the real estate companies for € 285,726 thousand. The fair value of the subordinated loan was determined on the basis of market prices for similar instruments.

Note 18	30/06/2010	31/12/2009	Change
Payables arising from direct insurance business	7,481	7,098	383

The breakdown of the item was as follows:

(€/000)

Payables arising from direct insurance business	30/06/2010	31/12/2009
Payables to insurance brokers and agents	4,649	3,651
Payables to insurace companies - current accounts	2,614	2,496
Guarantee deposits paid by policyholders	218	199
Payables to guarantee funds in favour of policyholders	-	752
Total	7,481	7,098

Note 19	30/06/2010	31/12/2009	Change
Payables arising from reinsurance business	9,638	7,451	2,187

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	30/06/2010	31/12/2009	Change
Other sums payable	52,045	70,826	-18,781

The breakdown of the item was as follows:

(€/000)

Other sums payable	30/06/2010	31/12/2009
Payments on accounts received by real estate companies for preliminary sales		
agreements	16,945	29,784
Trade payables	11,349	14,896
Payables to employees	2,188	1,986
Employee benefits - provisions for termination benefits	4,979	5,127
Policyholders' tax due	10,254	11,903
Sundry tax liabilities (withholdings)	1,479	1,535
Social security charges payable	1,945	2,188
Payables to associate companies	-	-
Sundry payables	2,906	3,407
Total	52,045	70,826

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 2.0% 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	30/06/2010	31/12/2009	Change
Deferred tax liabilities	31,667	31,377	290

The item includes deferred tax liabilities allocated to the insurance business for € 12,257 thousand, the real estate and services business for € 6,413 thousand, and to reversals totalling € 12,997 thousand, mainly in regard to fair value adjustment of the assets owned by associates and subsidiaries acquired in the past few years.

Note 22	30/06/2010	31/12/2009	Change	
Current tax liabilities	148	230	-82	

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	30/06/2010	31/12/2009	Change
Other liabilities	23,514	27,786	-4,272

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  $\in$  10,001 thousand, the deferred commission income of  $\in$  154 thousand connected with investment contracts, invoices and notes to be received from suppliers totalling  $\in$  10,767 thousand, and the liabilities for defined benefits and other long-term employee benefits (health benefits and seniority benefits) for  $\in$  2,588 thousand.

# **Consolidated Income Statement**

Note 24	30/06/2010	30/06/2009	Change
Gross premiums	368,011	301,621	66,390
Ceded premiums for reinsurance	8,401	10,014	-1,613
Amounts paid and change in technical reserves	286,355	245,767	40,588
Reinsurers' share	-716	-18,370	17,654

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

								(€/000)
		30/00	6/2010		30/06/2009			
			Intersegmen				Intersegmen	
	Non-life	Life	t		Non-life	Life	t	
	business	business	eliminations	Total	business	business	eliminations	Total
NET PREMIUMS	277,317	82,293	_	359,610	242,393	49,214	-	291,607
Gross premiums	284,717	83,294	-	368,011	251,491	50,130	-	301,621
Gross premiums written	314,638	83,294	_	397,932	259,409	50,130	-	309,539
a Direct business	314,607	83,294	-	397,901	259,183	50,130	-	309,313
b Indirect business	31	-	-	31	226	-	-	226
Change in premium reserve	-29,921	-	_	-29,921	-7,918	-	-	-7,918
a Direct business	-29,987	-	_	-29,987	-7,967	-	-	-7,967
b Indirect business	66	-	_	66	49	-	-	49
Ceded premiums	7,400	1,001	-	8,401	9,098	916	-	10,014
Gross premiums ceded	10,403	1,001	-	11,404	9,098	916	-	10,014
a Outward reinsusrance	10,426	1,001	-	11,427	9,025	916	-	9,941
b Retrocession	-23	-	-	-23	73	-	-	73
Change in premium reserve	-3,003	-	-	-3,003	-	-	-	-
a Outward reinsusrance	-3,048	-	_	-3,048	-42	-	-	-42
b Retrocession	45	-	_	45	42	-	-	42
NET CHARGES RELATING TO CLAIMS	201,776	82,435	1,428	285,639	176,719	53,217	-2,539	227,397
Amounts paid and change in technical reserves	201,483	83,444	1,428	286,355	193,858	54,448	-2,539	245,767
Direct business	201,430	83,374	-	284,804	193,821	54,430	-	248,251
Indirect business	53	70	-	123	37	18	-	55
Shadow accounting of investee companies' profits	-	-	1,428	1,428	-	-	-2,539	-2,539
Reinsurers' share	-293	1,009	-	716	17,139	1,231	-	18,370
Outward reinsurance	-293	1,009	-	716	17,167	1,231	-	18,398
Retrocession	-	-	_	-	-28	-	-	-28

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

Note 25	30/06/2010	30/06/2009	Change	
Commission income	430	354	76	

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	30/06/2010	30/06/2009	Change
Gains or losses on financial instruments at fair value through profit or loss	-110	123	-233
Gains on investments in subsidiaries	203	991	-788
and associates and interests in joint ventures Gains or losses on other financial instruments and investment property	25,660	25,364	296
Losses on investments in subsidiaries	-2,375	-1,877	-498
and associates and interests in joint ventures Losses on other financial instruments and investment property	-1,928	-2,486	558

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 "Annexes to Consolidated interim 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 € 54 thousand, whilst unrealised losses amounted to € -164 thousand.

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 1H10 amounted to € 1,889 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 2010 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:

(€/000) Gains Gains Losses Losses 30/6/10 30/6/09 30/6/10 30/6/09 Investment property Held to maturity investments 2,113 2,312 Loans and receivables 273 156 Financial assets available for sale 22,674 21,895 97 Other receivables 295 366 Cash and cash equivalents 305 635 Other financial liabilities 1,928 2,389 Total 25,660 25,364 1,928 2,486

Note 27	30/06/2010	30/06/2009	Change
Other income	17,444	5,605	11,839

The following table details the breakdown of this item.

(€/000)

Other income	30/6/10	30/6/09
Trading profits	10,230	748
Revenue from services: real estate brokerage	1,076	751
Revenue from services: real estate management	53	115
Revenue from services: administration, real estate appraisals and other income	61	129
Revenue from services: insurance commission income with third parties	179	291
Revenue from services: other revenue from services	727	200
Rent income	219	299
Technical income on insurance contracts (*)	2,667	2,477
Gains on the sale of property, plant and equipment	7	4
Exchange rate gains	265	-
Value adjustment on acquired loans	1,545	-
Incidental non-operating income	324	327
Other income	91	264
Total	17,444	5,605

# (\*) Of which:

- € 239 thousand (€ 88 thousand in June 2009) referring to reversal of commissions on cancelled premiums;
- € 1,785 thousand (€ 1,723 thousand in June 2009) 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;
- € 869 thousand (€ 666 thousand in June 2009) of utilisation of bad-debt provision.

Note 28	30/06/2010	30/06/2009	Change
Commission expense	54	73	-19

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

Note 29	30/00/2010	30/06/2009	Change
Commissions and other acquisition costs Investment management costs Other administrative costs	71,159	60,118	11,041
	339	410	-71
	13,811	13,501	310

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 "Annexes to Consolidated interim financial statements".

The following table details the breakdown of "Commissions and other acquisition costs" as at 30 June 2010.

		(€/000)
Gross commissions and other acquisition costs net of profit participation and other commissions	30/6/10	30/6/09
Acquisition commissions	51,187	41,638
Other acquisition costs	19,672	16,670
Change in deferred acquisition costs	-429	486
Premium collection commissions	4,073	4,081
Profit participation and other commissions received from reinsurers	-3,344	-2,757
Total	71,159	60,118

Personnel expenses, other G&A costs and depreciation & amortisation charges allocated to operating costs totalled € 23,893 thousand (€ 21,710 thousand as up to 30/06/2009).

Note 30	30/06/2010	30/06/2009	Change
Other costs	8,710	6,717	1,993

The breakdown of this item was as shown below:

(€/000)

Other costs	30/6/10	30/6/09
Technical costs on insurance contracts (*)	3,115	3,066
Accruals to the provision for bad debts	-	450
Foreign-exchange losses	-	22
Value adjustment on acquired investments	1,123	-
Incidental non-operating costs	582	162
Annual.depreciation & amortisation	3,860	2,815
Other costs	30	202
Total	8,710	6,717

### (\*) Of which:

- € 1,656 thousand (€1,469 thousand in June 2009) for technical write-offs and losses on unrecoverable premiums and related bad-debt provisioning;
- € 1,459 thousand (€1,597 thousand in June 2009) for services supporting insurance covers and costs for premiums under litigation.

Note 31	30/06/2010	30/06/2009	Change
Income taxes	8,211	4,724	3,487

Of this item, € 7,442 thousand related to current taxes and € 769 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 503 as at 30 June 2010 vs. 492 present as at 31 December 2009 and 485 as at 30 June 2009.

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

	30/06/2010	30/06/2009	31/12/2009
Managers	22	21	21
Officers	126	119	122
Administrative staff	350	344	347
Total	498	484	490

# Tax status

#### **Insurance Business**

During 2009 Vittoria Assicurazioni S.p.A. was subjected to a tax audit by the Inland Revenue for the tax years 2004, 2005 and 2006. Following this, in December 2009 a tax reassessment totalling € 140 thousand of higher taxes for 2004 was notified. Tax reassessments have instead not yet been notified for 2005 and 2006, for which the parent company estimates that higher charges of some € 345 thousand will be assessed.

In accounts as at 31 December 2009 the parent company made tax provision of € 101 thousand for the costs arising from higher corporate tax (IRES) and regional business tax (IRAP), fines and interest for the 3-year period 2004-2006. In the early months of 2010 the tax reassessment relating to the 2004 tax year was accepted and settled, paying € 62 thousand and covering this via use of part of the specific provision made.

As regards higher VAT, related fines and interest, the parent company has already filed an appeal with the Inland Revenue for 2004 and intends to act in the same way for 2005 and 2006 – once it has received any notice of reassessment – supported by a favourable ruling in first instance concerning an identical case related to 2003.

### Real Estate Business

In 1H10 Vittoria Immobiliare S.p.A. paid € 94 thousand to the notices of reassessment received at the end of 2009 following a tax audit of the 2004 tax year carried out in 2007. Tax provisions accrued in previous financial years for an amount totalling € 128 thousand was sufficient to cover this outlay.

The Board of Directors

Milan, 30 July 2010

# Appendix: Effects of IFRIC 15 application

From 2010 onwards the Vittoria Assicurazioni Group is applying IFRIC 15, adopted with Regulation CE 639/2009 of the Commission of the European Community on 22 July 2009.

This interpretation establishes in which cases real estate under construction can be likened to long-term contracts (with consequent recognition of trading profits depending on completion progress) and in which cases, on the contrary, trading profits must be recognized solely at the time of definitive sale (notarial deed of sale).

The Vittoria Assicurazioni Group's companies build homes for which buyers are able to request only limited changes to the original design (personalized finishes, unification or division of property units) and not structural changes.

Given this, based on IFRIC 15 the profits made on sales of buildings by the Group have to be recognized at the time of the notarial deed of sale.

In financial statements up to 31 December 2009, buildings under construction for which a preliminary sale agreement had been completed were valued using the percentage-of-completion (PoC) method.

As established by IAS 8 (Accounting policies, changes in accounting estimates and errors), accounting data referring too 30 June 2009 and 31 December 2009 have been retrospectively restated, as if IFRIC 15 had always been applied.

Elimination of the higher values recognized for buildings under construction has involved corresponding modification of other income-statement and balance-sheet items, i.e.

- Reversal of deferred taxes on the valuation of buildings calculated using the PoC method
- After recalculation of the profits of real estate companies included in segregated accounts, adjustment of allocations to the Life technical reserves and of the consequent tax effect
- Adjustment of deferred taxes on the future dividends of real estate companies
- Recalculation of minority interest in real estate companies' profits.

The following tables show the effects of retrospective IFRIC 15 application, detailed for each individual item involved in the changes (amounts shown in € '000):

#### Reconciliation of income-statement amounts at 30 June 2009

		Elimination of	Amounts at 30
	Amounts at 30	valuation	June 2009
	June 2009	based on PoC	(restated as per
	(without IFRIC 15)	method	IFRIC 15)
Other income (inclusive of trading			
profits of real estate business)	7,998	(2,393)	5,605
Other costs	(6,725)	8	(6,717)
Claims paid and change in technical			
reserves (including accruals for Life			
policyholders for real estate			
companies whose investment is			
allocated to segregated accounts)	(246,424)	657	(245,767)
Income tax	(5,265)	541	(4,724)
Profit/loss attributable to minority			
interests	265	329	594
Balance of income-statement items			
involved in recalculation as per IFRIC			
15	(250,681)	(858)	(251,009)
Other net income-statement items	258,344	-	258,344
Profit/loss attributable to parent			
company shareholders	8,193	(858)	7,335

# Reconciliation of balance-sheet amounts at 31 December 2009

	Amounts at	Elimination of valuat PoC meth		Amounts at 31 December
	31 December	Cumulative effect	Effect	2009 (restated
	2009 (without	at 31 December	relating to	as per IFRIC
	IFRIC 15)	2008	2009	15)
Assets:				
Buildings (gross value)	460,143	(1,714)	(6,978)	451,451
Down payments received for				
preliminary agreements	(21,159)	10,532	10,627	0
Buildings (net value)	438,984	8,818	3,649	451,451
Deferred tax assets	21,306	(155)	(41)	21,110
Other assets	4,425		1	4,426
Liabilities:				
Technical reserves	1,566,341	(480)	(1,822)	1,544,039
Other payables	49,667	10,532	10,627	70,826
Deferred tax liabilities	33,607	(579)	(1,651)	31,377
Other liabilities	27,794		(8)	27,786
Earnings reserves and other				
equity reserves	216,124	(577)	0	215,547
Profit/loss attributable to parent				
company shareholders	16,924		(2,391)	14,533
Share capital and reserves				
attributable to minority interests	29,336	(232)	0	29,104
Profit/loss attributable to				
minority interests	(635)		(1,147)	(1,782)

# Reconciliation of income-statement amounts at 31 December 2009

	Amounts at 31 December 2009 (without IFRIC 15)	Elimination of valuation based on PoC method	Amounts at 31 December 2009 (restated as per IFRIC 15)
Other income (inclusive of trading	17.704	(0,050)	10.705
profits of real estate business)	17,724	(6,959)	10,765
Other costs	(13,465)	(11)	(13,476)
Claims paid and change in technical			
reserves (including accruals for Life			
policyholders for real estate			
companies whose investment is			
allocated to segregated accounts)	(526,718)	1,823	(524,895)
Income tax	(11,731)	1,609	(10,122)
Profit/loss attributable to minority			
interests	635	1,147	1,782
Balance of income-statement items			
involved in recalculation as per			
IFRIC 15	(533,555)	(2,391)	(535,946)
Other net income-statement items	550,479	0	550,479
Profit/loss attributable to parent	_		
company shareholders	16,924	(2,391)	14,533

# Restatement of Statement of Changes in Equity

Retrospective IFRIC 15 application (with reference to opening balances as at 1 January 2009) would have led to restatement of the Statement of Changes in Equity, as shown in the following summary (amounts in € '000):

	attributable	apital and res e to parent co nareholders			pital and res	
	Share			Share		
	capital and			capital and		
	other			other		
	equity			equity		
	reserves	Profit/loss	Total	reserves	Profit/loss	Total
Balance at 31/12/2008	313,676	20,170	333,846	29,336	-90	29,246
Modification of closing						
balances (after IFRIC 15)	-577		-577	-232		-232
Allocations	36,793	-5,644	31,149	-90	-1695	-1,785
Transfers	-11,337		-11,337	-1,744		-1,744
Balance at 31/12/2009	338,555	14,526	353,081	27,270	-1,785	25,485
Modification of closing						
balances			0			0
Allocations	11,736	-4,144	7,592	-1,825	2,454	629
Transfers	-11,184		-11,184		-40	-40
Reclassification						·
adjustments in period's						
profit (loss)	-95		-95			0
Balance at 30/06/2010	339,012	10,382	349,394	25,445	629	26,074

The Board of Directors

Milan, 30 July 2010

Annexes to Consolidated Interim financial statements as at and for the six months ended 30 June 2010

### 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.I.	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
Forum Mondadori Residenze S.r.l.	Italy	G	10	100.00	100.00	100.00	100.00
Vittoria Properties S.r.l.	Italy	G	10	99.00	99.87	100.00	100.00
Interbilancia S.r.l.	Italy	G	9	80.00	97.45	100.00	100.00
Vittoria Service S.r.l.	Italy	G	11	70.00	96.17	100.00	100.00
Acacia 2000 S.r.l.	Italy	G	10	-	56.71	65.00	100.00
Gestimmobili S.r.l.	Italy	G	11	-	69.79	80.00	100.00
Interimmobili S.r.I.	Italy	G	11	-	69.79	80.00	100.00
V.R.G. Domus S.r.I	Italy	G	10	-	44.49	51.00	100.00
Vaimm Sviluppo S.r.I.	Italy	G	10	-	87.24	100.00	100.00
Cadorna Real Estate S.r.l.	Italy	G	10	-	61.07	70.00	100.00
Valsalaria S.r.l.	Italy	G	10	-	44.49	51.00	100.00
Aspevi S.r.l.	Italy	G	11	-	97.45	100.00	100.00
Vittoria.Net S.r.l.	Italy	G	11	-	97.45	100.00	100.00

<sup>(1)</sup> 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

<sup>(3)</sup> 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.

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

# 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
Yam Invest N.V.	Holland	9	С	18.75	18.75	-	65,612
White Finance S.A	Luxembourg	9	b	32.17	32.17	-	5,306
S.In.T. S.p.A.	Italy	11	b	48.19	48.19	-	4,745
Yarpa S.p.A.	Italy	9	b	20.91	20.91	-	4,775
Laumor Holdings S.a.r.l.	Luxembourg	9	b	29.00	29.00	-	8,099
Gima Finance S.A.	Luxembourg	9	b	32.13	32.13	-	8,242
Sivim S.r.l.	Italy	10	b	-	43.18	49.50	-
Rovimmobiliare S.r.I	Italy	10	b	-	43.62	50.00	542
Mosaico S.p.A.	Italy	10	b	-	21.81	25.00	176
Pama & Partners S.r.l.	Italy	10	b	-	21.81	25.00	768
Le Api S.r.l.	Italy	11	b	-	29.23	30.00	35
Consorzio Movincom S.c.r.l.	Italy	11	b	0.98	38.79	38.80	41
VP Sviluppo 2015 S.r.l.	Italy	10	b	-	34.90	40.00	11
VZ Real Estate S.r.l.	Italy	10	b	-	42.75	49.00	18
Spefin Finanziaria S.p.A.	Italy	9	b	-	20.20	21.00	1,224
Fiori di S. Bovio S.r.l.	Italy	10	b	-	34.90	40.00	212
Valsalaria A.11 S.r.l.	Italy	10	b	-	34.90	40.00	-

<sup>(1) 1=</sup>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

<sup>(2)</sup> 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.

<sup>(3)</sup> 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.

<sup>(4)</sup> 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 30 June 2010 **Balance sheet by business and business line** 

						Real	Real estate			Interse	Intersegment		(€/000)
		Non-life business	usiness	Life business	siness	business	Jess	Service	Service business	elimin	eliminations	Total	al
		30/06/10	31/12/09	30/06/10	31/12/09	30/06/10	31/12/09	30/06/10	31/12/09	30/06/10	31/12/09	30/06/10	31/12/09
_	INTANGIBLE ASSETS	26,624	25,429	6,526	5,656	840	855	0	0	0	0	33,990	31,940
N	PROPERTY, PLANT AND EQUIPMENT	14,562	14,691	0	0	395,059	401,515	27	28	39,358	39,359	449,006	455,593
က	REINSURERS' SHARE OF TECHNICAL RESERVES	51,097	53,904	21,123	20,322	0	0	0	0	0	0	72,220	74,226
4	INVESTMENTS	859,235	821,848	938,209	910,028	18,195	15,364	125	110	-174,345	-159,199	1,641,419	1,588,151
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	206,830	195,349	63,415	59,665	3,531	3,459	92	09	-174,045	-158,635	908'66	868'66
4.3	Held to maturity investments	10,512	10,687	84,389	84,030	0	0	0	0	0	0	94,901	94,717
4.4	Loans and receivables	20,898	17,311	11,029	14,749	14,490	11,731	0	0	-300	-564	46,117	43,227
4.5	Financial assets available for sale	620,956	598,375	869'969	665,700	174	174	09	20	0	0	1,317,878	1,264,299
4.6	Financial assets at fair value through profit or loss	39	126	82,678	85,884	0	0	0	0	0	0	82,717	86,010
2	OTHER RECEIVABLES	142,900	150,839	19,274	23,149	16,820	26,063	<b>2</b> 99	694	-2,751	-4,203	176,900	196,542
9	OTHER ASSETS	32,133	30,212	11,037	9,452	24,368	25,727	767	156	-615	924	67,215	66,471
6.1	Deferred acquisition costs	4,378	4,386	3,206	2,768	0	0	0	0	0	0	7,584	7,154
6.2	Other assets	27,755	25,826	7,831	6,684	24,368	25,727	767	156	-615	924	59,631	59,317
7	CASH AND CASH EQUIVALENTS	31,837	22,393	167	18,576	25,929	24,283	2,524	1,643	0	0	60,457	66,895
	TOTAL ASSETS	1,158,388	1,119,316	996,336	987,183	481,211	493,807	3,625	2,631	-138,353	-123,119	2,501,207	2,479,818
-	EQUITY											375,468	378,576
7	PROVISIONS	741	741	0	0	2,701	2,280	0	0	0	0	3,442	3,021
ဗ	TECHNICAL RESERVES	826,275	779,844	785,585	771,332	0	0	0	0	4,287	2,863	1,616,147	1,554,039
4	FINANCIAL LIABILITIES	20,944	23,475	98,541	101,266	262,172	274,673	0	0	0	0	381,657	399,414
4.1	Financial liabilities at fair value through profit or loss	0	0	77,630	79,610	0	0	0	0	0	0	77,630	79,610
4.2	Other financial liabilities	20,944	23,475	20,911	21,656	262,172	274,673	0	0	0	0	304,027	319,804
2	PAYABLES	38,620	43,983	5,624	5,048	24,659	39,219	2,749	1,840	-2,488	-4,715	69,164	85,375
9	OTHER LIABILITIES	22,037	21,077	8,463	7,174	14,159	18,088	232	82	10,435	12,972	55,329	59,393
	TOTAL EQUITY AND LIABILITIES											2,501,207	2,479,818

Vitoria Assicurazioni S.p.A. Consolidated interim financial statements as at 30 June 2010 Income statement by business and business line

		Non-life business	siness	Life business	siness	Real estate business	business	Service business	usiness	Intersegment eliminations	gment ations	Net gains and costs/losses	ns and osses
		30/6/10	60/9/08	30/6/10	60/9/08	30/6/10	60/9/08	30/6/10	60/9/08	30/6/10	60/9/08	30/6/10	60/9/08
<u>-</u>	Net premiums	277,317	242,393	82,293	49,214	0	0	0	0	0	0	359,610	291,607
1.1.1	Gross premiums	284,717	251,490	83,294	50,131	0	0	0	0	0	0	368,011	301,621
1.1.2	. Ceded premiums	7,400	260'6	1,001	917	0	0	0	0	0	0	8,401	10,014
1.2	Commission income	0	0	430	354	0	0	0	0	0	0	430	354
£.	Gains or losses on remeasurement of financial instruments at fair value through profit or loss	-88	0	-22	123	0	0	0	0	0	0	-110	123
4.1	Gains on investments in subsidiaries and associates and interests in joint ventures	47	1,574	1,136	2,153	0	38	15	13	966-	-2,787	203	991
1.5	Gains on other financial instruments and investment property	9,296	10,333	16,019	14,748	345	277	0	7	0	<del>-</del>	25,660	25,364
1.6	Other income	3,645	3,215	163	148	13,838	2,125	1,454	1,939	-1,656	-1,822	17,444	5,605
_	TOTAL REVENUE	290,217	257,515	100,019	66,740	14,183	2,440	1,469	1,959	-2,651	-4,610	403,237	324,044
2.1	Net charges relating to claims	201,774	176,718	82,437	53,218	0	0	0	0	1,428	-2,539	285,639	227,397
2.1.2	Amounts paid and change in technical reserves	201,482	193,858	83,445	54,448	0	0	0	0	1,428	-2,539	286,355	245,767
2.1.3	Reinsurers' share	292	-17,140	-1,008	-1,230	0	0	0	0	0	0	-716	-18,370
2.2	Commission expense	0	0	54	73	0	0	0	0	0	0	54	73
2.3	Losses on investments in subsidiaries and associates and interests in joint ventures	1,733	1,858	0	0	642	19	0	0	0	0	2,375	1,877
2.4	Losses on other financial instruments and investment property	113	159	538	654	1,276	1,665	Τ-	6	0	-	1,928	2,486
2.5	Operating costs	71,889	62,581	9,734	7,887	3,808	3,684	1,529	1,700	-1,651	-1,823	85,309	74,029
5.6	Other costs	6,500	6,264	373	94	1,831	348	9	11	0	0	8,710	6,717
0	TOTAL COSTS	282,009	247,580	93,136	61,926	7,557	5,716	1,536	1,720	-223	-4,363	384,015	312,579
	PROFIT FOR THE YEAR BEFORE TAXATION	8,208	9,935	6,883	4,814	6,626	-3,276	-67	239	-2,428	-247	19,222	11,465

Vittoria Assicurazioni S.p.A. Consolidated interim financial statements as at 30 June 2010

Breakdown of other comprehensive income

	Allocation	E	Reclassif	Reclassification to profit or loss	Other (	Other Changes	Total (	Total Changes	Tax	Faxes	Bal	Balance
	30/06/10 30/06/09	60/90/08	30/06/10	30/06/10 30/06/09	30/06/10	30/06/10 30/06/09	30/06/10	30/06/10 30/06/09		30/06/10 30/06/09	30/06/10 31/12/09	31/12/09
Translation reserve	23	-399					23	- 339		0	-174	-197
Fair value reserve	-4,640	6,750	-95	,			- 4,735	6,750	-366	1,862	20,900	25,635
Hedging reserve	0	0							0	0	0	0
Gains or losses on hedging instruments of net investment in foreign operations	0	0		-					0	0	0	0
Reserve for changes in the equity of investees	109	9/	-	-	-	1	109	92	0	0	159	90
Intangible asset revaluation reserve	0	0	•	-		•	-		0	0	0	0
Property, plant and equipment revaluation reserve	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
Actuarial gains and losses and adjustments related to defined benefit plans	0	0							0	0	0	0
Other reserves	0	0				•	-		0	0	0	0
TOTAL OTHER COMPREHENSIVE INCOME	-4.508	6.427	-95	0	0	0	-4,603	3 6,427	-366	1,862	20,885	25,488

Vittoria Assicurazioni S.p.A. Consolidated interim financial statements as at 30 June 2010

Breakdown of financial assets

43,645 17,584 32,882 25,552 25,637 22,807 ,344,610 280 808 1,488,253 1,342,061 Total carrying amount 31/12/09 17,610 30,219 44,533 24,940 27,142 1,541,613 22,792 281 504 1,396,384 1,393,933 30/06/10 79,610 6,492 36,940 6,492 30,681 30,681 5,497 Financial assets at 31/12/09 fair value through profit or loss Financial assets at fair value through 29,793 34,205 6,246 30/06/10 7,386 29,793 7.386 77,630 profit or loss 6,400 31/12/09 5,592 5.592 808 Financial assets held for trading 30/06/10 4,583 4,583 5,087 504 17,584 26,390 6,705 19,060 1,264,299 1,213,620 1,213,620 31/12/09 Financial assets available for sale 17,610 22,833 15,406 10,328 1,317,878 1,267,107 1,267,107 30/06/10 25,637 43,227 280 17,310 31/12/09 Loans and receivables 24,940 20,896 46,117 281 30/06/10 92,168 94,717 31/12/09 94,717 Held to maturity investments 92,450 30/06/10 94,901 94,901 inancial asset portion of insurance \_oans and receivables from bank Equity and derivative instruments Deposits with ceding companies Interbank loans and receivables Equity instruments at fair value Other loans and receivables Non-hedging derivatives Other financial assets Hedging derivatives of which listed of which listed **Debt securities** OEIC units customers Total

Vittoria Assicurazioni S.p.A. Consolidated interim financial statements as at 30 June 2010 Financial and investment gains and losses/costs

				į	:	:	Net :	Valuation gains	gains	Valuation losses	losses	Net :	Net gains	Net gains
		Interest	Other net income	Other	Realised gains	Realised losses	realised gains and losses	Valuation capital gains	Write- backs	Valuation capital losses	Write- downs	unrealised gains and losses	and costs/losses HY2010	and costs/losses HY2009
Invest	nvestments	24,914	761	2,618	2,639	231	25,465	2,290	0	3,088	0	-798	24,667	28,399
В	Investment property	0	0	0	0	0	0	0	0	0	0	0	0	0
q	Investments in subsidiaries and associates and interests in joint ventures	0	203	2,375	0	0	-2,172	0	0	0	0	0	-2,172	988-
O	Held to maturity investments	2,113	0	0	0	0	2,113	0	0	0	0	0	2,113	2,312
р	Loans and receivables	273	0	0	0	0	273	0	0	0	0	0	273	156
Ө	Financial assets available for sale	22,063	344	0	267	0	22,674	0	0	0	0	0	22,674	21,798
ţ	Financial assets held for trading	15	0	0	39	0	54	141	0	305	0	-164	-110	123
Ō	Financial assets at fair value through profit or loss	450	214	243	2,333	231	2,523	2,149	0	2,783	0	-634	1,889	4,896
Other	Other receivables	292	0	0	0	0	295	0	0	0	0	0	295	366
Cash	Cash and cash equivalents	302	0	0	0	0	305	0	0	0	0	0	308	635
Financ	Financial liabilities	-1,928	0	0	0	0	-1,928	0	0	1,889	0	-1,889	19'6-	-7,285
В	Financial liabilities held for trading	0	0	0	0	0	0	0	0	0	0	0	0	0
q	Financial liabilities at fair value through profit or loss	0	0	0	0	0	0	0	0	1,889	0	-1,889	-1,889	-4,896
O	Other financial liabilities	-1,928	0	0	0	0	-1,928	0	0	0	0	0	-1,928	-2,389
Payables	oles	0	0	0	0	0	0	0	0	0	0	0	0	0
Total		23,586	761	2,618	2,639	231	24,137	2,290	0	4,977	0	-2,687	21,450	22,115

Vittoria Assicurazioni S.p.A. Consolidated interim financial statements as at 30 June 2010 **Breakdown of technical reserves** 

	Direct business	usiness	Indirect business	ousiness	Total carrying amount	ng amount
	30/06/10	31/12/09	30/06/10	31/12/09	30/06/10	31/12/09
Non-life reserves	825,310	778,941	962	903	826,275	779,844
Premium reserve	256,503	226,484	32	78	256,535	226,562
Claims reserve	567,033	548,683	933	825	567,966	549,508
Other reserves	1,774	3,774	0	0	1,774	3,774
of which posted following liability adequacy testing	0	0	0	0	0	0
Life reserves	789,582	773,905	290	290	789,872	774,195
Reserve for payable amounts	20,578	19,487	11	11	20,589	19,498
Mathematical reserves	738,530	721,622	274	274	738,804	721,896
Technical reserves where investment risk is borne by policyholders and reserves arising from pension fund managment	0	0	0	0	0	0
Other reserves	30,474	32,796	5	5	30,479	32,801
of which posted following liability adequacy testing	0	0	0	0	0	0
of which deferred liabilities to policyholders	18,323	20,579	0	0	18,323	20,579
Total technical reserves	1,614,892	1,552,846	1,255	1,193	1,616,147	1,554,039

Vittoria Assicurazioni S.p.A. Consolidated interim financial statements as at 30 June 2010 **Breakdown of reinsurers' share of technical reserves** 

74,226	72,220	437	467	73,789	71,753	Total reinsurers' share of technical reserves
23	29	0	0	23	29	Other reserves
0	0	0	0	0	0	management
						policyholders and reserves arising from pension fund
						Technical reserves where investment risk is borne by
19,926	20,720	0	0	19,926	20,720	Mathematical reserves
373	373	0	0	373	373	Reserves for payable amounts
20,322	21,122	0	0	20,322	21,122	Life reserves
0	0	0	0	0	0	Other reserves
44,275	38,430	394	463	43,881	37,967	Claims reserve
9,629	12,668	43	4	9,586	12,664	Premium reserve
53,904	51,098	437	467	53,467	50,631	Non-life reserves
31/12/09	30/06/10	31/12/09	30/06/10	30/06/10 31/12/09	30/06/10	
Total carrying amount	Total carry	ousiness	Indirect business	usiness	Direct business	
(€/000)						

Vittoria Assicurazioni S.p.A. Consolidated interim financial statements as at 30 June 2010 **Breakdown of financial liabilities** 

	Finar	icial liabil	Financial liabilities at fair value	value				
		through p	through profit or loss	,	;	•		
	Financial	Financial liabilities	Financial liabilities at	abilities at	Other fi liabi	Other financial liabilities	Total carrying amount	ng amount
	held for	held for trading	or loss	ss.				
	30/06/10	31/12/09	30/06/10	31/12/09	30/06/10	31/12/09	30/06/10	31/12/09
Participating non-equity instruments	0	0	0	0	0	0	0	0
Subordinated liabilities	0	0	0	0	2,406	4,268	2,406	4,268
Liabilities from financial contracts issued by								
insurers arising from:	0	0	77,630	79,610	0	0	77,630	79,610
Contracts where policyholders bear								
investment risk	0	0	68,392	70,789	0	0	68,392	70,789
Pension-fund management	0	0	9,238	8,821	0	0	9,238	8,821
Other contracts	0	0	0	0	0	0	0	0
Deposits received from reinsurers	0	0	0	0	23,554	23,554	23,554	23,554
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	262,172	274,672	262,172	274,672
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	15,896	17,310	15,896	17,310
Total	0	0	77,630	79,610	304,028	319,804	381,658	399,414

Vitoria Assicurazioni S.p.A. Consolidated interim financial statements as at 30 June 2010 **Breakdown of financial assets and liabilities by level** 

		Level 1	el 1	Levi	Level 2	Lev	Level 3	Total	tal
		30/06/10	31/12/09	30/06/10	31/12/09	30/06/10	31/12/09	30/06/10	31/12/09
Financial assets Available for sale		1,292,841	1,239,385	7,427	7,330	17,610	17,584	1,317,878	1,264,299
Financial assets at fair value through	Financial assets held for trading	5,087	6,400			1	1	2,087	6,400
profit or loss	Financial assets at fair value through profit or loss	77,630	79,610				1	77,630	79,610
Total		1,375,558	1,325,395	7,427	7,330	17,610	17,584	1,400,595	1,350,309
Financial liabilities at fair value through	Financial liabilities held for trading			-	-				1
profit or loss	Financial liabilities at fair value through profit or loss	74,109	75,800	3,521	3,810			77,630	79,610
Total		74.109	75.800	3.521	3.810	1	1	77.630	79.610

Vittoria Assicurazioni S.p.A. Consolidated interim financial statements as at 30 June 2010 **Detail of changes in financial assets and liabilities allocated to Level 3** 

					(€/000)
		Financial assets			
		Financial assets at fair va	Financial assets at fair value through profit or loss	Financial liabilities at fair value through profit or loss	alue through profit or loss
	Financial assets Available for sale	Financial assets held for trading	Financial assets at fair value through profit or loss	Financial liabilities held for trading	Financial liabilities at fair value through profit or loss
Opening balance	17,584				
Purchases/ Issues	12				
Sales/Repurchases	0				
Redemptions	0				
Gains or losses charged to profit and loss	0				
Gains or losses charged to other comprehensive income	0				
Moves to Level 3	0				
Moves to other Levels	0				
Other changes	14				
Closing balance	17,610				

Vitronia Assicurazioni S.p.A. Consolidate interim trancial statements as at 30 June 2010 Consolidated interim financial statements as at 30 June 2010 Detail of reclassified financial assats and impacts on profit and loss and on other comprehensive income

Reclassified Assets up to 2010	Gains or losses that would have been charged to other comprehensive income in absence of the reclassification				
Reclassifi	Gains or losses that would have been charged to profit and loss in absence of the raclassification				C
Reclassified Assets during 2010	Gains or losses that would Gains or losses that would have been charged to other flat been charged to other flat been comprehensive profit and loss in absence income in absence of the reclassification of the reclassification reclassification and the reclassification of				
Reclassif	Gains or lossee Gains or losses that would charged to other have been charged to comprehensive profit and loss in absence income				
sets up to 2010	Gains or losses charged to other comprehensive income				
Reclassified As	Gains or losses charged to profit and loss				C
Reclassified Assets during 2010 Reclassified Assets up to 2010	Gains or losses charged to other comprehensive income				C
Reclassified Ass	Gains or losses charged to profit and loss				C
Fair Value at 31/12/2009 of reclassified assets	Reclassified Assets on up to 2010				
Fair at 31/ of reclass	Reclassified Assets during 2010				
Carrying amount at 31/12/2009 if reclassified assets	Reclassified Assets Proclassified Assets during up to 2010 2010				
Carryin at 31/ of reclass	Reclassified Assets during 2010				0
Amount of 6 Financial assets of re	during the year at the reclassification date	_			C
	Activity class				
	categories	Q			
Reclassified F	catk	from			Total

Vittoria Assicurazioni S.p.A. Consolidated interim financial statements as at 30 June 2010 **Detail of insurance technical items** 

							(€/000)
			30/06/10			60/90/08	
		Gross amount	Reinsurer's share of amount	Net amount	Gross amount	Reinsurers' share of amount	Net amount
Non	Non-life business						
NET	NET PREMIUMS	284,717	7,400	277,317	251,490	260'6	242,393
В	Premiums written	314,638	10,403	304,235	259,409	860'6	250,311
q	Change in premiums reserve	29,921	3,003	26,918	7,919	-	7,918
NET	NET CLAIMS COSTS	201,482	-292	201,774	193,858	17,140	176,718
ಹ	Amounts paid	193,305	6,871	186,434	171,636	5,252	166,384
Ф	Change in claims reserves	18,383	-5,926	24,309	186,72	12,370	15,611
O	Change in recoveries	8,206	1,237	696'9	2,759	482	5,277
р	Change in other technical reserves	-2,000	0	-2,000	0	0	0
Life	Life business						
NET	NET PREMIUMS	83,294	1,001	82,293	50,131	917	49,214
NET	NET CLAIMS COSTS	83,445	1,008	82,437	54,448	1,230	53,218
В	Amounts paid	65,313	207	65,106	48,412	468	47,944
q	Change in reserve for amounts to be paid	1,091	0	1,091	-4,563	0	-4,563
ပ	Change in mathermatical reserves	17,109	794	16,315	10,357	755	9,602
σ	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
Φ	Change in other technical reserves	-68	7	-75	242	7	235

# Breakdown of insurance operating costs

		Non-life	business	Life business		
		30/06/10	30/06/09	30/06/10	30/06/09	
Gross	s commissions and other acquisition costs	67,812	58,165	7,965	6,351	
а	Acquisition commissions	48,085	39,425	4,107	3,339	
b	Other acquisition costs	16,203	14,678	3,739	2,507	
С	Change in deferred acquisition costs	8	563	-437	-77	
d	Premium collection commissions	3,516	3,499	556	582	
Profit participation and other commissions received						
from reinsurers		-3,154	-2,608	-190	-149	
Investment management costs		165	244	174	166	
Othe	administrative costs	7,066	6,780	1,785	1,519	
Total		71,889	62,581	9,734	7,887	

Vittoria Assicurazioni S.p.A. Consolidated interim financial statements as at 30 June 2010

# Breakdown of property, plant and equipment and intangible assets

	At cost	Deemed cost or fair value	Total carrying amount
Investment property	-	-	-
Other property	444,876	-	444,876
Other items of property, plant	4,130	-	4,130
Other intangible assets	32,195	-	32,195

Consolidated interim financial statements as at 30 June 2010

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

	Unit- and ir ben	ndex-linked efits	Benefits r pension-fund	٠ ا	To	tal
	30/06/10	31/12/09	30/06/10	31/12/09	30/06/10	31/12/09
On-balance sheet assets	68,392	70,789	9,238	8,821	77,630	79,610
Infragroup assets *	0	0	0	0	0	0
Total assets	68,392	70,789	9,238	8,821	77,630	79,610
On-balance sheet liabilities	68,392	70,789	9,238	8,821	77,630	79,610
On-balance sheet technical						
reserves	0	0	0	0	0	0
Infragroup liabilities*	0	0	0	0	0	0
Total Liabilities	68,392	70,789	9,238	8,821	77,630	79,610

<sup>\*</sup> Assets and liabilities eliminated in consolidation process

# **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 2010 half-yearly consolidated financial statements.

- 2. In this respect no remarks emerged besides what already reported in Director's report to the Consolidated half-year financial report as at 30 June 2010.
- 3. The undersigned also certify that:
  - 3.1 The half-yearly consolidated financial statements as at June 30th 2010:
    - a) 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;
    - b) corresponds to results of the books and accounts records;
    - c) 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.
  - 3.2 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, 30 July 2010

Roberto Guarena Managing Director Mario Ravasio Manager Charged with preparing the company's financial reports

# Report of Independent Auditors



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# (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 2010

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. as of 30 June 2010 and the six months then ended, comprising the consolidated balance sheet, consolidated comprehensive 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.

The condensed consolidated interim financial statements presents prior year amounts for comparative purposes. As reported in the explanatory notes, Directors have restated certain comparative data related to the prior year and to the six months period ended 30 June 2009, with respect to the information previously presented, on which we issued, respectively, our audit and review reports on 1 April 2010 and 6 August 2009. We have examined the methods adopted to restate the comparative financial data and the information presented in the explanatory notes in this respect, for the purpose of issuing this review report on the condensed consolidated interim financial statements as of 30 June 2010.

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 S.p.A. as of 30 June 2010 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, 5 August 2010

BDO S.p.A.

Francesca Scelsi (Partner)