

ANNUAL ACCOUNTS



BALANCE SHEETS AS OF 31 DECEMBER 2005 AND 2004 (in thousands of €)

	31.12.2005		31.12.2004	
ASSETS				
B. INTANGIBLE ASSETS				
5. Other deferred costs		306		370
C. INVESTMENTS				
C.I Property				
1. Property used for business purposes	7.859		8.093	
2. Property used by third parties	11.627	19.486	11.598	19.691
C.II Investments in group and related companies		121		88
C.III Other financial investments				
1. Shares and quotas	5.220		4.050	
2. Mutual fund units	1.714		1.171	
3. Bonds and other fixed-interest securities	71.200		74.710	
4. Loans	126		140	
6. Restricted deposits with banks	2.057	80.317	3.570	83.641
C.IV Deposits with ceding undertakings		2.231		2.710
Total		102.155		106.130
D.bis TECHNICAL RESERVES CARRIED BY REINSURERS				
1. Unearned premiums reserve	49.336		32.082	
2. Claims payable reserve	122.503	171.839	147.737	179.819
E. DEBTORS				
E.I Receivables arising out of direct insurance				
1.a Due from policyholders for current premiums	57.820		45.278	
1.b Due from policyholders for premiums relating to prior years	2.000		1.631	
2. Due from agents and others intermediaries	24.214		13.983	
3. Due from insurance companies	1.951	85.985	2.938	63.830
E.II Reinsurance debtors				
1. Insurance and reinsurance companies	7.347		8.466	
2. Reinsurance intermediaries	2.630	9.977	6.733	15.199
E.III Other debtors		4.312		3.677
Total		100.274		82.706
F. OTHER ASSETS				
F.I Tangible assets				
1. Furniture and office machine	456		664	
2. Publicly registered assets	0		9	
3. Plant and equipment	43	499	58	731
F.II Cash and cash equivalents				
1. Bank accounts	1.813		1.533	
2. Cheques and cash	9	1.822	8	1.541
F.IV Other assets				
1. Temporary reinsurance accounts	80		91	
2. Other	2.440	2.520	2.314	2.405
Total		4.841		4.677
G. PREPAYMENTS AND ACCRUED INCOME				
1. Interest	884		930	
2. Other	152	1.036	193	1.123
Total assets		380.451		374.825

	31.12.2005		31.12.2004	
LIABILITIES AND EQUITY				
A. CAPITAL AND EQUITY RESERVES				
A.I Share capital		38.000		38.000
A.IV Legal reserve		331		261
A.VII Other reserves		4.096		3.771
A. IX Net profit (loss) for the year		1.013		1.402
	Total	43.440		43.434
B. SUBORDINATED LIABILITIES				
		0		5.423
C. TECHNICAL RESERVES				
1. Unearned premiums reserve	61.994		46.075	
2. Claims payable reserve	191.152		221.715	
5. Other technical reserves	983	254.129	890	268.680
E. PROVISIONS FOR RISKS AND CHARGES				
2. Provision for taxation		1.025		814
F. DEPOSITS FROM REINSURERS				
		1.345		1.498
G. CREDITORS AND OTHERS LIABILITIES				
G.I Payables arising out of direct insurance				
1. Due to agents and other intermediaries	6.479		2.730	
2. Due to insurance companies	3.824	10.303	3.514	6.244
G.II Reinsurance creditors				
1. Insurance and reinsurance companies	11.141		11.482	
2. Reinsurance intermediaries	31.053	42.194	13.117	24.599
G.VII Termination indemnities		2.870		2.716
G.VIII Other creditors				
1. Taxes paid by policyholders	1.283		790	
2. Miscellaneous taxes payable	205		545	
3. Due to social security and welfare institutions	175		179	
4. Sundry creditors	9.773	11.436	7.788	9.302
G.IX Other liabilities				
1. Temporary reinsurance accounts	321		421	
2. Commission on premiums to be collected	7.488		6.247	
3. Sundry liabilities	5.739	13.548	5.230	11.898
	Total	80.351		54.759
H. DEFERRED INCOME AND ACCRUED LIABILITIES				
1. Interest		161		217
	Total liabilities and equity	380.451		374.825

STATEMENT OF INCOME FOR THE YEARS ENDED 31 DECEMBER 2005 AND 2004 (in thousands of €)

	31.12.2005		31.12.2004	
I. TECHNICAL ACCOUNT				
1. EARNED PREMIUMS, NET OF REINSURANCE				
a. Gross premiums written	170.516		141.907	
b. Outward reinsurance premiums	(127.016)		(97.102)	
c. Change in unearned premium reserve	(13.649)		(3.045)	
d. Change in unearned premium reserve carried by reinsurers	15.175	45.026	3.067	44.827
2. INVESTMENT RETURN TRANSFERRED FROM THE NON-TECHNICAL ACCOUNT		2.151		2.214
3. OTHER TECHNICAL INCOME, NET OF RECOVERIES AND REINSURANCE		4.981		8.054
4. CLAIMS INCURRED, NET OF RECOVERIES AND REINSURANCE				
a. Claims paid				
aa. Gross amount	(133.960)		(110.216)	
bb. (less) ceded to reinsurers	87.161	(46.799)	64.320	(45.896)
b. Change in recoveries, net of reinsurance				
aa. Gross amount	4.730		2.707	
bb. (less) ceded to reinsurers	(2.661)	2.069	(1.132)	1.575
c. Changes in claims payable reserve				
aa. Gross amount	36.365		(164)	
bb. (less) ceded to reinsurers	(30.229)	6.136	8.968	8.804
	Total	(38.594)		(35.517)
6. PROFIT COMMISSIONS, NET OF REINSURANCE		(58)		(61)
7. OPERATING EXPENSES				
a. Aquisition commissions	(23.180)		(19.797)	
b. Other acquisition costs	(2.136)		(2.196)	
d. Collection commissions	(6)		(5)	
e. Other administrative expenses	(6.755)		(7.135)	
f. Commission and other income from reinsurers	23.703	(8.374)	18.128	(11.005)
8. OTHER TECNICAL EXPENSES, NET OF REISURANCE		(3.065)		(6.877)
9. CHANGE IN OTHER TECHNICAL RESERVES		(93)		(102)
Underwriting result		1.974		1.533

	31.12.2005		31.12.2004	
III. NON-TECHNICAL ACCOUNT				
1. NET INVESTMENT INCOME				
a. Income from shares	143		111	
b. Income from other investments				
aa. Income on properties	721		744	
bb. Income from financial investments	2.494		2.598	
c. Writebacks	610		288	
d. Gains on sale of investment	715	4.683	520	4.261
5. CAPITAL AND FINANCIAL CHARGES				
a. Investment management charges and interest expense	(526)		(407)	
b. Writedowns	(878)		(486)	
c. Losses on sale of investment	(36)	(1.440)	(4)	(897)
6. INVESTMENT RETURN TRANSFERRED TO THE TECHNICAL ACCOUNT		(2.151)		(2.214)
7. OTHER INCOME		1.372		1.182
8. OTHER EXPENSES		(2.313)		(1.998)
10. EXTRAORDINARY INCOME		6		593
11. EXTRAORDINARY EXPENSES		(45)		(149)
		Non-technical result		778
		Profit (loss) before taxes		2.311
14. INCOME TAXES FOR THE YEAR		(1.073)		(909)
		Net profit (loss) for the year		1.402

NOTES TO THE FINANCIAL STATEMENTS

The 2005 financial statements comprise the balance sheet and statement of income, prepared in accordance with the formats established in Decree 173 of 26 May 1997, and these explanatory notes.

They have been prepared in accordance with the above-mentioned Decree, Decree 175 of 17 March 1995, the provisions of ISVAP Communication 735 of 1 December 1997 and current Italian legislation.

The financial statements, accompanied by the directors' report on operations, have been audited by Deloitte & Touche S.p.A. who were appointed as auditors for the three-year period 2003 - 2005, pursuant to current legislation and the shareholders' resolution of 22 April 2003.

These notes are organised into the following parts:

Part A: Accounting policies

Part B: Balance sheet and statement of income

Part C: Other information

In addition, they are accompanied by the Attachments, which form an integral part of the Notes.

Comparative figures are provided, as required by Art. 9.2 of Decree 173/1997, in order to enhance the clarity of presentation.

The presentation of these notes follows the division into parts and sections indicated in Attachment III of Decree 173 of 26 May 1997, supplying the information required therein.

For simplicity, the comments on the balance sheet and statement of income captions are coded in the same way as the schedules.

The figures in these notes are expressed in thousands of Euro (€), except where indicated otherwise.

PART A - ACCOUNTING POLICIES

SECTION 1 - DESCRIPTION OF ACCOUNTING POLICIES

The various items in the financial statements have been valued on a prudent, going-concern basis. Moreover, we have borne in mind the economic function of each asset or liability; in other words, substance has been preferred over form.

The more important accounting policies adopted for the preparation of these financial statements are discussed below:

START-UP AND EXPANSION COSTS AND OTHER DEFERRED COSTS

These are booked at historical cost and systematically reduced by direct amortisation calculated in relation to their estimated useful lives, which does not exceed five years.

PROPERTY

Property is stated at historical purchase cost, including related charges, as restated where applicable by specific revaluation laws. The amounts recorded in the financial statements include improvements and conversion costs incurred to increase the income-earning capacity of property, or prolong its useful life. Premises used by the Company for business purposes are systematically depreciated using rates that reflect their residual useful lives. They are stated net of accumulated depreciation.

Property leased to third parties, being of recent construction and in a good state of repair, represents another form of investment and is not depreciated. This is because the constant maintenance carried out means that no reasonable limit can be placed on its useful life.

SHARES, QUOTAS, BONDS AND OTHER FIXED-INTEREST SECURITIES

Long-term investments

Investments in unlisted companies held as long-term investments are booked at purchase cost, determined on a weighted moving-average basis, as written down to reflect any permanent losses of value. Original cost is reinstated in future accounting periods if the reasons for any writedowns cease to exist.

Short-term investments

These are stated at the lower of carrying or market value.

Carrying value, determined on a weighted moving-average cost basis, is represented by their purchase or subscription cost, as adjusted in the case of bonds and other fixed-income securities by the accrued net issue discount.

Original cost is reinstated in future accounting periods if the reasons for any writedowns cease to exist. The market value of securities listed on organised markets is determined as the simple average of stockmarket prices struck during the last month of the year.

For securities not listed on organised markets, market value is determined with reference to their estimated realisable value considering the market value of listed securities with similar characteristics or, otherwise, using objective criteria applied on a consistent basis.

REPURCHASE AGREEMENTS

Transactions involving the purchase or sale of securities with an obligation to return them after a certain period of time (so-called "repurchase agreements" or "reverse repurchase agreements") are booked by recording the spot value of the securities bought under "Other financial investments" and maintaining the assets involved in the transactions in the balance sheet of the seller.

The proceeds of such transactions are booked on an accrual basis.

DEBTORS

These are stated at their estimated realisable value.

TANGIBLE ASSETS

Tangible assets are recorded at purchase cost, including related charges, and depreciated on a systematic basis using rates that reflect their residual useful lives.

They are stated net of accumulated depreciation.

TEMPORARY REINSURANCE ACCOUNTS

Considering the delay with which reinsurers make their accounts available, the technical costs and revenues relating to reinsurance business arranged with non-group companies are recorded in the subsequent year.

Accordingly, debtors and payables relating to technical accounts for the year notified prior to year-end are reported in the financial statements, while the corresponding costs and revenues are deferred to the following year by using the transit accounts.

ACCRUALS AND DEFERRALS

Accruals and deferrals are calculated on an accrual basis in order to match costs and revenues that refer to more than one year in the right accounting period.

UNEARNED PREMIUMS RESERVE

This includes the apportioned premiums reserve and the provision for unexpired risks.

These are calculated together to cover the cost of claims and related expenses that will be settled after the year-end, within the cover provided by the premiums paid by policyholders.

Direct business

The apportioned premiums reserve is calculated on a detailed, accrual basis considering the gross premiums recorded net of acquisition commissions and other costs directly attributable to the

acquisition. This reserve includes specific provisions required by law to cover risks of a particular nature (such as bond insurance, hail and other natural disasters, and those relating to nuclear energy). In limited cases, with reference to certain premiums accepted by the foreign branches, the accrual basis is applied using inductive systems that are considered to produce essentially the same result.

The reserve for unexpired risks is determined segment by segment to cover the risks outstanding after year-end in cases where estimated indemnities and expenses deriving from contracts written before the year-end exceed any related unearned premiums and premiums to be collected. As required by ISVAP Circular no. 360/D, the related calculation is based on the ratio of claims to recent premiums (net of acquisition commission and claims of an exceptional nature), while also taking into account the estimated claims for the Hull and Cargo businesses.

The share of the apportioned premiums reserve, as well as that of the reserve for unexpired risks, borne by reinsurers is determined by applying to these reserves the ratio of premiums transferred to reinsurers (net of excess-of-loss transfers) to the gross premiums written on direct business. This does not apply to the Hull and Cargo businesses, where the share of the apportioned premiums reserve borne by reinsurers is calculated on a detailed, accrual basis.

Indirect business

The apportioned premiums reserve is calculated on a detailed, accrual basis. If transferor companies do not provide sufficient information for this method to be applied, an overall approach is taken. In any case, the general principle of adequacy is taken into consideration pursuant to Art. 39 of Decree 173 of 26 May 1997.

The reserve for outstanding risks is determined using criteria similar to those employed for direct business.

The share of the unearned premiums reserve carried by reinsurers is determined by applying to the reserve the ratio of premiums transferred to reinsurers to the premiums written on indirect business.

CLAIMS PAYABLE RESERVE

Direct business

The claims payable reserve is determined from a prudent, case-by-case assessment, applying objective criteria and taking into account for each segment all foreseeable future charges (using available historical data and considering the specific characteristics of each company), of all claims not yet settled at year-end, in order to cover a reasonable estimate of all outstanding commitments. For this reason, the reserve includes an estimate of accidents that have occurred, but which have not yet been reported at year-end.

This detailed method has not been applied to third-party motor liabilities (excluding carrier liability) for which, solely for the business generated during the year, an alternative, empirical model has been adopted.

The share of the claims payable reserve carried by reinsurers is determined on the basis of the estimated amount recoverable, taking into account the related contractual agreements.

Indirect business

This is determined on the basis of communications from reinsurers or, if unavailable or insufficient, using an inductive approach that takes historical experience into account.

The share of the claims payable reserve carried by reinsurers is determined using the criteria described for direct business.

OTHER TECHNICAL RESERVES

Provisions to the equalisation reserve for natural disasters, established to cover fluctuations in claims experience, represent 2% of the premiums charged on insurance contracts for natural disasters. If the insurance contract also covers other risks, and the premium related to these risks is not indicated separately, the above rate is reduced to 0.3% and applied to the total premium.

The compensation reserve of the credit insurance business, which is used to cover any underwriting losses incurred and not reallocated at the end of each year, was established in accordance with Art. 80 of Decree 173 of 26 May 1997.

PROVISIONS FOR RISKS AND CHARGES

These reserves are provided to cover known or likely charges, whose timing and extent cannot be determined at year-end. Provisions reflect the best possible estimates, based on the information available.

CREDITORS

These are stated at their nominal value.

TERMINATION INDEMNITIES

This reserve reflects the Company's liability to all employees, pursuant to Art. 2120 of the Italian Civil Code and current labour contracts, taking into account their length of service at year-end and their remuneration.

GUARANTEES, COMMITMENTS AND OTHER MEMORANDUM ACCOUNTS

Guarantees given or received are booked at the contractual value of the related commitment.

Commitments for lease instalments not yet due are recorded on the basis of their contractual value.

Commitments in relation to unsettled security transactions are stated at the contract value of the related transaction.

Commitments under open domestic currency swap contracts are stated with reference to the related differentials, determined with reference to the conditions existing at year-end.

Securities deposited with third parties are stated at book value.

PREMIUMS

Gross premiums include all amounts earned during the year on insurance contracts, whatever their collection date, and are booked net of related taxes and duties collected from policyholders and technical cancellations of securities issued during the year.

Direct business premiums include apportioned premiums for the Hull and related third-party liability businesses.

The accrual basis is applied by provisions to the reserve for unearned premiums.

CLAIMS

The gross value of claims includes sums paid for direct and indirect business as settlements and claim settlement expenses. The latter, in particular, include personnel costs and the depreciation and amortisation of tangible and intangible assets used for managing claims.

INTEREST AND OTHER COSTS AND REVENUES

These are booked on an accrual basis.

DIVIDENDS

Dividends are recorded when collected.

INCOME TAXES

Income taxes are provided on the basis of an estimate of taxable income made in accordance with current tax laws, taking account of any tax losses carried forward and costs disallowed for fiscal purposes.

When timing differences (deductible or taxed) arise between the results for the year and taxable income for corporate income tax purposes, the related taxation is recognised among other liabilities or assets using the tax rate expected at the time the differences reverse.

Deferred tax assets are only recorded if it is reasonably certain that they will be recovered in the future.

Deferred tax liabilities are recorded if it is considered probable that the amount will actually have to be paid.

TRANSLATION OF FOREIGN CURRENCY BALANCES

Foreign currency balances are recorded by means of a multicurrency accounting system.

Foreign currency balances (excluding non-current assets) are shown in the financial statements after they have been translated into the functional currency (euro) using the spot exchange rates applying at year end.

The effects of translation are recorded in the statement of income as either "Other income" or "Other expense", depending on whether they give rise to a gain or a loss.

On approval of the financial statements and allocation of the results for the year, any net profit deriving from this translation, being an unrealised gain, is transferred to a non-distributable reserve until such time as it is realised.

FUNCTIONAL CURRENCY

All amounts in these financial statements are expressed in euro (€).

These accounting policies are the same as those used in the previous year.

SECTION 2 - TAX ADJUSTMENTS AND PROVISIONS

As foreseen under current "defiscalisation" regulations following the repeal of Art. 2426.2 of the Italian Civil Code, which permitted the recording of adjustments and provisions solely for tax purposes, no such adjustments or provisions have been made.

Nor has it been necessary to make any reversals to clear the financial statements of such "fiscal interference", as no adjustments or provisions were recorded solely for tax purposes in prior years either.

PART B - BALANCE SHEET AND STATEMENT OF INCOME

BALANCE SHEET - ASSETS

SECTION 1 – INTANGIBLE ASSETS (CAPTION B)

B. "**Intangible assets**", which will all benefit future years, amount to € 306 thousand (€ 370 thousand at 31 December 2004) and comprise:

	(in thousands of €)		
	31.12.2005	31.12.2004	Change
5. Other deferred costs	306	370	(64)
	306	370	(64)

Attachment 4 shows the changes in this caption during the year.

B.5 "**Other deferred costs**" refer to software (€ 304 thousand), leasehold improvements (€ 1 thousand) and other unamortised costs (€ 1 thousand) expected to benefit future years.

SECTION 2 - INVESTMENTS (CAPTION C)

C. "**Investments**" total € 102,155 thousand (€ 106,130 thousand at 31 December 2004) and comprise:

	(in thousands of €)		
	31.12.2005	31.12.2004	Change
I. Property	19,486	19,691	(205)
II. Investments in group and related companies	122	88	34
III. Other financial investments	80,316	83,641	(3,325)
IV. Deposits with ceding undertakings	2,231	2,710	(479)
	102,155	106,130	(3,975)

C.I.1 "**Property**" amounts to € 19,486 thousand (€ 19,691 thousand at 31 December 2004) and comprise:

	(in thousands of €)		
	31.12.2005	31.12.2004	Change
1. Property used for business purposes	7,859	8,093	(234)
2. Property used by third parties	11,627	11,598	29
	19,486	19,691	(205)

Property is stated net of accumulated depreciation totalling € 1,580 thousand at 31 December 2005 (€ 1,298 thousand at 31 December 2004), all of which refers to property used for business purposes. Depreciation is charged at 3% per year and starts when the property is available and ready for use.

The properties concerned are considered to be long-term assets as the company intends to hold them over time as a stable investment.

Attachment 4 shows the changes during the year in the above caption.

At 31 December 2005, the market value of the above property was estimated to be € 21,935 thousand. Market value has been determined in accordance with the rules laid down by ISVAP in Communication 1915-G of 20 July 2001. This represents the price at which each property could be sold, at the time of the valuation, by private contract between a seller and a purchaser, assuming that the sale takes place on normal terms and, for property leased to third parties, taking into account the lease instalments and the expiry date of the contract. The above market value has been determined on the basis of a separate valuation for each building, as shown in the appraisal prepared by an independent expert, bearing in mind the characteristics and income-earning capacity of each property.

The property currently owned by the Company was not restated under revaluation laws in previous years.

C.I.1 "**Property used for business purposes**" relates entirely to part of the building situated at Via V Dicembre 3, Genoa, where the Company's headquarters are located.

C.I.2 "**Property used by third parties**" includes € 11,240 thousand held for commercial use and € 387 thousand for residential use.

Property held for commercial use relates solely to part of the building situated at Via V Dicembre 3, Genoa, while that for residential use refers solely to the building situated at Via Puggia, Genoa.

This property has been partly rented under lease contracts. No property is subject to financial leasing contracts.

A preliminary contract for the sale of the residential property to a third party was signed in December 2005. This sale, with a small capital gain, will be completed by 31 March 2006.

C.II "Investments in group and other companies" amount to € 122 thousand (€ 88 thousand at 31 December 2004). They relate exclusively to shares and quotas.

C.II.1 "Shares and quotas" comprise:

	(in thousands of €)		
	31.12.2005	31.12.2004	Change
b) controlled companies	37	37	-
c) related companies	70	-	70
e) other	15	51	(36)
	122	88	34

These are considered long-term investments since they will be held indefinitely.

The definition of related companies makes reference to Art. 5.1c) of Decree 173 of 26 May 1997. The definition of controlled and affiliated companies makes reference to Art. 2359 of the Italian Civil Code. "Other" companies mean equity investments as defined in Art. 4.2 of Decree 173 of 26 May 1997.

Attachments 5 and 7 show, respectively, the summary and analysis of changes during the year in the above caption.

General information on equity investments is provided in Attachment 6.

C.III "Other financial investments" amount to € 80,316 thousand (€ 83,641 thousand at 31 December 2004) and comprise:

	(in thousands of €)		
	31.12.2005	31.12.2004	Change
1. Shares and quotas	5,220	4,051	1,169
2. Mutual fund units	1,714	1,170	544
3. Bonds and other fixed-income securities	71,199	74,710	(3,511)
4. Loans	126	140	(14)
6. Restricted deposits with banks	2,057	3,570	(1,513)
	80,316	83,641	(3,325)

As shown in Attachment 8, the above financial investments are all considered to be short term.

Attachment 8 also compares the book value of each type of investment with its current value (i.e. market value) at year-end. The latter was determined on the basis described in Part A, Section 1, to which reference is made.

The total book value of "Other financial investments" at 31 December 2005 reported in this Attachment is € 1,047 thousand lower than their market value at the same date (€ 1,003 thousand at 31 December 2004).

The changes in "Shares and quotas", "Mutual fund units" and "Bonds and other fixed-income securities" during the year are analysed below:

	(in thousands of €)		
	Shares and quotas	Mutual fund units	Bonds and other fixed-interest securities
Opening balance	4,051	1,170	74,710
Purchases	3,249	958	37,346
Writebacks	433	171	5
Issue discounts	-	-	5
Sales and redemptions	(2,427)	(585)	(40,708)
Value adjustments	(92)	-	(503)
Exchange differences	6	-	344
Closing balance	5,220	1,714	71,199

C.III.1 "**Shares and quotas**" included in "Other financial investments" consist of:

	(in thousands of €)		
	31.12.2005	31.12.2004	Change
a) Listed shares	5,219	4,050	1,169
c) Quotas	1	1	-
	5,220	4,051	1,169

"Listed shares" comprise shares quoted on the official Italian market (€ 3,025 thousand) and on other official European markets (€ 2,194 thousand). They are all denominated in Euro.

Their book value is € 450 thousand (€ 263 thousand at 31 December 2004) lower than their market value at year-end.

C.III.2 "**Mutual fund units**" comprise open-end funds invested entirely in equities, € 1,444 thousand, and foreign, mainly monetary-based Sicavs, € 6 thousand. This caption also includes € 264 thousand in Exchange-Traded Funds that replicate a US stockmarket index.

Their book value is € 98 thousand (€ 3 thousand at 31 December 2004) lower than their market value at year-end.

C.III. 3 "**Bonds and other fixed-interest securities**" comprise:

	(in thousands of €)		
	31.12.2005	31.12.2004	Change
a) listed	70,931	74,457	(3,526)
b) unlisted	239	253	(14)
c) convertible bonds	29	-	29
	71,199	74,710	(3,511)

"Bonds and other fixed-income securities" denominated in Euro total € 68,339 thousand, while those in other currencies amount to € 2,860 thousand.

Their book value is € 499 thousand (€ 737 thousand at 31 December 2004) lower than their market value at year-end.

Listed "Bonds and other fixed-income securities" include government and corporate securities totalling, respectively, € 54,870 and 16,061 thousand.

Issue and dealing discounts associated with this caption total € 5 thousand.

An analysis of significant positions by issuer is presented below:

(in thousands of €)		
Issuer	Listed/unlisted	Amount
Italian Government	listed	48,072
EIB	listed	5,940
Anglo American	listed	1,771
Banca Lombarda	listed	1,500
Daimlerchrysler	listed	1,499
Autostrade	listed	1,496
Deutsche Telecom	listed	1,490
Goldman Sachs	listed	1,463
Lehman Brothers	listed	1,297
Eurohypo	listed	1,060

C.III.4 "**Loans**" relate to loans granted to personnel. The changes during the year are shown in Attachment 10.

C.III.6 "**Restricted deposits with banks**" comprise deposits that are restricted for more than 15 days. The changes during the year are shown in Attachment 10.

At year-end, the residual duration of these deposits does not exceed one month.

C.IV I "**Deposits with ceding undertakings**" amount to € 2,231 thousand (€ 2,710 thousand at 31 December 2004), a decrease of € 479 thousand. These solely comprise cash deposits held by reinsurers on the basis of contractual terms in connection with reinsurance risks.

Deposits with ceding undertakings were not written down at any time during the year.

SECTION 4 - TECHNICAL RESERVES CARRIED BY REINSURERS (CAPTION D BIS)

Dbis. "Technical reserves carried by reinsurers" amount to € 171,839 thousand (€ 179,819 thousand at 31 December 2004) and consist of:

	(in thousands of €)		
	31.12.2005	31.12.2004	Change
1. Unearned premiums reserve	49,336	32,082	17,254
2. Claims payable reserve	122,503	147,737	(25,234)
	171,839	179,819	(7,980)

The changes in this caption reflect the movements in the "Technical reserves". Accordingly, reference is made to Section 10 for the related discussion.

The amount of these reserves carried by Fondiaria - SAI S.p.A., the indirect parent company, includes € 1 thousand in unearned premiums and € 752 thousand for claims.

The amount of these reserves carried by related companies includes € 1,240 thousand in unearned premiums and € 4,931 thousand for claims.

SECTION 5 - DEBTORS (CAPTION E)

E. "Debtors" total € 100,275 thousand (€ 82,706 thousand at 31 December 2004) and comprise:

	(in thousands of €)		
	31.12.2005	31.12.2004	Change
I. Receivables arising out of direct insurance	85,985	63,830	22,155
II. Reinsurance debtors	9,978	15,199	(5,221)
III. Other debtors	4,312	3,677	635
	100,275	82,706	17,569

E.1 | "Receivables arising out of direct insurance" amount to € 85,985 thousand (€ 63,830 thousand at 31 December 2004) and are due from:

	(in thousands of €)		
	31.12.2005	31.12.2004	Change
1.a Due from policyholders for current premiums	57,820	45,278	12,542
1.b Due from policyholders for premiums relating to prior years	2,000	1,631	369
2. Due from agents and other intermediaries	24,214	13,983	10,231
3. Due from insurance companies	1,951	2,938	(987)
	85,985	63,830	22,155

E.I.1 **"Due from policyholders"** total € 59,820 thousand (€ 46,909 thousand at 31 December 2004), net of the related reserve for doubtful accounts of € 478 thousand (€ 715 thousand at 31 December 2004). The significant increase in this balance with respect to the prior year reflects the growth in 2005 premiums and, in particular, the portion of premiums not yet due, as indicated further below.

"Due from policyholders" were written down by € 230 thousand during the year; these writedowns were charged to "Other technical expenses, net of reinsurance" in the statement of income. Utilisations of the reserve for doubtful accounts related to policyholders amounted to € 467 thousand. This amount was credited to the statement of income under "Other technical expenses, net of reinsurance".

These debtors include € 37,238 thousand in apportioned premiums not yet due relating to the Hull and related third-party liability segments (€ 24,993 thousand at 31 December 2004).

E.I.2 **"Due from agents and other intermediaries"** are stated net of a writedown of € 338 thousand (€ 256 thousand at 31 December 2004).

The significant increase with respect to the prior year mainly relates to the growth in new business during 2005.

These debtors were mostly settled during the early months of the following year.

"Due from agents and other intermediaries" were written down during the year by € 107 thousand; the writedown was charged to the statement of income under "Other charges". Utilisations of the reserve for doubtful accounts amounted to € 25 thousand and was credited to the statement of income under "Other income".

E.I.3 **"Due from insurance companies"** relate to current account deposits to secure co-insurance, relationships arising under the "Direct Indemnity Convention" and services performed.

They include the amounts due from the indirect parent company, Fondiaria - SAI S.p.A., € 98 thousand, and from related companies, € 76 thousand.

No writedowns were recorded during the year and no doubtful accounts reserve was created in the past, as there was no reason for doing so.

E.II **"Reinsurance debtors"** amount to € 9,978 thousand (€ 15,199 thousand at 31 December 2004) and are due from:

	(in thousands of €)		
	31.12.2005	31.12.2004	Change
1. Insurance and reinsurance companies	7,348	8,466	(1,118)
2. Reinsurance intermediaries	2,630	6,733	(4,103)
	9,978	15,199	(5,221)

E.II.1 Reinsurance receivables from "**Insurance and reinsurance companies**" are shown net of a specific doubtful accounts reserve of € 2,971 thousand (€ 2,649 thousand at 31 December 2004). These receivables relate solely to current accounts for reinsurance operations.

These receivables were written down by € 747 thousand during the year, booked to the statement of income under "Other expenses". At the same time, the related doubtful accounts reserve was increased by € 102 thousand due to exchange losses, debited to "Other expenses", in relation to amounts recorded in foreign currencies. Utilisations of this reserve amounted to € 527 thousand, of which € 513 thousand was credited to the statement of income as "Other income".

The balance includes € 383 thousand due from related companies, whereas there are no receivables from the indirect parent company, Fondiaria - SAI S.p.A.

E.II.2 No amounts due from "**Reinsurance intermediaries**" were written down during the year, nor was any doubtful accounts reserve created in the past, as there was no reason for doing so.

The reduction in this balance was principally due to the flow of collections during the year.

E.III "**Other debtors**" amount to € 4,312 thousand (€ 3,677 thousand at 31 December 2004). Their main components are shown below:

	(in thousands of €)		
	31.12.2005	31.12.2004	Change
Due from the tax authorities	1,711	1,758	(47)
Due from the parent company	1,704	833	871
Deposits with clearing houses	495	214	281
Due from tenants	237	270	(33)
Due from related companies	60	16	44
Guarantee funds in favour of policyholders	27	7	20
Other receivables	78	579	(501)
	4,312	3,677	635

Amounts due from the tax authorities include € 1,600 thousand receivable from the Italian tax authorities and € 111 thousand from the tax authorities of other countries where the Company operates. Amounts due from the Italian tax authorities include direct taxes of € 996 thousand, (of which refunds totalling € 635 thousand have been requested), the advance on the tax on insurance policies of € 508 thousand (partially used to reduce the amount of this tax due in February 2006 for the previous month), advance taxes on termination indemnities of € 88 thousand and government concession taxes of € 8 thousand (for which a refund has also been requested).

Now that the Group files a joint tax return for its Italian companies, SIAT has transferred its tax credits to the parent company for deduction from the Group tax liability. The amount concerned, € 506 thousand, has therefore been reclassified to the next caption.

Amounts due from the parent company include € 1,198 thousand for services provided to Fondiaria - SAI S.p.A. (also in the previous year) as part of the organisational model for the "Marine" sector, which involved transferring the parent company's business acquisition and settlement activities to SIAT (as well as those of Milano Assicurazioni S.p.A., although only with regard to business acquisition and the business of the former Nuova MAA). They also include € 506 thousand in tax credits transferred to the parent company as part of the Group tax return, as mentioned above.

Deposits with clearing houses mainly relate to a deposit made by the French branch in the ordinary course of its insurance business.

Amounts due from tenants include rents and related expenses.

The amounts due from related companies include operating costs incurred on behalf of Milano Assicurazioni S.p.A., relating to the organisational model mentioned above, and billed to it.

Amounts due from guarantee funds in favour of policyholders essentially relate to the "Guarantee Fund for Road Victims" (€ 26 thousand).

These receivables were not written down during the year, nor was any doubtful accounts reserve created in the past, as there was no reason for doing so.

SECTION 6 - OTHER ASSETS (CAPTION F)

F. "Other assets" total € 4,841 thousand (€ 4,677 thousand at 31 December 2004) and comprise:

	(in thousands of €)		
	31.12.2005	31.12.2004	Change
I. Tangible assets	499	731	(232)
II. Cash and cash equivalents	1,822	1,541	281
IV. Other assets	2,520	2,405	115
	4,841	4,677	164

F.I "Tangible assets" are stated net of accumulated depreciation at year-end totalling € 1,675 thousand, as analysed below:

	(in thousands of €)		
	Gross value	Accumulated depreciation	Book value
1. Furniture and office machines	1,895	(1,439)	456
2. Publicly registered assets	89	(89)	-
3. Plant and equipment	190	(147)	43
	2,174	(1,675)	499

These are considered to be long-term tangible assets forming part of the Company's permanent structure. The movements in their gross book value during the year were as follows:

(in thousands of €)

	Gross value			Balance at 31.12.2005
	Balance at 31.12.2004	Increase	Decrease	
1. Furniture and office machines	1,862	33	-	1,895
2. Publicly registered assets	129	-	(40)	89
3. Plant and equipment	190	-	-	190
	2,181	33	(40)	2,174

"Furniture and office machines" include € 41 thousand (excluding accumulated depreciation) in IT equipment loaned to third parties free of charge in order to optimise technical procedures relating to the Motor businesses.

Accumulated depreciation, € 1,675 thousand (€ 1,450 thousand at 31 December 2004), increased during the year by the provision of € 265 thousand and decreased by € 40 thousand following the sale and retirement of assets.

The following depreciation rates were applied, taking into account the year in which the assets became available for use, as required for tax purposes:

Category	Rate %
furniture	12
fixtures	15
office machines	20
equipment	15
internal communication equipment	25
publicly registered assets	25

No accelerated or advance depreciation has been provided.

F.II "Cash and cash equivalents" amount to € 1,822 thousand (€ 1,541 thousand at 31 December 2004) and consist of:

(in thousands of €)

	31.12.2005	31.12.2004	Change
1. Bank accounts	1,813	1,533	280
2. Cheques and cash	9	8	1
	1,822	1,541	281

F.II.1 "Bank accounts" include sight deposits and time deposits of less than 15 days. The balance includes interest income accrued up to the year-end.

F.IV "**Other assets**" amount to € 2,520 thousand (€ 2,405 thousand at 31 December 2004) and consist of:

	(in thousands of €)		
	31.12.2005	31.12.2004	Change
1. Temporary reinsurance accounts	80	91	(11)
2. Other	2,440	2,314	126
	2,520	2,405	115

F.IV.1 "**Temporary reinsurance accounts**" include amounts from reinsurance transactions with companies that are not part of the Group, which are booked to these transit accounts as explained in Section 1 of the notes.

They essentially relate to reinsurance transactions concerning the Hull business.

F.IV.2 The main items included in "**Other**" are detailed below:

	(in thousands of €)		
	31.12.2005	31.12.2004	Change
Deferred tax assets	856	655	201
Due from parent company	327	282	45
Disbursements for accident claims to be settled	284	691	(407)
Insurance excesses and amounts to be recovered from policyholders	153	162	(9)
Due from related companies	121	117	4
Due from third parties	68	99	(31)
Due from French tax authorities	40	40	-
Other assets	591	268	323
	2,440	2,314	126

Deferred tax assets derive from timing differences (primarily due to the non-deductible writedown of receivables) between the results reported in the financial statements and taxable income.

The deferred tax assets recorded in current year total € 201 thousand, while those recorded in prior years amount to € 655 thousand.

Deferred tax assets have been calculated at a rate of 33% for IRES (national corporation tax) and 4.25% for IRAP (regional business tax).

Amounts due from the parent company mainly relate to unbilled services provided to Fondiaria - SAI S.p.A.

Disbursements for accident claims to be settled represent the temporary accounting contra-entry for fees paid to outside consultants (such as technical experts and loss adjusters) for Marine insurance claims not yet settled at the end of the year. These fees have been accounted for in the valuation of the claims payable reserve.

The amounts due from policyholders include € 103 thousand of insurance excesses and € 50 thousand

to be recovered. The portion of amounts due from policyholders to be transferred to reinsurers has been recorded under "Other liabilities".

Amounts due from related companies include € 108 thousand and € 13 thousand in operating costs incurred on behalf of Novara Vita S.p.A. and Milano Assicurazioni S.p.A., respectively, to be recharged to them.

Amounts due from the French tax authorities relate to the excess value-added tax paid locally in 2005, which is recoverable by the French business on a "pro rata" basis.

Other assets mainly include the temporary accounting contra-entry for settlements recharged to us by other insurance companies under co-insurance relationships, waiting to be reversed or for receipt of documentary evidence. Balances relating to such claims are recorded as amounts due to these companies or in the claims payable reserve, as the case may be.

SECTION 7 - PREPAYMENTS AND ACCRUED INCOME (CAPTION G)

G. "**Prepayments and accrued income**" amount to € 1,036 thousand (€ 1,123 thousand at 31 December 2004) and comprise:

	(in thousands of €)		
	31.12.2005	31.12.2004	Change
1. Interest	884	930	(46)
3. Other	152	193	(41)
	1,036	1,123	(87)

This caption is analysed as follows:

	(in thousands of €)		
	Accrued income	Prepayments	Total
1. Interest	884	-	884
3. Other	-	152	152
	884	152	1,036

Accrued interest income mainly concerns fixed-income securities and deposit account balances at year-end.

Other prepayments relate to various operating expenses referring to future periods (€ 117 thousand), social security contributions (€ 18 thousand) and insurance premiums (€ 17 thousand).

No prepayments or accrued income have a duration of more than one year, except for prepayments relating to certain IT maintenance contracts and social security contributions which include € 63 thousand with a duration of more than one year, but less than five years.

BALANCE SHEET - LIABILITIES AND EQUITY

SECTION 8 - CAPITAL AND EQUITY RESERVES (CAPTION A)

A. At 31 December 2005 these amount to € 43,440 thousand (€ 43,434 thousand at 31 December 2004) and comprise:

	(in thousands of €)		
	31.12.2005	31.12.2004	Change
I. Share capital	38,000	38,000	-
IV. Legal reserve	331	261	70
VII. Other reserves	4,096	3,771	325
IX. Net profit (loss) for the year	1,013	1,402	(389)
	43,440	43,434	6

The changes during the year are summarised as follows:

	(in thousands of €)				
	Share capital	Legal reserve	Other reserves	Net profit for the year	Total
Balance at 31.12.2004	38,000	261	3,771	1,402	43,434
Allocation of 2004 earnings in accordance with the resolution of the shareholders' meeting held on 21 April 2005:					
- to legal reserve	-	70	-	(70)	-
- to extraordinary reserve	-	-	325	(325)	-
- dividends	-	-	-	(1,007)	(1,007)
Net profit for 2005	-	-	-	1,013	1,013
Balance at 31.12.2005	38,000	331	4,096	1,013	43,440

As required by Art. 2427.7-bis of the Italian Civil Code, the following table gives an analysis of the various equity captions at 31 December 2005, explaining their origin, possible use and availability for distribution or other purposes:

	(in thousands of €)		
Caption	amount	possible use	amount available
I. Share capital	38,000	-	-
IV. Legal reserve	331	B	-
VII. Other reserves			
- Reserve for losses	1,953	A, B, C	1,953
- Extraordinary reserve	2,143	A, B, C	2,143

Key: A: for increase in capital

B: to cover losses

C: for distribution to shareholders

Lastly, none of these reserves have been used in the last three years (including 2005).

A.I "Share capital" amounts to € 38,000,000 and has not changed during the year. It is represented by 38,000,000 fully-paid ordinary shares of par value € 1 each.

A.IV The "Legal reserve" amounts to € 331 thousand following an increase of € 70 thousand during the year on allocation of part of the net profit for 2004, as required by art. 2430 of the Italian Civil Code.

A.VII "Other reserves" amount to € 4,096 thousand after the following changes during the year:

	(in thousands of €)			
	Balance at 31.12.2004	Increase	Decrease	Balance at 31.12.2005
Reserve for losses	1,953	-	-	1,953
Extraordinary reserve	1,818	325	-	2,143
	3,771	325	-	4,096

SECTION 9 – SUBORDINATED LIABILITIES (CAPTION B)

B. There are no subordinated liabilities at 31 December 2005 (€ 5,423 thousand at 31 December 2004). The reduction of € 5,423 thousand with respect to the prior year reflects the repayment in full made to Saifin – Saifinanziaria S.p.A., a related company. This repayment was made in October 2005, in accordance with the contract terms.

SECTION 10 - TECHNICAL PROVISIONS (CAPTION C.I)

C.I "Technical provisions" at 31 December 2005 amount to € 254,129 thousand (€ 268,680 thousand at 31 December 2004) and consist of:

	(in thousands of €)		
	31.12.2005	31.12.2004	Change
1. Unearned premiums reserve	61,994	46,075	15,919
2. Claims payable reserve	191,152	221,715	(30,563)
5. Other technical reserves	983	890	93
	254,129	268,680	14,551

In compliance with Art. 31 of Decree 173 of 26 May 1997, these technical provisions have been calculated based on estimates that make the best possible use of available information to ensure that they adequately cover the commitments inherent in insurance policies, to the extent that these are reasonably foreseeable.

The changes in the unearned premiums reserve and in the claims payable reserve during the year are detailed in Attachment 13.

C.I.1 “**Unearned premiums reserve**” amounts to € 61,994 thousand (€ 46,075 thousand at 31 December 2004, solely regarding apportioned premiums).

The reserve is made up entirely of apportioned premiums. No provision has been made for unexpired risks since there is no reason to do so, as explained in greater detail below.

The increase in this caption reflect the growth in new business and the technical characteristics of this cover.

As required by ISVAP's Circular no. 360/D of 21 January 1999, the unearned premiums reserve by business is analysed below, showing direct and indirect business separately:

(in thousands of €)			
Unearned premiums reserve			
Business segment	Direct business	Indirect business	Total
Personal accident	896	-	896
Illness	1	-	1
Motor fire, theft, etc, insurance	1,352	-	1,352
Hull	48,864	221	49,085
Cargo	1,572	13	1,585
Fire	1,733	-	1,733
Other property damage	582	-	582
Motor third-party liability	5,775	-	5,775
Hull third-party liability	3	-	3
General third-party liability	555	-	555
Bond insurance	171	-	171
Pecuniary losses	152	-	152
Legal assistance	10	-	10
Assistance	94	-	94
	61,760	234	61,994

The reserve for unexpired risks has been determined for each segment of business taking into account the ISVAP Circular mentioned above. In particular, reference was made to the ratio of claims to current generation premiums (net of acquisition commissions and claims of an exceptional nature), compared with the same ratio in previous years.

No reserve for unexpired risks has been created for the following reasons:

- for direct business, the reason is related to the technical performance of the particular sector of business and, therefore, to the adequacy of the apportioned premium reserve to cover the cost of claims and related expenses that will be settled after the year-end;
- indirect business does not require an unexpired risks reserve.

C.I.2 "**Claims payable reserve**" amounts to € 191,152 thousand.

The significant decrease with respect to the prior year principally reflects the settlement of a major claim in the Cargo sector. This claim, heavily covered by re-insurance, was made in prior years and settled in December 2005.

As discussed in greater detail in Section I, the valuation of the claims payable reserve was based on a claim-by-claim assessment, except as indicated below for the Motor third-party liability business.

In fact, for this sector of business (excluding carrier liability) the claims payable reserve for business generated during the year has been determined using an empirical model.

This model, which was applied on a consistent basis with previous years, was used to estimate the cost of current generation, taking into account the experience gained in the prior year, given that average costs and speed of settlement are considered to be in line with the present situation.

The average cost for 2005, including the adjustment to "latest cost", emerging from this process was € 5,030 per claim (€ 4,509 in 2004). The average cost paid in 2005 for the same generation was € 1,589 per claim (€ 1,569 in 2004).

The claims payable reserve has been estimated using the "latest cost method", where necessary applied on the basis of the insurance cover provided in each business sector, bearing in mind how it has evolved from prior generations to the year under review.

In particular, considering the special nature of the Hull and Cargo sectors, the "latest cost method" was included as part of a broader evaluation of the generation as a whole.

In addition, the claims payable reserve also includes an estimate of accidents that have taken place, but which have not yet been reported at year-end. This estimate is based on the experience gained in previous years, bearing in mind the frequency of late claims and the average cost of accidents reported during the year.

Lastly, taking into account the type of risks for these sectors of business, no especially onerous or exceptional accidents are reported late.

C.I.5 "**Other technical reserves**" amount to € 983 thousand after the following changes during the year:

	(in thousands of €)			
	Balance at 31.12.2004	Increase	Decrease	Balance at 31.12.2005
Equalisation reserve for natural disasters	888	93	-	981
Compensation reserve	2	-	-	2
	890	93	-	983

The equalisation reserve for natural disasters was set up as required by Art.12 of Decree 691 of 19 December 1994, converted, with amendments, into Law 35 of 16 February 1995, in order to smooth out over time the incidence of claims linked to natural disasters.

The compensation reserve was set up pursuant to Art. 24 of Decree 175 of 17 March 1995, as replaced by Art. 80.b) of Decree 173 of 26 May 1997, to offset potential underwriting losses on credit insurance business.

SECTION 12 - PROVISIONS FOR RISKS AND CHARGES (CAPTION E)

E. "**Provisions for risks and charges**" amount to € 1,025 thousand (€ 814 thousand at 31 December 2004), an increase of € 211 thousand. It consists entirely of the "Provision for taxation".

The changes during the year are detailed in Attachment 15.

E.2 "**Provision for taxation**" consists of the estimated amounts due for direct taxes, including those payable by the foreign branches.

Now that the Company is a member of the domestic tax group, the corporation tax payable (Ires: € 942 thousand) has been reclassified as a liability to the indirect parent company, Fondiaria - SAI S.p.A., under "Other creditors".

A tax inspection by the Liguria Region Tax Authority, completed in June 2005, has verified compliance with direct and indirect tax legislation in relation to the 2003 tax year.

No significant matters were identified in relation to direct taxation, but indirect tax issues were raised concerning the nature of co-insurance relationships and their treatment for VAT purposes.

The authorities have disputed the failure to subject to taxation the amounts recharged to co-insurers for expenses incurred on their behalf and charge for so-called "settlement fees" due to them under the co-insurance contracts.

With regard to these co-insurance relationships, the company has always followed the tax approach adopted by the insurance industry over the past decades, which does not envisage and has never envisaged that these transactions be subjected to VAT.

Accordingly, the company believes that current legislation has been properly applied, in the absence of official interpretations to the contrary. In particular, with regard to the settlement fees, the approach adopted is supported by a recent circular from the trade association.

Nevertheless, a prudent tax provision of € 250 thousand was recorded in the current year to cover the contingent risk that this dispute might have an unfavourable outcome.

F. "**Deposits from reinsurers**" amount to € 1,345 thousand (€ 1,498 thousand at 31 December 2004), down € 153 thousand over the year. These relate solely to cash deposits made under reinsurance agreements.

SECTION 13 - CREDITORS AND OTHER LIABILITIES (CAPTION G)

G. "**Creditors and other liabilities**" amount to € 80,351 thousand (€ 54,759 thousand at 31 December 2004) and comprise:

	(in thousands of €)		
	31.12.2005	31.12.2004	Change
I. Payables arising out of direct insurance	10,303	6,244	4,059
II. Reinsurance creditors	42,194	24,599	17,595
VII. Termination indemnities	2,870	2,716	154
VIII. Other creditors	11,436	9,302	2,134
IX. Other liabilities	13,548	11,898	1,650
	80,351	54,759	25,592

G.I. "**Payables arising out of direct insurance**" amount to € 10,303 thousand (€ 6,244 thousand at 31 December 2004) and consist of:

	(in thousands of €)		
	31.12.2005	31.12.2004	Change
1. Due from agents and other intermediaries	6,479	2,730	3,749
2. Due from insurance companies	3,824	3,514	310
	10,303	6,244	4,059

G.I.1 "**Due to agents and other intermediaries**" " comprise amounts payable to agents, brokers and other intermediaries in connection with their activities.

The increase with respect to the prior year mainly relates to a major Marine loss that was charged to the company by an intermediary (on behalf of the insured party) in a statement dated December 2005, with settlement in January 2006.

G.I.2 "**Due to insurance companies**" relate to current account deposits to secure co-insurance relationships, amounts due arising from the "Direct Indemnity Convention" and services received.

These include € 1,594 thousand due to the indirect parent company Fondiaria - SAI S.p.A. and € 217 thousand due to related companies.

G.II "**Reinsurance creditors**" amount to € 42,194 thousand (€ 24,599 thousand at 31 December 2004) and are due to:

	(in thousands of €)		
	31.12.2005	31.12.2004	Change
1. Insurance and reinsurance companies	11,141	11,482	(341)
2. Reinsurance intermediaries	31,053	13,117	17,936
	42,194	24,599	17,595

G.II.1 Reinsurance payables deriving from transactions with "**Insurance and reinsurance companies**" relate to the balances on reinsurance current accounts.

These include € 6,454 thousand (€ 5,257 thousand at 31 December 2004) for apportioned premiums not yet due, relating solely to Hull and related Third-party liability insurance business.

They also include € 163 thousand due to the indirect parent company Fondiaria - SAI S.p.A. and € 1,156 thousand due to related companies.

G.II.2 Reinsurance payables deriving from transactions with "**Reinsurance intermediaries**" include apportioned premiums to be paid, when due, to reinsurance intermediaries in relation to Hull and related Third-party liability insurance business. In part (totalling € 23,374 thousand, compared with € 13,202 thousand at 31 December 2004), these amounts have been deducted from the related reinsurance asset account, to the extent that the intermediaries concerned also have a residual credit balance.

This balance has increased significantly with respect to the prior year due to the growth in premium income during 2005 and, in particular, to the apportioned premiums not yet due referred to above.

G.VII "**Termination indemnities**" amount to € 2,870 thousand (€ 2,716 thousand at 31 December 2004) and include indemnities accrued in compliance with current laws and labour contracts.

The changes during the year are detailed in Attachment 15.

G.VIII "**Other creditors**" amount to € 11,436 thousand (€ 9,302 thousand at 31 December 2004) and comprise:

	(in thousands of €)		
	31.12.2005	31.12.2004	Change
1. Taxes paid by policyholders	1,283	790	493
2. Miscellaneous taxes paid	205	545	(340)
3. Due to social security and welfare institutions	175	179	(4)
4. Sundry creditors	9,773	7,788	1,985
	11,436	9,302	2,134

G.VIII.1 "**Taxes paid by policyholders**" include the amount due to the tax authorities on insurance policies (€ 1,077 thousand), net of advances paid during the year, and the contribution to the National

Health Service (€ 206 thousand). These amounts were duly paid over in January 2006.

G.VIII.2 **"Miscellaneous taxes payable"** include taxes for which the Company has acted as withholding agent (€ 196 thousand) and VAT payable (€ 9 thousand). These amounts were duly paid over in early 2006.

G.VIII.3 **"Due to social security and welfare institutions"** relate to social security contributions payable by the Company and amounts withheld from employees. This amount was duly paid over in January 2006.

G.VIII.4 **"Sundry creditors"** are analysed below:

	(in thousands of €)		
	31.12.2005	31.12.2004	Change
Due to suppliers	8,192	7,034	1,158
Due to parent company	942	365	577
Due to shareholders for dividends	392	283	109
Due to corporate officers	64	65	(1)
Others	183	41	142
	9,773	7,788	1,993

Due to parent company (Fondiarria – SAI S.p.A.) relates to the reclassification of corporation tax, now that the company is part of the domestic tax group.

Amounts due to corporate officers relate to the Board of Directors, € 22 thousand, and the Board of Statutory Auditors, € 42 thousand.

Other creditors principally comprise the deposit paid by a third party (€ 150 thousand) on signing the preliminary contract for the sale of the residential building located in via Puggia, Genoa. This sale, with a small capital gain, will be completed by 31 March 2006.

G.IX **"Other liabilities"** amount to € 13,548 thousand (€ 11,898 thousand at 31 December 2004) and comprise:

	(in thousands of €)		
	31.12.2005	31.12.2004	Change
1. Temporary reinsurance accounts	321	421	(100)
2. Commission on premiums to be collected	7,488	6,247	1,241
3. Sundry liabilities	5,739	5,230	509
	13,548	11,898	1,650

G.IX.1 **"Temporary reinsurance accounts"** derive from reinsurance transactions with companies that are not part of the Group. They are booked to these transit accounts for the reasons and with the methods discussed in Section 1 above.

They essentially relate to reinsurance transactions concerning the Hull business.

G.IX.2 "**Commission on premiums to be collected**" has increased in line with the increase in amounts due to intermediaries on direct insurance transactions.

G.IX.3 "**Sundry liabilities**" are analysed below:

	(in thousands of €)		
	31.12.2005	31.12.2004	Change
Due to reinsurers and co-insurers for sundry items.	2,833	2,200	633
Due to parent company	1,939	1,967	(28)
Due to employees for holiday still to be taken	466	354	112
Due to related companies	257	193	64
Due to third parties	131	489	(358)
Deferred tax liabilities	79	-	79
Due to reinsurers for the settlement of premiums and exclusions	34	27	7
	5,739	5,230	509

Amounts due to reinsurers and co-insurers for sundry items relate to relationships of a technical nature, for which no documentation exists yet in support of the payable.

These payables include € 556 thousand due to co-insurers of policies written by the French branch.

Amounts due to the parent company mainly relate to services performed by Fondiaria - SAI S.p.A. on our behalf, mainly involving the management of the Motor and elementary segments.

Amounts due to related companies refer to services provided by Milano Assicurazioni S.p.A. (€ 149 thousand), Uniservizi S.c.r.l. (€ 98 thousand) and Immobiliare Lombarda S.p.A. (€ 10 thousand).

Amounts due to third parties relate to invoices to be received for goods or services supplied in 2005.

Deferred tax liabilities have been appropriately reclassified with respect to the prior year, when they were included in the "Provisions for taxation", € 100 thousand.

Amounts due to reinsurers for the settlement of premiums and exclusions are payable in relation to the sums due from policyholders recorded, for the same reason, under "Other assets".

SECTION 14 - DEFERRED INCOME AND ACCRUED LIABILITIES (CAPTION H)

H. "**Deferred income and accrued liabilities**" amount to € 161 thousand (€ 217 thousand at 31 December 2004) and have decreased by € 56 thousand.

They are analysed as follows:

	(in thousands of €)		
	Accrued liabilities	Deferred income	Total
1. Interest	-	-	-
3. Rents	-	161	161
	-	161	161

Deferred income mainly relates to rentals and expenses relating to 2006 that have been billed to tenants in advance. The same amount is recorded among "Other debtors".

No deferred income or accrued liabilities have a duration of five years or more.

SECTION 15 - ASSETS AND LIABILITIES RELATED TO GROUP COMPANIES AND OTHER COMPANIES

Details of assets and liabilities related to Group companies and other companies are given in Attachment 16.

SECTION 16 - RECEIVABLES AND PAYABLES

No payables are secured on the assets of the company.

Receivables and payables booked to captions C. and E. in assets and captions F. and G. in liabilities include the following that are due beyond one year and, of these, beyond five years:

	(in thousands of €)	
Caption	Due beyond 12 months	of which: due beyond 5 years
Assets		
C.4 Loans		
c) other loans	72	7

In addition, as required by Art. 2427.6 of the Italian Civil Code, the following is a breakdown of receivables and payables by geographical area:

	(in thousands of €)			
	Italy	Other E.U. countries	Other non E.U. countries	Total
E. Receivables				
E.1 Receivables arising out of direct insurance	72,792	12,484	709	85,985
E.2 Reinsurance debtors	2,826	5,227	1,925	9,978
E.3 Other debtors	3,713	599	-	4,312
Total	79,331	18,310	2,634	100,275

(in thousands of €)

	Italy	Other E.U. countries	Other non E.U. countries	Total
D. Payables				
D.I Payables arising out of direct insurance	7,566	2,737	-	10,303
D.II Reinsurance creditors	30,366	11,426	402	42,194
D.VIII Other creditors	11,265	159	12	11,436
Total	49,197	14,322	414	63,933

SECTION 17 - GUARANTEES, COMMITMENTS AND OTHER MEMORANDUM ACCOUNTS

"Guarantees, commitments and other memorandum accounts" comprise:

(in thousands of €)

	31.12.2005	31.12.2004	Change
I. Guarantees given	850	570	280
III. Guarantees given by third parties in the interest of the Company	388	1,480	(1,092)
IV. Commitments	392	-	392
V. Third-party assets	5	7	(2)
VII. Securities deposited with third parties	78,185	80,019	(1,834)

I. "**Guarantees given**" refer to securities lodged by the Company in favour of third parties for its insurance activities abroad.

III. "**Guarantees given by third parties in the interests of the Company**" relate to guarantees given by leading Italian banks in favour of third parties, mainly abroad, in connection with insurance activities.

IV. "**Commitments**" relate to the preliminary contract for the sale of the residential property situated in via Puggia, Genoa, that will be completed by 31 March 2006.

There were no dealings in derivative contracts during the year. Indeed, activities only consisted of limited transactions in subordinated bonds.

There were no derivative contracts outstanding at 31 December 2005. The "Property and financial management" section of the report on operations provides more details concerning the subordinated bonds held at year end.

VII. "**Securities deposited with third parties**" include own securities deposited for safekeeping, reported at book value.

They are analysed by type of custodian as follows:

(in thousands of €)	
Custodian	Amount
Banks	76,262
Stockbrokers (SIMs)	1,444
Other	479
	78,185

"Other" includes government securities totalling € 427 thousand deposited with the Malta Stock Exchange, in relation to the insurance activities carried on there by a local branch, as well as securities of controlled companies, € 52 thousand, deposited with them.

"Guarantees given" (I), "Guarantees given by third parties in favour of the Company" (III), and "Commitments" (IV) are analysed in Attachment 17.

STATEMENT OF INCOME

SECTION 18 - INFORMATION ON THE TECHNICAL ACCOUNT OF THE LOSS SECTORS (I)

Summary information on the technical account is given in Attachment 19, breaking down the Italian business into direct and indirect and showing it separately from foreign business.

The main captions of the technical statement of income are shown below.

I.1 **"Earned premiums, net of reinsurance"** amounted to € 45,026 thousand, of which € 41,848 thousand of direct business and € 3,178 thousand of indirect business.

I.1.a "Gross premiums written" have been commented on in the report on operations. These premiums were written by geographical area as follows:

	(in thousands of €)	
- Italy		142,050
- Abroad, via permanent establishments located in:		
-- Belgium	5,442	
-- France	7,603	
-- Germany	12,897	
-- Malta	1,989	
-- Netherlands	535	28,466
		170,516

I.10.b "Outward reinsurance premiums" comprise € 10 thousand relating to the parent company Fondiaria - SAI S.p.A., which solely reflect direct insurance risks.

In addition, premiums totalling € 7,108 thousand have been transferred to related companies, namely € 5,110 thousand to The Lawrence Re., € 1,878 thousand to Sasa S.p.A. and € 120 thousand to Pronto Assistance S.p.A..

I.1.c, I.1.d "Change in unearned premiums reserve", gross and net of outward reinsurance premiums, is summarised as follows:

	(in thousands of €)		
	Gross	Reinsured	Net
Unearned premiums reserve at 31.12.2004	(46,075)	32,082	(13,993)
Unearned premiums reserve at 31.12.2005	61,994	(49,336)	12,658
Net exchange differences	(2,270)	2,020	(250)
Portfolio movements, net	-	59	59
	13,649	(15,175)	(1,526)

I.2 **"Investment return transferred from the non-technical account"** amounts to € 2,151 thousand and has been determined, pursuant to Art. 55 of Decree 173 of 23 May 1997, by applying the rules established by ISVAP Instruction 1140-G of 8 March 1999.

I.3 **"Other technical income, net of reinsurance"** amounts to € 4,982 thousand and includes technical write-offs of amounts due to reinsurers for premiums transferred the previous year (€ 1,194 thousand). They also include income of € 901 thousand for services of a technical nature rendered during the year to Group companies, including € 802 thousand regarding the indirect parent company Fondiaria - SAI S.p.A. and € 99 thousand for Milano Assicurazioni S.p.A., a related company. This caption also includes € 427 thousand released from the reserve for amounts due from policyholders to offset a charge for losses of the same amount recorded in the "Other technical expenses, net of reinsurance" caption. They also include amounts charged to co-insurers, regarding solely the Hull and Cargo segments, for loss management expenses incurred in relation to the insurance policies for which the Company acts as leader.

I.4 **"Claims incurred, net of recoveries and reinsurance"** amount to € 38,594 thousand.

I.4.a "Claims paid", gross, include expenses of € 11,212 thousand relating to the settlement of claims, of which € 536 thousand relates to charges from the indirect parent company Fondiaria - SAI S.p.A., for services rendered under current agreements. These expenses include € 1,284 thousand in administration expenses (mainly payroll) relating to the management of claims.

This caption also comprises the contribution to the Fund for Road-Accident Victims, € 320 thousand.

Amounts due by reinsurers for "claims paid" include amounts pertaining to the indirect parent company Fondiaria - SAI S.p.A. (€ 152 thousand), to Sasa S.p.A. (€3,214 thousand) and to The Lawrence Re. (€ 2,830 thousand) in relation to direct insurance risks.

I.4.c "Change in claims payable reserve", gross and net of reinsurance, is summarised as follows:

	(in thousands of €)		
	Gross	Reinsured	Net
Claims payable reserve at 31.12.2004	(221,715)	147,737	(73,978)
Claims payable reserve at 31.12.2005	191,151	(122,503)	68,648
Net exchange differences	(5,801)	4,996	(805)
Portfolio movements, net	-	(1)	(1)
	(36,365)	30,229	(6,136)

The difference between the opening claims payable reserve and the higher amount represented by prior year payments made during the year, the change in recoveries relating to prior years, and the related new reserve at year-end, having regard for portfolio movements and exchange differences, represents about 2.8% of the opening reserve.

I.7 "**Operating expenses**" amount to € 8,374 thousand.

I.7.a "Acquisition commissions" mainly include payments to third parties for the acquisition and renewal, tacit or otherwise, of insurance policies.

I.7.b "Other acquisition costs" are principally attributable to the payroll costs of employees engaged in the acquisition of new policies.

I.7.d "Collection commissions" relate to administrative expenses connected with the collection of premiums.

I.7.e "Other administrative expenses" comprise general costs, net of those allocated to "other acquisition expenses" (€ 1,985 thousand) and "claims incurred" (€ 1,284 thousand).

In fact, before allocating € 3,269 thousand to the above captions, other administrative expenses amounted to € 10,165 thousand. This caption also includes payroll costs (€ 7,015 thousand) and depreciation (€ 265 thousand), as well as the 2005 emoluments of directors (€ 48 thousand) and statutory auditors (€ 47 thousand).

I.7.f "Commission and other income from reinsurers" include commission income on transfers and retrocessions.

Commission income received from the indirect parent company Fondiaria - SAI S.p.A. amounts to € 2 thousand, while that received from related companies totals € 1,083 thousand (including € 728 thousand from The Lawrence Re. and € 281 thousand from Sasa S.p.A.).

I.8 "**Other technical expenses, net of reinsurance**" amount to € 3,065 thousand and mainly include technical write-offs of amounts due from policyholders for prior year premiums (€ 1,130 thousand) and the reversal of commissions receivable on premiums transferred to reinsurers and written off (€ 230 thousand). They also include € 427 thousand in losses on amounts due from policyholders which are matched by a credit to "Other technical income, net of reinsurance" released from the related reserve.

I.9 "**Change in other technical reserves**" during the year amounts to € 93 thousand and is summarised by business sector as follows:

(in thousands of €)				
Sector	Opening balance	Utilisations	Provisions	Closing balance
Personal accident (1)	87	-	5	92
Motor fire, theft, etc. insurance (3)	58	-	6	64
Marine, aircraft and transport insurance (4,5,6,7,12)	517	-	54	571
Fire and other property damage (8,9)	226	-	28	254
Credit insurance (14)	2	-	-	2
	890	-	93	983

The changes in the credit insurance segment are due to the compensation reserve (Art. 80.b of Decree 173 of 26 May 1997).

The changes in other segments relate to the equalisation reserve for natural disasters (Art. 12 of Decree 691 of 19 December 1994, converted, with amendments, into Law 35 of 16 February 1995).

For further information on "Other non-technical reserves" please refer to paragraph C.1.5 of Section 10.

SECTION 20 - TECHNICAL RESULTS BY BUSINESS SECTOR

With reference to the Italian business technical account, Attachment 26 summarises all sectors, while Attachment 25 shows the results by individual sector.

Reports from the Company's management accounting system have been used, for the most part, to allocate common costs to individual business sectors. Revenues and costs not analysed by the management accounting system are generally allocated, where appropriate, in proportion to the sector's premiums or claims with respect to the total. In particular cases, specific decisions have been reached on a logical basis.

SECTION 21 - INFORMATION ON THE NON-TECHNICAL ACCOUNT

III.3 "**Net investment income**" amounts to € 4,683 thousand and is detailed in Attachment 21.

Please refer to the report on operations under "Property and financial management" for comments on this matter.

III.5 "**Capital and financial charges**" amount to € 1,440 thousand and are detailed in Attachment 23.

III.5.a "Investment management charges and interest expense" amounting to € 526 thousand relate to the management of property (€ 303 thousand) and financial investments (€ 137 thousand), as well as to interest expense on deposits withheld from reinsurers in relation to risks transferred (€ 86 thousand). In particular, charges for the management of property relate to local property tax for € 91 thousand.

III.5.b "Writedowns" on investments, amounting to € 878 thousand, comprise adjustments to the value of bonds (€ 503 thousand), shares (€ 92 thousand), as well as the depreciation of commercial property used by the Company (€ 283 thousand).

III.6 "**Investment return transferred to the technical account**", amounting to € 2,151 thousand, is discussed in paragraph 1.2 of Section 18.

III.7 "Other income" amounts to € 1,372 thousand and is detailed below:

	(in thousands of €)
Use of the reserve for doubtful accounts	538
Exchange gains	425
Recovery of costs from related companies	107
Interest income on bank current accounts	80
VAT refund	57
Recovery of costs from parent company	39
Interest on guarantee deposit with parent company	36
Interest income on tax credit	14
Other	76
	1,372

The release from the reserve for doubtful accounts, € 506 thousand, matches the amount charged to "Other expenses" to reflect losses on the amounts due from reinsurance companies. The balance represents the amount released from the reserve following an improvement in the estimated losses in relation to reinsurance intermediaries (€ 25 thousand) and reinsurance companies (€ 7 thousand).

Exchange gains, like exchange losses (totalling € 202 thousand), derive from the application of multicurrency methodologies and include both realised gains and those arising on the translation of balances.

Since the net realised exchange gains exceed total net exchange differences (€ 223 thousand), as indicated above, there is no need to establish a reserve for unrealised exchange gains (pursuant to art. 2426.8-bis of the Italian Civil Code) on the allocation of net profit for the year.

The recovery of costs from related companies (offset by the similar account in "other expenses") relates to the charges made to Novara Vita S.p.A., a related company, for IT and non-technical assistance provided during the year.

Interest income on bank current accounts includes interest accrued on sight deposits and on time deposits restricted for less than 15 days.

The VAT recovery relates to the VAT expensed during the year which can be reclaimed due to the system of pro-rata recoverability.

The recovery of costs from parent company relates to personnel on secondment to Fondiaria - SAI S.p.A. (offset by the similar account in "other expenses").

Interest on guarantee deposit with parent company relates to the interest earned on the deposit with Fondiaria - SAI S.p.A. in accordance with the agreements made regarding services provided by the latter for the evaluation, settlement and processing of claims for the Motor and elementary segments.

III.8 **"Other expenses"** amounts to € 2,313 thousand and is detailed below:

	(in thousands of €)
Provisions for doubtful accounts	854
Losses on debtors	506
Sundry taxes	299
Exchange losses	202
Operating costs of settlement bodies	126
Interest expense on subordinated loan	124
Administrative costs and expenses on behalf of related companies	107
Amortisation of intangible assets	55
Administrative costs and expenses on behalf of parent company	39
Other	1
	2,313

The provisions for doubtful accounts relate to debtors other than those from policyholders for insurance premiums. They relate to amounts due from reinsurance companies (€ 747 thousand) and insurance agents and other intermediaries (€ 107 thousand).

The losses on debtors solely relate to reinsurance companies. These losses were offset in full by amounts released from the related reserve to the "Other income" caption.

Sundry taxes include a provision for taxation of € 250 thousand to cover the possible unfavourable outcome of disputed matters raised by the Liguria Region Tax Authorities during the inspection carried out in June 2005, as described in more detail in point E.1 of Section 12, to which reference is made. They also include taxes relating to advertising and the disposal of solid urban waste.

The exchange losses derive from the application of multicurrency accounting methodologies. This balance includes both realised losses and those arising on translation.

Interest expense on subordinated loan relates to the loan from Saifin - Saifinanziaria S.p.a. (a company belonging to the Fondiaria - SAI Group) that accrued interest at a floating rate on the basis of market conditions. This subordinated loan is described in paragraph B. of Section 9.

Administrative costs and expenses on behalf of related companies and the parent company are matched by the balance under "Other income".

III.10 **"Extraordinary income"** amounts to € 6 thousand. This principally relates to gains on the sale of publicly registered assets.

III.11 **"Extraordinary expenses"** amount to € 45 thousand. This includes as loss of € 35 thousand on

“Shares and quotas” (caption C.II.1), considered to long-term investments, that were sold during the year.

III.14 **“Income taxes for the year”**, totalling € 1,073 thousand, include € 245 thousand in direct taxes relating to permanent establishments abroad.

The balance is stated net of the release of deferred taxes (€ 20 thousand) and the deferred tax assets recorded during the year (€ 201 thousand). The deferred tax assets derive principally from timing differences associated with the provisions made to the taxed reserve for doubtful accounts. Further details are contained in paragraph F.IV.2 of Section 6.

For further comments on non-technical statement of income captions, reference should be made to the report on operations.

SECTION 22 - SUNDRY INFORMATION ON THE STATEMENT OF INCOME

- Transactions with Group and other companies are summarised in Attachment 30.
- Direct business premiums are summarised in Attachment 31.
- Charges for personnel, directors and statutory auditors are summarised in Attachment 32.

PART C - OTHER INFORMATION

- The solvency margin and the guarantee to be set up for 2005 total € 14,301 thousand and € 4,767 thousand respectively, while the elements comprising this margin total € 42,121 thousand, as calculated in accordance with Decree 175 of 17 March 1995, as amended by Decree 307 of 3 November 2003.
- The amount of the technical reserves to be covered at the end of the year is € 245,142 thousand. The value of the assets set aside to cover these reserves is greater than this amount.
- The Company holds a controlling interest in LCS S.a., as explained in Attachment 6 and indicated in paragraph C.II.1. Pursuant to Articles 61 and 64 of Decree 173 of 26 May 1997, there is no obligation to prepare consolidated financial statements, given that this company is indirectly held by Fondiaria – SAI S.p.A., which prepares consolidated financial statements. Moreover, LCS S.a. is not significant.
- The trend in exchange rates at the date these financial statements were prepared, compared with those at 31 December 2005, has not given rise to any significant fluctuations (especially in the US dollar, a currency that is widely used in the Marine insurance sector).

- As required by para. 1.2 of art. 2427-bis of the Italian Civil Code, it is confirmed that the financial statements at 31 December 2005 do not include any financial fixed assets (excluding investments in controlled and associated companies, as defined in art. 2359 of the Italian Civil Code) at a value that exceeds their *fair value*;



- The statement of changes in financial position for the year ended 31 December 2005 and the comparison with the previous year is shown below:

	(in thousands of €)	
	2005	2004
Sources of funds		
Net profit for the year	1,013	1,402
Sale of properties	-	2,049
Losses on debtors	947	-
Writedown of receivables	1,084	1,155
Depreciation and amortisation of property, tangible and intangible assets	669	604
Writedown of financial investments	595	211
Provisions for termination indemnities	344	378
Provisions for risks and charges	1,782	909
Decrease in other financial investments	2,729	-
Sale of shares/quotas in equity investments	37	-
Decrease in deposits with insurance and reinsurance companies	479	1,304
Net change in debtors and creditors from/to insurance and reinsurance operations	2,690	8,142
Increase in deposits from reinsurers	-	36
Net change in other receivables and payables	1,499	1,335
Net change in other assets and liabilities	1,534	2,066
Net change in accruals and deferrals	31	-
Total sources of funds	15,433	19,591
Application of funds		
Dividends paid	1,007	1,007
Repayment of subordinated liabilities	5,423	-
Utilisation of reserve for termination indemnities	190	446
Utilisation of reserves for risks and charges	1,571	952
Net decrease in technical reserves	6,571	9,672
Purchases of shares/quotas	70	-
Increase in other financial investments	-	5,327
Increase in investment in properties	76	718
Increase in tangible and intangible assets	91	379
Decrease in deposits received from reinsurers	153	-
Net change in accruals and deferrals	-	146
Total application of funds	15,152	18,647
Increase (decrease) in cash and cash equivalents	281	944
Cash and cash equivalents:		
- beginning of the year	1,541	597
- end of the year	1,822	1,541
	281	944

- As required by Art. 2497-bis, para. 4 of the Italian Civil Code, the following table provides a summary of the key figures from the statutory and consolidated financial statements at 31 December 2004 (the latest to be approved) of the indirect parent company, Fondiaria – SAI S.p.A., as it exercises management control and coordination over the Company:

(in thousands of €)

SUMMARY OF THE BALANCE SHEET	statutory	consolidated
Assets		
Intangible assets	551,121	1,175,374
Investments	14,861,063	26,078,064
Debtors	1,955,676	3,096,301
Other assets	915,383	1,595,386
Total assets	18,283,243	31,945,125
Liabilities and Equity		
Capital and equity reserves	2,509,580	3,380,708
Subordinated liabilities	400,000	400,000
Technical reserves	13,419,452	25,565,253
Reserves for risks and charges	469,931	807,393
Deposits received from reinsurers	162,288	305,515
Creditors and other liabilities	1,321,992	1,486,256
Total liabilities and equity	18,283,243	31,945,125

(in thousands of €)

SUMMARY OF THE STATEMENT OF INCOME	statutory	consolidated
Result of the technical account of loss sectors	342,646	501,529
Result of the technical account of life sectors	12,327	88,362
Net profit from investments (*)	26,682	717,559
Investment return transferred from the technical account of life sectors	30,382	(460,844)
Balance of other income and expenses	(149,406)	(191,570)
Result of ordinary operations	244,631	655,036
Extraordinary income	234,584	179,091
Extraordinary expenses	(95,330)	(145,360)
Profit (loss) before tax	383,885	688,767
Income taxes	(125,412)	(305,315)
Net profit for the year	258,473	383,452

(*) the amount in relation to the statutory financial statements comprises solely income from the Loss sectors, net of the portion transferred to the Technical account