Letter to Shareholders 2.06

HELVETIA
PATRIA

Dear Shareholders

In the first six months of the current year, the Helvetia Patria Group once again recorded a very satisfactory performance. Despite a slight decline in premium volume, the net profit after tax increased substantially from CHF 46.5 million to CHF 162.9 million, equivalent to an annualised return on equity of 13.4 per cent, well above our strategic target of 10 per cent. The interest-related reduction of the posted non-realised profits/losses led to a CHF 113.0 million decrease in equity compared to the end of 2005, which amounted to CHF 2,367.8 million at the middle of the year.

Positive results from all business units and country markets

All the country markets and business units contributed to the excellent Group result. A particularly satisfactory performance was achieved by the life business, which increased its contribution to the profit by CHF 53.6 million or 133 per cent year-on-year to CHF 93.9 million. In contrast, the non-life business fell slightly short of the previous year's extraordinarily good results, contributing CHF 110.3 million to the Group profit (previous year CHF 119.3 million). The investment business was dominated by rising interest rates. Although rising interest rates are advantageous for the insurance business, both permitting investment in bonds with higher coupons and facilitating the sale of life insurance policies, they initially lead to lower bond prices and hence unrealised losses on the fixed-interest investments. The moderate stock exchange price increases only partly made good the fall in bond prices, with the result that the financial result fell against the first half of 2005 by CHF 185.1 million to CHF 473.7 million (– 28.1 per cent).

New strategy provides a boost

The business strategy for 2007 to 2010 was adopted by the Board of Directors this summer. Apart from maintaining our high profitability level, we aim to take a more aggressive approach in our attractive country markets in order to achieve above-average growth. Initiatives to improve our sales efforts, measures to systematise market canvassing and the further expansion of our successful differentiation strategy will ensure that we will continue to be among the winners on the market.

This year's General Assembly of Shareholders resolved to change our company name from "Helvetia Patria Holding" to "Helvetia Holding" with effect from 18 September 2006. A slightly modified trademark and a dynamic presence will result in a uniform and unmistakable profile across Europe that will boost our performance even more. The shares kept in your bank safe custody account or a safe will remain valid, so you do not need to take any action in this regard.

The new "Helvetia" will continue on its successful path and we will continue to build on our proven strengths. I thank you most warmly for your confidence and support.

Sincerely

Erich Walser
Chairman of the Board of Directors and CEO

At a glance

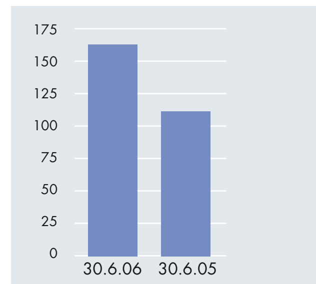
Helvetia Patria Holding share data	30.6.06	31.12.05	30.6.05 restated
Earnings per share undiluted, in CHF	19.0	36.2	14.1
Earnings per share diluted, in CHF	19.0	36.2	14.1
Consolidated equity per share in CHF	275.9	290.0	267.9
Year-end price of Helvetia Patria registered share, in CHF	322.0	278.0	207.3
Market capitalization based on year-end price, in CHF million	2786.2	2405.5	1793.7
Number of shares issued	8652875	8652875	8652875

Key figures	30.6.06	31.12.05	30.6.05 restated
Income statement in CHF million			
Gross premiums written	3227.4	5176.8	3267.8
– of which non-life	1407.8	2386.6	1400.7
– of which life	1819.6	2790.2	1867.1
Income from investments	473.7	1301.5	658.8
Profit before tax	215.6	420.2	173.1
– of which profit from life activities	93.9	139.9	40.3
– of which profit from non-life activities	110.3	262.5	119.3
– of which profit from other activities	11.4	17.8	13.5
Group profit after tax for the period	162.9	301.9	116.4
Balance sheet in CHF million			
Investments	27851.9	27783.2	27151.1
Provisions for insurance and investment contracts (net)	24679.2	23969.9	23868.5
Consolidated shareholders' equity	2367.8	2480.8	2210.9
Return on equity	13.4%	13.4%	11.0%

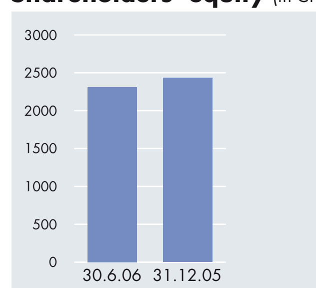
Key figures	30.6.06	31.12.05	30.6.05 restated
Non-life			
Claims ratio (net) in per cent	61.2%	62.0%	60.8%
Expense ratio (net) in per cent	34.4%	32.0%	33.2%
Combined claims/expense ratio (net) in per cent	95.6%	94.0%	94.0%
Life			
Expense ratio (net) in per cent	9.5%	9.7%	9.4%
Investments			
Direct return in per cent	3.3%	3.2%	3.2%
Investment performance in per cent	–1.0%	5.5%	3.4%

The 2005 half-year figures were restated from the FER accounts in accordance with the IFRS standards.

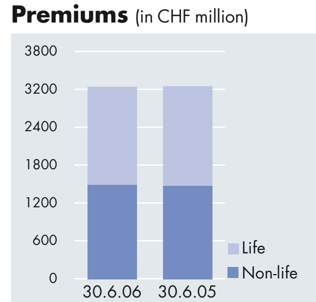
Profit (in CHF million)



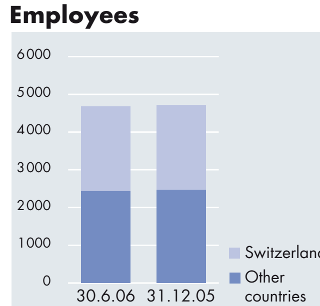
Shareholders' equity (in CHF million)



Premiums (in CHF million)



Employees



Business developments

Despite the decline in profits from financial investments, essentially due to interest rate developments, and a premium volume that did not quite meet expectations, the Helvetia Patria Group can look back on a very good first half. The semester profit amounted to CHF 162.9 million after tax, an improvement of CHF 46.5 million or 39.9 per cent over the previous year. This is primarily due to the excellent underwriting performance of the life segment, while in contrast the very high contribution to profits made by the non-life business last year fell slightly. Equity fell by CHF 113.0 million as a consequence of the reduction of the posted non-realised profits/losses due to interest rate changes. The return on equity after tax in the first half of the year amounted to a high (non-annualised) 6.7 per cent (previous year 5.5 per cent) and is both above the target set for 2006 and above the long-term strategic objective of 10 per cent on an annual basis.

Difficult market conditions

In contrast to the previous year, in which the premium volume recorded attractive growth as a result of developments in the Swiss life insurance business, total premiums posted a slight reduction of 1.2 per cent (–1.8 per cent in original currency). This was primarily due to the performance of the life sector, which with a decline of 2.5 per cent fell short of expectations. In contrast, the increase in the non-life business was a modest 0.5 per cent (– 0.4 per cent in original currency). In the direct insurance business (excluding assumed reinsurance) however, growth in the non-life sector amounted to 1.8 per cent, thereby just about meeting expectations. The performance of the life sector was driven above all by developments in Switzerland and in Italy. Individual life insurance turned in a poor performance in the light of the capital market environment, and the increase in fund products was unable to offset this development. The growth sectors in the non-life business were Italy, Spain, Switzerland and Austria. The growth in the non-life direct sector was due primarily to the property business (Switzerland, Italy and Spain) and the motor vehicle business (Switzerland, Austria and Italy). In the transport business, increasing volumes in Italy and Spain just about compensated for the weaker performance in the other countries. The same applies to the liability business, in which Austria and Italy made good the reduction in volume in the other countries.

Marked improvement in life business performance

The life result before tax amounted to CHF 93.9 million, more than twice the previous year’s result of CHF 40.3 million. This is due above all to the substantial improvement in the underwriting performance of the death and disability risks. At the same time, the fall in investment results due to rising interest rates and the decline in stock exchange performance were offset by reduced expenditure for future profit participation and unit-linked life insurance. The fact that provisions for future profit participation were increased substantially during the previous year against the background of excellent investment performance meant that distributions could continue in accordance with the business plan.

The non-life result before tax amounted to CHF 110.3 million (previous year CHF 119.3 million). The underwriting performance was very good, in both gross and net terms, but failed to achieve the previous year's excellent level. The gross claims ratio improved by 2.2 percentage points to 60.4 per cent, while the net claims ratio increased from 60.8 per cent to 61.2 per cent. The expense ratio rose from 33.2 per cent to 34.4 per cent, primarily due to seasonal effects. Thus the combined net claims/expense ratio climbed by 1.6 percentage points to a still very respectable 95.6 per cent.

Combined gross non-life claims/expense ratio for the most important regions in per cent

	Switzerland		Germany		Italy		Spain	
	30.6.06	30.6.05	30.6.06	30.6.05	30.6.06	30.6.05	30.6.06	30.6.05
Gross claims ratio	59.7	56.9	54.2	51.7	67.3	64.1	55.7	52.4
Gross expense ratio	29.6	30.8	38.9	38.5	29.0	27.4	32.3	35.1
Combined claims/expense ratio	89.3	87.7	93.1	90.2	96.3	91.5	88.0	87.5

Gross premiums, non-life, in CHF million

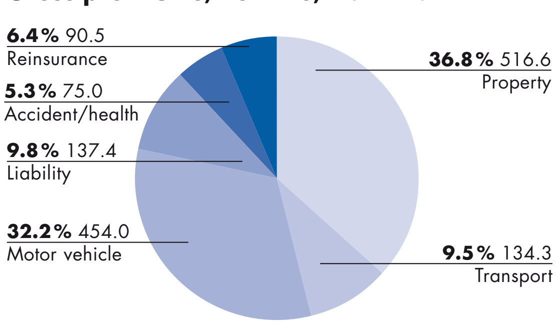
	Gross premiums		Change in %	Change in % (currency adjusted)
	30.6.06	30.6.05 restated		
Property	516.6	506.8	2.0	1.1
Transport	134.3	134.5	–0.1	–1.2
Motor vehicle	454.0	444.8	2.1	1.0
Liability	137.4	136.8	0.4	–0.5
Accident/health	75.0	71.3	5.1	3.6
Reinsurance non-life	90.5	106.5	–15.0	–15.0
Gross premiums, non-life	1407.8	1400.7	0.5	–0.4

Gross premiums, life, in CHF million

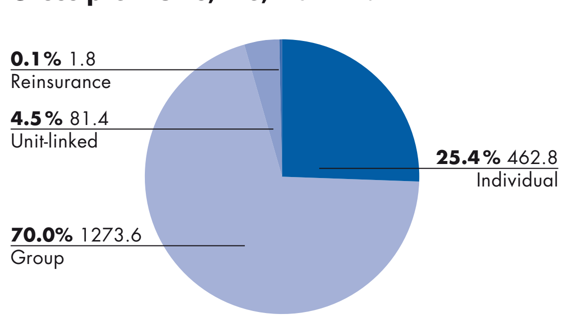
Individual insurance	462.8	508.9	–9.1	–9.7
Group insurance	1273.6	1285.4	–0.9	–1.0
Unit-linked life insurance	81.4	70.0	16.3	15.5
Reinsurance, life	1.8	2.8	–35.2	–35.3
Gross premiums, life	1819.6	1867.1	–2.5	–2.8
Total gross premiums	3227.4	3267.8	–1.2	–1.8

The 2005 half-year figures were restated from the FER accounts in accordance with the IFRS standards.

Gross premiums, non-life, in CHF million



Gross premiums, life, in CHF million



Result from investments in CHF million

	30.6.06	30.6.05 restated
Interest and dividend income	362.6	345.2
Profits and losses on financial investments	47.4	265.5
Current income from investment propertie	82.6	76.3
Profits and losses on investment properties	–15.6	–23.9
Other investment income	–3.3	–4.3
Result from investments	473.7	658.8

The 2005 half-year figures were restated from the FER accounts in accordance with the IFRS standards.

Interest and dividend income in CHF million

	30.6.06	30.6.05 restated
Interest on fixed-income securities	221.4	214.7
Dividends on shares, alternative investments	44.7	35.9
Loans	87.7	87.1
Money market instruments	8.8	7.5
Other investments	0.0	0.0
Interest and dividend income	362.6	345.2

The 2005 half-year figures were restated from the FER accounts in accordance with the IFRS standards.

Gains and losses on financial investments in CHF million

	30.6.06	30.6.05 restated
Fixed-income securities	–7.2	75.4
Equities	64.0	84.5
Investment funds	–21.9	72.7
Alternative investments	26.3	49.8
Loans	–0.2	0.9
Mortgages	0.1	0.0
Derivatives	–13.6	–18.8
Other investments	0.2	0.8
Increase in impairment loss on financial investments	–1.8	–1.8
Decrease in impairment loss on financial investments	0.8	2.0
Total gains and losses on financial investments (net)	47.4	265.5

The 2005 half-year figures were restated from the FER accounts in accordance with the IFRS standards.

Investment business

The Helvetia Patria Group's investment portfolio only changed slightly as against the previous balance sheet date. The inflow of new funds from the insurance business was in practical terms offset by interest-related losses on the bond portfolio measured at fair value. Overall, the volume of investments increased slightly by CHF 68.7 million to CHF 27.9 billion.

The investment structure changed only minimally. While the bond weighting decreased slightly for interest-related reasons, the weighting of real estate and mortgages increased a little.
The equity component did not change.

Higher return

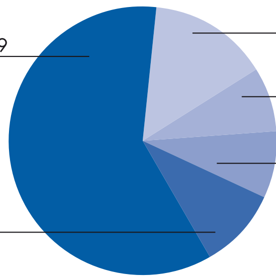
Rising interest rates combined with the longer duration of the fixed-interest investments meant not only a satisfactory dividend revenue but also a slight increase in the direct return for the first time in many years. Although at 1.64 per cent for the first semester the direct return is still very low in historical terms, the improvement is nevertheless very welcome, in particular for the life insurance business.

The downside of the increase in direct income is falling bond prices. This led to valuation losses on the fixed-interest portfolio, which, thanks to the valuation guidelines, do not affect the income statement but are instead reflected either in the equity or in the valuation reserves.

Similarly, rising interest rates had a negative effect on investment performance at a non-annualised –1.0 per cent. The moderate increase in share prices was not enough to offset falling bond performance, so that the portfolio profit dropped sharply year-on-year. However, despite difficult market conditions an important contribution to the overall result of CHF 473.7 million was posted.

The business units

Gross premium income at 30.6.06 in CHF million



All country markets posted positive results in the past semester. In Switzerland, the significant increase in the results is due solely to the improved profit from the life business. Germany recorded a substantial improvement in the result, profiting specifically from a restructuring of internal funds with corresponding market profits (CHF 20 million). Italy and Spain were unable to maintain the extraordinary level of the previous year. The "Other" segment (basically consisting of the markets in Austria and France and Assumed Reinsurance) recorded a decrease, mostly due to developments in Austria and in France. At 47.9 per cent of the pre-tax profit, Switzerland delivered the biggest contribution to earnings, just slightly less than its share of net premiums written (55.9 per cent).

The following provides an overview of the most important events and results of our business units.

Switzerland

After a long period of hesitant growth, the Swiss economy is regaining impetus this year. Thanks to a lively economy and good short-term prospects, economic growth of 2.5 – 3 per cent is expected for the current year. Against this background, Helvetia Patria is successfully continuing its 2004–2006 strategy programme, which focuses on profitable growth. As a result, the actuarial results for the life business in particular increased even further, while overall premium revenue fell slightly by 2.4 per cent from CHF 1,980.4 million to CHF 1,932.9 million.

Profitable life business

The cause of the weak growth in premiums is above all to be found in the individual life business, where the regular premiums remained at the same level as the previous year while single premium payments fell by as much as 28.4 per cent. Continued low interest rates are dampening the demand for classic insurance products, and the upward trend in interest rates which is gradually becoming perceptible is still not reflected in premium income. On the other hand, our efforts in the field of unit-linked insurance policies are being rewarded, as this sector recorded growth rates of 46.6 per cent (single premiums) and 3.7 per cent (regular premiums). The cautious underwriting policy in the group life business has led to single premiums falling below the level of the previous year, while regular premiums increased by 3.7 per cent. The results for both whole life insurance and disability insurance in the individual and group life sectors increased once again, so that in total we were able to report a 64.1 per cent increase in the result year-on-year.

Growth in the non-life business

With an increase of 3.2 per cent, growth in the non-life business was satisfactory. One particularly positive feature is the fact that premium income in property insurance increased by 3.7 per cent, due to a new product range for households and buildings. In addition, our many efforts to consolidate our own sales force are paying off. Eloquent testimony to our healthy portfolio and cautious underwriting policy is once again the excellent combined gross claims/expense ratio of 89.3 per cent.

Gross premiums written by region and business area in CHF million

	Gross premiums		Elimination		Total consolidated		Change in %	Change in % (currency-adjusted)
	30.6.06	30.6.05 restated	30.6.06	30.6.05 restated	30.6.06	30.6.05 restated		
Switzerland – non-life	408.3	395.5	–	–	408.3	395.5	3.2	3.2
Switzerland – life	1524.6	1584.9	–	–	1524.6	1584.9	–3.8	–3.8
Total Switzerland	1932.9	1980.4	–	–	1932.9	1980.4	–2.4	–2.4
Germany – non-life	371.4	382.0	–	–	371.4	382.0	–2.8	–4.2
Germany – life	96.1	85.2	–	–	96.1	85.2	12.7	11.1
Total Germany	467.5	467.2	–	–	467.5	467.2	0.1	–1.4
Italy – non-life	176.0	164.9	–	–	176.0	164.9	6.7	5.2
Italy – life	71.2	79.3	–	–	71.2	79.3	–10.2	–11.5
Total Italy	247.2	244.2	–	–	247.2	244.2	1.2	–0.2
Spain – non-life	205.5	198.5	–	–	205.5	198.5	3.5	2.0
Spain – life	52.9	47.2	–	–	52.9	47.2	12.2	10.5
Total Spain	258.4	245.7	–	–	258.4	245.7	5.2	3.7
Other countries – non-life:								
Other countries	156.1	153.4	–	–	156.1	153.4	1.8	0.3
Reinsurance	200.1	219.2	–109.6	–112.7	90.5	106.5	–15.0	–15.0
Other countries – life:								
Other countries	73.0	67.6	–	–	73.0	67.6	7.8	6.3
Reinsurance	11.3	11.7	–9.5	–8.9	1.8	2.8	–35.2	–35.3
Total other countries	440.5	451.9	–119.1	–121.6	321.4	330.3	–2.7	–3.7
Total gross premiums	3346.5	3389.4	–119.1	–121.6	3227.4	3267.8	–1.2	–1.8

The 2005 half-year figures were restated from the FER accounts in accordance with the IFRS standards.

2004–2006 strategy on target

As planned, the profitability of the life business increased substantially and the excellent income level in the non-life sector was almost maintained. In order to boost premium growth in the individual life business, we launched numerous initiatives for the second half of the year. For instance, bonuses were increased in line with market conditions, and risk tariffs were restructured according to occupational groups, making the conclusion of insurance policies even more attractive for individual customer sectors. Further product innovations are about to be launched. In the field of occupational pension plans, the new BVG-Invest product offers good return opportunities for customers who are willing to take on investment risks. The initiatives towards increasing quality and efficiency and the TerzAvita project (target group 50plus) are progressing well, with the result that we are confident of achieving our objectives by the end of the year.

Germany

The difficult market environment, characterised by price-based competition, is having an effect on the German non-life business. As expected, premium income at CHF 467.5 million is roughly 4 per cent below that of the previous year. In motor vehicle insurance, we deliberately risked a decline in premiums, since on profitability grounds we are only participating to a very restricted extent in the price competition. The current 3.8 per cent fall in premiums in this business sector is slightly below the sector average estimated at –4.4 per cent. Premium development for private and commercial property insurance is also above the market average. Overall, we are expecting a premium decline at the end of the year of 3 per cent, slightly above the target figure.

The fall in premiums led to a substantial reduction in portfolio commission, while the other costs were maintained at the previous year's level. Although major damage was recorded in June as a result of hail and storms, the claims development was favourable. The combined gross claims/expense ratio was 93.1 per cent.

Good claims experience

The life business continued to record above-average growth rates. At 11.1 per cent, growth in premium income was substantially above the 3 per cent of the market, and was largely driven by the unit -linked product range launched in the 2003 financial year and taken up very successfully by the market.

At the end of the year, we are expecting to achieve at least our demanding growth target in the life sector.

Italy

The growth of the Italian insurance market as a whole fell substantially to 1.6 per cent (non-life 2.8 per cent, life 1 per cent). In the non-life sector, motor vehicle insurance with premium growth of only 1.4 per cent is the main culprit for the low growth rate, with increased pressure on prices being a major contributor. The other non-life sectors, on the other hand, recorded good growth rates. In the life sector, growth was only posted by the unit-linked and index-linked products and pension funds, with all other insurance lines recording a decline.

Satisfactory development

In the non-life sector, Helvetia Italy substantially outperformed the market in terms of growth and recorded growth of 5.2 per cent. In the motor vehicle insurance sector, it proved possible to reverse the trend, and the decline over the past year made place for substantial growth. In contrast, life insurance suffered a fall in premiums of 11.5 per cent.

The claims ratio in the non-life sector increased slightly year-on-year, but at 67.3 per cent can still be regarded as good. As the expense ratio also increased due to personnel cuts and the modernisation of the IT applications, the combined gross claims/expense ratio rose to 96.3 per cent.

Rising interest rates led to unrealised losses on the bond portfolio in both the non-life and the life sectors. As a result the excellent overall performance of the non-life business could not be maintained, but is still decidedly positive.

Overall, the prospects for the financial year remain intact. A good final result can be expected, although it is hardly likely to equal the excellent result of the previous year.

Spain

Both economic growth and inflation in Spain are above the figures for the Euro zone. The increase in private consumption fell slightly between April and July to 3.8 per cent, while expenditure on capital goods and buildings continued unabated.

The growth in the non-life market slowed down considerably to 2.6 per cent compared to the previous year, while the life business fell by as much as 2.7 per cent. The main reason is consumer uncertainty about the planned changes to the tax treatment of life insurance policies.

Successful Helvetia Previsión

In the non-life sector, the growth recorded by our Spanish company Helvetia Previsión is slightly below the market average. Continuing price-based competition and the restructuring of the portfolio led to a reduction of volume in the motor vehicle business of 2.2 per cent. However, the other non-life sectors together achieved growth of 4.7 per cent, thereby outperforming the market. This respectable performance is due to the launch of new household insurance products, which enjoyed a very positive reception by customers and agents. In life insurance, Helvetia Previsión countered market trends and posted an increase of 10.5 per cent. The extremely low claims ratio of the previous year could not be maintained entirely. Despite an expense ratio that is continuing to fall, the combined claims/expense ratio increased to a still excellent 88.0 per cent. The slight increase in interest rates led to losses on the portfolio of fixed-interest securities, which in turn caused a reduction of the investment result year-on-year. The overall result correspondingly fell slightly compared to the excellent result of the previous year.

Other

Austria

Following the conclusion of the implementation of the most important income-enhancing measures from the 2004–2006 strategy period, the focus of business development at ANKER Insurance was on controlled growth. The efficient new structure with the two profit centres "Non-life" and "Life/Finances" has taken root. Alongside the consolidation of the product and quality campaign, the current financial year is characterised by preparations for the change to the "Helvetia" brand in October this year.

Good business development

The focus on controlled growth was reflected in the business performance during the first half of the year. Premium income in the non-life sector increased by 1.6 per cent year-on-year, while the life insurance sector recorded 6.3 per cent growth.

Throughout the market, underwriting results in the non-life sector were dominated by the extraordinary weather situation in late winter 2006. Heavy snowfalls in the first months of the period under review led to exceptional damage caused by snow pressure and consequential losses, with total claims increasing by several million euro as against the previous year. Apart from this extreme weather-related situation, the claims experience in the first half was just as satisfactory as in the 2005 financial year.

Excellent transport insurance business

The Austrian Helvetia business, specialising in transport insurance, remained more or less unscathed by the unfavourable developments of the weather and interest rates. Continuing the positive overall development, premium income and the high underwriting earning power of this niche business were maintained.

France

The improvement of the results achieved by the market participants last year led to a further increase in competition, in particular in the transport insurance sector, our only activity in France. In this field we compete with the largest insurance companies operating on the market. In this difficult environment, we deliberately refrained from getting involved in cut-throat price competition that would inevitably have led to a drop in premium income.

Strict cost controls and a stream-lined organisation enable our company in France to react extremely flexibly to market changes. Thanks to the excellent quality of our insurance portfolio and the strict selection of risks, we managed to achieve a very moderate claims ratio in the first six months of the current year, with the consequence that the underwriting result is once again on a par with the good result for the previous year. This is mainly due to the selective expansion of the product range, a strong consolidation of marketing activities and the optimisation of our internal forces, in particular our staff potential. As a result, Helvetia France will be able to further strengthen its market position and to continue to make a positive contribution to the Group results.

Assumed reinsurance

In the first half of 2006, assumed reinsurance achieved an excellent result that outstripped expectations by far. We even managed to substantially improve on the result for the equally successful 2005 financial year in the first six months of the current year.

The main reason for this excellent development is the absence of major disasters. We will continue to apply our selective underwriting policy. We also want to further consolidate the broad base of our portfolio, provided that the premium level remains attractive. The prospects for the year as a whole thus remain excellent, assuming that no significant natural disasters occur in the second half of the year.

Our share

The financial markets did not perform consistently in the first half of 2006. While most stock exchanges were able to record substantial price increases in the first three months of the year, increasing global political and economic uncertainty, higher oil prices and rising interest rates in the second quarter meant that the ground made good was lost again. At 11 150.2 points as at the end of June 2006, the leading American Dow Jones Industrial Index was practically at the same level as at the end of 2005, and the German DAX and the Japanese Nikkei Index also did not record any advances during the first six months and even lost some ground.

In this difficult economic environment the Helvetia Patria registered share continued to make excellent progress and with a price increase of 12.4 per cent was once of the best securities on the Swiss Stock Exchange. Our share far outperformed both the Insurance Index (– 4.3 per cent) and the Swiss Performance Index (+ 3.0 per cent). In the last few months we have been warmly recommended by numerous financial analysts of renowned banks, confirming the operational strength of our company.

Strong shareholder loyalty

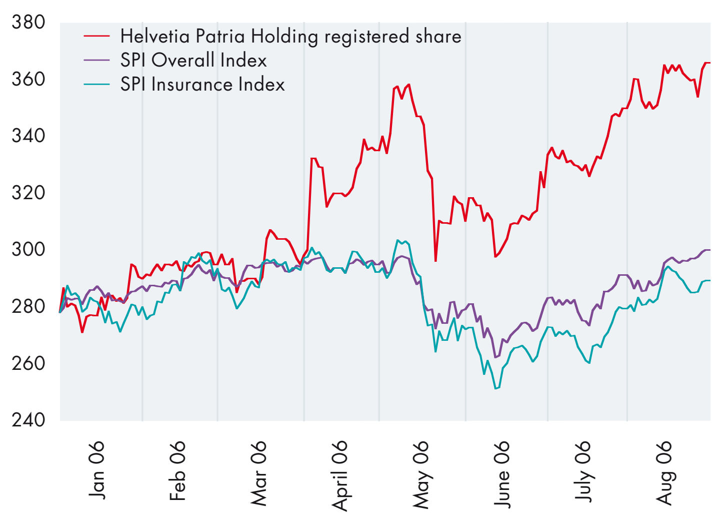
The shareholder base of Helvetia Patria Holding is characterised by very high shareholder loyalty to the company. Once again, the shareholder structure hardly changed during the first six months of the current year. As of 30 June 2006, a total of 4 283 registered shareholders were entered in the share ledger. The shares are currently held by the following investor groups:

Private individuals	13.2 per cent
Banks and insurance companies:	23.8 per cent
Other institutional investors:	63.0 per cent

91.50 per cent of investors are from Switzerland, while 8.50 per cent are domiciled abroad.

We will continue to focus on good shareholder relations and investor support. The first publication of the embedded value (an indicator that measures the value of a life insurance portfolio) scheduled for next spring will further increase transparency and contribute to the attraction of our registered share.

Share performance 1.1.2006 to 31.8.2006 indexed



Shareholders at 30.6.2006

Patria Genossenschaft	33.3 %
Vontobel	4.0 %
Raiffeisen	2.7 %
Munich Re	8.2 %
Free float	51.8 %

Outstanding bond

Amount	CHF 200 million
Interest rate	3% p.a.
Maturity	5.5.2004 – 5.5.2010
Security number	1.839.765

Consolidated income statement (unaudited)

Profit in CHF million

	30.6.06	30.6.05 restated
Gross premiums written	3 227.4	3 267.8
Premiums ceded to reinsurers	– 157.3	– 149.7
Net premiums written	3 070.1	3 118.1
Net change in reserves for unearned premiums	– 605.4	– 600.7
Net premiums earned	2 464.7	2 517.4
Interest and dividend income	362.6	345.2
Gains and losses on financial investments (net)	47.4	265.5
Income from investment properties	99.8	88.4
Other income	57.7	55.3
Total operating income	3 032.2	3 271.8

Expenses in CHF million

	30.6.06	30.6.05 restated
Claims paid incl. claims handling costs, non-life	– 706.5	– 675.6
Insurance benefits paid, life	– 1 258.7	– 1 308.5
Change in actuarial reserves	– 237.9	– 372.3
Surplus and policyholder dividends	– 58.0	– 123.4
Costs transferred to reinsurers	75.1	48.9
Benefits and claims paid (net)	– 2 186.0	– 2 430.9
Policy acquisition costs	– 326.6	– 325.7
Operating and administrative expenses	– 255.0	– 250.9
Interest expenses	– 22.0	– 28.4
Other expenses	– 25.1	– 55.8
Total operating expenses	– 2 814.7	– 3 091.7
Operating profit (loss)	217.5	180.1
Financial expenses	– 0.3	– 6.4
Income from investments in associated companies	1.1	– 0.6
Profit (loss) before tax	215.6	173.1
Income taxes	– 52.7	– 56.7
Group profit (loss) for the period	162.9	116.4
Attributable to:		
Shareholders Helvetia Patria Holding[1]	162.6	116.1
Minority interests	0.3	0.3
Earnings per share:		
Undiluted (in CHF)	19.00	14.07
Diluted (in CHF)	19.00	14.07

[1] See "Consolidated shareholders equity" for details.
The 2005 half-year figures were restated from the FER accounts in accordance with the IFRS standards.

Consolidated balance sheet (unaudited)

Assets in CHF million

	30.6. 2006	31.12. 2005
Tangible fixed assets and real estate assets	470.9	426.1
Goodwill and other intangible assets	60.4	62.4
Investments in associated companies	45.5	45.2
Investment properties	3908.9	3883.8
Loans and receivables (LAR) incl. money market instruments	6341.4	6379.0
Financial investments held to maturity (HTM)	3587.6	2781.0
Financial investments available-for-sale (AFS)	11275.8	11832.2
Financial investments at fair value through profit or loss	2692.7	2862.0
Amounts receivable from underwriting activities	825.1	605.0
Capitalised acquisition costs, life	218.3	221.6
Amounts held by or deposited with reinsurance companies	910.7	902.6
Deferred taxes	258.1	326.8
Other assets	212.4	128.6
Adjusted items for financial investments	284.5	305.9
Cash and cash equivalents	170.9	172.4
Total assets	31263.2	30934.6

Liabilities and shareholders' equity in CHF million

	30.6. 2006	31.12. 2005
Share capital	86.5	86.5
Share premium account	631.1	628.1
Own shares	–17.1	–24.4
Unrealised gains and losses (net)	96.8	182.3
Currency reserves	2.6	0.1
Retained earnings	1081.4	1016.5
Valuation reserves for contracts with policyholder dividends	483.6	588.6
Shareholders' equity Helvetia Patria Holding	2364.9	2477.7
Minority interests	2.9	3.1
Total shareholders' equity	2367.8	2480.8
Gross actuarial reserves	20411.5	20146.3
Reserves for future policyholder dividends	551.4	688.3
Gross reserves for claims outstanding	2822.0	2792.0
Gross reserves for unearned premiums	1466.3	844.7
Financial liabilities from financing activities	198.9	198.8
Financial liabilities from underwriting activities	1543.4	1722.7
Other financial liabilities	7.8	28.3
Liabilities from underwriting activities	647.8	755.1
Financial reserves	48.7	61.2
Liabilities for employee benefits	250.3	245.7
Deferred taxes	610.1	745.5
Other liabilities and adjusted items	337.2	225.2
Total liabilities	28895.4	28453.8
Total liabilities and shareholders' equity	31263.2	30934.6

Consolidated shareholders' equity

(unaudited)

in CHF million	Shareholders' equity Helvetia Patria Holding Share capital	Share premium account	Own shares	Unrealised gains and losses (net)
At 1.1. 2005	86.5	613.7	–79.5	137.7
Remeasurement of investments to fair value	–	–	–	147.7
Changes in liabilities for contracts with policyholder dividends	–	–	–	–84.4
Currency translation adjustments	–	–	–	0.5
Deferred taxes	–	–	–	–13.7
Gains and losses recognised directly in equity	–	–	–	50.1
Group profit (loss) for the period	–	–	–	–
Total gains and losses recognised	–	–	–	50.1
Transfer to retained earnings	–	–	–	–
Change in minority interest in shareholders' equity	–	–	–	–
Transactions in own shares	–	17.6	–17.9	–
Share-based payments	–	0.0	–	–
Dividend	–	–	–	–
At 30.6.2005	86.5	631.3	–97.4	187.8

The 2005 half-year figures were restated from the FER accounts in accordance with the IFRS standards.

in CHF million	Share capital	Share premium account	Own shares	Unrealised gains and losses (net)
At 1.1.2006	86.5	628.1	–24.4	182.3
Remeasurement of investments to fair value	–	–	–	–268.3
Changes in liabilities for contracts with policyholder dividends	–	–	–	153.5
Currency translation adjustments	–	–	–	1.1
Deferred taxes	–	–	–	27.8
Gains and losses recognised directly in equity	–	–	–	–85.9
Group profit (loss) for the period	–	–	–	–
Total gains and losses recognised	–	–	–	–85.9
Transfer to retained earnings	–	–	–	0.4
Change in minority interest in shareholders' equity	–	–	–	–
Transactions in own shares	–	2.3	7.3	–
Share-based payments	–	0.7	–	–
Dividend	–	–	–	–
At 30.6.2006	86.5	631.1	–17.1	96.8

Currency reserve	Retained reserves	Valuation reserve for contracts with policyholder dividends	Total before minority interests	Minority interests	Total shareholders' equity
–1.9	830.5	450.7	2 037.7	3.0	2 040.7
–	–	64.0	211.7	0.0	211.7
–	–	–	–84.4	–	–84.4
1.1	–	0.1	1.7	0.0	1.7
–	–	–15.7	–29.4	0.0	–29.4
1.1	–	48.4	99.6	0.0	99.6
–	113.3	2.8	116.1	0.3	116.4
1.1	113.3	51.2	215.7	0.3	216.0
–	0.5	–0.5	0.0	–	0.0
–	–	–	–	–	–
–	–	–	–0.3	–	–0.3
–	–	–	0.0	–	0.0
–	–45.4	–	–45.4	–0.1	–45.5
–0.8	898.9	501.4	2 207.7	3.2	2 210.9
0.1	1 016.5	588.6	2 477.7	3.1	2 480.8
–	–	–165.7	–434.0	–0.2	–434.2
–	–	–	153.5	–	153.5
2.5	–	0.2	3.8	0.0	3.8
–	–	40.4	68.2	0.1	68.3
2.5	–	–125.1	–208.5	–0.1	–208.6
–	142.6	20.0	162.6	0.3	162.9
2.5	142.6	–105.1	–45.9	0.2	–45.7
–	–0.5	0.1	0.0	–	0.0
–	–	–	–	–	–
–	–	–	9.6	–	9.6
–	–	–	0.7	–	0.7
–	–77.2	–	–77.2	–0.4	–77.6
2.6	1 081.4	483.6	2 364.9	2.9	2 367.8

Consolidated cash flow statement
(unaudited)

Cash flow from operations in CHF million	30.6. 2006	30.6. 2005 restated
Profit (loss) before tax	215.6	173.1
Reclassifications into investment and financing activities (through profit and loss)		
Realised gains and losses on intangible and tangible fixed assets	– 0.1	– 1.2
Realised gains and losses on the sale of associated companies	–	–
Dividends from associated companies	– 0.6	– 0.6
Correction for income and expenses not through profit and loss		
Depreciation on intangible and tangible fixed assets	14.1	17.0
Unrealised gains and losses on investments in associated companies	– 0.3	1.2
Unrealised gains and losses on investment properties	15.8	23.3
Unrealised gains and losses on financial investments	51.9	– 116.0
Share-based payments to employees	0.8	0.0
Currency gains and losses	– 13.6	– 4.7
Other income and expenses not through profit and loss	– 43.1	– 49.3
Change in assets and liabilities from operations		
Capitalised acquisition costs, life	3.4	6.4
Amounts held by or deposited with reinsurance companies	– 6.1	– 80.3
Actuarial reserves	237.9	364.9
Reserves for future policyholder dividends	15.5	83.1
Reserves for claims outstanding	19.1	55.3
Reserves for unearned premiums	617.8	611.9
Financial liabilities from underwriting activities	– 138.9	– 21.6
Other changes in assets and liabilities from operations	– 315.2	– 58.9
Realised gains and losses on financial investments and investment properties	– 86.7	– 117.3
Purchase of investment properties	– 69.9	– 25.7
Sale of investment properties	5.6	49.9
Granting of loans and receivables (LAR) and money market instruments	– 25898.8	– 30158.4
Repayment of loans and receivables (LAR) and money market instruments	25950.7	30493.1
Purchase of financial investments held to maturity (HTM)	– 936.7	– 670.1
Repayment of financial investments held to maturity (HTM)	132.8	86.3
Purchase of financial investments available-for-sale (AFS)	– 2682.5	– 2891.7
Sale of financial investments available-for-sale (AFS)	2860.1	2607.7
Purchase of financial investments at fair value through profit or loss	– 370.6	– 320.4
Sale of financial investments at fair value through profit or loss	566.0	208.9
Gross cash flow from operations	144.0	265.9
Taxes	– 51.4	– 27.4
Net cash flow from operations	92.6	238.5

Cash flow from investments in CHF million	30.6.06	30.6.05 restated
Purchase of tangible fixed assets and real estate assets	–25.1	–31.9
Sale of tangible fixed assets and real estate assets	0.3	2.3
Purchase of intangible assets	–2.5	–8.3
Sale of intangible assets	–	–
Purchase of shareholdings in associated companies	–	–51.0
Sale of shareholdings in associated companies	–	–
Purchase of shares in linked companies, with no portfolio of cash and cash equivalents	–	–
Sale of shares in linked companies, with no portfolio of cash and cash equivalents	–	–
Dividends from associated companies	0.6	0.6
Net cash flow from investments	–26.7	–88.3

Cash flow from financing activities in CHF million		
Money inflow from share capital increases	–	–
Money outflow from share capital reductions	–	–
Money inflow from sale of own shares	9.6	–
Money outflow from purchase of own shares	–	–0.3
Money inflow from taking on financial liabilities from financing activities	–	–
Money outflow from repaying financial liabilities from financing activities	–	–150.0
Dividend payments	–77.6	–45.5
Payment of liabilities from financial leasing	0.0	0.0
Net cash flow from financing activities	–68.0	–195.8
Exchange rate changes in cash and cash equivalents	0.6	0.3
Total change in cash and cash equivalents	–1.5	–45.3

Cash and cash equivalents in CHF million		
At 1 January	172.4	168.5
Change	–1.5	–45.3
At 30 June	170.9	123.2

The 2005 half-year figures were restated from the FER accounts in accordance with the IFRS standards.

Abridged notes (unaudited)

1. General information

By resolution of 4 September 2006 the Board of Directors approved and agreed to publish the Consolidated Interim Report.

2. Valuation and accounting principles

The Consolidated Interim Report has been compiled in accordance with the International Accounting Standard (IAS) 34, "Interim financial reporting". The accounting principles applied in the preparation of this report are the same as for the 2005 Annual Report, with the exception of the changes listed below. The Interim Report should, therefore, be read in conjunction with the Consolidated Annual Report for 2005.

Balance sheet items are now classified according to liquidity, whereby adjustments had to be made to a few items. This exclusively concerns the reclassification of individual items. The items "Trading portfolio at fair value through profit and loss" and "Money market instruments" have been fully transferred to the items "Financial investments at fair value through profit and loss" and "Loans and receivables (LAR) incl. money market instruments". The share of short-term liabilities towards employees was reclassified from "Other liabilities and deferrals" to "Liabilities for employee benefits".

3. Changes to the valuation and accounting principles

In 2006 the following interpretations relevant to the sector (IFRIC) and changes to the accounting standards came into effect:

- Amendment to IAS 19 – Balance sheet reporting of actuarial profits and losses
- Amendment to IAS 21 – Net investments in a foreign subsidiary
- Amendment to IAS 39 – Fair value option
- Amendment to IAS 39 – Cash flow hedge accounting
- Amendment to IAS 39/IFRS4 – Financial guarantees
- IFRIC 4 – Determining whether an agreement refers to a leasing relationship

These new regulations will not require any major adjustments to the evaluation and accounting principles. Below, we will explain the amendments that are relevant to the Helvetia Patria Group:

Amendment to IAS 19 – Balance sheet reporting of actuarial profits and losses

When reporting occupational pension scheme obligations there is a new option, whereby all actuarial profits and losses on employee benefit schemes can be recognised outside the period in which the benefit is actually earned by the employee and reported under "Equity". The Helvetia Patria Group will not avail itself of this option. The actuarial profits and losses will continue to be reported according to the corridor regulation. Further amendments concern the disclosure requirements.

Amendment to IAS 21 – Net investments in a foreign subsidiary

According to IAS 21 currency translation differences arising from monetary items representing a part of a net investment in a foreign subsidiary should be classified as "not affecting the operating result" under a separate equity item. The new regulations will apply, regardless of the currency of these monetary items and the group company involved. At present, there are no items of the Helvetia Patria Group with the character of a net investment to which the new regulations would apply.

Amendment to IAS 39 – Fair value option

Financial investments may now only be classified as "at fair value through profit and loss" if one of the following requirements is met:

- Balance sheet reporting at fair value removes or significantly reduces a valuation incongruity.
- Controlling and performance measurement of a group of financial assets or liabilities takes place at fair value according to a documented risk management or investment strategy.

- A contract with an embedded derivative is involved, provided that this derivative does not lead to a significant change in the cash flow of the contract or it is evident that separate reporting of the derivative would be permissible.
  All financial instruments of Helvetia Patria classified as "at fair value through profit and loss" fulfil one of the above conditions. For this reason the existing financial instruments do not need to be re-classified.

4. Group of consolidated companies

Helvetia Patria did not acquire any new companies during the interim reporting period. For the purposes of consultancy, development and software distribution, Ecenter Solutions AG headquartered in Zurich was established and included in the group of consolidated companies. The report on this company is included in the region "Switzerland" under the segment "Others".

The DeAM HL1 fund was liquidated during the period under review and the units were repaid in full to the holding company Helvetia Schweizerische Lebensversicherungs-AG in Frankfurt. This company is included in the region "Germany" under the segment "Life".

V.N. Sociedad de Agencia de Seguros de la Vasco Navarra S.A., Pamplona, was also liquidated during the period under review. The remaining assets and liabilities have been transferred in full to Helvetia Previsión in Seville. This company is included in the region "Spain" under the segment "Others".

5. Segment information

Segment information by region in CHF millions

	Switzerland		Germany	
	30.6.06	30.6.05 restated	30.6.06	30.6.05 restated
Operating income	1 772.2	1 995.5	433.1	401.8
Operating expense	– 1 666.6	– 1 913.8	– 389.2	– 397.9
Financial expense	– 3.0	– 3.0	–	–
Income from investments in associates	0.6	– 0.8	–	– 0.2
Profit before tax	103.2	77.9	43.9	3.7
Income taxes				
Group profit for the period				

The 2005 half-year figures were restated from the FER accounts in accordance with the IFRS standards.

Segment information by business area in CHF millions

	Life		Non-life	
	30.6.06	30.6.05 restated	30.6.06	30.6.05 restated
Operating income	1 857.6	2 074.2	1 160.7	1 177.8
Operating expense	– 1 764.3	– 2 033.1	– 1 050.9	– 1 058.7
Financial expense	–	–	–	–
Income from investments in associates	0.6	– 0.8	0.5	0.2
Profit before tax	93.9	40.3	110.3	119.3
Income taxes				
Group profit for the period				

The 2005 half-year figures were restated from the FER accounts in accordance with the IFRS standards.

6. Seasonal influences

In principle, income and expenses are recorded as they arise. In the Consolidated Interim Report, income and expenses are only brought forward or deferred if this would also be appropriate at the end of the business year.

7. Contingent claims and liabilities

Since the last balance sheet date, Group Management has not been informed of any new facts which could lead to significant changes in contingent claims and liabilities or have a significant impact on the asset, financial or income situation.

8. Dividend payment

The General Assembly of Shareholders of 12 May 2006 approved a dividend of CHF 9.00 per share for the business year 2005, whereupon a total amount of CHF 77.9 million was paid out.

9. Events after balance sheet date

Up to the date of drawing up the present Consolidated Interim Report on 4.9.2006, no events had become known that would have a significant influence on the Interim Report as a whole.

Italy		Spain		Other		Elimination and unallocated items		Total	
30.6.06	30.6.05 restated	30.6.06	30.6.05 restated	30.6.06	30.6.05 restated	30.6.06	30.6.05 restated	30.6.06	30.6.05 restated
250.3	264.9	227.2	228.2	379.9	413.2	−30.5	−31.8	3 032.2	3 271.8
−238.2	−244.3	−202.1	−196.5	−349.1	−371.0	30.5	31.8	−2 814.7	−3 091.7
–	–	–	–	–	−3.4	–	–	−3.0	−6.4
–	–	0.5	0.4	0.0	0.0	–	–	−1.1	−0.6
12.1	20.6	25.6	32.1	30.8	38.8	0.0	0.0	215.6	173.1
						−52.7	−56.7	−52.7	−56.7
								162.9	116.4

Other		Elimination and unallocated items		Total	
30.6.06	30.6.05 restated	30.6.06	30.6.05 restated	30.6.06	30.6.05 restated
14.0	20.0	−0.1	−0.2	3 032.2	3 271.8
0.4	−0.1	0.1	0.2	−2 814.7	−3 091.7
−3.0	−6.4	–	–	−3.0	−6.4
–	–	–	–	1.1	−0.6
11.4	13.5	0.0	0.0	215.6	173.1
		−52.7	−56.7	−52.7	−56.7
				162.9	116.4

Cautionary note regarding forward-looking statements

Important dates

29 March 2007	Business results 2006: analysts' and media conference
4 May 2007	General Assembly of Shareholders in St.Gallen
7 September 2007	Publication of the Interim Report 2007

St.Gallen, 7 September 2006

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