

Compagnia Assicuratrice Unipol S.p.A.

Registered and Head Offices in Bologna – Via Stalingrado 45 – Share capital €2,360,144,410.00 fully paid-up – Tax Code and Companies' Register in Bologna 00284160371 – R.E.A. 160304 – Authorised to provide insurance services by MD of 28 December 1962 (OJ 15/18.1.63) and MD of 29 April 1981 (OJ 135/19.5.81)

Unipol Assicurazioni S.p.A. Half-Yearly Report as at 30 June 2006

Bologna, 13 September 2006

Translation from the original Italian text.

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Unipol Assicurazioni S.p.A.

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COMPANY'S BOARDS AND OFFICIALS

	Honorary Chairman	Enea Mazzoli
Board of Directors	Chairman (1)	Pierluigi Stefanini
	Vice Chairman (1)	Vanes Galanti
	Managing Director (2)	Carlo Salvatori
	Board Members	Antonio Silvano Andriani Jean Dominique Antoni Francesco Boccetti Rocco Carannante Piero Collina Bruno Cordazzo Pier Luigi Fabrizi Jacques Forest Fabrizio Gillone Claudio Levorato Ivan Malavasi
		Riccardo Margheriti Massimo Masotti Enrico Migliavacca Pier Luigi Morara Marco Pedroni Aldo Soldi Graziano Trere' Francesco Vella Marco Giuseppe Venturi Luca Zaccherini Mario Zucchelli
	Secretary of the Board of Directors	Roberto Giay
Remuneration Committee	Members	Piero Collina Enrico Migliavacca Mario Zucchelli
Internal Auditing Committee	Members	Francesco Boccetti Rocco Carannante Massimo Masotti
Area General Managers		Carlo Cimbri Carmelo De Marco
Joint General Managers		Riccardo Laurora Salvatore Petrillo
Central Managers	Domenico Brighi Giancarlo Brunello Federico Corradini	Stefano Dall'Aglio Francesco Montebugnoli Stefano Scavo
Board of Statutory Auditors	Chairman	Umberto Melloni
	Members	Luigi Capè Carlo Cassamagnaghi
	Alternate Members	Marco Baccani Roberto Chiusoli
External Auditors		K.P.M.G. spa

(1) Managing Director from 9 January 2006 to 30 June 2006.

(2) Appointed by the Board of Directors on 30 June 2006.

Introduction

Macroeconomic background

The global economy is passing through a delicate transitional phase, which the recent events in the Middle East have helped to accentuate. In some areas growth is exceeding the forecasts and international trade is reviving, though the trend in prices and in particular the continued rises in energy costs are causing concern: in July the price of oil reached new highs (78.3 dollars per barrel) before returning to lower levels.

In the first quarter of 2006 Italian GDP recorded an increase of 0.6% compared with the previous quarter (+1.5% year on year). In the Eurozone GDP rose by the same amount (+0.6%, +1.9% year on year). Based on the initial information available it seems that in the second quarter of 2006 Italian GDP rose by 0.5% compared with the previous quarter and by 1.5% compared with the second quarter of 2005.

In May 2006 the manufacturing index showed an increase of 2.9% compared with May 2005. Based on the initial information available it seems that the manufacturing index in June 2006 rose by 3.7% compared with June 2005. Comparison between the first half of 2006 and the first half of 2005 would show a rise of 2.1%.

Inflation, which for several months had been stable at 2.2%, rose to 2.3% in June. At the same time the figure for the Eurozone, after the rises of April and May, stabilised at 2.5%. In July the trend in prices in Italy recorded a fall compared with the previous month to return to +2.2% whilst in the Eurozone it stabilised at +2.5%.

In the first quarter of 2006 the number of job vacancies increased and, thanks to regulations governing foreign workers, the number of those in employment rose. Thus the unemployment rate fell to 7.6%, less than the figure for the same period in 2005 (8.2%).

Financial markets

In the sector there was no lack of uncertainties about the basic economy and the worrying international situation.

Fears relating to an upturn in the trend in prices at international level led to a general increase in rates, both short-term and medium-/ long-term: in particular in the first half of 2006 long-term rates in the Eurozone and

in the United States rose by more than 70 points as a result of the monetary policies of the various Central Banks.

During these six months the US Central Bank repeatedly increased its official rates. The revision of 29 June, the seventeenth consecutive rise, brought FED rates up to 5.25% (from 4.25% at the end of 2005).

The ECB stepped in on several occasions (on 2 March, 8 June and 3 August 2006) to increase its own rates by a quarter of a point. By the end of June the European base rate was 2.75% (compared with 2.25% at the beginning of the year) and had risen to 3% by the end of August.

This trend also extended to Japan and the UK, where the official rates rose by a quarter of a point. In Japan in particular the Central Bank stepped in on 14 July 2006 to bring its policy of zero rates to an end and to raise its base rate to 0.25%. In the UK the base rate was 4.75% by 3 August.

The Euro, which had gradually risen since the end of 2005, was still strong against the dollar (up from 1.18 as at 31/12/2005 to 1.27 as at 30/6/2006). The Euro also continued to strengthen against the Dollar during the subsequent period (1.29 on 21 August).

In the first half of 2006 the European Stock Markets turned in good performances, which included a period of decided expansion between the beginning of the year and the first half of May, and a subsequent downturn, which affected the results for the period.

The figures between the beginning of the year and 30 June were fairly similar: the Milan Stock Exchange rose by 4.1%, that in the UK by 3.8% and that in the US by 4.0%. The European stock market average rose by 3.5%.

The Tokyo Stock Exchange was excluded from this general trend, turning in a negative performance for the period (- 3.8%). As at 21 August the trends showed a slight fall for Japan and performances for Milan, London and New York that were good and similar to one another.

Insurance business

On the basis of current trends ANIA forecasts that

growth in total premium income in 2006 will be less than that recorded in 2005 (3.2% compared with 8.7%). This trend is affected by Motor TPL, for which limited growth is forecast (1%), and by a slowdown in Life business, where growth should be around 3.5%. Premium income should therefore exceed €113bn, an incidence on GDP of approximately 8%.

The figures issued by ISVAP relating to the first three months of 2006 indicate that total premium income amounted to €27.3bn, a rise of 1.6% compared with the same period of 2005. In particular, Life premium income recorded an increase of 1% (+21.3% in the first quarter of 2005) and the Non-Life portfolio was up by 2.8% (+0.8% in the first quarter of 2005).

In Life business income from traditional types of insurance (Class I and Class V) was down compared with the first quarter of 2005, whilst policies in Class III, with a greater financial content, grew by 6.9%.

Non-Life business continued expanding at a moderate rate as already recorded in the previous few quarters as a result of very slow growth in Motor business (+1.5% compared with the first quarter of 2005). Above-average rates of growth were recorded in General TPL, Fire and Bonds as well as in Pecuniary Losses, Legal Protection and Assistance.

Principal new regulations in the insurance sector

On 17 March 2006 Official Journal 64 (General Series) published Law 102 of 21 February 2006 – 'Urgent provisions relating to consequences of road traffic accidents' – which introduced new rules on the procedure for actions for damages as a result of road traffic accidents causing personal injury (whether fatal or not). The first thing to be laid down was that the legal procedure to be applied in such actions is the same as the procedure used in actions relating to industrial accidents, thus introducing important differences compared with the normal procedure. Another major innovation provides that, in the event that the evidence submitted by the injured party is such as to prove that a large proportion of the responsibility lies with the defendant, the judge may order the latter and his insurer to make immediate payment to the victim of an interim amount of between 30% and 50% of the presumed level of damages that will be paid when judgement is passed.

On 4 July the Government issued Decree Law 233

covering 'Urgent provisions for an economic and social relaunch, for the restriction and rationalisation of public spending and for measures relating to public revenues and to combating tax evasion', which provides for radical measures aimed at intervention in various sectors of the domestic economy. The Decree was converted into law on 4 August (Law 248).

Of particular interest for the insurance sector are the provisions of Article 8 – 'anticompetitive clauses pertaining to Motor third-party liability' – relating to the distribution and pricing of policies for compulsory Motor TPL insurance, in order to avoid companies applying exclusive distribution clauses to their Motor TPL policies and clauses that allow companies to fix 'minimum prices or maximum discounts' to be offered to the end consumer.

In view of these clauses:

- with effect from 4 July insurance companies and agents (and other intermediaries) operating in Motor TPL may not enter into new exclusive distribution contracts, in other words companies may not grant new distribution mandates involving exclusive rights in this class of insurance;
- as from the same date companies are prohibited from imposing minimum prices or maximum discounts for their range of Motor TPL policies;
- such clauses are null and void under Article 1418 of the Civil Code; if signed before 4 July 2006 they are valid until they expire and in any case they are not valid after 1 January 2008;
- these clauses constitute restraint of trade under Article 2 of Law 287 of 10 October 1990.

Under this changeover to the new regulations para. 3bis has been added to Article 8 to incorporate paras 2bis and 2ter of Article 131 of Legislative Decree 209 of 2 September 2005 ('Insurance Code') in order to cover transparency of premiums and policy terms. In the case of Motor TPL policies intermediaries must provide consumers in advance with information on the commission paid to them by the company or by the companies on behalf of which they are working. This information must also be displayed on the premises in which the intermediary works and must be taken from the documentation issued to the policyholder.

Finally, quotations and policies must clearly indicate the premium, the intermediary's commission and the total discount granted to the policyholder.

In view of the complexity of the subject and the various doubts over interpretation raised by the sector, the

Supervisory Board is expected to issue instructions on applying the regulations (as laid down in Article 131, para. 3, of the Insurance Code).

As laid down in Article 150 of Legislative Decree 209 of 2 September 2005 ('Insurance Code'), after approval by the Council of Ministers on 18 July 2006, Presidential Decree 254 of 18 July 2006 – 'Regulation covering rules on direct payment of losses incurred as a result of road traffic accidents' – containing 'operating instructions' for the simplified procedure for obtaining damages for minor road traffic accidents was published on 28 August in Official Journal 199. The Decree will come into effect as from 1 January 2007, for accidents occurring as from 1 February, and will apply to claims involving two vehicles and in which the only people injured are the drivers.

It will be the injured party's company that will reimburse the beneficiary, and it will subsequently recoup its costs from the insurance company of the person responsible for the accident. The 'clearing house' will enable companies to exchange information.



The half-yearly report on Unipol Assicurazioni S.p.A.'s business performance was drafted in compliance with the provisions issued on the matter by ISVAP and by CONSOB and is subject to limited review by the company of auditors, KPMG spa, which is also responsible for auditing the annual accounts for the period 2006/2011.

The Unipol Group consolidated half-yearly report as at 30 June 2006 was also drawn up in accordance with the IAS/IFRS.

The following table shows the highlights for Unipol Assicurazioni S.p.A.

UNIPOL ASSICURAZIONI - HIGHLIGHTS

(amounts in €m)

	30 June 2006	31 December 2005	30 June 2005	31 December 2004
Gross premiums	1,827.6	3,234.2	1,746.2	2,648.7
<i>% variation</i>	4.7 (1)	22.1	15.1 (1)	7.9
Direct premiums	1,807.1	3,188.6	1,718.9	2,590.5
<i>variation %</i>	5.1 (1)	23.1	16.0 (1)	41.7
Payments (claims, amounts due out of maturity, surrender, annuity)	820.2	1,467.2	720.5	1,417.2
<i>% variation</i>	13.8 (1)	3.5	7.9 (1)	15.2
Non-Life direct business - Loss ratio (%)	74.1	69.9	73.6	71.0
Operating expenses	187.1	364.8	184.3	362.7
<i>% variation</i>	1.5 (1)	0.6	3.5 (1)	4.9
Expense ratio (%)	10.2	11.3	10.6	13.7
Combined ratio % - Direct business (3)	96.2	91.5	95.7	92.6
Net investment income and capital gains				
-excluding Class 'D' and value adjustments	411.3	547.5	375.4	311.3
<i>% variation</i>	9.6 (1)	75.8	95.3 (1)	-3.4
-excluding Class 'D', including value adjustments	296.3	407.6	354.4	273.2
<i>% variation</i>	-16.4 (1)	49.2	114.3 (1)	0.5
Profit before taxation	193.4	256.0	295.1	211.2
<i>% variation</i>	-34.5 (1)	21.2	117.4 (1)	1.0
Net profit	187.6	218.8	260.6	175.6
<i>% variation</i>	-28.0 (1)	24.6	122.8 (1)	30.9
Net profit-to-premiums ratio (%)	10.3	6.8	14.9	6.6
Total dividends		287.9		132.5
<i>% variation</i>		117.3		14.5
Dividend per ordinary share		0.1200		0.1400
<i>% variation</i>		-14.3		12.0
Dividend per preference share		0.1252		0.1452
<i>% variation</i>		-13.8		11.5
Investments and liquid assets	15,001.6	14,217.1	11,200.9	9,885.4
<i>% variation</i>	5.5 (2)	43.8	13.3 (2)	11.5
Technical provisions	9,518.8	8,646.1	8,056.3	7,077.2
<i>% variation</i>	10.1 (2)	22.2	13.8 (2)	16.2
Technical provisions-to-premiums ratio (%)				
- Non-Life		153.4		149.9
- Life		362.3		408.8
- Non-Life+Life		267.3		267.2
Shareholders' equity	5,280.8	5,381.1	2,823.3	2,602.9
<i>% variation</i>	-1.9 (2)	106.7	8.5 (2)	2.9
No agents as at 30.06	783	779	769	775
No sub-agents as at 30.06	1,237	1,227	1,222	1,207
No staff as at 30.06 (excluding salespersons) (4)	1,917	1,686	1,510	1,472
No FTE (full time equivalent) employees	1,825	1,633	1,449	1,410

(1) % variation on 30 June 2005

(2) % variation on 31 December 2005.

(3) Sum of the loss ratio for direct business and the expense ratio (operating expenses to Non-Life direct premiums).

(4) No salespersons as at 30/06/06: 14

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BALANCE

ASSETS	As at 30 June 2006	As at 30 June 2005	As at 31 December 2005
A. Subscribed share capital unpaid	0	0	0
B. Intangible assets			
1. Deferred acquisition costs	29,581	31,054	30,082
2. Other assets	49,401	8,255	56,638
Total	78,982	39,309	86,720
C. Investments			
I - Land and buildings	546,963	502,817	541,733
II - Investments in Group undertakings and other participating interests			
1. Stocks and shares	2,885,948	3,589,958	3,730,025
2. Debt securities	74,663	71,336	66,803
3. Corporate financing	0	0	0
Total	2,960,610	3,661,295	3,796,828
III - Other financial investments			
1. Stocks and shares	508,914	667,699	382,375
2. Units and shares in investment funds	94,441	67,380	54,634
3. Bonds and other fixed-income securities	6,025,658	4,315,807	4,927,581
4. Loans	48,321	52,441	50,573
5. Other financial investments	657,006	646,759	3,086,106
Total	7,334,340	5,750,086	8,501,270
IV - Deposits with ceding undertakings	22,369	22,989	25,807
Total	10,864,283	9,937,186	12,865,638
D. Investments for the benefit of Life assurance policyholders who bear the risk thereof and arising out of pension fund management			
I - Investments relating to benefits linked to investment funds and market indices	676,024	619,412	638,017
II - Investments arising out of pension fund management	374,640	314,588	349,498
Total	1,050,664	934,000	987,516
D. bis Technical provisions - reinsurers' share			
I - Technical provisions - Non-Life business	100,562	101,763	102,396
II - Technical provisions - Life business (except those at item III)	2,872	2,907	2,488
III - Technical provisions of Life business where investment risk is borne by policyholders, and pension fund management provisions	0	0	0
Total	103,435	104,670	104,884
E. Debtors			
I - Debtors arising out of direct insurance operations	276,705	282,391	320,393
II - Debtors arising out of reinsurance operations	21,329	23,755	29,253
III - Other debtors	64,448	73,010	71,065
Total	362,481	379,156	420,711
F. Other assets			
I - Tangible assets and stocks	14,364	13,983	13,555
II - Cash at bank and in hand	3,086,664	329,665	363,911
III - Own shares	0	0	0
IV - Other assets	49,490	92,390	61,936
Total	3,150,518	436,037	439,403
G. Prepayments and accrued income	89,907	60,234	65,788
TOTAL ASSETS	15,700,269	11,890,593	14,970,660

SHEET

(Amounts in ₹K)

LIABILITIES	As at 30 June 2006	As at 30 June 2005	As at 31 December 2005
A. Shareholders' equity			
I - Subscribed share capital or equivalent funds	36 2,360,144	110 965,514	184 2,360,144
II - Share premium reserve	37 1,973,801	111 1,228,795	185 2,433,706
III - Legal reserve	38 472,029	112 84,654	186 84,654
IV - Other reserves	39 287,183	113 283,771	187 283,784
V - Profit (loss) brought forward	40 0	114 0	188 0
VI - Profit (loss) for the period	41 187,605	115 260,576	189 218,765
Total	42 5,280,762	116 2,823,310	190 5,381,053
B. Subordinated liabilities	43 600,000	117 600,000	191 600,000
C. Technical provisions			
I - Non-Life business			
1. Provision for unearned premiums	44 529,958	118 519,983	192 530,394
2. Provision for claims outstanding	45 1,786,796	119 1,724,536	193 1,723,230
3. Sundry technical provisions	46 1,212	120 1,184	194 2,053
4. Equalization provisions	47 1,191	121 1,026	195 1,034
Total - Non-Life business	48 2,319,157	122 2,246,728	196 2,256,712
II - Life business			
1. Mathematical provisions	49 6,082,243	123 4,820,407	197 5,342,557
2. Provision for amounts payable	50 28,309	124 18,499	198 22,012
3. Sundry technical provisions	51 38,469	125 36,714	199 37,274
Total - Life business	52 6,149,021	126 4,875,620	200 5,401,843
Grand total	53 8,468,178	127 7,122,347	201 7,658,554
D. Technical provisions where investment risk is borne by policyholders and pension fund management provisions			
I - Technical provisions for policies whose benefits are linked to investment funds and market indices	54 676,024	128 619,412	202 638,017
II - Pension fund management provisions	55 374,640	129 314,588	203 349,498
Total	56 1,050,664	130 934,000	204 987,516
E. Provisions for other risks and charges	57 22,976	131 18,393	205 21,829
F. Deposits received from reinsurers	58 38,868	132 39,829	206 38,971
G. Creditors and other liabilities			
I - Creditors arising out of direct insurance operations	59 15,101	133 32,983	207 12,978
II - Creditors arising out of reinsurance operations	60 11,254	134 10,713	208 11,157
III - Debenture loans	61 0	135 0	209 0
IV - Amounts owed to credit institutions	62 192	136 0	210 40
V - Sundry borrowings and creditors	63 85,303	137 101,935	211 83,295
VI - Staff leaving indemnity	64 26,593	138 26,053	212 25,066
VII - Other liabilities	65 80,783	139 156,620	213 127,760
Total	66 219,226	140 328,303	214 260,296
H. Accruals and deferred income	67 19,594	141 24,410	215 22,440
TOTAL LIABILITIES	68 15,700,269	142 11,890,593	216 14,970,660

GUARANTEES, COMMITMENTS AND OTHER MEMORANDUM ACCOUNTS

I - Guarantees issued by the Company	69 452	143 456	217 540,585
II - Guarantees received/issued by third parties in favour of the Company	70 58,614	144 55,083	218 54,951
III - Commitments	71 2,131,735	145 2,630,142	219 5,470,849
IV - Pension fund assets managed on behalf of third parties	72 269,055	146 226,409	220 240,418
V - Other memorandum accounts	73 10,954,710	147 9,811,450	221 10,365,957
TOTAL MEMORANDUM ACCOUNTS	74 13,414,566	148 12,723,539	222 16,672,761

PROFIT AND

	As at 30 June 2006	As at 30 June 2005	As at 31 December 2005
I. TECHNICAL ACCOUNT - NON-LIFE INSURANCE BUSINESS			
1. Earned premiums, net of reinsurance	1 679,127 ⁵⁷	669,356 ¹¹³	1,362,718
2. (+) Allocated investment return transferred from the non-technical account (item III.6)	2 42,205 ⁵⁸	81,870 ¹¹⁴	43,226
3. Other technical income, net of reinsurance	3 10,397 ⁵⁹	746 ¹¹⁵	2,918
4. Claims incurred, net of sums recoverable and reinsurance	4 512,563 ⁶⁰	504,079 ¹¹⁶	967,934
5. Changes in other technical provisions, net of reinsurance	5 -11 ⁶¹	-32 ¹¹⁷	-42
6. Bonuses and rebates, net of reinsurance	6 90 ⁶²	447 ¹¹⁸	2,236
7. Operating expenses:			
a) Acquisition costs, net of reinsurance commissions and profit sharing	7 101,736 ⁶³	99,708 ¹¹⁹	200,240
b) Administrative expenses	8 44,751 ⁶⁴	43,718 ¹²⁰	84,271
Total	9 146,488 ⁶⁵	143,426 ¹²¹	284,511
8. Other technical charges, net of reinsurance	10 9,569 ⁶⁶	428 ¹²²	6,394
9. Change in the equalization provisions	11 156 ⁶⁷	144 ¹²³	153
10. Balance on the technical account for Non-Life insurance business	12 62,875 ⁶⁸	103,480 ¹²⁴	147,676
II. TECHNICAL ACCOUNT - LIFE ASSURANCE BUSINESS			
1. Written premiums, net of reinsurance	13 1,099,338 ⁶⁹	1,027,190 ¹²⁵	1,760,292
2. Investment income			
a) Income from investments	14 153,036 ⁷⁰	148,894 ¹²⁶	236,598
b) Value re-adjustments on investments	15 7,636 ⁷¹	3,412 ¹²⁷	5,015
c) Realized gains on investments	16 30,928 ⁷²	36,292 ¹²⁸	61,626
Total	17 191,600 ⁷³	188,597 ¹²⁹	303,238
3. Investment income and unrealized gains on investments for Life assurance policies where investment risk is borne by policyholders and arising out of pension fund management	18 18,244 ⁷⁴	30,932 ¹³⁰	48,969
4. Other technical income, net of reinsurance	19 3,013 ⁷⁵	3,199 ¹³¹	6,667
5. Claims incurred, net of reinsurance	20 344,252 ⁷⁶	257,450 ¹³²	499,947
6. Change in the mathematical provisions and other technical provisions, net of reinsurance			
a) Mathematical provisions, supplementary risks-provision for unearned premiums and other technical provisions	21 738,295 ⁷⁷	610,752 ¹³³	1,117,042
b) Technical provisions where investment risk is borne by policyholders and pension fund management provisions	22 64,228 ⁷⁸	241,903 ¹³⁴	310,773
Total	23 802,523 ⁷⁹	852,655 ¹³⁵	1,427,815
7. Bonuses and rebates, net of reinsurance	24 627 ⁸⁰	424 ¹³⁶	501
8. Operating expenses:			
a) Acquisition costs, net of reinsurance commissions and profit sharing	25 14,025 ⁸¹	14,335 ¹³⁷	24,030
b) Administrative expenses	26 10,899 ⁸²	10,575 ¹³⁸	21,068
Total	27 24,924 ⁸³	24,909 ¹³⁹	45,098

LOSS ACCOUNT

(Amounts in €K)

	As at 30 June 2006	As at 30 June 2005	As at 31 December 2005
9. Investment charges:			
a) Investment management charges, including interest payable	28 10,070	84 10,018	140 21,276
b) Value adjustments on investments	29 100,233	85 24,283	141 58,972
c) Realized losses on investments	30 996	86 7,280	142 12,786
Total	31 111,299	87 41,581	143 93,035
10. Investment charges and unrealized losses on investments for Life assurance policies where investment risk is borne by policyholders and arising out of pension fund management	32 35,598	88 5,837	144 15,063
11. Other technical charges, net of reinsurance	33 2,180	89 790	145 4,536
12. (-) Allocated investment return transferred to the non-technical account (item III. 4)	34 0	90 28,038	146 22,133
13. Balance on the technical account for Life assurance business	35 -9,207	91 38,234	147 11,037
III. NON-TECHNICAL ACCOUNT			
1. Balance on the technical account for Non-Life business (item I.10)	36 62,875	92 103,480	148 147,676
2. Balance on the technical account for Life business (item II.13)	37 -9,207	93 38,234	149 11,037
3. Investment income - Non-Life insurance business			
a) Income from investments	38 129,192	94 161,016	150 188,702
b) Value re-adjustments on investments	39 302	95 8,516	151 8,457
c) Capital gains on disposals of investments	40 27,841	96 31,660	152 50,265
Total	41 157,335	97 201,192	153 247,424
4. (-) Allocated investment return transferred from Life assurance technical account (item II. 12)	42 0	98 28,038	154 22,133
5. Investment charges - Non-Life insurance business			
a) Investment management charges, including interest payable	43 8,590	99 6,981	155 14,842
b) Value adjustments on investments	44 22,740	100 8,594	156 94,410
c) Capital losses on disposals of investments	45 4,758	101 16,572	157 30,472
Total	46 36,088	102 32,146	158 139,725
6. (-) Allocated investment return transferred to Non-Life insurance technical account (item I. 2)	47 42,205	103 81,870	159 43,226
7. Other income	48 84,111	104 64,706	160 110,273
8. Other charges	49 74,627	105 76,888	161 145,207
9. Balance on ordinary activities	50 142,194	106 244,745	162 210,386
10. Extraordinary income	51 81,030	107 50,650	163 114,725
11. Extraordinary charges	52 29,869	108 330	164 69,128
12. Balance on extraordinary activities	53 51,161	109 50,320	165 45,597
13. Profit before taxation	54 193,355	110 295,065	166 255,984
14. Tax on profit	55 5,750	111 34,489	167 37,219
15. Profit (loss) for the period	56 187,605	112 260,576	168 218,765

Business Interim Report

Although showing satisfactory rates of growth Unipol Assicurazioni's business in the first half of the year was affected by the strongly negative trend in financial markets and performed less well than in the previous year, which had benefited from a more favourable market.

The aspects that were the major feature of the period, which closed with a net profit of €187.6m compared with €260.6m as at 30 June 2005, were:

A. rate of growth in premium income from direct business of 5.1% compared with the previous half year (2.3% in the case of Non-Life business and 7.0% in the case of Life business).

At the end of the first half of 2006 premium income had reached €1,827.6m (€1,807.1m of which related to direct business), €1,778.3m net of premiums ceded, and was broken down as follows:

Premium income (€m)	Non-Life	Life	Total	% var.
Direct business	708.6	1,098.5	1,807.1	+5.1
Inward reinsurance	17.5	3.0	20.5	-25.2
	726.1	1,101.4	1,827.6	+4.7
Ceded premiums	47.2	2.1	49.3	-0.9
Retained premiums	679.0	1,099.3	1,778.3	+4.8
% composition	38.2	61.8	100.0	

B. result of core insurance business, which also included operating expenses and the allocation of the relevant investment income, which was positive to the tune of €53.7m compared with €141.7m as at 30 June 2005 (-€88.0m); Life business accounted for -€47.4m of the decrease and Non-Life business for -€40.6m;

C. reduction in the incidence of operating expenses on premium income (10.2% compared with 10.6% as at 30/6/2005). These expenses, which included acquisition and renewal commissions and other acquisition and administrative expenses,

came to a total of €187.1m (+1.5%). Net of commissions from reinsurers, these amounted to €171.4m;

D. growth in investments, cash and cash equivalents, which net of value adjustments reached €15,001.6m (€1,050.7m of which related to Class D investments), an increase of €784.5m compared with 31 December 2005 (+5.5%) and of €3,800.8m compared with 30 June 2005 (+33.9%), taking account of the operation to increase the share capital that was carried out in the second half of 2005;

E. investment income, including cash investments (net of investment charges and excluding those relating to investments for the benefit of policyholders who bear the risk thereof and to investments arising out of pension fund management – Class D), amounted to €279.6m compared with €281.5m as at 30 June 2005, a decrease of 0.7%.

Net ordinary and extraordinary income from investments, including net capital gains, less value adjustments and excluding net income relating to Class D, of -€17.4m, amounted to €296.3m (-16.4% compared with 30/6/2005).

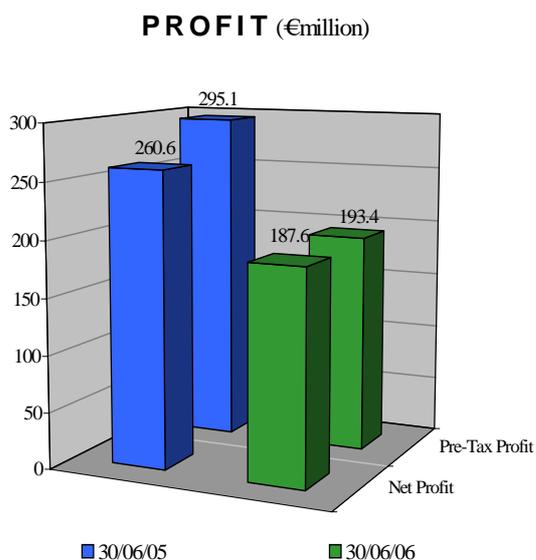
Net value adjustments, excluding depreciation on land and buildings, totalled €112.6m during the half year compared with €18.7m as at 30 June 2005.

F. technical provisions set aside for Life and Non-Life business, which by the end of the first half of 2006 had reached a total of €9,518.8m (+10.1% compared with 31/12/2005) or €9,415.4m (+10.2% compared with 31/12/2005) if considered net of amounts borne by reinsurers;

G. a balance on ordinary activities of €142.2m, compared with €244.7m in the first six-month period of 2005 (-41.9%), mainly because of the effects of the performance

of financial markets; a result for extraordinary business rising from €50.3m as at 30 June 2005 to €51.2m as at 30 June 2006 (+1.7%);

- H. pre-tax profits of €193.4m compared with €295.1m as at 30 June 2005 (-34.5%) and profits for the period of €187.6m compared with €260.6m as at 30 June 2005 (-28.0%);
- I. tax charges for the period fell from €34.5m as at 30 June 2005 to €5.7m as at 30 June 2006, whilst the tax rate fell from 11.7% to 3%, mainly because of the incidence on gross profits of dividends received and of capital gains realised on the sale of shares deemed to be long-term investments.



The main items of both balance sheet and profit and loss account for the half year, together with comparisons with the previous financial year, are set out in the tables on the following pages. However, it must be remembered that the results for the period express business trends that should be viewed in relation to seasonal phenomena connected with the Company's insurance activities, to underwriting policies and tariff adjustments adopted and to the trend in the financial markets.

Holding in Banca Nazionale del Lavoro spa (BNL)

The series of events linked to the holding in BNL and the launch of the bid came to an end during the first few months of 2006 and can be summarised as follows:

- 9 January: resignations of the Chairman and Managing Director Giovanni Consorte and the Vice-Chairman and Managing Director Ivano Sacchetti and appointment of Pierluigi Stefanini as Chairman and Managing Director and Vanes Galanti as Vice-Chairman and Managing Director.
- 10 January: the Banca d'Italia notified us that the conditions for complying with the requirements of prudence relating to the adequacy of capital and reserves required for the acquisition of the control of BNL to be authorised had not been met (and it then definitively confirmed this opinion on 3 February).
- 4 February: Unipol Assicurazioni's Board of Directors approved an agreement with one of the leading European banking and financial operators, the French bank BNP Paribas, for the sale of the BNL shares held by the Group and by its financial partners for €2.925 per share. This provided for the cancellation of the shareholders' agreements signed by Unipol Assicurazioni S.p.A. and some of the potential vendors on 18 July 2005, the agreements for business and financial collaboration concluded with Crédit Suisse, Deutsche Bank and Nomura, and the put/call options with Deutsche Bank. Unipol Assicurazioni S.p.A. and BNP Paribas also signed a memorandum of understanding under which the Company would acquire from BNL 1% of the share capital in BNL Vita spa (which would give it control) in order to confirm and consolidate major commercial agreements with BNL and to develop strategic collaboration with the BNP Paribas Group, especially in the areas of Non-Life insurance and supplementary pensions.

In order to increase the chances of its future commercial initiatives in Italy succeeding, BNP Paribas also expressed interest in collaborating with Holmo spa, its shareholders and Unipol Assicurazioni S.p.A. in order to make Unipol its preferred insurance partner in Italy. In this connection BNP Paribas is expected to acquire a 4.5% holding in the share capital of Finsoe spa (the Company's holding company).

- 3 April: Unipol Assicurazioni and its subsidiary Aurora Assicurazioni sold their ordinary shares in BNL to BNP Paribas on the block market. More specifically, Unipol sold 305,500,000 shares for a total countervalue of €893.6m, providing a capital gain of €40.2m.

This fully safeguarded the equity of Unipol, its shareholders and its financial partners and made best use of the resources that they had committed to the BNL operation.

UNIPOL ASSICURAZIONI - RECLASSIFIED BALANCE SHEET

(amounts in €K)

	30 June 2006	30 June 2005	31 December 2005
ASSETS			
Intangible assets	78,982	39,309	86,720
Investments and liquid assets			
Land and buildings	546,963	502,817	541,733
Investments in Group undertakings and other participating interests	2,960,610	3,661,295	3,796,828
Debt securities	6,025,658	4,315,807	4,927,581
Other financial investments	1,308,682	1,434,279	3,573,689
Deposits with ceding undertakings	22,369	22,989	25,807
Cash at bank and in hand	3,086,664	329,665	363,911
Total investments and liquid assets	13,950,946	10,266,851	13,229,549
Class 'D' investments	1,050,664	934,000	987,516
Debtors			
Arising out of direct insurance and reinsurance operations	298,034	306,146	349,646
Other debtors	64,448	73,010	71,065
Total debtors	362,481	379,156	420,711
Other assets	148,185	118,032	141,280
TOTAL ASSETS	15,591,258	11,737,348	14,865,776
LIABILITIES AND SHAREHOLDERS' EQUITY			
Paid-up share capital and free reserves	5,093,157	2,562,734	5,162,288
Net profit (loss) for the half-year	187,605	260,576	218,765
Subordinated liabilities	600,000	600,000	600,000
Net technical provisions			
Non-Life	2,218,595	2,144,964	2,154,316
Life	6,146,149	4,872,713	5,399,354
Total technical provisions	8,364,743	7,017,677	7,553,670
Class 'D' net technical provisions	1,050,664	934,000	987,516
Provisions for other risks and charges	22,976	18,393	21,829
Creditors and other liabilities			
Arising out of direct insurance and reinsurance operations	65,224	83,525	63,107
Sundry borrowings and other financial creditors	5,426	11,391	4,861
Provision for staff leaving indemnity	26,593	26,053	25,066
Other creditors	80,069	90,543	78,474
Other liabilities	94,801	132,455	150,200
Total creditors and other liabilities	272,113	343,968	321,708
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	15,591,258	11,737,348	14,865,776

N.B. The reclassified balance sheet presents some changes compared with the balance sheet shown in the previous pages, of which the main ones are:

- 1) The item 'Investments and liquid assets' comprises liquid assets and own shares, which are included among 'Other assets' in the official balance sheet;
- 2) The item 'Technical provisions - reinsurers' share' is not shown separately, as the corresponding amount is deducted from the technical provisions on the Liabilities side;
- 3) The item 'Other assets' does not include the Liaison account between Non-Life business and Life business, which is offset through the corresponding item on the Liabilities side, but includes prepayments and accrued income;
- 4) The item 'Other liabilities' does not include the Liaison account between Non-Life business and Life business, which is offset through the corresponding item on the Assets side, but includes accruals and deferred income.

UNIPOL ASSICURAZIONI - RECLASSIFIED PROFIT AND LOSS ACCOUNT
(amounts in €K)

	30 June 2006		30 June 2005		31 December 2005	
	Life	Non-Life	Life	Non-Life	Life	Non-Life
TECHNICAL ACCOUNT						
Gross direct business						
(+) Written premiums	1,098,454	708,620	1,807,074	1,026,413	1,759,743	1,428,835
(-) Change in technical provisions and prov. for unearned premiums	803,129	(570)	802,559	853,240	1,428,062	15,268
(-) Claims paid	342,852	525,683	868,535	255,830	498,906	990,221
(+) Balance on other technical items	(1,630)	284	(1,346)	2,409	(3,700)	152
(-) Operating expenses	24,810	156,933	181,743	24,573	45,457	308,203
(+) Net investment income excluding Class 'D' (1)	80,301	42,205	122,505	118,978	188,070	43,226
(+) Class 'D' net investment income (2)	(14,902)		(14,902)	25,095	39,781	
Balance on gross direct business	(8,567)	69,063	60,495	39,253	11,469	158,523
Balance on outward reinsurance	(896)	(6,626)	(7,522)	(750)	(446)	(14,206)
Balance on net indirect business	256	438	694	(270)	14	3,359
Balance on the technical account	(9,207)	62,875	53,668	38,234	11,037	147,676
NON-TECHNICAL ACCOUNT						
(+) Investment income (3)		79,042	79,042	28,038	22,133	64,473
(+) Other income	19,295	64,816	84,111	19,948	19,036	91,238
(-) Other charges	16,873	57,755	74,627	24,807	32,949	112,257
Balance on ordinary activities	(6,785)	148,979	142,194	61,412	19,257	191,130
(+) Extraordinary income	36,743	44,287	81,030	9,987	16,807	97,918
(-) Extraordinary charges	7,225	22,644	29,869	3	19,948	49,180
Profit before taxation	22,733	170,622	193,355	71,396	16,116	239,867
(-) Tax on profit	(14,204)	19,953	5,750	4,223	(17,310)	54,529
NET PROFIT (LOSS)	36,937	150,668	187,605	67,173	33,427	185,338

(1) Investment income for Life business: after transfers to the non-technical account.

Investment income for Non-Life business: after transfers from the non-technical account.

(2) Income from investments the risk of which is borne by policyholders, matched by a corresponding variation in technical provisions.

The economic result is consequently not affected.

(3) Investment income for Life business: after transfers from the technical account.

Investment income for Non-Life business: after transfers to the technical account.

N.B. The reclassified profit and loss account presents some changes compared with the profit and loss account shown in the previous pages, of which the main ones are:

1) The technical figures up to 'Balance on gross direct business' are shown gross of reinsurance, which is shown separately through the items

'Balance on outward reinsurance' and 'Balance on net indirect business';

2) The figures of the non-technical account are shown separately for Non-Life business and Life business.

CASH FLOW STATEMENT*(amounts in €K)*

	30.6.2006	30.6.2005
CASH INFLOW		
Net profit for the period	187,605	260,576
Net increase in technical provisions of Life and Non-Life business	874,221	980,447
Write-down of securities and participating interests	112,351	23,735
Increase (decrease) in sundry funds	7,854	9,000
Decrease investments in participating interests	632,123	0
Decrease investments in buildings	0	107,630
Decrease in loans	2,253	1,792
(Increase) decrease of receivables and other assets, net of payables and other liabilities	(2,180)	108,747
Decrease in other investments	2,439,879	0
OTHER CASH INFLOW		
Capital increase in return for payment	0	92,259
TOTAL CASH INFLOW	4,254,105	1,584,186
CASH FLOWS WERE INVESTED AS FOLLOWS:		
Increase investments in securities	1,166,806	61,117
Increase investments in participating interests	0	651,559
Increase investments in buildings	7,631	0
Increase in Class D investments	63,148	241,648
Write-up of securities and participating interests	5,872	10,825
Other cash investments	0	274,919
Dividends paid	287,895	132,466
TOTAL CASH FLOW INVESTED	1,531,353	1,372,534
Increase (decrease) in cash at bank and in hand	2,722,753	211,652
TOTAL	4,254,105	1,584,186
Cash at bank and in hand - opening figure	363,911	118,013
Cash at bank and in hand - closing figure	3,086,664	329,665

Insurance Business

Premium income

Premiums written as at 30 June 2006 totalled €1,827.6m, an increase of €81.3m (+4.7%) compared with the premium income for the first half of 2005.

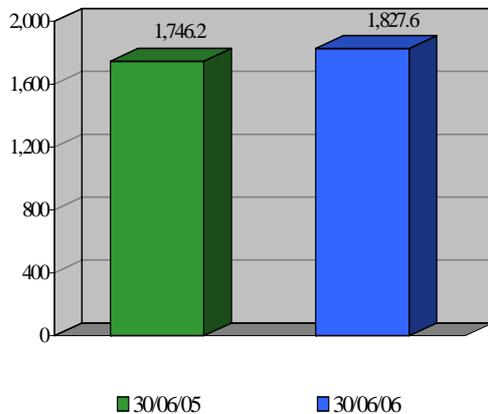
The breakdown of premiums per class of

business, the composition indices and the variations compared with the same period last year and as at 31 December 2005 are set out in the table below.

BREAKDOWN OF WRITTEN PREMIUMS PER CLASS OF BUSINESS								
<i>(amounts in €K)</i>								
No.		30 June 2006	comp. %	30 June 2005	comp. %	var. %	31 December 2005	comp. %
DIRECT ITALIAN INSURANCE BUSINESS								
Non-Life insurance business								
1	Accident	64,670	3.6	61,485	3.6	5.2	132,523	4.2
2	Health	28,694	1.6	26,502	1.5	8.3	62,533	2.0
3	Land vehicles - Own damage or loss	56,686	3.1	58,904	3.4	-3.8	119,919	3.8
4	Railway rolling stock						3	0.0
5	Aircraft - Hull	0	0.0	9	0.0	-96.2	11	0.0
6	Marine - Hull	466	0.0	394	0.0	18.3	746	0.0
7	Goods in transit	3,429	0.2	3,775	0.2	-9.2	6,953	0.2
8	Fire	25,528	1.4	24,749	1.4	3.1	55,732	1.7
9	Other damage to property	43,467	2.4	40,545	2.4	7.2	81,491	2.6
10	Land vehicles - TPL	386,703	21.4	379,333	22.1	1.9	762,977	23.9
11	Aircraft - TPL	2	0.0	3	0.0	-10.4	5	0.0
12	Marine - TPL	496	0.0	466	0.0	6.3	858	0.0
13	General TPL	69,371	3.8	68,607	4.0	1.1	148,543	4.7
14	Credit	29	0.0	18	0.0	56.5	100	0.0
15	Bond	11,941	0.7	11,327	0.7	5.4	21,941	0.7
16	Pecuniary losses	7,429	0.4	7,191	0.4	3.3	14,809	0.5
17	Legal protection	5,312	0.3	5,042	0.3	5.4	11,405	0.4
18	Assistance	4,395	0.2	4,094	0.2	7.4	8,286	0.3
	Total Non-Life insurance business	708,620	39.2	692,446	40.3	2.3	1,428,835	44.8
Life assurance business								
I	Life assurance	165,040	9.1	169,116	9.8	-2.4	347,557	10.9
III	Unit-linked / Index-linked products	130,116	7.2	83,686	4.9	55.5	144,006	4.5
V	Capitalisation	767,555	42.5	576,376	33.5	33.2	1,033,387	32.4
VI	Pension funds	35,743	2.0	197,236	11.5	-81.9	234,793	7.4
	Total Life assurance business	1,098,454	60.8	1,026,413	59.7	7.0	1,759,743	55.2
	Total direct insurance business	1,807,074	100.0	1,718,860	100.0	5.1	3,188,578	100.0
INWARD REINSURANCE								
	Non-Life insurance business	17,503	85.4	24,431	89.2	-28.4	41,943	92.0
	Life assurance business	2,988	14.6	2,948	10.8	1.4	3,650	8.0
	Total inward reinsurance	20,491	100.0	27,379	100.0	-25.2	45,593	100.0
	TOTAL PREMIUM INCOME	1,827,566		1,746,238		4.7	3,234,171	

All amounts are net of taxes on premiums and contributions paid to the NHS

Total premium income (€million)



Sales and new products

As far as **Life products** were concerned, in the first half of 2006 new single-premium capital redemption policies with bonuses were marketed: Tariffs 548 – 550 – 552 (where the policyholder is a natural person) and Tariffs 549 – 551 – 553 (where the policyholder is a legal person).

Two new products were added to the 'Uninvest' range – *Uninvest Energy* and *Uninvest Innova*. Both these products were so successful that we had to run to a second issue. *Uninvest Energy* uses the advantages of the Energy Index, calculated exclusively for Unipol by Standard & Poor's, which enables the fund to be 'managed actively' with the aim of achieving the declared annual return of 7% irrespective of market fluctuations.

The objectives of *Uninvest Innova* are to increase the capital invested, based on an index representing the 30 most profitable European companies (DJ STOXX Select Dividend 30), and to protect the capital until it matures on 30 June 2011.

The launch of both products was backed by a marketing campaign and by training courses for agents.

New *Term* tariffs were also launched during the

half year. Unlike the previous series, there are separate tariffs based not only on the sex of the policyholder but also on smoking habits.

Turning to **Non-Life business**, in the first half of 2006 the range of Motor products was expanded with the launch of the new no-claims tariff under which the deductible is recovered in the event of a claim.

This policy offers a discount of 10% on the Motor TPL premium provided that at the time the policy is taken out the policyholder signs a direct debit form to authorise payment from his/her current bank account of the amount of the deductible of €500.

It should also be pointed out that the success of the *UNIBOX* policy, which was launched in May 2005, made it possible to make the tariff more attractive to policyholders by raising the discount from 10% to 20% for both existing and new policies.

As regards new products in particular, the following should be noted:

- the counselling benefit, known as *We love you*. This benefit, which has a substantial ethical connotation, provides care for people who have been involved in a road accident, whether directly or indirectly, and as a result have developed psychological problems (ranging from depression to psychosomatic symptoms) and is something totally new on the European market. The benefit is offered free to all Motor TPL policyholders throughout the country;
- the new assistance benefit known as *Dovunque 6*, which applies to Motor TPL policies and provides, via Unisalute's call centre, medical advice, health information and information in real time on items of general interest.

Marketing initiatives carried out also included continuing in the first half of 2006 the campaigns known as *Abitazione Banco*, *Full Time a combinazioni* (both of which proved to be fundamental for increasing the performance of front-office staff and for helping to retain

customers' trust) and *Full Time Formato Famiglia*. The latter was made more flexible by introducing the possibility of setting different limits for insuring different family members.

In the case of *Agrinova*, the new multirisk policy for farms and farms that have diversified into providing holiday accommodation, a promotion known as *Oasis of Security* was developed, which includes a range of services and free gifts by means of which farms that have diversified into providing holiday accommodation can publicise their businesses.

The two national agreements ARCI and SUNIA were also renewed. The new agreements provide benefits adapted in line with changes in the market and with policyholders' changed requirements. In the case of Sunia particular attention was paid to benefits relating to household goods. In the case of both agreements the discounts were increased.

With a donation of €1 for each new policy issued and a social partnership with the Associazione Libera, policies issued under the principal national agreements during the three-year period 2006/2008 will support the *Free Earth* project, the purpose of which is to recycle goods that the State has confiscated from organisations linked to the Mafia either by selling them or giving them to those in need.

At the end of the half year the **sales network** was made up of 783 agents (779 at the end of 2005) plus 1,237 full-time subagents (1,227 at the end of 2005).

As at 30 June 2006 the situation regarding collaboration between the Unipol Assicurazioni agencies and the sales network of Unipol Banca was as follows:

- 131 co-located agencies;
- 40 finance shops;
- 152 authorised agencies;

making a total of 323 Unipol sales outlets authorised to place traditional banking products.

There were 428 financial advisers with a Unipol Banca mandate.

There were 256 bank branches, 136 of which were co-located (131 with Unipol Assicurazioni agencies, 2 with Aurora Assicurazioni agencies, 3 with Group head offices).

Training the external network

136 training courses involving 2,769 participants were held during the first half of 2006.

The most important activities were the sessions introducing the new Life and Non-Life products, in which 1,929 people participated.

Training for agents continued with follow-up sessions on 'recruiting, selecting and managing employees' in support of the plans to develop the secondary networks.

For corporate agencies further 'consortium' training courses were held in the three centres in Emilia and Tuscany and covered topics such as managing employees, on-the-job training and developing sales skills. In total 13 such courses were held involving 102 people.

The induction courses for new employees provided for in ISVAP Circular 533/2004 involved 243 recruits.

Sertel

The salient facts and the principal results achieved by the various departments that make up *Sertel* are summarised below:

- **Call centre**: the *Sertel* departments dealing with the initial stages of claims and providing information to customers were further strengthened. As at June 2006 there were approximately 300 employees. During the first half of the year *Sertel* handled more than 600,000 calls relating to claims and/or information.
- **Document management**: in the first half of 2006 a new office was opened in Ferrara to provide further assistance with claims settlement.
- **Management of loss adjusters and car-repairers**: the work of managing and monitoring both motor and households' loss adjusters and approved car-repairers continued in order to ensure that the system worked in the best possible way.

Internet

www.unipol.it is the Company's official site and contains full information about the company and information for customers. A special section allows direct access to the annual accounts (in Italian and English) and to the Social Report.

The sections entitled 'Conditions – Explanatory notes' relating to the most popular Non-Life and Life products, 'Prices – Returns' relating to index- and unit-linked types of Life policy and 'Company Information' and 'Agency Information' on the Company and its network also fulfil the duties of disclosure laid down by ISVAP (Circ. 533/D).

www.agenziaunipol.com is the site on which the Unipol agencies can talk to their customers direct, respond to their requests, provide information and support commercial initiatives.

Below is a brief report on the trends in the main business lines during the first part of the financial year.

Life business and pension funds

As at 30 June 2006 total premium income (direct business and inward reinsurance) of €1,101.4m was significantly up (+7.0%).

Direct premiums written in the six-month period totalled €1,098.5m. The breakdown between individual and group policies and between initial annual premiums, subsequent annual premiums and single premiums is set out in the following table:

	30/06/06	% variation over 30/06/05
Individual policies		
Class I	113.6	-3.7
Class III	130.1	55.5
Class V	35.9	-48.1
Class VI	5.5	12.5
Total	285.1	3.4
Group policies		
Class I	51.5	0.6
Class V	731.6	44.3
Class VI	30.2	-84.3
Total	813.3	8.3
TOTAL DIRECT BUSINESS	1,098.5	7.0
Initial annual premiums		
Class I	2.9	-84.8
Class III	0.0	-95.0
Total	2.9	-85.1
Subsequent annual premiums		
Class I	64.4	-7.4
Class III	0.4	3,212.7
Total	64.8	-6.8
Single premiums		
Class I	97.8	21.2
Class III	129.7	55.9
Class V	767.6	33.2
Class VI	35.7	-81.9
Total	1,030.8	10.0
TOTAL DIRECT BUSINESS	1,098.5	7.0

Individual policies were up by 3.4% compared with the first half of 2005. In particular, there was an increase of 55.5% in Class III thanks to the positive result achieved by index-linked policies.

Group policies recorded total growth of 8.3%, a major contribution being made by the excellent performance of the capital redemption policies in Class V (+44.3%).

Worthy of note in Class I was the growth in single-premium policies (+21.2%), mainly thanks to individual products subject to revaluation.

The fall in premium income in Class VI was due to the issue during the first half of 2005 of the contract for the *Cometa* pension fund, which amounted to €179.2m, whereas net of this policy there would have been a rise.

Operating expenses (including net acquisition expenses and administrative expenses) came to a total of €24.9m (+0.1% compared with 30/6/2005), the incidence on premiums being 2.3% (2.4% as at 30/6/2005).

The amounts paid for direct business reached €336.4m, an increase of 28.4% compared with the figure as at 30 June 2005, and were divided up as follows:

	30/06/06	30/06/05	% var.
Expired policies and annuities	129.5	91.8	41.1
Surrenders and advance payments	199.5	163.4	22.1
Claims paid	6.9	6.2	9.8
Claims settlement fees	0.6	0.6	5.6
Total	336.4	262.0	28.4

Technical provisions for direct and indirect business amounted to €7,199.7m, an increase of 12.7% compared with the figure as at 31 December 2005.

The technical account showed a negative balance of -€9.2m, compared with a positive balance of €38.2m as at 30 June 2005, due mainly to the capital losses recorded on investments.

Pension funds

In the first half of 2006 work in **occupational pension fund** business was mainly concentrated in the renewal of asset-management mandates and, in some cases, in carrying out the procedures for launching asset-management schemes (Prevedi pension fund, Post Office pension fund).

As far as legislation is concerned, following the issue of Legislative Decree 252/05 attention turned to the contents of the enforcement orders pertaining to COVIP.

Unipol Assicurazioni was awarded the mandate to manage the 'balanced' sector of the *Previcoper* pension fund (consumer cooperatives) which, at the time the mandates were renewed, changed over to an 'umbrella' scheme.

It should also be pointed out that the mandate for managing the *Pension fund for employees of the*

Banca Agricola Mantovana was renewed for three years and a new mandate to manage the *Filcoop* pension fund (agricultural cooperatives) was started.

Unipol Assicurazioni S.p.A. had 13 asset management mandates in place as at 30 June 2006. Nine mandates, without guarantee, were recorded in the memorandum accounts and amounted to €269.1m (€240.4m as at 31/12/2005). Added to these were some of the assets of four other funds (*the Pension fund for the employees of the Banca Agricola Mantovana, Fundum, Eurofer and Cometa*) totalling €286.7m (€267.0m as at 31/12/2005), which are included in Class D.II on the balance sheet since they are guaranteed accounts that provide for the transfer of assets.

As far as **open-end pension funds** were concerned, the three funds managed by Unipol (*Unipol Previdenza, Unipol Futuro and Unipol Insieme*) now had total assets of €88.0m and 9,214 members.

The overall trend in income from new members may be considered to be satisfactory. Three new company agreements were also launched during the half year.

Non-Life business

Direct premium income as at 30 June 2006 amounted to €708.6m, an increase of 2.3% compared with the figures for the first half of 2005. If we add inward reinsurance, total premium income was €726.1m (+1.3%).

In Motor TPL the rise in premium income was a result of growth in the customer portfolio whilst the average premium remained more or less the same.

The greatest growth in the other classes was represented by retail risks, but business and professional risks also performed well.

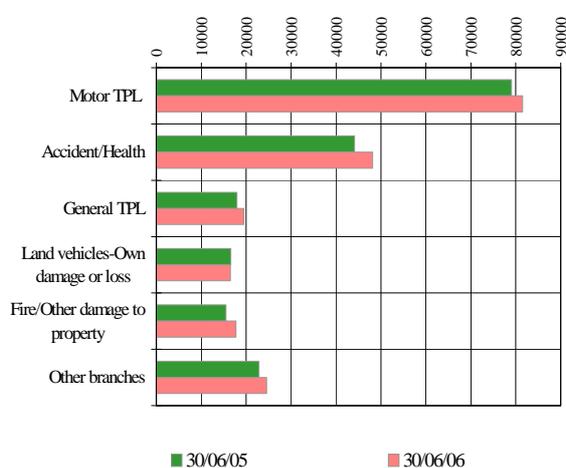
As for insurance business carried out under 'freedom to provide services', during the first half of 2006 premium income of €1.1m was recorded, mainly from non-EU countries, a rise of 10% compared with 30 June 2005.

During the half year 207,781 claims were reported, an increase of 6.0% compared with 30 June 2005.

The rise in the number of claims was in both Motor and the other classes. In the case of Motor TPL, although there was a slight increase in the number of claims reported, the trend in the claims frequency continued to be downwards.

During the same period the *Sertel* call centre received 176,751 claims against Unipol and settled 41,629 claims, an increase of 6.6% over the first half of 2005.

Number of claims reported



Payments for claims incurred during the financial year and during previous financial years totalled €425.7m (net of the coinsurers' share and of sums recovered, including loss adjusters' fees), an increase of 6.1% compared with 30 June 2005.

At the end of the half-year the provisions for outstanding claims (direct business) had risen to €1,751.3m (+4.2% compared with the position as at 31/12/2005).

The following table, which relates to Italian direct business, shows the speed of claim settlements for the main business lines at the end of the first half of the year and a comparison with the position as at 30 June 2005. The figures are obtained by comparing the

number of claims paid with the number of claims reported during the half year or outstanding at the end of the previous year, net of those written off as without follow-up (percentage values shown).

Class	current year		previous years	
	06/06	06/05	06/06	06/05
Accident	41.5	41.8	53.8	48.9
Health	78.3	74.5	68.3	67.0
Land vehicles – own damage or loss	69.0	68.6	67.4	69.7
Fire	51.7	54.1	68.6	67.5
Other damage to property	49.8	53.3	68.3	67.0
Land vehicles – TPL	48.3	48.6	44.0	48.1
General TPL	40.2	37.5	22.3	23.9

The average loss ratio, including claims-handling expenses and net of outward reinsurance, was 75.5% (75.3% as at 30/6/2005). In the case of direct business the loss ratio rose to 74.1% (73.6% as at 30/6/2005) and the combined ratio, which also included operating expenses, was 96.2% (95.7% as at 30/6/2005).

Operating expenses (inclusive of net acquisition costs and administrative expenses) totalled €146.5m compared with €143.4m at the end of the same period in 2005.

The incidence on net premiums retained was 21.6% (21.4% as at 30/6/2005).

The balance on the technical account showed a net profit of €62.9m (€103.5m as at 30/6/2005). This decrease was due essentially to the smaller amount of investment income transferred to the technical account.

Accident

Direct premium income €64.7m (+5.2%);

Number of claims reported 32,638 (+18.1%);

Claims paid €30.8m (+13.6%).

At the end of the first half of the year premium income was up yet further, continuing the good trend recorded at the end of last year.

New group policies were taken out in favour of leading university institutes and a major national body supervising and coordinating the

construction industry.

A major factor in the growth in the retail sector was the launch of a series of marketing initiatives and campaigns that led to growth in the customer portfolio.

The increase in the number of claims was affected by policies relating to sporting risks, which involved a huge number of athletes and members. However, numerous claims were precautionary and would not be followed up.

The total cost of claims paid showed an increase in line with the growth in the risks in the portfolio.

The technical balance remained very positive.

Health

Direct premium income €28.7m (+8.3%);

Number of claims reported 15,495 (-6.0%);

Claims paid €21.9m (+27.2%).

This class also recorded growth in the first half of 2006, continuing the constantly good trend achieved in previous years. Commercial synergies allowed the acquisition of contracts of national importance as a result of both supplementary health schemes at company level and shares of major group policies.

This result also confirmed the popularity with the market of *Linea Unimedica*, a feature of which was cover structured to respond flexibly and efficiently to the requirements both of individuals and of families. The cover provided was even more financially advantageous for large families.

Finally, even though it pertains to the second half of the year, it is worth mentioning the successful bid for one of the most important contracts in the health market, in the sector of major intercompany funds.

Compared with last year the number of claims reported was down because of the selective underwriting policy always operated in this class.

Although it was expected, the increase in the total cost recorded in the first half of this year was attributed mainly to commercial activities, some of which were initiated last year, which made it possible to underwrite major group

contracts and to increase insurance cover in other classes.

The technical balance was positive.

Land vehicles – Own damage or loss

Direct premium income €56.7m (-3.8%);

Number of claims reported 16,452 (-0.6%);

Claims paid €26.1m (-0.6%).

The upturn in the number of new registrations in the first half of the year had so far had no effect on the uptake of Motor guarantees other than TPL, premium income for which was down compared with last year.

In order to make the best of the opportunities that might crop during the year the Company carried out a thorough overhaul of its own-tariff, making it more competitive from the point of view of both premium and scope. Nevertheless, the figures for the half year confirmed the excellent result achieved by the *Unibox* tariff, which proved popular owing to the innovative services it offered.

The reduction in the number and in the cost of claims settled meant that the technical balance remained very positive.

Fire

Direct premium income €25.5m (+3.1%);

Number of claims reported 2,177 (-1.4%);

Claims paid €17.2m (+65.6%).

Growth recorded in previous years continued in the first half of this year.

Sales of multi-benefit products aimed at specific sectors – crafts, trade, agriculture, hotels and families – continued at good levels.

The corporate sector in particular benefited from several major sales campaigns begun during the last few months of last year and from the launch of the new product for agricultural businesses/farms that have diversified into providing holiday accommodation.

Attention was also paid to new commercial and craft businesses and specifically to young entrepreneurs and their insurance requirements. Work continued on adjusting sums insured in order to provide a service to customers, keep the portfolio up to date and help sales.

The portfolio was constantly monitored in order that action could be taken on multiclaim policies and on agencies turning in a poor performance.

The increase in the amount paid out was due to a major claim that was already outstanding.

The technical balance continued to be positive.

Other damage to property

Direct premium income €43.5m (+7.2%);

Number of claims reported 15,529 (+16.8%);

Claims paid €19.5m (+18.4%).

The principal benefits in this class are mentioned below. Overall, the technical balance was positive.

Fire – additional guarantees

Direct premium income €15.3m (+5.5%);

Number of claims reported 9,957 (+8.5%);

Claims paid €9.0m (+14.1%).

As these are benefits added to fire policies the operations carried out were similar to those already described for this class.

Theft

Direct premium income €11.7m (+8.5%);

Number of claims reported 2,546 (-4.0%);

Claims paid €6.5m (+8.2%).

The rise in premium income during the half year was partly due to several marketing initiatives begun during the second half of last year, the main aim of which was to expand the portfolio and to improve the level of cover in current policies.

In particular, several marketing campaigns with greater underwriting flexibility were launched in performing sectors, sums assured were adjusted and new benefits were added to the current portfolio.

The underwriting policy continued to be prudent and selective, especially in the traditionally risky sectors.

Considerable attention was paid to measures to protect customers and to offering them advice on security.

The constant work on reforming policies on which claims had been reported contributed to

the reduction in the number of claims reported.

Hail

Direct premium income €6.5m (-6.6%);

Number of claims reported 2,023 (+292.1%);

Claims paid €0.2m (+37.1%).

The problems that had dogged Italian farmers for many years acted as a brake on growth in this type of insurance. Once again there was a decrease, albeit a small one, in premium income from hail policies in the period under review. The main factors acting as brakes on growth were the sharp drop in the average prices of some products, such as tobacco (a crop that has traditionally been insured by the Company), and the constant reduction in the ministerial indicators that determined insurance costs borne by farmers.

The trend in claims in the first half of the year recorded a substantial increase both in the number of claims and in the relative total cost, but it must be remembered that the comparison was with the first half of last year, which had been particularly positive.

Technological risks

Direct premium income €9.0m (+20.9%);

Number of claims reported 666 (+3.4%);

Claims paid €3.6m (+58.9%).

Premium income in the first half of the year recorded a sharp increase, in line with the forecasts. The most lively sectors were public and private contracting, 10-year guarantees on work carried out and property leasing.

The part played by Law 210 'Protection of purchasers of property still under construction' [constructor's all risks (CAR) and 10-year guarantee] was less than expected since only a minority of building sites were subject to the new legislation. The full effects of the scheme are expected to be felt during 2007.

The settlement of several large CAR claims reported during previous years led to an increase in the cost of payouts but the comparison was with a figure for the same period of last year that was particularly favourable.

Land vehicles – Motor TPL

*Direct premium income €386.7m (+1.9%);
Number of claims reported 81,515 (+3.1%);
Claims paid €254.0m (+0.8%).*

The performance already recorded at the end of last year continued during the first half of this year, i.e. with a rise in both the level of premium income and in the number of contracts in the portfolio.

This positive performance was the result of the Company's innovative commitment to introduce valid alternatives to the traditional Motor TPL tariff that could offer the policyholder real opportunities to make savings on the policy premium. Thus the range of alternative solutions, which was already broad, was joined by a new tariff formula known as *Deductible with amount recovered guaranteed*, which provided for a discount to be applied to Motor TPL premium if the policyholder signed a direct debit form for the amount of the deductible provided for in the policy.

Needless to say strict underwriting policies were backed up by constant monitoring of the territory and the work of the sales network in order to exclude the possibility of any speculative activities.

As far as claims were concerned the downward trend in frequency continued and there was a slight increase in the average cost. The technical balance was more or less the same as last year.

General TPL

*Direct premium income €69.4m (+1.1%);
Number of claims reported 19,456 (+8.5%);
Claims paid €44.5m (+5.6%).*

This class ended the first half of 2006 with limited growth in premium income as a result of the work done on reforming the portfolio and the particular care taken when assessing the value of public authority tenders. This generally led to contracts being lost, some of which were for average or even major amounts. Work also continued on reforming 'Doctors' policies as

they expired, with portfolio losses concentrated in the high-risk specialities as a result of the changes in the tariff.

All this led to a drop in premium income in the Public Bodies sector for health services and local governments and in the Doctors sector, but it was offset by positive premium income from other segments of the market such as Manufacturing, Construction and Technical Professions (such as engineers, architects and surveyors), partly as a result of good growth in the agreement with 'Inarcassa'.

The underwriting policy applied to this class paid particular attention to pointing the network in the direction of market segments that have traditionally given a better result in core business.

The rise in the number of claims reported mainly related to 'taxation errors', the average cost of most of which was low, whilst risks linked to Health were limited.

Overall the trend in this class showed clear signs of improvement.

Credit and Bonds

*Direct premium income €12.0m (+5.5%);
Number of claims reported 215 (-21.8%);
Claims paid €3.8m (+45.7%).*

Premium income in the Bond class performed satisfactorily in the light of the types of risk that led to the increase, which were linked to the core business of public and private tenders and town planning projects.

Despite a fall in the number of enforcements there was an increase in the settlement of claims because a lot of small claims relating to tenders under Law 488 were settled and several claims were also paid by coinsurance leaders.

The technical balance was positive.

In the Credit class premium income improved, though absolute amounts were not particularly significant. Income in this class was made up almost entirely of receipts from commercial credit under the agreement with the specialist-company Euler Siac.

Sundry pecuniary losses

Direct premium income €7.4m (+3.3%);
 Number of claims reported 14,798 (+16.7%);
 Claims paid €3.9m (+16.4%).

This class, which mainly covers risks connected with road traffic (such as loss of driving licence and ancillary benefits), finished the first half of the year with a rise in premium income, in large part due to the sale of guarantees linked to the *Unibox* tariff.

Despite the increase in the number and the cost of claims settled, this class continued to record a positive technical balance.

Legal protection

Direct premium income €5.3m (+5.4%);
 Number of claims reported 1,416 (+1.1%);
 Claims paid €1.4m (+13.1%).

Growth in this class, which, as last year, was concentrated in the benefits linked to Motor TPL, continued in the first half of the year.

The consequent rise in the number of claims reported and in the relative cost of claims did not have an adverse effect on the traditionally positive performance in this class.

Assistance

Direct premium income €4.4m (+7.4%);
 Number of claims reported 7,503 (-5.1%);
 Claims paid €1.0m (+20.2%).

Continuing with the good performance of last year, the first half of this year also saw the Assistance class record a very positive balance in premium income, confirming the success of the link with *Unibox* in guaranteeing the policyholder immediate assistance in the event of an accident.

Settlement costs rose because of the greater take-up of this type of cover. The technical balance continued to be very positive.

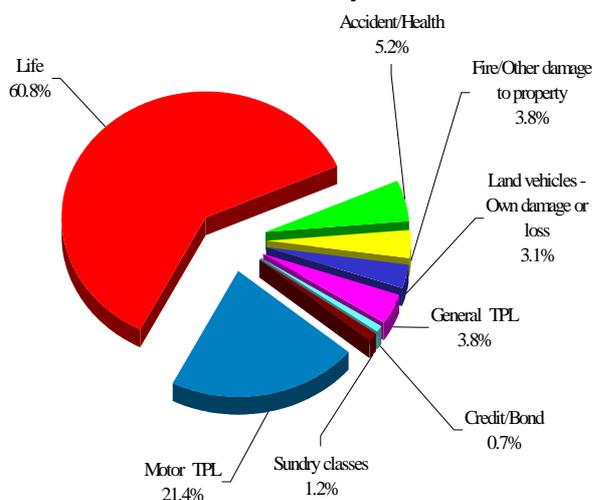
Marine, Aviation and Goods in transit

Direct premium income €4.4m (-5.4%);
 Number of claims reported 587 (+3.5%);
 Claims paid €1.7m (+1.9%).

The origin of the fall in productivity lay in the generalised and substantial drop in rates, which was due to the positive trends in core business recorded over the past few years and to increased competition, which had no outlets in a mature market where there were no opportunities to obtain new business. It may be next year before the tentative signs of an upturn in the Italian economy are reflected in growth in productivity, when policies with premiums based on the turnover, which account for the vast majority of the portfolio, are adjusted.

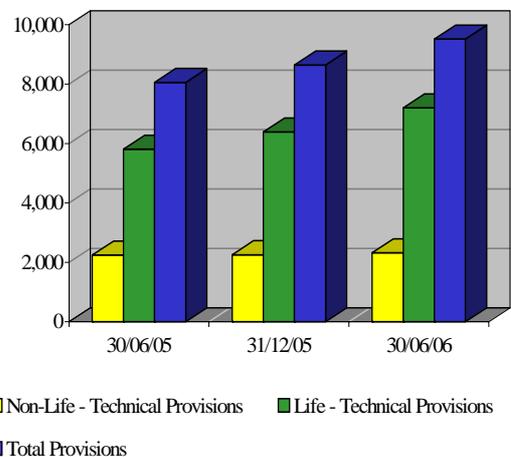
The trend in claims in the first half of the year was favourable.

Breakdown of premiums



Technical provisions

(€million)



Reinsurance

Inward reinsurance

Premium income from inward reinsurance in Life and Non-Life business fell from €27.4m as at 30 June 2005 to €20.5m as at 30 June 2006 (-25.2%). This reduction was mainly in Non-Life business, as a result of the termination of the quota-share health treaty with the subsidiary Unisalute.

Non-Life premiums fell from €24.4m to €17.5m, a drop of 28.4%. Premium income from the subsidiary Unisalute fell from €8.1m to €1m whilst premium income from the subsidiary Linear fell from €0.7m to €0.2m.

The overall result of policies relating to Non-Life business, net of retrocessions, was positive.

Life premium income rose from €2.9m as at 30 June 2005 to €3.0m as at 30 June 2006, an increase of 1.4%.

Premium income from subsidiaries amounted to €241K in the case of BNL Vita and €62K in the case of Aurora Assicurazioni.

Total Life inward reinsurance, net of retrocessions, showed a positive result and an increase compared with the same period last year.

Outward reinsurance

Total Non-Life direct premiums ceded rose from €46.5m as at 30 June 2005 to €46.7m as at 30 June 2006, an increase of 0.4%.

The retention rate at the end of the half year was 93.4% compared with 93.3% as at 30 June 2005.

The reinsurance scheme operated during the first half of 2006 involved the considerable expansion of almost all the automatic underwriting powers available to the Company but there were no substantial structural changes compared with the scheme adopted last year and it continued to be based on proportional types of cession for almost all the classes reinsured.

Non-proportional types of cover for retained portfolios in TPL lines of business (Motor and General), Land vehicles – own damage or loss, Accident, Goods in transit and Hail risks were also set up.

The Company's net exposure to the risks retained in the Fire class, including catastrophe risks, was also reduced by means of specific non-proportional types of cover.

At the half year point the mix of cessions carried out in Non-Life business showed a positive result for reinsurers, in line with the Company's positive trend in core business.

Total direct Life premiums ceded rose from €2.0m as at 30 June 2005 to €2.1m as at 30 June 2006 and showed a positive balance for our reinsurers.

Litigation

The work of monitoring the summonses served on each settlement office continued during the first half of 2006. During 2005 this work enabled the number of them compared with the previous year to be reduced. The number of summonses served in the first six months of 2006 continued to fall.

Analysis of the litigation shows that the number of cases brought in the first half of 2006 was up compared with the same figure for 2005. The number of Motor TPL cases pending as at 30 June was 8.8% up on the figure at the end of 2005. This increase was due to claims-handling policies being updated in the first few months of 2006, with claims that include personal injury being treated more rigorously in order to limit fraud, which is particularly prevalent in the Central and Southern regions of Italy.

As regards cases brought as a result of the fine imposed in 2000 by the Antitrust Authority, the number of which fell considerably after the decision of the Court of Cassation (which recognised the authority of the Court of Appeal to pass judgement in such cases), 135 new cases were brought before the Courts of Appeal during the first six months of 2006 (the total number being 383).

Complaints' Register

During the period January-June 2006 649 complaints were recorded in the register, which was set up on 31 March 2004 in accordance with the provisions of ISVAP Circular 518/D/2003. 627 related to Non-Life business and 22 to Life business.

As at 30 June 2006 568 replies had been sent, all within the time limit of 45 days provided for in the ISVAP Circular, and 81 complaints were under investigation. The average time taken to reply was 23 days. 171 complaints were accepted, 301 were rejected and 96 were settled. 19 complaints were referred to the courts.

The number of complaints received was more or less the same, the monthly average being a little over 100.

Operating expenses and claims-handling costs

Unipol Assicurazioni has several departments that provide services to all the companies in the Group in order to standardise operating procedures and keep operating costs down. The principal areas of activity that are managed by the Company, with staff being seconded as necessary, relate to claims handling, managing the IT system, property management and asset management.

The cost incurred by Unipol Assicurazioni S.p.A. for Group services, determined on the basis of analytical accounting criteria, is split and invoiced to the subsidiaries on the basis of how much they actually use these services.

During the period under consideration the operating expenses that remained to be borne by the Company, which included acquisition and renewal commissions and other acquisition and administrative expenses, came to a total of €187.1m compared with €184.3m as at 30 June 2005 (€171.4m and €168.3m respectively net of commissions received from reinsurers), an increase of 1.5% compared with the position as at 30 June 2005.

The incidence on premium income fell from 10.6% to 10.2%.

In the case of Life business claims-handling

expenses and payouts amounted to €21.0m, an increase compared with the figure recorded in the first half of 2005 (€19.6m).

As far as **IT** is concerned, during the first half of 2006 the initiatives that had already been launched continued and several new projects were developed both for the Parent Company Unipol Assicurazioni and for the other companies, the IT system of which is located in the Data Processing Centre in Bologna.

In particular, in Life business a contract for a complete overhaul of the IT system was signed with the aim of creating economies of scale as regards software (whereas previously the various companies in the Group had used different types of software) and of supporting commercial activity. This project involved rewriting the entire Life software package in accordance with the latest technology in order to produce a system that would be more flexible, powerful and comprehensive.

During the half year the project to update the IT systems of Unipol Assicurazioni and Aurora also continued and involved the senior executives of the two companies identifying the lines of growth in the principal business areas (Non-Life, Claims, Marketing and Life). The projects concerned have already been launched and will last a total of three years.

Work was also undertaken in the network of agencies to consolidate several IT projects relating to the sales networks of both Unipol and Aurora, in particular in order to combine additional support functions with operating marketing.

Staffing

As at 30 June 2006 the Company's staff was made up of 1,931 employees, 14 of whom were salespersons, an increase of 227 compared with 31 December 2005. To these must be added 31 employees on fixed-term contracts, most of whom worked in the *Sertel* call centre.

35 employees left the Company in the first half of 2006 and 262 were recruited, 223 of whom were employees who had moved within the Group: 112 were transferred from Aurora Assicurazioni, 9 from Unisalute and Linear and

102 from Navale Assicurazioni and the companies in the MMI Group. In the case of these last two companies in the Group this concluded the transfer of staff involved in the process of merging the companies and their strategic repositioning.

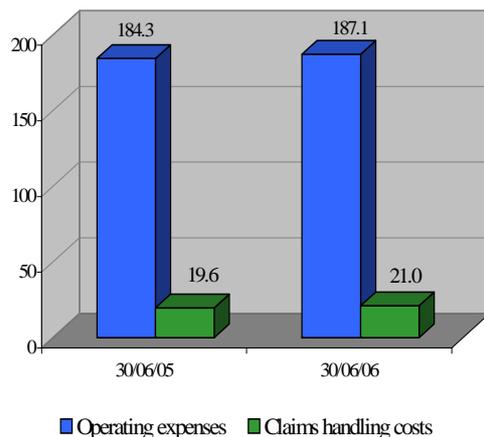
The number of full-time equivalent employees was 1,825.

Staff costs, gross of recoveries from subsidiaries and other companies, amounted to €49.0m for salaries, social security contributions and staff leaving indemnity, and to €6.6m for travelling expenses, training costs and all other related costs, a total increase of 24.6% compared with the first half of 2005.

Net of expenses recovered, mainly for Group services provided to subsidiaries, staffing costs amounted to €37.3m and had an incidence on direct premium income of 2.1% (1.9% in 2005).

As far as relations with the Unions are concerned it should be mentioned that meetings were set up aimed at renewing the Unipol Supplementary Labour Agreement, which expired in 2004.

**Operating expenses
and claims handling costs**
(€million)



Property and Financial Management

Investments and liquid assets

As at 30 June 2006 investments, cash and cash equivalents, taking account of net value adjustments, reached a total of €15,001.6m, an increase of 33.9% compared with 30 June 2005 and 5.5% compared with 31 December 2005.

The investment structure and the variations on the previous half year and compared with 31 December 2005 are set out in the table below.

INVESTMENTS, CASH AND CASH EQUIVALENTS								
<i>(amounts in €K)</i>								
	30/06/06	comp.	30/06/05	comp.	var. %	31/12/05	comp.	var. %
	(a)	%	(b)	%	(a/b)	(c)	%	(a/c)
Land and buildings	546,963	3.6	502,817	4.5	8.8	541,733	3.8	1.0
Investments in Group undertakings and other participating interests								
-Stocks and shares	2,885,948	19.2	3,589,958	32.1	-19.6	3,730,025	26.2	-22.6
-Debt securities	74,663	0.5	71,336	0.6	4.7	66,803	0.5	11.8
Total	2,960,610	19.7	3,661,295	32.7	-19.1	3,796,828	26.7	-22.0
Other financial investments								
-Stocks and shares	508,914	3.4	667,699	6.0	-23.8	382,375	2.7	33.1
-Units and shares in investment funds	94,441	0.6	67,380	0.6	40.2	54,634	0.4	72.9
-Bonds and other fixed-income securities	6,025,658	40.2	4,315,807	38.5	39.6	4,927,581	34.7	22.3
-Financing	48,321	0.3	52,441	0.5	-7.9	50,573	0.4	-4.5
-Deposits with credit institutions (1)	40,000	0.3	0	0.0		2,969,948	20.9	-98.7
-Sundry financial investments (1)	617,006	4.1	646,759	5.8	-4.6	116,158	0.8	431.2
Total	7,334,340	48.9	5,750,086	51.3	27.6	8,501,270	59.8	-13.7
Deposits with ceding undertakings	22,369	0.1	22,989	0.2	-2.7	25,807	0.2	-13.3
Investments for the benefit of Life assurance policyholders who bear the risk thereof and arising out of pension fund management								
-Investment funds and market indices	676,024	4.5	619,412	5.5	9.1	638,017	4.5	6.0
-Pension funds	374,640	2.5	314,588	2.8	19.1	349,498	2.5	7.2
Total	1,050,664	7.0	934,000	8.3	12.5	987,516	6.9	6.4
Other assets								
-Bank and postal deposits, cash	3,086,664	20.6	329,665	2.9	836.3	363,911	2.6	748.2
Total	3,086,664	20.6	329,665	2.9	836.3	363,911	2.6	748.2
TOTAL INVESTMENTS, CASH AND CASH EQUIVALENTS	15,001,610	100.0	11,200,851	100.0	33.9	14,217,065	100.0	5.5

(1) Deposits subject to access restrictions of over 15 days

(2) Including repo securities and premiums for derivative operations.

Land and buildings

The Company's property assets as at 30 June 2006 amounted to €547.0m, the net increase compared with the level as at 31 December 2005 of €5.2m (+1.0%) being almost entirely made up of capitalised extraordinary maintenance costs.

It should be pointed out that since 30 June 2006 a commercial property in Pordenone has been sold (for a total countervalue of €1.7m) and a

preliminary agreement to sell the property in Maratea (PZ) has been signed. The actual contract is expected to be signed by the end of the year.

Investments in Group undertakings and other participating interests

The level of investments in shares as at 30 June 2006 fell from €3,730.0m to €2,885.9m, a net decrease of €844.1m compared with

31 December 2005 (-22.6%) mainly consisting of the sale of the Banca Nazionale del Lavoro shares in the portfolio.

The table below and Annex 1 show the list of shareholdings as at 30 June 2006.

Relations with related parties and non-recurring, atypical and/or unusual operations carried out during the half year are set out under the section of this report entitled Other information.

Own shares and shares in the holding company

No operations were carried out during the first half of 2006 in own shares or in shares in the holding company Finsoe spa, nor were there any shares of these companies in the portfolio.

The General Shareholders' Meeting passed no resolution under Article 2359/bis of the Civil Code relating to shares in the indirect holding company Holmo spa and consequently no operations were carried out.

LIST OF SHAREHOLDINGS AS AT 30 JUNE 2006 (amounts in €K)

Company	Type of business	Share capital	% holding		Book value
			direct	indirect	
ITALIAN SUBSIDIARIES					
Aurora Assicurazioni S.p.A.	Insurance and reinsurance	248,347	66.66		1,265,203
BNL Vita S.p.A.	Insurance and reinsurance	130,000	50.00		165,353
Compagnia Assicuratrice Linear S.p.A.	Insurance and reinsurance	19,300	80.00	20.00	21,506
Navale Assicurazioni S.p.A.	Insurance and reinsurance	96,250	99.80		131,647
Quadrifoglio Vita S.p.A.	Insurance and reinsurance	31,500	50.00		43,450
Unisalute S.p.A.	Insurance and reinsurance	17,500	92.44	6.04	27,494
Navale Vita S.p.A.	Insurance and reinsurance	5,180		100.00	
Smallpart S.p.A.	Holding company	32,000	100.00		32,000
SRS S.p.A.	Holding company	13,899	75.21	24.79	27,988
Midi S.r.l.	Property company	72,000	100.00		55,973
Unifimm S.r.l.	Property company	43,350	100.00		45,200
Dimensione e Sviluppo Immobiliare S.p.A.	Property advisory services	5,200		100.00	
Grecale S.r.l.	Loan securitisation	10		100.00	
Unipol SGR S.p.A.	Financial brokerage	5,000		100.00	
Unipol Banca S.p.A.	Bank	703,500	69.54	14.99	638,102
Unipol Merchant S.p.A.	Bank	105,468		82.82	
Nettuno Fiduciaria S.r.l.	Fiduciary company	250		100.00	
Unisalute Servizi S.r.l.	Healthcare services	52		100.00	
Unieuropa S.r.l.	Market analysis and research	510		98.00	
BNL Servizi Assicurativi S.r.l.	Insurance agency	10		50.00	
TOTAL ITALIAN SUBSIDIARIES					2,453,916
FOREIGN SUBSIDIARIES					
Unipol Fondi Ltd	Unit trust management	125		100.00	

Company	Type of business	Share capital	% holding direct	indirect	Book value
ITALIAN ASSOCIATES					
Hotel Villaggio Città del Mare S.p.A.	Tourism/Hotels	7,000	49.00		3,455
FOREIGN ASSOCIATES					
Euresa Holding S.a.	Holding company	10,000	24.05		1,661
OTHER SHAREHOLDINGS					
Hopa S.p.A.	Holding company	709,816	7.13		175,153
P & V Holding S.a.	Holding company	345,050	2.39		8,241
Banca Monte dei Paschi di Siena S.p.A.	Bank	2,025,989	1.98		235,838
Other Italian shareholdings					950
Other foreign shareholdings					6,733
TOTAL OTHER SHAREHOLDINGS					426,915
GRAND TOTAL					2,885,948

Other financial investments

As at 30 June 2006 shares accounted for 6.9% of other financial investments and were investments in securities (mainly Eurostoxx 50) with a high rating and more emphasis on the price-earnings ratio than on volatility.

The rise in fixed rates recorded during the period led to a considerable drop in sales of call and trading options on government securities compared with previous periods. Bonds increased by 22.3% compared with 31 December 2005.

The percentage of investments in liquid financial assets exceeded 33% of total financial investments as at 30 June 2006.

As at 30 June 2006 Other financial investments amounted to €7,334.3m, a decrease of €1,166.9m (-13.7% compared with 31/12/2005) mainly owing to the redemption of all the term deposits set up with BNP Paribas as a pledge in favour of the financial bodies backing the bid for BNL (€2,970m as at 31/12/2005).

Bond business rose from €4,927.6m as at 31 December 2005 to €6,025.7m (+€1,098.1m); share business rose from €382.4m to €508.9m (+€126.5m) whilst at the end of the half year operations in securities in repo contracts amounted to €601.9m (+€501.9m compared with 31/12/2005).

Fixed-income securities amounted to 46.2% of the bond portfolio whilst variable-coupon securities accounted for the remaining 53.8%.

As regards operations in financial derivatives, as a result of which the earnings profile of some securities changed (from fixed rate to variable rate and vice versa), the securities portfolio was made up of 45.2% fixed coupon and 54.8% variable coupon (44.1% and 55.9% respectively as at 31/12/2005).

As for the breakdown between 'government' bonds and debt securities, the incidence of debt securities amounted to 43.4% whilst that of 'government' bonds was 56.6%.

As regards the risk arising out of the choice of issuer, the Company operated mainly in bonds issued by sovereign states, supranational bodies (EIB, World Bank) and banks, all with a minimum rating of AA- with the exception of 'Italian banks' for which a lower rating was accepted. Trading was also carried out in Tier I banking bonds with a minimum rating of A.

Eurozone securities accounted for 99.3% of the entire foreign currency bond portfolio whilst non-Euro securities (US dollars and pounds sterling), for which the exchange rate risk was hedged, accounted for the remaining 0.7%.

The total amount invested in other diversified activities at the end of June 2006 amounted to €738.6m (€752.8m at the end of 2005) and included collateralised bond obligations, collateralised loan obligations, convertible bonds, index-linked bonds and subordinated bonds (the latter for a total countervalue of €664.7m).

At the end of the first half-year the duration on the fixed-rate portfolio was 8.0 years (5.8 years in 2005).

The overall duration (both on the fixed-rate and on the variable-rate portfolio) was 4.1 years (2.8 years in 2005).

The total duration on the bond portfolio attributed to segregated accounts (excluding investments in other diversified assets) was 4.3 years, whilst that attributed to Non-Life business and to Life business assets was 3.3 years, which falls to 0.8 years if repurchase agreements and liquid assets are taken into account.

The average duration of the portfolio for the first half of 2006 was 11.4 years compared with 10.2 years in 2005.

As at 30 June 2006 there was a negative balance on the debt securities' portfolio between unrealised capital gains and losses of €106.2m (+€12.4m at the end of 2005), made up of net capital losses on debt securities of €102m and of net capital losses on derivatives linked to these debt securities of €4.2m.

Investments in units and shares in investment funds recorded net unrealised capital losses of €8.7m (+€65.4m as at 31/12/2005), almost entirely arising out of investments classified as long-term.

Investments for the benefit of policyholders who bear the risk thereof and those arising out of pension fund management

The total amount of these investments as at 30 June 2006 was €1,050.7m, an increase of 6.4% compared with 31 December 2005, and

was made up of €676.0m of investments relating to index- and unit-linked policies and €374.6m of investments arising out of pension fund management. These investments were recorded at their current market value, in strict correlation with the valuation of matching liabilities.

The amount of €676.0m was made up as follows:

Assets matching index-linked policies	
-bonds	305.5
-sundry financial investments	27.9
-Total	333.4
Assets matching unit-linked policies	
-units and shares in investment funds	323.2
-bonds	18.0
-cash and items to be settled	1.5
-Total	342.6
Grand total	676.0

Investments arising out of pension fund management related to the investments matching subscriptions to units in open-end funds promoted by Unipol Assicurazioni S.p.A. and matching closed guaranteed funds managed by the Company.

As at 30 June 2006 the amount of these investments was €374.6m, broken down as follows:

Stocks and shares	13.4
Debt securities	293.8
Units and shares in investment funds	35.0
Cash, derivatives and net items to be settled	32.5
Total	374.6

CURRENT INVESTMENT INCOME
CAPITAL GAINS AND LOSSES FROM TRADING
(amounts in €K)

	30/06/06	comp.	30/06/05	comp.	var. %	31/12/05	comp.
	(a)	%	(b)	%	(a/b)		%
NET INVESTMENT INCOME							
Land and buildings	5,447	1.9	9,414	3.3	-42.1	14,220	3.9
Stocks and shares	140,437	50.2	200,372	71.2	-29.9	201,480	54.7
Debt securities	105,396	37.7	79,679	28.3	32.3	163,795	44.5
Units and shares in investment funds	752	0.3	1,186	0.4	-36.6	1,283	0.3
Financing	986	0.4	1,100	0.4	-10.4	2,127	0.6
Deposits with credit institutions	10,628	3.8	121	0.0	8680.5	13,040	3.5
Bank and postal deposits	32,670	11.7	4,830	1.7	576.4	11,156	3.0
Sundry financial investments	2,454	0.9	4,061	1.4	-39.6	393	0.1
Balance on reinsurance deposits	-79	0.0	-154	-0.1	-48.3	-775	-0.2
Interest on debenture and subordinated loans	-19,120	-6.8	-19,120	-6.8	0.0	-38,557	-10.5
Total (a)	279,570	100.0	281,489	100.0	-0.7	368,163	100.0
Capital gains (losses) on disposals							
Land and buildings	96	0.1	32,170	34.3	-99.7	36,802	20.5
Stocks and shares	114,634	87.0	37,448	39.9	206.1	103,436	57.7
Debt securities	8,092	6.1	18,161	19.3	-55.4	31,662	17.7
Sundry financial investments	8,936	6.8	6,086	6.5	46.8	7,412	4.1
Total (b)	131,758	100.0	93,866	100.0	40.4	179,313	100.0
Total (a+b)	411,327		375,355		9.6	547,476	
Net value adjustments on investments							
Land and buildings	-2,401	2.1	-2,279	10.9	5.4	-4,595	3.3
Stocks and shares	-45,608	39.6	-5,865	28.0	677.6	-82,215	58.8
Debt securities	-60,870	52.9	-7,045	33.6	764.1	-51,010	36.5
Other financial investments	-6,155	5.4	-5,761	27.5	6.8	-2,092	1.5
Total (c)	-115,034	100.0	-20,949	100.0	449.1	-139,911	100.0
TOTAL (a-b+c)	296,293		354,406		-16.4	407,565	
Net income from Class D investments							
-Investment funds and market indices	-14,025		17,105		-182.0	22,007	
-Pension funds	-3,329		7,990		-141.7	11,899	
Total Class D	-17,354		25,095		-169.2	33,906	
GRAND TOTAL	278,939		379,501		-26.5	441,470	

Capital gains and investment income Profits and losses from trading

Details of current capital gains and investment income and profits and losses from trading are shown in the table above, with the net income from investments for the benefit of policyholders who bear the risk thereof and arising out of pension-fund management (Class D) shown separately.

Investment income, including cash investments, net of investment charges, amounted to €279.6m compared with €281.5m as at 30 June 2005, a net decrease of €1.9m (-0.7%).

Net capital gains achieved totalled €131.8m (€93.9m at the end of the previous half year), €78.7m of which related to long-term investments.

Investments in shares contributed €114.6m (€37.4m as at 30/6/2005), whilst capital gains realised on the sale of property amounted to €0.1m (€32.2m as at 30/6/2005).

Overall, net investment income and capital gains as at 30 June 2006 amounted to €411.3m (€375.4m as at 30/6/2005).

The average net return on investments was 4.7% compared with 5.9% as at 30 June 2005.

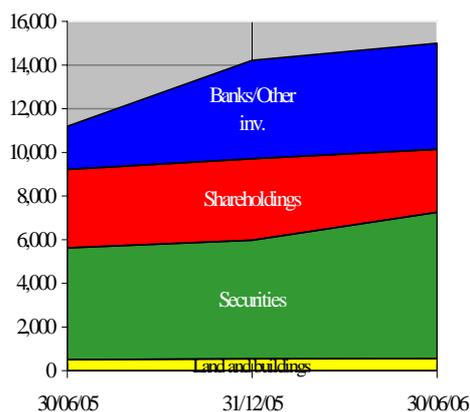
Net value adjustments on investments (including depreciation) went from -€20.9m as at 30 June 2005 to -€115.0m as at 30 June 2006

as a result of the negative trend in financial markets.

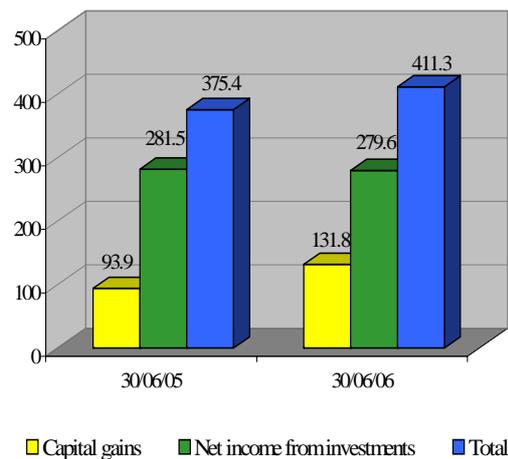
Overall, net ordinary and extraordinary income during the half year, including value adjustments on investments, totalled €296.3m compared with €354.4m in the first half of 2005 (-16.4%).

The net results from investments for the benefit of policyholders who bear the risk thereof and arising out of pension fund management (Class D) were negative to the tune of €17.4m (€25.1m as at 30/6/2005).

Investments (€million)



Investment income (€million)



Significant Events after 30 June 2006 and Business Outlook

As regards insurance business, since the end of the half year premium income has maintained a rate of growth similar to the rate recorded in the first half of the year. Overall, Non-Life business has continued to produce technical results in line with those for the first half of the year.

The trend in acquisition costs and operating expenses has been in line with expectations.

Income arising out of property and financial management, which in the first half of the year was affected by write-downs to bring it into line with market values, has benefited from the price rises recorded in the summer in both the share and bond markets.

Despite considerable uncertainty in the financial markets, in view of both performance to date and the business outlook the result for the current year is expected to be better than last year.

Valuation Criteria

The valuation criteria used in drawing up the half-year figures are the same as those used in drawing up the previous annual accounts.

However, when calculating half-year figures greater use is made of statistical methods, particularly for quantifying the cost of claims that have been reported and not yet settled and in assessing agency incentives (rappels).

Claims outstanding at the end of the first part of the current year were valued on the basis of up-to-date analytical data ('ongoing' provision) and appropriate technically-prudent estimates. Amounts set aside for claims incurred but not reported were estimated on the basis of past experience of claims reported late to the Company and how they developed over time.

Principal exchange rates used

The exchange rates applied for converting the main currencies into Euro were as follows:

Currency	30/06/06	30/06/05	31/12/05
US Dollar	1.2713	1.2092	1.1797
Pound Sterling	0.6921	0.6742	0.6853
Swiss Franc	1.5672	1.5499	1.5551
Canadian Dollar	1.4132	1.4900	1.3725
Yen	145.7500	133.9500	138.9000
Swedish Krone	9.2385	9.4259	9.3885

Notes on the Balance Sheet

The amount and type of assets, liabilities, guarantees, commitments and other memorandum accounts relating to transactions with Group undertakings and other participating interests are set out in the following table. In particular, receivables and other assets relate mainly to bank deposits with the subsidiary Unipol Banca, whilst the other memorandum accounts are made up of securities deposited with companies in the Group.

Information on transactions with Group undertakings and other participating interests						
<i>(amounts in €K)</i>						
	Holding companies	Subsidiaries	Joint- ventures	Associates	Other companies	Total
I: Assets						
Stocks and shares		2,453,916		5,117	426,915	2,885,948
Debt securities					74,663	74,663
Deposits with ceding undertakings		1,593			710	2,304
Investments relating to unit-linked and index-linked benefits		1,561				1,561
Investments arising out of pension fund management					22,197	22,197
Debtors and other assets	6,882	2,791,789	1	1	7,647	2,806,319
Total	6,882	5,248,859	1	5,118	532,132	5,792,992
II: Liabilities						
Amounts owed to credit institutions					173	173
Other creditors and other liabilities	2,564	3,624	2		1,630	7,820
Total	2,564	3,624	2		1,803	7,993
III: Guarantees, commitments and other memorandum accounts						
Guarantees received or issued by third parties in favour of the Company		3,630				3,630
Commitments		15,400				15,400
Other memorandum accounts		9,461,799		2,649	600,651	10,065,098
Total		9,480,829		2,649	600,651	10,084,128

Balance Sheet – Assets

C – Investments

C.I – Land and buildings

As at 30 June 2006 the Company's direct property assets, net of depreciation, amounted to €547.0m, a net increase of €5.2m compared with 31 December 2005 (+1.0%) mainly consisting of the capitalisation of extraordinary maintenance costs.

Net capital gains realised totalled €0.1m.

Movements during the half-year are summarised in the following table:

Gross value of buildings as at 31 December 2005	573,584
Adds/improvements as part of extraordinary maintenance	7,527
Transfers	377
Disposals	(273)
Gross value of buildings as at 30 June 2006	581,215
Provision for depreciation for previous year	31,851
Depreciation charge - 1st half of 2006	2,401
Provision for depreciation as at 30 June 2006	34,252
Net value of buildings as at 30 June 2006	546,963

C.II – Investments in Group undertakings and other participating interests

The total amount of investments in Group undertakings and other participating interests as at 30 June 2006 was €2,960.6m, a decrease of €836.2m compared with 31 December 2005 (-22.0%).

As at 30 June 2006 Italian and foreign holdings, all classified as long-term assets, amounted to €2,885.9m (item C.II.1), a decrease of €844.1m (-22.6%) compared with 31 December 2005.

The main transactions carried out and the events that occurred during the first half of 2006 related to:

- **Banca Nazionale del Lavoro spa**
Sale of all the 305,500,000 shares owned for a total countervalue of €893.6m, providing a capital gain of €40.2m.
- **BNL Vita spa**
The subscription, on 30 June 2006, of the increase in share capital from €130m to €160m (approved on 16/6/2006), €15m being paid for the proportion concerned.

Debt securities issued by other participating interests (item C.II.2) amounted to €74.7m (€66.8m as at 31/12/2005), €54.8m of which related to long-term investments and €19.9m to short-term investments.

A list of undertakings in which participating interests were held showing the book values at the end of the half year and the direct and indirect shares held is set out in Annex 1.

The amount and the nature of the increases and decreases in investments in Group undertakings and other participating interests, subdivided into stocks and shares, debt securities and corporate financing, are set out in Annex 2.

C.III – Other financial investments

The total amount of other financial investments as at 30 June 2006 was €7,334.3m, a decrease of €1,166.9m compared with 31 December 2005 (-13.7%) mainly owing to the redemption of the

term deposits set up as a pledge in favour of the financial bodies backing the bid for BNL (€2,970m as at 31/12/2005).

Item C.III.1 – Stocks and shares – showed a balance of €508.9m, an increase of €126.5m compared with 31 December 2005 (+33.1%). At the end of the period value adjustments of €39.9m and value readjustments of €0.6m were recorded.

It will be recalled that on 16 March, at the request of ABN AMRO NV, Unipol Assicurazioni S.p.A. sold it 10,856,573 shares in Antonveneta (5,736,573 of which were classified as long-term securities and 5,120,000 as short-term securities) at a price per share of €26.49627, for a total countervalue of €287.7m. The sale of these shares, which took place on the block market, enabled the Company to make a capital gain of €62.1m.

Item C.III.3 – Bonds and other fixed-income securities – showed a balance of €6,025.7m (+22.3% compared with 31/12/2005), 99.6% of which were listed securities.

During the period under consideration purchases totalling €3,622m, sales and repayments amounting to €2,482m, transfers from Class D of €6.2m and transfers from Class C.II to Class C.III of €1m were carried out.

The value of the portfolio included €12.6m relating to capital write-ups, net issue and trading spreads during the period, the alignment to market values of freely-traded securities (€66m) and value readjustments on securities written down in previous financial years (€5.3m).

Item C.III.5, relating to other financial investments, amounted to €657.0m (-78.7% compared with 31/12/2005) and was broken down as follows:

- €601.9m of repurchase agreements;
- €40m of bank deposits with withdrawal periods exceeding 15 days, recorded in July;
- €15.2m corresponding to earned premiums

for contracts on derivatives (cap interest rate options, swap options and call options purchased).

The breakdown of the other financial investments into long-term and short-term (items C.III.1, 2, 3 and 5) is set out in Annex 3.

As regards the classification of the securities portfolio and in particular the operations relating to long-term investments (in accordance with ISVAP Ruling 893/G of 18/6/1998 and Circular 475/D of 27/2/2002) carried out during the first half of 2006, it should be mentioned that the Board has today been provided with full information, in accordance with the provisions it has laid down.

In order to guarantee the retention of freely-traded investments, on 16 July 1999 the Board resolved to set a maximum limit for long-term investments of 60% of the Company's total investments, including both equity and debt securities but excluding investments deemed to be strategic, all the investments in Class D (Class III and Class VI) and those matching defined-benefit policies.

Total investments as at 30 June 2006, calculated as explained above, were made up as follows (in €m):

Stocks and shares	508.9
Units and shares in investment funds	94.4
Bonds and other fixed-income securities	5,649.0
Securities - repurchase agreements	601.9
Total	6,854.2

Total long-term investments as at 30 June 2006, which amounted to €1,792m, made up 26.1% of the Company's total financial investments.

E – Debtors

The balance of debtors set out in item E, totalling €362.5m, showed a net decrease of €58.2m compared with the balance as at 31 December 2005 (-13.8%) and was made up

as follows:

- debtors arising out of direct insurance operations totalling €276.7m (-€43.7m compared with 31/12/2005);
- debtors arising out of reinsurance operations totalling €21.3m (-€7.9m compared with 31/12/2005);
- other receivables amounting to €64.4m (-€6.6m compared with 31/12/2005), mainly consisting of:
 - √ receivables from the Italian Revenue of €45.9m, €28.1m of which was for the substitute tax on the mathematical provisions introduced by Legislative Decree 209/2002, €7.8m for withholding tax on bank accounts and €4.1m for advance payment of IRAP;
 - √ receivables from the tax authorities of foreign countries amounting to €2.1m;
 - √ receivables from the holding company Finsoe spa amounting to €6.9m arising out of participation, as a consolidated company, in Finsoe's consolidated tax return;
 - √ receivables for interest on loans on Life policies of €1.5m.

Item E.I – Debtors arising out of direct insurance operations, which amounted to €276.7m, consisted of receivables from policyholders of €109.6m (€97.6m Non-Life and €12.0m Life), receivables from insurance intermediaries of €105.0m (€86.2m Non-Life and €18.8m Life), receivables from insurance companies of €44.4m (relating almost entirely to Non-Life business) and receivables from policyholders and third parties for sums to be recovered of €17.7m.

Amounts receivable from policyholders as at 31 December 2005 amounted to €171.7m (€162.4m for Non-Life and €9.3m for Life business). Corresponding receipts during the first six months of 2006 amounted to €159.7m (€154m for Non-Life and €5.7m for Life business).

The amount of debtors as at 30 June 2006 is shown net of overall write-downs of €1.9m, €1.8m of which for Non-Life business.

F – Other assets

This item showed a total balance of € 3,150.5m, a net increase of €2,711.1m compared with 31 December 2005 (+617.0%).

The balance on 'Tangible assets and stocks' amounted to €14.4m as at 30 June 2006 (+€0.8m compared with the figure as at 31/12/2005).

'Cash at bank and in hand' at the end of the half year amounted to €3,086.7m, +€2,722.8m compared with the figure as at 31 December 2005, mainly due to the redemption and subsequent transfer to cash at bank and in hand of the term deposits with BNP Paribas set up as a pledge in favour of the financial bodies backing the bid for BNL (€2,970m as at 31/12/2005).

'Other assets' showed a balance of €49.5m (-€12.4m compared with 31/12/2005) and mainly consisted of the balance on the internal liaison account between Life and Non-Life business, which was €5.6m in favour of Life business (€27.3m in favour of Life business as at 31/12/2005), the contra-entry for valuations and write-downs, plus the amounts accrued for the period on the operations in derivatives as at 30 June 2006 amounting to €9.1m (€8.2m as at 31/12/2005) and prepaid taxes amounting to €21.9m (€21.9m as at 31/12/2005).

Balance Sheet – Liabilities

A – Shareholders' equity

The shareholders' equity as at 30 June 2006, excluding the result for the period, amounted to €5,093.2m, a net decrease of €69.1m compared with the figure as at 31 December 2005 owing to the difference between the increase in equity reserves as a result of the allocation of the profits for 2005 (€25.3m) and the decrease of €94.4m in the share premium reserve as a result of the distribution of a further dividend resolved by the Ordinary Shareholders' Meeting held on 3 May 2006.

As at 30 June 2006 the share capital amounted

to €2,360,144,410, fully paid up, and was made up of an equivalent number of shares, subdivided as follows:

- 1,460,524,546 ordinary shares, 50.79% of which were owned by the holding company, Finsoe spa;
- 899,619,864 preference shares.

B – Subordinated liabilities

This item amounted to €600.0m, the same as the figure as at 31 December 2005, and was entirely made up of the nominal value of the two subordinated bonded loans issued by the Company.

Both loans have a nominal value of €300m and a twenty-year maturity and are listed on the Luxembourg stock exchange. The degree of subordination is similar to Tier II (supplementary capital consisting of second-level capital items).

The former, issued in 2001, has a fixed interest rate of 7% until the date the early repayment clause is exercised (as from the tenth year) and a variable rate thereafter.

The second, issued in 2003, has a fixed annual interest rate of 5.66% for the first ten years and a variable rate thereafter.

In the first half of 2006 interest payable totalled €18.8m.

C/D – Technical provisions

As at 30 June 2006 **Non-Life technical provisions** amounted to €2,319.2m (+2.8% compared with the figure as at 31/12/2005).

The provision for unearned premiums amounted to €530.0m (-0.1% compared with 31/12/2005) and was made up as follows:

- provision for unearned premiums of €521.7m;
- provision for unexpired risks of €2.5m (€2m of which related to General TPL and €0.5m to the Credit class);
- provision for unearned premiums of €5.8m for inward reinsurance.

The provision for outstanding claims totalled €1,786.8m (+3.7% compared with 31/12/2005) and included direct business consisting of:

- €1,630.7m for claims/direct expenses and claims-handling expenses;
- €120.6m of provision for claims incurred and not reported.

In the case of inward reinsurance the provision amounted to €35.5m.

Sundry technical provisions of €1.2m (-41.0% compared with 31/12/2005) were made up as follows:

- provision for profit-sharing and rebates of €0.9m;
- provision for ageing of €0.3m.

The equalisation provisions as at 30 June 2006 amounted to €1.2m (+15.1% compared with 31/12/2005) and were made up as follows:

- equalisation provision of €1.1m for risks of natural disasters;
- €0.1m from the equalisation provision of the Credit class.

At the end of the half year **Life technical provisions** totalled €7,199.7m (+12.7% compared with 31/12/2005) and were made up as follows:

- €6,069.2m relating to the mathematical provision for direct business;
- €13.1m relating to the technical provisions for inward reinsurance;
- €26.8m for sums to be paid for direct business;
- €1.5m for sums to be paid for inward reinsurance;
- €676.0m relating to index- and unit-linked policies – Class III;
- €374.6m arising out of pension fund management;
- €38.5m of sundry technical provisions, almost all of which related to amounts set aside for operating expenses.

G – Creditors and other liabilities

As at 30 June 2006 total creditors and other liabilities amounted to €219.2m, a decrease of €41.1m compared with 31 December 2005 (-15.8%).

Item G.I – Creditors arising out of direct insurance operations, of €15.1m, showed a net increase of €2.1m compared with the balance as at 31 December 2005 and was made up of €3.0m of payables to insurance intermediaries, €8.2m of payables to insurance companies, €2.6m of payables to policyholders for bonds and premiums and €1.3m of payables to guarantee funds in favour of policyholders.

'Sundry borrowings and creditors' (item G.V) amounted to €85.3m, a net increase of €2.0m compared with 31 December 2005 (+2.4%) and were made up of:

- amounts due for taxes payable by policyholders of €43.8m;
- amounts due for miscellaneous tax charges of €5.7m, €4.7m of which was for withholding tax;
- sundry borrowings and other financial creditors of €5.2m;
- amounts due to welfare and pension schemes of €5.9m;
- sundry payables of €24.7m, €12.5m of which was payable to suppliers.

Item G.VII – Other liabilities fell from €127.8m as at 31 December 2005 to €80.8m as at 30 June 2006, a net decrease of €47.0m (-36.8%).

This item mainly consisted of:

- additional commissions for the period of €24.7m;
- commissions for premium income currently being collected of €14.1m;
- the contra-entry for valuations and write-downs on transactions in derivatives in existence as at 30 June 2006 amounting to €13.3m;

- the balance on the internal liaison account between Life and Non-Life business, debited to Non-Life business, of €5.6m.

Guarantees, commitments and other memorandum accounts

The memorandum accounts as at 30 June 2006 amounted to €13,414.6m (€16,672.8m as at 31/12/2005) and were made up as shown in the following table (in €K):

Guarantees issued: surety bonds	452
Guarantees received: surety bonds	13,108
Guarantees received: collateral securities	29,597
Guarantees issued by third parties in favour of the Company	15,909
Commitments	2,131,735
Third party assets held in deposit	271
Assets pertaining to pension funds managed on behalf of third parties	269,055
Securities deposited with third parties	10,949,080
Other memorandum accounts	5,359
Total	13,414,566

The 'Commitments' account was composed mainly of the capital underlying the commitments on operations in derivatives being carried out at the end of the period.

Information on derivatives

In accordance with the instructions issued by ISVAP (Ruling 297 of 19/7/1996) and following the policy guidelines laid down by the Company's Board of Directors on 29 April 2005, derivatives were used during the first half of 2006 purely for the purpose of hedging the securities risk and the exchange rate risk, or in order to optimise portfolio management, and were not used for purely speculative purposes.

This was achieved by using the derivatives specified in the Board decision and applied to securities included in the portfolio.

All the operations were carried out with banking or similar counterparties of proven trustworthiness.

Derivative items current as at 30 June 2006 are shown in the following tables:

A. Derivative contracts involving forward capital swaps

The value attributed was made up of the settlement price for the contracts, in €K. In the case of operations in other currencies the agreed forward exchange rate was used:

Type of transaction	No. of transactions	Overall exposure
Currency resale agreements	18	214,404
Sale of put options	1	33,955
Purchases/sales of call options	15	357,862
Total	34	606,221

B. Derivative contracts not involving forward capital swaps

The value attributed was made up of the nominal value of the underlying capital, in €K. The exchange rate on 30 June 2006 was used for operations in other currencies:

Type of transaction	No. of transactions	Overall exposure
Purchases of cap interest rates	9	400,823
Sales of floor interest rates	1	50,000
Asset swaps	2	59,200
Interest rate swaps	3	130,000
Purchases/sales of swap options	2	250,000
Total	17	890,023

These operations related to the Euro, US Dollar, Swiss Franc, Pound Sterling and Yen.

As regards the results achieved on derivative operations during the period concerned, the following should be noted:

- net premiums received on unexercised options amounted to €6,302K;
- capital gains of €2,985K arising from trading linked to five options sold on listed shares and exercised on maturity were recorded;
- net charges arising from operations to hedge the exchange risk amounted to €828K;
- net income from interest rate swaps amounted to €2,555K;
- net charges arising from cap/floor options amounted to €613K.

The table below sets out the balances (in €K) of debtors and creditors, included in items C and E under assets and in item G under liabilities, with those due after 30 June of the following year shown separately in each category.

Item F under liabilities (Deposits received from reinsurers) relates to deposits set up as guarantees with ceding undertakings for the reinsurance risks accepted, the movements of

which (setting up and reimbursement) take place at annual or shorter intervals. The duration largely depends on the specific nature of the underlying insurance guarantees and the actual duration of the reinsurance agreements, the renewal of which is dealt with at the end of each year. All these amounts are therefore deemed to be due by 30 June of the following year.

ITEM C	Loans	Balance as at 30/6/2006	Amounts due after 30/6/2007
C.III.4	Other loans	48,321	38,740
	Total	48,321	38,740
ITEM E	Debtors		
E.I	Debtors arising out of direct insurance operations	276,705	24,917
E.II	Debtors arising out of reinsurance operations	21,329	-
E.III	Other debtors	64,448	1,064
	Total	362,481	25,981
ITEM G	Creditors		
G.I	Creditors arising out of direct insurance operations	15,101	-
G.II	Creditors arising out of reinsurance operations	11,254	-
G.IV	Amounts owed to credit institutions	192	-
G.V	Sundry borrowings and creditors	85,303	2,881
G.VII	Other liabilities	80,783	-
	Total	192,633	2,881

Notes on the Profit and Loss Account

Further information, in addition to that previously set out in the 'Business Interim Report' section, is given below.

As at 30 June 2006 gross premium income recorded amounted to €1,827.6m (€726.1m for Non-Life business and €1,101.4m for Life).

Reinsurance cessions amounted to €49.3m (€47.2m for Non-Life business and €2.1m for Life business).

The breakdown of premium income per class of business is shown in the first section of this report ('Business Interim Report').

At the end of the half year the provision for unearned premiums for Non-Life business amounted to €530.0m and, taking account of the movements in the portfolio, was down by -€0.3m compared with 31 December 2005 (the fall in the reinsurers' share being -€0.1m).

As at 30 June 2006 the provision for outstanding claims in Non-Life business amounted to €1,786.8m and, taking account of portfolio movements, was up by €64.3m compared with 31 December 2005 (the increase in the reinsurers' share being €1.6m).

As regards Life business, the mathematical provisions and the other technical provisions (including those in Class D) amounted to €7,171.4m and, taking account of portfolio movements, were up by €803.1m compared with 31 December 2005 (the increase in the reinsurers' share being +€0.6m); The provision for sums to be paid, which amounted to

€28.3m, recorded a variation of €6.3m compared with 31 December 2005 (the fall in the reinsurers' share being -€0.2m).

The amount of claims paid in Non-Life business amounted to €482.0m (the reinsurers' share being €23.8m). The variation in amounts recovered, net of the reinsurers' share, was €8.2m.

The sums paid out in Life business amounted to €338.2m (the reinsurers' share being €0.5m).

The item 'Other income', which totalled €84.1m (€64.7m as at 30/6/2005), was made up of amounts recovered on administrative expenses of €43.0m, interest receivable of €33.4m, exchange rate differences of €3.6m and other amounts recovered of €4.1m.

The item 'other charges', which totalled €74.6m, consisted of third-party charges of €42.4m, interest payable (mainly related to subordinated callable notes) of €19.5m, exchange rate differences of €4.2m, depreciation of €6.8m and other losses and sundry charges of €1.7m.

The balance on unrealised exchange rate differences was negative to the tune of €1m.

The table below shows investment income and charges as at 30 June 2006 (land and buildings, investments in Group undertakings and other participating interests and other financial investments being shown separately).

BREAKDOWN OF INVESTMENT INCOME AND CHARGES

(amounts in €K)

	Non-Life business	Life business	Total
Investment income from land and buildings	10,820		10,820
Investment charges from land and buildings	7,773		7,773
Total (A)	3,046		3,046
Investment income from Group undertakings and other participating interests	92,021	42,811	134,832
Investment charges from Group undertakings and other participating interests	6,737	945	7,683
Total (B)	85,284	41,865	127,149
Income from other financial investments	54,494	148,789	203,283
Charges from other financial investments	21,577	110,354	131,931
Total (C)	32,917	38,435	71,352
TOTAL (A+B+C)	121,247	80,301	201,548

Class D investment income and charges, bank interest and interest on subordinated callable notes are not included.

As at 30 June 2006 extraordinary income amounted to €81.0m and consisted of capital gains arising from trading in securities of €78.6m and capital gains on other disposals and unanticipated profits of €2.4m.

€18m of the capital gains from sales of securities related to Banca Nazionale del Lavoro ordinary shares and €60.6m to Banca Antonveneta ordinary shares, which were classified as long-term investments.

Extraordinary charges showed a balance of €29.9m and consisted mainly of the charges for

the current year pertaining to the bid for BNL (€29.1m).

Taxation for the half-year totalled €5.7m (€34.5m as at 30/6/2005), €2.2m of which was for IRES and €3.5m for IRAP.

The tax rate fell from 11.7% as at 30 June 2005 to 3% as at 30 June 2006, mainly owing to the incidence on gross profits of dividends received and of the capital gains realised on the sale of shares classified as long-term investments.

Other Information

Solvency margin

In view of how business is expected to develop, the solvency margin to be set up at the close of the 2006 financial year will amount to some €530m, €243m for Non-Life business and €287m for Life business. Both are amply covered by their respective items.

Assets matching technical provisions

In the case of Non-Life provisions, the sum to be covered as at 30 June 2006 was €2,277,848K and the relative matching assets were subdivided as follows:

Debt securities and similar securities	1,326,280
Equities and similar securities	286,757
Property sector	548,900
Debtors and other assets	84,652
Deposits	31,259
Total matching assets	2,277,848

In the case of Life provisions (excluding those referred to in Article 30 of Legislative Decree 174/95 and pension funds, which are matched by the assets in Class D on the balance sheet), the amount to be matched as at 30 June 2006 was €6,134,472K.

Matching assets can be broken down as follows:

Debt securities and similar securities	5,119,866
Equities and similar securities	1,006,018
Deposits	8,588
Total matching assets	6,134,472

These assets belong to categories of asset identified in the relevant ISVAP Rulings.

Relations with related parties. Atypical and/or unusual non-recurring operations

Operations with **related parties** carried out by Unipol Assicurazioni in the first half of 2006 are summarised in the following table, with holding companies, subsidiaries, associates, joint ventures and other related parties being shown separately.

The amounts of the individual operations are grouped according to type of relationship.

Information on transactions with related parties as at 30 June 2006

(amounts in €K)

	holding company	subsidiaries	joint- ventures	associates	other	Total	% incidence		
	(*)				(4)				
Assets									
Deposits with ceding undertakings	0	1,593	0	0	0	1,593	0.01 ⁽¹⁾	0.04 ⁽³⁾	
Investments relating to benefits linked to investment funds and market indices	0	1,561	0	0	0	1,561	0.01 ⁽¹⁾	0.04 ⁽³⁾	
Receivables and other assets	6,882	2,791,789	1	1	0	2,798,673	17.83 ⁽¹⁾	65.79 ⁽³⁾	
Total	6,882	2,794,943	1	1	0	2,801,827	17.85 ⁽¹⁾	65.86 ⁽³⁾	
Liabilities									
Other payables and other liabilities	2,564	3,624	2	0	0	6,190	0.04 ⁽¹⁾	0.15 ⁽³⁾	
Total	2,564	3,624	2	0	0	6,190	0.04 ⁽¹⁾	0.15 ⁽³⁾	
Income									
Income from other investments	13	5,155	2	0	0	5,170	2.76 ⁽²⁾	0.12 ⁽³⁾	
Other income	30	60,869	4	0	0	60,903	32.46 ⁽²⁾	1.43 ⁽³⁾	
Income from stocks and shares	0	125,905	0	0	0	125,905	67.11 ⁽²⁾	2.96 ⁽³⁾	
Capital gains on disposal of investments	0	22	0	0	0	22	0.01 ⁽²⁾	0.00 ⁽³⁾	
Total	43	191,951	6	0	0	192,000	102.34 ⁽²⁾	4.51 ⁽³⁾	
Charges									
Investment charges	0	1,550	0	0	0	1,550	0.83 ⁽²⁾	0.04 ⁽³⁾	
Other charges	0	42,125	0	0	0	42,125	22.45 ⁽²⁾	0.99 ⁽³⁾	
Extraordinary charges	0	3	0	0	0	3	0.00 ⁽²⁾	0.00 ⁽³⁾	
Claims-related charges	0	4,920	0	0	0	4,920	2.62 ⁽²⁾	0.12 ⁽³⁾	
Other acquisition costs	0	19	0	0	0	19	0.01 ⁽²⁾	0.00 ⁽³⁾	
Other administrative expenses	0	1,295	0	0	0	1,295	0.69 ⁽²⁾	0.03 ⁽³⁾	
Total	0	49,912	0	0	0	49,912	26.60 ⁽²⁾	1.17 ⁽³⁾	

(1) Incidence calculated on total assets of the balance sheet

(2) Incidence calculated on the net profit for the period

(3) Incidence calculated on total cash in-flow of the cash flow statement

(4) Including natural persons identified as related parties (Board members, statutory auditors, general managers, managers with strategic responsibilities and members of their respective families)

(*) Unipol Assicurazioni is controlled by Finsoe spa, which holds 50.79% of the ordinary share capital, and indirectly by Holmo spa, which holds 60.74% of the share capital of Finsoe.

The balances recorded in the table related only to Finsoe spa and were mainly for receivables arising out of participation in Finsoe spa's consolidated tax return.

The information relating to directors, statutory auditors, general managers and senior executives with strategic responsibilities does not include remuneration and fees for their appointments nor for the work they carried out.

It should also be mentioned that Unipol Assicurazioni had the usual relations with companies belonging to the Group covering coordination and:

- reinsurance and coinsurance with the subsidiaries and associates that carried out insurance activities;

- building rental;
- agency mandates;
- asset management;
- property management;
- IT services;
- secondment of staff;
- claims-handling and settlement;
- internal auditing services (ISVAP Circular 366/D/1999).

These relations, which did not include any operations that were atypical or unusual, were governed by normal market terms (with the exception of the secondment of staff, for which

the only payment was reimbursement of the actual cost, and of the provision of auxiliary services, which were mainly charged on the basis of the costs actually incurred and calculated on the basis of analytical accounting criteria).

Moreover these auxiliary activities enabled departments to be operated more rationally and the undertakings concerned to be provided with a better level of service.

The **non-recurring significant operations** that took place during the first half of 2006 were:

- sale to ABN AMRO NV of 10,856,573 Antonveneta shares at a price of €26.49627 per share, for a total countervalue of €287.7m. The capital gain realised was €62.1m;
- sale to BNP Paribas of 305,500,000 Banca Nazionale del Lavoro spa ordinary shares at a price of €2.925 per share, for a total countervalue of €893.6m. The capital gain realised was €40.2m.

The market was timely notified of these operations by means of press releases.

It should also be noted that in the first half of 2006 there were no **atypical and/or unusual** operations that, because of their significance, importance, nature of the counterparties, procedures for determining the price nor because they occurred close to the end of the half year, could give rise to doubts relating to the accuracy and completeness of the information in this half-yearly report, a conflict of interest, the safeguarding of the shareholders' equity nor the protection of minority shareholders.

Bologna, 13 September 2006

The Board of Directors

The Board of Statutory Auditors, having checked the accounts as required by law, made no remarks on the Report.

COMPANY: COMPAGNIA ASSICURATRICE UNIPOL S.p.A.

INFORMATION ON UNDERTAKINGS WHERE PARTICIPATING INTERESTS ARE HELD (*)

These data refer to the first six months of 2006

No	Type (1)	Listed or unlisted (2)	Type of business (3)	Name of company and registered office	Currency	Share capital		Value (5)	% holding held (7)		
						Amount (4)	No. of shares		(6) NL/L	Amount	Direct %
2	b	UL	1	Compagnia Assicuratrice Linear Spa - Bologna	EUR	19,300	19,300,000	21,506	80.00	20.00	100.00
4	b	UL	1	Quadrifoglio Vita Spa - Bologna	EUR	31,500	31,500,000	43,450	50.00		50.00
5	b	UL	1	Unisalute Spa - Bologna	EUR	17,500	17,500,000	27,494	92.44	6.04	98.48
8	b	UL	3	Unipol Banca Spa - Bologna	EUR	703,500	703,500,000	319,051	34.77		34.77
8	b	UL	3	Unipol Banca Spa - Bologna	EUR	703,500	703,500,000	319,051	34.77	14.99	49.76
10	b	UL	4	Midi Srl - Bologna	EUR	72,000	72,000,000	55,973	100.00		100.00
13	b	UL	4	Unifimm Srl - Bologna	EUR	43,350	85,000,000	45,200	100.00		100.00
18	d	UL	9	Hotel Villaggio CDM Spa - Terrasini (PA)	EUR	7,000	7,000,000	3,455	49.00		49.00
23	d	UL	2	Euresa Holding Sa - Lussemburgo	EUR	10,000	400,000	1,661	24.05		24.05
37	e	UL	1	Atlantis Sa - Barcellona (Spagna)	EUR	41,678	1,083,392	1,557	2.88		2.88
39	e	UL	1	Sagres Sa - Lisbona (Portogallo)	EUR	17,201	344,850	238	3.17		3.17
41	e	UL	2	P & V Holding Sa - Bruxelles (Belgio)	EUR	345,050	13,918,488	8,241	2.39		2.39
42	e	UL	1	Syneteristiki Insurance Sa - Atene (Grecia)	EUR	6,206	20,688,000	2,153	16.39		16.39
46	e	UL	2	The Co-operators Group Sa - Guelph (Canada)	CAD	28,813	288,907	1,232	6.94		6.94
50	e	UL	3	Banca di Bologna Scarl - Bologna	EUR	40,178	778,043	53	0.13		0.13
62	e	UL	9	Allnations Sa Ord - Ohio (USA)	USD	2,158	13,499	1	0.19		0.19
65	e	UL	9	Cestar Srl - Pero (MI)	EUR	2,040	4,000,000	76	3.68	10.76	14.43
66	e	UL	3	Banca Popolare Etica Scarl - Padova	EUR	18,443	357,150	52	0.28		0.28
68	e	UL	9	Fondazione CESAR - Bologna	EUR	258		258	100.00		100.00
70	e	UL	9	Inforcoop Scarl - Roma	EUR	797		22	2.73		2.73
77	e	UL	9	UCI Scarl - Milano	EUR	510	1,000,000	22	4.25	9.57	13.82
79	e	UL	1	Atlantis Vida Sa - Barcellona (Spagna)	EUR	9,616	96,162	1,203	12.50		12.50

(*) Please indicate Group undertakings, as well as undertakings where participating interests are directly held, including through fiduciary companies or third persons

(1) Type

- a = Holding companies
- b = Subsidiaries
- c = Joint-ventures
- d = Associates
- e = Other companies

(3) Type of business

- 1 = Insurance company
- 2 = Finance company
- 3 = Bank
- 4 = Property company
- 5 = Fiduciary company
- 6 = Manager or distributor for investment funds
- 7 = Consortium
- 8 = Industrial undertaking
- 9 = Other company or entity

(2) Please indicate L for securities listed in regulated markets and UL in all other cases

(4) Full amounts in original currency (thousand)

(5) Value indicated in the half-yearly report

(6) Please indicate:

NL - if investments are allocated to Non-Life business (item C.II.1)

L - if investments are allocated to Life business (item C.II.1)

L1 - if investments are allocated to Life business (item D.1)

L2 - if investments are allocated to Life business (item D.2)

Please give the same No. to shareholdings

split between Life and Non-Life businesses

(7) Please indicate the total % held

COMPANY: COMPAGNIA ASSICURATRICE UNIPOL S.p.A.

INFORMATION ON UNDERTAKINGS WHERE PARTICIPATING INTERESTS ARE HELD (*)

These data refer to the first six months of 2006 (amounts in €K)

No	Type	Listed or unlisted (2)	Type of business (3)	Name of company and registered office	Currency	Share capital		Value (5)		% holding held (7)	
						Amount (4)	No. of shares	(6) NL/L	Amount	Direct %	Indirect %
81	e	UL	2	Hopa Spa - Brescia	EUR	709,816	1,365,030,202	NL	175,153	7.13	7.13
87	b	UL	1	Navale Assicurazioni Spa - Milano	EUR	96,250	96,250,000	NL	131,647	99.80	99.80
95	e	UL	7	Consorzio Energia Fiera District - Bologna	EUR	21	14	NL	2	7.14	7.14
97	b	UL	1	BNL Vita Spa - Milano	EUR	130,000	26,000,000	L	66,141	20.00	20.00
97	b	UL	1	BNL Vita Spa - Milano	EUR	130,000	26,000,000	NL	99,212	30.00	30.00
104	e	UL	9	Previnet Spa - Mogliano V. (TV)	EUR	5,165	10,000	L	465	3.00	3.00
105	e	UL	2	Partisagres SGPS Sa - Lisbona (Portogallo)	EUR	7,500	1,500,000	NL	328	4.36	4.36
106	e	L	3	Banca Monte dei Paschi di Siena Spa - Siena	EUR	2,025,989	3,023,863,800	L	134,056	1.09	1.09
106	e	L	3	Banca Monte dei Paschi di Siena Spa - Siena	EUR	2,025,989	3,023,863,800	NL	101,782	0.90	0.90
111	b	UL	2	Smallpart Spa - Bologna	EUR	32,000	32,000,000	NL	16,000	50.00	50.00
111	b	UL	2	Smallpart Spa - Bologna	EUR	32,000	32,000,000	L	16,000	50.00	50.00
112	b	UL	1	Aurora Assicurazioni Spa - San Donato Milanese (MI)	EUR	248,347	919,802,899	NL	929,287	48.96	48.96
112	b	UL	1	Aurora Assicurazioni Spa - San Donato Milanese (MI)	EUR	248,347	919,802,899	L	335,916	17.70	17.70
115	b	UL	2	SRS Spa - Bologna	EUR	13,899	13,898,582	NL	27,988	75.21	100.00
116	e	UL	1	Actel Sa - Bruxelles (Belgio)	EUR	7,145	1,149,205	NL	22	0.09	0.09

COMPANY: Compagnia Assicuratrice UNIPOL S.p.A.

**Changes in investments in Group undertakings and participating interests:
stocks and shares (item C.II.1), debt securities (item C.II.2) and corporate financing (item C.II.3)**

These data refer to the first six months of 2006

(amounts in €K)

		Stocks and shares C.II.1	Debt securities C.II.2	Corporate financing C.II.3
As at 1 January	+ 1	2,209,140 ²¹	61,832 ⁴¹	0
Increases in the period	+ 2	9,650 ²²	19,910 ⁴²	0
through: purchase, subscription or financing	3	9,649 ²³	19,910 ⁴³	0
value re-adjustments	4	0 ²⁴	0 ⁴⁴	0
write-ups.....	5	1		
other changes	6	0 ²⁶	0 ⁴⁶	0
Decreases in the period:	- 7	249,125 ²⁷	7,080 ⁴⁷	0
through: sale or redemption	8	242,781 ²⁸	5,975 ⁴⁸	0
write-downs	9	6,344 ²⁹	107 ⁴⁹	0
other changes	10	0 ³⁰	998 ⁵⁰	0
Total	11	1,969,665 ³¹	74,663 ⁵¹	0
Market value	12	2,572,663 ³²	74,663 ⁵²	0
Total write-ups	13	10		
Total write-downs	14	109,070 ³⁴	0 ⁵⁴	0

(*) NL = table relating to Non-Life business

L = table relating to Life business

COMPANY: Compagnia Assicuratrice UNIPOL S.p.A.

**Changes in investments in Group undertakings and participating interests:
stocks and shares (item C.II.1), debt securities (item C.II.2) and corporate financing (item C.II.3)**

These data refer to the first six months of 2006

(amounts in €K)

		Stocks and shares C.II.1	Debt securities C.II.2	Corporate financing C.II.3
As at 1 January	+ 1	1,520,885	21 4,971	41 0
Increases in the period	+ 2	6,000	22 0	42 0
through: purchase, subscription or financing	3	6,000	23 0	43 0
value re-adjustments	4	0	24 0	44 0
write-ups	5	0		
other changes	6	0	26 0	46 0
Decreases in the period:	- 7	610,602	27 4,971	47 0
through: sale or redemption	8	610,602	28 4,971	48 0
write-downs	9	0	29 0	49 0
other changes	10	0	30 0	50 0
Total	11	916,283	31 0	51 0
Market value	12	1,253,946	32 0	52 0
Total write-ups	13	0		
Total write-downs	14	1,278	34 0	54 0

(*) NL = table relating to Non-Life business

L = table relating to Life business

COMPANY: Compagnia Assicuratrice UNIPOL S.p.A.

Breakdown of other financial investments into: stocks and shares in undertakings, units and shares in investment funds, bonds and other fixed-income securities, sundry financial investments (items C.III.1, 2, 3, 5) (*)

These data refer to the first six months of 2006

I - Non-Life business

(amounts in €K)

	Long-term portfolio		Short-term portfolio		Total	
	Value (1)	Market value	Value (1)	Market value	Value (1)	Market value
1. Stocks and shares in undertakings:						
a) listed stocks	66,856	57,471	25,496	27,229	92,352	84,700
b) unlisted stocks	0	0	0	0	0	0
c) shares	0	0	0	0	0	0
2. Units and shares in investment funds	7,584	4,691	44,634	44,634	52,218	49,325
3. Bonds and other fixed-income securities	400,400	386,103	892,451	893,606	1,292,851	1,279,709
a1) listed Government bonds	258,143	246,080	161,021	161,037	419,164	407,117
a2) other listed securities	122,031	119,287	728,988	730,127	851,019	849,414
b1) unlisted Government bonds	6,123	6,272	0	0	6,123	6,272
b2) other unlisted securities	14,103	14,464	948	948	15,051	15,412
c) convertible bonds	0	0	1,494	1,494	1,494	1,494
5. Other investments (2)	0	0	153,234	152,994	153,234	152,994

II - Life business

	Long-term portfolio		Short-term portfolio		Total	
	Value (1)	Market value	Value (1)	Market value	Value (1)	Market value
1. Stocks and shares in undertakings:						
a) listed stocks	0	0	416,561	417,223	416,561	417,223
b) unlisted stocks	0	0	0	0	0	0
c) shares	0	0	0	0	0	0
2. Units and shares in investment funds	6,225	6,302	35,998	36,995	42,223	43,297
3. Bonds and other fixed-income securities	1,687,442	1,594,632	3,045,364	3,049,308	4,732,806	4,643,940
a1) listed Government bonds	888,463	824,640	1,190,234	1,190,203	2,078,697	2,014,843
a2) other listed securities	798,939	769,947	1,853,944	1,857,883	2,652,883	2,627,830
b1) unlisted Government bonds	0	0	0	0	0	0
b2) other unlisted securities	40	45	1,186	1,222	1,226	1,267
c) convertible bonds	0	0	0	0	0	0
5. Other investments (2)	7,488	3,511	456,284	450,707	463,772	454,218

(1) Value indicated in the half-yearly accounts

(2) Including premiums for options purchased which, as their value is based on underlying assets/liabilities, may not be aligned to market values

(*) Deposits with credit institutions are not included in item C.III.5

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