

Compagnia Assicuratrice Unipol S.p.A.

Registered Offices – Via Stalingrado 45 – 40128 Bologna – Share capital € 965,513,627 fully paid-up.

Tax Code and Company Register in Bologna No 00284160371 – R.E.A. No 160304

Authorised to provide insurance services by M.D. 28 December 1962 (O.J. 15/18.1.63) and M.D. 29 April 1981 (O.J. 135/19.5.81)

Unipol Assicurazioni S.p.A. Half-Yearly Report as at 30 June 2005

Bologna, 12 September 2005

Translation from the original Italian text.

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COMPANY'S BOARDS AND OFFICIALS

	Honorary Chairman	Enea Mazzoli
Board of Directors (1)	Chairman and Managing Director (2)	Giovanni Consorte
	Vice Chairman and Managing Director (2)	Ivano Sacchetti
	Board Members	Antonio Silvano Andriani Jean Dominique Antoni (I) Francesco Boccetti Rocco Carannante (I) Claudio Casini Piero Collina Bruno Cordazzo Pier Luigi Fabrizi Jacques Forest Vanes Galanti Emilio Gnutti Claudio Levorato
	Secretary to the Board of Directors (2)	Roberto Giay
Remuneration Committee	Members	Vanes Galanti Massimo Pacetti Pier Luigi Stefanini
Internal Audit Committee	Members	Francesco Boccetti Rocco Carannante Giuseppe Solinas
General Managers (3)		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 (1)	Chairman	Umberto Melloni
	Members	Carlo Cassamagnaghi Luigi Capè
	Alternate Members	Marco Baccani Roberto Chiusoli
External Auditors (4)		K.P.M.G. spa

(1) Appointed by the Shareholders' Meeting of Unipol Assicurazioni on 29 April 2004.

(2) Appointed by the Board of Directors on 29 April 2004.

(3) Appointed by the Board of Directors on 12 September 2005.

(4) Mandate granted by the Shareholders' Meeting of Unipol Assicurazioni on 30 April 2003 (Second three-year period).

(I) Independent Board Members

Introduction

In the first six months of 2005, despite the international economic recovery, there were still concerns regarding the slowdown in growth in Japan and in the Euro zone. Inflation seems to be under control, although repeated rises in the cost of crude oil (which exceeded USD70 per barrel in August) could lead to an increase in current international levels of inflation.

A fall of 0.5% was registered in the Italian GDP for the first quarter of 2005, compared with the previous quarter (which was also negative). The resulting annualised figure was minus 0.2%. GDP estimates for the second quarter of 2005 are moderately optimistic in nature. The GDP recorded a slight increase (+0.5%) within the Euro zone over the same period of time, corresponding to an annualised increase of 1.3%.

The review of Italian accounts by Eurostat (the EU's statistical body), in particular of the general Government deficit, revealed the existence of a deficit in excess of the 3% reference value and resulted in the application of the excessive deficit procedure. New measures now need to be taken in Italy that will result in a return to levels below European reference values within two years.

In June, and after five months of the annualised rate remaining stable at +1.9%, Italian inflation fell to +1.8%, the lowest figure since September 1999. However, the figure for July had already increased to 2.1% as had been feared.

The trend in families continuing to cut down on consumption of primary goods, such as food, also continued during this period (the customer confidence index is at its lowest level since June 2004).

The most recent retail sales figure, relating to May, highlighted an increase of 0.7% compared with the previous month (the figure for April was a drop of 3.9%). On an annual basis, the sales decrease was close to a single percentage point.

As a counterpoint to the fall in Italian price dynamics an increase was recorded in the corresponding Euro zone figure: +2.1% compared with +1.9% in May.

During the first quarter of 2005 the Italian unemployment rate fell by 0.4% to 8.2% compared with the same period of 2004.

Uncertainties continued to permeate the financial markets, on account of economic fundamentals and the uncertain international outlook.

The US Central Bank steadily increased its own official rates, raising them to 3.25% on 30 June, up from 2.25% at the start of the year. The FED's intention to maintain this restrictive policy over the next few months was confirmed on 9 August, with a further quarter point increase: the Fed Fund currently stands at 3.50%. The Bank of England also made a change to its own reference rates on 4 August, lowering them from 4.75% to 4.5%. The ECB has not made any changes to its own rates since 6 June 2003, keeping the European refinancing rate steady at 2%.

Compared with levels at the end of 2004, medium to long-term rates fell in all macro-zones. This was particularly true in the Euro zone where they fell by more than 50 points.

The Euro is still very strong against the US dollar, even if its value has fallen compared with end of 2004 levels (1.36 compared with 1.21 as at 30 June).

In the first six months of 2005, European Stock Exchanges have reported an average performance of +9.7% and, in particular, the Milan Stock Exchange rose by 5.1%, while the London Stock Exchange rose by 6.2%. The New York Stock Exchange recorded a fall of 4.7%. It should be pointed out that the increased value of the dollar permitted European investors to post positive returns on the US Stock Exchange equal to 7%. The Tokyo Stock Exchange posted a modest positive increase (+ 0.8%).

In spite of the terrorist attacks of July, the trend for international Stock Exchanges is still positive.

The final figures for the 2004 insurance market, provided by ISVAP on 19 May 2005, highlight an increase in premiums for direct Italian business of 4.2% (or €101bn), which is significantly down on the figure of +10.6% for 2003.

Non-Life premium income increased by 3.5% (+5.5% in 2003) and totalled €35.4bn. The increase in premiums in Motor TPL business was 2.5% (+6% in 2003), a figure that is consistent with the growth in the number of vehicles (estimated at +2%) and with a slight increase in prices.

Following an extremely uncertain trend during the first three quarters of 2004, Life premium income ended the year raising €65.6bn or +4.5% (+13.5% in 2003) compared with an increase of 7.7% in premiums for traditional policies (Class I). A fall of 6.8% was registered in index- and unit-linked policies (Class III), which had been up by 8.1% the previous year.

The traditional sales channel reported higher growth rates (+11.3%). The bancassurance channel displayed strong indications of a slowdown, reporting an increase of just 3.7% over the year, and premium income from financial advisers was significantly down (-10.6%).

Non-Life and Life market premium income (data distributed by ISVAP as at 18/7/2005) rose by 13.7% during the first quarter of 2005, compared with the same period of 2004 when the growth rate was only 0.2%. The change is linked to the significant increase in Life business, which registered a growth rate of 21.3%, whereas Non-Life premium income rose by 0.8%.

As regards Life business, it should be noted that in the same period of 2004 a decrease of 1.4% was recorded.

Breakdown of Life premiums by distribution channel showed post and bank outlets augmenting the role of main distribution channel. Indeed, premium income via this channel was up by +35% over the quarter (it should be noted that premium income from bank outlets for the first six months of 2004 had decreased by -7.7%).

In Non-Life business, Motor business reported an increase of 0.3% and non-motor business reported a small rise (+1.65%).

The main regulations-related news for the period, applicable to the insurance sector, are listed below:

- ISVAP Circular 551/D of 1 March 2005 entitled 'Provisions relating to transparency of Life insurance contracts', which introduced multiple changes to the 'Notice to policyholders' and the 'Summary schedule' (outlining the fundamental characteristics of the contract in terms that the potential policyholder can understand easily);
- ISVAP Ruling 2340 of 21 March 2005, which outlined provisions relating to correct solvency calculations for an insurance company and for verifying the solvency of its holding company. The Ruling amends previous ISVAP Ruling 2050 of 26 February 2002;

- ISVAP Circular 555/D of 17 May 2005, covering provisions relating to compulsory Motor TPL insurers. In particular, consumer protection was increased in compulsory Motor TPL business, making it compulsory to indicate the universal conversion category, thereby guaranteeing comparability between no-claims bonuses for motorcycles and mopeds too, and permitting policyholders to be treated uniformly and each vehicle's insurance history to be recorded.

In addition, the 2004 EC Law (Law 62 of 18/4/2005, published in Official Journal 96 of 27/4/2005) came into force on 12 May 2005. This covered new rules on privileged information and on market abuse which, by amending the Draghi Law (Legislative Decree 58/98), Legislative Decree 231/01, the Codice Civile [Civil Code] and the Codice di Procedura Penale [Criminal Procedure Code], enabled individuals with access to confidential information or to information that could influence the performance of securities (financial analysts, rating agencies, journalists) to be monitored. CONSOB powers to carry out preliminary examinations were extended and administrative penalties were increased.

On 22 June, CONSOB published three resolutions intended to adapt its own preliminary examinations and the relevant sanctions to the principles introduced by the new Law.

The Council of Ministers approved the new Codice delle Assicurazioni [Insurance Code] by Legislative Decree on 2 September 2005. It will come into force on 1 January 2006. The Code consists of 355 Articles and results in a simplification and reorganisation of the sector. The following are among the most significant changes:

- An obligation on the part of an injured party to request compensation directly, with respect both to all material losses and to minor injuries, from the person of the non-liable driver and from his/her insurer, which will then recover the monies from the insurer of the person who is liable for the losses. (The new scheme will come into effect once the enforcement orders have been approved by the Government);
- The introduction of new rules for the benefit of policyholders, such as transparency of the terms and conditions of the contract and rules regulating behaviour for which the company and the intermediaries are responsible;

- *Compensation for passengers from the vehicle insurers;*
- *Reimbursement of the premium in the event of the sale or theft of a vehicle, for the period up until the contract expires;*
- *Establishment of a single public register of all the insurance intermediaries (agents, brokers, banks, post offices and their distance-selling operators) managed by ISVAP;*
- *Establishment at ISVAP of an Italian Information Centre, with a view to assisting injured parties with losses incurred in a country other than the one in which they usually live.*



The half-yearly consolidated report on Unipol Assicurazioni's business performance is drafted in compliance with the provisions issued on the matter by ISVAP and by CONSOB and is subject to limited review by the auditor, KPMG spa, which is also responsible for reviewing the accounts for the three-year period between 2003 and 2005.

The following table shows Group highlights over the six-month period.

UNIPOL ASSICURAZIONI - HIGHLIGHTS

(€m)

	30 June 2005	31 December 2004	30 June 2004	31 December 2003
Gross premiums	1,746.2	2,648.7	1,517.3	2,454.2
<i>variation %</i>	<i>15.1 (1)</i>	<i>7.9</i>	<i>14.3 (1)</i>	<i>29.1</i>
Direct premiums	1,718.9	2,590.5	1,482.1	2,399.3
<i>variation %</i>	<i>16.0 (1)</i>	<i>8.0</i>	<i>14.7 (1)</i>	<i>31.2</i>
Payments (claims, amounts due out of maturity, surrender, annuity)	720.5	1,417.2	667.9	1,230.3
<i>variation %</i>	<i>7.9 (1)</i>	<i>15.2</i>	<i>12.8 (1)</i>	<i>2.5</i>
Non-Life direct business - Loss ratio %	73.6	70.7	72.7	71.0
Operating expenses	184.3	362.7	178.0	345.9
<i>variation %</i>	<i>3.5 (1)</i>	<i>4.9</i>	<i>4.9 (1)</i>	<i>10.5</i>
Expense ratio %	10.6	13.7	11.7	14.1
Combined ratio % - Direct business (3)	95.7	92.2	94.0	92.4
Net investment income and capital gains				
-excluding Class 'D' and value adjustments	375.4	311.3	192.2	322.3
<i>variation %</i>	<i>95.3 (1)</i>	<i>-3.4</i>	<i>-4.0 (1)</i>	<i>23.2</i>
-excluding Class 'D', including value adjustments	354.4	273.2	165.4	271.9
<i>variation %</i>	<i>114.3 (1)</i>	<i>0.5</i>	<i>-15.1 (1)</i>	<i>37.8</i>
Profit before taxation	295.1	211.2	135.7	209.1
<i>variation %</i>	<i>117.4 (1)</i>	<i>1.0</i>	<i>-7.6 (1)</i>	<i>19.5</i>
Net profit	260.6	175.6	117.0	134.1
<i>variation %</i>	<i>122.8 (1)</i>	<i>30.9</i>	<i>29.3 (1)</i>	<i>30.1</i>
Net profit-to-premiums ratio (%)	14.9	6.6	7.7	5.5
Total dividends		132.5		115.7
<i>variation %</i>		<i>14.5</i>		<i>103.3</i>
Dividend per ordinary share		0.1400		0.1250
<i>variation %</i>		<i>12.0</i>		<i>13.6</i>
Dividend per preference share		0.1452		0.1302
<i>variation %</i>		<i>11.5</i>		<i>13.0</i>
Investments, cash and cash equivalents	11,200.9	9,885.4	9,569.9	8,865.9
<i>variation %</i>	<i>13.3 (2)</i>	<i>11.5</i>	<i>7.9 (2)</i>	<i>36.9</i>
Technical provisions	8,056.3	7,077.2	6,821.4	6,091.5
<i>variation %</i>	<i>13.8 (2)</i>	<i>16.2</i>	<i>12.0 (2)</i>	<i>18.9</i>
Technical provisions-to-premiums ratio				
- Non-Life		149.9		147.5
- Life		408.8		376.3
- Non-Life+Life		267.2		248.2
Capital and reserves	2,823.3	2,602.9	2,538.4	2,529.5
<i>variation %</i>	<i>8.5 (2)</i>	<i>2.9</i>	<i>0.4 (2)</i>	<i>82.3 (5)</i>
No agents as at 30.06	769.0	775.0	771.0	769.0
No sub-agents as at 30.06	1,222.0	1,207.0	1,160.0	1,124.0
No staff as at 30.06 (excluding salespersons) (4)	1,510.0	1,472.0	1,436.0	1,418.0
No FTE (full time equivalent) employees	1,449.0	1,410.0		

(1) Variation on the first half-year of the previous financial year (%)

(2) Variation on 31/12 of the previous financial year (%)

(3) Loss ratio and expense ratio on Non-Life premiums

(4) No salespersons as at 30/06/05: 19

(5) The capital increase carried out during the third quarter of 2003 increased the shareholders' equity by €1,054m

Variation % over the profits before taxation as at 30 June 2004 and 31 December 2004 are affected by the tax reform introduced as of 1/1/2004 by Legislative Decree 344/2003 regarding taxation on dividends and abolition of tax credit on the same.

Unipol Assicurazioni S.p.A.
Half-Yearly Report as at 30 June 2005

BALANCE

ASSETS	As at 30 June 2005	As at 30 June 2004	As at 31 December 2004
A. Subscribed share capital unpaid	1 0	75 0	149 0
B. Intangible assets			
1. Deferred acquisition costs	2 31,054	76 31,873	150 31,168
2. Other assets	3 8,255	77 9,709	151 8,302
Total	4 39,309	78 41,582	152 39,470
C. Investments			
I - Land and buildings	5 502,817	79 579,860	153 613,568
II - Investments in Group undertakings and other participating interests			
1. Stocks and shares	6 3,589,958	80 3,146,604	154 3,177,945
2. Debt securities	7 71,336	81 32,944	155 54,972
3. Corporate financing	8 0	82 0	156 0
Total	9 3,661,295	83 3,179,548	157 3,232,917
III - Other financial investments			
1. Stocks and shares	10 667,699	84 471,848	158 409,743
2. Units and shares in investment funds	11 67,380	85 84,521	159 91,656
3. Bonds and other fixed-income securities	12 4,315,807	86 4,170,700	160 4,278,098
4. Loans	13 52,441	87 55,524	161 54,233
5. Other financial investments	14 646,759	88 118,047	162 371,970
Total	15 5,750,086	89 4,900,639	163 5,205,700
IV - Deposits with ceding undertakings	16 22,989	90 24,088	164 22,815
Total	17 9,937,186	91 8,684,135	165 9,075,001
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	18 619,412	92 573,168	166 581,082
II - Investments arising out of pension fund management	19 314,588	93 70,574	167 111,270
Total	20 934,000	94 643,742	168 692,352
D. bis Technical provisions - reinsurers' share			
I - Technical provisions - Non-Life business	21 101,763	95 105,883	169 103,771
II - Technical provisions - Life business (except those at item III)	22 2,907	96 2,275	170 2,210
III - Technical provisions of Life business where investment risk is borne by policyholders, and pension fund management provisions	23 0	97 0	171 0
Total	24 104,670	98 108,158	172 105,980
E. Debtors			
I - Debtors arising out of direct insurance operations	25 282,391	99 301,015	173 331,427
II - Debtors arising out of reinsurance operations	26 23,755	100 26,185	174 31,419
III - Other debtors	27 73,010	101 109,123	175 100,498
Total	28 379,156	102 436,323	176 463,344
F. Other assets			
I - Tangible assets and stocks	29 13,983	103 14,818	177 15,331
II - Cash at bank and in hand	30 329,665	104 242,014	178 118,013
III - Own shares	31 0	105 0	179 0
IV - Other assets	32 92,390	106 96,577	180 42,990
Total	33 436,037	107 353,409	181 176,333
G. Prepayments and accrued income	34 60,234	108 65,497	182 46,561
TOTAL ASSETS	35 11,890,593	109 10,332,846	183 10,599,041

SHEET

(Amounts in €K)

LIABILITIES	As at 30 June 2005	As at 30 June 2004	As at 31 December 2004
A. Capital and reserves			
I - Subscribed share capital or equivalent funds	36 965,514	110 911,636	184 916,459
II - Share premium reserve	37 1,228,795	111 1,158,492	185 1,161,871
III - Legal reserve	38 84,654	112 67,095	186 67,095
IV - Other reserves	39 283,771	113 284,243	187 281,932
V - Profit (loss) brought forward	40 0	114 0	188 0
VI - Profit (loss) for the period	41 260,576	115 116,951	189 175,586
Total	42 2,823,310	116 2,538,417	190 2,602,943
B. Subordinated liabilities	43 600,000	117 600,000	191 600,000
C. Technical provisions			
I - Non-Life business			
1. Provision for unearned premiums	44 519,983	118 497,748	192 519,447
2. Provision for claims outstanding	45 1,724,536	119 1,621,637	193 1,649,473
3. Sundry technical provisions	46 1,184	120 1,115	194 1,639
4. Equalization provisions	47 1,026	121 919	195 881
Total - Non-Life business	48 2,246,728	122 2,121,419	196 2,171,441
II - Life business			
1. Mathematical provisions	49 4,820,407	123 4,000,750	197 4,156,459
2. Provision for amounts payable	50 18,499	124 23,049	198 24,279
3. Sundry technical provisions	51 36,714	125 32,412	199 32,679
Total - Life business	52 4,875,620	126 4,056,212	200 4,213,417
Grand total	53 7,122,347	127 6,177,631	201 6,384,858
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	54 619,412	128 573,168	202 581,082
II - Pension fund management provisions	55 314,588	129 70,574	203 111,270
Total	56 934,000	130 643,742	204 692,352
E. Provisions for other risks and charges	57 18,393	131 15,670	205 17,923
F. Deposits received from reinsurers	58 39,829	132 38,172	206 39,143
G. Creditors and other liabilities			
I - Creditors arising out of direct insurance operations	59 32,983	133 25,873	207 13,406
II - Creditors arising out of reinsurance operations	60 10,713	134 9,227	208 12,336
III - Debenture loans	61 0	135 0	209 0
IV - Amounts owed to credit institutions	62 0	136 271	210 0
V - Sundry borrowings and creditors	63 101,935	137 101,474	211 96,549
VI - Staff leaving indemnity	64 26,053	138 25,913	212 24,366
VII - Other liabilities	65 156,620	139 130,376	213 86,385
Total	66 328,303	140 293,133	214 233,042
H. Accruals and deferred income	67 24,410	141 26,081	215 28,779
TOTAL LIABILITIES	68 11,890,593	142 10,332,846	216 10,599,041

GUARANTEES, COMMITMENTS AND OTHER MEMORANDUM ACCOUNTS

I - Guarantees issued by the Company	69 456	143 9,296	217 8,563
II - Guarantees received/issued by third parties in favour of consolidated undertakings	70 55,083	144 55,305	218 55,028
III - Commitments	71 2,630,142	145 2,349,783	219 1,934,816
IV - Pension fund assets managed on behalf of third parties	72 226,409	146 282,805	220 167,394
V - Other memorandum accounts	73 9,811,450	147 8,898,008	221 8,932,991
TOTAL MEMORANDUM ACCOUNTS	74 12,723,539	148 11,595,196	222 11,098,792

PROFIT AND

	As at 30 June 2005	As at 30 June 2004	As at 31 December 2004
I. TECHNICAL ACCOUNT - NON-LIFE INSURANCE BUSINESS			
1. Earned premiums, net of reinsurance	1 669,356 ⁵⁷	656,337 ¹¹³	1,321,139
2. (+) Allocated investment return transferred from the non-technical account (item III.6)	2 81,870 ⁵⁸	34,517 ¹¹⁴	28,135
3. Other technical income, net of reinsurance	3 746 ⁵⁹	386 ¹¹⁵	2,234
4. Claims incurred, net of sums recoverable and reinsurance	4 504,079 ⁶⁰	491,685 ¹¹⁶	959,643
5. Changes in other technical provisions, net of reinsurance	5 -32 ⁶¹	-7 ¹¹⁷	-27
6. Bonuses and rebates, net of reinsurance	6 447 ⁶²	-37 ¹¹⁸	1,159
7. Operating expenses:			
a) Acquisition costs, net of reinsurance commissions and profit sharing	7 99,708 ⁶³	92,542 ¹¹⁹	191,172
b) Administrative expenses	8 43,718 ⁶⁴	42,666 ¹²⁰	86,468
Total	9 143,426 ⁶⁵	135,209 ¹²¹	277,640
8. Other technical charges, net of reinsurance	10 428 ⁶⁶	393 ¹²²	1,707
9. Change in the equalization provisions	11 144 ⁶⁷	132 ¹²³	94
10. Balance on the technical account for Non-Life insurance business	12 103,480 ⁶⁸	63,867 ¹²⁴	111,292
II. TECHNICAL ACCOUNT - LIFE ASSURANCE BUSINESS			
1. Written premiums, net of reinsurance	13 1,027,190 ⁶⁹	806,352 ¹²⁵	1,197,751
2. Investment income			
a) Income from investments	14 148,894 ⁷⁰	109,441 ¹²⁶	194,126
b) Value re-adjustments on investments	15 3,412 ⁷¹	6,118 ¹²⁷	11,487
c) Realized gains on investments	16 36,292 ⁷²	13,656 ¹²⁸	40,058
Total	17 188,597 ⁷³	129,215 ¹²⁹	245,671
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 30,932 ⁷⁴	15,923 ¹³⁰	49,618
4. Other technical income, net of reinsurance	19 3,199 ⁷⁵	3,136 ¹³¹	6,184
5. Claims incurred, net of reinsurance	20 257,450 ⁷⁶	240,412 ¹³²	512,617
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	21 610,752 ⁷⁷	582,026 ¹³³	740,345
b) Technical provisions where investment risk is borne by policyholders and pension fund management provisions	22 241,903 ⁷⁸	46,466 ¹³⁴	95,663
Total	23 852,655 ⁷⁹	628,492 ¹³⁵	836,008
7. Bonuses and rebates, net of reinsurance	24 424 ⁸⁰	423 ¹³⁶	544
8. Operating expenses:			
a) Acquisition costs, net of reinsurance commissions and profit sharing	25 14,335 ⁸¹	14,842 ¹³⁷	27,195
b) Administrative expenses	26 10,575 ⁸²	10,188 ¹³⁸	21,514
Total	27 24,909 ⁸³	25,029 ¹³⁹	48,709

LOSS ACCOUNT

(Amounts in €K)

	As at 30 June 2005	As at 30 June 2004	As at 31 December 2004
9. Investment charges:			
a) Investment management charges, including interest payable	28 10,018 ⁸⁴	6,332 ¹⁴⁰	15,672
b) Value adjustments on investments	29 24,283 ⁸⁵	25,695 ¹⁴¹	12,619
c) Realized losses on investments	30 7,280 ⁸⁶	2,031 ¹⁴²	5,242
Total	31 41,581 ⁸⁷	34,058 ¹⁴³	33,534
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 5,837 ⁸⁸	3,445 ¹⁴⁴	6,654
11. Other technical charges, net of reinsurance	33 790 ⁸⁹	406 ¹⁴⁵	757
12. (-) Allocated investment return transferred to the non-technical account (item III. 4)	34 28,038 ⁹⁰	18,817 ¹⁴⁶	44,592
13. Balance on the technical account for Life assurance business	35 38,234 ⁹¹	3,543 ¹⁴⁷	15,809
III. NON-TECHNICAL ACCOUNT			
1. Balance on the technical account for Non-Life business (item I.10)	36 103,480 ⁹²	63,867 ¹⁴⁸	111,292
2. Balance on the technical account for Life business (item II.13)	37 38,234 ⁹³	3,543 ¹⁴⁹	15,809
3. Investment income - Non-Life insurance business			
a) Income from investments	38 161,016 ⁹⁴	75,701 ¹⁵⁰	100,638
b) Value re-adjustments on investments	39 8,516 ⁹⁵	205 ¹⁵¹	281
c) Capital gains on disposals of investments	40 31,660 ⁹⁶	10,379 ¹⁵²	14,511
Total	41 201,192 ⁹⁷	86,285 ¹⁵³	115,430
4. (-) Allocated investment return transferred from Life assurance technical account (item II. 12)	42 28,038 ⁹⁸	18,817 ¹⁵⁴	44,592
5. Investment charges - Non-Life insurance business			
a) Investment management charges, including interest payable	43 6,981 ⁹⁹	5,710 ¹⁵⁵	13,520
b) Value adjustments on investments	44 8,594 ¹⁰⁰	7,484 ¹⁵⁶	37,347
c) Capital losses on disposals of investments	45 16,572 ¹⁰¹	1,135 ¹⁵⁷	6,169
Total	46 32,146 ¹⁰²	14,329 ¹⁵⁸	57,037
6. (-) Allocated investment return transferred to Non-Life insurance technical account (item I. 2)	47 81,870 ¹⁰³	34,517 ¹⁵⁹	28,135
7. Other income	48 64,706 ¹⁰⁴	39,209 ¹⁶⁰	71,960
8. Other charges	49 76,888 ¹⁰⁵	47,974 ¹⁶¹	97,758
9. Balance on ordinary activities	50 244,745 ¹⁰⁶	114,900 ¹⁶²	176,153
10. Extraordinary income	51 50,650 ¹⁰⁷	21,270 ¹⁶³	39,772
11. Extraordinary charges	52 330 ¹⁰⁸	459 ¹⁶⁴	4,717
12. Balance on extraordinary activities	53 50,320 ¹⁰⁹	20,811 ¹⁶⁵	35,054
13. Profit before taxation	54 295,065 ¹¹⁰	135,711 ¹⁶⁶	211,207
14. Tax on profit	55 34,489 ¹¹¹	18,760 ¹⁶⁷	35,621
15. Profit (loss) for the period	56 260,576 ¹¹²	116,951 ¹⁶⁸	175,586

Business Interim Report

Unipol Assicurazioni's business showed very positive growth in the first half of the year and the Company's result for the period was distinctly up on the previous financial year.

The main features of business performance, which ended showing net profits of €260.6m as against €117m as at 30 June 2004, were:

A. rate of growth of premium income for direct business of 16% compared with the previous six-month period (2.1% for Non-Life business and 27.7% for Life business). By the end of the first half of 2005 premium income had reached €1,746.2m (€1,718.9m of which was for direct business) or €1,696.5m net of premiums ceded and was split up as follows:

Premium income (€ million)	Non-Life	Life	Total	Var.%
Direct business	692.4	1,026.4	1,718.9	+16.0
Inward reinsurance	24.4	2.9	27.4	-22.4
	716.9	1,029.4	1,746.2	+15.1
Ceded premiums	47.6	2.2	49.7	-0.6
Retained premiums	669.3	1,027.2	1,696.5	+15.6
Composition %	39.5	60.5	100.0	

B. a positive result for technical insurance business of €141.7m, including operating expenses and investment income transferred from the non-technical account, compared with €67.4m as at 30 June 2004; Life business accounting for +€34.7m and Non-Life business for +€39.6m;

C. a reduction in the incidence of operating expenses on premium income (10.6% compared with 11.7% as at 30/6/2004). These expenses, which included acquisition and renewal commissions and other acquisition costs and administrative expenses, totalled €184.3m (+3.5%). Net of commissions from reinsurers, these amounted to €168.3m;

D. an increase in investments and liquid assets, which reached €11,200.9m (net of value adjustments), of which €934m relating to Class 'D' investments, an increase of €1,315.5m compared with 31 December 2004 (+13.3%) and of €1,631m compared with 30 June 2004 (+17%);

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 €281.5m compared with €164.2m as at 30 June 2004, an increase of 71.5%.

Net ordinary and extraordinary income from investments, including net capital gains, less value adjustments and excluding net income relating to class D, which came to €25.1m, amounted to €354.4m (+114.3% compared with 30/6/2004).

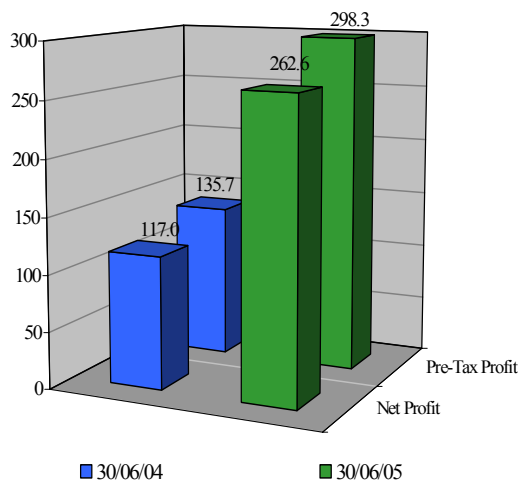
F. technical provisions set aside from Life and Non-Life business, which by the end of the first half of 2005 had reached a total of €8,056.3m (+13.8% compared with 31/12/2004) and €7,951.7m (+14.1%) if considered net of the reinsurers' share;

G. a balance on ordinary activities of €244.7m, compared with €114.9m in the first six-month period of 2004 (+113%); a result for extraordinary business rising from €20.8m as at 30 June 2004 to €50.3m as at 30 June 2005 (+141.8%);

H. pre-tax profits (of €295.1m, compared with €135.7m as at 30 June 2004 (+117.4%) and net profits for the period of €260.6m compared with €117m as at 30 June 2004, a growth of 122.8%;

I. tax charges for the period rose from €18.8m as at 30 June 2004 to €34.5m as at 30 June 2005, whilst the tax rate fell from 13.8% to 11.7%.

PROFIT (€ million)



The main items of both balance sheet and profit and loss account for the first half of 2005, 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 to be seen in relation to seasonal phenomena connected with the Company's insurance activities, with underwriting policies and tariff adjustments adopted and with the trend in the financial markets.

As regards the events linked to the holding in Banca Nazionale del Lavoro spa, you are referred to the section entitled 'Significant Events after 30 June 2005 and Business Outlook' in this Report and to the section entitled 'Business Interim Report' in the Unipol Assicurazioni Group's Consolidated Half-yearly Report as at 30 June 2005.

UNIPOL ASSICURAZIONI - RECLASSIFIED BALANCE SHEET

(€K)

	30 June 2005	30 June 2004	31 December 2004
ASSETS			
Intangible assets	39,309	41,582	39,470
Investments and liquid assets			
Land and buildings	502,817	579,860	613,568
Investments in Group undertakings and other participating interests	3,661,295	3,179,548	3,232,917
Debt securities	4,315,807	4,170,700	4,278,098
Other financial investments	1,434,279	729,940	927,601
Deposits with ceding undertakings	22,989	24,088	22,815
Cash at bank and in hand	329,665	242,014	118,013
Total investments and liquid assets	10,266,851	8,926,149	9,193,013
Class 'D' investments	934,000	643,742	692,352
Debtors			
Arising out of direct insurance and reinsurance operations	306,146	327,200	362,846
Other debtors	73,010	109,123	100,498
Total debtors	379,156	436,323	463,344
Other assets	118,032	115,573	104,882
TOTAL ASSETS	11,737,348	10,163,369	10,493,061
LIABILITIES AND SHAREHOLDERS' EQUITY			
Paid-up share capital and free reserves	2,562,734	2,421,466	2,427,357
Net profit (loss) for the half-year	260,576	116,951	175,586
Subordinated liabilities	600,000	600,000	600,000
Net technical provisions			
Non-Life	2,144,964	2,015,536	2,067,670
Life	4,872,713	4,053,936	4,211,207
Total technical provisions	7,017,677	6,069,472	6,278,878
Class 'D' net technical provisions	934,000	643,742	692,352
Provisions for other risks and charges	18,393	15,670	17,923
Creditors and other liabilities			
Arising out of direct insurance and reinsurance operations	83,525	73,272	64,885
Sundry borrowings and other financial creditors	11,391	14,599	15,085
Provision for staff leaving indemnity	26,053	25,913	24,366
Other creditors	90,543	87,145	81,464
Other liabilities	132,455	95,138	115,165
Total creditors and other liabilities	343,968	296,067	300,965
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	11,737,348	10,163,369	10,493,061

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

	30 June 2005			30 June 2004			31 December 2004		
	Life	Non-Life	Total	Life	Non-Life	Total	Life	Non-Life	Total
TECHNICAL ACCOUNT									
Gross direct business									
(+) Written premiums	1,026,413	692,446	1,718,860	803,823	678,232	1,482,055	1,195,851	1,394,663	2,590,514
(-) Change in technical provisions and prov. for unearned premiums	853,240	1,898	855,138	628,971	4,459	633,430	836,354	26,788	863,141
(-) Claims paid	255,830	508,853	764,683	238,454	489,711	728,164	511,085	967,594	1,478,679
(+) Balance on other technical items	2,409	333	2,742	2,729	(6)	2,723	5,440	439	5,880
(-) Operating expenses	24,573	152,723	177,296	24,708	144,778	169,486	48,402	300,804	349,205
(+) Net investment income excluding Class 'D' (1)	118,978	81,870	200,849	76,340	34,517	110,857	167,530	28,135	195,665
(+) Class 'D' net investment income (2)	25,095		25,095	12,478		12,478	42,963		42,963
Balance on gross direct business	39,253	111,175	150,428	3,238	73,796	77,034	15,944	128,052	143,996
Balance on outward reinsurance	(750)	(8,855)	(9,605)	(63)	(10,190)	(10,253)	(542)	(17,176)	(17,718)
Balance on net indirect business	(270)	1,161	891	369	260	628	407	416	823
Balance on the technical account	38,234	103,480	141,714	3,543	63,867	67,410	15,809	111,292	127,101
NON-TECHNICAL ACCOUNT									
(+) Investment income (3)			115,213			56,287			74,882
(+) Other income			64,706			39,177			71,929
(-) Other charges			76,888			47,974			97,758
Balance on ordinary activities			244,745			114,900			176,153
(+) Extraordinary income			50,650			21,270			39,772
(-) Extraordinary charges			330			459			4,717
Profit before taxation			295,065			135,711			211,207
(-) Tax on profit			34,489			18,760			35,621
NET PROFIT (LOSS)			260,576			116,951			175,586

(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.

Insurance Business

Premium income

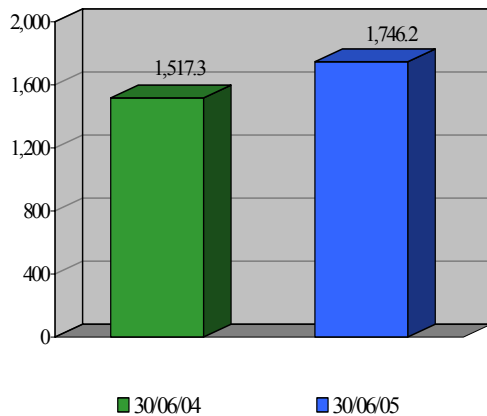
Premiums written as at 30 June 2005 totalled €1,746.2m, reflecting growth of €228.9m (+15.1%) compared with premium income in the first half of 2004.

The breakdown of premiums per class of business, the composition indices and the variations compared with the same period of the previous financial year are given in the table below.

BREAKDOWN OF WRITTEN PREMIUMS PER CLASS OF BUSINESS								
<i>(€K)</i>								
No.	30 June 2005	comp. %	30 June 2004	comp. %	var. %	31 December 2004	comp. %	
DIRECT ITALIAN INSURANCE BUSINESS								
Non-Life insurance business								
1	Accident	61,485	3.6	60,279	4.1	2.0	127,676	4.9
2	Health	26,502	1.5	22,900	1.5	15.7	55,756	2.2
3	Land vehicles - Own damage or loss	58,904	3.4	59,789	4.0	-1.5	123,520	4.8
4	Railway rolling stock			562	0.0	-100.0	519	0.0
5	Aircraft - Hull	9	0.0	3	0.0	179.1	27	0.0
6	Marine - Hull	394	0.0	470	0.0	-16.2	879	0.0
7	Goods in transit	3,775	0.2	3,840	0.3	-1.7	6,815	0.3
8	Fire and natural forces	24,749	1.4	24,335	1.6	1.7	54,038	2.1
9	Other damage to property	40,545	2.4	41,008	2.8	-1.1	79,596	3.1
10	Land vehicles - TPL	379,333	22.1	370,300	25.0	2.4	746,861	28.8
11	Aircraft - TPL	3	0.0	1	0.0	78.4	6	0.0
12	Marine - TPL	466	0.0	423	0.0	10.2	791	0.0
13	General TPL	68,607	4.0	68,403	4.6	0.3	144,573	5.6
14	Credit	18	0.0	23	0.0	-19.9	119	0.0
15	Bond	11,327	0.7	10,767	0.7	5.2	21,578	0.8
16	Pecuniary losses	7,191	0.4	7,118	0.5	1.0	14,355	0.6
17	Legal protection	5,042	0.3	4,772	0.3	5.7	10,675	0.4
18	Assistance	4,094	0.2	3,239	0.2	26.4	6,882	0.3
	Total Non-Life insurance business	692,446	40.3	678,232	45.8	2.1	1,394,663	53.8
Life assurance business								
I	Life assurance	169,116	9.8	197,993	13.4	-14.6	349,468	13.5
III	Unit-linked / Index-linked products	83,686	4.9	81,872	5.5	2.2	128,301	5.0
V	Capital redemption operations	576,376	33.5	514,079	34.7	12.1	666,042	25.7
VI	Pension funds	197,236	11.5	9,880	0.7	1,896.4	52,040	2.0
	Total Life assurance business	1,026,413	59.7	803,823	54.2	27.7	1,195,851	46.2
	Total direct insurance business	1,718,860	100.0	1,482,055	100.0	16.0	2,590,514	100.0
INWARD REINSURANCE								
	Non-Life insurance business	24,431	89.2	31,625	89.6	-22.7	54,082	92.9
	Life assurance business	2,948	10.8	3,660	10.4	-19.4	4,136	7.1
	Total inward reinsurance	27,379	100.0	35,285	100.0	-22.4	58,218	100.0
	TOTAL PREMIUM INCOME	1,746,238		1,517,340		15.1	2,648,733	

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

Total Premium Income (€million)



Sales networks and new products

As regards background information on **Non-Life business**, in the first half of 2005 Motor insurance continued to be a critical factor in the relationship between insurers and customers: on one side were the consumers, with ever greater expectations as regards convenience, service and transparency, and on the other side there were the insurance companies, accused as a class of being less and less dynamic and innovative, indistinguishable from one another and often in conflict with the interests of consumers.

Unipol Assicurazioni S.p.A. continued to respond to the new requirements for drivers and to consolidate its image as one of the most dynamic companies and one that is in the forefront as far as making improvements to customer service is concerned.

A particularly strong feature of the first half of 2005 was the introduction of major changes in the way tariffs are calculated, mainly involving their customisation. In fact as from 1 May the premium has been calculated on the basis of the details of the driver named on the policy instead of those of the owner of the vehicle, whilst the remaining factors used for calculating the premium have remained unchanged, in line with policy of tariff stability applied by the

Company. This closer correspondence between the profile of the named driver, who represents the real source of the risk insured, and the resultant policy premium is expected to make a major contribution to the technical results in this class continuing to be as good as they have been in the past few years.

At the same time as the tariff based on the driver came into effect the Company introduced two new tariffs, which reaffirmed the innovative spirit that has always been a feature of its insurance products. In fact, after an experimental period, the *Unibox-Strada Sicura* project became a real opportunity for making savings, with a discount on the insurance premium and no charge to the policyholder for having the satellite device installed. As well as this example of the innovative use of technology to improve insurance services, the Company introduced *Franchigia Fruttuosa* [interest-bearing deductible], an equally innovative system which, in return for the deposit of the deductible with Unipol Banca, gives the policyholder a discount on the Motor TPL premium.

The *Unibox* offer was particularly popular with customers and is now a feature of approximately 10% of new policies. It also encourages the inclusion of Fire & Theft cover in existing policies that previously did not include it.

The launch of the new Motor products was supported by the advertising campaign known as *Segnali positivi per gli automobilisti* [Green Light for Drivers], with the aim of reaffirming the Company's role of being an innovator and a leader in the market and of strengthening the values that Unipol is already known to have (such as being close and fair to customers).

In the first half of 2005 the marketing of **Life products** emphasised instruments that protect the capital sum as well as offering customers a guaranteed return. These are investment products with a mainly financial content and traditional Life products.

Single-premium capital redemption tariffs specifically reserved for legal entities were

offered, with benefits subject to revaluation on the basis of the results of the *Vitattiva* segregated account, with a guaranteed minimum yield of 1% and an additional return of 1% for all revaluations made before 31 December 2012.

Traditional Life business included the new line of products for which the names *Vitattiva Dablia*, *Vitattiva Gardenia* and *Vitattiva Orchidea* were chosen. Each product is offered under two tariffs, endowment and whole life. Providing for increasing premiums and recurrent, additional or single payments, the new line offers a range of products that responds to the various requirements of some customers for flexibility and savings capacity. Benefits are subject to revaluation on the basis of the annual returns on the *Vitattiva* segregated account.

The first half of the year also saw the marketing of the index-linked type of investment insurance product known as *Winner*. The aim of the policy is to pay a 'guaranteed coupon' each year, the amount of the coupon being linked to the quarterly performance of the Europe Winner Index, with a minimum of 1.5% per year. It also benefits from a guaranteed capital sum on maturity.

Turning to **commercial initiatives**, in view of the fact that in 2004 the *Linea Persone* campaigns achieved excellent results, it was deemed appropriate to schedule them for the first half of 2005 too. These initiatives related in particular to Accident products and cover for residential buildings.

At the end of the half year the **sales network** was made up of 769 agents (775 at the end of 2004), plus 1,222 full-time subagents (1,207 at the end of 2004).

As regards collaboration between the Unipol agencies and Unipol Banca's sales network, as at 30 June 2005 the situation of the Unipol Banca network linked to Unipol Assicurazioni S.p.A. was as follows:

- 115 co-located agencies,
- 46 finance shops,

- 138 mandated agencies,
- making a total of 299 Unipol Assicurazioni S.p.A. sales outlets authorised to place traditional banking products.

There were 446 financial advisers with a Unipol Banca mandate and there were 233 branches operating, 116 of which were co-located (115 with Unipol and one with Aurora Assicurazioni).

Training

In the first half of the year 227 training courses were run involving 3,147 participants. (During the same period of 2004 138 courses were run with 1,734 participants.)

The most important courses were:

- training course on the Motor TPL tariff 2005;
- IT training for agency staff;
- training course for agents, with emphasis on the recruitment, selection and management of staff;
- training courses aimed at 'corporate agencies'.

Another important activity was the introduction of induction courses for new employees, taking account of the provisions of ISVAP Circular 533/2004 (regulations relating to selling insurance policies, collecting premiums and advertising insurance products).

During the half year 110 new employees were also recruited for the private agencies and 77 for the 'corporate agencies', for each of whom an individual programme of training and support was provided.

Sertel

Below we describe the work carried out during the half year by the various departments that make up *Sertel*.

- Call Centre: The offices in Milan and Bologna were combined and now offer exactly the same service to all the Group's companies and customers. During the half year the call centre expanded and currently employs 260 operators, some in Bologna and some in Milan;
- Claims settlement: The operations carried out in the offices in Bologna, Milan and

Naples, which deal with claims on behalf of all the companies in the Group and apply uniform payment policies, were integrated;

- **Document management:** This department's operating procedures and the work it carries out were combined, and it offered administrative assistance to the three claims-handling offices (Bologna, Milan and Naples);
- **Loss adjusters and car repair management:** This department was set up during the half year and deals centrally with external suppliers, thus offering a better service to the centralised claims-handling departments throughout the country (Group claims-handling centres) and contributing to keeping the cost of claims down.

Internet

As regards the Internet, it should be recalled that *www.unipol.it* is the Company's official site offering full information on 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. In 2005 it has proved to be the channel of preference for customers and the general public requiring information about the innovations in Motor insurance introduced in the first half of the year. As regards the most popular individual policies, the ISVAP provisions relating to disclosure of contractual terms and conditions and to 'Notices to policyholders' are being implemented.

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.

www.unipolonline.com is the service site for Unipol's agents and contains information and advice for the sales network. It is intended to facilitate the communication/information processes between the senior executives and the agency network. The Agencies can consult the special 'Policies & Regulations' and 'Agreements' pages in order to have immediate access to all the latest technical and regulatory

documentation.

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 2005 total premium income (direct business and inward reinsurance) of €1,029.4m was significantly up (+27.5%).

Direct premiums written in the first six-month period totalled €1,026.4m. 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:

	30/06/05	Variation over 30/06/04
Individual policies		
Class I	118.0	13.9
Class III	83.7	3.6
Class V	69.2	1.2
Class VI	4.9	-5.1
Total	275.8	7.0
Group policies		
Class I	51.2	-45.8
Class V	507.2	13.8
Class VI	192.3	3,990.9
Total	750.7	37.5
TOTAL DIRECT BUSINESS	1026.4	27.7
Initial annual premiums		
Class I	19.0	-34.5
Class III	0.5	-4.1
Total	19.5	-34.0
Subsequent annual premiums		
Class I	69.5	6.4
Class III	0.0	94.6
Total	69.5	6.4
Single premiums		
Class I	80.7	-22.2
Class III	83.2	2.2
Class V	576.4	12.1
Class VI	197.2	1,896.4
Total	937.5	32.2
TOTAL DIRECT BUSINESS	1,026.4	27.7

Compared with the first half of last year individual policies showed a good level of growth (+7%) as a result of the particular popularity enjoyed by single-premium policies in Class I that

are subject to revaluation and by single-premium policies in Class V that are linked to specific assets. Index-linked policies in Class III continued to produce good results and premium income as a whole continued to grow steadily.

Premiums written for group policies also showed sustained growth, led by the gratifying trend in policies in Class V (+13.8%).

The fall in premium income from group policies in Class I was due to the issuing in the first half of 2004 of a major group policy paying immediate annuities (€45.9m), net of which there would have been a rise of 5.5%.

The considerable increase in premium income from policies in Class VI compared with 30 June 2004 can be mainly attributed to the issuing of a major policy (€179.2m, relating to the *Cometa* Pension Fund), though even without taking this policy into account the increase in premium income would have been significant (+82.7%).

During the half year the Company also finalised the acquisition for the sum of €1.4m, with effect from 1 June 2005, of part of the former Noricum Vita insurance portfolio, assigned by A.I.P. spa (Assicurazioni Internazionali di Previdenza spa) of the San Paolo Group. The technical provisions in this portfolio, which was made up of policies in Class I and V, amounted to €70.7m.

Operating expenses (inclusive of net acquisition costs and administrative expenses) totalled €24.9m (-0.5% compared with 30/6/2004), the incidence on premiums being 2.4% (3.1% as at 30/6/2004).

The amounts paid for direct business reached €262m, an increase of 13.2% compared with the position as at 30 June 2004, broken down as follows:

	30/06/05	30/06/04	Var. %
Expired policies and annuities	91.8	94.2	-2.6
Surrenders and advance payments	163.4	132.5	23.3
Claims paid	6.2	4.2	46.9
Claims settlement fees	0.6	0.5	4.9
Total	262.0	231.5	13.2

The increase in surrendered policies and advance payments compared with the previous half year (+23.3%) was mainly due to surrendered group policies in Class V.

Technical provisions for direct and indirect business amounted to €5,809.6m, an increase of 18.4% compared with 31 December 2004.

The technical account showed a positive balance of €38.2m, compared with €3.5m as at 30 June 2004.

Pension funds

During the course of the first half of 2005, occupational pension funds focused their activities on renewal of asset management mandates, whilst, from a legislative perspective, the Government drafted the expected Legislative Decree implementing Enabling Act 243/2004, on which negotiations with the social partners were started.

In the occupational pension fund sector, the Company was awarded renewal of asset management mandates for the *Solidarietà Veneto* and *Cooperlavoro* pension funds and started management activities in respect of the mandates awarded during 2004 for the *Prevaer* (airport company employees), *Cometa* (metal and mechanical industry) and *Byblos* (paper and printing) pension funds. The bids for the main selection of asset managers were also submitted. The management agreement for the *Filcoop* pension fund (agricultural cooperatives), activation of which was anticipated for the second half of the year, is currently being finalised.

Unipol Assicurazioni S.p.A. had 13 asset management mandates in place as at 30 June 2005. The combined total of assets under management (recorded in the memorandum accounts) was €226.4m (€167.4m as at 31/12/2004), to which must be added some of the assets of another four funds (*Pension fund for employees of Banca Agricola Mantovana, Fundum, Eurofer* and *Cometa*), to give a total value of €240.9m (included in Class D.II on the balance sheet, as these are guaranteed accounts

providing for the transfer of their assets).

In terms of open-end pension funds, the three funds managed by Unipol (*Unipol Previdenza*, *Unipol Futuro* and *Unipol Insieme*) now have total assets of €73.6m and 8,304 members.

Non-Life business

Direct premiums as at 30 June 2005 totalled €692.4m, an increase of 2.1% compared with the 2004 half-yearly figures. If we add indirect premiums, overall premium income was €716.9m (+1%).

The increase in premium income from non-Motor classes was led by premium income from retail business, in which the commercial initiatives undertaken gave good results in terms of both new business and customer retention. The economic crisis had a more serious effect on corporate business, which reflected the difficulties experienced by manufacturing and craft undertakings and the slowdown in the awarding of public contracts. The reduction in corporate business was also affected by the fact that major policies showing an unsatisfactory technical trend were not renewed.

The Motor insurance portfolio continued to grow because of the ever greater loyalty of policyholders, which was also enhanced by the latest tariff proposals.

Premium income relating to Motor TPL cover continued to grow, whilst that for other guarantees linked to motor vehicles (in particular Fire and Theft), which were affected by the marked reduction in registrations, was down.

As for insurance business carried out under 'freedom to provide services', during the first half of 2005 premiums were booked for a value of €1m, mainly from non-EU countries, a slight decrease compared with 30 June 2004.

During the half-year 195,990 claims were reported, an increase of 0.8% over the number received as at 30 June 2004.

During the same period the Sertel call centre

received 157,975 claims against Unipol and settled 39,036 claims, an increase of 1.8% over the first half of 2004.

Payments for claims incurred during the financial year and during previous financial years totalled €401m (net of the coinsurers' share and of sums recovered, including loss adjusters' fees), an increase of 6.4% compared with 30 June 2004.

At the end of the half-year the provisions for outstanding claims (direct business) had risen to €1,683.3m (+4.9% compared with the position as at 31/12/2004).

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-year and a comparison with the position as at 30 June 2004. The figures were 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	Claims incurred during the period		Claims incurred in previous periods	
	06/05	06/04	06/05	06/04
	Accident	41.8	45.2	48.9
Health	74.5	78.6	67.0	53.2
Land vehicles – own damage or loss	68.6	68.2	69.7	72.0
Fire	54.1	42.3	67.5	63.0
Other Damage to Property	53.3	53.3	67.0	64.0
Land Vehicles - TPL	48.6	50.9	48.1	49.4
General TPL	37.5	39.4	23.9	25.4

The average loss ratio, including claims-handling expenses and net of outward reinsurance, was 75.3% (74.9% as at 30/6/2004). For direct business the loss ratio rose to 73.6% (72.7% as at 30/6/2004) and the combined ratio, which also includes operating expenses, was 95.7% (94% as at 30/6/2004).

Operating expenses (inclusive of net acquisition costs and administrative expenses) totalled €143.4m, as against €135.2m at the end of the same period in 2004.

The incidence on net premiums retained was 21.4% (20.5% as at 30/6/2004).

The result of the technical account showed a profit of €103.5m (€63.9m as at 30/6/2004).

Accident

Direct premium income €61.5m (+2%)

Number of claims reported 27,629 (+4.4%)

Claims paid €27.1m (+0.9%)

In the first half of the year premium income showed an increase in value.

In order to sustain growth in retail business numerous initiatives were introduced aimed at gaining new types of customer and consolidating and improving relations with policyholders. There was also a good commercial response from sales of products with a low average premium aimed in particular at giving protection against road traffic risks.

In the area of major customers, new group policies covering aviation employees were gained. This more than compensated for cancellation of insurance cover involving some credit institutions.

The increase in the number of claims was affected by group policies taken out at the end of last year on behalf of the athletes and members of one of the principal national sporting federations. However many claims reported were merely precautionary and were destined not to be followed up.

The trend in the cost of claims paid showed no significant variations over last year. This confirmed the effectiveness of underwriting and claims-handling policies, which were aimed at keeping down the cost of frequent claims for fairly small amounts.

These trends lead to expectations that the profit margin at the end of the year will once again be positive.

Health

Direct premium income €26.5m (+15.7%)

Number of claims reported 16,487 (+7.2%)

Claims paid €17.2m (+6.7%)

The trend in premium income in the first half of 2005 continued upwards, improving on the

figure recorded at the end of last year.

This growth was attributed to the fact that various types of product were combined and aimed at protecting both the individual policyholder (or household) and major groups of customers. Negotiations for major contracts were concluded, including supplementary healthcare services provided by Unisalute, the company in the Group that specialises in this class.

The increase recorded in the cost of claims paid was a consequence of the growth in premium income. Underwriting continued to be geared towards a prudent policy of keeping costs down. Major financial risks were constantly monitored and contractual terms that were negatively affecting technical results were amended where necessary.

The trend in the first half of the year showed that the technical result continued to be positive.

Land vehicles – Own damage or loss

Direct premium income €58.9m (-1.5%)

Number of claims reported 16,557 (-0.8%)

Claims paid €26.2m (+5.9%)

Premium income was slightly down because of the fall in the number of new car registrations. There was also a corresponding drop in the number of claims reported.

The increase in the cost of claims paid did not prevent the final result being positive.

Fire

Direct premium income €24.7m (+1.7%)

Number of claims reported 2,207 (-1.8%)

Claims paid €10.4m (+3.8%)

Limited growth in premium income was recorded in the first half of the year as a result of the non-renewal of a major policy and because of the reduction in spending on insurance by small and medium-sized enterprises, which were considerably affected by the economic crisis in Italy. On the other hand retail business maintained good levels of growth thanks to some major commercial initiatives launched last year.

Work on improving insurance services to

customers continued by sums assured being brought up to date and by advice on risk management being provided.

The drop in the number of claims reported was also helped by the continued work on reforming multiclaim policies and by monitoring the agencies that recorded negative trends in some lines of business.

The final figures are expected to be in line with the result for last year

Other damage to property

Direct premium income €40.5m (-1.1%)

Number of claims reported 13,300 (-5.7%)

Claims paid €16.5m (+0.7%)

In the class **Other damage to property** the principal guarantees related to:

Fire – additional guarantees

Direct premium income €14.5m (+6.2%)

Number of claims reported 9,179 (+1.9%)

Claims paid €7.9m (+11.6%)

As these are guarantees added to fire policies, the steps taken are similar to those already described for the Fire class.

Theft

Direct premium income €10.7m (+4.4%)

Number of claims reported 2,652 (+10.2%)

Claims paid €6m (-1.6%)

Premium income was affected by economic stagnation in some types of manufacturing and commercial businesses, for instance jewellery, where there was a considerable reduction in spending on insurance and therefore a lower level of coverage. On the other hand the retail market continued to record a good level of growth.

Our underwriting policy continued to be prudent, being based on the selection and accurate assessment of risks, especially in potentially risky sectors, and meticulous attention continued to be paid to policies on which claims had been reported, with work continuing on reforming and reinforcing both active and passive preventive measures.

Thus the positive technical result recorded last year is expected to continue.

Hail

Direct premium income €7m (-20%)

Number of claims reported 516 (-68.2%)

Claims paid €0.2m (+21.1%)

The considerable fall in premium income recorded in the period under review was due to several events occurring at the same time.

In particular, starting with the period under review, there is now a legal obligation to insure the entire business in order to obtain the public allowance for insurance policies, and at the same time there has been a reduction in the ministerial parameters on the basis of which the allowance is granted. In fact all this has discouraged farmers from taking out any insurance cover. To these factors must also be added the reduction in the average prices for agricultural products, which has accentuated the financial difficulties with which Italian agriculture has been grappling for some time, with obvious consequences for growth in premium income in this class.

The trend in claims in the first half of the year was positive. In fact it showed a considerable reduction both in the number of claims reported and in their total cost..

Technological risks

Direct premium income €7.5m (unchanged)

Number of claims reported 644 (-16.8%)

Claims paid €2.3m (-22.2%)

The trend in premium income in the first half of the year was affected by a slowdown in the awarding of public contracts and by a negative phase in the business cycle. Leasing business continued to improve, albeit at a slower rate.

The number of claims reported was down owing to the cancellation in the second half of 2004 of some multiclaim policies showing a negative trend.

The cost of claims was down as a result of the work of reorganisation and because several large claims were paid in the Constructors' All Risks sector.

Land vehicles – Motor TPL

Direct premium income €379.3m (+2.4%)

Number of claims reported 79,055 (-0.9%)

Claims paid €251.9m (+9%)

The figures for the first half of the year recorded an increase, albeit limited, in premium income and in the number of policies in the portfolio, to which the introduction of the new *Unibox* and *Franchigia Fruttuosa* policies already described in the paragraph on new products made a contribution.

Claims frequency was still falling, although the positive effect of the introduction of the driving licence for young moped riders and the penalty points system for driving licences was no longer being felt. The cost of claims was affected by the fact that a greater number of large claims were reported.

The Company still had a strong commitment to carrying out monitoring in order to detect any frauds.

The technical result remained at positive levels.

General TPL

Direct premium income €68.6m (+0.3%)

Number of claims reported 17,928 (-0.8%)

Claims paid €42.1m (+1.5%)

The first half of 2005 closed with premium income that was practically identical to that achieved in the first half of 2004 as a result of the policy of reorganising business with public authorities (municipalities, provinces, service companies, health and hospital services) and with health professionals.

At the same time receipts relating to products showing a better trend recorded a good performance, with a consequent improvement in the portfolio mix. Growth continued in technical professional business with engineers, architects and surveyors as a result of continued growth in the 'Inarcassa' agreement and of the line of products aimed at manufacturing companies, construction companies and road haulage businesses.

The reduction in claims reported, together with the slight increase in the amount paid out, was a positive sign and was in line with the reorganisation work already begun.

Credit and Bonds

Direct premium income €11.3m (+5.2%)

Number of claims reported 275 (-14.9%)

Claims paid €2.6m (-13.8%)

With several major contracts being finalised premium income in the Bond class was well up, unlike the trend in the market as a whole. The types of risk that led to this increase were nevertheless linked to typical activity relating to public contracts and town-planning projects.

It is reasonable to expect that the trend in the first half of the year will continue in the second half, even though there are no particular expectations for 2005 in terms of an increase in receipts as a consequence of the coming into effect of Law 210/2004 on the warranties that have to be provided for purchasers of property still under construction, which will begin to trickle through as from 2006.

The increase in amounts recovered and the positive outcome of some litigation had a positive effect on the figure for claims.

There was an increase in sums set aside for outstanding claims handled by other leading companies because of adjustments carried out by them.

In the Credit class, premium income derives entirely from commercial credit.

Sundry pecuniary losses

Direct premium income €7.2m (+1%)

Number of claims reported 12,679 (+3.3%)

Claims paid €3.4m (+9.3%)

The increase in premium income in this class, which mainly covers risks linked to road traffic (such as loss of driving licence and ancillary risks), was in line with the growth recorded by other types of cover linked to Motor business.

The technical result remained very positive.

Legal protection

Direct premium income €5m (+5.7%)

Number of claims reported 1,401 (-1.1%)

Claims paid €1.2m (-8.9%)

The growth in premium income recorded in the first half of the year was mainly attributable to coverage linked to Motor business, as a result

of the pricing and commercial measures taken. The simultaneous drop in the number of claims reported and in the relative cost of claims helped to improve the trend in this class, which as usual was already positive.

Assistance

Direct premium income €4.1m (+26.4%)
 Number of claims reported 7,905 (+14.3%)
 Claims paid €0.8m (-7.6%)

The significant increase in premium income was attributable to the traditional link with the general growth in the Motor Class and in particular to the marketing of a new type of coverage which was provided in conjunction with *Unibox*.

The increase in the number of claims reported was amply counterbalanced by the decrease in the amount paid out, thus improving the result in this class, which was already positive.

Marine, Aviation and Goods in transit

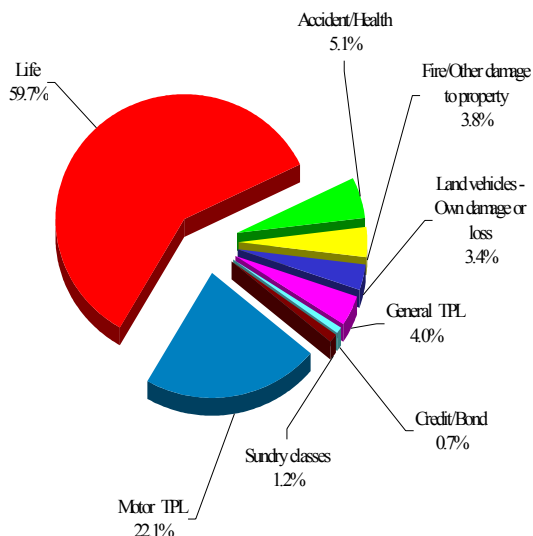
Direct premium income €4.6m (-12.3%)
 Number of claims reported 567 (-25%)
 Claims paid €1.7m (-17.9%)

Premium income in the first half of the year was badly affected by the cancellation of a major policy in 'Railway rolling stock', but this loss had a positive effect both on the number of claims reported and on the amount of those paid.

The difficulties experienced by the Italian economy continued to have a considerable negative impact on growth: fewer exports, fewer goods in transit, lower rates, reduced premium income.

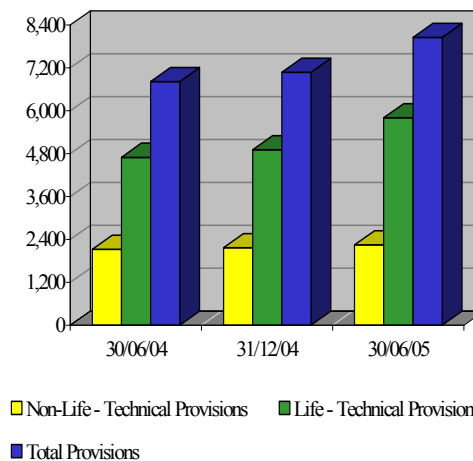
However it should be pointed out that the loss ratio in the first half of the year was very positive and justifies the favourable forecasts for the trend in the year as a whole.

Breakdown of Premiums



Technical Provisions

(€million)



Reinsurance

Inward reinsurance

Premium income from inward reinsurance of Life and Non-Life business fell from €35.3m as at 30 June 2004 to €27.4m as at 30 June 2005 (-22.4%). The decrease was exacerbated by the change, introduced last year, in the way in which risks underwritten are recorded, the aim of which was to compensate for mismatching. Net of this variation premium income recorded in the first half of 2005 would have amounted to a total of €34.1m, a decrease compared with 30 June 2004 of 3.5%.

Non-Life premiums fell from €31.6m to €24.4m, a drop of 22.7%. €8.1 m of this was accounted for by the subsidiary Unisalute (+28.6%) and €0.7m by the subsidiary Linear (-35.9%).

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

Life premium income fell from €3.7m as at 30 June 2004 to €2.9m as at 30 June 2005, a decrease of 19.4%.

Premium income from subsidiaries amounted to €197K from BNL Vita and €37K from Aurora Assicurazioni.

Overall Life inward reinsurance, net of retrocessions and including interest receivable, showed a positive result.

Outward reinsurance

Total direct premiums ceded in Non-Life business increased by 0.7% from €46.2m as at 30 June 2004 to €46.5m as at 30 June 2005.

The retention rate at the end of the half year was 93.3% compared with 93.2% as at 30 June 2004.

Reinsurance arrangements adopted for the first half of 2005 were not substantially different from those made last year and in the case of almost all the classes reinsured were based on

proportional types of cover.

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 was reduced by means of specific non-proportional agreements covering retained risks in the Fire class, including catastrophe risks.

During the six-month period, the mix of Non-Life cessions gave a positive result for reinsurers, in line with the Company's good technical performance.

Total direct Life premiums ceded fell from €1m as at 30 June 2004 to €2m as at 30 June 2005 and showed a positive balance for our reinsurers.

Litigation

Claims handling was managed in such a way as to ensure that claims would be investigated rapidly and in full and so as to comply with the terms provided for by Law 57/2001 ('Provisions relating to opening and regulating markets').

Claims handling is carried out by applying the parameters also provided for by Law 57 (value of claims that include personal injury) which require doctors to be rigorous in applying the tables of after-effects in cases of injury up to 9 points.

Therefore keeping litigation to a minimum continued to be an aim in 2005 too. Litigation must remain outstanding only in cases in which there is nothing in law to corroborate counterclaims or if there are differences in the assessment of liability. The figures at the half year point recorded a fall in outstanding cases compared with the same period in 2004.

As regards the cases brought before *Giudici di Pace* [Justices of the Peace] for the repayment of 20% of the Motor TPL premiums paid between 1995 and 2000 (as a result of the fine imposed in 2000 by the Antitrust Authority), it should be mentioned that while hearing an appeal by

Unipol Assicurazioni S.p.A. the *Sezioni Unite della Cassazione* [full bench of the Court of Cassation] established in its decision 2207 of 4 February 2005 that these cases came under the jurisdiction of the *Corte d'Appello* [Court of Appeal] and not of the Justice of the Peace. This decision interrupted the flow of fresh summonses (which fell from 309 in the first quarter of 2005 to four in the second quarter).

Complaints' Register

On 31 March 2004, in accordance with ISVAP Circular 518/D/2003, Unipol Assicurazioni S.p.A. set up a Register to record complaints received and requests for information regarding them made by ISVAP. The head of the Internal Auditing department is responsible for keeping the Register and all complaints are dealt with through a single unit known as 'Unipol risponde'. Replies will have to be sent within 45 days of the complaint being received.

During the period January–June 2005 684 complaints were received (656 relating to Non-Life business and 28 to Life business), 570 replies were sent and 114 complaints were being investigated. The average number of days taken to reply was 25.45. 200 complaints were accepted, 309 were rejected and 61 were settled. 43 complaints were made to the Courts.

There was a slight increase in the number of complaints compared with those received during the same period of 2004 (295 during the period April–June 2004, the first quarter in which the Circular applied, and 356 during the quarter April–June 2005). This increase can be put down to the more widespread distribution of the updated notices to policyholders and therefore to customers' greater awareness of the availability of an 'institutional' channel for settling disputes.

Operating expenses and claims-handling costs

In the first half of 2005 work was completed on centralising within Unipol Assicurazioni S.p.A. some operational departments that provide services to the companies in the Group. The principal areas of activity that are managed by

the Company, the staff concerned having being seconded, relate to claims handling, managing the IT system, property management and asset management.

In the case of claims handling the process of integrating Unipol Assicurazioni's offices and those of Aurora Assicurazioni led to the formation of a claims-handling network that can now rely on 67 offices throughout the country in which 696 employees operate, three telephone and internet claims-handling centres (Bologna, San Donato Milanese and Naples) with a staff of 359 and the new centralised telephone and internet-based claims-handling department, which employs 112 staff and mainly deals with foreign claims and with Motor TPL claims that involve personal injury. Claims-handling expenses amounted to €19.6m, an increase compared with the figure recorded in the first half of 2004 (€16.4m), mainly because of the costs incurred in completing work on the Group claims-handling department.

As regards IT, various software applications were developed to deal with major commercial initiatives (such as issuing *Unibox* and new Motor tariffs including *Franchigia Fruttuosa*), to cope with the constant adjustments required in order to conform with legislation, and to come up with solutions to improve the efficiency of the agency network (such as sharing optical documents, providing agencies with white-paper laser printers, improving agency accounting systems and developing new software applications for printing notices to policyholders). Data transmission lines were also upgraded in order to improve speed and security.

The internal reorganisation of the EDP department was also completed. In order to provide the Group with better IT support and in accordance with individual skills and experience, IT process and system staff of the former companies Meie Aurora and Winterthur, which was transferred to the subsidiary Aurora Assicurazioni at the time of the merger, joined Unipol Assicurazioni S.p.A.'s Joint General IT Department.

The cost incurred by Unipol Assicurazioni S.p.A. for Group services, determined on the basis of analytical accounting criteria, was split and invoiced to the subsidiary companies on the basis of parameters representing how much they actually used the services.

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 €184.3m compared with €178m as at 30 June 2004 (€168.3m and €160.2m respectively net of commissions received from reinsurers), an increase of 3.5% compared with 30 June 2004.

The incidence on premium income fell from 11.7% to 10.6%.

Staffing

As at 30 June 2005 the Company's staff was made up of 1,529 employees, 19 of whom were sales representatives, an increase of 38 compared with 31 December 2004. To these must be added 72 employees on fixed-term contracts, most of whom worked in the Sertel call centre.

32 employees left the Company in the first half of 2005 and 70 joined us.

The number of employees, if counted as 'full time equivalent' (FTE), or considered on the basis of effective working hours, was 1,449.

Staff costs, gross of recoveries from subsidiaries and other companies, amounted to €38.5m for salaries, social security contributions and staff leaving indemnity, and to €6.1m for travelling expenses, training costs and all other related costs, a total increase of 3.1% over the first half of 2004.

Net of expenses recovered, mainly for Group services provided to subsidiaries, staffing costs amounted to €32.4m, an incidence on direct premium income of 1.9% (2.3% in 2004).

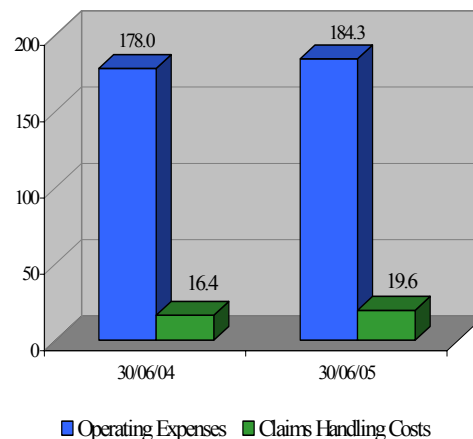
In June 2005, in agreement with the Parent Company Unipol Assicurazioni, an agreement was signed between the subsidiary Navale Assicurazioni, MMI Group companies and the trade unions, which defined the various

different stages and the integration and change process, including professional change, of employees involved in Navale and MMI Group's repositioning project.

As provided for in the aforementioned agreement staff will begin to move between the various companies in the Group during the second half of this year.

In addition, in May 2005 the agreement on the availability of IT staff was signed, as laid down in the current National Labour Agreement, in order to guarantee a certain level of availability of the service and swift intervention in the event of problems arising while important operations are being carried out.

**Operating Expenses
and Claims Handling Costs**
(€ million)



Property and Financial Management

Investments and liquid assets

As at 30 June 2005 investments, cash and cash equivalents, taking account of value adjustments, were €11,200.9m overall. This was a 17% increase compared with 30 June 2004 and 13.3% compared with 31 December 2004.

The investment structure and the variations on the previous half year and compared with 31 December 2004 are set out in the table below.

INVESTMENTS, CASH AND CASH EQUIVALENTS								
(€K)								
	30/06/05	comp.	30/06/04	comp.	var.%	31/12/04	comp.	var.%
	(a)	%	(b)	%	(a/b)	(c)	%	(a/c)
Land and buildings	502,817	4.5	579,860	6.1	-13.3	613,568	6.2	-18.1
Investments in Group undertakings and other participating interests								
-Stocks and shares	3,589,958	32.1	3,146,604	32.9	14.1	3,177,945	32.1	13.0
-Debt securities	71,336	0.6	32,944	0.3	116.5	54,972	0.6	29.8
Total	3,661,295	32.7	3,179,548	33.2	15.2	3,232,917	32.7	13.3
Other financial investments								
-Stocks and shares	667,699	6.0	471,848	4.9	41.5	409,743	4.1	63.0
-Units and shares in investment funds	67,380	0.6	84,521	0.9	-20.3	91,656	0.9	-26.5
-Bonds and other fixed-income securities	4,315,807	38.5	4,170,700	43.6	3.5	4,278,098	43.3	0.9
-Financing	52,441	0.5	55,524	0.6	-5.6	54,233	0.5	-3.3
-Sundry financial investments (1)	646,759	5.8	118,047	1.2	447.9	371,970	3.8	73.9
Total	5,750,086	51.3	4,900,639	51.2	17.3	5,205,700	52.7	10.5
Deposits with ceding undertakings	22,989	0.2	24,088	0.3	-4.6	22,815	0.2	0.8
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	619,412	5.5	573,168	6.0	8.1	581,082	5.9	6.6
-Pension funds	314,588	2.8	70,574	0.7	345.8	111,270	1.1	182.7
Total	934,000	8.3	643,742	6.7	45.1	692,352	7.0	34.9
Other assets								
-Bank and postal deposits, cash	329,665	2.9	242,014	2.5	36.2	118,013	1.2	179.3
Total	329,665	2.9	242,014	2.5	36.2	118,013	1.2	179.3
TOTAL INVESTMENTS, CASH AND CASH EQUIVALENTS	11,200,851	100.0	9,569,891	100.0	17.0	9,885,365	100.0	13.3

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

Land and buildings

The Company's assets in land and buildings as at 30 June 2005 amounted to €502.8m, a net decrease compared with the position as at 31 December 2004 of €110.8m (-18.1%).

During the first half of 2005 no investments were made, whilst work continued on rationalizing property assets. This had begun in 2004, the idea being to get rid of property assets that no longer complied with the Group's organizational and operational requirements and odd properties scattered throughout the country.

In particular, during the period in question property with a total value of €137.3m was sold, enabling capital gains of €32.2m to be made. Mention must be made of sales of property in Via Filzi, Milan, and of the building complex in Terrasini (PA) which houses the Città del Mare holiday village (the preliminary agreements to sell them having been signed during 2004) and the sale of the property in Via Paolo Nanni Costa in Bologna.

Investments in Group undertakings and other participating interests

The level of investments in shareholdings as at 30 June 2005 rose from €3,177.9m to €3,590m, a net increase of €412m compared with the situation as at 31 December 2004 (+13%), mainly owing to the acquisition, in May and June, of 125,500,000 Banca Nazionale del Lavoro spa shares, for a total countervalue of €350.9m.

The table below and Annex 1 show the list of shareholdings as at 30 June 2005.

Own shares and holding-company shares

No operations were carried out during the first half-year of 2005 on own shares nor on shares in the holding company Finsoe spa and therefore as at 30 June 2005 there were neither own shares nor Finsoe shares in the portfolio.

The General Shareholders' Meeting passed no resolution in accordance with Article 2359/bis of the *Codice Civile* [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 2005 (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	86.64		1,644,420
BNL Vita S.p.A.	Insurance and reinsurance	130,000	50.00		150,353
Compagnia Assicuratrice Linear S.p.A.	Insurance and reinsurance	19,300	80.00		21,506
Navale Assicurazioni S.p.A.	Insurance and reinsurance	96,250	99.80		142,760
Quadrifoglio Vita S.p.A.	Insurance and reinsurance	29,500	50.00		36,451
Unisalute S.p.A.	Insurance and reinsurance	17,500	92.44		27,494
MMI Danni S.p.A.	Insurance and reinsurance	20,000		100.00	
MMI Assicurazioni S.p.A.	Insurance and reinsurance	25,000		100.00	
MMI 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	9,061
Midi S.r.l.	Property company	72,000	100.00		55,973
Unifimm S.r.l.	Property company	43,350	100.00		45,319
Immobiliare Comense S.r.l.	Property company	46		100.00	
Dimensione e Sviluppo Immobiliare S.p.A.	Property advisory services	5,200		85.00	
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	511,560	82.86	10.00	562,870
Unipol Merchant S.p.A.	Bank	105,468		72.75	
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		100.00	
TOTAL ITALIAN SUBSIDIARIES					2,728,206
FOREIGN SUBSIDIARIES					
Unipol Fondi Ltd	Unit trust management	125		100.00	

Company	Type of business	Share capital	% holding		Book value
			direct	indirect	
ITALIAN AFFILIATED UNDERTAKINGS					
Hotel Villaggio Città del Mare S.p.A.	Tourism/Hotels	7,000	49.00		3,456
Assicoop Genova S.p.A. - in liquidation	Insurance agency	260	49.00		39
TOTAL ITALIAN AFFILIATED UNDERTAKINGS					3,495
FOREIGN AFFILIATED UNDERTAKINGS					
Euresa Holding S.a.	Holding company	10,000	24.05		1,661
OTHER SHAREHOLDINGS					
Hopa S.p.A.	Holding company	709,800	7.13		254,496
P & V Holding S.a.	Holding company	345,050	2.39		8,241
Banca Monte dei Paschi di Siena S.p.A.	Bank	1,935,273	1.98		235,838
Banca Nazionale del Lavoro S.p.A.	Bank	2,197,721	4.11	3.81	350,902
Other Italian shareholdings					976
Other foreign shareholdings					6,143
TOTAL OTHER SHAREHOLDINGS					856,596
GRAND TOTAL					3,589,958

Other financial investments

During of the first half of the year there was an increase in investments in equities (mainly Eurostoxx 50) with a high rating and emphasis on the price-earnings ratio rather than volatility. Options were sold in order to improve the overall profitability of fixed-rate Government bonds. In the light of the uncertainties about the trend in rates, trading activity proceeded as normal. Bonds remained substantially unchanged since the preceding period.

The percentage of investments in liquid financial assets exceeded 31% of total financial investments in the first half year.

As at 30 June 2005 the item 'Other financial investments' amounted to €5,750.1m (€5,205.7m as at 31/12/2004, +10.5%).

The net increase of €544.4m compared with the figure at the end of 2004 was largely due to bond business, which rose from €4,278.1m to €4,315.8m (+€37.7m), equity business, which rose from €409.7m to €667.7 m (+€258m) and repurchase agreements on securities, which at the end of the half year amounted to €629.8m (+€279.7m).

Fixed-income securities amounted to 43.8% of the bond portfolio whilst variable-coupon securities accounted for the remaining 56.2%. As regards operations with derivative financial

products, through which the earning profile of some securities was modified (from fixed income to variable income and vice versa), the composition of the bond portfolio was 44.5% fixed coupon and 55.5% variable coupon (25.6% and 74.4% respectively as at 31/12/2004).

It should also be noted that Government bonds and securities issued by public authorities and international bodies accounted for 54.1% of the entire portfolio whilst bonds accounted for 45.9%.

As regards the risk deriving from the choice of issuing bodies, it can be seen that almost the entire portfolio of the Company was made up of bonds issued by Sovereign States, supranational bodies (EIB, World Bank) and by banks, all with a rating of at least AA-, except for the 'Istituti Bancari Italiani' for which a lower rating was accepted. Trading was also carried out in Tier I banking bonds with a minimum rating of A.

As regards the breakdown of the bond portfolio among the various foreign currencies, securities from the Eurozone accounted for 99.2% of the entire portfolio whilst non-Euro securities (US dollars and pounds sterling) for which the exchange rate risk was hedged accounted for the remaining 0.8%. Where a bond investment is expressed in a non-Eurozone currency, the foreign exchange risk is usually hedged.

The total amount invested in other diversified activities at the end of June 2005 amounted to €771.1m (€602.5m at the end of 2004), and

included the following types of investment: collateralized bond obligations, collateralized loan obligations, reverse convertible bonds, index-linked bonds, funds of funds and subordinated bonds (these last for a total countervalue of €694.9m).

At the end of the first half-year the duration on the fixed-rate portfolio was 7.9 years (8.3 years in 2004).

The overall duration (both of the fixed-income and of the variable-income portfolio) was 3.7 years (3 years in 2004).

Overall duration on the bond portfolio allocated to Life segregated accounts (with the exception of those bonds the yield of which is tied to Stock-Exchange indices or individual stock indices, subordinated bonds, securities tied to the return from investment funds and CBO/CLOs) came to 4 years, whilst that allocated to Non-Life insurance business and Life assurance business was 1.4 years, which comes down to 0.6 years if account is taken of repurchase agreements and liquid assets.

The average duration of the portfolio for the first half of 2005 was 10.9 years compared with 8.8 years in 2004.

As at 30 June 2005 there was a positive balance on the debt securities' portfolio between unrealized capital gains and losses of €37.2m (€30.7m at the end of 2004), made up of net capital gains on debt securities of €55.9m and of net capital losses on derivatives linked to these debt securities of €18.7m.

There were unrealized net capital gains on investments in 'stocks and shares in investment funds' of €62m (including €0.2m relating to the options linked to some share securities) compared with €14m as at 31 December 2004, deriving almost entirely from long-term investments.

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

The total amount of these investments as at 30 June 2005 was €934m, an increase of 34.9% compared with 31 December 2004, €619.4m of which consisted of investments relating to index-linked and unit-linked policies and €314.6m of investments arising from pension fund management. These investments are assessed at their current market value, strictly correlated with the valuation of matching liabilities.

The amount of €619.4m is made up as follows:

Assets matching index-linked policies	
-bonds	205.6
-sundry financial investments	9.1
-Total	214.6
Assets matching unit-linked policies	
-units and shares in investment funds	379.6
-bonds	23.9
-cash and items to be settled	1.3
-Total	404.8
Grand total	619.4

Investments arising out of pension fund management refer to investments against subscription to open-end pension funds promoted by Unipol Assicurazioni S.p.A. and against closed-end pension funds with guarantee managed by the Company.

The amount of these investments as at 30 June 2005 was €314.6m, made up as follows:

Stocks and shares	11.8
Debt securities	260.0
Units and shares in investment funds	33.9
Cash, derivatives and net items to be settled	8.8
Total	314.6

CURRENT INVESTMENT INCOME							
CAPITAL GAINS AND LOSSES FROM TRADING							
(€K)							
	30/06/05	comp.	30/06/04	comp.	var. %	31/12/04	comp.
	(a)	%	(b)	%	(a/b)		%
NET INVESTMENT INCOME							
Land and buildings	9,414	3.3	2,906	1.8	224.0	7,804	3.2
Stocks and shares	200,372	71.2	95,843	58.4	109.1	103,195	42.1
Debt securities	79,679	28.3	73,411	44.7	8.5	153,828	62.7
Units and shares in investment funds	1,186	0.4	64	0.0	1,758.7	-251	-0.1
Financing	1,100	0.4	1,351	0.8	-18.6	2,629	1.1
Deposits with credit institutions	121	0.0	87	0.1	38.3	87	0.0
Bank and postal deposits	4,830	1.7	6,313	3.8	-23.5	10,644	4.3
Sundry financial investments	4,061	1.4	3,419	2.1	18.8	6,559	2.7
Balance on reinsurance deposits	-154	-0.1	-66	0.0	134.6	-674	-0.3
Interest on debenture and subordinated loans	-19,120	-6.8	-19,176	-11.7	-0.3	-38,609	-15.7
Total (a)	281,489	100.0	164,153	100.0	71.5	245,213	100.0
Capital gains (losses) on disposals							
Land and buildings	32,170	34.3	421	1.5	7,543.3	1,122	1.7
Stocks and shares	37,448	39.9	5,938	21.2	530.7	12,459	18.8
Debt securities	18,161	19.3	18,586	66.3	-2.3	47,094	71.2
Sundry financial investments	6,086	6.5	3,102	11.1	96.2	5,455	8.2
Total (b)	93,866	100.0	28,047	100.0	234.7	66,130	100.0
Total (a+b)	375,355		192,200		95.3	311,344	
Net value adjustments on investments							
Land and buildings	-2,279	10.9	-2,861	10.7	-20.4	-6,136	16.1
Stocks and shares	-5,865	28.0	-9,925	37.0	-40.9	-29,855	78.2
Debt securities	-7,045	33.6	-16,751	62.4	-57.9	-5,046	13.2
Other financial investments	-5,761	27.5	2,712	-10.1	-312.4	2,869	-7.5
Total (c)	-20,949	100.0	-26,825	100.0	-21.9	-38,167	100.0
TOTAL (a-b+c)	354,406		165,375		114.3	273,176	
Net income from Class D investments							
-Investment funds and market indices	17,105		11,342		50.8	39,813	
-Pension funds	7,990		1,136		603.1	3,151	
Total Class D	25,095		12,478		101.1	42,963	
GRAND TOTAL	379,501		177,853		113.4	316,140	

Investment income

Capital gains and losses from trading

Details of investment income and capital gains 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.

Income from investments and from cash investments, net of investment charges, amounted to €281.5m compared with €164.2m as at 30 June 2004, a net increase of €117.3m (+71.5%). Particular mention should be made of the increase in income from equities, which rose from €95.8m to €200.4m, mainly owing to higher dividends distributed by subsidiaries.

Net capital gains realized totalled €93.9m (€28m at the end of the previous half-year), €49.8m of which were on long-term investments.

The contribution of equities in particular amounted to €37.4m (€5.9m as at 30/6/2004), whilst capital gains of €32.2m were made from the disposal of property (€0.4m as at 30/6/2004).

Overall, net investment income and capital gains therefore totalled €375.4m as at 30 June 2005 (compared with €192.2m as at 30/6/2004).

The average net return on investments was 5.9% compared with 4.4% as at 30 June 2004.

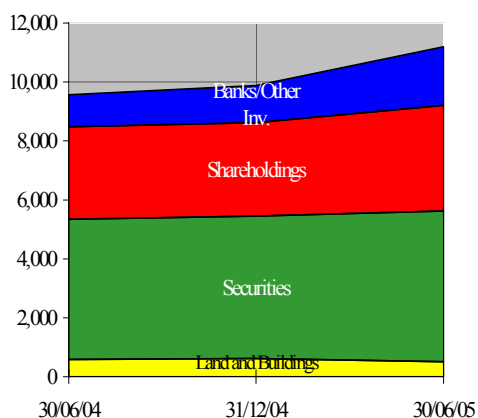
Net value adjustments on investments (including

depreciation) decreased from -€26.8m as at 30 June 2004 to -€20.9m as at 30 June 2005 as a result of trends in the equity markets and of variations in interest rates.

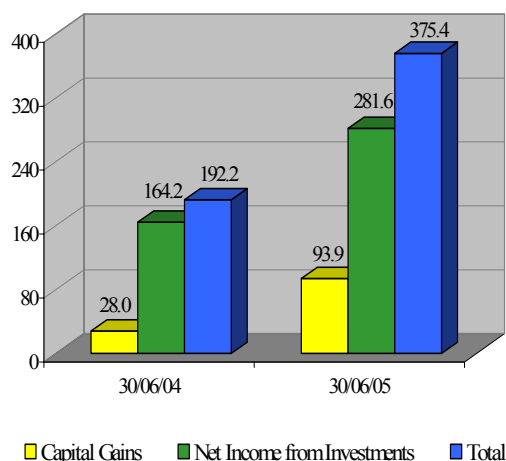
Overall, net ordinary and extraordinary income, including value adjustments on investments, totalled €354.4m during the half year compared with €165.4m in the first half of 2004 (+114.3%).

Investments for the benefit of policyholders who bear the risk thereof and investments arising out of pension fund management (Class D) recorded a positive net result of €25.1m (€12.5m as at 30/6/2004).

Investments (€million)



Investment Income (€million)



Transactions with Group Undertakings and Related Parties

With reference to CONSOB communications 97001574/1997 and 98015375/1998 concerning information pertaining to transactions with related parties, and in accordance with ISVAP decision 1207-G of 6 July 1999, it should be pointed out that Unipol Assicurazioni S.p.A. has normal relations of coordination with the other companies within the Group as well as of:

- reinsurance and coinsurance with subsidiaries and affiliated companies that carry out insurance activities;
- building rental;
- agency mandates;
- asset management;
- property management;
- IT services;
- secondment of staff;
- claims-handling and settlement services;
- internal auditing services (ISVAP Circular 366/D/1999).

These dealings, which included no atypical nor unusual operations, were governed by normal market terms (with the exception of the secondment of staff, for whom only costs were repaid, and the provision of services of an auxiliary nature, which were mainly invoiced on the basis of the costs actually incurred and determined in accordance with analytical accounting criteria).

On the other hand, the aforementioned auxiliary activities led to better rationalisation of operational functions and improved service levels for the companies in question.

Terms and conditions of existing contracts with corporate agencies in which participating interests are held were substantially the same as those that applied to the entire network of agencies.

The amount and nature of assets, liabilities, guarantees and other memorandum accounts pertaining to the major relationships with Group undertakings are detailed in the notes to the Balance Sheet.

Apart from what is contained in this Report, which is based on information received and on checks carried out, the Company carried out no other significant operations with related parties.

Transition to IAS/IFRS

As regards the adoption of the IAS/IFRS international accounting standards, the Unipol Group made use of the optional regime outlined in Article 81-bis (half-yearly report – transitional regime) of Issuer Regulation 11971/1999, as amended in Resolution 14990 of 14 April 2005, which permits companies to continue to apply national accounting standards, supplementing the half-yearly report with a quantitative reconciliation of the shareholders' equity and the profit for the period as at 30 June 2005 and as at 31 December 2004, calculated using the drafting criteria outlined in the international accounting standards, and with the reconciliations outlined in paragraphs 39 and 40 of IFRS 1 – First adoption of the International Financial Reporting Standard.

In accordance with Article 82 of the Issuer Regulation 11971/1999, the next infra-annual consolidated report as at 30 September 2005 (third quarterly report) and the consolidated annual accounts as at 31 December 2005 will be drafted according to IAS/IFRS international accounting standards.

Significant Events after 30 June 2005 and Business Outlook

The period immediately following the end of the first half of 2005 was mainly characterized by the events connected with Unipol Assicurazioni S.p.A.'s holding in BNL Banca Nazionale del Lavoro S.p.A. (BNL).

At the end of the first half of 2005, within the limits authorized by Banca d'Italia, the Company held 9.95% of BNL's ordinary share capital, consisting of a direct holding of 155 million shares, or 5.12%, whilst the remaining 4.83%, or 146,320,000 shares, were acquired through the subsidiary Aurora Assicurazioni.

The trend of the holding in BNL is summarized below :

- on 15 July the Bank of Italy authorised the Unipol Group to raise its shareholding in the ordinary share capital of Banca Nazionale del Lavoro to 14.99%. Thus Unipol Assicurazioni S.p.A. acquired 150,500,000 BNL shares for a total countervalue of €437.8m. (These shares were transferred to Unipol Assicurazioni S.p.A. and paid for on 18 July 2005, before the Shareholders' Agreements mentioned below were signed.) On conclusion of this acquisition Unipol Assicurazioni S.p.A. held 14.89% of BNL's ordinary share capital. As it was deemed to be significant under Article 71 of CONSOB Regulation 11971 of 14 May 1999 – the Issuer Regulation – the acquisition of this further holding was the subject of the information document sent to CONSOB and deposited at the registered office and with the Italian Stock Exchange on 2 August 2005;
- on 17 July the Board of Directors of Unipol Assicurazioni S.p.A. examined the BNL file and authorized the Chairman and the Vice-Chairman to continue the negotiations underway with top international and Italian banks, financial operators and other partners aimed at achieving potential business and/or company partnerships;
- on 18 July 2005, as communicated to the market in accordance with Article 114 of Legislative Decree 58/1998 which consolidated finance law, Unipol Assicurazioni S.p.A., together with other entrepreneurs and financial institutions, signed a shareholders' agreement with a view to creating a blocking and consultation agreement relating to the shareholdings in BNL. It was intended to enable Unipol Assicurazioni S.p.A. and the other partners to lump their BNL holdings together, in order to identify common company and business strategies that would boost BNL operational capabilities.

On the same date Unipol Assicurazioni S.p.A. signed further shareholders' agreements with other BNL shareholders, one of the aims of which was to grant to Unipol Assicurazioni S.p.A. the right to purchase BNL shares held by them.

As a result of these Shareholders' Agreements, Unipol Assicurazioni S.p.A. and all the parties involved were jointly committed to launching a mandatory public tender offer for all BNL's ordinary shares, representing 59.24% of the fully-diluted ordinary share capital, as per the combined Articles 106 (1) and 109 (1) (a) of the Consolidated Law. This joint commitment will be fulfilled solely by Unipol, which will bear all the costs relating to it.

The maximum amount set aside for the public tender offer is €4.96bn.

In practical terms, Unipol Assicurazioni S.p.A. anticipates that the maximum expenditure will drop to a figure of no more than €4.53bn, with the Deutsche Bank and Credit Suisse First Boston shareholdings in BNL not included as part of the mandatory public tender offer (accounting for 4.88% and 0.31% of the ordinary share capital respectively) since they are the subject of option call contracts in favour of Unipol Assicurazioni S.p.A.. In addition, assuming that the Banca Popolare dell'Emilia Romagna soc. coop. shareholding in BNL (amounting to approximately 3.87% of BNL's ordinary share capital) can be deemed to be stable, even when it is part of the future BNL's shareholding structure, it is not expected that it will accept the bid. In this case the actual maximum expenditure anticipated by Unipol would drop still further to a total of €4.2bn. Unipol proposes to gain legal control of BNL by means of this public tender offer;

- on 4 August the request for authorisation to acquire a controlling stake in BNL was submitted to the Bank of Italy, and on 8 August the request for authorisation to acquire full control of BNL Vita spa was submitted to ISVAP;

- on 16 August the communication required by Article 102 of the Consolidated Law, containing the essential elements of the public tender offer and the draft Offer Document, was submitted to CONSOB; at the same time the press release with the essential elements of the mandatory public tender offer was issued in accordance with Article 37 of the Issuer Regulation;
- on 29 August the Extraordinary Shareholders' Meeting of Unipol Assicurazioni S.p.A. authorized the Board of Directors to increase the share capital by up to €2.6bn; the General Shareholders' Meeting also passed the motion to cease indicating the nominal value of the shares and to amend the Company's By-Laws accordingly. In this respect it should be mentioned that on 12 August 2005 the holding company Finsoe paid €896m on account for the future capital increase and that subscription to the remaining amount will be guaranteed by an Underwriting Syndicate consisting of leading Italian and foreign financial institutions.
This capital increase is intended to strengthen Unipol Assicurazioni S.p.A's equity as part of the project to integrate the Unipol Group and the BNL Group (and in particular as part of the mandatory public tender offer), the aim of which is to create one of the foremost groups in Italy in insurance, banking and asset-management services. It will be based on an innovative type of presence on the domestic market, focussed on combined banking and insurance sales networks. More specifically, Unipol Assicurazioni S.p.A's equity will be strengthened (in order to keep equity ratios in line with the relevant laws and regulations) not only by means of the above-mentioned capital increase but also by the Unipol Group issuing subordinated debenture loans and/or other sources of long-term funding for a maximum of €1.4bn and releasing own funds, mainly through full and final sales, amounting to approximately €0.8bn;
- on 31 August CONSOB approved the publication of the Offer Document relating to the mandatory public tender offer for BNL shares, as appropriately supplemented, in accordance with the provisions of Article 38 of the Issuer Regulation;
- on 6 September 2005 the Antitrust Authority resolved – within its sphere of competence – not to open the preliminary investigation into the operation to acquire control of BNL by the Unipol Group, since it does not create or strengthen a dominant position as a result of which competition would be significantly and lastingly eliminated or reduced. The Antitrust Authority also approved the wording of a communication to be sent to the Bank of Italy containing its opinion on the impact the operation in question will have on banking markets, specifying that it 'does not significantly affect markets involving bank deposits and lending';
- on 12 September 2005 the Board of Directors of Unipol Assicurazioni S.p.A., availing itself of the powers conferred by the Extraordinary Shareholders' Meeting of 29 August 2005, resolved to propose to shareholders a share capital increase of up to €2.6bn based on the option rights of current shareholders.

As regards insurance business, premium income maintained a rate of growth similar to the rate recorded in the first half of the year. The Non-Life business trend continued to produce positive results in line with those achieved in the first half of the year. The trend in acquisition costs and operating expenses was in line with expectations. Income from property and financial management, which rose considerably during the first half of the year owing to the concentration (in the second quarter) of income from shareholdings, now shows a steadier trend. Trends recorded up to now and those forecast lead us to expect that the profits for the current year will be well up on those of last year.

Valuation Criteria

The accounting 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 claims that have been made and not yet settled and in assessing additional agency commissions ('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-prudential estimates. Motor TPL claims reported in the first six months of 2005 are an exception and were calculated using the criterion of average cost for groups of similar claims (material damage and personal injury).

The 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.

Exchange rates used

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

Currency	30/06/05	30/06/04	31/12/04
US Dollar	1.2092	1.2155	1.3621
Pound Sterling	0.6742	0.6708	0.7051
Swiss Franc	1.5499	1.5242	1.5429
Canadian Dollar	1.4900	1.6343	1.6416
Swedish Krone	9.4259	9.1451	9.0206

Information 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>(€K)</i>						
	Holding companies	Subsidiaries	Associated undertakings	Affiliated undertakings	Other undertakings	Total
I: Assets						
Stocks and shares		2,728,206		5,156	856,597	3,589,959
Debt securities					71,336	71,336
Deposits with ceding undertakings		14			633	646
Investments relating to unit-linked and index-linked benefits		761				761
Investments arising out of pension fund management					6,778	6,778
Debtors and other assets	9,607	356,964	2	2,137	6,009	374,718
Total	9,607	3,085,944	2	7,293	941,352	4,044,198
II: Liabilities						
Other creditors and other liabilities	28,937	5,746	2	0	163	34,848
Total	28,937	5,746	2	0	163	34,848
III: Guarantees, commitments and other memorandum accounts						
Guarantees received or issued by third parties in favour of the Company		1,104			610	1,714
Commitments		15,400				15,400
Other memorandum accounts		8,214,362		2,649	586,409	8,803,420
Total		8,230,866		2,649	587,020	8,820,534

Balance Sheet – Assets

C – Investments

C.I – Land and buildings

As at 30 June 2005 the Company's direct property assets, net of depreciation, amounted to €502.8m, a net decrease of €110.8m compared with 31 December 2004 (-18.1%).

The disinvestments of particular importance related to the property located in Via Filzi, Milan, the property complex located in Terrasini (PA), which houses the Hotel Villaggio Città del Mare, and the property in Via Nanni Costa, Bologna.

Net capital gains totalled €32.2m.

The movements that took place during the half-year are summarised in the following table:

Gross value of buildings as at 31/12/2004	662,084
Additions/improvements as part of extraordinary maintenance	8,548
Disposals	(137,322)
Gross value of buildings as at 30/6/2005	533,310
Depreciation fund for the previous fin. year	48,516
Disposals	(20,302)
Depreciation charge – 1st half 2005	2,279
Depreciation fund as at 30/6/2005	30,493
Net value of buildings as at 30/6/2005	502,817

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 2005 was €3,661.3m, an increase of €428.4m compared with 31 December 2004 (+13.3%).

As at 30 June 2005 Italian and foreign holdings, all classified as long-term assets, amounted to €3,590m (item C.II.1), an increase of €412m (+13%) compared with 31 December 2004.

The main transactions carried out and the events that occurred during the first half-year of 2005 related to:

- **Banca Nazionale del Lavoro spa**
During May and June, a total of 125,500,000 shares were purchased for a total equivalent value of €350.9m.
- **BNL Vita spa**
On 29 April 2005, Unipol Assicurazioni S.p.A. subscribed the increase in share capital from €110m to €130m, by paying the relevant share of €10m.
- **Finec Holding spa**
During March 2005, the entire shareholding in the company (28.61%) was sold, for a total value of €55.9m, thereby generating capital gains of €5m.
- **Hotel Villaggio Città del Mare spa**
On 6 May 2005, Unipol Assicurazioni S.p.A. paid €980K for a future increase in the share capital.
The Company's Extraordinary Shareholders' Meeting held on 6 June 2005 resolved the subsequent increase in the share capital from €5m to €7m.
- **Navale Assicurazioni spa**
Subscription of a total of 69,986,961 shares (including 470,817 inopted shares) relating to the increase in the share capital from €26.25m to €96.25m, resolved on 19 May 2005.
The total amount was €69.99m, €20m of which was paid in December 2004 for a future increase.

Moreover, during the first half-year purchase transactions were also concluded for a total of 1,892 shares.

The shareholding as at 30 June 2005 was 99.80%.

- **Previnet spa**
On 23 February 2005, Unipol Assicurazioni S.p.A. sold a shareholding in the company (11%) in return for a figure amounting to €2.4m, thereby generating a capital gain of €0.7m.
The shareholding fell to 3%.
- **Smallpart spa**
Subscription of a total of 16,000,000 shares relating to the increase in the share capital from €16m to €32m, resolved on 6 April 2005.
The total amount was €16m, €1m of which was paid in December 2004 and €15m in March 2005 for a future increase.
- **SRS spa**
As a result of the partial split of the company Bios spa in favour of Unipol Assicurazioni S.p.A. and Aurora Assicurazioni spa, the company SRS spa was established in June 2005 with share capital of €13.9m.
The shareholding was 75.21%.
- **Syneteristiki Insurance**
During March 2005, Unipol Assicurazioni S.p.A. subscribed the increase in share capital from €4.3m to €5.2m, with payment of €0.5m.
- **Unipol Banca spa**
Subscription of a total of 24,644,051 shares (including 595 inopted shares) relating to the increase in the share capital from €511.6m to €541.3m, resolved on 23 May 2005. The total amount was €39.4m.

Debt securities issued by other participating interests (item C.II.2.), amounted to €71.3m (€55m as at 31/12/2004) €54.8m of which related to long-term investments and €16.5m of which related to short-term investments.

No financing to Group undertakings was recorded as at both 30 June 2005 and 31 December 2004 (item C.II.3).

A list of undertakings in which participating interests are held showing the book value for the half-year period and the share held, directly and indirectly, is set out in Annex 1.

The amount and the nature of the increases and decreases in the investments in Group undertakings and other participating interests, subdivided into stocks and shares on the one hand and bonds and loans on the other, are set out in Annex 2.

C.III – Other financial investments

The total amount of other financial investments as at 30 June 2005 was €5,750.1m, an increase of €544.4m compared with 31 December 2004 (+10.5%).

Item C.III.1 – Stocks and shares showed a balance of €667.7m, an increase of €258m compared with 31 December 2004 (+63%); at the end of the period, €16.1m as value adjustments and €10.2m as value readjustments were recorded.

This item includes 29,500,000 ordinary BNL shares, with a total value of €64.1m, purchased during the period preceding May 2005, whose valuation led to readjustments valued at €8.5m.

Item C.III.3 – Bonds and other fixed-income securities showed a balance of €4,315.8m (+0.9% compared with 31/12/2004), 99.2% of which was in listed securities.

In the period under consideration there were purchases valued at €5,187m, purchases of assets relating to the acquisition of the insurance portfolio from A.I.P. (Assicurazioni Internazionali di Previdenza) valued at €70.4m, sales and repayments valued at €5,231m, transfers from Class D valued at €5.7m and to Class C.II at €1.5m.

The value of the portfolio also included €13.2m relating to capital write-ups, net issue and trading spreads during the period, the alignment to market values of freely-traded securities (€7.6m) and value readjustments on securities written down in previous financial years (€0.6m).

Item C.III.5, relating to other financial investments, amounted to €646.8m (+73.9% compared with 31/12/2004) and was made up as follows:

- €629.8m of repurchase agreements;
- €17m corresponding to earned premiums for contracts on derivative instruments (cap and floor 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 (regarding which we refer to ISVAP rulings contained in Instruction 893 G of 18/6/1998 and in Circular 475/D of 27/2/2002) carried out during the first half of 2005, it should be noted that today, 12 September 2005, the Board was provided with full information as it had instructed.

On 16 July 1999, in order to guarantee the conservation of freely-negotiable investments, the Board established a maximum limit for long-term investments of 60% of the total of the Company's investments. This total includes both equity and debt securities but excludes investments deemed to be strategic, all investments within Class D (Lines III and VI) and those covering defined-benefit policies.

Total investments as at 30 June 2005, calculated as set out above, were made up as follows (in €m):

<u>Stocks and shares</u>	<u>667.7</u>
<u>Units and shares in investment funds</u>	<u>67.4</u>
<u>Bonds and other fixed-income securities</u>	<u>3,943.9</u>
<u>Securities - repurchase agreements</u>	<u>629.8</u>
Total	5,308.7

Total long-term investments as at 30 June 2005, amounting to €754.5m, made up 14.2% of the Company's total financial investments.

E – Debtors

The balance of the debtors set out in item E, totalling €379.2m, showed a net decrease of €84.2m compared with the balance as at 31 December 2004 (-18.2%) and was made up as follows:

- debtors arising out of direct insurance operations totalling €282.4m (-€49m compared with 31/12/2004);
- debtors arising out of reinsurance operations totalling €23.8m (-€7.7m compared with 31/12/2004);
- other receivables amounting to €73m (-€27.5m compared with 31/12/2004), mainly consisting of:
 - √ receivables from the Inland Revenue of €32.1m, €25.2m of which was in respect of the substitute tax on mathematical reserves, established by Legislative Decree 209/02 (net of all compensation already made and taking account of the receivables arising out of the portfolio acquired from A.I.P. (Assicurazioni Internazionali di Previdenza spa) equal to €0.8m);
 - √ receivables from the subsidiary Aurora Assicurazioni spa of €16.9m, relating to the VAT paid. It is pointed out that as at 1 January 2005 Unipol Assicurazioni S.p.A. and the subsidiary Aurora Assicurazioni spa opted for the Group VAT system outlined in Article 73(3) of DPR [Presidential Decree] 633/72;
 - √ receivables from the controlling company Finsoe spa for IRES advance payments totalling €9.6m (following participation of Unipol Assicurazioni S.p.A., including for the year 2005, in the consolidated tax return for Finsoe in its role as consolidated company);
 - √ receivables for interest on loans on Life policies of €2m.

Item E.I – Debtors arising out of direct insurance operations, which amounted to €282.4m, consisted of receivables from policyholders of €115.1m (€97.6m Non-Life

and €17.5m Life), receivables from insurance intermediaries of €113.7m (€79.9m Non-Life and €33.7m Life), receivables from insurance companies of €37.8m (relating almost entirely to Non-Life business) and receivables from policyholders and third parties out of sums to be recovered of €15.9m.

Amounts receivable from policyholders as at 31 December 2004 amounted to €171.7m (€161.4m for Non-Life and €10.3m for Life). Corresponding receipts during the first six months of 2005 amounted to €155.7m (€150m for Non-Life and €5.7m for Life).

The balance on debtors as at 30 June 2005, shown net of overall write-downs, amounted to €2.3m (€2.1m for Non-Life).

F – Other assets

This item showed a total balance of €436m, a net increase of €259.7m compared with 31 December 2004 (+147.3%).

The balance on 'Tangible assets and stocks' amounted to €14m as at 30 June 2005 (-€1.3m compared with the figure as at 31/12/2004) and 'Liquid assets' at the end of the half year amounted to €329.7m, an increase of €211.7m compared with 31 December 2004.

'Other assets' showed a balance of €92.4m (+€49.4m compared with 31/12/2004) and consisted mainly of the balance on the internal liaison account between Life and Non-Life business, which amounted to €48.6m in favour of Life business (€4.9m as at 31/12/2004 in favour of Life business), the contra of valuations of and adjustments to transactions in derivatives in existence as at 30 June 2005 amounting to €15.8m (€14.4m as at 31/12/2004) and deferred tax assets of €20.5m (€19.5m as at 31/12/2004).

Balance Sheet – Liabilities

A – Shareholders' equity

Capital and reserves as at 30 June 2005, excluding the result for the period, amounted to €2,562.7m, an increase of €135.4m compared with 31 December 2004 owing to the increase in the free reserves as a result of the

allocation of the net profit for 2004 (€43.1m) and to the conversion of the warrants (€92.3m). During the first half of 2005, in fact, and more precisely on 20 June, bearers of the warrants attached to the shares and bonds issued in July 2000 continued to exercise the right to subscribe to new ordinary and preference shares. As a result of these subscriptions the share capital rose by €49.1m compared with 31 December 2004.

As at 30 June 2005 the share capital amounted to €965,513,627 fully paid-up and consisted of 965,513,627 shares, each with a face value of €1, subdivided as follows:

- 597,487,319 ordinary shares, 50.79% of which were owned by the holding company, Finsoe spa;
- 368,026,308 preference shares.

B - Subordinated liabilities

This item amounts to €600m and is unchanged compared with 31 December 2004. It is entirely composed of the face value of two issues of subordinated callable notes made by the Company.

Each loan has a face value of €300m, is for a period of twenty years and is quoted on the Luxembourg Stock Exchange. The degree of subordination is similar to Tier II (supplementary capital consisting of second-level capital items).

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

In the first half of 2005 interest payable totalled €18.8m.

C/D – Technical provisions

As at 30 June 2005 the technical provisions in Non-Life insurance business amounted to €2,246.7m (+3.5% compared with 31/12/2004).

The item 'sundry technical provisions' (item C.I.3), amounting to €1.2m, is made up as follows:

- the provision for bonuses and rebates, amounting to €0.9m;
- the provision for increasing age, amounting to €0.3m.

At the end of the period the technical provisions for Life business totalled €5,809.6m (+18.4% compared with 31/12/2004), €619.4m of which related to index- and unit-linked policies – Class III – (€581.1m as at 31/12/2004) and €314.6m related to pension fund management (€111.3m as at 31/12/2004), €181.1m of which related to the management as from May 2005 of the capital-guaranteed 'Cometa' occupational pension fund.

As at 30 June 2005 'sundry technical provisions' (Item C.II.3) amounted to €36.7m (€32.7m as at 31/12/2004). This item relates almost entirely to sums set aside for operating expenses:

- Class I, €20.2m;
- Class III, €9.9m;
- Class V, €6.6m.

G – Creditors and other liabilities

As at 30 June 2005 creditors and other liabilities amounted to €328.3m, an increase of €95.3m compared with 31 December 2004 (+40.9%).

Item G.I – Creditors arising out of direct insurance operations, amounting to €33m, showed an increase of €19.6m compared with the balance as at 31 December 2004 and consisted of €5.6m of payables to insurance intermediaries, €23.7m of payables to insurance companies, €1.7m of payables to policyholders for deposits and premiums and €1.9m of payables to guarantee funds in favour of policyholders.

'Sundry borrowings and creditors' (item G.V) amounted to €101.9m, a net increase of €5.4m compared with 31 December 2004 (+5.6%).

This item includes:

- policyholders' tax due of €41.9m;
- sundry taxes of €13.8m, €9.4m of which related to the VAT settlement balance for June 2005 (taking account of the previously mentioned Group VAT system);
- sundry borrowings and other financial liabilities amounting to €11.4m;
- payables to welfare and pensions bodies of €3.3m;
- sundry creditors amounting to €31.5m, including €20.3m payable to suppliers.

Item G.VII – Other liabilities rose from €86.4m as at 31 December 2004 to €156.6m as at 30 June 2005, a net increase of €70.2m (+81.3%).

This item mainly consisted of:

- the balance on the internal liaison account between Life and Non-Life business, a debit to Non-Life business of €48.6m, as already mentioned;
- taxes for the half-year of €35m, €6.1m of which in respect of IRAP and €28.9m in respect of IRES (liabilities recorded in respect of the controlling company Finsoe spa, with Unipol Assicurazioni S.p.A. participating, also for the year 2005, in the consolidated tax return of Finsoe in its role as consolidated company);
- the amount of additional commissions ('rappels') of €25.5m;
- the contra of valuations of, and adjustments to, transactions in derivatives in existence as at 30 June 2005 amounting to €24.6m;
- commissions for premiums currently being collected of €13.6m.

Guarantees, commitments and other memorandum accounts

As at 30 June 2005 memorandum accounts amounted to €12,723.5m (€11,098.8m as at 31/12/2004) and were made up as shown in the following table (in €K):

Guarantees issued: surety bonds	447
Guarantees issued: other guarantees	8
Guarantees received: surety bonds	13,882
Guarantees received: collateral securities	26,711
Guarantees received: other guarantees	60
Guarantees issued by third parties in favour of the Company	14,430
Commitments	2,630,142
Third party assets held in deposit	413
Assets pertaining to pension funds managed on behalf of third parties	226,409
Securities deposited with third parties	9,803,734
Other memorandum accounts	7,302
Total	12,723,539

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

Information on derivatives

In accordance with the instructions issued by ISVAP (Instruction 297 of 19/7/96) 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 2005 purely to hedge the risk in the securities position 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 institutions of proven trustworthiness.

The positions of derivatives as at 30 June 2005 are shown in the following tables (amounts in €K):

A. Derivative contracts involving forward capital swaps

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

Type of transaction	No of transactions	Overall exposure
Currency resale agreements	18	230,978
Currency repurchase agreements	6	126,507
Sales of put options	1	33,062
Purchases/sales of call options	24	534,533
Total	49	925,080

B. Derivative contracts not involving forward capital swaps

The value attributed consists of the face value of the underlying capital in €K. The exchange rate on 30 June 2005 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	5	289,000
Purchases/sales of swap options	2	250,000
Total	19	1,049,023

The above operations were carried out in Euro, US Dollars, Swiss Francs and British Pounds.

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 €3,699K;
- a net capital gain on trading linked to an option sold on a bond security and exercised on maturity of €268K;

- net charges from operations to hedge the exchange risk amounted to €446K;
- net income from interest rate swaps amounted to €462K;
- net income from cap/floor options amounted to €1,141K.

It should be noted that the overall return on the Company's investments (including value adjustments and income/charges from the use of derivatives) was 7.8% and that within the portfolio exchange rate risks are largely covered and rate risks are reduced.

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

Item F in liabilities (Deposits received from reinsurers) relates to deposits established as guarantees with ceding undertakings in relation to 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. These amounts are therefore to be considered due by 30 June of the following year.

ITEM C	Loans	Balance as at 30/6/2005	Amounts due after 30/6/2006
C.III.4	Other loans	52,441	43,467
	Total	52,441	43,467
ITEM E	Debtors		
E.I	Debtors arising out of direct insurance operations	282,391	29,865
E.II	Debtors arising out of reinsurance operations	23,755	-
E.III	Other debtors	73,010	334
	Total	379,156	30,199
ITEM G	Creditors		
G.I	Creditors arising out of direct insurance operations	32,983	-
G.II	Creditors arising out of reinsurance operations	10,713	-
G.V	Sundry borrowings and creditors	101,935	3,491
G.VII	Other liabilities	156,620	-
	Total	302,250	3,491

Information 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 2005 gross premiums written amounted to €1,746.2m (€716.9m for Non-Life and €1,029.4m for Life).

Premiums ceded in reinsurance amounted to €49.7m (€47.6m relating to Non-Life business and €2.2m to Life business).

The breakdown of premiums written per class of business is given in the first section of this report ('Business Interim Report').

At the end of the period the provision for unearned premiums for Non-Life business amounted to €520m and, allowing for portfolio movements, showed an increase of €0.8m compared with 31 December 2004 (€0.8m was the variation in the reinsurers' share.)

The Non-Life business provision for outstanding claims, which amounted to €1,724.5m as at 30 June 2005, showed an increase, allowing for portfolio movements, of €76.8m compared with 31 December 2004 (a drop of €1.8m in the reinsurers' share).

With regard to Life business, the mathematical provisions and other technical provisions (including those in Class D) amounted to €5,791.1m, a net variation (taking into account portfolio movements) of €852.7m compared with 31 December 2004. The provision for sums payable, amounting to €18.5m, showed a

net variation of -€6m compared with 31 December 2004.

Claims paid in Non-Life business amounted to €456.6m (the reinsurers' share totalling €23.9m). The variation in sums recovered, net of the reinsurers' share, amounted to €7.3m.

Sums paid in Life business amounted to €263.8m, (the reinsurers' share amounting to €0.4m).

The item 'other income', which amounted to €64.7m (€39.2m as at 30/6/2004), consists of €39.9m for administrative expenses recovered, €5.5m in interest receivable, €15.1m for exchange rate differences and other amounts recovered amounting to €4.2m.

The item 'other charges', amounting to €76.9m, consists of third-party charges of €39m, interest payable (mainly related to subordinated callable notes) of €20.1m, exchange rate differences of €14.4m, amortisation quotas of €1.1m, other losses and sundry charges of €2.3m.

The balance on exchange rate differences not realised was negative to the tune of €8m.

The table below shows investment income and charges, separately for land and buildings, investments in Group undertakings and other participating interests, and other financial investments as at 30 June 2005:

BREAKDOWN OF INVESTMENT INCOME AND CHARGES

(€K)

	Non-Life business	Life business	Total
Investment income from land and buildings	14,649		14,649
Investment charges from land and buildings	7,350		7,350
Total (A)	7,299		7,299
Investment income from Group undertakings and other participating interests	132,302	48,319	180,621
Investment charges from Group undertakings and other participating interests	235	823	1,058
Total (B)	132,067	47,496	179,563
Income from other financial investments	54,241	140,279	194,519
Charges from other financial investments	24,561	40,759	65,320
Total (C)	29,680	99,520	129,200
TOTAL (A+B+C)	169,046	147,016	316,062

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

As at 30 June 2005 extraordinary income amounted to €50.6m, €32m of which related to capital gains on disposals of property, €17.8m to capital gains from trading in securities and shareholdings and €0.8m to other unanticipated profits.

Extraordinary charges amounted to €0.3m and were made up of unanticipated losses and capital losses.

The taxes for the half-year amounted to €34.5m (€18.8m as at 30/6/2004), €28.4m of which in respect of IRES and €6.1m in respect of IRAP.

The tax rate fell from 13.8% as at 30 June 2004 to 11.7% as at 30 June 2005, mainly as a result of the increased incidence of the dividends (excluded from the tax basis) on the results for the period.

Other Information

Solvency margin

In view of the expected development of business, the solvency margin to be set up at the end of 2005 will amount to about €472m, €237m for Non-Life business and €235m for Life business. Both are amply covered by their respective items.

Furthermore the relevant assets that make up the solvency margin provided for at Group level by Legislative Decree 239 of 17 April 2001 ("adjusted solvency") exceed the amount required.

Assets matching technical provisions

As regards Non-Life provisions, the sum to be covered as at 30 June 2005 was €2,198,864K and the relative matching assets can be subdivided as follows:

Debt securities and similar securities	656,905
Equities and similar securities	538,208
Equities and similar securities	562,727
Debtors and other assets	179,208
Deposits	261,816
Total matching assets	2,198,864

As for 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 2005 was €4,861,224K.

Matching assets can be broken down as follows:

Debt securities and similar securities	4,243,342
Equities and similar securities	616,018
Deposits	1,864
Total matching assets	4,861,224

These assets belong to asset categories identified in the relevant Isvap Instructions.

Bologna, 12 September 2005

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 2005

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)		Total %
						Amount (4)	No. of shares		Amount	Direct %	
2	b	UL	1	Compagnia Assicuratrice Linear Spa - Bologna	EUR	19,300	19,300,000	21,506	80.00		80.00
4	b	UL	1	Quadrifoglio Vita Spa - Bologna	EUR	29,500	29,500,000	36,450	50.00		50.00
5	b	UL	1	Unisalute Spa - Bologna	EUR	17,500	17,500,000	27,494	92.44		92.44
8	b	UL	3	Unipol Banca Spa - Bologna	EUR	511,560	511,560,000	281,435	41.43	10.00	51.43
8	b	UL	3	Unipol Banca Spa - Bologna	EUR	511,560	511,560,000	281,435	41.43		41.43
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	45,319	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
29	d	UL	9	Assicooop Genova Spa (in liquidazione) - Genova	EUR	260	260,000	20	24.50		24.50
29	d	UL	9	Assicooop Genova Spa (in liquidazione) - Genova	EUR	260	260,000	20	24.50		24.50
37	e	UL	1	Atlantis Sa - Barcellona (Spagna)	EUR	41,678	1,083,392	1,616	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	1,504	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
48	e	UL	2	Union Capital Srl (in liquidazione) - Milano	EUR	100	100,000	28	5.00		5.00
50	e	UL	3	Banca di Bologna Scarl - Bologna	EUR	26,733	517,682	51	0.19		0.19
62	e	UL	9	Allnations Sa Ord - Ohio (USA)	USD	2,162	13,693	1	0.16		0.16
65	e	UL	9	Cestar Srl - Pero (MI)	EUR	2,040	4,000,000	76	3.68	10.77	14.45
66	e	UL	3	Banca Popolare Etica Scarl - Padova	EUR	17,341	335,796	52	0.30		0.30
68	e	UL	9	Fondazione CESAR - Bologna	EUR	258		258	100.00		100.00

(*) 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 = Associated undertakings

d = Affiliated undertakings

e = Other undertakings

(2) Please indicate L for securities listed in

regulated markets and UL in all other cases

9 = Other company or entity

(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

(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 (*)

(€ thousand)

These data refer to the first six months of 2005

No	Type	Listed or unlisted	Type of business	Name of company and registered office	Currency	Share capital		(6) NL/L	Value (5)		% holding held (7)	
						Amount (4)	No. of shares		Amount	Direct %	Indirect %	Total %
70	e	UL	9	Inforcoop Scarl - Roma	EUR	797		NL	22	2.73		2.73
77	e	UL	9	UCI - Milano	EUR	510	1,000,000	NL	22	4.25	9.57	13.82
79	e	UL	1	Atlantis Vida Sa - Barcellona (Spagna)	EUR	9,616	96,162	L	1,203	12.50		12.50
81	e	UL	2	Hopa Spa - Brescia	EUR	709,800	1,365,000,000	NL	254,496	7.13		7.13
87	b	UL	1	Navale Assicurazioni Spa - Ferrara	EUR	96,250	96,250,000	NL	142,760	99.80		99.80
95	e	UL	7	Consorzio Energia Fiera District - Bologna	EUR	21	14	NL	2	7.14	7.14	14.28
97	b	UL	1	BNL Vita Spa - Milano	EUR	130,000	26,000,000	L	60,141	20.00		20.00
97	b	UL	1	BNL Vita Spa - Milano	EUR	130,000	26,000,000	NL	90,212	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	1,935,273	3,023,863,800	NL	101,782	0.90		0.90
106	e	L	3	Banca Monte dei Paschi di Siena Spa - Siena	EUR	1,935,273	3,023,863,800	L	134,056	1.09		1.09
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	1,308,503	68.94		68.94
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	9,061	75.21	24.79	100.00
116	e	UL	1	Actel Sa - Bruxelles (Belgio)	EUR	7,145	1,149,205	NL	22	0.09		0.09
117	e	L	3	Banca Nazionale del Lavoro SpA - Roma	EUR	2,197,721	3,052,390,496	NL	150,626	1.78	3.81	5.59
117	e	L	3	Banca Nazionale del Lavoro SpA - Roma	EUR	2,197,721	3,052,390,496	L	200,276	2.34		2.34

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 2005

(€ thousand)

		Stocks and shares C.II.1	Debt securities C.II.2	Corporate financing C.II.3
As at 1 January	+ 1	2,316,304 ²¹	35,000 ⁴¹	0
Increases in the period	+ 2	244,356 ²²	36,337 ⁴²	0
through: purchase, subscription or financing	3	235,291 ²³	34,841 ⁴³	0
value re-adjustments	4	0 ²⁴	0 ⁴⁴	0
write-ups.....	5	0		
other changes	6	9,065 ²⁶	1,496 ⁴⁶	0
Decreases in the period:	- 7	36,664 ²⁷	8,484 ⁴⁷	0
through: sale or redemption	8	25,464 ²⁸	8,484 ⁴⁸	0
write-downs	9	0 ²⁹	0 ⁴⁹	0
other changes	10	11,200 ³⁰	0 ⁵⁰	0
Total	11	2,523,996³¹	62,853⁵¹	0
Market value	12	3,163,301 ³²	62,869 ⁵²	0
Total write-ups	13	9		
Total write-downs	14	21,009 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 2005

(€ thousand)

		Stocks and shares C.II.1	Debt securities C.II.2	Corporate financing C.II.3
As at 1 January	+ 1	861,641 ²¹	19,972 ⁴¹	0
Increases in the period	+ 2	231,491 ²²	8,488 ⁴²	0
through: purchase, subscription or financing	3	231,491 ²³	8,488 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	27,170 ²⁷	19,977 ⁴⁷	0
through: sale or redemption	8	27,170 ²⁸	19,972 ⁴⁸	0
write-downs	9	0 ²⁹	5 ⁴⁹	0
other changes	10	0 ³⁰	0 ⁵⁰	0
Total	11	1,065,962³¹	8,483⁵¹	0
Market value	12	1,350,811 ³²	8,483 ⁵²	0
Total write-ups	13	0		
Total write-downs	14	1,322 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 2005

I - Non-Life business

(€ thousand)

	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:	1	102,075	13	136,701	25	266,595	37	273,656	49	368,670	61	410,357
a) listed stocks	2	102,075	14	136,701	26	266,595	38	273,656	50	368,670	62	410,357
b) unlisted stocks	3	0	15	0	27	0	39	0	51	0	63	0
c) shares	4	0	16	0	28	0	40	0	52	0	64	0
2. Units and shares in investment funds	5	5,286	17	3,224	29	18,792	41	19,092	53	24,078	65	22,316
3. Bonds and other fixed-income securities	6	95,761	18	99,226	30	437,154	42	438,664	54	532,915	66	537,890
a1) listed Government bonds	7	0	19	0	31	42,353	43	42,353	55	42,353	67	42,353
a2) other listed securities	8	74,853	20	77,073	32	391,939	44	393,449	56	466,792	68	470,522
b1) unlisted Government bonds	9	6,123	21	6,540	33	0	45	0	57	6,123	69	6,540
b2) other unlisted securities	10	14,785	22	15,613	34	1,395	46	1,395	58	16,180	70	17,008
c) convertible bonds	11	0	23	0	35	1,467	47	1,467	59	1,467	71	1,467
5. Other investments (2)	12	0	24	0	36	44,956	48	44,734	60	44,956	72	44,734

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:	73	32,564	85	54,219	97	266,465	109	266,757	121	299,029	133	320,976
a) listed stocks	74	32,564	86	54,219	98	266,465	110	266,757	122	299,029	134	320,976
b) unlisted stocks	75	0	87	0	99	0	111	0	123	0	135	0
c) shares	76	0	88	0	100	0	112	0	124	0	136	0
2. Units and shares in investment funds	77	6,225	89	6,389	101	37,076	113	37,165	125	43,301	137	43,554
3. Bonds and other fixed-income securities	78	884,536	90	924,159	102	2,898,357	114	2,909,676	126	3,782,893	138	3,833,835
a1) listed Government bonds	79	189,401	91	203,840	103	1,186,913	115	1,190,812	127	1,376,314	139	1,394,652
a2) other listed securities	80	694,665	92	719,817	104	1,696,319	116	1,703,687	128	2,390,984	140	2,423,504
b1) unlisted Government bonds	81	0	93	0	105	0	117	0	129	0	141	0
b2) other unlisted securities	82	470	94	502	106	1,694	118	1,746	130	2,164	142	2,248
c) convertible bonds	83	0	95	0	107	13,431	119	13,431	131	13,431	143	13,431
5. Other investments (2)	84	7,712	96	3,891	108	594,092	120	587,709	132	601,804	144	591,600

(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

External Auditors' Limited Review Report



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

Review report

To the board of directors of
Compagnia Assicuratrice Unipol S.p.A.

- 1 We have reviewed the half year report of Compagnia Assicuratrice Unipol S.p.A., comprising a balance sheet, income statement and relative notes as at and for the six months ended 30 June 2005 prepared in accordance with ISVAP (the Italian Supervisory Authority for the Insurance Sector) regulation no. 1207-G of 6 July 1999. We have also reviewed the part of the notes describing the activities of the company for the period with the sole objective of verifying consistency with the remainder of the half year report.
- 2 We conducted our review in accordance with Consob (the Italian Commission for Listed Companies and the Stock Exchange) guidelines set out in Consob resolution no. 10867 dated 31 July 1997 to which the above ISVAP regulation makes reference. The responsibility for the reviews of the half year reports of certain subsidiaries, representing approximately 29% and 7% of the captions "Investments in affiliated undertakings and participating interests – shares and participating interests in subsidiaries" and "Total assets", respectively, rests with other auditors. The review consisted primarily of the collection of information relating to the financial data and the consistency of application of the accounting policies through discussions with company management and analytical procedures applied to the financial data presented. With respect to the examination of technical reserves accounted for under "liabilities" in the balance sheet, we also referred to the report of a qualified actuary, in accordance with article 8 of ISVAP regulation no. 1207-G dated 6 July 1999. The review excluded such audit procedures as tests of controls and verification or validation of assets and liabilities and is significantly less than an audit performed in accordance with generally accepted auditing standards. As a consequence, contrary to our reports on the annual financial statements, we do not express an opinion on the half year report.
- 3 With regard to the comparative figures relative to the annual financial statements and half year report of the previous year, reference should be made to our reports dated 11 April 2005 and 11 October 2004.
- 4 Based on our review, we are not aware of any material modifications or integrations that should be made to the balance sheet, income statement and relative notes referred to in paragraph 1 for them to be in conformity with ISVAP regulation no. 1207-G of 6 July 1999.

- 5 The company holds controlling interests in a number of companies and, in accordance with current legislation, has prepared a consolidated half year report. We have reviewed the consolidated half year report and thus (with our review report thereon dated 30 September 2004) has been made public within the timescale and the mode defined by current legislation.

- 6 This report is addressed to the board of directors of Compagnia Assicuratrice Unipol S.p.A. for supervisory reporting purposes, in accordance with ISVAP regulation no. 1207-G of 6 July 1999 and, therefore, may not be used for any other purposes or disclosed to third parties without our prior written consent.

Bologna, 23 September 2005

KPMG S.p.A.

(signed on the original)

Massimo Tamburini
Director of Audit

Translated from the original Italian by SEL, the translation company owned by the University of Salford, Manchester, UK