

Compagnia Assicuratrice Unipol S.p.A.

Registered Offices – Via Stalingrado 45 – 40128 Bologna – Share capital €911,720,919 fully paid-up.

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

Authorized 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)

www.unipol.it

Unipol Assicurazioni S.p.A. Half-Yearly Report as at 30 June 2004

Bologna, 10 September 2004

Translation from the original Italian text.

Company's Boards and Officials	5
Introduction – Macroeconomic Overview in the first Half Year.....	7
Company Highlights	11

Unipol Assicurazioni S.p.A. Half-Yearly Report as at 30 June 2004

Balance Sheet and Profit and Loss Account	14
Business Interim Report	18
Accounting Criteria	43
Information on the Balance Sheet	44
Information on the Profit and Loss Account	51
Other Information	53

Statements and Annexes:

Reclassified Balance Sheet.....	20
Reclassified Profit and Loss Account.....	21
Premium Income.....	22
Investments and Liquid Assets	34
Investment Income.....	38
Participating Interests (Annex 1)	54
Changes in Investments in Group Undertakings (Annex 2/Non-Life; Annex 2 Life).....	56
Breakdown of Other Financial Investments (Annex 3)	58

Company's Boards and Officials

HONORARY CHAIRMAN

Enea Mazzoli

BOARD OF DIRECTORS

CHAIRMAN MANAGING DIRECTOR

Giovanni Consorte

VICE CHAIRMAN MANAGING DIRECTOR

Ivano Sacchetti

BOARD MEMBERS

Antonio Silvano Andriani / Jean Dominique Antoni (*)
Francesco Bocchetti / Rocco Carannante (*) / Claudio Casini
Piero Collina / Bruno Cordazzo / Pier Luigi Fabrizi
Jacques Forest / Vanes Galanti / Emilio Gnutti
Claudio Levorato / Ivan Malavasi (*) / Riccardo Margheriti
Enrico Migliavacca (*) / Massimo Pacetti (*) / Marco Pedroni
Aldo Soldi / Giuseppe Solinas (*) / Pierluigi Stefanini
Graziano Trere' (*) / Marco Giuseppe Venturi (*)
Mario Zucchelli

BOARD OF STATUTORY AUDITORS

Umberto Melloni, Chairman
Carlo Cassamagnaghi / Luigi Capè
Marco Baccani (Alternate) / Roberto Chiusoli (Alternate)

JOINT GENERAL MANAGERS

Carlo Cimbri, *Investments, Property, Shareholdings and Control*
Carmelo De Marco, *Insurance Business*
Riccardo Laurora, *IT Systems*
Salvatore Petrillo, *Administration and Accounting*

CENTRAL MANAGERS

Domenico Brighi / Giancarlo Brunello / Federico Corradini
Stefano Dall'Aglio / Francesco Montebugnoli / Stefano Scavo

(*) Independent Board Member

Introduction

The financial expectations for the current year are very prudent. There is still uncertainty as a result of international tension, terrorist threats and the politico-economic cycles in the major industrialized countries, including Italy.

The record levels reached by oil prices during the summer also give rise to fears of a general rise in prices in the autumn, especially in energy.

There is still a wide discrepancy between the trend in the US economy and that in the European economies of more than 2.5 percentage points.

In the first quarter of 2004 Italian GDP grew by 0.8% over the first quarter of 2003 and growth in the Eurozone as a whole was 1.3%. During the second quarter of 2004 it grew by 1.1% compared with the same period of 2003 and the overall year-on-year increase in GDP would be 0.8%. Thus Italian GDP at the end of the year is now forecast to be 1.1% compared with an increase worldwide of 4.3% and in the EU of 1.8%.

During the same period imports of goods and services rose by 0.8% compared with the first quarter of 2003 and the trend in exports, which rose by 0.4%, was also the same.

According to recent figures produced by ISTAT (Istituto Centrale di Statistica – the Central Statistics Institute) household consumption is falling again, although in the first quarter of 2004 it rose by 1.5% over the corresponding quarter of 2003.

Constant rises in the price of oil (to almost \$48 per barrel in August) and of energy resulted in inflation in Italy rising to 2.4% in June, but it fell to 2.3% in July. Inflation in the EU in June was 2.4%. However, there are fears of a further increase in the rate of price rises because of this increase in the cost of energy.

There is still uncertainty in the financial markets as a result of the economic background and the international situation, but the figures for the first half of 2004 are on the whole positive. The variation in the Mibtel index in Italy since the beginning of the year is + 6.0%.

However, in the middle of August the international Stock Exchange indices were at their lowest for the year and in Italy the variation in the Mibtel index thus fell from +6.0% to +0.49% on 17 August.

On 30 June the FED intervened by placing restrictions on US rates, raising the cost of borrowing by a quarter of one percent (from 1.0% to 1.25%). On 10 August the rate was again raised, this time to 1.50%. The ECB base rate has been steady at 2.0% since 6 June 2003.

Although in August medium- to long-term rates fell, expectations are that they will rise again in the last few months of the year.

Short-term rates are also expected to rise again over the same period.

The final figures for 2003 show that the insurance market in Italy had premium income of €97bn, an increase of 10.6% compared with 2002. The incidence on GDP rose from 7% in 2002 to 7.5%.

Non-Life business, with premium income of €34.2bn, grew by only 5.5%. This was linked in particular to the slowdown recorded in Motor business (+5.6% compared with +8% as at 31/12/2002), partly as a result of the tariff cool-down in the insurance sector provided for by the Memorandum of Understanding signed on 5 May 2003 by the Government, ANIA and the Consumers' Associations.

On the other hand Life business, with premium income of €62.8bn, an increase of 13.5%, drove the market up. Products with guaranteed minimum yield, such as policies in Class I (traditional types of Life assurance) and in Class V (policies designed purely for capital redemption) showed strong growth. The percentage of financial products in Class III fell (despite the considerable rise in Index-Linked), whilst the contribution made by Class VI (open-end pension funds) and Class IV (Long-Term Care type of Health insurance) continued to be negligible.

As regards sales channels, in 2003 the proportion of premium income obtained through banks and post offices rose even further, the traditional channel continued to do well and there was a fall in premium income obtained via financial advisers.

Figures for the first quarter of 2004 show a very limited rise in total premium income compared with the same period of 2003 (+0.2% to €23.6bn).

In particular, for the first time after several years of sustained growth, premium income achieved by Life companies (totalling €14.9bn) was down by 1.4%.

This trend may be a consequence either of this sector having almost reached saturation point in Italy or of the fact that some bancassurance operators did particularly well in the first quarter of 2003.

Non-Life business grew by only 3.2% (€8.7bn), in line with the trend in Motor business (+3.2%), which was down once again. Of the other classes particular mention must be made of General Third-Party Liability and Health, which achieved above-average growth.

The main changes that took place in insurance business during the period are:

- in the first few months of 2004 various companies reduced their Motor TPL tariffs for 'good' drivers, in particular for those living in the riskiest areas. Unipol decided to reduce the tariff for the most careful policyholders in Campania.*
- As agreed under the Memorandum of Understanding signed by ANIA, the Government and the Consumers' Associations on 5 May 2003, as from 1 June 2004 the Direct Indemnity Agreement is extended to claims for physical injury: Therefore those injured in road traffic accidents between two vehicles can be compensated directly by the insurer of the vehicle in which they were travelling up to the amount of €15,000 for injuries sustained by each of them.*
- On 1 July the conciliation procedure provided by the Agreement between ANIA and the Consumers' Association signed on 18 March 2004 came into effect. It enables any disputes between insurer and claimant to be swiftly resolved without recourse to litigation. This procedure, to which the Unipol Group has signed up, applies to all Motor TPL claims, including claims under the Direct Indemnity Agreement, made after 1 July 2004 for amounts not exceeding €15,000.*
- On 1 July 2004 several major new regulations came into effect relating to mopeds (following amendments to the Highway Code. These cover:
 - √ the introduction of a certificate and number plate, which is personal and is unique to each moped;*
 - √ authorization to carry a passenger;*
 - √ the requirement for minors to obtain a certificate of competence by attending lessons at a state or private driving school.**

- For six weekends (the last three in July and the first three in September) operation 'Get Home Safely' takes place. This is a result of a Memorandum of Understanding between the National Police and ANIA, with the collaboration of the Italian Association of Dance-Hall Proprietors, under which during these periods stands will be set up at the exits of 20 of the most popular dance-halls on the Italian coast where young people will be able to be tested for alcohol levels. The scheme is voluntary and confidential.*

Amongst the most recent changes in legislation mention should be made of:

- Legislative Decree 344 of 12 December 2003 (in implementation of the Enabling Act on the reform of the State tax system) under which the first stage of the tax reform, relating to corporation tax, came into effect on 1 January 2004 with the introduction of IRES (with a single rate of 33%) and the consequent abolition of IRPEG, of Dual Income Tax and of the tax credit on dividends.*
- Decree 67 of 28 January 2004 issued by the Ministry of Production (in implementation of Article 20 of Law 273 of 12/12/2002) published in the Official Journal on 17 March 2004, relating to the appointment of the actuary charged with dealing with Motor TPL insurance. The Decree came into effect on 1 April 2004. The Companies arranged to appoint the actuary by the date laid down, viz: 15 May 2004. One of the actuary's duties is checking all the current tariffs and the technical provisions recorded in the Accounts.*
- Legislative Decree 102 (published in the Official Journal on 23/4/2004 as part of the law authorizing the Government to reform agricultural business) which, inter alia, deals with the subsidies to insurance premiums for losses arising out of natural disasters or unusual events.*
- Legislative Decree 168 of 12 July 2004 (converted by Law 191 of 30/7/04, published in Official Journal 178 of 31/7/04), covering urgent action to keep public spending down by raising the level of tax on the actuarial provisions of Life classes (laid down in Legislative Decree 209/2002), the rate being expected to rise from 0.20% to 0.30% as from the 2004 tax year. An instalment based on the new rate must be paid by 30 November.*

- *On 28 July the Chamber of Deputies finally approved the Enabling Act relating to social security, which has not yet been published in the Official Journal. The Government must issue the Decrees to implement it within the following twelve months. Accruing staff-leaving indemnity may be allocated to either group or individual supplementary pension schemes, which are placed on an equal footing.*

Finally it should be recalled that the company reform referred to in Legislative Decrees 5 and 6 of 17 January 2003 came into effect on 1 January 2004. Legislative Decree 37 was issued on 6 February 2004 and came into effect on 29 February 2004. It introduced several alterations and supplements to the provisions already mentioned and brought together the single text of the laws relating to banking and credit (Legislative Decree 385 of 1/9/1993) and the single text on financial brokerage (Legislative Decree 58 of 24/2/1998).



The half-yearly report on Unipol Assicurazioni's business trend has been drawn up in accordance with the relative provisions issued by ISVAP and CONSOB and has been partially revised by the auditors KPMG spa. This company has also audited the accounts for the three-year period 2003/2005.

The table below shows the most significant figures relating to Unipol Assicurazioni.

UNIPOL ASSICURAZIONI - HIGHLIGHTS

(€ million)

	30 June 2004	31 December 2003	30 June 2003	31 December 2002
Gross premiums	1,517.3	2,454.2	1,327.6	1,901.7
<i>variation %</i>	<i>14.3 (1)</i>	<i>29.1</i>	<i>44.5 (1)</i>	<i>10.5</i>
Technical provisions	6,821.4	6,091.5	5,747.6	5,122.0
<i>variation %</i>	<i>12.0 (2)</i>	<i>18.9</i>	<i>12.2 (2)</i>	<i>8.2</i>
Technical provisions-to-premiums ratio				
- Non-Life		147.5		147.2
- Life		376.3		520.4
- Non-Life+Life		248.2		269.3
Investments, cash and cash equivalents	9,569.9	8,865.9	7,045.4	6,474.3
<i>variation %</i>	<i>7.9 (2)</i>	<i>36.9</i>	<i>8.8 (2)</i>	<i>8.2</i>
Net investment income and capital gains				
-excluding Class 'D' and value adjustments	192.2	322.3	200.3	261.7
<i>variation %</i>	<i>-4.0 (1)</i>	<i>23.2</i>	<i>22.5 (1)</i>	<i>-4.5</i>
-excluding Class 'D', including value adjustments	165.4	271.9	194.7	197.2
<i>variation %</i>	<i>-15.1 (1)</i>	<i>37.8</i>	<i>66.5 (1)</i>	<i>-1.4</i>
Payments (claims, amounts due out of maturity, surrender, annuity)	667.9	1,230.3	592.0	1,199.9
<i>variation %</i>	<i>12.8 (1)</i>	<i>2.5</i>	<i>-0.1 (1)</i>	<i>8.7</i>
Loss ratio - Non-Life business	74.9	71.8	75.6	71.9
Operating expenses	178.0	345.9	169.6	313.0
<i>variation %</i>	<i>4.9 (1)</i>	<i>10.5</i>	<i>10.0 (1)</i>	<i>5.6</i>
Expense ratio	11.7	14.1	12.8	16.5
Capital and reserves	2,538.4	2,529.5	1,430.4	1,387.7
<i>variation %</i>	<i>0.4 (2)</i>	<i>82.3 (4)</i>	<i>3.1 (2)</i>	<i>18.5</i>
Profit before taxation	135.7	209.1	146.9	175.0
<i>variation %</i>	<i>-7.6 (1)</i>	<i>19.5</i>	<i>74.3 (1)</i>	<i>29.7</i>
Tax on profit for the period	18.8	75.0	56.5	71.9
<i>variation %</i>	<i>-66.8 (1)</i>	<i>4.3</i>	<i>81.0 (1)</i>	<i>39.0</i>
Net profit	117.0	134.1	90.5	103.1
<i>variation %</i>	<i>29.3 (1)</i>	<i>30.1</i>	<i>70.4 (1)</i>	<i>23.9</i>
Net profit-to-premiums ratio	7.7	5.5	6.8	5.4
Total dividends		115.7		56.9
<i>variation %</i>		<i>103.3</i>		<i>16.6</i>
Dividend per ordinary share		0.1250		0.1100
<i>variation %</i>		<i>13.6</i>		<i>15.8</i>
Dividend per preference share		0.1302		0.1152
<i>variation %</i>		<i>13.0</i>		<i>15.0</i>
No. agents as at 30.06	771	769	776	768
No. sub-agents as at 30.06	1,160	1,124	1,119	1,135
No. staff as at 30.06 (excluding salespersons) (3)	1,436	1,418	1,407	1,419

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

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

(3) Number of salespersons as at 30/06/04: 22

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

N.B. See footnote ⁽¹⁾ on page 18

Unipol Assicurazioni S.p.A.
Half-Yearly Report as at 30 June 2004

BALANCE

ASSETS	As at 30 June 2004	As at 30 June 2003	As at 31 December 2003
A. Subscribed share capital unpaid	1 0 ⁷⁵	0 ¹⁴⁹	0
B. Intangible assets			
1. Deferred acquisition costs	2 31,873 ⁷⁶	33,586 ¹⁵⁰	31,993
2. Other assets	3 9,709 ⁷⁷	6,382 ¹⁵¹	10,885
Total	4 41,582 ⁷⁸	39,968 ¹⁵²	42,878
C. Investments			
I - Land and buildings	5 579,860 ⁷⁹	328,318 ¹⁵³	321,716
II - Investments in Group undertakings and other participating interests			
1. Stocks and shares	6 3,146,604 ⁸⁰	2,098,738 ¹⁵⁴	3,400,681
2. Debt securities	7 32,944 ⁸¹	30,658 ¹⁵⁵	44,614
3. Corporate financing	8 0 ⁸²	2,114 ¹⁵⁶	1,872
Total	9 3,179,548 ⁸³	2,131,509 ¹⁵⁷	3,447,167
III - Other financial investments			
1. Stocks and shares	10 471,848 ⁸⁴	250,717 ¹⁵⁸	230,163
2. Units and shares in investment funds	11 84,521 ⁸⁵	103,549 ¹⁵⁹	84,236
3. Bonds and other fixed-income securities	12 4,170,700 ⁸⁶	3,096,020 ¹⁶⁰	3,476,953
4. Loans	13 55,524 ⁸⁷	55,787 ¹⁶¹	56,737
5. Other financial investments	14 118,047 ⁸⁸	319,300 ¹⁶²	349,629
Total	15 4,900,639 ⁸⁹	3,825,374 ¹⁶³	4,197,719
IV - Deposits with ceding undertakings	16 24,088 ⁹⁰	25,188 ¹⁶⁴	23,021
Total	17 8,684,135 ⁹¹	6,310,390 ¹⁶⁵	7,989,623
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	18 573,168 ⁹²	506,688 ¹⁶⁶	535,327
II - Investments arising out of pension fund management	19 70,574 ⁹³	54,249 ¹⁶⁷	61,905
Total	20 643,742 ⁹⁴	560,937 ¹⁶⁸	597,232
D. bis Technical provisions - reinsurers' share			
I - Technical provisions - Non-Life business	21 105,883 ⁹⁵	101,270 ¹⁶⁹	106,088
II - Technical provisions - Life business (except those at item III)	22 2,275 ⁹⁶	2,293 ¹⁷⁰	1,863
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	24 108,158 ⁹⁸	103,563 ¹⁷²	107,951
E. Debtors			
I - Debtors arising out of direct insurance operations	25 301,015 ⁹⁹	266,785 ¹⁷³	274,298
II - Debtors arising out of reinsurance operations	26 26,185 ¹⁰⁰	26,397 ¹⁷⁴	35,748
III - Other debtors	27 109,123 ¹⁰¹	214,807 ¹⁷⁵	59,302
Total	28 436,323 ¹⁰²	507,989 ¹⁷⁶	369,348
F. Other assets			
I - Tangible assets and stocks	29 14,818 ¹⁰³	13,604 ¹⁷⁷	11,421
II - Cash at bank and in hand	30 242,014 ¹⁰⁴	174,084 ¹⁷⁸	279,074
III - Own shares	31 0 ¹⁰⁵	0 ¹⁷⁹	0
IV - Other assets	32 96,577 ¹⁰⁶	141,048 ¹⁸⁰	53,722
Total	33 353,409 ¹⁰⁷	328,736 ¹⁸¹	344,217
G. Prepayments and accrued income	34 65,497 ¹⁰⁸	59,120 ¹⁸²	59,446
TOTAL ASSETS	35 10,332,846 ¹⁰⁹	7,910,702 ¹⁸³	9,510,695

SHEET

(Amounts in €K)

LIABILITIES	As at 30 June 2004	As at 30 June 2003	As at 31 December 2003
A. Capital and reserves			
I - Subscribed share capital or equivalent funds	36 911,636	110 508,792	184 906,230
II - Share premium reserve	37 1,158,492	111 495,394	185 1,153,679
III - Legal reserve	38 67,095	112 53,684	186 53,684
IV - Other reserves	39 284,243	113 282,029	187 281,849
V - Profit (loss) brought forward	40 0	114 0	188 0
VI - Profit (loss) for the period	41 116,951	115 90,465	189 134,107
Total	42 2,538,417	116 1,430,364	190 2,529,549
B. Subordinated liabilities	43 600,000	117 300,000	191 600,000
C. Technical provisions			
I - Non-Life business			
1. Provision for unearned premiums	44 497,748	118 471,510	192 492,004
2. Provision for claims outstanding	45 1,621,637	119 1,500,767	193 1,532,014
3. Sundry technical provisions	46 1,115	120 1,107	194 1,872
4. Equalization provisions	47 919	121 779	195 787
Total - Non-Life business	48 2,121,419	122 1,974,162	196 2,026,677
II - Life business			
1. Mathematical provisions	49 4,000,750	123 3,164,342	197 3,420,242
2. Provision for amounts payable	50 23,049	124 14,555	198 16,231
3. Sundry technical provisions	51 32,412	125 33,599	199 31,132
Total - Life business	52 4,056,212	126 3,212,495	200 3,467,605
Grand total	53 6,177,631	127 5,186,657	201 5,494,281
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	54 573,168	128 506,688	202 535,327
II - Pension fund management provisions	55 70,574	129 54,249	203 61,905
Total	56 643,742	130 560,937	204 597,232
E. Provisions for other risks and charges	57 15,670	131 18,499	205 17,256
F. Deposits received from reinsurers	58 38,172	132 38,504	206 38,504
G. Creditors and other liabilities			
I - Creditors arising out of direct insurance operations	59 25,873	133 17,268	207 11,722
II - Creditors arising out of reinsurance operations	60 9,227	134 19,316	208 10,997
III - Debenture loans	61 0	135 0	209 0
IV - Amounts owed to credit institutions	62 271	136 0	210 0
V - Sundry borrowings and creditors	63 101,474	137 92,025	211 65,625
VI - Staff leaving indemnity	64 25,913	138 25,305	212 24,554
VII - Other liabilities	65 130,376	139 211,661	213 93,944
Total	66 293,133	140 365,575	214 206,842
H. Accruals and deferred income	67 26,081	141 10,166	215 27,030
TOTALE LIABILITIES	68 10,332,846	142 7,910,702	216 9,510,695

GUARANTEES, COMMITMENTS AND OTHER MEMORANDUM ACCOUNTS

I - Guarantees issued by the Company	69 9,296	143 984,420	217 10,181
II - Guarantees issued by third parties, including in favour of the Company	70 55,305	144 1,334,010	218 79,815
III - Commitments	71 2,349,783	145 3,799,430	219 1,991,583
IV - Pension fund assets managed on behalf of third parties	72 282,805	146 214,338	220 238,183
V - Other memorandum accounts	73 8,898,008	147 6,248,641	221 7,935,991
TOTAL MEMORANDUM ACCOUNTS	74 11,595,196	148 12,580,838	222 10,255,752

PROFIT AND

	As at 30 June 2004	As at 30 June 2003	As at 31 December 2003
I. TECHNICAL ACCOUNT - NON-LIFE INSURANCE BUSINESS			
1. Earned premiums, net of reinsurance	1 656,337 ⁵⁷	604,875 ¹¹³	1,221,307
2. (+) Allocated investment return transferred from the non-technical account (item III.6)	2 34,517 ⁵⁸	43,958 ¹¹⁴	37,666
3. Other technical income, net of reinsurance	3 386 ⁵⁹	55 ¹¹⁵	1,078
4. Claims incurred, net of sums recoverable and reinsurance	4 491,685 ⁶⁰	457,150 ¹¹⁶	876,935
5. Changes in other technical provisions, net of reinsurance	5 -7 ⁶¹	-12 ¹¹⁷	-25
6. Bonuses and rebates, net of reinsurance	6 -37 ⁶²	-230 ¹¹⁸	1,210
7. Operating expenses:			
a) Acquisition costs, net of reinsurance commissions and profit sharing	7 92,542 ⁶³	84,306 ¹¹⁹	174,326
b) Administrative expenses	8 42,666 ⁶⁴	42,176 ¹²⁰	84,339
Total	9 135,209 ⁶⁵	126,482 ¹²¹	258,665
8. Other technical charges, net of reinsurance	10 393 ⁶⁶	530 ¹²²	2,044
9. Change in the equalization provisions	11 132 ⁶⁷	111 ¹²³	119
10. Balance on the technical account for Non-Life insurance business	12 63,867 ⁶⁸	64,857 ¹²⁴	121,103
II. TECHNICAL ACCOUNT - LIFE ASSURANCE BUSINESS			
1. Written premiums, net of reinsurance	13 806,352 ⁶⁹	653,270 ¹²⁵	1,078,100
2. Investment income			
a) Income from investments	14 109,441 ⁷⁰	103,135 ¹²⁶	174,699
b) Value re-adjustments on investments	15 6,118 ⁷¹	4,924 ¹²⁷	9,056
c) Realized gains on investments	16 13,656 ⁷²	27,505 ¹²⁸	37,939
Total	17 129,215 ⁷³	135,564 ¹²⁹	221,694
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 15,923 ⁷⁴	21,278 ¹³⁰	38,189
4. Other technical income, net of reinsurance	19 3,136 ⁷⁵	2,743 ¹³¹	6,168
5. Claims incurred, net of reinsurance	20 240,412 ⁷⁶	181,007 ¹³²	378,406
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	21 582,026 ⁷⁷	469,308 ¹³³	723,876
b) Technical provisions where investment risk is borne by policyholders and pension fund management provisions	22 46,466 ⁷⁸	66,462 ¹³⁴	103,018
Total	23 628,492 ⁷⁹	535,770 ¹³⁵	826,893
7. Bonuses and rebates, net of reinsurance	24 423 ⁸⁰	616 ¹³⁶	738
8. Operating expenses:			
a) Acquisition costs, net of reinsurance commissions and profit sharing	25 14,842 ⁸¹	12,490 ¹³⁷	27,292
b) Administrative expenses	26 10,188 ⁸²	10,614 ¹³⁸	21,567
Total	27 25,029 ⁸³	23,104 ¹³⁹	48,860

LOSS ACCOUNT

(Amounts in €K)

	As at 30 June 2004	As at 30 June 2003	As at 31 December 2003
9. Investment charges:			
a) Investment management charges, including interest payable	28 6,332 ⁸⁴	4,909 ¹⁴⁰	11,194
b) Value adjustments on investments	29 25,695 ⁸⁵	5,536 ¹⁴¹	31,619
c) Realized losses on investments	30 2,031 ⁸⁶	2,715 ¹⁴²	7,601
Total	31 34,058 ⁸⁷	13,161 ¹⁴³	50,413
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 3,445 ⁸⁸	3,774 ¹⁴⁴	8,549
11. Other technical charges, net of reinsurance	33 406 ⁸⁹	1,213 ¹⁴⁵	2,026
12. (-) Allocated investment return transferred to the non-technical account (item III. 4)	34 18,817 ⁹⁰	23,611 ¹⁴⁶	24,321
13. Balance on the technical account for Life assurance business	35 3,543⁹¹	30,600¹⁴⁷	3,945
III. NON-TECHNICAL ACCOUNT			
1. Balance on the technical account for Non-Life business (item I.10)	36 63,867 ⁹²	64,857 ¹⁴⁸	121,103
2. Balance on the technical account for Life business (item II.13)	37 3,543 ⁹³	30,600 ¹⁴⁹	3,945
3. Investment income - Non-Life insurance business			
a) Income from investments	38 75,701 ⁹⁴	73,243 ¹⁵⁰	96,173
b) Value re-adjustments on investments	39 205 ⁹⁵	349 ¹⁵¹	322
c) Realized gains on investments	40 10,379 ⁹⁶	5,784 ¹⁵²	13,400
Total	41 86,285 ⁹⁷	79,376 ¹⁵³	109,895
4. (-) Allocated investment return transferred from Life assurance technical account (item II. 12)	42 18,817 ⁹⁸	23,611 ¹⁵⁴	24,321
5. Investment charges - Non-Life insurance business			
a) Investment management charges, including interest payable	43 5,710 ⁹⁹	5,409 ¹⁵⁵	10,474
b) Value adjustments on investments	44 7,484 ¹⁰⁰	5,293 ¹⁵⁶	28,168
c) Realized losses on investments	45 1,135 ¹⁰¹	612 ¹⁵⁷	1,792
Total	46 14,329 ¹⁰²	11,314 ¹⁵⁸	40,435
6. (-) Allocated investment return transferred to Non-Life insurance technical account (item I. 2)	47 34,517 ¹⁰³	43,958 ¹⁵⁹	37,666
7. Other income	48 39,209 ¹⁰⁴	31,067 ¹⁶⁰	55,377
8. Other charges	49 47,974 ¹⁰⁵	31,851 ¹⁶¹	67,515
9. Balance on ordinary activities	50 114,900¹⁰⁶	142,388¹⁶²	169,024
10. Extraordinary income	51 21,270 ¹⁰⁷	6,058 ¹⁶³	44,258
11. Extraordinary charges	52 459 ¹⁰⁸	1,518 ¹⁶⁴	4,156
12. Balance on extraordinary activities	53 20,811¹⁰⁹	4,540¹⁶⁵	40,102
13. Profit before taxation	54 135,711¹¹⁰	146,929¹⁶⁶	209,127
14. Tax on profit	55 18,760 ¹¹¹	56,464 ¹⁶⁷	75,020
15. Profit (loss) for the period	56 116,951¹¹²	90,465¹⁶⁸	134,107

Business Interim Report

Ordinary business of Unipol Assicurazioni maintained its positive historical trend and the Company's result for the period showed significant growth compared with the previous financial year.

The main features of business performance, which ended showing net profits of €117.0m as against €90.5m as at 30 June 2003, were:

- A. rate of growth of premium income for direct business of 14.7% compared with 30/6/2003 (total premiums +14.3%), divided up as follows:

Premium income (€ million)	Non-Life	Life	Total	Var.%
Direct business	678.2	803.8	1,482.1	+14.7
Inward reinsurance	31.6	3.7	35.3	-2.2
	709.9	807.5	1,517.3	+14.3
Ceded premiums	48.9	1.1	50.0	-11.5
Retained premiums	661.0	806.4	1,467.3	+15.4
Composition %	45.0	55.0	100.0	

- B. a positive result for technical insurance business (see footnote⁽¹⁾) of €67.4m, compared with €95.5m as at 30/6/2003; the change is due to Life business (-€27.1m) and Non-Life business (-€1.0m);
- C. a reduction in the incidence of operating expenses on premium income (11.7% compared with 12.8% as at 30/6/2003);
- D. an increase in investments and liquid assets, which reached €9,569.9m (net of value adjustments), an increase of €704.0m compared with 31 December 2003 (+7.9%) and of €2,524.5m compared with 30 June 2003 (+35.8%);

- E. net investment income for the period (see footnote⁽¹⁾) of €164.2m (-0.9% compared with 30/6/2003), whilst net gains from disposals and trading amounted to €28.0m (€34.7m as at 30/6/2003) and net value adjustments to -€26.8m (-€5.6m as at 30/6/2003).

Investments for the benefit of policyholders who bear the risk thereof and investments deriving from pension fund management (class D) recorded a net profit of €12.5m (€17.5m as at 30/6/2003);

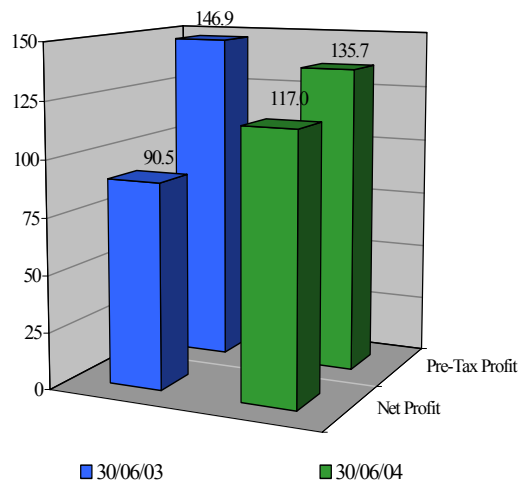
- F. a balance on ordinary business (see footnote⁽¹⁾) of €114.9m, -19.3% compared with 30 June 2003; a result for extraordinary business rising from €4.5m as at 30/6/2003 to €20.8m as at 30/6/2004;

- G. pre-tax profits (see footnote⁽¹⁾) of €135.7m (-7.6%) and net profits for the period of €117.0m (+29.3%);

- H. tax charges for the period (see footnote⁽¹⁾) fell from €56.5m to €18.8m.

1) The application of the tax reform introduced on 1 January 2004 by Legislative Decree 344/2003, in particular the restriction of tax on dividends to 1.65% (33% of 5%) and the abolition of the tax credit on dividends, makes it impossible to compare the figures for all the results and balances that contained these items in 2003. **As at 30 June 2003 taxes on dividends, including tax credits, accounted for €32.5m (34%) and the tax credit on the same date was €34.4m.**

PROFIT (€ million)



The main items of both balance sheet and profit and loss account for the first half of 2004, 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.

UNIPOL ASSICURAZIONI - RECLASSIFIED BALANCE SHEET

(€ thousand)

	30 June 2004	30 June 2003	31 December 2003
ASSETS			
Intangible assets	41,582	39,968	42,878
Investments and liquid assets			
Land and buildings	579,860	328,318	321,716
Investments in Group undertakings and other participating interests	3,179,548	2,131,509	3,447,167
Debt securities	4,170,700	3,096,020	3,476,953
Other financial investments	729,940	729,354	720,766
Deposits with ceding undertakings	24,088	25,188	23,021
Cash at bank and in hand	242,014	174,084	279,074
Total investments and liquid assets	8,926,149	6,484,474	8,268,697
Class 'D' investments	643,742	560,937	597,232
Debtors			
Arising out of direct insurance and reinsurance operations	327,200	293,182	310,046
Other debtors	109,123	214,807	59,302
Total debtors	436,323	507,989	369,348
Other assets	115,573	113,544	124,588
TOTAL ASSETS	10,163,369	7,706,911	9,402,744
LIABILITIES AND SHAREHOLDERS' EQUITY			
Paid-up share capital and free reserves	2,421,466	1,339,899	2,395,442
Net profit (loss) for the half-year	116,951	90,465	134,107
Subordinated liabilities	600,000	300,000	600,000
Net technical provisions			
Non-Life	2,015,536	1,872,892	1,920,589
Life	4,053,936	3,210,202	3,465,741
Total technical provisions	6,069,472	5,083,095	5,386,330
Class 'D' net technical provisions	643,742	560,937	597,232
Provisions for other risks and charges	15,670	18,499	17,256
Creditors and other liabilities			
Arising out of direct insurance and reinsurance operations	73,272	75,088	61,223
Sundry borrowings and other financial creditors	14,599	16,290	11,036
Provision for staff leaving indemnity	25,913	25,305	24,554
Other creditors	87,145	75,735	54,590
Other liabilities	95,138	121,599	120,974
Total creditors and other liabilities	296,067	314,017	272,376
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	10,163,369	7,706,911	9,402,744

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

	30 June 2004			30 June 2003			31 December 2003		
	Life	Non-Life	Total	Life	Non-Life	Total	Life	Non-Life	Total
TECHNICAL ACCOUNT									
Gross direct business									
(+) Written premiums	803,823	678,232	1,482,055	651,317	640,255	1,291,572	1,076,171	1,323,144	2,399,315
(-) Change in technical provisions and prov. for unearned premiums	628,971	4,459	633,430	536,804	13,743	550,547	827,619	36,012	863,631
(-) Claims paid	238,454	489,711	728,164	178,947	458,670	637,618	376,287	915,138	1,291,425
(+) Balance on other technical items	2,729	(6)	2,723	1,614	(473)	1,141	784	(1,037)	(254)
(-) Operating expenses	24,708	144,778	169,486	22,528	137,451	159,978	48,164	283,157	331,321
(+) Net investment income excluding Class 'D' (1)	76,340	34,517	110,857	98,793	43,958	142,751	150,523	37,666	188,189
(+) Class 'D' net investment income (2)	12,478		12,478	17,504		17,504	29,640		29,640
Balance on gross direct business	3,238	73,796	77,034	30,949	73,875	104,825	5,048	125,466	130,514
Balance on outward reinsurance	(63)	(10,190)	(10,253)	(472)	(9,410)	(9,882)	(1,203)	(4,215)	(5,418)
Balance on net indirect business	369	260	628	123	392	515	100	(147)	(47)
Balance on the technical account	3,543	63,867	67,410	30,600	64,857	95,457	3,945	121,103	125,048
NON-TECHNICAL ACCOUNT									
(+) Investment income (3)			56,287			47,715			56,115
(+) Other income			39,177			31,067			55,377
(-) Other charges			47,974			31,851			67,515
Balance on ordinary activities			114,900			142,388			169,024
(+) Extraordinary income			21,270			6,058			44,258
(-) Extraordinary charges			459			1,518			4,156
Profit before taxation			135,711			146,929			209,127
(-) Tax on profit			18,760			56,464			75,020
NET PROFIT (LOSS)			116,951			90,465			134,107

(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 non-technical account.

N.B. For a correct interpretation of this table, please see footnote ⁽¹⁾ on page 18.

Business Trend of the Main Profit and Loss Account Items

Premium income

Premiums written as at 30 June 2004 totalled €1,517.3m, reflecting growth of €189.7m (+14.3%) compared with premium income in the first half of 2003. The breakdown of

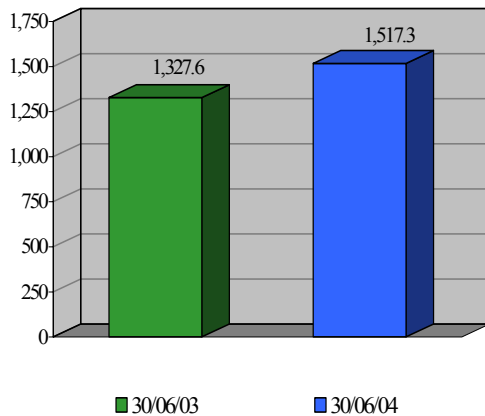
premiums per class of business, the composition indices and the changes compared with the same period of the previous financial year are given in the table below.

BREAKDOWN OF WRITTEN PREMIUMS PER CLASS OF BUSINESS (€ thousand)

No.	30 June 2004	comp. %	30 June 2003	comp. %	var. %	31 December 2003	comp. %
DIRECT ITALIAN INSURANCE BUSINESS							
Non-Life insurance business							
1	60,279	4.1	55,386	4.3	8.8	116,580	4.9
2	22,900	1.5	21,518	1.7	6.4	50,675	2.1
3	59,789	4.0	58,446	4.5	2.3	121,028	5.0
4	562	0.0	529	0.0	6.3	529	0.0
5	3	0.0				5	0.0
6	470	0.0	586	0.0	-19.8	935	0.0
7	3,840	0.3	3,793	0.3	1.2	6,941	0.3
8	24,335	1.6	23,063	1.8	5.5	51,572	2.1
9	41,008	2.8	39,914	3.1	2.7	76,808	3.2
10	370,300	25.0	347,829	26.9	6.5	709,324	29.6
11	1	0.0	6	0.0	-77.7	7	0.0
12	423	0.0	399	0.0	6.2	743	0.0
13	68,403	4.6	64,135	5.0	6.7	137,175	5.7
14	23	0.0	111	0.0	-79.3	403	0.0
15	10,767	0.7	10,790	0.8	-0.2	20,883	0.9
16	7,118	0.5	6,581	0.5	8.2	13,595	0.6
17	4,772	0.3	4,225	0.3	12.9	9,896	0.4
18	3,239	0.2	2,943	0.2	10.0	6,046	0.3
	678,232	45.8	640,255	49.6	5.9	1,323,144	55.1
Life assurance business							
I	197,993	13.4	162,365	12.6	21.9	322,775	13.5
III	81,872	5.5	55,745	4.3	46.9	116,567	4.9
V	514,079	34.7	422,725	32.7	21.6	617,374	25.7
VI	9,880	0.7	10,482	0.8	-5.7	19,456	0.8
	803,823	54.2	651,317	50.4	23.4	1,076,171	44.9
	1,482,055	100.0	1,291,572	100.0	14.7	2,399,315	100.0
INWARD REINSURANCE							
	31,625	89.6	32,905	91.2	-3.9	50,721	92.5
	3,660	10.4	3,171	8.8	15.4	4,118	7.5
	35,285	100.0	36,077	100.0	-2.2	54,839	100.0
	1,517,340		1,327,649		14.3	2,454,154	

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

Total Premium Income (€ million)



Sales and new products

Events relating to the Italian financial market in the final part of 2003 were a further factor of uncertainty and destabilization for savers who tended to continue to choose low- or no-risk investments in 2004.

Investors therefore once again became acquainted with and showed their appreciation for traditional policies that were managed carefully and were able to achieve minimum but guaranteed targets.

Against this background the first half of 2004 saw the marketing of two new Index-Linked investment insurance products, known as *Uninvest 6inCrescita* and *Uninvest Protezione Dinamica*.

Both products provide a guaranteed capital sum on maturity and payment of fixed coupons in the first two years of the investment. The variable part, relating to the last 4 years of the policy, is linked to the trend in a basket either of securities (*6inCrescita*) or funds (*Protezione Dinamica*).

The launch phase was backed up by the provision of training and refresher courses for the entire sales network and by a marketing campaign aimed at achieving the maximum level of sales right from the outset.

In 'traditional' Life business new single-premium capital redemption policies were sold with

benefits revalued on the basis of the results obtained by the Vitattiva segregated account and with a guaranteed minimum of 2%.

These are Tariff 227 (where the contracting party is a natural person) and Tariff 228 (where the contracting party is a legal person). The latter allows for additional payments to be made but there is no minimum amount nor do payments have to be made on specific dates, but there is a maximum total amount that may be paid.

A new Non-Life policy-agreement was introduced known as *A Regola d'Arte* (State of the Art) reserved for members of Inarcassa and their families and aimed at providing policyholders with a new range of personal protection guarantees.

All members were sent an insert with their copy of the Inarcassa magazine listing the cover provided by *A Regola d'Arte* for Accident, Health, TPL for the head of the family and other family cover. Additional benefits are provided for engineers and architects who take out Unipol Assicurazioni Professional TPL Insurance.

In the first half of 2004 important work was also begun on reforming the *Fire/Theft/Modular* portfolio, which will include writing up sums assured or ceilings on Third-Party Liability and will cover both existing products and products that are already closed.

As regards sales initiatives, in the first six months of the year the sales network was offered the opportunity to consolidate the experience of the previous year when good results had been achieved throughout the country and performance had been excellent in the many cases where the network had obtained the best value from the combination of product, price, information, training and organization.

The *Full Time a Combinazioni* campaign, for instance, plays on the fact that it is easy to sell and that the low tariff means that it appeals to people who would not normally be interested in traditional Accident policies. This approach has the advantage of placing great value on the expertise of the front office staff and on their personal contacts with customers.

Monopolizza Auto customers have a package providing flexible cover to suit their individual requirements, from round-the-clock cover for accidents in the home or on the road to homeowner cover.

All these initiatives were backed up by a communication action aimed at selected target groups and by innovative ways of motivating sales staff by paying commission based either on the sales budget or on the portfolio mix.

Sales network

At the end of the half year the sales network was made up of 771 agents (769 at the end of 2003), plus 1,160 full-time subagents (1,124 at the end of 2003).

As regards collaboration between the Unipol agencies and Unipol Banca's sales network, during the first half of 2004 the Unipol agencies continued to place standard banking products and AUM services on behalf of Unipol Banca. As at 30 June 2004 the network of Unipol agencies consisted of:

- 97 co-located agencies (81 as at 31/12/03)
- 47 finance shops (52 as at 31/12/03)
- 380 financial advisers (385 as at 31/12/03)

The growing number of branches of Unipol Banca also makes it increasingly possible to have a two-way customer synergy, which also helps to bring in more insurance premium income from customers of the Bank.

Unipol Life premium income during the half year obtained via Unipol Banca amounted to €220m (almost four times what it had been in the first half of 2003).

In view of what we saw during the half year it can be stated that this important and special experiment will soon be completed, to ensure consistent results and an all-round improvement in the service level offered to customers.

Sertel

Work continued on recruiting and training Sertel staff to take account of the expansion of the Group, the arrival of Winterthur and the birth of Aurora Assicurazioni.

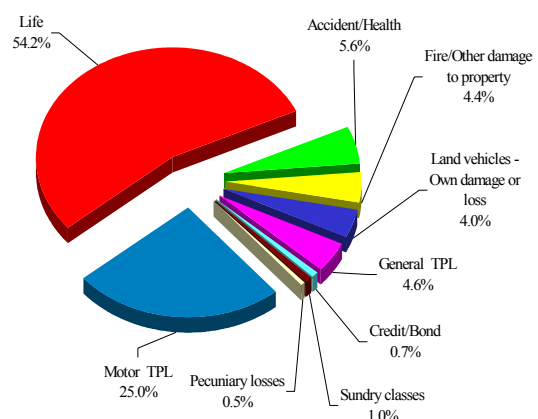
Sertel has the capacity to deal with approximately one million telephone calls a year from its call-

centres as well as to liaise with more than 2,500 approved car-repairers able to communicate direct with the call centres.

This huge amount of work is carried out in accordance with certified procedures and is increasingly appreciated by customers. A recent customer satisfaction survey revealed that 98% of customers are satisfied with the services provided by Sertel, in particular because cars are repaired on average within three days.

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 required by customers, *www.agenziaunipol.com* is the site on which the Unipol agencies can talk to their customers direct, and *www.unipolonline.com* is the service site for Unipol's agents and contains information and advice for the sales network. It was updated with the publication of the sales campaigns launched during the first half year and with the publication of "Polizze&Norme" (Policies and Terms and Conditions), a feature containing the contractual terms of Non-Life and Life policies and underwriting reference materials.

Breakdown of Premiums



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

Life and pension funds

In the first six months of the year the Company achieved premium income of €807.5m, an increase compared with the first half of 2003 of 23.4%; direct business amounted to €803.8m.

The positive trend in total premium income is attributable to both the issuing of policies for particularly high amounts to corporate clients and to the increase in policies taken out by retail customers.

The policies in Class V that were subject to revaluation (tariffs 222, 225, 226, 227, 228 and 229) were particularly popular and brought in premium income of more than €250m (+141.3% compared with the same period last year).

Sales of recurrent-premium individual policies in Class I continued to show strong rates of growth (+89.8%).

The new generation of Index-Linked policies, which achieved premium income in the first half-year of €154m, led to an overall rise in individual Class III policies of 47.9%.

Direct premium income from individual policies, excluding Classes V and VI, amounted to €184.3m (+7.4%), broken down as follows:

	30/06/04	30/06/03	Var. %
Class I	103.5	117.0	-11.5
Class III	80.7	54.6	47.9
Total	184.3	171.6	7.4

Direct premium income from Pension Funds (Class VI) amounted to €9.9m (€10.5m as at 30/6/2003).

Direct premium income from group policies (Class V excluded) amounted to €95.6m (+105.6%), €94.5m of which was for Class I (+108.3%) and €1.1m for Class III.

Premium income growth from Class I group policies (+108.3%) is mainly based on the issue of an immediate annuity contract of €47.2m.

Direct premium income from capital redemption operations (Class V) amounted to €514.1m (€422.7m as at 30/6/2003).

Direct first-year premium income amounted to €29.5m (€16.6m as at 30/6/2003), almost entirely from Class I, whilst single premiums amounted to €709.0m (€568.8m as at 30/6/2003), broken down as follows:

	30/06/04	30/06/03	Var. %
Class I	103.7	80.3	29.1
Class III	81.3	55.3	47.2
Class V	514.1	422.7	21.6
Class VI	9.9	10.5	-5.7
Total	709.0	568.8	24.7

Operating expenses (inclusive of net acquisition costs and administrative expenses) totalled €25.0m (+8.3% compared with 30/6/2003), the incidence on retained premiums being 3.1% (3.5% as at 30/6/2003).

The amounts paid for direct business reached €231.5m, an increase of 29.5% compared with the position as at 30 June 2003, broken down as follows:

	30/06/04	30/06/03	Var. %
Expired policies and annuities	94.2	80.2	17.5
Surrenders and advance payments	132.5	94.0	41.0
Claims paid	4.2	4.0	5.2
Claims settlement fees	0.5	0.6	-2.0
Total	231.5	178.8	29.5

Technical provisions for direct and indirect business amounted to €4,700.0m, an increase of 15.6% compared with 31/12/2003.

The technical account showed a positive balance of €3.5m, falling from €30.6m as at 30 June 2003, due to the already mentioned tax reform effects (see footnote⁽¹⁾ on page 18) and partly to the expected reduction in technical margins arising out of lower yields from Life segregated accounts and a consequently smaller Company spread.

The following new regulations should be noted:

- ISVAP Ruling 2254 dated 4 March 2004, which amended the provisions relating to the information it requires on the technical provisions and the relevant matching assets and to the deadlines for providing it.

- ISVAP Circular 533/D of 4 June 2004, which lay down specific provisions relating to duties of accuracy and care in selling insurance policies, whether carried out by the companies or by authorized intermediaries. It also imposes rules of behaviour that must be observed and specific cautionary measures that must be taken when advertising insurance products.

Pension funds

In the first half of 2004 Unipol's activity in occupational pension fund business related to new procedures for selecting investment managers (Fonchim – chemicals and pharmaceuticals; Prevaer – airport management; Fondapi – Confapi employees; Cometa – metalworking) and to the contractual aspects that had to be dealt with before the mandates already acquired at the end of last year were activated (Eurofer Pension Fund – employees of the State Railways; Rubber and Plastic Pension Fund). During the half year the acquisition of the Filicoop Pension Fund mandate (agricultural and food-processing cooperatives) and of the mandate of the Byblos Pension Fund (paper and printing) was made official. Work was also begun on managing Fon.Te. (commercial employees). At the end of the half year total resources managed amounted to €282.8m (€238.2m as at 31/12/2003), to which must be added the assets of the pension fund for the employees of the Banca Agricola Mantovana and of Fundum, amounting to €13.5m and €1.7m respectively. (As these are guaranteed accounts providing for assets to be transferred the amount is included in Class D.II in the Half-Yearly Report).

Unipol's three managed open-end pension funds ('Unipol Previdenza', 'Unipol Futuro' and 'Unipol Insieme') now have total assets of €55.4m and more than 7,447 members.

Finally, three new group pension schemes were introduced covering 200 new members altogether, and a bid to manage the pension plan for approximately 600 employees of a major company operating in consumer credit was accepted.

Non-Life business

Direct premiums as at 30 June 2004 totalled €678.2m, an increase of 5.9% compared with the 2003 half-yearly figures. If we add indirect premiums, overall premium income was €709.9m (+5.5%).

All types of personal lines insurance made to the growth in Non-Life business. As regards Motor business, the constant rise of TPL contracts and additional guarantees linked to motor vehicles was recorded.

As for insurance business carried out under 'freedom to provide insurance services', during the first half of 2004 premiums were booked for a value of €1.1m, mainly from non-EU countries, an increase of 33% compared with 30 June 2003.

During the half-year 192,892 claims were reported, an increase of 5.9% over the number received as at 30/6/2003.

During the same period the Sertel call centre received approximately 137,000 claim reports to the charge of Unipol Assicurazioni and settled 38,337 claims, an increase of 12% over June 2003.

The rise in reported claims was driven by Motor business and corporate risks. Although Motor TPL claims frequency was stable, there was an increase in reported claims concerning the additional guarantees. Overall, the technical trend remained however satisfactory.

Claims reported in the area of corporate risks concerned less damage from third-party liability than damage to property, mainly due to bad weather events which occurred in the first half of the year.

Payments for claims incurred during the financial year and during previous financial years totalled €377.0m (net of the coinsurers' share and of sums recovered, including loss adjusters' fees), an increase of 6.6% compared with the first half of 2003.

At the end of the half-year the provision for outstanding claims (direct business) had risen to €1,580.5m (+5.8% compared with the position as at 31/12/2003).

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 2003. The figures are obtained by comparing the number of claims paid with the number of claims reported during the half year or outstanding at the end of 2003, net of those written off as without follow-up (percentage values shown).

Class	Claims incurred during the period		Claims incurred in previous periods	
	06/04	06/03	06/04	06/03
	Accident	45.2	44.5	49.3
Health	78.6	78.5	53.2	65.4
Land vehicles – own damage or loss	68.2	69.7	72.0	63.8
Fire	42.3	43.7	63.0	57.4
Other Damage to Property	53.3	50.5	64.0	64.0
Land Vehicles - T.P.L.	50.9	49.0	49.4	44.6
General T.P.L.	39.4	36.2	25.4	26.1

The average loss ratio, including settlement expenses and net of outward reinsurance, was 74.9% (75.6% as at 30/6/2003). For direct business the loss ratio fell to 72.6% (73.2% as at 30/6/2003) and the “combined ratio”, which also includes operating expenses, was 94.0% (94.7% as at 30/6/2003).

Operating expenses (inclusive of net acquisition costs and administrative expenses) totalled €135.2m, as against €126.5m at the end of the same period in 2003.

The incidence on net premiums retained was 20.5% (no changes compared with 30/6/2003).

The result of the technical account (see footnote⁽¹⁾ on page 18) showed a return of €63.9m (€64.9m as at 30/6/2003).

Accident

Direct premiums: €60.3m (+8.8%);

Number of claims reported: 26,453 (+2.2%);

Claims paid: €26.9m (+0.4%).

The positive trend in premium income growth already recorded at the end of last year continued in the first half of this year.

This growth was particularly noticeable in the retail sector, where several major projects were carried out (such as reforming the portfolio and adjusting sums assured) aimed at ensuring that customers are provided with a high level of service.

The sales network was also successful in attracting new types of customer by cross-selling, the object of which was to get existing customers to take out other types of policy.

A positive impact on premium income was also made by a successful bid for large inclusive insurance policies with public authorities.

Trends in the number of claims reported and the cost of claims reflected the effectiveness of the policies adopted for assessing and underwriting risks and of continually monitoring and reforming policies showing unfavourable trends. Another positive contribution to this result was made by measures undertaken to prevent and limit speculation.

Taken together, the elements described here indicate a better result for the first half of 2004 than for the same period last year.

Health

Direct premiums: €22.9m (+6.4%);

Number of claims reported: 13,893 (-4.4%);

Claims paid: €16.2m (+12.3%).

Health business continued to grow steadily in the first half of 2004, helped by the acquisition of major group policies, including some for supplementary corporate schemes.

This result reflects the popularity of the *Unimedica* line (products specially designed to meet the requirements of individuals or households).

The number of claims reported was down compared with last year. Part of this was due to the cessation of several group policies.

The increase in the cost of claims paid is mainly attributable to the acquisition of complex risks across the country and to several major claims reported on old policies that had previously shown a positive trend.

The underwriting policy takes account of the financial balance and this helped to contain claim costs compared with the same period of 2003.

Land vehicles – Own damage or loss

Direct premiums: €59.8m (+2.3%);

Number of claims reported: 16,688 (+4.9%);

Claims paid: €24.7m (+6.2%).

The increase in Motor TPL business also led to an increase in additional cover, both in the level of premium income and in the number of policies.

There was a rise in the number of claims reported and in the cost of claims, but the technical result in this class nevertheless remained positive.

Fire

Direct premiums: €24.3m (+5.5%);

Number of claims reported: 2,247 (+27.1%);

Claims paid: €10.0m (-8.6%).

The rise in premium income already achieved last year continued in the first half of this year.

The rise was significant in crafts, commerce and households, where the Company has a particular presence with its popular multiguarantee products.

The rise was also due to a series of measures which over the past few years have proved to be very effective, in particular:

- √ tariff flexibility, depending on each individual agency, its productivity and profitability. This increased the Company's penetration into the preferred sectors and improved the versatility and modularity of the products;
- √ cover and therefore premiums automatically adjusted in the case of policies that had not been recently reformed. This measure represented an element of service to customers, ensuring that they had sufficient insurance cover;
- √ attention to new industrial and commercial companies, with particular regard to young entrepreneurs and their insurance requirements;
- √ training scheme for agents and subagents, aimed at certain sectors of the market and aimed not only at selling products but also at offering advice on risk management.

Also worthy of note was the continuing reform of multiclaim policies and action taken in the case of agencies showing negative trends in certain types of business.

The rise in the number of claims reported was due to atmospheric events, but it must be stressed that last year these events showed an extremely favourable trend.

There were no major claims in the first half of the year.

The technical result remained positive.

Other damage to property

Direct premiums: €41.0m (+2.7%);

Number of claims reported: 14,108 (+13.3%);

Claims paid: €16.4m (+4.5%).

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

Fire – additional guarantees

Direct premiums: €13.7m (+7.8%);

Number of claims reported: 9,004 (+11.2%);

Claims paid: €7.0m (+13.3%).

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

Theft

Direct premiums: €10.3m (-7.9%);

Number of claims reported: 2,406 (+30.0%);

Claims paid: €6.1m (-5.3%).

Results in this class were determined by work done over the past few years on reforming large sections of the portfolio and measures taken to be competitive for small businesses.

The underwriting policy continued to be extremely cautious, particular attention continued to be paid to protective measures in potentially risky sectors and work on reforming the multi-claims portfolio continued.

Policies in traditionally negative types of business such as jewellery and public authorities (in particular schools and hospitals) continued to be very restrictive.

Trends in the technical result continued to be positive.

Hail

Direct premiums: €8.8m (+0.7%);

Number of claims reported: 1,624 (+32.6%);

Claims paid: €0.1m (+81.5%).

A feature of the current campaign was great uncertainty at the underwriting stage because of the new legislative framework introduced at the time the campaign was launched. In particular, the different levels of contribution paid by the State according to the various types of policy and various excess thresholds increased this uncertainty and made the rules more difficult to interpret, and this had a negative effect on growth.

Rates were generally lower than in the previous campaign as a result of the excellent trend in core business recorded in 2003. However, the price increase recorded for many products helped to bring premium income up to a slightly higher level than in the same period of the previous campaign.

During the first half of 2004 there were particularly violent storms, almost all of them in northern Italy, and this led to an increase in the cost of claims compared with the same period last year.

Technological risks

Direct premiums: €7.5m (+13.3%);

Number of claims reported: 774 (-19.2%);

Claims paid: €2.9m (+9.2%).

The trend in growth in premium income remained at a good level. This growth was particularly affected by the building sector owing to the application of the Merloni Law to public tenders. Bidders now have to take out specific insurance cover.

The increase was also affected by the high level of applications for leasing policies for capital goods received from small- and medium-sized manufacturing companies.

Finally, bids for public authority contracts were very successful.

Work on reforming multiclaim policies and agencies showing negative trends continued.

The technical result was positive.

Land vehicles – Motor TPL

Direct premiums: €370.3m (+6.5%);

Number of claims reported: 79,748 (+4.5%);

Claims paid: €231.1m (+9.0%).

The first half of the year showed steady growth in premium income and in the number of policies in the portfolio.

The Company did not adjust any tariffs in these first six months either.

In line with the 'Memorandum of Understanding on Motor TPL between the Government, ANIA and the Consumers' Associations' of May 2003, no-claims discounts were also introduced for mopeds and motorcycles. The effects will begin to be felt in the second half of the year.

This year too the Company continued to experiment with the *Unibox-Strada Sicura* system in order to gather information to be used for setting up a tariff scheme that can offer policyholders a new and advantageous insurance option.

The claims frequency was stable in all sectors, whilst the average cost of claims paid continued to rise. The constant attention the Company paid to the figures for the loss ratio, both the total figure and broken down geographically, involved looking carefully at underwriting rules and investigating and combatting fraud. These measures enabled a check to be kept on the total figure for payments made, with the result that the rise remained within the expected limits.

In the first half of the year the balance on core business was positive though slightly down compared with the first half of 2003.

General TPL

Direct premiums: €68.4m (+6.7%);

Number of claims reported: 18,077 (+7.0%);

Claims paid: €41.5m (-1.1%).

A good level of premium growth was recorded in income in this class in the first half of 2004, with customers continuing to be interested in this type of insurance cover, thus confirming the commercial soundness of the products in this class.

This figure is all the more significant if it is borne in mind that this class of business was being rationalized, which involved getting rid of even high-earning policies and paying particular attention to 'Public authorities and Health'. The number of policies underwritten in this type of business as a result of submitting tenders was in fact greatly reduced.

Growth in the portfolio was thus directed towards the most profitable types of risk such as manufacturing companies, private individuals and technical professions such as engineers and architects. This resulted in a change in the portfolio mix to the advantage of the risks with a better technical result.

The new tariff in the 'doctors' sector came into effect in the first half of the year and its benefits will begin to make themselves felt as early as the second half of the year.

The total number of claims was up but the downward trend in local NHS units (ASL) claims continued.

The cost of claims was affected by adjustments for provisions for previous years notified by the leading companies for co-insured claims.

Credit and Bond

Direct premiums: €10.8m (-1.0%);

Number of claims reported: 323 (+49.5%);

Claims paid: €3.0m (+28.0%).

Premium income in the Bond class showed a steady trend which could improve in the second half of the year if several major deals come to fruition.

The types of risk that were most profitable were mainly bonds for public tenders and town planning charges.

The rise in the number of claims reported related to low-value contracts, which are not expected to result in major losses.

The rise in payments was due to the unsuccessful outcome of several court cases.

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

Premium income in Credit business was slightly down and was made up almost entirely of business credit receipts.

Sundry pecuniary losses

Direct premiums: €7.1m (+8.2%);

Number of claims reported: 12,269 (+28.1%);

Claims paid: €3.1m (+21.1%).

This class, which mainly covers risks linked to road traffic (such as loss of driving licence and ancillary risks), benefited from the growth recorded by other types of cover linked to Motor business.

Nevertheless, despite a rise in the number of claims reported and in the cost of them, results in this class remained positive.

Legal protection

Direct premiums: €4.8m (+12.9%);

Number of claims reported: 1,417 (-1.5%);

Claims paid: €1.3m (+45.1%).

The growth in premium income recorded in the first half of the year was mainly attributable to coverage linked to Motor business, which benefited from the cross-selling carried out during the period. Coverage for General Third-Party Liability also continued to rise.

Despite the fall in the number of claims reported the cost of claims paid rose but the result in this class was still positive.

Assistance

Direct premiums: €3.2m (+10.0%);

Number of claims reported: 6,913 (+7.5%);

Claims paid €0.9m (-16.9%).

As noticed in the case of the other elements linked to road traffic, Assistance coverage also benefited from the general growth in Motor business and recorded a significant increase in premium income.

The increase in the number of claims was also in line with the other coverage linked to Motor business, but the results achieved in this class were nevertheless better than last year.

Marine, Aviation and Goods in transit

Direct premiums: €5.3m (-0.2%);

Number of claims reported: 756 (-4.1%);

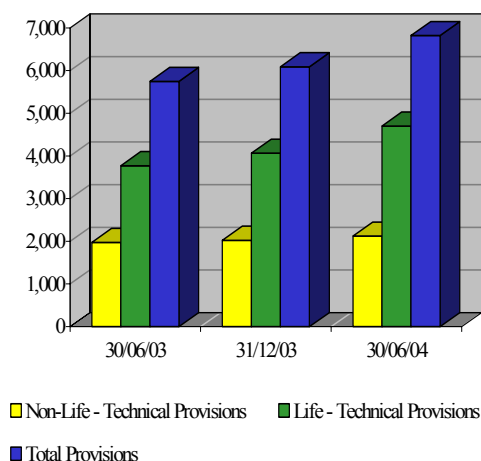
Claims paid: €2.0m (+18.0%).

Premium income was affected both by the Company's desire to restrict the number of policies relating to Marine – Hull and by the persistent difficulties of road haulage, which is the core activity in this sector, on a national scale.

The loss ratio in the first half of the year was down. The rise in the amount paid out was attributable to Marine – Hull.

Technical Provisions

(€million)



Reinsurance

Inward reinsurance

Premium income from inward reinsurance of Life and Non-Life lines of business fell from €36.1m as at 30 June 2003 to €35.3m as at 30 June 2004, a drop of 2.2%.

Non-Life premiums fell from €32.9m to €31.6m, a drop of 3.9%; premium income from subsidiaries is broken down as follows (in €m):

Company	Premiums	% variation compared with 30/6/03
Unisalute	6.3	-39.6
Linear	1.2	+36.2

Overall Non-Life inward reinsurance, net of retrocessions, showed a positive result.

Life business premiums fell from €3.2m as at 30 June 2003 to €3.7m as at 30 June 2004, an increase of 15.4%.

Premium income from subsidiaries included €174K from BNL Vita and €84K from Aurora Assicurazioni.

Overall Life inward reinsurance, net of retrocessions, showed a positive result, which was better than in the first half of the previous financial year.

Outward reinsurance

Total direct premiums ceded in Non-Life business decreased by 12.9% from €53.0m as at 30 June 2003 to €46.2m as at 30 June 2004.

The retention rate at the end of the half year was 93.2% compared with 91.7% as at 30 June 2003.

The reinsurance cover plan for the financial year 2004 mainly included proportional types of covers for almost all business lines ceded under reinsurance agreements.

Non-proportional types of cover for Motor T.P.L., General T.P.L. 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 areas of Fire, Accident, Land Vehicles – Own Damage and Loss, and Marine, Aviation and Goods in Transit. At the half-year point the overall result of cessions carried out in Non-Life business showed a positive balance for reinsurers, following the Company's satisfactory technical trend.

Total direct Life premiums ceded fell from €1.1m as at 30 June 2003 to €1.0m as at 30 June 2004 and showed a positive balance for our reinsurers, in line with the Company technical trend.

Litigation

The reduced level of litigation was one of the primary objectives of the claim-handling system. In the first half of 2004 work on checking acts of summons received was intensified in order to improve the trend and keep legal costs down.

As regards litigation initiated during the period, there was a rise in the number of disputes in some geographical areas owing to the Company taking stronger measures to prevent fraud and counteract speculation. This action was started in 2003.

During the first half of 2004, as a result of the fine imposed in 2000 by the Antitrust Authority, approximately 1150 policyholders applied to the courts for 20% of the Motor TPL premium they had paid between 1995 and 2000 to be refunded, and Unipol Assicurazioni, which deemed the applications to be unfounded, decided to let the matter be heard in court 217 appeals were made in 2004.

The total cost of the judgements handed down was approximately €465K.

Operating expenses

As regards organization, during the first half of 2004 Unipol Assicurazioni continued to set up several schemes to provide shared services to other companies in the Group. The aim of these measures was to bring about economies of scale and mainly affected claims-handling, IT systems, personnel management, property management and investment management. The cost incurred by Unipol for Group services, calculated on the basis of analytical accounting criteria, was split and invoiced to the companies in proportion to how much they actually used the services.

The former Winterthur Assicurazioni's claim settlement units are currently being integrated into Unipol Assicurazioni's Group Claims-Handling Directorate and the staff affected are being transferred.

In the field of IT, Unipol Assicurazioni's IT resources were used mainly for transferring Aurora Assicurazioni's IT system over to

Unipol's IT system. At the time of writing the transfer is at the stage where Aurora's agencies are about to go onto Unipol's IT system. It is expected that the transfer (agency business, claims and non-business aspects) will be completed by the end of the current year.

Work was completed on analysing the impact on the systems of adopting the IAS/IFRS accounting principles, which will involve a substantial commitment in the second half of the current year.

Net of costs relating to services provided to other companies in the Group, operating expenses incurred by Unipol during the half year, which included acquisition and renewal commissions and other acquisition and administrative expenses, came to a total of €178.0m compared with €169.6m as at 30 June 2003 (€160.2m and €149.6m respectively net of commissions received from reinsurers), an increase of 4.9% compared with 30 June 2003.

The incidence on premium income fell from 12.8% to 11.7%.

Claims-handling expenses amounted to €16.4m, slightly up on the first half year of 2003 (€14.3m).

Staff costs, gross of recoveries from subsidiaries and other companies, amounted to €37.4m for salaries, social security contributions and staff leaving indemnity, and to €5.9m for mission expenses, training costs and all other related costs, a total increase of 12.2% over the first half of 2003.

As at 30 June 2004 the Company had 1,458 employees, including 22 salespersons, 18 more than on 31 December 2003.

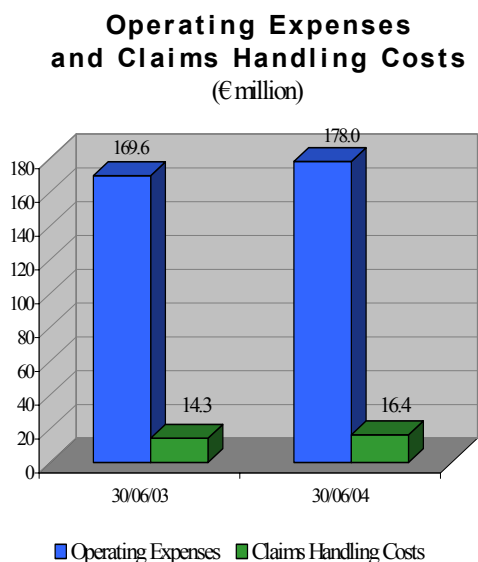
19 employees left the Company in the first half of 2004 and 37 were recruited.

In April 2004 ANIA and trade unions signed the agreement that lays down the new wage rates for office staff for the second two-year period 2004/2005. The wage tables were amended and arrears paid during the same month.

As regards training for the sales network, in the first half of 2004 a total of 138 courses were held which accounted for approximately 2,908 training days and involved 1,734 participants. Amongst

topics covered mention must be made of those aimed at agents and sales supervisors on agencies' governance and the support available to agency staff for campaigns to sell personal lines products. Training was also carried out for the Company's agencies in Tuscany, aimed at front office staff and salespersons. Finally, training to enable agency staff to give better advice to businesses continued. This had begun in 2003 and was conducted by the staff of the Technical Department.

Two training courses were held for Company staff (with approximately 40 participants). These covered recording claims reported via the Sertel call centre and technical refresher courses for office staff handling claims by telephone and over the Internet (involving approximately 20 people).



Property and Financial Management

Investments and liquid assets

As at 30 June 2004 investments, cash and cash equivalents, taking account of value adjustments, were €9,569.9m overall. This amounted to a 35.8% increase compared with 30 June 2003 and

7.9% compared with 31 December 2003.

The investment structure and the variations on the previous half year and compared with 31 December 2003 are set out in the table below

INVESTMENTS, CASH AND CASH EQUIVALENTS								
<i>(€ thousand)</i>								
	30/06/04	comp.	30/06/03	comp.	var. %	31/12/03	comp.	var. %
	(a)	%	(b)	%	(a/b)	(c)	%	(a/c)
Land and buildings	579,860	6.1	328,318	4.7	76.6	321,716	3.6	80.2
Investments in Group undertakings and other participating interests								
-Stocks and shares	3,146,604	32.9	2,098,738	29.8	49.9	3,400,681	38.4	-7.5
-Debt securities	32,944	0.3	30,658	0.4	7.5	44,614	0.5	-26.2
-Corporate financing	0	0.0	2,114	0.0	-100.0	1,872	0.0	-100.0
Total	3,179,548	33.2	2,131,509	30.3	49.2	3,447,167	38.9	-7.8
Other financial investments								
-Stocks and shares	471,848	4.9	250,717	3.6	88.2	230,163	2.6	105.0
-Units and shares in investment funds	84,521	0.9	103,549	1.5	-18.4	84,236	1.0	0.3
-Bonds and other fixed-income securities	4,170,700	43.6	3,096,020	43.9	34.7	3,476,953	39.2	20.0
-Financing	55,524	0.6	55,787	0.8	-0.5	56,737	0.6	-2.1
-Sundry financial investments (1)	118,047	1.2	319,300	4.5	-63.0	349,629	3.9	-66.2
Total	4,900,639	51.2	3,825,374	54.3	28.1	4,197,719	47.3	16.7
Deposits with ceding undertakings	24,088	0.3	25,188	0.4	-4.4	23,021	0.3	4.6
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	573,168	6.0	506,688	7.2	13.1	535,327	6.0	7.1
-Pension funds	70,574	0.7	54,249	0.8	30.1	61,905	0.7	14.0
Total	643,742	6.7	560,937	8.0	14.8	597,232	6.7	7.8
Other assets								
-Bank and postal deposits, cash	242,014	2.5	174,084	2.5	39.0	279,074	3.1	-13.3
-Company's own shares	0	0.0	0	0.0		0	0.0	
Total	242,014	2.5	174,084	2.5	39.0	279,074	3.1	-13.3
TOTAL INVESTMENTS, CASH AND CASH EQUIVALENTS	9,569,891	100.0	7,045,411	100.0	35.8	8,865,929	100.0	7.9

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

Land and buildings

The Company's assets in land and buildings as at 30 June 2004 amounted to €579.9m, a net increase compared with the position as at 31 December 2003 of €258.1m (+80.2%).

In fact, in the first half of the year major investments were made in office buildings in order to get over the problem of the companies in the Group being so spread out and at the same time in order to provide premises that are big enough not only for the time being but also for the future.

Divestments carried out during the period, which had a total book value of €14.6m, resulted in capital gains of €0.4m and during the half year promises to sell worth €43.5m were also signed, almost all of which related to the building in Via Filzi, Milan (€38.8m), the sale of which is expected to be finalized in 2005.

Sales worth approximately €80m were also initiated.

Investments in Group undertakings and other participating interests

The level of investments in shareholdings as at 30 June 2004 fell from €3,400.7m to €3,146.6m, a net decrease of €254.1m compared with the situation as at 31 December 2003 (-7.5%), mainly because of the assignment of the holding in Winterthur Vita (of €166.1m) to Aurora Assicurazioni. This operation was carried out as part of the merger plan.

The table below and Annex 1 show the list of shareholdings as at 30 June 2004.

Own shares and holding-company shares

No operations were carried out during the first half-year of 2004 on own shares and on shares in the holding company Finsoe spa and therefore as at 30 June 2004 there were neither own shares or Finsoe shares in the portfolio.

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

LIST OF SHAREHOLDINGS AS AT 30 JUNE 2004 (€ thousand)

Company	Type of business	Share capital	% holding		Book value
			direct	indirect	
ITALIAN SUBSIDIARIES					
Aurora Assicurazioni S.p.A.	Insurance and reinsurance	245,270	87.73		1,644,420
BNL Vita S.p.A.	Insurance and reinsurance	110,000	50.00		140,353
Compangia Assicuratrice Linear S.p.A.	Insurance and reinsurance	19,300	80.00		21,506
Navale Assicurazioni S.p.A.	Insurance and reinsurance	26,250	99.27		72,759
Quadrifoglio Vita S.p.A.	Insurance and reinsurance	27,200	50.00		28,400
Unisalute S.p.A.	Insurance and reinsurance	17,500	92.44		27,494
Winterthur Vita S.p.A.	Insurance and reinsurance	117,000		90.00	
Smallpart S.p.A.	Holding company	12,000	100.00		12,000
Winterthur Italia Holding S.p.A.	Holding company	132,600	100.00		89,461
Centro Servizi Missori S.r.l.	Property company	26		100.00	
Immobiliare San Vigilio S.p.A.	Property company	6,714		100.00	
Midi S.r.l.	Property company	72,000	100.00		55,973
Unifimm S.r.l.	Property company	43,350	100.00		45,482
Dimensione Immobiliare S.p.A.	Property advisory company	5,200		60.00	
Grecale S.r.l.	Credit securitization	10		100.00	
Unipol SGR S.p.A.	Financial intermediation	5,000		100.00	
Winterthur SIM S.p.A.	Financial intermediation	2,582		100.00	
Unipol Banca S.p.A.	Bank	426,300	82.86	10.00	410,399
Unipol Merchant S.p.A.	Merchant bank	105,468		50.50	
Unisalute Servizi S.r.l.	Healthcare services	52		100.00	
Uniservice S.p.A. in liquidation	Data transmission services	104		100.00	
Unieuropa S.r.l.	Market analysis and research	510		98.00	
BNL Servizi Assicurativi S.r.l.	Insurance agency	10		100.00	
Winterversa S.r.l.	Insurance agency	100		100.00	
TOTAL ITALIAN SUBSIDIARIES					2,548,246
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	4,000	49.00		1,985
Assicoop Genova S.p.A. - in liquidation	Insurance agency	260	49.00		39
Finec Holding S.p.A.	Holding company	177,730	37.45	1.3	66,651
TOTAL ITALIAN AFFILIATED UNDERTAKINGS					68,676
FOREIGN AFFILIATED UNDERTAKINGS					
Euresa Holding S.a.	Holding company	10,000	24.05		1,661
OTHER SHAREHOLDINGS					
Bios S.p.A.	Holding company	143,000	7.31	2.41	30,953
Hopa S.p.A.	Holding company	709,800	6.71		244,488
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
Other Italian shareholdings					2,685
Other foreign shareholdings					5,816
TOTAL OTHER SHAREHOLDINGS					528,021
GRAND TOTAL					3,146,604

Other financial investments

In the first half of the year, even in the light of forecasts of higher rates, debt securities that showed capital gains were sold and at the same time investments were made in variable-rate securities rather than fixed-rate securities, thus maintaining a high level of liquidity.

Options were sold in order to improve the overall profitability of fixed-rate Government bonds.

As far as trading in shares was concerned, apart from the normal business of trading in the existing portfolio, at the beginning of April an operation was initiated to invest €175m in securities with a high rating, more importance being placed on the price-earnings ratio than on volatility. Nevertheless, the percentage of investments in shares was still very low compared with total investments.

As at 30 June 2004 the item 'Other financial investments' amounted to €4,900.6m (€4,197.7m as at 31/12/2003, +16.7%).

Comparison of the information at the end of 2003 and at the end of the half-year shows an increase in bond investments, which rose from €3,477.0m to €4,170.7m (+€693.7m) and in share investments, which rose from €230.2m to €471.8m, (+€241.7m). On the other hand there

was a drop in sundry financial investments, which fell from €349.6m to €118.0m (-€231.6m). In particular there was a drop in operations on repo contracts, the countervalue of which as at 30 June 2004 amounted to €97.3m whilst at the end of 2003 it had been €330.2m (-€233.0m).

It can be noted that fixed-income securities amounted to 47.1% of the bond portfolio whilst variable-coupon securities accounted for the remaining 52.9%. Considering 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 44.8% fixed coupon and 55.2% variable coupon (49.2% and 50.8% respectively as at 31/12/2003).

Turning to the breakdown between Government bonds and debt securities, a decrease in the incidence of debt securities can be noted, compared with 31 December 2003, from 57.2% to 47.3%, whilst Government bonds rose from 42.8% to 52.7%.

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 99.5% of the entire portfolio whilst non-Euro securities (dollars and Swedish krone) accounted for the remaining 0.5%. Where a bond investment is expressed in a non-Eurozone currency, the foreign exchange risk is hedged.

The total amount invested in other diversified activities at the end of June 2004 amounted to €517.5m (€529.5m at the end of 2003), and included the following types of investment: collateralized bond obligations (CBOs), collateralized loan obligations (CLOs), reverse convertible bonds, index-linked bonds, funds of funds and subordinated bonds (these last for a total countervalue of €422.9m).

At the end of the first half-year the duration on the fixed-rate portfolio was 9.1 years (7.9 years in 2003).

The overall duration (both of the fixed-income and of the variable-income portfolio) was 4.7 years (4.2 in 2003).

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 5.4 years, whilst that allocated to Non-Life insurance business and Life assurance business was 1.9 years, which comes down to 1.4 years if account is taken of repo contracts and liquid assets.

The average duration of the portfolio for the first half-year 2004 was 10.1 years compared with 9.6 years in 2003.

As at 30 June 2004 there was a positive balance on the debt securities' portfolio between unrealized capital gains and losses of €4.1m (€6.8m at the end of 2003), made up of net capital losses on debt securities of €2.1m and of net capital gains on derivatives linked to these debt securities of €6.2m.

There were unrealized net capital losses on investments in 'stocks and shares in investment funds' of €10.8m (€0.9m as at 31/12/2003), 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 2004 was €643.7m, an increase of 7.8% compared with 31 December 2003, €573.2m of which consisted of investments relating to Index-Linked and Unit-Linked policies and €70.6m 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 €573.2m is made up as follows:

Assets matching index-linked policies	
-bonds	150.9
-bank deposits	10.6
-sundry financial investments	8.6
-Total	170.0
Assets matching unit-linked policies	
-units and shares in investment funds	375.6
-bonds	25.8
-cash and items to be settled	1.7
-Total	403.1
	573.2

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

The amount of these investments as at 30 June 2004 was €70.6m, made up as follows:

Stocks and shares	9.3
Debt securities	46.0
Units and shares in investment funds	12.9
Cash and items to be settled	2.4
	70.6

CURRENT INVESTMENT INCOME
CAPITAL GAINS AND LOSSES FROM TRADING
(€ thousand)

	30/06/04	comp.	30/06/03	comp.	var.%	31-Dec	comp.
	(a)	%	(b)	%	(a/b)	2003	%
NET INVESTMENT INCOME							
Land and buildings	2,906	1.8	3,780	2.3	-23.1	8,587	3.6
Stocks and shares	95,843	58.4	95,250	57.5	0.6	96,578	40.5
Debt securities	73,411	44.7	64,311	38.8	14.2	138,218	57.9
Units and shares in investment funds	64	0.0					
Financing	1,351	0.8	1,298	0.8	4.1	2,651	1.1
Deposits with credit institutions	87	0.1				3,485	1.5
Bank and postal deposits	6,313	3.8	7,493	4.5	-15.8	11,636	4.9
Sundry financial investments	3,419	2.1	4,164	2.5	-17.9	6,744	2.8
Balance on reinsurance deposits	-66	0.0	-77	0.0	-14.3	-648	-0.3
Interest on debenture and subordinated loans	-19,176	-11.7	-10,593	-6.4	81.0	-28,661	-12.0
Total (a)	164,153	100.0	165,626	100.0	-0.9	238,590	100.0
Capital gains (losses)							
Land and buildings	421	1.5	546	1.6	-22.9	2,080	2.5
Stocks and shares	5,938	21.2	199	0.6	2878.3	36,979	44.2
Debt securities	18,586	66.3	27,688	79.9	-32.9	32,632	39.0
Sundry financial investments	3,102	11.1	6,225	18.0	-50.2	12,025	14.4
Total (b)	28,047	100.0	34,658	100.0	-19.1	83,716	100.0
Total (a+b)	192,200		200,284		-4.0	322,306	
Net value adjustments on investments							
Land and buildings	-2,861	10.7	-2,758	49.6	3.8	-5,627	11.2
Stocks and shares	-9,925	37.0	-1,691	30.4	486.8	-15,574	30.9
Debt securities	-16,751	62.4	-3,325	59.8	403.8	-35,437	70.3
Other financial investments	2,712	-10.1	2,218	-39.9	22.3	6,230	-12.4
Total (c)	-26,825	100.0	-5,556	100.0	382.8	-50,409	100.0
TOTAL (a-b+c)	165,375		194,728		-15.1	271,897	
Net income from Class D investments							
-Investment funds and market indices	11,342		16,323		-30.5	27,547	
-Pension funds	1,136		1,181		-3.8	2,093	
Total Class D	12,478		17,504		-28.7	29,640	
GRAND TOTAL	177,853		212,232		-16.2	301,538	

N.B.: a) For a correct interpretation of this table, please see footnote (1) on page 18

b) Investment income from stocks and shares as at 30/6/2004 does not include dividends of €46.5m from Aurora, which were recorded as a deduction from the participating interest value

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 €164.2m (-0.9% compared with 30/6/2003) (see N.B. table above).

Net capital gains realized totalled €28.0m (€34.7m at the end of the previous half-year), €7.2m of which were for long-term investments.

The contribution of bonds in particular amounted to €18.6m (€27.7m as at 30/6/2003).

Overall, net investment income and capital gains therefore totalled €192.2m as at 30 June 2004 (compared with €200.3m as at 30/6/2003).

The average net return on investments was 4.4% compared with 6.4% as at 30 June 2003 (5.5% compared with 5.3% if account is taken of the Aurora Assicurazioni dividend, recorded as at 30/6/2004 as a deduction from the shareholdings, and if the index as at 30/6/2003 is recalculated according to the recently introduced tax reform – abolition of tax credit recording).

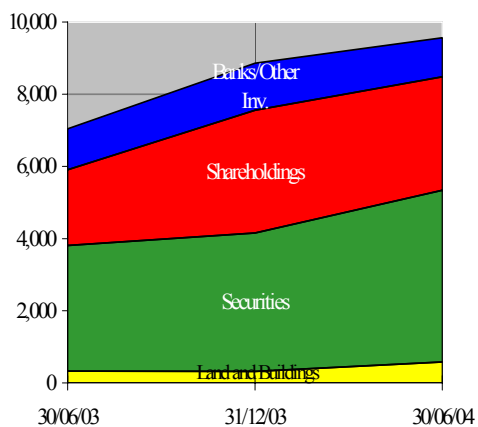
Net value adjustments on investments (including depreciation) increased from €-5.6m as at 30 June 2003 to €-26.8m as at 30 June 2004 as a

result of changes in middle to long-term interest rates and in equity markets.

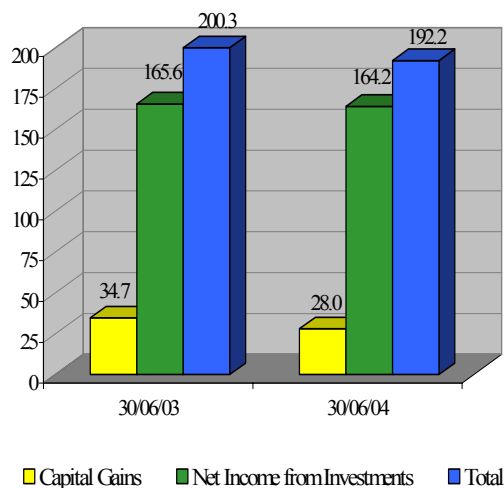
Overall, net ordinary and extraordinary income, including value adjustments on investments, totalled €165.4m during the half year compared with €194.7m in the first half of 2003 (-15.1%). This drop was largely due to the fact that no tax credit was recorded (see footnote⁽¹⁾ on page 18), there was an increase in value adjustments and dividends of the subsidiary Aurora were deducted from the value of the shareholdings.

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 €12.5m (€17.5m as at 30/6/2003).

Investments (€million)



Investment Income (€million)



Complaints Register (ISVAP Circular 518/D-2003)

In this Circular ISVAP requested Companies to set up a Complaints Register and indicated the procedures to be followed for dealing with any disputes that might arise.

Unipol Assicurazioni approved the contents and arranged to deal with any complaints in accordance with the new procedure.

Since 31 March 2004 an electronic Register records 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 April – June 2004 295 complaints were received (279 relating to Non-Life business and 16 to Life business), 224 replies were sent and 71 complaints were being investigated. The average number of days taken to reply was 20.07. 84 complaints were accepted, 122 were rejected and 18 were settled. 12 complaints were made to the courts (all relating to claims). However, the number of complaints recorded was substantially the same as in the previous quarter despite the constraints imposed by the new regulations, and this confirmed that the approach that the Company had been taking for some time had been the right one.

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 is hereby pointed out that Unipol 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 and company rental (holiday village);
- agency mandates;
- financial loans;
- supply of staff and provision of management and claims-settlement services;
- leasing IT systems;
- asset management and subscription to units or shares in investment funds;
- account management services;
- internal auditing services (Isvap Circular 366/D/1999).

These business relations, which do not include any atypical or unusual operations, are governed by normal market conditions, with the exception of staff seconded and services provided which are invoiced on the basis of actual cost and assessed according to analytical accounting criteria.

In addition these services enable the undertakings concerned to operate more rationally and to provide better levels of service.

Terms and conditions of existing contracts with corporate agencies where 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.

During the first half of 2004 the following operations were also carried out with Group undertakings, in the interest of the Company and in accordance with Articles 8 and 9 of Legislative Decree 239/2001:

- the entire holding in Winterthur Vita spa (60.22%) was assigned to the subsidiary Winterthur Assicurazioni spa (now Aurora Assicurazioni) at the book price of €166.1m;
- the entire holding in Unipol SGR spa (100%) was assigned to the subsidiary Unipol Banca spa for €2.4m.

Apart from what is contained in this Report,

which is based on information received and of checks carried out, the Company carried out no other significant operations with related parties.

Process of Transition to IAS/IFRS

Changes in legislation

- Under European Regulation 1606/2002, as from 1 January 2005 all European companies with shares traded on a regulated market must adopt IAS/IFRS international accounting standards when drawing up consolidated accounts.
- Law 306/2003 authorized the Government to extend the application of the IAS/IFRS to the individual accounts of almost all companies. It is not yet certain whether the Government would exercise this authority.
- Under European Regulation 1725/2003, 32 of the 34 accounting standards (IAS) in existence as at 14 September 2002 were formally adopted along with their interpretations (Standing Interpretations Committee – SIC).
- On 31 March 2004 the IASB issued three new accounting principles: IFRS 3 (business combinations), IFRS 4 (insurance contracts), which brought Stage 1 relating to the insurance sector to a close, and IFRS 5 (discontinued operations). The three new principles still have to be validated.
- Under European Regulation 707/2004, IFRS 1 was adopted – the first of the International Financial Reporting Standards to be adopted. It lay down accounting rules and the procedures for drawing up accounts (company or consolidated) and brought them into line with international accounting principles for the first time.
- IAS 32 and 39 (Financial instruments) are still being revised. A proposal to give partial approval to IAS 39 is currently being discussed. This would exclude the most critical areas in

such a way as to enable them to be applied starting with the 2005 accounts.

- As regards Stage 2 relating to the insurance sector, the principle was expected to be laid down by 2005 and implemented as from 2007 or 2008.

Process of adjustment to IAS/IFRS

Work continued at Unipol Assicurazioni on integrating the new international accounting standards into its systems, processes, programmes and staff training.

It should be noted in particular that during the half year all the relevant companies in the Group were involved in setting up a working group to look into Life business issues with the support of external consultants. This was a specific project set up to analyse, classify and evaluate Life assurance contracts in accordance with the provisions of IFRS 4 and IAS 39. It was expected that the work would be completed by the end of September.

In addition, specific work was being carried out on valuing goodwill, which represented a major item both in the consolidated Group accounts as a result of the acquisitions carried out over the past few years by Unipol Assicurazioni and in the accounts of the subsidiary Unipol Banca relating to goodwill paid when the Banca Intesa and Capitalia networks of outlets were acquired.

At ANIA groups resumed working on matters not yet fully dealt with, in particular IFRS 4 and IAS 32 and 39. Representatives both of Unipol Assicurazioni and of the companies in the Group participated.

Finally it should be noted that, in particular where its principles affected strategic areas of the insurance sector (IAS 39), the regulatory framework still being set up made it difficult to draw up a satisfactory schedule for implementing the process of converting to the international accounting standards.

Significant Events after 30 June 2004 and Business Outlook

Amongst the significant events occurring after the end of the half year was the sale on 29 July 2004 of 15,700,000 shares in Finec Holding spa for €15.7m.

Should Finec Holding distribute dividends on the basis of the result as at 30 June 2004, the selling price would be adjusted by the proportion attributable to those shares. The holding was thus reduced to 28.61%.

On 16 July 2004 the merger by incorporation of Winterthur Italia Holding into Unipol Assicurazioni based on their respective statements of assets and liabilities as at 31 March 2004 was approved by their Boards of Directors. This operation enabled one company level to be eliminated since once its holding in Winterthur Vita has been sold Winterthur Italia Holding had no further assets.

As regards insurance business, net premium income for Non-Life business maintained a rate of growth in line with the rate recorded in the first half of the year. A lower incidence of receipts of any significant amount in capital redemptions business compared with the previous year led to a slight slowdown in the rate of growth recorded in Life business during the summer months, but nevertheless it remained around the 15% mark. 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 and operating costs was normal, as was the trend in income arising out of property and financial management.

Provided there are no unusual or anomalous events in the rest of the year, the profit for the current year should show growth in line with the trend seen in the first half of the year.

Accounting 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, with the following exceptions, due to the changes in the regulations introduced when company law was reformed as from 1 January 2004 (Legislative Decree 6 of 17/1/03 and subsequent amendments and additions):

- *Adjustment of tax:*

In view of the fact that last year shareholdings and other financial investments were written down purely for the purpose of obtaining the relevant tax benefits, during the current half year the taxation relating to these write-downs was eliminated, with the effects detailed in the following table (in €K):

	Result as at 30/6/04	Capital and reserves as at 31/12/03
Balances if no adjustments are made	127,386	2,529,549
<i>Value adjustments of shareholdings (purely for tax purposes)</i>	12,426	12,426
<i>Relevant tax effect</i>	(4,101)	(4,125)
<i>Taxation net of deferred taxes</i>	8,325	8,301
Balances after adjustment	135,711	2,537,850

- *Balances in foreign currency:*

In accordance with the provisions of Article 2426.8-bis) of the Civil Code, long-term investments in currencies are recorded at the exchange rate in force when they were acquired (the rate in force on 31/12/2003 in the case of those in existence at the beginning of 2004) and all the conversion balances are allocated to the profit and loss account rather than being balanced by allocations to or drawings on the exchange rate fluctuation provision.

When the profit for the financial year is allocated any resulting net profit not realized is recorded in a provision that cannot be distributed until it is actually realized.

As at 30 June 2004 this amendment had a net effect (including the drawings that had cleared the exchange rate fluctuation provision as at 31/12/2003) on the assets and on the profit and loss account of €5,359K.

However when calculating half-year figures greater use is made of statistical methods, particularly for quantifying the 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 T.P.L. claims reported in the first six months of 2004 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 experience gained regarding claims reported late to the Company and how they developed over time.

With regard to inward reinsurance and associated retrocessions, the half-year accounts, like those in the six-month report to 30 June 2003, include the results reported by ceding undertakings for the previous financial year received by July, whilst the results for inward reinsurance from subsidiaries reflect the trend recorded in the first part of the current year.

Exchange rates used

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

Currencies	30/06/04	30/06/03	31/12/03
US Dollar	1.2155	1.1427	1.2630
Pound Sterling	0.6708	0.6932	0.7048
Swiss Franc	1.5242	1.5544	1.5579
Canadian Dollar	1.6343	1.5506	1.6234
Swedish Krone	9.1451	9.2488	9.0800

Information on the Balance Sheet

The amount and the 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 relations with Group undertakings and other participating interests						
<i>(€ thousand)</i>						
	Holding companies	Subsidiaries	Associated undertakings	Affiliated undertakings	Other undertakings	Total
I: Assets						
Stocks and shares		2,548,246		70,337	528,021	3,146,604
Debt securities					32,944	32,944
Deposits with ceding undertakings		409			776	1,185
Investments relating to unit-linked and index-linked benefits		2,407				2,407
Investments arising out of pension fund management					67	67
Debtors and other assets	27	255,178	1	647	5,421	261,274
Total	27	2,806,239	1	70,984	567,229	3,444,481
II: Liabilities						
Other creditors and other liabilities	3	15,584	2	246	1,047	16,881
Total	3	15,584	2	246	1,052	16,886
III: Guarantees, commitments and other memorandum accounts						
Guarantees received or issued by third parties in favour of the Company		1,607				1,607
Commitments		15,400				15,400
Other memorandum accounts		7,341,968		68,313	399,983	7,810,264
Total		7,358,975		68,313	399,983	7,827,270

Balance Sheet – Assets

C – Investments

C.I – Land and buildings

As at 30 June 2004 the Company's direct property assets, net of depreciation, amounted to €579.9m, a net increase of €258.1m compared with 31 December 2003 (+80,2%).

The main property acquired was in Milan-San Donato (E-Towers), which is to house the offices of the Milan-based companies (purchased for €162m), in Piazza Costituzione (€60m) and Via del Pilastro (€12.4m) in Bologna, to which the

companies based in the Bologna area are to move once the sale of the premises they currently occupy is completed, and in Piazza Esquilino in Rome. This last building is a twin of the one already owned by Unipol Assicurazioni (purchased for €33m).

Divestments totalled €14.6m and related to nine parts of five residential buildings (amounting to €1.4m) and seven office buildings or parts of office buildings. The latter included Unisalute's registered office in Via A. da Formigine in Bologna (book value €9.4m).

Net capital gains totalled €0.4m.

Advances received for sales amounted to €4.0m.

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

Gross value of buildings as at 31/12/2003	364,688
Purchases	273,522
Additions/improvements as part of extraordinary maintenance	1,911
Disposals	(14,627)
Gross value of buildings as at 30/6/2004	625,494
Depreciation fund for the previous fin. year	(42,972)
Disposals	199
Depreciation charge - 1 st half 2004	(2,861)
Depreciation fund as at 30/6/2004	(45,634)
Net value of buildings as at 30/6/2004	579,860

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 2004 was €3,179.5m, a decrease of €267.6m compared with 31 December 2003 (-7.8%).

As at 30 June 2004 Italian and foreign holdings, all classified as long-term assets, amounted to €3,146.6m (item C.II.1), a decrease of €254.1m (-7.5%) compared with the total as at 31 December 2003.

The first half of 2004 saw the launch of the plan to merge the companies in the Winterthur Italia Group and Meieaurora to form a new subsidiary of Unipol Assicurazioni to be known as 'Aurora Assicurazioni'.

The various stages of the project were:

- on 22 January 2004 Unipol Assicurazioni sold 60.22% of the capital of Winterthur Vita to Winterthur Assicurazioni at the book price of €166.1m;
- on 30 March 2004 the share capital of Winterthur Assicurazioni was increased free of charge in order to bring the face values of the shares in the companies involved in the assignment and merger operation more into line;
- on 14 April 2004 Unipol Assicurazioni granted Winterthur Assicurazioni a controlling share (54%) in Meieaurora's share capital by making a reserved capital increase at a price above par;

- Meieaurora and NewWin Assicurazioni were merged by incorporation into Winterthur Assicurazioni, which at the same time changed its name to Aurora Assicurazioni. The legal effects of the merger came into force on 19 April 2004 whilst the effects on the accounting system and on tax came into force on 1 January 2004. The merger of Winterthur Vita, Centro Servizi Missori and Immobiliare San Vigilio into Aurora Assicurazioni, which is the final stage in the entire project, was approved by the General Meetings held on 28 July 2004.

The other main transactions carried out and the events that occurred during the half-year period related to:

- **Finec Holding spa**
On 23 January the increase in the company's share capital from €153.7m to €177.7m was subscribed. 9,000,000 shares were subscribed for a total countervalue of €9m. The shareholding was 37.45%.
- **Unipol SGR spa**
On 29 January the entire holding in the company (100%) was sold to Unipol Banca SpA at a price of €2.4m.
- **Unisalute spa**
On 29 March 875,000 shares were bought from Società Reale Mutua di Assicurazioni at a total price of €3.2m. The shareholding rose to 92.44%.
- **Navale Assicurazioni spa**
Subscription of a total of 15,741,936 shares relating to the increase in the share capital from €10.5m to €26.25m resolved on 30 March 2004. The total amount was €25.2m, €5m of which was paid in July 2003 for a future increase. The shareholding as at 30 June was 99.27%.
- **Unifimm srl**
On 30 April €14.8m was paid into the capital increase account.

Debt securities issued by other participating interests and classified as short-term investments (item C.II.2.) amounted to €32.9m (€44.6m as at 31/12/2003)

As at 30 June 2004 loans to subsidiaries (item C.II.3), which as at 31 December 2003 amounted to €1.9m, had been repaid.

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 2004 was €4,900.6m, an increase of €702.9m compared with 31 December 2003 (+16.7%).

Item C.III.1 – Stocks and shares showed a balance of €471.8m, an increase of €241.7m compared with 31 December 2003.

This item, relating to several shares of companies included in the portfolio as long-term investments, was affected by a value readjustment of €12.4m, which corresponded to the amount of the write-down carried out for tax purposes in the Accounts for the year ending 31 December 2003 which was dealt with in full in the previous section under 'accounting criteria'.

Item C.III.3 – Bonds and other fixed-income securities showed a balance of €4,170.7m (+20.0% compared with 31/12/2003), 99.1% of which was in listed securities.

In the period under consideration there were purchases valued at €4,163m, sales and repayments valued at €3,464m and transfers from Class D valued at €1.3m. The value of the portfolio also included €14.9m relating to capital write-ups, net issue and trading spreads during

the period, the alignment to market values of freely-traded securities (€18.9m) and value readjustments on securities written down in previous financial years (€2.2m).

Item C.III.5, relating to other financial investments, amounted to €118.0m (-66.2% compared with 31/12/2003) and was made up as follows:

- €97.3m of repo contracts;
- €20.8m 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 dated 18 June 1998 and in Circular 475/D dated 27 February 2002) carried out during the first half of 2004, it should be noted that on 16 July 2004 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 2004, calculated as set out above, were made up as follows (in millions of €):

Stocks and shares	471.8
Units and shares in investment funds	84.5
Bonds and other fixed-income securities	3,851.0
Securities - repurchase agreements	97.3
Total	4,504.6

Total long-term investments as at 30 June 2004, amounting to €1,055.1m, made up 23.4% of the Company's total financial investments.

E – Debtors

The balance of the debtors set out in item E, totalling €436.3m, showed a net increase of €67.0m compared with the balance as at 31 December 2003 (+18.1%) and was made up as follows:

- debtors arising out of direct insurance operations totalling €301.0m (+€26.7m compared with 31/12/2003);
- debtors arising out of reinsurance operations totalling €26.2m (-€9.6m compared with 31/12/2003);
- other receivables amounting to €109.1m (+€49.8m compared with 31/12/2003), mainly consisting of receivables from the Inland Revenue of €90.8m, receivables from clients of €5.2m and receivables for interest on loans on Life policies of €2.2m.

Item E.I – Debtors arising out of direct insurance operations, which amounted to €301.0m, consisted of receivables from policyholders of €110.2m (€91.7m Non-Life and €18.5m Life), receivables from insurance intermediaries of €128.9m (€98.0m Non-Life and €31.0m Life), receivables from insurance companies of €43.3m (relating almost entirely to Non-Life business) and receivables from policyholders and third parties out of sums to be recovered of €18.5m.

Amounts receivable from policyholders recorded in the accounts as at 31 December 2003 amounted to €169.2m (€155.0m for Non-Life and €14.2m for Life). Corresponding receipts during the first six months of 2004 amounted to €147.7m (€141m for Non-Life and €6.7m for Life).

The balance on debtors as at 30 June 2004, shown net of overall write-downs, amounted to €2.5m (€2.4m for Non-Life).

F – Other assets

This item showed a total balance of €353.4m, a net increase of €9.2m compared with 31 December 2003 (+2.7%).

'Tangible assets and stocks' amounted to €14.8m as at 30 June 2004 (+€3.4m compared with the figure as at 31/12/2003) and 'Liquid assets' at the end of the half year amounted to €242.0m, a decrease of €37.1m compared with the situation as at 31 December 2003.

'Other assets' showed a balance of €96.6m (+€42.9m compared with 31/12/2003) and consisted mainly of the balance on the deferred reinsurance accounts of €1.6m (-€6.8m compared with 31/12/2003), the balance on the internal liaison account between Life and Non-Life business, which amounted to €61.3m in favour of Life business (€8.5m as at 31/12/2003 in favour of Life business), the contra of the valuations of and adjustments to operations in derivatives in existence as at 30 June 2004 amounting to €8.5m (€10.6m as at 31/12/2003) and deferred taxes to be received of €18.2m (no changes compared with 31/12/2003).

Balance Sheet – Liabilities

A – Capital and reserves

Capital and reserves as at 30 June 2004, excluding the result for the period, amounted to €2,421.5m, an increase of €26.0m compared with 31 December 2003 owing to the increase in the free reserves as a result of the allocation of the net profit for 2003 (€18.4m) and to the conversion of the warrants (€7.6m).

During the first half of 2004, in fact, 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 (which will end on 20 June 2005).

As a result of these subscriptions the share capital rose by €5.4m compared with 31 December 2003.

As at 30 June 2004 the share capital amounted to €911,635,871 fully paid-up and consisted of 911,635,871 shares, each with a face value of

€1, subdivided as follows:

- 577,637,399 ordinary shares, 60.94% of which were owned by the holding company, Finsoe spa;
- 333,998,472 preference shares.

B - Subordinated liabilities

This item amounts to €600.0m and is unchanged compared with 31/12/2003. 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, which was fully subscribed by institutional investors on 28 July 2003, has a fixed annual interest rate of 5.66% for the first ten years and a variable rate thereafter.

In the first half of 2004 interest payable totalled €18.9m.

C/D – Technical provisions

As at 30 June 2004 the technical provisions in Non-Life insurance business amounted to €2,121.4m (+4.7% compared with 31/12/2003). The item 'sundry technical provisions' (item C.I.3), amounting to €1.1m, is made up as follows:

- the provision for bonuses and rebates, amounting to €0.8m;
- the provision for increasing age, amounting to €0.4m.

At the end of the period the technical provisions for Life business totalled €4,700.0m (+15.6% over 31/12/2003), €573.2m of which related to Index- and Unit-Linked policies – Line III – (€535.3m as at 31/12/2003) and €70.6m related to pension fund management (€61.9m as at 31/12/2003).

As at 30 June 2004 'sundry technical provisions' (Item C.II.3) amounted to €32.4m (€31.1m as at 31/12/2003). This item relates almost entirely to sums set aside for operating expenses and is divided by lines of business as follows:

- Line I, €17.0m;
- Line III, €9.7m;
- Line V, €5.7m.

G – Creditors and other liabilities

As at 30 June 2004 creditors and other liabilities amounted to €293.1m, an increase of €86.3m compared with 31 December 2003 (+41.7%).

Item G.I – Creditors arising out of direct insurance operations, amounting to €25.9m, showed an increase of €14.2m compared with the balance as at 31 December 2003 and consisted of €11.4m of payables to insurance intermediaries, €9.8m of payables to insurance companies, €1.6m of payables to policyholders for deposits and premiums and €3.0m of payables to guarantee funds.

'Sundry creditors and borrowings' (item G.V) amounted to €101.5m, a net increase of €35.8m compared with 31 December 2003 (+54.6%).

This item includes:

- creditors with a lien on property of €2.5m which recorded a drop of €0.3m compared with the balance as at 31 December 2003 and relate almost entirely to a senior facilitated mortgage loan for renovating the tourism complex at Terrasini (Palermo), which matures in December 2007;
- sundry borrowings and other creditors amounting to €11.8m;
- policyholders' tax due of €40.3m;
- sundry taxes of €4.8m;
- loans to welfare and pensions bodies of €5.7m;
- sundry creditors amounting to €36.3m, including €21.0m payable to suppliers.

Item G.VII – Other liabilities rose from

€93.9m as at 31 December 2003 to €130.4m as at 30 June 2004, a net increase of €36.4m (+38.8%).

This item mainly consisted of:

- taxes for the half-year of €15.1m (Ires and Irap);
- the amount of additional commissions ('rappels') of €23.9m;
- provisions for premiums currently being collected of €13.3m;
- deferred reinsurance accounts of €6.1m;
- the balance on the internal liaison account between Life and Non-Life business, a debit to Non-Life business of €61.3m, as already mentioned.

Guarantees, commitments and other memorandum accounts

As at 30 June 2004 memorandum accounts amounted to €11,595.2m (€10,255.8m as at 31/12/2003) and were made up as shown in the following table (in thousands of €):

Guarantees issued: surety bonds	1,172
Guarantees issued: collateral securities	8,116
Guarantees issued: other guarantees	8
Guarantees received: surety bonds	18,245
Guarantees received: collateral securities	23,292
Guarantees received: other guarantees	60
Guarantees issued by third parties in favour of the Company	13,708
Commitments	2,349,783
Third party assets held in deposit	1,318
Assets pertaining to pension funds managed on behalf of third parties	282,805
Securities deposited with third parties	8,891,671
Other memorandum accounts	5,018
Total	11,595,196

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 13 December 1996, derivatives were used during the first half of 2004 purely to hedge the risk in the securities position and the exchange rate risk, or in order to optimize 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 2004 are shown in the following tables:

A. Derivative contracts involving forward capital swaps

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

Type of transaction	No of transactions	Overall exposure
Currency resale agreements	7	56,045
Currency repurchase agreements	1	4,947
Sales of put options	1	33,062
Purchases/sales of call options	28	741,900
Cross currency swaps	1	11,572
Total	38	847,526

B. Derivative contracts not involving forward capital swaps

The value attributed consists of the face value of the underlying capital in thousands of Euro. The exchange rate on 30 June 2004 was used for operations in other currencies:

Type of transaction	No of transactions	Overall exposure
Purchases/sales of cap interest rates	10	450,823
Purchases/sales of floor interest rates	3	175,000
Asset swaps	4	151,563
Interest rate swaps	9	307,500
Purchases of swap options	2	250,000
Total	28	1,334,886

The above operations were carried out in Euro, US Dollars, Swedish Krone and Japanese Yen.

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

- net premiums received on unexercised options amounted to €2,340K;
- net capital gains on trading linked to options sold/acquired on bond/share securities and exercised on maturity amounted to €1,184K;
- net income from operations to hedge the exchange risk was €192K;
- net charges from interest rate swap operations amounted to €876K;
- net charges from cap/floor options amounted to €65K.

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 4.2% and that within the portfolio exchange rate risks are largely covered and rate risks are reduced.

The table below sets out the balances (in thousands of €) 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 actual duration largely depends on the specific nature of the underlying insurance guarantees and the effective 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 30/6/2004	Amounts due after 30/6/2005
C.III.4	Other loans	55,524	46,267
	Total	55,524	46,267
ITEM E	Debtors		
E.I	Debtors arising out of direct insurance operations	301,015	37,020
E.II	Debtors arising out of reinsurance operations	26,185	-
E.III	Other debtors	109,123	1,052
	Total	436,323	38,072
ITEM G	Creditors		
G.I	Creditors arising out of direct insurance operations	25,873	-
G.II	Creditors arising out of reinsurance operations	9,227	-
G.IV	Payables to banks and financial institutions	271	-
G.V	Sundry borrowings and creditors	101,474	5,408
G.VII	Other liabilities	130,376	-
	Total	267,219	5,408

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 2004 gross premiums written amounted to €1,517.3m (€709.9m for Non-Life and €807.5m for Life).

Premiums ceded in reinsurance amounted to €50.0m (€48.9m relating to Non-Life business and €1.1m 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 €497.7m and, allowing for portfolio movements, showed an increase of €4.6m over 31 December 2003. (-€0.1m was the variation in the reinsurers' share.)

The Non-Life business provision for outstanding claims, which amounted to €1,621.6m as at 30 June 2004, showed an increase, allowing for portfolio movements, of €89.2m compared with 31 December 2003 (a drop of -€0.4m in the reinsurers' share).

With regard to Life business, the mathematical provisions and other technical provisions (including those in Class D) amounted to €4,676.9m, a net variation (taking into account portfolio movements) of €628.5m compared with 31 December 2003. The provision for sums payable, amounting to €23.0m, showed a net increase of €6.8m compared with

31 December 2003.

Claims paid in Non-Life business amounted to €433.9m (the reinsurers' share totalling €22.6m).

The variation in sums recovered, net of the reinsurers' share, amounted to €9.1m.

Sums paid in Life business amounted to €234.0m, net of reinsurers' share (€0.4m).

The item 'other income', which amounted to €39.2m (€31.0m as at 30/6/2003), included €22.7m for administrative expenses recovered, €7.1m in interest receivable and €8.0m for exchange rate differences, €5.3m of which was for drawings on the exchange rate fluctuation account, and other amounts recovered amounting to €1.4m.

The item 'other charges', amounting to €48.0m, consists of third-party charges of €21.4m, interest payable (mainly related to the two issues of subordinated callable notes) of €19.5m, exchange-rate differences of €2.7m, amortization quotas of €2.1m and other losses and charges of €2.3m.

The balance on exchange rate differences not realized was positive to the tune of €1.3m.

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 2004:

BREAKDOWN OF INVESTMENT INCOME AND CHARGES*(€ thousand)*

	Non-Life business	Life business	Total
Investment income from land and buildings	6,393		6,393
Investment charges from land and buildings	6,331		6,331
Total (A)	62		62
Investment income from Group undertakings and other participating interests	58,494	28,672	87,166
Investment charges from Group undertakings and other participating interests	708	645	1,353
Total (B)	57,786	28,027	85,813
Income from other financial investments	21,398	100,543	121,941
Charges from other financial investments	7,291	33,413	40,703
Total (C)	14,107	67,130	81,238
TOTAL (A+B+C)	71,955	95,157	167,113

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

As at 30 June 2004 extraordinary income amounted to €21.3 m, €0.4m of which related to capital gains on disposals of property, €6.8m to capital gains from trading in securities and shareholdings, €12.4m to contingent profits from value adjustments generated by tax

adjustments and €1.7m to other contingent profits.

Extraordinary charges amounted to €0.5m and were made up of contingent losses and capital losses.

Other Information

Solvency Margin

In view of the expected development of business, the solvency margin to be set up at the end of 2004 will amount to about €397m, €214m for Non-Life business and €183m for Life business. Both are amply covered by their respective elements.

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 2004 was €2,073,406K and the relative matching assets can be subdivided as follows:

Debt securities and similar securities	714,837
Mortgages and secured loans	14,984
Equities and similar securities	518,351
Land and buildings	640,999
Debtors and other assets	184,235
Total matching assets	2,073,406

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 2004 was €4,042,413K.

Matching assets can be broken down as follows:

Debt securities and similar securities	3,596,785
Equities and similar securities	445,628
Total matching assets	4,042,413

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

Bologna, 10 September 2004

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 2004

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	27,200	27,200,000	28,400	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	426,300	426,300,000	205,199	41.43	10.00	51.43
8	b	UL	3	Unipol Banca Spa - Bologna	EUR	426,300	426,300,000	205,199	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	45,482	100.00		100.00
18	d	UL	9	Hotel Villaggio CDM Spa - Terrasini (PA)	EUR	4,000	4,000,000	1,985	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	Assicoop Genova Spa (in liquidazione) - Genova	EUR	260	260,000	20	24.50		24.50
29	d	UL	9	Assicoop Genova Spa (in liquidazione) - Genova	EUR	260	260,000	20	24.50		24.50
36	e	UL	1	E.D.I.T.H. sa (in liquidazione) - Bruxelles (Belgio)	EUR	13,000	326,387	18	0.31		0.31
37	e	UL	1	Atlantis Sa - Barcellona (Spagna)	EUR	41,678	1,083,392	1,756	2.88		2.88
39	e	UL	1	Sagres Sa - Lisbona (Portogallo)	EUR	15,435	309,500	234	3.54		3.54
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	4,332	14,440,000	1,045	16.39		16.39
45	e	UL	2	Sofincoop Spa - Genova	EUR	1,300	25,492	3	0.23		0.23
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	23,023	445,830	51	0.22		0.22
62	e	UL	9	Allnations Sa Ord - Ohio (USA)	USD	2,158	13,693	1	0.05		0.05
65	e	UL	9	Cestar Srl - Pero (MI)	EUR	2,040	4,000,000	76	3.68	9.36	13.04

(*) 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
- (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)
- (7) Please indicate the total % held
L1 if investments are allocated to Life business (item D.1)
L2 if investments are allocated to Life business (item D.2)
Please give the same No. to shareholdings split between Life and Non-Life businesses
(7) Please indicate the total % held

COMPANY: COMPAGNIA ASSICURATRICE UNIPOL S.p.A.

INFORMATION ON UNDERTAKINGS WHERE PARTICIPATING INTERESTS ARE HELD (*)

These data refer to the first six months of 2004

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	Amount	Direct %	Indirect %
66	e	UL	3	Banca Popolare Etica Scarl - Padova	EUR	16,078	311,357	NL	52	0.32	0.32	0.32
68	e	UL	9	Fondazione CESAR - Bologna	EUR	258		NL	258	100.00	100.00	100.00
70	e	UL	9	Infocoop Scarl - Roma	EUR	835		NL	22	2.63	2.63	2.63
77	e	UL	9	UCI - Milano	EUR	510	1,000,000	NL	22	4.25	8.23	12.48
79	e	UL	1	Atlantis Vida Sa - Barcellona (Spagna)	EUR	9,616	96,162	L	1,203	12.50	12.50	12.50
81	e	UL	2	Hopa Spa - Brescia	EUR	709,800	1,365,000,000	NL	244,488	6.71	6.71	6.71
87	b	UL	1	Navale Assicurazioni Spa - Ferrara	EUR	26,250	26,250,000	NL	72,759	99.27	99.27	99.27
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	110,000	22,000,000	L	56,141	20.00	20.00	20.00
97	b	UL	1	BNL Vita Spa - Milano	EUR	110,000	22,000,000	NL	84,212	30.00	30.00	30.00
104	e	UL	9	Previnet Spa - Mogliano V. (TV)	EUR	5,165	10,000	L	2,171	14.00	14.00	14.00
105	e	UL	2	Partisagres SGIPS Sa - Lisbona (Portogallo)	EUR	7,500	1,500,000	NL	328	4.36	4.36	4.36
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	1.09
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	0.90
108	e	UL	9	Bios Spa - Milano	EUR	143,000	143,000,000	NL	30,953	7.31	2.41	9.72
110	d	UL	2	Finec Holding Spa - Bologna	EUR	177,730	177,729,994	NL	33,326	18.73	1.30	20.03
110	d	UL	2	Finec Holding Spa - Bologna	EUR	177,730	177,729,994	L	33,326	18.72	18.72	18.72
111	b	UL	2	Smallpart Spa - Bologna	EUR	12,000	12,000,000	L	6,000	50.00	50.00	50.00
111	b	UL	2	Smallpart Spa - Bologna	EUR	12,000	12,000,000	NL	6,000	50.00	50.00	50.00
112	b	UL	1	Aurora Assicurazioni Spa - Milano	EUR	245,270	908,406,722	NL	1,308,503	69.81	69.81	69.81
112	b	UL	1	Aurora Assicurazioni Spa - Milano	EUR	245,270	908,406,722	L	335,916	17.92	17.92	17.92
113	b	UL	2	Winterthur Italia Holding Spa - Milano	EUR	132,600	260,000,000	L	89,461	100.00	100.00	100.00

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 2004

(€ thousand)

		Stocks and shares C.II.1	Debt securities C.II.2	Corporate financing C.II.3
As at 1 January	+ 1	2,309,817 ²¹	10,500 ⁴¹	1,872
Increases in the period	+ 2	416,272 ²²	8,017 ⁴²	12,994
through: purchase, subscription or financing	3	416,218 ²³	8,017 ⁴³	12,994
value re-adjustments	4	0 ²⁴	0 ⁴⁴	0
write-ups.....	5	1		
other changes	6	53 ²⁶	0 ⁴⁶	0
Decreases in the period:	- 7	471,378 ²⁷	5,554 ⁴⁷	14,866
through: sale or redemption	8	0 ²⁸	0 ⁴⁸	14,866
write-downs	9	0 ²⁹	54 ⁴⁹	0
other changes	10	471,378 ³⁰	5,500 ⁵⁰	0
Total	11	2,254,711 ³¹	12,963 ⁵¹	0
Market value	12	2,748,298 ³²	12,964 ⁵²	0
Total write-ups	13	9		
Total write-downs	14	20,904 ³⁴	54 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 2004

(€ thousand)

		Stocks and shares C.II.1	Debt securities C.II.2	Corporate financing C.II.3
As at 1 January	+ 1	1,090,864 ²¹	34,114 ⁴¹	0
Increases in the period	+ 2	254,251 ²²	0 ⁴²	0
through: purchase, subscription or financing	3	28,777 ²³	0 ⁴³	0
value re-adjustments	4	0 ²⁴	0 ⁴⁴	0
write-ups	5	0		
other changes	6	225,474 ²⁶	0 ⁴⁶	0
Decreases in the period:	- 7	453,222 ²⁷	14,134 ⁴⁷	0
through: sale or redemption	8	168,439 ²⁸	14,000 ⁴⁸	0
write-downs	9	0 ²⁹	20 ⁴⁹	0
other changes	10	284,783 ³⁰	114 ⁵⁰	0
Total	11	891,893³¹	19,980⁵¹	0
Market value	12	1,171,307 ³²	19,980 ⁵²	0
Total write-ups	13	0		
Total write-downs	14	1,322 ³⁴	20 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 2004

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	177,851	13	170,439	25	30,274	37	30,387	49	208,125	61	200,826
a) listed stocks	2	177,851	14	170,439	26	30,274	38	30,387	50	208,125	62	200,826
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	3,799	17	2,570	29	4,973	41	5,017	53	8,772	65	7,587
3. Bonds and other fixed-income securities	6	114,572	18	115,031	30	596,888	42	597,029	54	711,460	66	712,060
a1) listed Government bonds	7	40,732	19	39,564	31	393,662	43	393,662	55	434,394	67	433,226
a2) other listed securities	8	61,499	20	62,942	32	201,487	44	201,629	56	262,986	68	264,571
b1) unlisted Government bonds	9	6,123	21	6,123	33	0	45	0	57	6,123	69	6,123
b2) other unlisted securities	10	6,218	22	6,402	34	1,739	46	1,738	58	7,957	70	8,140
c) convertible bonds	11	0	23	0	35	0	47	0	59	0	71	0
5. Other investments (2)	12	0	24	0	36	2,781	48	2,817	60	2,781	72	2,817

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	81,820	85	80,199	97	181,904	109	182,175	121	263,724	133	262,374
a) listed stocks	74	81,820	86	80,199	98	181,904	110	182,175	122	263,724	134	262,374
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	10,845	89	9,891	101	64,904	113	64,904	125	75,749	137	74,795
3. Bonds and other fixed-income securities	78	985,925	90	981,774	102	2,473,314	114	2,474,733	126	3,459,239	138	3,456,507
a1) listed Government bonds	79	247,332	91	236,976	103	1,562,350	115	1,562,397	127	1,809,682	139	1,799,373
a2) other listed securities	80	717,588	92	723,703	104	887,326	116	888,632	128	1,604,914	140	1,612,335
b1) unlisted Government bonds	81	9,267	93	9,267	105	0	117	0	129	9,267	141	9,267
b2) other unlisted securities	82	11,738	94	11,828	106	2,125	118	2,191	130	13,863	142	14,019
c) convertible bonds	83	0	95	0	107	21,513	119	21,513	131	21,513	143	21,513
5. Other investments (2)	84	7,880	96	7,119	108	107,386	120	107,459	132	115,266	144	114,578

(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

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