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

Consolidated Half-Yearly Report as at 30 June 2004 of the Unipol Assicurazioni Group

Bologna, 10 September 2004

Translation from the original Italian text.

Consolidated Half-Yearly Report as at 30 June 2004

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 Boccetti / 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 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 Gazette 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 Gazette 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 Gazette 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.*

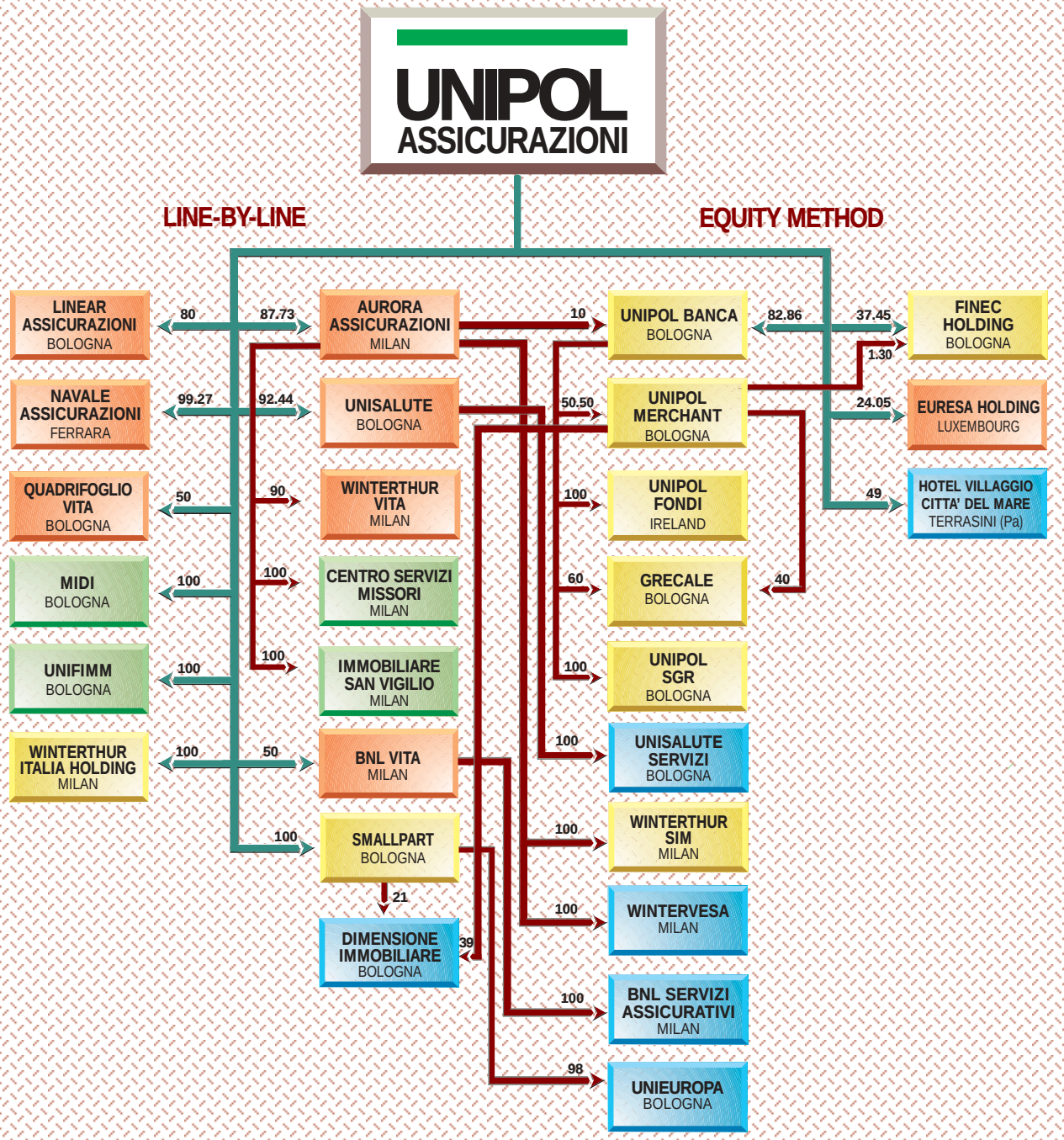
- *On 28 July the Chamber of Deputies finally approved the Enabling Act relating to social security, which has not yet been published in the Official Gazette. The Government must issue the Decrees to implement it within the following twelve months. Accruing staff-leaving indemnity may be allocated to 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..

BASIS OF CONSOLIDATION AS AT 30 JUNE 2004



(*) Mainly service companies strictly related to insurance and property business.

GROUP HIGHLIGHTS

(€ million)

	30 June 2004	31 December 2003	30 June 2003	31 December 2002
Gross premiums	**5,102.6**	**7,492.3**	**4,193.2**	**6,045.8**
variation %	*21.7 (1)*	*23.9*	*43.4 (1)*	*22.3*
% of direct business market		**7,7**		**6.8**
Technical provisions	**27,734.7**	**25,669.0**	**18,766.8**	**17,353.1**
variation %	*8.0 (2)*	*47.9*	*8.1 (2)*	*18.6*
Technical provisions-to-premiums ratio				
- Non-Life		**164.7**		**165.9**
- Life		**353.1**		**362.7**
- Non-Life+Life		**285.8**		**287.0**
Investments, cash and cash equivalents	**28,545.0**	**26,385.2**	**19,098.0**	**17,686.0**
variation %	*8.2 (2)*	*49.2*	*8.0 (2)*	*19.3*
Net investment income and capital gains				
-excluding Class 'D' and value adjustments	**450.2**	**693.0**	**324.6**	**579.1**
variation %	*38.7 (1)*	*19.7*	*6.5 (1)*	-0.5
-excluding Class 'D', including value adjustments	**378.5**	**591.2**	**311.5**	**429.5**
variation %	*21.5 (1)*	*37.7*	*59.0 (1)*	-1.0
Payments (claims, amounts due out of maturity, surrender, annuity)	**2,834.5**	**3,651.0**	**1,586.8**	**2,804.4**
variation %	*78.6 (1)*	*30.2*	*17.9 (1)*	*16.6*
Loss ratio - Non-Life business	**75.0**	**73.0**	**75.1**	**75.7**
Operating expenses	**546.8**	**782.1**	**345.4**	**623.3**
variation %	*58.3 (1)*	*25.5*	*15.0 (1)*	*7.8*
Expense ratio	**10.7**	**10.4**	**8.2**	**10.3**
Combined ratio % (3)	**97.1**	**94.6**	**95.8**	**95.7**
Capital and reserves - Group	**2,385.7**	**2,346.3**	**1,290.7**	**1,236.4**
variation %	*1.7 (2)*	*89.8*	*4.4 (2)*	*16.6*
Profit before taxation	**183.8**	**303.3**	**144.3**	**228.6**
variation %	*27.4 (1)*	*32.7*	*59.6 (1)*	*65.5*
Tax on profit for the period	**84.1**	**125.9**	**64.3**	**107.6**
variation %	*30.8 (1)*	*17.0*	*64.2 (1)*	*64.0*
Net profit - minority interests	**19.6**	**29.9**	**13.2**	**18.9**
variation %	*48.1 (1)*	*58.2*	*215.2 (1)*	*86.8*
Net profit - Group	**80.2**	**147.5**	**66.7**	**102.1**
variation %	*20.1 (1)*	*44.4*	*41.9 (1)*	*63.8*
Net profit-to-premiums ratio	**1.6**	**2.0**	**1.6**	**1.7**
Staff number (5)	**4,458**	**4,503**	**2,941**	**2,895**

(1) Variation on the first half-year of the previous financial year (%) (figures as at 30/6/03 do not include the companies in the Winterthur Italia Group, which were acquired on 26/09/03).

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

(3) Net loss ratio and net operating expenses on Non-Life earned premiums.

(4) The Parent Company, Unipol Assicurazioni, increased its share capital by €1,054m during the third quarter of 2003.

(5) Staff number of undertakings consolidated on a line-by-line basis.

Consolidated Half-Yearly Report as at 30 June 2004

CONSOLIDATED

ASSETS		As at 30 June 2004		As at 30 June 2003		As at 31 December 2003
A. Subscribed share capital unpaid	1	**0**	77	**0**	153	**0**
B. Intangible assets						
1. Deferred acquisition costs	2	74	78	67	154	77
2. Other assets	3	90	79	22	155	66
3. Differences arising from consolidation	4	1,036	80	380	156	1,070
Total	5	**1,201**	81	**470**	157	**1,213**
C. Investments						
I - Land and buildings	6	**879**	82	**491**	158	**648**
II - Investments in Group undertakings and other participating interests						
1. Stocks and shares	7	1,290	83	1,167	159	1,373
2. Debt securities	8	51	84	33	160	49
3. Corporate financing	9	0	85	0	161	0
Total	10	**1,341**	86	**1,199**	162	**1,422**
III - Other financial investments						
1. Stocks and shares	11	882	87	409	163	470
2. Units and shares in investment funds	12	127	88	122	164	115
3. Bonds and other fixed-income securities	13	17,235	89	10,771	165	16,787
4. Loans	14	87	90	72	166	87
5. Other financial investments	15	1,401	91	362	167	590
Total	16	**19,732**	92	**11,737**	168	**18,049**
IV - Deposits with ceding undertakings	17	**27**	93	**28**	169	**26**
Total	18	**21,978**	94	**13,455**	170	**20,145**
D. Investments for the benefit of Life assurance policyholders who bear the risk thereof and arising out of pension fund management	19	**5,909**	95	**5,097**	171	**5,562**
D. bis Technical provisions - reinsurers' share						
I - Technical provisions - Non-Life business	20	550	96	430	172	503
II - Technical provisions - Life business (except those at item III)	21	366	97	293	173	386
III - Technical provisions of Life business where investment risk is borne by policyholders, and pension fund management provisions	22	0	98	0	174	0
Total	23	**917**	99	**723**	175	**889**
E. Debtors						
I - Debtors arising out of direct insurance operations	24	760	100	502	176	865
II - Debtors arising out of reinsurance operations	25	166	101	129	177	182
III - Other debtors	26	397	102	373	178	298
Total	27	**1,324**	103	**1,004**	179	**1,345**
F. Other assets						
I - Tangible assets and stocks	28	29	104	22	180	29
II - Cash at bank and in hand	29	657	105	546	181	678
III - Own shares	30	0	106	0	182	0
IV - Other assets	31	59	107	51	183	94
Total	32	**746**	108	**620**	184	**800**
G. Prepayments and accrued income	33	**202**	109	**130**	185	**212**
TOTAL ASSETS	34	**32,278**	110	**21,499**	186	**30,167**

BALANCE SHEET

(Amounts in €m)

LIABILITIES		As at 30 June 2004		As at 30 June 2003		As at 31 December 2003
A. Capital and reserves						
I - Capital and reserves - Group						
1. Subscribed share capital or equivalent funds	35	912	111	509	187	906
2. Free reserves	36	1,520	112	830	188	1,488
3. Consolidation reserve	37	-57	113	-48	189	-48
4. Reserve for valuation differences on unconsolidated shareholdings	38	11	114	1	190	1
5. Exchange risk reserve	39	0	115	0	191	0
6. Reserve for own shares and holding company's shares	40	0	116	0	192	0
7. Profit (loss) for the period	41	80	117	67	193	147
Total - Group	42	**2,466**	118	**1,357**	194	**2,494**
II - Capital and reserves - minority interests						
1. Capital and reserves - minority interests	43	229	119	140	195	200
2. Profit (loss) for the period - minority interests	44	20	120	13	196	30
Total - minority interests	45	**249**	121	**153**	197	**230**
Grand total	46	**2,714**	122	**1,511**	198	**2,724**
B. Subordinated liabilities	47	**666**	123	**332**	199	**666**
C. Technical provisions						
I - Non-Life business						
1. Provision for unearned premiums	48	1,509	124	891	200	1,456
2. Provision for claims outstanding	49	5,170	125	3,083	201	4,973
3. Equalization provisions	50	6	126	8	202	6
4. Other provisions	51	6	127	1	203	5
Total - Non-Life business	52	**6,691**	128	**3,984**	204	**6,440**
II - Life business						
1. Mathematical provisions	53	14,769	129	9,400	205	13,329
2. Provision for amounts payable	54	155	130	120	206	130
3. Other technical provisions	55	213	131	176	207	209
Total - Life business	56	**15,137**	132	**9,696**	208	**13,668**
Grand total	57	**21,828**	133	**13,679**	209	**20,108**
D. Technical provisions where investment risk is borne by policyholders and pension fund management provisions	58	**5,906**	134	**5,088**	210	**5,561**
E. Provisions for other risks and charges	59	**35**	135	**44**	211	**47**
F. Deposits received from reinsurers	60	**398**	136	**314**	212	**405**
G. Creditors and other liabilities						
I - Creditors arising out of direct insurance operations	61	77	137	42	213	66
II - Creditors arising out of reinsurance operations	62	96	138	55	214	66
III - Debenture loans	63	0	139	0	215	0
IV - Amounts owed to credit institutions	64	0	140	0	216	0
V - Sundry borrowings and creditors	65	265	141	197	217	224
VI - Staff leaving indemnity	66	64	142	41	218	64
VII - Other liabilities	67	189	143	175	219	198
Total	68	**691**	144	**510**	220	**618**
H. Accruals and deferred income	69	**40**	145	**22**	221	**38**
TOTAL LIABILITIES	70	**32,278**	146	**21,499**	222	**30,167**

GUARANTEES, COMMITMENTS AND OTHER MEMORANDUM ACCOUNTS

I - Guarantees issued by the Company	71	52	147	1,004	223	34
II - Guarantees issued by third parties, including in favour of the Company	72	165	148	1,436	224	222
III - Commitments	73	5,760	149	5,834	225	2,488
IV - Pension fund assets managed on behalf of third parties	74	283	150	214	226	238
V - Other memorandum accounts	75	29,785	151	18,288	227	27,063
TOTAL MEMORANDUM ACCOUNTS	76	**36,045**	152	**26,776**	228	**30,045**

CONSOLIDATED

		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	1,718	49	1,058	97	2,480
2. Other technical income, net of reinsurance	2	38	50	2	98	7
3. Claims incurred, net of sums recoverable and reinsurance	3	1,289	51	794	99	1,809
4. Changes in other technical provisions, net of reinsurance	4	2	52	0	100	0
5. Bonuses and rebates, net of reinsurance	5	0	53	0	101	2
6. Operating expenses:						
a) Acquisition costs, net of reinsurance commissions and profit sharing	6	225	54	150	102	362
b) Administrative expenses	7	155	55	69	103	174
Total	8	380	56	219	104	536
7. Other technical charges, net of reinsurance	9	12	57	6	105	9
8. Change in the equalization provisions	10	0	58	0	106	-5
9. Balance on the technical account for Non-Life insurance business	11	**73**	59	**41**	107	**136**
II. TECHNICAL ACCOUNT - LIFE ASSURANCE BUSINESS						
1. Written premiums, net of reinsurance	12	3,098	60	2,951	108	4,602
2. (+) Allocated investment returns transferred from the non-technical account (item III.5)	13	264	61	224	109	399
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	14	161	62	292	110	359
4. Other technical income, net of reinsurance	15	20	63	21	111	36
5. Claims incurred, net of reinsurance	16	1,618	64	838	112	1,759
6. Changes in mathematical provisions and other technical provisions, net of reinsurance						
a) Mathematical provisions, supplementary risks-provision for unearned premiums and other technical provisions	17	1,401	65	1,959	113	2,743
b) Technical provisions where investment risk is borne by policyholders and pension fund management provisions	18	345	66	515	114	642
Total	19	1,746	67	2,474	115	3,385
7. Bonuses and rebates, net of reinsurance	20	3	68	1	116	1
8. Operating expenses:						
a) Acquisition costs, net of reinsurance commissions and profit sharing	21	65	69	62	117	114
b) Administrative expenses	22	32	70	19	118	45
Total	23	97	71	82	119	159

PROFIT AND LOSS ACCOUNT

(Amounts in €m)

		As at 30 June 2004		As at 30 June 2003		As at 31 December 2003
9. 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	24	40	72	33	120	45
10. Other technical charges, net of reinsurance	25	8	73	8	121	13
11. Balance on the technical account for Life assurance business	26	**32**	74	**52**	122	**34**
III. NON-TECHNICAL ACCOUNT						
1. Balance on the technical account for Non-Life business (item I.9)	27	73	75	41	123	136
2. Balance on the technical account for Life business (item II.11)	28	32	76	52	124	34
3. Investment income						
a) Income from investments	29	372	77	266	125	550
b) Value re-adjustments on investments	30	16	78	15	126	24
c) Realized gains on investments	31	109	79	108	127	239
Total	32	498	80	389	128	813
4. Investment charges						
a) Investment management charges, including interest payable	33	37	81	28	129	64
b) Value adjustments on investments	34	88	82	28	130	126
c) Realized losses on investments	35	17	83	43	131	87
Total	36	141	84	99	132	277
5. (-) Allocated investment returns transferred to Life assurance technical account (item II. 2)	37	264	85	224	133	399
6. Other income	38	60	86	30	134	67
7. Other charges	39	96	87	58	135	122
8. Balance on ordinary activities	40	**160**	88	**132**	136	**252**
9. Extraordinary income	41	31	89	21	137	72
10. Extraordinary charges	42	8	90	8	138	21
11. Balance on extraordinary activities	43	**23**	91	**13**	139	**51**
12. Profit before taxation	44	**184**	92	**144**	140	**303**
13. Tax on profit	45	84	93	64	141	126
14. Consolidated profit (loss)	46	**100**	94	**80**	142	**177**
15. Profit (loss) for the period - minority interests	47	20	95	13	143	30
16. Profit (loss) for the period - Group	48	**80**	96	**67**	144	**147**

Business Interim Report

Situation of the Group Undertakings and Overall Business Outlook

Group strategy

Unipol Group activity in the first part of the year was undertaken in accordance with guidelines which, after the acquisition of the Winterthur Italia Group in 2003, enabled it to:

- optimize **insurance business**;
- expand **banking** and **merchant banking business**.

As far as **insurance business** is concerned, as a result of the acquisitions it has made and based on the figures for 2003 the Group is now the 4th largest insurance group in Italy and is in the process of finalizing its strategy of concentrating its insurance business in Bologna and Milan.
In the first half of the year Meieaurora, Winterthur Assicurazioni and NewWin merged to form Aurora Assicurazioni. The various operations had already been authorized by the Supervisory Bodies and are listed below:

- Winterthur Assicurazioni, which already held 29.78% of Winterthur Vita, acquired 60.22% of the company's share capital from Unipol Assicurazioni. The operation was carried out on 22 January 2004;
- Winterthur Assicurazioni carried out a free increase in the share capital by increasing the face value of each share from €5.16 to €5.67, subsequently split to give €0.27 per share in order to bring the face values of the shares in the companies involved in the assignment and merger operation more into line. The capital increase took place on 30 March 2004;
- Unipol Assicurazioni gave Winterthur Assicurazioni a controlling share of 54% of Meieaurora's share capital by making a reserved capital increase at a price above par. The operation was carried out on 14 April 2004;
- Winterthur Assicurazioni incorporated Meieaurora and NewWin and at the same time changed its name to Aurora Assicurazioni.

The legal effects of this merger came into force on 19 April 2004 whilst the accounting and tax effects came into force on 1 January 2004.

Once this operation was completed the merger into Aurora Assicurazioni of Winterthur Vita got underway. This was resolved on 28 July 2004 by the General Meetings of the companies concerned but the authorization required by law is still awaited.
This brings to fruition the plan to merge Meieaurora and the Winterthur Italia Group in order to form a base in Milan for the Unipol Group in addition to the one in Bologna where the Parent Company Unipol Assicurazioni, the specialist insurance companies and the banking group Unipol Banca operate.

As far as merging business activities is concerned, asset and property management and management of shareholders' equity have already been centralized in the Parent Company and the Group's management control function has been expanded, whilst the following are at an advanced state:

- extending the Group's claims-handling activity to the former Winterthur. Winterthur's call centre has been reorganized by going over to the Group system and the staff (more than 300) have become an integral part of the Group telephone and Internet claims-handling system (Sertel). The Group's claims-handling system (Group Claims-Handling Centres) is currently being extended to the former Winterthur claims-handling system. This work should be completed by November whilst the claims portfolio will be transferred to the Unipol system in October;

- extending Unipol Assicurazioni's IT systems, already used by the former Meieaurora agencies, to the former Winterthur agencies. Work on bringing the Non-Life portfolio on line was completed in July. In October the Life portfolio will also be transferred to Unipol's IT system.

Thus the Group has hit the ambitious mark of completing the integration of the companies formerly in the Winterthur Italia Group by the end of 2004, which as from next year will enable significant savings to be made in costs and investments. A contribution to maximizing these savings will also be made during the second half of the year when Aurora's entire staff (former Meieaurora employees and former Winterthur employees) is expected to move to the new offices in San Donato Milanese (E Towers) bought by the Group in order to bring together the entire staff of the new company, which are currently spread over nine different offices (seven of which it owns).

A similar programme has been drawn up to rationalize property in Bologna, where a new office (formerly belonging to Telecom, to be used as the new registered offices of Unipol Banca and Unipol Merchant) has been acquired in order to give staff the extra space they need as a result of the companies in the Group expanding. At the same time Unisalute's current registered office in Via A. da Formigine has been sold and Linear's registered office in Via del Gomito is in the process of being sold. In addition, the building in Via del Pilastro that used to belong to Universo Assicurazioni has been acquired and will house Linear's new registered office.

Other projects concerning property have related to the former offices of Winterthur Assicurazioni in Piazza Missori in Milan, where as well as the premises of the branch of the Banca Antonveneta other units are being acquired, the aim being to acquire the whole building for housing the Milan offices of Unipol Banca and Unipol Merchant. The second 'twin' building in the Piazza dell'Esquilino in Rome has also been acquired. This will house the offices of the various companies in the Group.

As regards insurance business, of major strategic importance for Aurora and for the Group was the launch during the second quarter of 2004 of the sale of Aurora Life products by the branches of the banks controlled by Reti Bancarie Holding (Bipielle Group), with a premium income of approximately €125m by the end of June. The 5-year exclusive distribution agreement involves approximately 380 branches of various banks and will enable Aurora to increase the proportion of Life premium income despite the expected drop in income from Crédit Suisse's financial advisers.

In order to rationalize insurance business even more Navale was strategically repositioned within the Group through a scheme under which the company specializes in the sales channel formed by non-exclusive agents and the brokers operating in the field of small- and medium-sized enterprises. It is essential to safeguard the non-exclusive sales channel because in the next few years there could be changes in the regulations on selling that would be advantageous to it or that would at least make this type of intermediary more valuable.

In **banking and merchant banking** business work has continued on strengthening Unipol Banca's sales network by adding internal lines. As at 30 June the network consisted of 192 outlets (185 at the end of 2003). The Bank is continuing its strategy of increasing cross-selling to Unipol Group's insurance customers. It is expected that this strategy will further strengthen the sales network, which, under the 2004-2006 three-year plan notified to the Supervisory Body at the end of February 2004, is expected to reach 350/400 branches by the end of 2006 and to cover the parts of the country where insurance cover is the most popular. During the half year the Bank underwent a general inspection by the Banca d'Italia. This inspection will help to speed up the extension of its growth plan and the consequent procedure under which the Banca d'Italia will authorize it to open/acquire new branches.

Last June the Unipol Banca and the Meliorbanca banking groups started preliminary work (due diligence, drawing up a business plan and valuing both businesses) on drawing up a scheme for merging the two groups. The valuations carried out by Unipol Banca and Meliorbanca experts show a considerable discrepancy in the values attributed to the two banks which would make it extremely difficult to implement the proposed merger.

It should also be noted that two of the world's leading rating agencies, Fitchrating and Moody's, have recently given Unipol Banca the rating 'BBB' and 'BAA1' respectively (corresponding to Fitch and S&P's rating of 'BBB+'). Both rating agencies have thus recognised that Unipol Banca has adequate assets and a strong majority shareholder willing to intervene to back the Bank's plans for growth. Moreover Moody's has already given the Unipol Group a rating of 'A2' (corresponding to Fitch and S&P's rating of 'A'). This is certainly gratifying in view of the fact that Unipol Banca started to grow only four years ago and in the opinion of the rating analysts is comparable with banks that have been in existence much longer. Obtaining this level of rating will enable a scheme to issue medium- to long-term bonds to be launched onto the institutional investor market in order to obtain the resources required for the growth in mortgage loans, which is considerable.

Direct customer deposits reached €3,371m during the half year, an increase of 84% over the same period in 2003, whilst customer funds rose by 45% to €13,410m, €1,260m of which was from assets under management.

The subsidiary **Unipol Merchant – Banca per le Imprese**, which since the second half of 2003 has also been operating in merchant banking and investment banking, granting medium- and long-term credit to businesses, is increasingly becoming the first stop for companies seeking medium-term financing and finance for acquisition/merger operations, stock-exchange listing etc. This will enable the Unipol Group in general and the banking group in particular to forge closer relationships with corporate customers.

Summary of operating trends

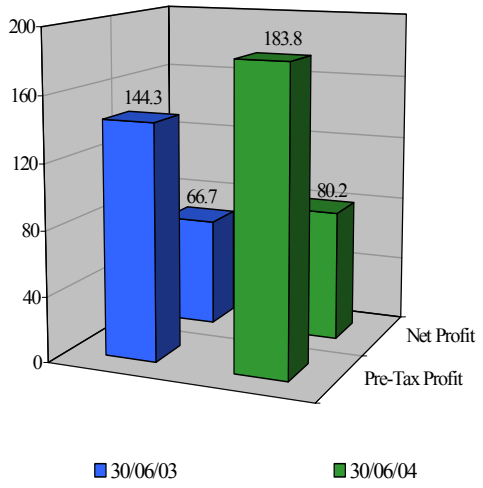
As at 30 June 2004 the Unipol Group was made up of eight insurance companies, four property companies, two holding companies and a service company, all fully consolidated.
Twenty-five companies were valued using the equity method.
As at 30 June 2004 the companies in the Winterthur Italia Group (acquired by Unipol Assicurazioni in September 2003) were included in the basis of consolidation whilst Noricum Vita (only the profit and loss account of which was consolidated in the first half of 2003) was no longer included.

During the half year the Group achieved significant growth in all types of business. **Consolidated net profit rose to €80.2m**, an increase of **20.1%** compared with the figure as at 30 June 2003, after depreciation of goodwill of €25.5m was taken into account.

Amongst the most important aspects that characterized the trend within the Group, the following are worthy of note:

A. **Premium income** net of reinsurance cessions amounted to €**5,102.6m**, a growth rate of 21.7% (+2.2% including Winterthur companies and excluding Noricum Vita as at 30/6/2003);
B. Non-Life loss ratio, net of reinsurance cessions, was of 75% (75.1% as at 30/6/2003);
C. The total amount of the technical provisions was €27,734.7m (+8% compared with 31 December 2003);
D. Net operating expenses, totalling €476.7m, represented 9.9% of earned premiums (7.5% as at 30/6/2003), mainly due to the lower proportion of Life business lines compared with the first six months of 2003;
E. The technical result of insurance business was positive to the tune of €104.8m (€93.1m as at 30/6/2003);
F. Investments and liquid assets amounted to €28,545m, an increase of 8.2% compared with 31 December 2003;
G. Net investment income for the half-year and net profits from sales and trading were €450.2m (€324.6m as at 30/6/2003), whereas net value adjustments increased from -€13m as at 30/6/2003 to -€71.7m as at 30/6/2004 due to changes in medium- to long-term interest rates and equity markets adjustments;
H. Investments related to benefits linked to investment funds, market indices and pension funds (Class D) achieved a positive net result of €120.9m (+€259.3m as at 30/6/2003);
I. The balance on ordinary activities for the half-year rose to €160.4m (+21.8%) after deduction of depreciation on goodwill of €25.5m (€23.7m for the companies consolidated on a line-by-line basis and €1.8m for those valued using the equity method);
J. Gross overall profit totalled €183.8m (€144.3m as at 30/6/2003). Net of taxes and profit pertaining to minority interests, the profit for the half-year pertaining to the Group came to €80.2m as against €66.7m as at 30 June 2003 (+20.1%).

PROFIT (€ million)



To summarize, the main profit and loss data for the half-year are presented in the table below, together with the figures as at 30 June 2003 and at the previous year-end:

CONSOLIDATED PROFIT AND LOSS ACCOUNT - SUMMARY

(€ million)

	30 June 2004			30 June 2003			31 December 2003		
	Life	Non-Life	Total	Life	Non-Life	Total	Life	Non-Life	Total
TECHNICAL ACCOUNT									
net of reinsurance									
Life written premiums and Non-Life earned premiums	3,097.8	1,718.2	4,816.0	2,950.7	1,057.7	4,008.4	4,601.8	2,480.0	7,081.8
Claims and sums paid; changes in Life mathematical provisions and Non-Life provision for outstanding claims	(3,364.0)	(1,289.3)	(4,653.3)	(3,312.0)	(794.0)	(4,106.0)	(5,143.9)	(1,809.5)	(6,953.4)
Operating expenses	(96.9)	(379.8)	(476.7)	(81.6)	(219.0)	(300.6)	(159.3)	(536.0)	(695.4)
Other technical income and charges	9.7	23.6	33.4	11.7	(4.0)	7.7	22.3	1.9	24.2
Net income (charges) from Class D investments (1)	120.9		120.9	259.3		259.3	314.3		314.3
Net investment income allocated to the technical account of Life business	264.5		264.5	224.3		224.3	398.6		398.6
Balance on the technical account (2)	**32.0**	**72.8**	**104.8**	**52.4**	**40.7**	**93.1**	**33.6**	**136.3**	**170.0**
NON-TECHNICAL ACCOUNT									
Net investment income (3)			163.6			78.8			239.1
Balance on other income/other charges			(36.3)			(27.2)			(54.8)
Operating profit			**232.1**			**144.6**			**354.3**
Net value adjustments			(71.7)			(13.0)			(101.8)
Balance on ordinary activities			**160.4**			**131.6**			**252.5**
Extraordinary income			31.3			20.9			72.2
Extraordinary charges			(7.9)			(8.2)			(21.4)
Profit before taxation			**183.8**			**144.3**			**303.3**
Tax on profit			(84.1)			(64.3)			(125.9)
Profit (loss) - minority interests			19.6			13.2			29.9
PROFIT (LOSS) - GROUP			**80.2**			**66.7**			**147.5**

(1) 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.

(2) Drafting of the consolidated profit and loss account does not require the allocation of investment returns to the technical account of Non-Life business.

(3) Net of investment returns allocated to the Life assurance technical account.

It must be emphasized that interim figures represent only a trend and must be seen in relation to the seasonal phenomena correlated with insurance activities, with underwriting policies and rate adjustments adopted, with the launch of new products and with the trends on the financial markets and in the economy in general.

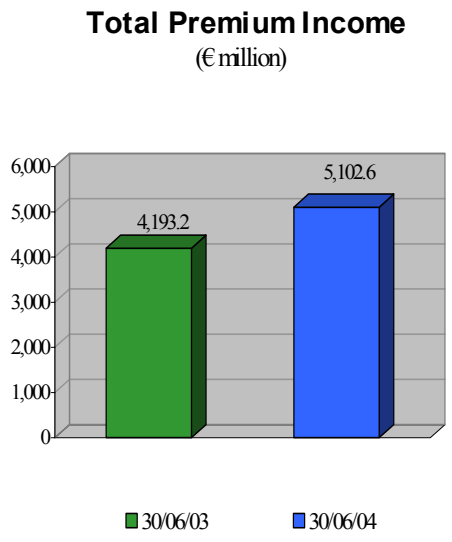
Earned premiums, net of reinsurance cessions, and net profits for the half-year under analysis were as follows during the first two quarters (in € million):

	Net premiums	Net profits
First quarter	2,285.3	50.3
Second quarter	2,530.7	29.9
As at 30/6/2004	**4,816.0**	**80.2**

Analysis of the Main Variables in the Profit and Loss Account

Premium income

Turning to the trend in the first six months of 2004, **insurance premium income** totalled **€5,102.6m**, an increase of 21.7%. Compared with the first half of 2003 consolidation of income from the former Winterthur sales network had a positive effect and the sale of Noricum Vita in the final part of 2003 had a negative effect. On the same basis of consolidation the variation compared with the first half of 2003 would be +2.2%. This is a significant result in view of the extraordinary growth that was a feature of the Group during 2003 and in view of the trend in the insurance market which indicated almost no growth in the first quarter of 2004 over the first quarter of 2003.



Direct premium income for the Group as at 30 June 2004 rose to €5,074m, an increase of 21.8% over the corresponding period of the previous year.

The proportion of premium income achieved by the composite and specialist companies rose to 66% (51% as at June 2003) of total premium income, whilst the proportion achieved in bancassurance fell to 34% (49% in June 2003).

Premium income was underwritten almost exclusively in Italy.

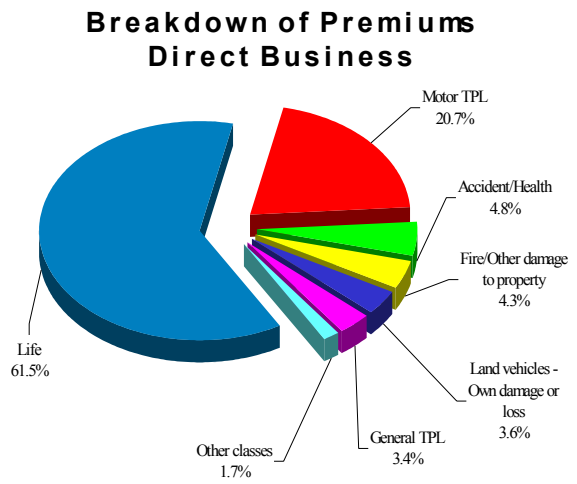
Direct premium income as at 30 June 2004 relating to Unipol Assicurazioni and its subsidiaries was as follows (in € million):

Direct premium income	Non-Life	% var. 2004/2003	Life	% var. 2004/2003	Total	% var. 2004/2003	comp. %
Unipol Assicurazioni	678	5.9	804	23.4	1,482	14.7	29.2
Subsidiaries	1,275	130.3	2,317	-0.2	3,592	24.9	70.8
TOTAL DIRECT PREMIUM INCOME	**1,953**	**63.6**	**3,121**	**5.0**	**5,074**	**21.8**	**100.0**

The breakdown of premiums according to class of business, the composition indices and the variations compared with the same period of the previous financial year are set out in the table below:

BREAKDOWN OF WRITTEN PREMIUMS PER CLASS OF BUSINESS

(€ million)	30 June 2004	comp. %	30 June 2003	comp. %	var. %	31 December 2003	comp. %
DIRECT ITALIAN BUSINESS							
Non-Life insurance business							
Accident and Health (classes 1 and 2)	245	4.8	165	3.9	*49.1*	395	5.3
Land vehicles - T.P.L. (class 10)	1,049	20.7	640	15.4	*63.8*	1,476	19.8
Land vehicles - Own damage or loss (class 3)	181	3.6	106	2.5	*70.3*	254	3.4
Marine, Aviation and Goods in transit (classes 4, 5, 6, 7, 11 and 12)	25	0.5	21	0.5	*21.5*	43	0.6
Fire and Other damage to property (classes 8 and 9)	216	4.3	108	2.6	*99.8*	279	3.7
General T.P.L. (class 13)	171	3.4	113	2.7	*51.8*	270	3.6
Credit and Bond (classes 14 and 15)	24	0.5	15	0.4	*57.7*	34	0.5
Miscellaneous pecuniary losses (class 16)	15	0.3	11	0.3	*33.6*	24	0.3
Legal protection (class 17)	10	0.2	6	0.1	*83.7*	15	0.2
Assistance (class 18)	17	0.3	10	0.2	*75.9*	23	0.3
Total Non-Life insurance business	**1,953**	**38.5**	**1,194**	**28.6**	***63.6***	**2,813**	**37.7**
Life assurance business							
I - Life assurance, annuities	1,231	24.3	1,599	38.4	*-23.0*	2,520	33.8
III - Unit-linked / Index-linked products	851	16.8	547	13.1	*55.5*	956	12.8
V - Capitalisation operations	1,028	20.3	816	19.6	*25.9*	1,153	15.5
VI - Pension funds	10	0.2	10	0.3	*0.1*	20	0.3
Total Life assurance business	**3,121**	**61.5**	**2,974**	**71.4**	***5.0***	**4,650**	**62.3**
Total direct Italian business	**5,074**	**100.0**	**4,167**	**100.0**	***21.8***	**7,463**	**100.0**
INWARD REINSURANCE							
Non-Life insurance business							
Accident and Health (classes 1 and 2)	1	4.4	1	4.4	*10.5*	1	4.1
Land vehicles - T.P.L. (class 10)	7	25.4	6	24.3	*15.8*	6	21.5
Land vehicles - Own damage or loss (class 3)	0	1.0	0	1.0	*20.0*	0	0.8
Marine, Aviation and Goods in transit (classes 4, 5, 6, 7, 11 and 12)	2	5.5	2	6.0	*0.6*	2	7.3
Fire and Other damage to property (classes 8 and 9)	13	46.3	12	46.4	*10.2*	13	43.7
General T.P.L. (class 13)	1	3.1	1	4.2	*-18.3*	2	6.8
Credit and Bond (classes 14 and 15)	1	2.3	1	2.3	*11.3*	1	2.6
Sundry pecuniary losses (class 16)	0	0.0	0	0.0		0	0.0
Total indirect Non-Life business	**25**	**88.0**	**23**	**88.6**	***9.9***	**26**	**86.9**
Life assurance business							
I - Life assurance, annuities	3	12.0	3	11.4	*15.7*	4	13.1
Total indirect Life business	**3**	**12.0**	**3**	**11.4**	***15.7***	**4**	**13.1**
Total inward reinsurance	**29**	**100.0**	**26**	**100.0**	***10.5***	**30**	**100.0**
OVERALL PREMIUM INCOME	**5,103**		**4,193**		***21.7***	**7,492**	



Life business and pension funds

Consolidated Life premium income (both direct business and inward reinsurance) as at 30 June 2004 amounted to **€3,124.5m**, an increase of 5% compared with 30 June 2003 which on the same basis of consolidation (i.e. including Winterthur Vita in the first half of 2003 and excluding Noricum Vita) was actually only 1.7%.
The contrast with the first half of 2003 was a result not only of Noricum Vita no longer being included in the basis of consolidation but of the extraordinary levels of Life premium income (+67%) achieved in the first six months of 2003 thanks to the acquisition of several major corporate policies. On the other hand premium income of Unipol Assicurazioni achieved through Unipol Banca rose to €220m (€67m in the first half of 2003), and premium income achieved by the former Winterthur network, which was not consolidated in the first half of 2003, was also well up.
Direct premium income was €3,121m, an increase of 5% compared with the first half of the previous year and 1.7% on the same basis of consolidation.
Not all the Companies in the Group grew at the same rate.

The **traditional composite companies** (Unipol Assicurazioni, Aurora Assicurazioni and Winterthur Vita) had total premium income (direct and indirect) of €1,400.8m, an increase of 49.7% compared with the position as at 30 June 2003 (+12.5% on the same basis of consolidation), which was particularly significant in the light of the exceptional growth recorded by both the Parent Company (+123.7%) and Meieaurora (now merged into Aurora) (+153.5%) in the first half of 2003 compared with the corresponding period of 2002. Growth was concentrated in Class V, with the sale of several corporate policies for very significant amounts. With the current uncertainty in the financial markets savers continued to show a preference for policies with minimum capital sum guaranteed. The Parent Company **Unipol** had direct premium income of €803.8m (€651.3m as at 30/6/03, +23.4%), €220m of which was premium income achieved through the branches of Unipol Banca (€67m in the first half of 2003). Inward reinsurance amounted to €3.7m (€3.2m as at 30/6/03). The subsidiary **Aurora Assicurazioni** achieved direct premium income of €382.3m (Meieaurora having had premium income of €281.5m as at 30/6/03, +35.8%).
Winterthur Vita achieved premium income of €210.9m, down 31.8% compared with 30 June 2003 because of the expected fall in income achieved through the financial advisers of Crédit Suisse.

Bancassurance business was affected by the general turndown felt by the entire sector.
In total the bancassurance companies (BNL Vita and Quadrifoglio Vita) had premium income of €1,724.0m (€2,040.7m as at 30/6/03, -15.5%). On the same basis of consolidation and excluding premium income for Noricum Vita in 2003, the decrease compared with the same period of the previous year was 5.7%. With premium income of €442.2m **Quadrifoglio Vita** recorded a decrease of 28.1% compared with June 2003, but this was due to the fact that last year 70% of the premium income for the entire year was obtained in the first half of the year. **BNL Vita** achieved a remarkable increase in premium income (€1,281.8m, +5.7% on 30/6/2003) despite the loss of income from BNL Investimenti's financial advisers, BNL having sold the company to the RAS Group at the end of 2003.

Life business accounted for 61.2% of total premium income for the Group compared with 71% in the first half of 2003.

Pension funds
In the first half of 2004 the activity of the Parent Company **Unipol Assicurazioni** in occupational pension fund business related to participating in new schemes for selecting investment managers (Fonchim, chemicals and pharmaceuticals; Prevaer, airport management; Fondapi, Confapi employees; Cometa, metalworking) and dealing with contractual matters that had to be seen to before the mandates already acquired at the end

of last year (Eurofer Pension Fund for employees of the State railway and the pension fund for the rubber and plastics industry) were put into effect. 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) were finalized. The job of managing Fon.Te. (sales employees) also began. By the end of the half year assets under management had risen to €282.8m (€238.2m as at 31/12/2003), to which must be added the assets in the pension fund for the employees of the Banca Agricola Mantovana and of Fundum, which amounted to €13.5m and €1.7m respectively. As these are guaranteed accounts which provide for the transfer of assets, the amount is included in Class D.II in the Half-Yearly Report.
Both Unipol and Winterthur Vita operate in open-end pension funds. The three funds managed by the Parent Company ('Unipol Previdenza', 'Unipol Futuro' and 'Unipol Insieme') had assets totalling €55.4m and more than 7,447 members.
Finally, it should be mentioned that three new group pension plans were introduced covering a total of 200 new members, and a bid to manage the pension scheme for the approximately 600 employees of a major company operating in consumer credit was accepted.

As far as **Winterthur Vita** is concerned, as at 30 June 2004, assets managed in the Aurora Previdenza open-end pension fund amounted to €6.5m (€6.1m as at 31/12/2003).

Non-Life business

A particularly significant result was recorded in Non-Life business, which had total consolidated premium income of **€1,978m**, an increase of 62.6% (€1,216.7m as at 30/6/03). On the same basis of consolidation (including Winterthur Assicurazioni and NewWin Assicurazioni as at 30/6/03), the increase was 3%, substantially in line with expectations and because of the cool-down in Motor TPL premiums, continued strict underwriting policies and the fact that the former Winterthur agencies were now able to use the Parent Company's IT system for issuing policies, which meant that a lot of working days were used for staff training.
Direct premium income amounted to €1,953m, an overall increase of 63.6%, €1,796.1m of which was from the composite companies (+70.9%) and €156.9m from the specialist companies (+9.8%).

The traditional sector of the **composite companies** (Unipol Assicurazioni and Aurora Assicurazioni) had total premium income (direct business and inward reinsurance) of €1,827.7m, an increase of 68.6% compared with the figure as at 30 June 2003 (€1,083.8m). On the same basis of consolidation the increase was 2.3%.
The Parent Company **Unipol Assicurazioni** achieved direct premium income of €678.2m (€640.3m as at 30/6/03, +5.9%), +6.5% in the case of Motor TPL, which accounted for 54.6% of total Non-Life premium income, and +5.3% in the other classes.
Inward reinsurance was €31.6m (€32.9m as at 30/6/03).
Aurora Assicurazioni had direct premium income of €1,117.8m, substantially in line with the first half of 2003 (premium income of €1,113.7m as at 30/6/03 from Meieaurora, Winterthur Assicurazioni and NewWin Assicurazioni, +0.4%). Business during the period was strongly influenced both by the result of selective underwriting policies and by the involvement of the former Winterthur agencies in the process of going over to Unipol's IT underwriting system which Meieaurora was already using.

The **specialist companies** (Linear, Unisalute and Navale) had direct premium income of €156.9m, an increase of 9.8% compared with 30 June 2003. **Linear** maintained particularly good rates of growth (+20.7%) with premium income of €78.7m (€65.2m as at 30/6/03) and **Unisalute** achieved premium income of €29.5m (€25.5m as at 30/6/03, +15.6%). **Navale** had €48.7m (-6.7% compared with €52.2m as at 30/6/03). During the half year Navale Assicurazioni was affected by firm action to reform the portfolio.

The foreign portfolio was very small (€23.2m, deriving from inward reinsurance).

Sales and products

During the half year in question, with a view to consolidating and improving its market share, the Group made adjustments to products and introduced new ones into the already wide range of products and services offered to customers.

It will be recalled that in **Non-Life insurance business** the companies in the Unipol Group signed up to the Memorandum of Understanding on Motor TPL entered into on 5 May 2003 by ANIA, the Government and the Consumers' Associations. Thus as from that date the Unipol Group has opted for tariff stability, granting discounts and/or easy terms to young people and families.
In the first half of 2004 the Parent Company **Unipol Assicurazioni** enhanced several sales campaigns aimed at families that had been successfully launched in 2003 by adding new types of coverage and offering incentives (*Reform of Accident and Household Multirisk Contracts*). Other sales campaigns were aimed specifically at customers in certain trades and professions that have agreements with the company.
The birth of **Aurora** as a result of the merger of Meieaurora and NewWin into Winterthur Assicurazioni involved reviewing all the existing Non-Life products in order to create Aurora Assicurazioni's new single range covering both Motor business and property/casualty business lines.
The two companies decided to adopt a single tariff for Motor business as from 1 April this year. Personalizing the new tariff made it possible to achieve a good result from core business whilst maintaining the existing portfolio.
More than 60 products were developed in the property/casualty business lines and given a very flexible and modular structure to enable benefits to be differentiated and the requirements of the main segments of the target groups to be met – families, households, professions and small and medium-sized enterprises.
A lot of attention was paid to marketing and advertising to the public not only in order to inform them of the existence of the new products but, first and foremost, in order to publicize the new name and ensure that the new brand was recognisable.
During the half year, as well as its usual activity of entering into agreements with companies in the metal and mechanical industry, commerce and foodstuffs, **Unisalute**, the company in the Group that specializes in providing health insurance cover, relaunched individual policies and was finalizing a new product aimed exclusively at women.
Linear, which specializes in selling Motor products direct (by telephone and over the Internet) pursued its strategy of growth and, at the same time, of maintaining the portfolio already acquired. By following these guidelines the company increased its advertising presence on major Internet sites and recruited more call-centre staff (216 operators as at 30/6/2004) in order to offer customers more help. As regards selling points, amendments were made to tariffs in order to encourage customers to purchase complementary cover (e.g. fire and theft) and ancillary cover (e.g. loss of driving licence) on top of the basic Motor TPL cover.
In the first half of the year **Navale** continued to reform its portfolio with the aim of reducing the risk profile of policies written. This led to the decision to abandon some types of business in which the company had traditionally operated (e.g. Marine – large hull) and to give preference to group products in order to increase revenue obtained through non-exclusive agencies. At the same time, as already mentioned, the Unipol Group's plans for expansion included plans to reposition the company strategically.

In **Life assurance business** new products offered by the **Parent Company Unipol** during the half year in question were mainly represented by two Index-Linked policies known as 'Protezione Dinamica' and '6 in crescita' which, whilst having different baskets of underlying securities, were both characterized by a flow of coupons guaranteed for the first two years and by repayment of the nominal capital sum

guaranteed on maturity. Unipol then revised the Unit-Linked tariff known as 'Uninvest', a feature of which is its low charges and which is offered as a reinvestment opportunity to policyholders whose policies have matured.
Aurora also continued to draw up a list of standard Life products for the new company, which would be available in the second half of the year once Aurora and Winterthur Vita had merged. Two new Life products were marketed during the first half of the year. The first, known as 'Doppio Segno Positivo 2004' (double plus sign 2004), was a whole-life tariff providing a fixed rate of return for the first few years and popular with customers since 2002. The second was an Index-Linked policy sold by the banks belonging to Reti Bancarie Holding and by the network of agencies.

In bancassurance **Quadrifoglio** completed the work of renovating the product catalogue both for the retail and for the corporate market, placing most of the emphasis on the need for the banking network to stratify the range of products it offered.
The trend recorded last year of the proportion of premium income from traditional products being higher than income from those with an investment content continued.
On the other hand **BNL Vita** was successful in concentrating on selling Index-Linked and Unit-Linked types of policy with capital sum guaranteed, both based on expectations that markets would pick up in the medium term. In particular, mention should be made of the successful placement of two new Index-Linked products (for a good €500m), both featuring a substantial flow of coupons for the first two years.
During the half year the company also began to market products aimed specifically at the corporate segment and at small businesses.
Despite being down compared with the extraordinary result achieved last year, the proportion of traditional products in the mix continued to be in line with that of the market. In this regard attention should be drawn to the substantial rise in income from traditional recurrent-premium products (+76% compared with the same period last year), in particular as a result of the launch of a new family-protection tariff. This was a mixed type of saving expressly devised for families with young children which thus guaranteed to pay out specific sums in the event of the death of the policyholder.

Sales network

As regards the commercial set-up, the Group continued to consolidate the competitive position in the market of its sales networks with a view to adopting a multi-channel sales strategy.

During the half year the Group concentrated on integrating the former Meieaurora and Winterthur networks into Aurora and focused on the following activities:

- modifying and updating the financial regulations relating to the Winterthur network and the commercial policy principles and guidelines laid down for Aurora, partly with a view to assisting the changeover to the Parent Company's new IT/management system. At the same time the new labour agreement was drawn up. This has finally standardized the financial and regulatory aspects of the various sales networks that came under Meieaurora;
- extending the Parent Company's IT/ management system to Winterthur's network of agencies in accordance with specific agreements made with the network of agencies. At the end of July work on incorporating the former Winterthur agencies' Non-Life business into the Parent Company's IT system was successfully completed, enabling them to issue policies and record premiums on line. This work, begun in mid-April, required the Company to use a huge amount of human and financial resources, involving more than 154 employees, 680 training days, 769 agencies and 1,045 subagencies and training 1,746 agency staff, resulting in a total of more than 6,000 employee/days of on-the-job training being carried out. By the end of the year Life business and direct sales agencies will also have been transferred to the Parent Company's system.

Work also started on rationalizing the network of agencies following the integration of the sales networks in order to provide strength in numbers and to ensure balanced coverage throughout the country.

As already mentioned Aurora began to market Life products using the new channel of the bank branches of Reti Bancarie Holding (approximately 380 outlets), which involved the company in providing more support and assistance for the branch staff.

As at 30 June 2004 the Group's sales network consisted of 1,831 agencies, 573 of which were exclusive to Unipol Assicurazioni (with 771 agents and 1,160 subagents), and 1,258 agencies belonging to Aurora Assicurazioni (with 1,854 agents and more than 1,500 subagents).

The Group also made use of the 289 outlets of the Banca Agricola Mantovana, through which Quadrifoglio Vita placed its products, and of the 700 outlets of the BNL Group, which formed the principal channel for BNL Vita products after the sale, at the end of 2003, of BNL Investimenti's network of advisers.

In Motor business, as already mentioned, Linear used direct sales channels (telephone and Internet) whilst in Health services Unisalute's rise in premium income mainly stemmed from the sale of group policies for companies, organizations and local authorities and therefore the entire business dealings were carried out direct. Unisalute also worked with brokers and with 63 Unipol agencies. In the sector of individual policies the company also used the Internet and, following distribution agreements signed in 2003, the banking outlets and financial advisers of Credito Emiliano and Credito Valtellinese.
Navale operated through brokers and 42 non-exclusive agencies.

Turning to banking business, in the first half of 2004 Unipol Banca opened the last of the branches already authorized by the Supervisory Body, bringing the number of bank branches in the Unipol Banca network to 192 (185 at the end of 2003), 99 of which combined with insurance agencies, to which must be added 49 finance shops and 451 financial advisers.
The company also made use of direct sales channels (telephone and Internet banking) and the principal Unipol agencies, which were gradually being joined by the Aurora agencies and sold traditional banking products.

Technical trend

The trend in core Non-Life business continued at the good level already reached in the previous year thanks to prudent underwriting policies and in particular thanks to the watchful eye kept on the Motor TPL claims frequency.
In Life business, as had been expected at the beginning of the year, a reduction in margins in core business was recorded as a result of a fall in returns on Life business which led to a reduction in the spread that the companies benefited from.

Overall, as at 30 June 2004 payments for **claims** relating to Non-Life business and **settlements** relating to Life business totalled €2,834.5m.
In particular the amounts paid for Life business totalled €1,612.8m (€826m as at 30/6/2003).
Payments for Non-Life business, net of amounts recovered, totalled €1,221.7m (€760.8m as at 30/6/2003).

The **average loss ratio** in Non-Life business, inclusive of claims-handling expenses and net of reinsurance, continued to be in line with the first half of 2003, being 75% (75.1% as at 30/6/2003).

In Motor TPL there was a further slight drop in the claims frequency but a rise in the average settlement cost. The claims frequency of the Parent Company Unipol Assicurazioni in particular began to level off, whilst a further improvement is expected over the next few years in the Aurora portfolio and in particular in the former Winterthur portfolio.
Overall the other Non-Life lines of business showed a satisfactory technical result, in line with expectations.

By the end of the half-year **technical provisions** totalled €27,734.7m, an increase of €2,065.7m (+8% compared with 31/12/2003) and were made up as follows (in € million):

	30/6/04	31/12/03	30/6/03
Life business	15,137.1	13,667.7	9,695.6
Class D provisions (*)	5,906.4	5,561.2	5,087.7
Non-Life business	6,691.2	6,440.1	3,983.5
Total	**27,734.7**	**25,669.0**	**18,766.8**

(*) Classes III and VI of Life business

Net of the reinsurers' share, technical provisions were made up as follows (in € million)

	30/6/04	31/12/03	30/6/03
Life business	14,770.9	13,282.2	9,402.5
Class D provisions	5,906.4	5,561.2	5,087.7
Non-Life business	6,140.8	5,936.8	3,553.8
Total	**26,818.1**	**24,780.2**	**18,044.0**

Reinsurance

Inward reinsurance

Premiums accepted in Non-Life lines of business amounted to €25.1m with an increase of 9.9%. Life premiums for inward reinsurance amounted to €3.4m (+15.7%).

Outward reinsurance

Premiums ceded totalled €242m, €215.3m of which was from Non-Life lines of business and €26.7m from Life business. The retention rate was 95.3% (having been 96.4% as at 30/6/2003), the difference being essentially due to the incidence of premiums ceded by Aurora Assicurazioni, whose reinsurance policy was set at a higher coverage rate for 2004.
The reinsurance set-up of each company in the Group for 2004 depended on the composition of the portfolio.
The guidelines applicable to all of them remained substantially the same and provided for:

- proportional types of cover mainly in the classes subject to reinsurance cessions;
- non-proportional types of cover for Motor and Watercraft Third-Party Liability, General TPL and Hail;
- non-proportional types of cover intended to reduce the net exposure of the various Companies on risks retained in Fire, Accident, Land vehicles – Own damage or loss and Goods in transit classes.

In addition, proportional and non-proportional types of facultative cover were taken out to cover specific risks.

In Life business 'excess-of-loss' proportional types of reinsurance cover continued to operate where sums assured exceeded the retention levels of the individual companies and in the case of Aurora Assicurazioni a quota-share treaty for risks on 'Unit-Linked' cover and an excess-of-loss treaty for natural disasters.

Operating expenses

Operating expenses incurred in the half-year, which included acquisition and renewal commissions as well as all other acquisition and administrative expenses, net of commissions received from reinsurers, totalled €476.7m (€379.8m of which related to Non-Life business and €96.9m to Life business). The relative incidence on earned premiums was 9.9% (7.5% as at 30/6/2003). The increase compared with June 2003 was due to both the lower percentage of Life business and the greater incidence of operating expenses). In particular, for Non-Life business the incidence on earned premiums was 22.1% (20.7% as at 30/6/2003), whilst for Life business it was 3.1% (2.8% as at 30/6/2003). Work was undertaken on keeping operating costs down in such a way as to keep the charges for all the companies in the Group at Unipol Assicurazioni's optimum levels. Work also continued on optimizing resources at Group level.

The **combined ratio** (incidence of claims and net operating expenses on net earned premiums for Non-Life business) was 97.1% as at 30 June (95.8% as at 30/6/2003).

Investments and liquid assets

In the area of finance, given the expectations that medium- to long-term interest rates would rise during the second half of the year, investment policies, which have traditionally been predominantly bond types of investment, gave distinct preference to having cash holdings in the portfolio. This decision, which involved a reduction in the current return on coupons, cushioned the impact on the Profit and Loss Account of the write-downs that took place at the end of the half year.

At the end of the half-year **investments and liquid assets** totalled **€28,545m**, an increase of €2,160m compared with Group investments as at 31 December 2003 (+8.2%) and an increase of €9,447m compared with 30 June 2003 Investments by type and comparisons with the position as at 31 December 2003 and as at 30 June 2003 are set out in the table below:

INVESTMENTS AND LIQUID ASSETS
(€ million)

	30/06/2004 (a)	comp. %	30/06/2003 (b)	comp. %	var. % (a/b)	31/12/2003 (c)	comp. %	var. % (a/c)
Land and buildings	**879**	**3.1**	**491**	**2.6**	**79.0**	**648**	**2.5**	**35.7**
Investments in Group undertakings and other participating interests								
- Stocks and shares	1,290	4.5	1,167	6.1	10.6	1,373	5.2	-6.1
- Debt securities	51	0.2	33	0.2	56.2	49	0.2	3.3
Total	**1,341**	**4.7**	**1,199**	**6.3**	**11.8**	**1,422**	**5.4**	**-5.7**
Other financial investments								
- Stocks and shares	882	3.1	409	2.1	115.5	470	1.8	87.8
- Units and shares in investment funds	127	0.4	122	0.6	3.4	115	0.4	10.0
- Bonds and other fixed-income securities	17,235	60.4	10,771	56.4	60.0	16,787	63.6	2.7
- Loans	87	0.3	72	0.4	20.8	87	0.3	0.1
- Deposits with credit institutions (1)	11	0.0	18	0.1	-41.3	0	0.0	0.0
- Sundry financial investments (2)	1,390	4.9	344	1.8	304.2	590	2.2	135.5
Total	**19,732**	**69.1**	**11,737**	**61.5**	**68.1**	**18,049**	**68.4**	**9.3**
Deposits with ceding undertakings	**27**	**0.1**	**28**	**0.1**	**-4.9**	**26**	**0.1**	**2.6**
Investments for the benefit of policyholders who bear the risk thereof and arising from pension fund management								
- Unit-linked and index-linked benefits	5,832	20.4	5,042	26.4	15.7	5,494	20.8	6.2
- Pension funds	77	0.3	54	0.3	42.1	68	0.3	13.3
Total	**5,909**	**20.7**	**5,097**	**26.7**	**15.9**	**5,562**	**21.1**	**6.2**
Cash and cash equivalents								
- Bank and postal deposits, cash	657	2.3	546	2.9	20.3	678	2.6	-3.0
Total	**657**	**2.3**	**546**	**2.9**	**20.3**	**678**	**2.6**	**-3.0**
TOTAL INVESTMENTS, CASH AND CASH EQUIVALENTS	**28,545**	**100.0**	**19,098**	**100.0**	**49.5**	**26,385**	**100.0**	**8.2**

(1) Time deposits subject to access restrictions over 15 days.

(2) Including repo securities and premiums for transactions on derivatives.

Land and buildings

As at 30 June the Group's property assets totalled €878.7m, which reflects a net increase of €231.1m compared with 31 December 2003, substantially due to major investments made in

the Parent Company's office buildings in order to rationalize its structure by concentrating the companies in the Group in Bologna and Milan and to provide the extra room that will be needed when the expected expansion takes place.

Investments in Group undertakings and other participating interests

At the end of the half year resources invested in stocks and shares in Group undertakings and other participating interests totalled €1,289.7m, a net decrease of €83.3m compared with 31 December 2003, mainly due to the transfer of a holding to 'other financial investments'.

As at 30 June 2004 there were also bonds issued by participating interests for €51.0m on the books (€49.4m as at 31/12/2003).

Other financial investments

In the first half of the year, even though rates were expected to rise, debt securities that showed capital gains were sold and at the same time investments were made in variable-rate rather than fixed-rate securities and in other forms of short-term investment, 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 shares were concerned, apart from the normal business of trading in the existing portfolio, at the beginning of April an operation was begun to invest €350m in securities with a high rating, more regard being paid to the price-earnings ratio than to volatility. However, the percentage of investments in shares remained very low compared with total investments.

As at 30 June 2004 the amount of the item 'Other financial investments' was €19,732.1m, a net increase of €1,682.7m compared with 31 December 2003 (+9.3%), including €800m in sundry financial investments (repurchase agreements +135.5%), €412m in equities (+87.8%) and €448m in bonds (+2.7%).

As regards the risk deriving from the choice of issuing bodies, the Group operated mainly in 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. Operations were also carried out in debt securities issued by banks at the first level of subordination, with a minimum rating of A.

As at 30 June 2004, taking account of market prices and adjustments due to derivatives (+€14m), net of tax for non-possession, there was a negative balance on the bond portfolio between potential capital gains and losses of -€13m (a positive balance of €32.9m as at 31/12/2003).

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

As at 30 June 2004 these investments totalled €5,909.2m and were made up of €5,832.1m from index- and unit-linked policy investments and of €77.1m for investments arising out of pension fund management. Overall investments rose by 6.2% compared with 31/12/2003.
These investments were assessed at market value, in strict correlation with the valuation of matching liabilities.

Investment income

As at 30 June 2004 income from investments and from cash investments, net of investment charges, amounted to €330.4m (€242.3m as at 30/6/2003, +36.3%).
Net capital gains totalled €119.8m (€82.3m as at 30/6/2003, +45.6%), €27.6m of which related to long-term investments (+61.4%).

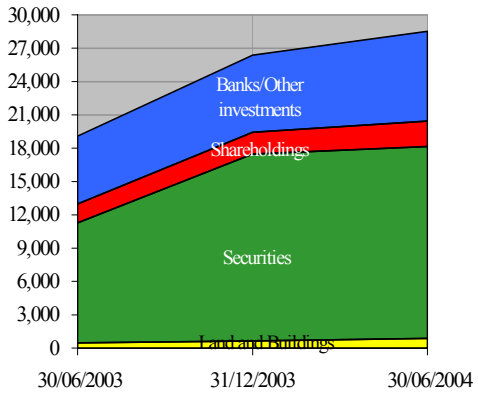
Net investment income and capital gains therefore totalled €450.2m as at 30 June 2004 (+38.7% compared with 30/6/2003).
During the half-year period the return on assets invested averaged 4.2%.

Value adjustments, net of value re-adjustments, rose from -€13m as at 30 June 2003 to -€71.7m as at 30 June 2004, as a result of changes in middle to long-term interest rates and in equity markets.

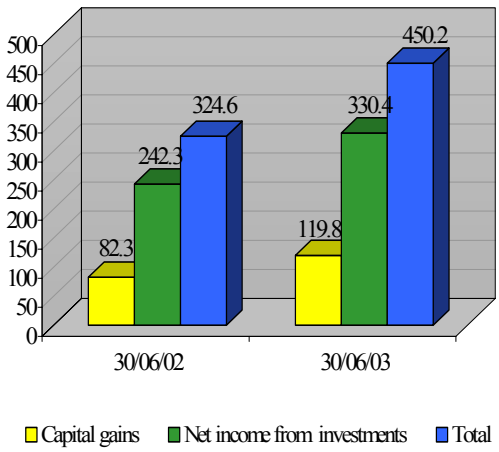
Overall, therefore, ordinary and extraordinary investment income, net of relevant charges and inclusive of net value adjustments on investments, totalled €378.5m (+21.5% compared with 30/6/2003).

Investment income and charges relating to unit-linked and index-linked benefits and to pension funds (Class D) showed a positive net result of €120.9m (€259.3m 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.
The companies in the Group accepted the contents and arranged to implement the new procedure.
Since 31 March 2004 an electronic Register for each company records complaints received and requests for information regarding them made by ISVAP.

The Group Internal Auditing Division is responsible for keeping the Register for Unipol Assicurazioni and for the companies for which it carries out internal auditing (Linear, Unisalute, Quadrifoglio Vita and Navale Assicurazioni) and is responsible for passing relevant information to the companies' boards (as laid down by ISVAP). It is also the designated contact in the event of problems with ISVAP relating to how complaints were dealt with.

At Aurora, Winterthur Vita and BNL Vita the responsibilities and tasks laid down in ISVAP Circular 518/D were entrusted to the various people in charge of internal auditing.

During the period April-June 2004 the Group received 1,428 complaints, 1,305 of which related to Non-Life business and 123 to Life business. Approximately 72% of the complaints relating to Non-Life business concerned Motor TPL. 1,028 replies had been sent and 400 complaints were under investigation. The average number of days taken for the Group to reply was 22.8. Quadrifoglio Vita took an average of 11.7 days to reply, whilst Aurora's average response time was 26.5 days. The Parent Company Unipol took an average of 20.1 days to reply. Replies must be sent within 45 days of the complaint being received.
444 complaints were acknowledged as being justified, 477 were rejected and 101 were settled out of court. 28 complaints were passed to the courts.

Summary of Business Activities (Parent Company and Main Subsidiaries)

Insurance business

Composite insurance companies

Compagnia Assicuratrice Unipol spa

The Parent Company's business activity was characterized by the following features:

A. The growth rate of direct business premium income was 14.7% (+14.3% for total premiums written), broken down 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 reduction in the incidence of operating expenses on premium income (11.7% as against 12.8%);

C. A positive result in technical insurance business (see footnote[1]) of €67.4m, compared with €95.5m as at 30 June 2003; the change is attributable to Life business (-€27.1m) and Non-Life business (-€1.0m);

D. Investments and liquid assets rose to €9,569.9m (net of value adjustments), an increase of €704m compared with 31 December 2003 (+7.9%) and of €2,524.5m compared with 30 June 2003 (+35.8%);

E. Investment income for the period, net of relevant charges (see footnote[1]), was €164.2m (-0.9% compared with 30/6/2003), whilst net capital gains from sales and trading rose to €28m (€34.7m as at 30/6/2003) and net value adjustments amounted to -€26.8m (-€5.6m as at 30/6/2003).
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);

F. A result in ordinary business (see footnote[1]), of €114.9m, -19.3% compared with 30/6/2003; a result in extraordinary activities up from €4.5m as at 30/6/2003 to €20.8m as at 30/6/2004;

G. A pre-tax profit (see footnote[1]) of €135.7m (-7.6%) and a profit for the period of €117m (+29.3%);

H. Tax charges for the half-year (see footnote[1]) decreased from €56.5m to €18.8m.

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[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%) of the relative amount 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.**

Aurora Assicurazioni spa - Milano
Share capital: €245.3m
Shareholding: 87.73%

Winterthur Vita spa – Milano
Share capital: €117.0m
Shareholding of Aurora Assicurazioni: 90%
The company is in the process of merging with Aurora Assicurazioni

Aurora Assicurazioni was set up on 19 April 2004 following the merger, as already mentioned, of the subsidiaries Meieaurora, Winterthur Assicurazioni and NewWin Assicurazioni. On 28 July last year the General Meetings of Shareholders of the companies involved approved the incorporation into Aurora of Winterthur Vita, which was already 90% owned by Aurora, and of two other small companies operating in property, this being the final stage in the process of merging the Group companies based in Milan. Once this operation is concluded the Parent Company Unipol Assicurazioni will hold 86.64% of Aurora Assicurazioni's share capital. The company is the third largest composite company in Italy (based on proforma figures for 2003), having premium income exceeding €3.2bn (based on proforma figures for 2003) and a sales network of approximately 1,300 agencies throughout Italy.

Including Winterthur Vita, which was in the process of being merged, Aurora Assicurazioni had direct premium income of €1,711m in the first half of 2004, €1,118m of which was for Non-Life business and €593m for Life business (€211m of which was accounted for by Winterthur Vita). Compared with proforma figures for the first half of 2003 this was an increase of 0.4% and was affected by Winterthur's former network of agencies drawing up a standard list of products, the transfer of the portfolio to the Unipol Group IT system and the resulting training in how to use the new systems. Another thing that affected Life business was the fall in income achieved via *Crédit Suisse's* financial advisers but this had been forecast. However, this was counterbalanced in the second half of the half year by the first income from the channel made up of the banking outlets of Reti Bancarie Holding (Banca Popolare di Lodi Group) which by 30 June had already brought in approximately €125m.

As regards the Non-Life loss ratio, the ratio of claims to direct premium income was of the order of 71%, more than a point lower than the proforma figure for the first half of 2003 thanks to a prudent underwriting policy and to the watchful eye kept on the claims frequency in Motor TPL. During the half year Winterthur's former call-centre (with a staff of 300) was reorganized on the model of Sertel in order to rationalize and streamline claims-handling procedures. This will be followed in the second half of the year by the transfer of all the claims records to the Parent Company's centralized system and by Aurora adopting the Group's claims-handling system throughout Italy.
During the half year Aurora and Winterthur Vita came to an agreement with CONSAP, formerly INA, relating to the ex compulsory cessions of life premiums. The transaction had no financial repercussions on the former Meieaurora portfolio and had positive repercussions on the Winterthur Vita portfolio.

Operating expenses for direct business, which included acquisition and renewal commissions and other acquisition and administrative expenses, amounted to €286.0m (€13.2m of which was from Winterthur Vita and amounted to 6.3% of its premium income) compared with a proforma figure of €281.3m as at 30 June 2003, an incidence on premium income of 16.7% and substantially in line with the proforma figure for the first half of 2003 despite some extraordinary costs linked to the merger. As regards staffing costs it should be pointed out that the freeze on turnover had led to a reduction of 76 staff during the half year compared with the number as at 31 December 2003, seven of whom had been employed by Winterthur Vita. Measures had also been taken to keep costs down, particularly

in the fields of IT and consultancy, but their full benefits would not be felt until the following financial year.

By the end of the half year investments and available cash, including €3,551m from Winterthur Vita, had risen to €9,523m (compared with a proforma figure of €9,079m at the end of 2003).
Ordinary and extraordinary investment income, net of relevant charges and excluding income/charges deriving from assets to match Life Class III, amounted to €162m (including €775m from Winterthur Vita). It should be pointed out that capital gains on property (Aurora Assicurazioni) of approximately €12.1m were made, principally from the sale of the building in Milanofiori Assago (€11.3m).

The first half closed with a net profit of €76.6m, €61.2m of which related to Aurora and €15.4m to Winterthur Vita which, as has already been mentioned, was still in the process of being merged on 30 June. The proforma figure as at 30 June 2003 was €75.6m.

Specialist companies

Compagnia Assicuratrice Linear spa - Bologna
Share capital: €19.3m
Shareholding: 80%

Linear is the company in the Unipol Group which specializes in the direct sales of motor insurance products over the Internet and via the call-centre.
In the first six months of 2004 the company had premium income of €78.7m, an increase of 20.7% compared with the same period of the previous year (€65.2m in the first half of 2003). Premium income from new business was almost equally divided between the two sales channels even though the Internet accounted for approximately two thirds of the quotes requested.
The loss ratio, with a ratio of claims to premium income from direct business of 76.9%, showed a further improvement of approximately 1 percentage point over the same half of 2003.
The incidence of operating expenses on premiums, gross of commissions recovered from reinsurers, was 13.1%, in line with the figure at the end of 2003, but it was not comparable with the same half year because the advertising costs were treated differently in the accounts. In order to cope with the continuous growth more staff were taken on, particularly for the call-centre. As at 30 June 2004 the company had 278 employees, 178 of whom were call-centre operators (248 in the first half of 2003, 170 of whom were operators). To this number must be added another 38 staff on fixed-term contracts and those undergoing training (35 in 2003).

Investments and available cash in the first half of 2004 amounted to approximately €197m (€159m as at 30/6/2003) and net ordinary and extraordinary investment income amounted to €2.8m.

The first half of 2004 closed with a net profit after tax of €4.7m, an increase compared with €4.1m in the first half of 2003.

Unisalute spa - Bologna
Share capital: €17.5m
Shareholding: 92.44%

The company had premium income during the half year of €29.5m compared with €25.5m in the first half of 2003, an increase of 15.6%, which consolidated the company's position in Health business.
The company's typical activity, i.e. the sale of large group policies, continued with several major policies being acquired and a similar number of promising negotiations set in motion.

Despite a rise compared with the position as at 30 June 2003 (73.3%) the loss ratio of 76.6% continued to be good, particularly bearing in mind that the trend in core business in the first half of the year is traditionally less favourable than in the second half.
The incidence of operating expenses on premium income, which include general costs and commissions, was 20.4% gross of reinsurance cessions, an increase compared with 18.6% in the first half of 2003, because of the rise in the number of employees. As at 30 June 2004 the company had 229 employees, 144 of whom worked in the call-centre (198 and 109 respectively as at 30/6/03), which was reorganized to enable it to operate more effectively. There were also seven other staff on fixed term contracts.
Investments and liquid assets totalled €57m (€44.9m at the end of 2003). Ordinary and extraordinary investment income, net of relevant charges, amounted to €1.0m.
Unisalute closed the first half-year 2004 with a net profit of €1.0m circa (€1.7m as at 30 June 2003).

NAVALE ASSICURAZIONI SpA

Navale Assicurazioni spa - Ferrara
Share capital: €26.25m
Shareholding: 99.27%

The company continued to check on operational procedures and to reform the portfolio following the negative trend that emerged from the 2003 accounts and in preparation for transforming the company into one specializing in selling through non-exclusive agents and brokers.
The policies of reforming the portfolio with the aim of lowering the risk profile of policies written led to a fall in income. Direct premium income as at 30 June amounted to €48.7m, a drop of 6.7% compared with the same period in the previous financial year. In particular, it was decided to withdraw from Marine – Hull (large commercial ships) completely but gradually as annual due dates came round, whilst the policy of being more selective when underwriting industrial risks and of reforming policies showing a negative technical trend was reinforced.
Work on analysing and reviewing the company's operating procedures and underwriting and claims-handling policies also continued during the period in question and measures were taken to recover receivables from policyholders and reinsurers.
The loss ratio was affected by the strengthening of provisions for outstanding claims carried out in previous years, in particular in Third-Party Liability business and on coinsurance policies on the basis of the updates received from the leading companies.
The ratio of claims to premium income from direct business was 88.1% (83.9% at the end of 2003). Despite the technical trend recorded, the technical balance on outward reinsurance was negative to the tune of approximately €2.4m because of the onerous terms placed on reinsurance coverage which reflected the losses incurred by reinsurers in the years leading up to 2002.
Operating expenses gross of reinsurance, amounting to €10.9m and in line with the same half of the previous financial year, were 22.4% of premium income (20.8% in the first half of 2003).
As at 30 June 2004 the company had 102 employees (102 as at 30/6/2003).
The level of investments and available cash amounted to €182.9m, an increase of 38.1% compared with the first half of 2003, helped by the capital increase of €25m implemented by the Parent Company (€5m of which was contributed in July 2003 and €20m in March 2004) in order to increase the company's assets.
Net ordinary and extraordinary income amounted to €4.3m (€3.7m as at 30/6/2003).

The result for the half year was a loss of €2.9m.

Bancassurance companies

Quadrifoglio Vita spa - Bologna
Share capital: €27.2m
Shareholding: 50% (controlled jointly with Banca Agricola Mantovana)

The company, which sells Life policies through the 289 branches of Banca Agricola Mantovana, recorded premium income of €442.2m in the first half of 2004 compared with €615.2m in the same period of 2003 (-28.1%). This result was attributable to the timescale for premium income being different from the previous year and was, for the most part, in line with the budget forecasting which does not envisage any fall in income by the end of the year (70% of the premium income for the whole of 2003 was concentrated in the first half of the year.)
Operating costs were 1.9% of premium income, a decrease compared with 2.2% recorded as at 30 June 2003 owing to the mix of products being different.
Technical provisions at the end of the half year, including provisions for sums to be paid, amounted to €2,811m (€2,202m as at 30/6/2003 and €2,438m as at 31/12/2003), €1,113m of this arising out of technical provisions relating to Class III policies (Unit- and Index-Linked).
As at 30 June 2004 the level of investments and available cash, including those where the risk was borne by policyholders, amounted to €2,853m (€2,235m as at 30/6/2003 and €2,492m as at 31/12/2003).
Net ordinary and extraordinary capital gains and investment income for the period, before value adjustments on investments and excluding gains and charges in Class III, amounted to €39.5m (€28.8m as at 30/6/2003 and €64.3m as at 31/12/2003).
The profit for the period, net of tax, amounted to €2.5m (€4.7m as at 30/6/2003), having been badly affected by greater write-downs on securities as a result of the trend in interest rates.

BNL Vita spa - Milan
Share capital: €110m
Shareholding: 50% (controlled jointly with BNL)

The company had premium income of €1,282m in the first half of 2004, an increase of approximately 5.7% compared with the first half of last year despite the reduction in income from BNL Investimenti's financial advisers.
47% of new business was in traditional products and 53% in financial products, and the mix showed a significant presence of Index-Linked.
The incidence of operating expenses on premium income was 3.7% compared with 3.4% in the first half of 2003.
Gross technical provisions amounted to €8,118m (€7,565m as at 31/12/2003; €7,187m as at 30/06/2003), whilst investments and available cash totalled €8,271m (€7,714m as at 31/12/2003), €3,617m of which related to index-linked and unit-linked policies. Ordinary and extraordinary investment income, net of relevant charges, excluding incombe/charges from assets matching index-linked and unit-linked policies, amounted to €69m, an increase of 6% compared with the previous half year.

The net profit for the period was €13.5m, a slight increase compared with the net profit of €13.2m recorded in the first half of 2003.

Banking activities, asset management and merchant banking

Unipol Banca spa - Bologna
Share capital: €426.3m
Shareholding: Unipol Assicurazioni 82.86%
Aurora Assicurazioni 10%

In the first half of 2004 Unipol Banca continued to strengthen its sales network by introducing

internal lines. It opened the last of the branches already authorized by the Supervisory Body, bringing the number of bank branches to 192 (185 at the end of 2003). It also had 49 finance shops and 451 financial advisers.
Customer deposits, which at the end of the first half of 2003 had shown a book balance of €1,828m, reached €3,371m by 30 June 2004, an increase of 84% over the same period in 2003. Worthy of note during the half year, though less significant, was the rate of growth of loans to customers, which rose to €2,251m compared with €1,620m at the end of June 2003 (+39%). This growth was mainly in mortgage loans (€322 m).
This considerable increase in direct deposits and lending to customers was due on the one hand to the gradual implementation of commercial actions and on the other to the increase in business carried out by the companies in the Unipol Group with Unipol Banca.
Customer funds rose by 45% to €13,410m. The increase was in both funds under custody and assets under management (€1,260m). In the case of the latter mention must be made of the further growth in the managed portfolio of the subsidiary **Unipol Fondi Ltd**, which had reached €554m by 30 June 2004 (+13.3% compared with the first half of 2003).
The placement of Unipol Assicurazioni Life policies continued satisfactorily, generating premium income of approximately €220m (compared with €67m in the first half of 2003).
The second assignment of mortgage loans in bonis was completed as part of the securitization scheme launched in 2003. This related to a loan portfolio amounting to €168.5m and enabled a premium of €11.4m to be achieved, all of it recorded during the half year.

As regards the economic trend during the half year, Unipol Banca recorded an operating profit of approximately €7.7m (compared with €1.4m in the first half of 2003). The considerable increase in the operating profit was not reflected in the net profit, which amounted to €3.2m compared with €4.0m in June 2003, since the Profit and Loss Account for the first half of 2003 had recorded extraordinary capital gains of more than €5m and had been affected by lower levels of depreciation, allocations and taxes (€13.5m in the first half of 2003 compared with approximately €16.5m in the first half of 2004).

Unipol Merchant-Banca per le Imprese spa - Bologna
Share capital: €105.5m
Shareholding: Unipol Banca 50.50%

As well as operating in merchant banking and investment banking Unipol Merchant – Banca per le Imprese began operating in medium- and long-term credit to companies, thus becoming the bank in the Unipol Banca banking group that specialized in the corporate sector.
As at 30 June 2004 the level of loans granted was €79.7m, €49.4m of which related to 14 loans granted during the half year. As at the same date guarantees issued amounted to €8.9m, €5m of which were issued during the half year.
During the half year further loans were approved. These amounted to €104m and were to be finalized over the following few months.
Investments in shareholdings of €13.3m were made and divestments of €6.5m, bringing in tax-free capital gains on sales of €1.4m.
Amongst the most significant assignments carried out during the half year in consultancy services (Capital Markets, Mergers & Acquisitions, Corporate Finance Advisory and Financial Brokerage) were the financial advice provided by the Capital Markets team to Hera spa relating to the acquisition from ENI Ambiente spa of the *Centro Ecologico di Ravenna* and the financial advice provided by the Mergers & Acquisitions team to Unigrana spa (the leading seller of *Parmigiano Reggiano*) relating to the acquisition of Parmareggio spa (the third largest player in the same market).
Work continued during the half year on strengthening the organizational set-up. As at 30 June 2004 there were 41 employees.

On 30 March 2004 the final tranche of the capital increase approved by the Board of Directors on 5 November 2003 under the power granted by the Extraordinary Meeting of Shareholders held on 30 October 2002 was paid.
On 2 April 2004, once the operation was recorded in the Companies' Register, the share capital rose from €99.6m to €105.5m.
On 21 June 2004 the Extraordinary Meeting of Shareholders voted to amend the Bylaws in order to take account of the guidelines issued by the Banca d'Italia on the rules governing the members' right to withdraw.

The company closed the first half of 2004 with a net profit of €2.1m.

Property companies
As at 30 June 2004 the four property subsidiaries had buildings and building land on their books valued at a total of €85.9m.

Intra-Group Transactions

It should be noted that the relationships among the various companies in the Group were aimed exclusively at maximizing synergies and economies of scale and were governed by prices and terms that substantially reflect the market. It should also be noted that no operations were carried out amongst the undertakings belonging to the Group that were unusual or atypical of the normal running of the companies.
As regards the most significant relationships concerning capital and resources with unconsolidated Group undertakings, it should be noted that Unipol Banca had custody of Unipol Assicurazioni securities and those of some subsidiaries and that current accounts were held with Unipol Banca under normal terms and conditions.

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

Business carried out by the Group after the closure of the half year has proceeded normally.

As has already been announced, the General Shareholders' Meetings of Aurora Assicurazioni, Winterthur Vita, Centro Servizi Missori and Immobiliare San Vigilio held on 28 July 2004 approved the merger of Winterthur Vita, Centro Servizi Missori and Immobiliare San Vigilio into Aurora Assicurazioni.

The merger will be subject to the various legal approvals and permits being obtained.

The operation forms the final stage of the plan to merge Meieaurora and the Winterthur Italia Group. The intention is to pursue targets ever more energetically – to make a profit, to expand and create value for shareholders by making significant economies of scale and of costs, and to provide all the companies involved in the project with commercial synergies.

It will also be remembered that Winterthur Italia Holding is in the process of being incorporated into the 100% holding company Unipol Assicurazioni.

On 27 July 2004 BNL Vita signed the preliminary agreement to sell to RB Vita (a company in the RAS Group) the business in the Life portfolio placed by the financial advisers of the former Banca BNL Investimenti. This operation followed the sale of BNL Investimenti to the RAS Group carried out at the end of 2003 by the Banca Nazionale del Lavoro and involves the transfer of technical provisions amounting to approximately €1bn or 12.7% of BNL Vita's total technical provisions. The price agreed for the sale was €50m, in line with the embedded value for the business, €16m of which was for the assets transferred. The operation is subject to the approval of both ISVAP and the Antitrust Authority.

Growth in premium income for the companies making up the Group continued to be in line with the half-year figures. The technical trend continued on the whole to be as positive as it had been in the first half of the year. The trend in operating costs was normal, although the reorganization that took place in Aurora led to some extraordinary expenses being incurred in the short term and these will also affect the figures for the second half of 2004 when Meieaurora and Winterthur are moved to the new premises in San Donato Milanese.
Property and financial management showed a trend that was positive and in line with expectations.

As regards banking business, as already mentioned the due diligence relating to the

possible merger of Unipol Banca and Meliorbanca was completed in July. Advisers have been appointed and are currently carrying out a valuation of the two companies, the final results of which will be examined by the Boards of Directors at their forthcoming meetings.

At the end of August Banca d'Italia presented the results of the general inspection of Unipol Banca carried out between March and June 2004. The results of this inspection highlighted several areas in which the bank was advised to make improvements to organization and procedures in order to be able to monitor and check, with increasing speed and efficiency, the risks that typically occur in banking.

With a view to strengthening its sales network Unipol Banca joined forces with the Banca Popolare Vicentina to bid to acquire 50 banking outlets in Sicily, 20 of which will go to Unipol Banca and 30 to the Banca Popolare Vicentina.

Provided there are no unusual or exceptional events the outlook for Group revenue for the current year is good, better than last year and by and large in line with the forecast.

General Drafting Criteria and Basis of Consolidation

The consolidation principles applied in drawing up the consolidated half-yearly report are consistent with those used in the consolidated annual accounts closed on 31 December 2003.
The criteria used to identify the basis of consolidation are also the same as those used in the 2003 financial year

Quadrifoglio Vita, in which the Banca Agricola Mantovana has a 50% participating interest, and BNL Vita, in which the Banca Nazionale del Lavoro has a 50% participating interest, were consolidated on a line-by-line basis as they carry out insurance business and by virtue of agreements between the members.

It should also be pointed out that merger differences arising from the merger by incorporation of Meieaurora into Winterthur Assicurazioni (now Aurora Assicurazioni) signed on 19 April 2004 were recorded in Aurora Assicurazioni's company accounts but were not included in the consolidated accounts.

In particular the following was carried out:

- merger differences of €22.5m recorded in Aurora's accounts as property write-up were written off;
- merger differences of €236m recorded in Aurora's accounts as goodwill (to be depreciated over 20 years) were written off for the quota share pertaining to the Group.

Pre-existing capital gains, net of depreciation, arising when the holding in Meieaurora was acquired in 2000, were still recorded in the consolidated accounts under 'Land and buildings' and 'Differences arising from consolidation'.

It should be noted that as a result of the birth of the new company, Aurora, Meieaurora's original depreciation schedule (16.5 years remaining as at 1/1/2004) and that of Winterthur Assicurazioni (19.75 years remaining as at 1/1/2004) were reassessed under a new useful life of 20 years as from 1 January 2004.
The new schedule was linked to the new company's greater potential for growth since it would be more competitive and more efficient and would have synergies as far as sales were concerned.
Had this amendment not been made the Group's capital and reserves and net profit as at 30 June 2004 would have been €1.8m lower.

The companies consolidated on a line-by-line basis and those valued using the equity method or maintained at book value are listed on the following pages.

Changes in the basis of consolidation

During the first half of 2004 operations carried out concerned:

- merger by incorporation of Meieaurora and NewWin Assicurazioni into Winterthur Assicurazioni, which at the same time changed its name to Aurora Assicurazioni spa;
- sale by Unipol Assicurazioni of 60.22% of Winterthur Vita to Winterthur Assicurazioni, 29.78% of which it already held;
- sale by Unipol Assicurazioni of the entire holding (100%) in Unipol Sgr to the subsidiary Unipol Banca;
- sale by Aurora Assicurazioni of the entire holding (75%) in the insurance brokers Advenia srl;
- acquisition of Dimensione Immobiliare spa, 39% by Unipol Merchant and 21% by Smallpart, the total share of 60% being sold

by Finec Holding at its book value;

- winding up of Uniservice spa (wholly owned by Smallpart) resolved on 21 June 2004 by the Extraordinary Meeting of Shareholders (the remaining 1% having been acquired on 26/5/2004).

Furthermore, the following changes in shareholdings took place:

Parent Company:

- Unisalute spa from 87.44 to 92.44%
- Navale spa from 98.24 to 99.27%
- Finec Holding spa from 37.44 to 37.45%

UNDERTAKINGS INCLUDED IN THE CONSOLIDATED ACCOUNTS ON A LINE-BY-LINE BASIS

Company name - Registered offices	Type of business - Share capital (€)	% holding direct	% holding indirect	% Group
Compagnia Assicuratrice Unipol spa Bologna	Insurance and reinsurance € 911,635,871			
Aurora Assicurazioni spa Milano	Insurance and reinsurance € 245,269,815	87.73		87.73
Bnl Vita spa Milano	Insurance and reinsurance € 110,000,000	50.00		50.00
Compagnia Assicuratrice Linear spa Bologna	Insurance and reinsurance € 19,300,000	80.00		80.00
Navale Assicurazioni spa Ferrara	Insurance and reinsurance € 26,250,000	99.27		99.27
Quadrifoglio Vita spa Bologna	Insurance and reinsurance € 27,200,000	50.00		50.00
Unisalute spa Bologna	Insurance and reinsurance € 17,500,000	92.44		92.44
Winterthur Vita spa Milano	Insurance and reinsurance € 117,000,000		90.00 (Aurora Assic.)	78.96
Centro Servizi Missori srl Milano	Property company € 26,000		100.00 (Aurora Assic.)	87.73
Immobiliare San Vigilio spa Milano	Property company € 6,713,980		100.00 (Aurora Assic.)	87.73
Midi srl Bologna	Property company € 72,000,000	100.00		100.00
Unifimm srl Bologna	Property company € 43,350,000	100.00		100.00
Dimensione Immobiliare spa Bologna	Property advisory company € 5,200,000		39.00 (Unipol Merchant) 21.00 (Smallpart)	39.05
Winterthur Italia Holding spa Milano	Holding company € 132,600,000	100.00		100.00
Smallpart spa Bologna	Holding company € 12,000,000	100.00		100.00

UNDERTAKINGS INCLUDED BY THE EQUITY METHOD

SUBSIDIARIES				
Unipol Banca spa Bologna	Bank € 426,300,000	82.86	10.00 (Aurora Assic.)	91.63
Unipol Merchant - Banca per le Imprese spa Bologna	Bank € 105,468,007		50.50 (Unipol Banca)	46.27
Unipol Fondi Ltd Dublino	Unit trust management € 125,001		100.00 (Unipol Banca)	91.63
Unipol Sgr spa Bologna	Financial brokerage € 5,000,000		100.00 (Unipol Banca)	91.63
Winterthur Sim spa Milano	Financial brokerage € 2,582,000		100.00 (Aurora Assic.)	87.73
Grecale srl Bologna	Loan securitization € 10,000		60.00 (Unipol Banca) 40.00 (Unipol Merchant)	73.49
Unieuropa srl Bologna	Market analysis and research € 510,000		98.00 (Smallpart)	98.00
Unisalute Servizi srl Bologna	Healthcare services € 52,000		100.00 (Unisalute)	92.44
Bnl Servizi Assicurativi srl Milano	Insurance agency € 10,400		100.00 (Bnl Vita)	50.00
Wintervesa srl Milano	Insurance agency € 100,000		100.00 (Aurora Assic.)	87.73

Company name - Registered offices	Type of business - Share capital (€)	% holding direct	indirect	% Group
AFFILIATED				
Hotel Villaggio Città del Mare spa Terrasini (Pa)	Tourism/hotels € 4,000,000	49.00		49.00
Finec Holding spa Bologna	Holding company € 177,729,994	37.45	1.30 (Unipol Merchant)	38.05
A.P.A. spa Parma	Insurance agency € 1,000,000		46.50 (Smallpart)	46.50
AR.CO. Assicurazioni spa Modena	Insurance agency € 250,000		40.00 (Smallpart)	40.00
Assicoop Ferrara spa Ferrara	Insurance agency € 270,300		47.40 (Smallpart)	47.40
Assicoop Imola spa Imola (Bo)	Insurance agency € 1,000,000		47.34 (Smallpart)	47.34
Assicoop Modena spa Modena	Insurance agency € 2,080,000		47.00 (Smallpart)	47.00
Assicoop Ravenna spa Ravenna	Insurance agency € 3,640,000		49.00 (Smallpart)	49.00
Assicoop Romagna spa Forlì	Insurance agency € 774,700		48.00 (Smallpart)	48.00
Assicoop Sicura srl Bologna	Insurance agency € 202,800		40.00 (Smallpart)	40.00
Assicoop Siena spa Siena	Insurance agency € 510,000		49.00 (Smallpart)	49.00
Assicura spa Reggio Emilia	Insurance agency € 1,040,000		35.00 (Smallpart)	35.00
Assicoop Firenze spa Firenze	Insurance agency € 1,000,000		44.00 (Smallpart)	44.00
Consorzio ZIS Fiera 2 Bologna	Urbanization works € 600,000		41.39 (Midi)	41.39
Euresa Holding sa Lussemburgo	Holding company € 10,000,000	24.05		24.05
OTHER SHAREHOLDINGS IN SUBSIDIARIES AND AFFILIATED UNDERTAKINGS AT THEIR BOOK VALUE				
Uniservice spa in liquidazione - Bologna	Data trasmission services € 104,000		100.00 (Smallpart)	100.00
Assicoop Genova spa in liquidazione - Genova	Insurance agency € 260,000	49.00		49.00
Mediss Health Care Services spa Milano	Healthcare services € 875,000		20.00 (Aurora Assic.)	17.55

Accounting Criteria

The accounting criteria used to draw up the consolidated half-yearly accounts are the same as those used to draw up the last consolidated annual accounts, with the following exception, due to changes in the regulations introduced by the reform of corporate law, which came into effect on 1 January 2004 (Legislative Decree 6 of 17/1/03 and subsequent amendments and additions):

- *Balances in foreign currency*
  In accordance with the provisions of Article 2426, 8-bis) of the Civil Code long-term investments in currencies were recorded at the exchange rate pertaining when they were acquired (the rate pertaining on 31/12/2003 in the case of those in existence at the beginning of 2004). All the conversion balances were therefore allocated to the profit and loss account and not offset by allocations to or drawings on the exchange rate fluctuation provision.
  When the operating profit was allocated any resulting net profit was recorded in a provision that could not be distributed until it was actually realized.
  As at 30 June 2004 the amendment had a net effect (including the drawings that cleared the exchange rate fluctuation account as at 31/12/2003) on the Parent Company's shareholders' equity and on the profit and loss account of €5.4m.

Anyway, as these are interim figures there has been greater use of appropriate estimate methods, which are however substantially in line with the principles adopted at the end of the financial year and will guarantee homogeneity and comparability of data.
In particular claims from previous years still outstanding at the end of the first part of the current financial year were evaluated on the basis of updated analytical evidence ('ongoing' provision) deduced from management data and on the basis of suitable technically prudent estimates.

Tax adjustments and provisions

In the consolidated accounts adjustments to items shown in the company accounts were always made purely for tax purposes.
However, under the new regulation (abrogating para. 2 of Article 2426 of the Civil Code, Legislative Decree 6 of 17/1/03), items of this type must no longer be recorded in the company accounts.

Information on the Balance Sheet

Balance Sheet – Assets

B – Intangible assets

The breakdown of the item 'Deferred acquisition costs', which totalled €74.5m, is as follows: €42.1m for deferred commissions in Non-Life business, €31.9m for deferred commissions in Life business and the remaining €0.5m for other acquisition costs.

The item 'Differences arising from consolidation', net of amortizations, was of €1,036.3m. (€1,069.7m as at 31/12/2003).
The decrease was due to the proportions of depreciation for the period for companies consolidated on a line-by-line basis.

C – Investments

C.I – Land and buildings

The overall amount as at 30 June 2004 totalled €878.7m, which reflects a net increase of €231.1m compared with 31 December 2003, owing to important investments carried out by the Parent Company.

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

The overall value of this item totalled €1,340.7m, a decrease of €81.7m compared with 31 December 2003, and is made up as follows (€ million):

	30/6/2004
1. Stocks and shares	1,289.7
2. Debt securities	51.0
Total	**1,340.7**

The value of 'Stocks and shares', €1,289.7m, showed a net decrease of €83.3m compared with 31 December 2003, the main contribution to this being the transfer of a shareholding to 'other financial investments'.
This item relates to subsidiaries and affiliated undertakings evaluated by the equity method and to other participating interests maintained at their book value, as follows:

Company	% holding direct	% holding indirect	Group share	Value (€ million)
SUBSIDIARIES				
Unipol Banca spa	82.86	10.00 (Aurora Assic.)	91.63	470.4
Unipol Merchant spa		50.50 (Unipol Banca)	46.27	0.4
Unipol Fondi Ltd		100.00 (Unipol Banca)	91.63	0.8
Unipol Sgr spa		100.00 (Unipol Banca)	91.63	-0.2
Winterthur Sim spa		100.00 (Aurora Assic.)	87.73	2.3
Grecale srl		60.00 (Unipol Banca) 40.00 (Unipol Merchant)	73.49	0.002
Unieuropa srl		98.00 (Smallpart)	98.00	0.4
Unisalute Servizi srl		100.00 (Unisalute)	92.44	0.1
Bnl Servizi Assicurativi srl		100.00 (Bnl Vita)	50.00	0.04
Wintervesa srl		100.00 (Aurora Assic.)	87.73	0.3

Company	% holding direct	% holding indirect	Group share	Value (€ million)
AFFILIATED UNDERTAKINGS				
Hotel Villaggio Città del Mare spa	49.00		49.00	2.1
Finec Holding spa	37.45	1.30 (Unipol Merchant)	38.05	67.8
A.P.A. spa		46.50 (Smallpart)	46.50	0.5
AR.CO. Assicurazioni spa		40.00 (Smallpart)	40.00	0.2
Assicoop Ferrara spa		47.40 (Smallpart)	47.40	0.2
Assicoop Imola spa		47.34 (Smallpart)	47.34	0.5
Assicoop Modena spa		47.00 (Smallpart)	47.00	2.0
Assicoop Ravenna spa		49.00 (Smallpart)	49.00	2.1
Assicoop Romagna spa		48.00 (Smallpart)	48.00	0.6
Assicoop Sicura srl		40.00 (Smallpart)	40.00	3.2
Assicoop Siena spa		49.00 (Smallpart)	49.00	0.5
Assicura spa		35.00 (Smallpart)	35.00	0.8
Assicoop Firenze spa		44.00 (Smallpart)	44.00	0.4
Consorzio ZIS Fiera 2		41.39 (Midi)	41.39	0.2
Euresa Holding sa	24.05		24.05	2.9
OTHER PARTICIPATING INTERESTS				
Hopa spa	6.71		6.71	244.5
Banca Monte dei Paschi di Siena spa	1.98		1.98	235.8
Reti Bancarie Holding spa		5.75 (Aurora Assic.)	5.04	173.3
Bios spa	7.31	2.41 (Aurora Assic.)	9.42	41.0
Earchimede spa		7.91 (Aurora Assic.)	6.94	16.6
P & V Holding sa	2.39		2.39	8.2
Previnet spa	14.00		14.00	2.2
Atlantis sa	2.88		2.88	1.8
The Co-Operators Group sa	6.94		6.94	1.2
Atlantis Vida sa	12.50		12.50	1.2
Syneteristiki Insurance sa	16.39		16.39	1.1
Other undertakings				4.3
TOTAL				**1,289.7**

The item 'Other undertakings', €4,3m, includes:
Allnations sa, Arcobaleno spa, Assicoop Genova spa (in liquidation), Autonomia scarl, Banca di Bologna scarl, Banca Popolare Etica scarl, Cestar srl, Consorzio Energia Fiera District, Cooptecnical scarl, EDITH sa (in liquidation), Fondazione Cesar, Grecale abs, Inarcheck spa, Inforcoop scarl, Mediss Health Care Services spa, Nomisma spa, Partisagres SGPS sa, Protos spa, Protos SOA spa, Rita srl, Sagres sa, Sofigea srl (in liquidation), Sofincoop spa, Telemedicina Rizzoli spa, Uci, Union Capital srl (in liquidation), Uniservice spa in liquidation).

For the amount and nature of the increases and decreases in investments in Group undertakings and other participating interests, broken down into stocks and shares, bonds and corporate financing, see Annex I.

'Debt securities' totalling €51m issued by participating interests increased by €1.6m compared with 31 December 2003

C.III – Other financial investments

The overall balance of the item totalled €19,732.1m, an increase of €1,682.7m, +9.3% compared with 31 December 2003. The breakdown of this figure is as follows (€ million):

1. Stocks and shares	882.2
2. Units and shares in investment funds	126.7
3. Bonds and other fixed-income securities	17,235.5
4. Corporate financing	87.0
5. Deposits with credit institutions	10.5
6. Other financial investments	1,390.2
Total	**19,732.1**

Total corporate financing receivable after 30 June of the next financial year was €64.6m.
For the breakdown of other financial investments between long-term and short-term (items C.III.1, 2, 3 and 5), see Annex II.

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

The overall total of these investments as at 30 June 2004 was €5,909.2m and was made up of €5,832.1m from index- and unit-linked policy investments and €77.1m from investments relating to the open-end pension fund 'Aurora Previdenza' and the investments deriving from the management of three open-end, fixed contribution pension funds ('Unipol Previdenza', 'Unipol Futuro' and 'Unipol Insieme'), set up and managed by the Parent Company (in accordance with Legislative Decree 124 of 21/4/93), and of two capital-guaranteed occupational pension funds ('BAM employees' and 'Fundum') which Unipol Assicurazioni manages.

E – Debtors

The amount of debtors in item E, of €1,324m, showed a net decrease of €20.9m compared with the balance as at 31 December 2003.
The balance is made up as follows:

- Debtors arising out of direct insurance business, €760.2m;
- Debtors arising out of reinsurance business, €166.4m;
- Other debtors, €397.4m.

Item EI – Debtors arising out of direct insurance business, which totalled €760.2m, included amounts receivable from policyholders of €373.2m and amounts receivable from insurance intermediaries of €282.3m.
The amounts receivable after 30 June of the next financial year totalled €78.2m.

F – Other assets

The overall balance on this item was €746.2m, a net decrease of €54.3m compared with 31 December 2003, mainly as a result of the decrease in liquid assets (-€20.6m). and 'other assets' (-€34.5m).

Balance Sheet – Liabilities

A – Shareholders' equity

As at 30 June 2004 capital and reserves totalled €2,385.7m excluding profits for the half-year, an increase of €39.4m compared with 31 December 2003, due to the increase in free reserves following allocation of the net profit for 2003 and conversion of the warrants pertaining to the Parent Company (€7.6m).

The share of capital and reserves relating to minority interests was €248.6m (€229.9m as at 31/12/2003).

As at 30 June 2004 both the Parent Company and its subsidiaries owned no shares in Unipol Assicurazioni and its holding companies.

The reconciliation table between the Parent Company's capital, reserves and profit for the period and consolidated capital, reserves and profit for the period is given in the Annex

B – Subordinated liabilities

This item amounted to €666m, unchanged since 31 December 2003, was made up of subordinated debenture loans issued by the following companies (€ million):)

- Unipol Assicurazioni 600
- BNL Vita 50
- Quadrifoglio Vita 16

The amount of €600m is made up of two issues of subordinated callable notes made by the Parent Company. Each issue has a face value of €300m, is for twenty years and is listed on the Luxembourg Stock Exchange.

The level of subordination is comparable with Tier II (supplementary capital consisting of second-level capital items).
The first loan, issued in May 2001, has a fixed interest rate of 7% until the date on which 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 10 years and a variable rate thereafter.
The subordinated bonded loans of the other companies in the Group amounted to €66m, €32m of which was issued in 2002 and €34m in 2003. They are not listed and last for five years. The level of subordination is comparable with Tier II.

C – Technical provisions

Technical provisions totalled €21,828.3m (€20,107.8m as at 31/12/2003) and were made up of €6,691.2m for provision for unearned premiums, provision for outstanding claims and other Non-Life provisions, and of €15,137.1m for technical provisions and provisions for sums payable for Life business.

D – Technical provisions where the investment risk is borne by policyholders and provisions arising out of pension fund management

These provisions totalled €5,906.4m (€5,561.2m as at 31/12/2003), €5,829.3m of which was for technical provisions relating to unit-linked and index-linked contracts and €77.1m was for provisions arising out of pension-fund management.

G – Creditors and other liabilities

As at 30 June 2004, creditors and other liabilities totalled €690.5m (+€72.4m compared with 31/12/2003).

'Sundry borrowings and creditors' (item G.V) totalled €264.6m, an increase of €41.1m compared with 31 December 2003. €15.6m of this increase was due to sundry borrowings and €25.5m to other creditors/debts secured by a lien on property (€3.6m of which will expire after 30 June of the next financial year).

'Debts secured by a lien on property' (included in item G.V) recorded a balance of €2.5m (-€0.3m compared with 31/12/2003) and refer to a mortgage loan of the Parent Company.
Payables due after 30 June of the next financial year amount to €1.9m.

Item G.VII – 'Other liabilities' rose from €198.4m as at 31 December 2003 to €189.2m as at 30 June 2004.

Guarantees, commitments and other memorandum accounts

As at 30 June 2004 memorandum accounts totalled €36,044.6m (€30,044.6m as at 31/12/2003).
The 'Commitments' item (€5,760m) was mainly made up of underlying capital for transactions on derivatives in progress at the end of the half-year (€4,197m). €1,170.8m related to commitments on repo transactions.

The item 'Other memorandum accounts' (€29,785m) was mainly made up of securities deposited with third parties (€29,565.1m).

Assets relating to pension funds managed on behalf of third parties amounted to €282.8m.

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 recorded were €5,102.6m (€1,978.1m from Non-Life business and €3,124.5m from Life business).

The premiums were underwritten almost exclusively in Italy.

Premiums ceded to reinsurers totalled €242m (€215.3m from Non-Life business and €26.7m from 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 half-year Non-Life business provisions for unearned premiums totalled €1,508.7m which, taking into account portfolio movements, reflected a €52.7m increase compared with 31 December 2003. (The increase in the reinsurers' share was €8.0m).
As at 30 June 2004 Non-Life business provisions for outstanding claims totalled €5,169.9.4m which, taking into account portfolio movements, reflected a €195.4m increase compared with 31 December 2003. (The increase in the reinsurers' share was €38.1m.).

As for Life business, mathematical provisions and other technical provisions (including those from Class D) totalled €21,043.5m, a net increase of €1,745.8m compared with 31 December 2003.

The amount of claims paid in Non-Life business was €1,215.1m. The reinsurers' share was €89.8m.

The amounts paid in Life business totalled €1,612.8m (+95.3% compared with 30/6/2003), the reinsurers' share being €20.4m.

'Other income' included, in particular, interest receivable on bank deposits of €15.1m, whilst 'Other charges' included €23.7m for depreciation relating to the consolidation difference of the companies consolidated on a line-by-line basis and €20.5m for interest payable relating to subordinated debenture loans.
The table below shows investment income and charges, shown separately for land and buildings, investments in Group undertakings (net of intra-Group transactions), other participating interests and other financial investments as at 30 June 2004.

BREAKDOWN OF INVESTMENT INCOME AND CHARGES
(€ million)

	Total
Investment income from land and buildings	10.4
Investment charges from land and buildings	12.6
Total (A)	**(2.2)**
Investment income from Group undertakings and other participating interests	22.7
Investment charges from Group undertakings and other participating interests	10.0
Total (B)	**12.7**
Income from other financial investments	464.4
Charges on other financial investments	118.6
Total (C)	**345.8**
TOTAL (A+B+C)	**356.3**

Class D investment income and charges, bank interest and interest on debenture loans are not included.

As at 30 June 2004 extraordinary income was €31.3m, mainly made up of €27.6m from capital gains on trading of property, securities and participating interests.
Extraordinary charges recorded a balance of €7.9m, which includes unanticipated losses and capital losses.

Other Information

Employees in the Consolidated Undertakings

	First half of 2004	
	Average No	As at 30/6
Unipol Assicurazioni	1,452	1,458
Aurora Assicurazioni	2,184	2,169
Linear Assicurazioni	276	278
Unisalute	214	229
Winterthur Vita	120	118
Navale Assicurazioni	102	102
BNL Vita	85	85
Quadrifoglio Vita	19	19
Total	**4,452**	**4,458**

As at 30 June the average number of employees was broken down by category as follows:

Senior officials	127
Junior officials	570
Clerical staff	3,236
Other employees (*)	519
Total	**4,452**

(*) mainly call-centre advisers

Overall the average number of employees in the consolidated companies decreased by 46 over the average number in 2003, it should be noted that the average number of Aurora staff decreased by 92 whilst that of Winterthur Vita decreased by 8.

Solvency Margin

On the basis of current legislation for individual insurance companies, the amount of the margin to be set up at the end of the financial year for the Parent Company Unipol is likely to be approximately €397m, amply covered by the relevant assets. The other companies in the Group are also expected to have sufficient cover for their solvency margins at the end of the financial year, taking account of the various operations to increase capital that have already been resolved.

As regards the solvency margin at Group level provided for by Legislative Decree 239 of 17 April 2001 ('adjusted solvency'), the relevant covering assets owned by Unipol Assicurazioni exceed the amount required.

Assets Matching Technical Provisions

As regards assets matching the Parent Company Unipol's technical provisions, it should be noted that in the case of Non-Life provisions the amount to be matched as at 30 June 2004 was €2,073.4m. Matching assets can be broken down as follows:

Debt securities and similar securities	714.8
Mortgages and secured loans	15.0
Equities and similar securities	518.4
Land and buildings	641.0
Debtors and other assets	184.2
Total matching assets	**2,073.4**

As for Life provisions (excluding those referred to in Article 30 of Legislative Decree 174/95, and pension funds matched by the assets referred to in Class D of the balance sheet), the amount to be matched as at 30 June 2004 was €4,042.4m. Matching assets can be broken down as follows:

Debt securities and similar securities	3,596.8
Equities and similar securities	445.6
Total matching assets	**4,042.4**

The above assets belong to asset categories identified in relevant Isvap Instructions.

Regarding the other insurance subsidiaries, as at 30 June 2004 there was no shortage of assets to match the increases in technical provisions.

Average Claim Pending Times

The following table, which concerns domestic direct business carried out by the Parent Company Unipol, shows the average claim pending times at the end of the first half-year for the main lines of business and a comparison with 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).

Lines of business	Occurring in 2004		Occurring in previous years	
	06/04	06/03	06/04	06/03
Accident	45.2	44.5	49.3	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
Motor TPL	50.9	49.0	49.4	44.6
General TPL	39.4	36.2	25.4	26.1

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

Annex I

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 (€ million)

			Stocks and shares C.II.1		Debt securities C.II.2		Corporate financing C.II.3
As at 1 January	+	1	1,373.0	21	49.4	41	
Increases in the period:	+	2	23.2	22	28.1	42	
through: purchase, subscription or financing		3	19.3	23	28.1	43	
value re-adjustments		4		24		44	
write-ups		5		25		45	
other changes		6	3.9	26		46	
Decreases in the period:	–	7	106.5	27	26.5	47	
through: sale or redemption		8		28	20.4	48	
write-downs		9	8.7	29	0.5	49	
other changes		10	97.8	30	5.6	50	
Total		11	**1,289.7**	31	**51.0**	51	

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

Life and Non-Life business (€ million)

	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	1 260	13 251	25 623	37 626	49 882	61 877
a) listed stocks	2 260	14 251	26 622	38 626	50 882	62 877
b) unlisted stocks	3	15	27 0	39 0	51 0	63 0
c) shares	4	16	28	40	52	64
2. Units in investment funds	5 21	17 19	29 106	41 109	53 127	65 127
3. Bonds and other fixed-income securities	6 4,155	18 4,114	30 13,080	42 13,095	54 17,235	66 17,208
a1) listed Government bonds	7 2,137	19 2,083	31 11,551	43 11,560	55 13,688	67 13,643
a2) other listed securities	8 1,911	20 1,926	32 1,378	44 1,383	56 3,289	68 3,309
b1) unlisted Government bonds	9 15	21 15	33 0	45 0	57 16	69 16
b2) other unlisted securities	10 86	22 83	34 129	46 130	58 215	70 213
c) convertible bonds	11 6	23 5	35 22	47 22	59 28	71 27
5. Other investments (2)	12 8	24 7	36 1,382	48 1,382	60 1,390	72 1,389

(1) Value indicated in the half-yearly accounts

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

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

RECONCILIATION BETWEEN
THE PARENT COMPANY'S CAPITAL, RESERVES AND PROFIT FOR THE PERIOD
AND CONSOLIDATED CAPITAL, RESERVES AND PROFIT FOR THE PERIOD

(€ million)

	Capital and reserves	Profit for the period	Total shareholders' equity as at 30/06/2004	Total shareholders' equity as at 31/12/2003
Balances on half-yearly accounts of Unipol Assicurazioni	**2,421.5**	**117.0**	**2,538.4**	**2,529.5**
Difference between net book value and capital, reserves and profit for the period of consolidated undertakings	(1,256.5)	82.4	(1,174.1)	(1,187.9)
Differences arising from consolidation	1,065.2	(28.9)	1,036.3	1,069.7
Difference posted to other asset items (buildings)	60.2	(5.3)	54.9	60.2
Valuation of undertakings included by the equity method	9.0	5.7	14.6	16.1
Elimination of infra-group dividends	80.2	(80.2)	0.0	0.0
Infra-group transactions	(9.5)	0.0	(9.5)	(9.5)
Application of group accounting criteria	15.7	(10.4)	5.2	15.7
Balances on consolidated half-yearly accounts - Group	**2,385.7**	**80.2**	**2,465.8**	**2,493.8**
Minority interests	229.0	19.6	248.6	229.9
Total for the Group, minority interests included	**2,614.7**	**99.7**	**2,714.5**	**2,723.7**

The negative difference between the Parent Company's shareholders' equity and the Group shareholders' equity is mainly due to shareholdings acquired in previous financial years.

Balance Sheet and Profit and Loss Account of the Parent Company Unipol Assicurazioni S.p.A.

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**

		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	**3,543**	91	**30,600**	147	**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	**114,900**	106	**142,388**	162	**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	**20,811**	109	**4,540**	165	**40,102**
13. Profit before taxation	54	**135,711**	110	**146,929**	166	**209,127**
14. Tax on profit	55	18,760	111	56,464	167	75,020
15. Profit (loss) for the period	56	**116,951**	112	**90,465**	168	**134,107**

STATEMENT OF SHAREHOLDINGS OF OVER 10% AS AT 30 JUNE 2004
ACCORDING TO CONSOB CIRC. 11971 OF 14 MAY 1999, ARTICLE 126

Name	Registered office	% Holding			Total % Holding (*)
		Dir.	Ind.	Through	
Midi S.r.l.	Bologna	100.00%			100.00%
Smallpart S.p.A.	Bologna	100.00%			100.00%
Unifimm S.r.l.	Bologna	100.00%			100.00%
Winterthur Italia Holding S.p.A.	Milan	100.00%			100.00%
Unipol SGR S.p.A.	Bologna		100.00%	Unipol Banca S.p.A.	100.00%
Centro Servizi Missori S.r.l.	Milan		100.00%	Aurora Assicurazioni S.p.A.	100.00%
Grecale S.r.l.	Bologna		60.00%	Unipol Banca S.p.A.	
			40.00%	Unipol Merchant S.p.A.	100.00%
Immobiliare San Vigilio S.p.A.	Milan		100.00%	Aurora Assicurazioni S.p.A.	100.00%
Unipol Fondi LTD	Ireland		100.00%	Unipol Banca S.p.A.	100.00%
Unisalute Servizi S.r.l.	Bologna		100.00%	Unisalute S.p.A.	100.00%
Winterthur SIM S.p.A.	Milan		100.00%	Aurora Assicurazioni S.p.A.	100.00%
Wintervesa S.r.l.	Milan		100.00%	Aurora Assicurazioni S.p.A.	100.00%
Uniservice S.p.A. in liquidazione	Bologna		100.00%	Smallpart S.p.A.	100.00%
Navale Assicurazioni S.p.A.	Ferrara	99.27%			99.27%
Unieuropa S.r.l.	Bologna		98.00%	Smallpart S.p.A.	98.00%
Unipol Banca S.p.A.	Bologna	82.86%	10.00%	Aurora Assicurazioni S.p.A.	92.86%
Unisalute S.p.A.	Bologna	92.44%			92.44%
Winterthur Vita S.p.A.	Milan		90.00%	Aurora Assicurazioni S.p.A.	90.00%
Aurora Assicurazioni S.p.A.	Milan	87.73%			87.73%
Compagnia Assicuratrice Linear S.p.A.	Bologna	80.00%			80.00%
Dimensione Immobiliare S.p.A.	Bologna		39.00%	Unipol Merchant S.p.A.	
			21.00%	Smallpart S.p.A.	60.00%
Unipol Merchant S.p.A.	Bologna		50.50%	Unipol Banca S.p.A.	50.50%
BNL Vita S.p.A.	Milan	50.00%			50.00%
Quadrifoglio Vita S.p.A.	Bologna	50.00%			50.00%
Hotel Villaggio Cdm S.p.A.	Terrasini (PA)	49.00%			49.00%
Assicoop Genova S.p.A. in liq.	Genoa	49.00%			49.00%
Assicoop Ravenna S.p.A.	Ravenna		49.00%	Smallpart S.p.A.	49.00%
Assicoop Siena S.p.A.	Siena		49.00%	Smallpart S.p.A.	49.00%
Assicoop Romagna S.p.A.	Forlì		48.00%	Smallpart S.p.A.	48.00%
Assicoop Ferrara S.p.A.	Ferrara		47.40%	Smallpart S.p.A.	47.40%
Assicoop Imola S.p.A.	Imola (BO)		47.34%	Smallpart S.p.A.	47.34%
Assicoop Modena S.p.A.	Modena		47.00%	Smallpart S.p.A.	47.00%
A.P.A. S.p.A.	Parma		46.50%	Smallpart S.p.A.	46.50%
Assicoop Firenze S.p.A.	Firenze		44.00%	Smallpart S.p.A.	44.00%
AR.CO. Assicurazioni S.p.A.	Modena		40.00%	Smallpart S.p.A.	40.00%
Assicoop Sicura S.r.l.	Bologna		40.00%	Smallpart S.p.A.	40.00%
Finec Holding S.p.A.	Bologna	37.45%	1.30%	Unipol Merchant S.p.A.	38.75%
Assicura S.p.A.	Reggio Emilia		35.00%	Smallpart S.p.A.	35.00%
Uniaudit S.p.A.	Bologna		34.05%	Unipol Merchant S.p.A.	34.05%
SCS Azioninnova S.p.A.	Bologna		25.49%	Unipol Merchant S.p.A.	25.49%
Euresa Holding s.a.	Luxembourg	24.05%			24.05%
Mediss Health Care Services S.p.A.	Milan		20.00%	Aurora Assicurazioni S.p.A.	20.00%
Agefin S.p.A.	Bologna		19.90%	Unipol Banca S.p.A.	19.90%
CarFlash S.p.A.	Milan		19.90%	Aurora Assicurazioni S.p.A.	19.90%
Arcobaleno S.p.A.	Bologna		18.18%	Dimensione Immobiliare S.p.A.	18.18%
Syneteristiki Insurance s.a.	Greece	16.39%			16.39%
Inarcheck S.p.A.	Milan		15.38%	Smallpart S.p.A.	15.38%
Earchimede S.p.A.	Bologna		7.91%	Aurora Assicurazioni S.p.A.	
			6.17%	Unipol Merchant S.p.A.	14.08%
Previnet S.p.A.	Mogliano V. (TV)	14.00%			14.00%
Cestar S.r.l.	Pero (MI)	3.68%	9.34%	Aurora Assicurazioni S.p.A.	
			0.02%	Navale Assicurazioni S.p.A.	13.04%
Promorest S.r.l.	Bologna		12.50%	Unipol Merchant S.p.A.	12.50%
Atlantis Vida s.a.	Spain	12.50%			12.50%
Uci S.c.a.r.l.	Milan	4.25%	8.21%	Aurora Assicurazioni S.p.A.	
			0.02%	Navale Assicurazioni S.p.A.	12.48%
Protos SOA S.p.A.	Rome		10.59%	Smallpart S.p.A.	10.59%
Rita S.r.l.	Milan		5.76%	Aurora Assicurazioni S.p.A.	
			4.54%	Smallpart S.p.A.	
			0.46%	Navale Assicurazioni S.p.A.	10.76%

(*) All shareholdings are owned with full rights.

External Auditors' Report

KPMG

Revisione e organizzazione contabile

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

Review report

To the shareholders of
Compagnia Assicuratrice Unipol S.p.A.

1 We have reviewed the consolidated balance sheet, the consolidated profit and loss account and the relative notes of the Compagnia Assicuratrice Unipol S.p.A. as at and for the six months ended 30 June 2004, which are included in the half year report of Compagnia Assicuratrice Unipol S.p.A.. This half year report is the responsibility of the management of Compagnia Assicuratrice Unipol S.p.A.. Our responsibility is to prepare this report based on our review. We have also reviewed the part of the notes describing the activities of the group for the period with the sole objective of verifying consistency with the remainder of the half year report.

2 We conducted our review in accordance with Consob (the Italian Commission for Listed Companies and the Stock Exchange) guidelines set out in Consob resolution no. 10867 dated 31 July 1997 to which ISVAP (the Italian Supervisory Authority for the Insurance Sector) regulation no. 1207-G dated 6 July 1999 makes reference. The responsibility for the reviews of the half year reports of certain subsidiaries, representing approximately 29% and 27% of consolidated assets and consolidated net premiums, respectively, rests with other auditors. The review consisted primarily of the collection of information relating to the financial data and the consistency of application of the accounting policies through discussions with company management and analytical procedures applied to the financial data presented. The review excluded such audit procedures as tests of controls and verification or validation of assets and liabilities and is significantly less than an audit performed in accordance with generally accepted auditing standards. As a consequence, contrary to our reports on the annual consolidated financial statements, we do not express an opinion on the half year report.

3 With regard to the comparative figures relative to the annual consolidated financial statements and half year report of the previous year, reference should be made to our reports dated 9 April 2004 and 13 October 2003.

4 Based on our review, we are not aware of any material modifications or integrations that should be made to the consolidated balance sheet, consolidated profit and loss account and relative notes described in paragraph 1 for them to be in conformity with Consob guidelines governing the preparation of the half year reports approved with resolution no. 11971 dated 14 May 1999 and ISVAP regulation no. 1207-G dated 6 July 1999.

Bologna, 11 October 2004

KPMG S.p.A.

(signed on the original)

Massimo Tamburini
Director of Audit

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