MEDIOBANCA INTERNATIONAL
(Luxembourg) S.A.
Société Anonyme

ANNUAL ACCOUNTS
and
INDEPENDENT AUDITOR'S REPORT
as at June 30, 2007

MEDIOBANCA INTERNATIONAL (Luxembourg) S.A.
Société Anonyme

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DIRECTORS AND OTHER INFORMATION

Board of Directors	Term expires	Location
Chairman		
Massimo DI CARLO	2008	Italy
Managing Directors		
Alfredo Luigi CIOCCA	2008	Luxembourg
Peter W GERRARD	2008	Luxembourg
Directors		
Stefano PELLEGRINO	2008	Italy
Silvio PERAZZINI	2008	Italy
Paolo PONZANELLI	2008	Italy
Federico POTSIOS	2008	Italy
Alex SCHMITT	2008	Luxembourg
Legal Advisors		
Bonn Schmitt Steichen		Luxembourg
Auditors		
Ernst & Young S.A.		Luxembourg

MEDIOBANCA INTERNATIONAL (LUXEMBOURG) S.A.

FINANCIAL SITUATION AT 30 JUNE 2007

BOARD OF DIRECTORS' REVIEW OF OPERATIONS

The previous financial period's financial statements were prepared in accordance with Luxembourg Laws and Generally Accepted Accounting Principles ('Lux GAAP'). Pursuant to authorization received from the CSSF on 8 January 2007, the financial statements for the year ended 30 June 2007 have been prepared in accordance with International Financial Accounting Standards. Data presented for purposes of comparison has also been compiled on an IFRS-compliant basis.

In the period ended 30 June 2007, the Bank earned a net profit of €8,996,701 (21 December 2005 to 30/06/2006: €3,408,624 restated from Luxembourg GAAP to IFRS).

During the year under review bonds worth a total of €612,000,000 were issued against the Bank's Medium Term Notes Programme, and bonds worth €1,935,889,000 were issued against its Short Term Programme. Customer lending amounted to €3,420,068,449 (2006: €433,574,936). Net fee and commission income during the year totalled €5,432,823 (2006: €3,082,902).

No major events have occurred subsequent to the reporting date which could materially impact on the company's asset, earnings or financial situation. No provision was made in relation to the AGDL as the Bank does not have any private clients nor does it undertake any transaction or asset management activity for or on behalf of private clients.

The Bank does not own, nor has it acquired or disposed of during the year under review, any treasury shares or shares in the Parent company.

In June of 2007, the Bank issued a perpetual subordinated note in the amount of €39,250,000 entirely taken up by Mediobanca S.p.A. Milan. This amount is included in the Bank's Tier II capital for capital adequacy calculations.

With respect to reporting requirements regarding the direction and co-ordination of Mediobanca International (Luxembourg) S.A. it should be noted that accounts outstanding between the Bank, its Parent and other group companies are financial in nature and may be summarized as follows:

Parent Company:	
Due From Mediobanca S.p.A	€2,945,051,702
Due to Mediobanca S.p.A.	€3,681,537,364

In the forthcoming financial year and in the light of recent global economic developments, the Bank will carefully continue to develop its activities in the loan sector while keeping costs under control.

MEDIOBANCA INTERNATIONAL (Luxembourg) S.A.
Société Anonyme

We propose the following allocation of Profits:

Profit for the year	€	8,996,701
Balance on retained earnings	€	969,803
Total profit to be allocated	**€**	**9,966,504**
To specific reserve for N.W.T.	€	1,936,750
To free reserves	€	8,029,754

pp. BOARD OF DIRECTORS
CHAIRMAN
(Mr. M. Di Carlo)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Bank's annual accounts in accordance with applicable law and regulations for each financial year. The directors have elected to prepare the Mediobanca group financial statements in accordance with IFRS as adopted by the EU and applied in accordance with the provisions of Luxembourg banking law.

The annual accounts are required by law and IFRS, as adopted by the EU, to present fairly the financial position and performance of the Bank. In preparing the financial statements the Directors are required to:

- Select suitable accounting policies and apply them consistently.
- Make judgments and estimates that are reasonable and prudent.
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume so.

The directors are responsible keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the Bank and enable them to ensure that its annual accounts comply with IFRSs and laws governing at their time of presentation.

They are also responsible for taking such steps as are reasonably open to them to safeguard the assets of the Bank and to prevent and detect fraud and other irregularities from occurring.

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors,
Mediobanca International (Luxembourg) S.A.
Luxembourg

Report on the annual accounts

Following our appointment by the Board of Directors, we have audited the accompanying annual accounts of Mediobanca International (Luxembourg) S.A., which comprise the balance sheet as at June 30, 2007, and the income statement, cash flow statement and statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Board of Directors' responsibility for the annual accounts

The Board of Directors is responsible for the preparation and fair presentation of these annual accounts in accordance with International Financial Reporting Standards as adopted by the European Union. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of annual accounts that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Responsibility of the "Réviseur d'Entreprises"

Our responsibility is to express an opinion on these annual accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted by the "Institut des Réviseurs d'Entreprises". Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the annual accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. The procedures selected depend on the judgement of the "Réviseur d'Entreprises", including the assessment of the risks of material misstatement of the annual accounts, whether due to fraud or error. In making those risk assessments, the "Réviseur d'Entreprises" considers internal control relevant to the entity's preparation and fair presentation of the annual accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the annual accounts. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the annual accounts give a true and fair view of the financial position of Mediobanca International (Luxembourg) S.A. as of June 30, 2007, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Report on other legal and regulatory requirements

The Directors' report, which is the responsibility of the Board of Directors, is in accordance with the annual accounts.

ERNST & YOUNG
Société Anonyme
Réviseur d'Entreprises

Isabelle NICKS

Luxembourg, September 17, 2007

MEDIOBANCA INTERNATIONAL (Luxembourg) S.A.
Société Anonyme

BALANCE SHEET
June 30, 2007
(Expressed in EUR)

ASSETS	**Note**	**30-Jun-07**	**30-Jun-06**
Cash and amounts with central banks	3	37,436,483	5,279,309
Financial assets held for trading	4	36,676,002	21,999,287
Due from banks	5	3,225,008,010	986,597,535
Loans and advances to customers	6	3,420,068,449	433,574,936
Hedging derivatives	7	3,493,227	2,173,577
Tangible assets	8	49,406	64,814
Intangible assets	8	24,000	32,000
Other assets	9	1,415,098	2,222,060
TOTAL ASSETS		**6,724,170,675**	**1,451,943,518**

LIABILITIES	**Note**	**30-Jun-07**	**30-Jun-06**
Amounts due to banks	10	3,781,690,853	433,125,602
of which: Subordinated debt (Tier 2 funds)		*39,250,000*	-
Debt securities in issue	11	2,786,820,873	912,867,070
Financial liabilities held for trading	12	28,730,292	10,243,021
Hedging derivatives	13	30,886,204	15,600,144
Tax liabilities	14	2,375,790	636,592
of which deferred Tax Liabilities		*649,255*	-
Other liabilities	15	6,047,151	848,278
TOTAL LIABILITIES		**6,636,551,163**	**1,373,320,707**

SHAREHOLDERS' EQUITY			
Share capital	16	10,000,000	10,000,000
Reserves	17	67,653,008	63,317,000
Profit Brought Forward	17	969,803	1,897,187
Profit for the year / period	17	8,996,701	3,408,624
Total shareholders' equity		**87,619,512**	**78,622,811**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**6,724,170,675**	**1,451,943,518**

The accompanying notes form an integral part of these annual accounts.

MEDIOBANCA INTERNATIONAL (Luxembourg) S.A.
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Income statement for the year to June 30, 2007
(Expressed in EUR)

	30-Jun-07	Dec 21, 2005 Jun 30, 2006
Interest and similar income	187,639,604	59,139,782
of which net result from hedging activities	*2,705,256*	*1,384,000*
Interest and similar expense	(180,292,243)	(56,491,644)
Net interest income	**7,347,361**	**2,648,138**
Fee and commission income	13,635,776	4,927,247
Fee and commission expense	(8,202,953)	(1,844,345)
Net Fee and commission Income	**5,432,823**	**3,082,902**
Other operating expense	**(383,979)**	**(462,569)**
Other operating income	**69,343**	**1,141**
Administrative expenses:	**(1,705,246)**	**(1,200,192)**
of which personnel costs	*(610,636)*	*(345,786)*
of which other administrative expenses	*(1,094,610)*	*(854,406)*
Amortisation of tangible assets	**(16,402)**	**(16,204)**
Amortisation of intangible assets	**(8,000)**	**(8,000)**
Profit on ordinary activities before tax	**10,735,900**	**4,045,216**
Income tax expense	(1,739,199)	(636,592)
Net profit for the year/period	**8,996,701**	**3,408,624**

The accompanying notes form an integral part of these annual accounts.

MEDIOBANCA INTERNATIONAL (Luxembourg) S.A.
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STATEMENT OF CHANGES IN EQUITY (in EUR)

	Balance at June 30, 2006	Allocation of the profits	Profit for the year ended 30/06/2007	Net equity at 30/06/2007
Share capital:				
a) ordinary shares	10,000,000	-	-	10,000,000
b) other shares	-	-	-	-
Share premium	-	-	-	-
Profit brought forward	1,897,187	(927,384)	-	969,803
Reserves:				
a) Legal reserve (1)	-	1,000,000	-	1,000,000
b) Free Reserves	63,100,000	1,411,008	-	64,511,008
c) Special reserves (2)	-	1,925,000	-	1,925,000
d) FTA reserves	217,000			217,000
Net profit for year/period	3,408,624	(3,408,624)	8,996,701	8,996,701
Net equity	78,622,811	-	8,996,701	87,619,512

(1) Luxembourg law (see note 17)
(2) Reserves linked to exoneration of Net Wealth Tax charge subject to conditions (see note 14)

The accompanying notes form an integral part of these annual accounts.

MEDIOBANCA INTERNATIONAL (Luxembourg) S.A.
Société Anonyme

CASH FLOW STATEMENT

Direct method

Figures in EUR thousand.

		Amount	
A.	CASH FLOW FROM OPERATING ACTIVITIES	30-Jun-07	Dec 21, 2005 to 30-Jun-06
1.	**Operating activities**	**20,948**	**3,588**
	– interest received	169,301	70,448
	– interest paid	(153,541)	(70,018)
	– net fee and commission received	7,246	3,548
	– cash payments to employees	(611)	(633)
	– other expenses paid	(1,447)	(1,736)
	– other income received	-	1,979
	– income taxes paid	-	-
2.	**Cash generated/(absorbed) by financial assets**	**(5,234,765)**	**609,005**
	– trading securities	-	188,929
	– amounts due from customers	(2,970,118)	(133,448)
	– amounts due from banks: on demand	(1,435,843)	(422,431)
	– amounts due from banks: other	(828,270)	977,775
	– other assets	(534)	(1,820)
3.	**Cash (generated)/absorbed by financial liabilities**	**5,174,569**	**(612,472)**
	– amounts due to banks: on demand	3,290,867	(41,432)
	– amounts due to banks: other	-	433,489
	– amounts due to clients	-	(188,929)
	– debt securities in issue	1,877,702	(820,330)
	– financial liabilities at fair value	-	-
	– other liabilities	6,000	4,730
	Net cash flow (outflow) from operating activities	**(39,248)**	**(121)**
B.	CASH FLOW FROM INVESTMENT ACTIVITIES		
1.	**Cash generated from**	-	-
	– disposals/redemptions of held-to-maturity investments	-	-
	– disposals of tangible assets	-	-
	– disposals of intangible assets	-	-
2.	**Cash absorbed by**	**(1)**	**(121)**
	– acquisitions of tangible assets	(1)	(81)
	– acquisitions of intangible assets	-	(40)
	Net cash flow (outflow) from investment activities	**(1)**	**(112)**
C.	FUNDING ACTIVITIES	-	-
	– issues/purchases of treasury shares	-	-
	– issues/purchases of equity instruments	-	-
	– issues/purchases of subordinated debt	39,250	-
	Net cash flow (outflow) from funding activities	39,250	-
	NET CASH FLOW (OUTFLOW) DURING YEAR/PERIOD	**1**	-

RECONCILIATION

	Amount	
	30-Jun-07	Dec 21, 2005 to 30-Jun-06
Cash and cash equivalents: balance at 1 July	-	-
Total cash flow (outflow) during year/period	1	-
Cash and cash equivalents: exchange rate effect	-	-
Cash and cash equivalents: balance at 30 June	1	-

The accompanying notes form an integral part of these annual accounts.

NOTES TO THE ANNUAL ACCOUNTS
June 30, 2007

NOTE 1 – CORPORATE INFORMATION

Corporate matters

Mediobanca International (Luxembourg) S.A. (the "Bank") was incorporated under the name of "Mediobanca International Limited" on September 13, 1990 under the Companies Law of the Cayman Islands, with its Registered Office at Ugland House, South Church Street, P.O. Box 309 George Town, Grand Cayman, Cayman Islands, British West Indies.

On December 21, 2005, the shareholders of the Bank decided to transfer the registered office and the principal establishment of the Bank from the Cayman Islands to the Grand-Duchy of Luxembourg and declared that the Bank had accordingly adopted the Luxembourg nationality. In addition, the shareholders of the Bank decided to adopt the form of "Société Anonyme" and to change the name of the Bank to Mediobanca International (Luxembourg) S.A.

Nature of the Bank's business

The activities of the Bank are:

- Raising funds on international markets, via the issuance of bonds and other financial instruments.
- Corporate lending operations serving corporate clients, either directly or by participation in syndicated lending. All corporate lending is guaranteed by the Parent Mediobanca S.p.A., Milan, or SACE (Italian Government Agency).

Outsourcing

Since inception, the Bank has outsourced a significant part of its activities to the Parent Bank under the terms of a servicing contract. Those terms are at arm's length conditions.

Annual accounts

The Bank's financial year runs from July 1, - June 30, except for the first period which ran from December 21, 2005 up to June 30, 2006.

The annual accounts were authorised for issue by the Bank's Board of Directors on September 17, 2007.

NOTE 1 – CORPORATE INFORMATION (continued)

Parent undertaking

The Bank is a wholly-owned subsidiary of Mediobanca – Banca di Credito Finanziaria S.p.A. (hereafter "Mediobanca S.p.A."), having its registered office is Piazzetta Enrico Cuccia 1, Milan, Italy. The annual accounts of the Bank are included in the consolidated accounts of Mediobanca S.p.A.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND VALUATION RULES

Basis of Preparation

The Bank prepared its accounts from December 21, 2005 to June 30, 2006 under Luxembourg Generally Accepted Accounting Principles ("Lux GAAP"). The Bank received permission from the CSSF on January 8, 2007 to prepare its accounts under IFRS. Therefore, as of June 30, 2006 the Bank's annual accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS) issued by the International Accounting Standards Board (IASB) currently in force. These were adopted by the European Commission in accordance with the procedure laid down under Article 6 of EC regulation 1606/02 issued by the European Council and Parliament on July 19, 2002. A summary of the main accounting policies adopted by the Mediobanca Group under IFRS is provided below.

The books and records of the Bank are kept in Euro ("EUR") and the annual accounts have been prepared using the following accounting policies:

Effects of IFRS restatement

Comparative information for the prior period has been re-stated to comply with IFRS. Assets and liabilities have been recognised or de-recognised and measured in value in accordance with IFRS provisions applicable at the date of transition. Reconciliations between the previous Luxembourg GAAP and IFRS of balance sheet and the income statement have been provided in Note 22.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND VALUATION RULES (continued)

Financial assets held for trading

This category comprises debt securities, equities and the positive value of derivatives held for trading including those embedded in complex instruments such as structured bonds (recorded separately).

At the settlement date for securities and trade date for derivatives (initial recognition), such assets are recognized at fair value not including any transaction expenses or income directly attributable to the asset concerned which are taken through profit and loss.

After initial recognition they continue to be measured at fair value (subsequent measurement), which for listed instruments is calculated on the basis of market prices ruling at the reporting date. If no market prices are available, valuation methods and models are used based on market-derived data e.g. valuations of listed instruments with similar features, discounted cash flow analysis, option price calculation methods, or valuations used in comparable transactions. Equities and linked derivatives for which it is not possible to reliably determine fair value using the methods described above are stated at cost. If the assets suffer impairment, they are written down to their current value.

Gains and losses upon disposal and/or redemption and the positive and negative effects of changes in fair value over time are reflected in earnings under the heading other operating income or other operating expense.

Loans and advances to customers

These comprise loans to customers and banks which provide for fixed or otherwise determinable payments that are not quoted in an active market and which do not need to be classified as available for sale.

Loans and receivables are booked on disbursement at a value equal to the amount drawn plus (less) any income (expenses) directly attributable to individual transactions and determinable from the outset despite being payable at a later date. The item does not, however, include costs subject to separate repayment by the borrower, or which may otherwise be accounted for as ordinary internal administrative costs.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND VALUATION RULES (continued)

Loans and advances to customers (continued)

Loans and receivables are stated at amortized cost, i.e. initial values adjusted upwards or downwards to reflect: repayments of principal, amounts written down/back, and the difference between amounts drawn at disbursement and repayable at maturity amortized on the basis of the effective interest rate. The latter is defined as the rate of interest which renders the discounted cash flow of future cash flows deriving from the loan or receivable by way of principal and interest equal to the initial recognition value of the loan or receivable.

Individual items are tested at annual and interim reporting dates to show whether or not there is evidence of impairment. Items reflecting such evidence are then subjected to analytical testing, and, if appropriate, adjusted to reflect the difference between their carrying amount at the time of the impairment test (amortized cost), and the present value of estimated future cash flows discounted at the asset's original effective interest rate. Future cash flows are estimated to take account of anticipated collection times, the presumed value of receivables upon disposal of any collateral, and any costs likely to be incurred in order to recover the exposure. Cash flows from loans expected to be recovered in the short term are not discounted.

The original effective interest rate for each loan remains unchanged in subsequent years, even if new terms are negotiated leading to a reduction below market rates, including non-interest-bearing loans. The relevant value adjustment is taken through earnings. If the reasons which brought about the loss of value cease to apply, the original value of the loan is recovered in earnings in subsequent accounting periods up to the value of amortized cost.

Accounts for which there is no objective evidence of impairment, including those involving counterparties in countries deemed to be at risk, are subject to collective tests. Loans are grouped on the basis of similar credit risk characteristics, and the related loss percentages are estimated at the test date on the basis of historical series of internal and external data. Collective value adjustments are credited or charged to earnings, as appropriate. At each annual and interim reporting date, any write downs or write backs are re-measured on a different basis from the entire portfolio of loans deemed to be performing at that date.

All loans are guaranteed by the Parent Bank and therefore the Bank has no risk from non performing loans.

Other assets

Other assets are stated at cost less impairment.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND VALUATION RULES (continued)

Derivative Financial Instruments

All the Bank's hedging activity is with the Parent Bank. The Bank has Fair value hedges, which are intended to offset the exposure of recognized assets and liabilities to changes in the fair value. Certain derivatives embedded in other financial instruments, such as the conversion option in a convertible bond, are treated as separate derivatives when their economic characteristics and risks are not closely related to those of the host contract and the host contract is not carried at fair value through profit and loss. These embedded derivatives are measured at fair value with changes in fair value recognised in the income statement.

Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative.

Hedge derivatives are recognized at fair value as follows:

Changes in fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement (interest and similar income) together with any changes in the fair value of the hedged asset, where a difference between the two values emerges as a result of the partial ineffectiveness of the hedge.

Hedge accounting is permitted for derivatives where the hedging relationship is formally designated and documented, the hedge is effective at its inception and is expected to be so for its entire life, its effectiveness can be reliably measured.

A hedge is considered to be effective when the changes in fair value or cash flow of the hedging instrument offset those of the hedged item within a range of 80-125%. The effectiveness of the hedge is assessed both prospectively and retrospectively at annual and interim reporting dates, the former to show expectations regarding effectiveness, the latter to show the degree of effectiveness actually achieved by the hedge during the period concerned. If an instrument proves to be ineffective, hedge accounting is discontinued and the derivative concerned is accounted for under trading derivatives. The gain or loss on remeasurement to fair value of trading derivatives is recognised immediately in the income statement.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND VALUATION RULES (continued)

Tangible assets

These comprise furniture, fittings and equipment which are stated at historical cost, which in addition to the purchase price includes any ancillary charges directly resulting from their acquisition and usage. They are depreciated over the length of their useful life on a straight-line basis.The depreciation rate used is 20%.

At annual and interim reporting dates, where there is objective evidence that the value of an asset may be impaired, its carrying amount is compared to its current value, which is defined as the higher of its fair value net of any sales costs and its related value of use, and adjustments, if any, are recognized through profit and loss. If the reasons which gave rise to the loss in value cease to apply, the adjustment is written back to earnings with the provision that the amount credited may not exceed the value which the asset would have had net of depreciation, which is calculated assuming no impairment took place.

Intangible assets

This consists of long-term computer applications, recognized at cost, adjusted to reflect ancillary charges only where it is likely that future earnings will derive from the asset and the cost of the asset itself may be reliably determined. Otherwise the cost of the asset is booked to profit and loss in the year in which the expense was incurred.

The cost of intangible assets is amortized on a straight-line basis over the useful life of the asset concerned. The depreciation rate used is 20%. At annual and interim reporting dates, where there is evidence of impairment the realizable value of the asset is estimated, and the impairment is recognized in profit and loss as the difference between the carrying amount and the recoverable value of the asset concerned.

Cash and amounts with central banks

Cash and amounts with central banks comprise cash balances on hand, cash deposited with central banks and short-term highly liquid investments with maturities of three months or less when purchased.

Credit institutions established in Luxembourg are required to hold minimum reserves with the Luxembourg Central Bank. These deposits represent 2% of some of their liabilities. Compliance with the reserve requirement is determined on the basis of the institutions' average daily reserve holdings over the maintenance period, thus reserves of credit institutions can vary from one day to another following their treasury management, the money market or their expectations in of interest rates.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND VALUATION RULES (continued)

Financial liabilities

Initial recognition of interest bearing liabilities, other than financial liabilities held for trading, takes place when funds raised are collected or debt securities are issued, and occurs at fair value, which is equal to the amount collected net of transaction costs incurred directly or indirectly in connection with the liability concerned. Thereafter liabilities are stated at amortized cost on the basis of the original effective interest rate, with the exception of short-term liabilities which continue to be stated at the original amount collected.

Derivatives embedded in structural bonds are stripped out from the underlying contract and recognized at fair value. Subsequent changes in fair value are recognized through profit and loss.

Financial liabilities held for trading are measured at fair value through the profit and loss. This category comprises the negative value of derivatives held for trading.

Financial liabilities are derecognized upon expiry or repayment, even if buybacks of previously issued bonds are involved. The difference between the liabilities' carrying value and the amount paid to repurchase them is recorded through profit and loss.

Foreign currency transactions

The annual accounts are presented in euro, which is the Bank's functionnal and presentation currency. Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to euro at the foreign exchange rate ruling at that date.. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to euro at foreign exchange rates ruling at the date the fair value was determined.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when the Bank has a legally enforceable right to offset the recognised amounts and the transactions are intended to be settled on a net basis or realise the asset and settle the liability simultaneously.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND VALUATION RULES (continued)

Interest income and expense

For all instruments measured at amortised cost, interest income and expense are recognised in the income statement as they accrue, taking into account the effective yield of the asset and the liability or an applicable floating rate. Interest income and expense include the amortisation of any discount or premium or other differences between the initial carrying amount of an interest bearing instrument and its amount at maturity calculated on an effective interest rate basis.

Fee and commission income

Fee and commission income is recognised when the corresponding service is provided.

Pension plan, defined benefit plans

The Bank has no obligation regarding post employee benefit to be recognised under IFRS.

Income tax

Income tax is recorded in the income statement. Provisions for income tax are calculated on the basis of current, advance and deferred obligations. Advance and deferred tax is calculated on the basis of temporary differences – without time limits – between the carrying amount of an asset or liability and its taxable amount. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years. Advance tax assets are recognized in the balance sheet to the degree in which it is likely that they will be recovered.

Deferred income tax is provided using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized in the balance sheet with the exception of tax-suspended reserves, if the size of the reserves available and already subjected to taxation is such that it may reasonably be assumed that no transactions will be carried out on the Bank's initiative that might lead to their being taxed. Deferred tax is recorded in the income statement on net gains from the fair value on derivatives.

Tax assets and liabilities are adjusted as and when changes occur in the regulatory framework or in applicable tax rates, *inter alia* to cover charges that might arise in connection with inspections by or disputes with the tax revenue authorities.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND VALUATION RULES (continued)

Provisions

Provisions are recognised when the Bank has a present obligation (legal or constructive) as a result of a past event and when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and when a reliable estimate can be made of the amount of the obligation. Where the Bank expects part or all of a provision to be reimbursed, for example under an insurance contract or a guarantee by the Parent Company, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

The Bank is a member of the "Association pour la guarantie de Dépôts, Luxembourg" ("AGDL") No provision was made in relation to the AGDL as the Bank does not have any private clients nor undertakes any transactions or asset management activity for or on behalf of private clients.

NOTE 3 – CASH AND AMOUNTS WITH CENTRAL BANKS IN EUR 000's

	June 30, 2007	June 30, 2006
Cash	1	-
Amounts with Central Bank	37,435	5,279
Total Cash and Amounts at Central Banks	**37,436**	**5,279**

Mandatory reserve deposits with the central Bank are not used in the Bank's day to day operations.

NOTES TO THE ANNUAL ACCOUNTS (continued)
June 30, 2007

NOTE 4 – FINANCIAL ASSETS HELD FOR TRADING IN EUR 000's

Fair Value	June 30, 2007			June 30, 2006		
	Listed	Unlisted	Total	Listed	Unlisted	Total
A Financial assets						
1. Debt securities	5,257	-	5,257	5,445	-	5,445
B. Derivative products						
1. Financial derivatives.	-	30,511	30,511	-	16,547	16,547
2. Credit derivatives	-	908	908	-	7	7
Total Financial Assets held for Trading	**5,257**	**31,419**	**36,676**	**5,445**	**16,554**	**21,999**

Financial assets held for trading: derivative products

Type of derivative/underlying asset	Interest rate	Foreign currency/gold	Equities	Other	June 30, 2007	June 30, 2006
Unlisted derivatives						
a) Financial derivatives:						
– options bought	-	-	-	-	-	-
– other derivatives	-	3,663	-	-	3,663	3,559
– options acquired	-	-	26,848	-	26,848	12,988
b) Credit derivatives:						
– with exchange of principal	-	-	-	-	-	-
– without exchange of principal	-	-		908	908	7
Total Unlisted Derivatives	**-**	**3,663**	**26,848**	**908**	**31,419**	**16,554**

All derivative contracts are with the Parent Bank Mediobanca S.p.A.

NOTE 5 –DUE FROM BANKS IN EUR 000's

Loans and advances to Credit Institutions by maturity:

	June 30, 2007	June 30, 2006
Repayable on Demand	15,478	24,322
Loans and receivables to banks at term:		
- Over 5 years	186,838	104,000
- 1 to 5 years	1,053,552	203,362
- 3 Months to 1 year	32,653	134,971
- Less than 3 months	1,936,487	519,943
Total	**3,225,008**	**986,598**

Due from the Parent Bank amount to 2,945,052 at June 30, 2007, (2006: 981,133).

Loans and advances to credit institutions may be analyzed according to their geographical origin as follows:

	June 30, 2007	June 30, 2006
- Luxembourg	83	82
- Other OECD countries	2,945,051	986,516
- Non OECD countries	279,874	-
Total	**3,225,008**	**986,598**

NOTE 6 – LOANS AND ADVANCES TO CUSTOMERS IN EUR 000's

Loans and advances to customers are split in accordance with their remaining maturity as follows:

	June 30, 2007	June 30, 2006
Loans and receivables to customers		
- Over 5 years	785,379	353,314
- 1 to 5 years	1,651,700	-
- 3 Months to 1 year	840,315	78,372
- Less than 3 months	142,674	1,889
Total	**3,420,068**	**433,575**

Loans and advances to customers may be analyzed according to their geographical origin as follows:

	June 30, 2007	June 30, 2006
- Other OECD countries	3,418,646	433,575
- Non OECD countries	1,422	-
Total	**3,420,068**	**433,575**

NOTE 7 – ASSET HEDGE DERIVATIVES IN EUR 000's

All derivative contracts are with the Parent Bank in Italy and are unlisted.

Type of derivative/underlying asset	Interest rates	Foreign currency/gold	Equities	Loans	Other	June 30, 2007	June 30, 2006
Unlisted derivatives							
1) Financial derivatives:	-	-	-	-	-	-	-
– options bought	-	-	-	-	-	-	-
– other derivatives	1,436	-	-	-	2,057	3,493	2,174
Total 30/06/07	**1,436**	-	-	-	**2,057**	**3,493**	-
Total 30/06/06	**1,232**	-	-	-	**942**	-	**2,174**

Asset hedge derivative contracts by portfolio hedged and hedge type:

	Fair value							
	Specific risks							
	Interest rate risk	Exchange rate risk	Credit risk	Price risk	More than one risks	General risk	June 30, 2007	June 30, 2006
Total 30/06/07	**1,436**	-	-	-	-	**2,057**	**3,493**	-
Total 30/06/06	**1,232**	-	-	-	-	**942**	-	**2,174**

NOTE 8 – MOVEMENTS IN TANGIBLE AND INTANGIBLE ASSETS IN EUR 000's

Intangible assets consist of software licenses.

The following movements have occurred in the Bank's fixed assets in the course of the financial year:

FIXED ASSETS	Gross value at the beginning of the financial period	Additions	Disposals	Gross value at the end of the financial year	Cumulative value adjustments	Net value at the end of the financial year
1. Intangible Assets	40	-	-	40	(16)	24
2. Tangible assets						
of which:						
Other fixtures and fittings, tools and equipment	81	-	-	81	(32)	49

NOTE 9 – OTHER ASSETS IN EUR 000's

	June 30, 2007	June 30, 2006
- Withholding Tax	785	-
- Advance Tax Paid	510	-
- Value Added Tax	47	-
- Other	73	2,222
Total	**1,415**	**2,222**

NOTE 10 – AMOUNTS DUE TO BANKS IN EUR 000's

Amounts due to Banks are split in accordance with their remaining maturity as follows:

	June 30, 2007	June 30, 2006
- Perpetual Subordinated Debt	39,250	-
- Over 5 years	1,027,996	353,314
- 1 to 5 years	1,731,156	-
- 3 Months to 1 year	840,315	78,372
- Less than 3 months	142,973	1,440
Total	**3,781,690**	**433,126**

Amounts due to the Parent Bank were 3,681,537, (2006: 433,126) of which 39,250, relates to the issue of perpetual subordinated debt assimilated to T2 Capital. All amounts due to banks are banks within OECD countries.

NOTE 10 – AMOUNTS DUE TO BANKS IN EUR 000's (continued)

Amounts due to banks are split in accordance with their type as follows (at fair value):

	June 30, 2007	June 30, 2006
1. Amounts Due to banks at term	3,697,205	433,126
2. Amounts due to banks 'Schuldschein'	84,485	-
Total	**3,781,690**	**433,126**

NOTE 11 – DEBT SECURITIES IN ISSUE IN EUR 000's

Debt Securities are issued under the Medium and Short Term Notes Programs. All issues are unlisted.

Debts evidenced by certificates are split in accordance with their remaining maturity as follows (at fair value):

	June 30, 2007	June 30, 2006
- Over 5 years	97,143	122,050
- 1 to 5 years	754,425	181,045
- 3 Months to 1 year	24,704	131,197
- Less than 3 months	1,910,549	478,575
Total	**2,786,821**	**912,867**

NOTE 11 – DEBT SECURITIES IN ISSUE IN EUR 000's (continued)

Debts evidenced by certificates are split in accordance with their type as follows

Debt Securities in issue (at fair value)	June 30, 2007	June 30, 2006
	Fair value	Fair value
Unlisted securities		
1. Bonds	859,815	426,427
2. Other debt securities	1,927,006	486,440
Total	**2,786,821**	**912,867**

NOTE 12 –FINANCIAL LIABILITIES HELD FOR TRADING IN EUR 000's

Type of derivative product

Derivative products	June 30, 2007			June 30, 2006		
	FV		Total	FV		Total
	L	NL		L	NL	
1. Financial derivatives	-	27,822	27,822	-	10,243	10,243
2. Credit derivatives	-	908	908	-	-	-
Total	-	**28,730**	**28,730**	-	**10,243**	**10,243**

FV = fair value
L = listed
NL = unlisted

NOTE 12 – FINANCIAL LIABILITIES HELD FOR TRADING IN EUR 000's (continued)

Type of derivative/underlying asset

Type of derivative/underlying asset	Interest rates	Foreign currency/gold	Equities	Loans	Others	June 30, 2007	June 30, 2006
Unlisted derivative products							
1. Financial derivatives							
– other derivatives	-	974	-	-	-	974	1,175
– options issued	-	-	26,848	-	-	26,848	9,068
2. Credit derivatives							
– without exchange of principal	-	-	-	-	908	908	-
Total	-	**974**	**26,848**	-	**908**	**28,730**	**10,243**

NOTE 13 – LIABILITY HEDGE DERIVATIVES IN EUR 000's

Liability hedge derivatives by type of product and underlying asset:

Type of derivative/underlying asset	Interest rates	Foreign currency/gold	Equities	Loans	Others	Total
Unlisted derivative products						
1) Financial derivatives:						
– without exchange of principal	-	-	-	-	-	-
– other derivatives	30,886	-	-	-	-	30,886
2) Credit derivatives:						
– with exchange of principal	-	-	-	-	-	-
– without exchange of principal	-	-	-	-	-	-
Total 30/06/07	**30,886**	-	-	-	-	**30,886**
Total 30/06/06	**13,821**	-	-	-	1,779	**15,600**

Liability hedge derivatives by portfolio hedged and hedge type:

	Fair value hedges					
	Specific risks					General risk
	Interest rate risk	Exchange rate risk	Credit risk	Price risk	More than one risk	
Total 30/06/07	**30,886**	-	-	-	-	-
Total 30/06/06	**13,821**	-	-	-	-	**1,779**

NOTE 14 – TAX LIABILITIES IN EUR 000's

The Bank is liable for all taxes to which the credit institutions are subject to in Luxembourg. The Bank opts for the exoneration of the net wealth tax charge of EUR 387,350 (2006: 379,950) provided the following conditions are fulfilled:

(1) A reserve equivalent to 5 times the net wealth tax liability is created. A new reserve has to be created each year. This requires a decision of the general shareholders' meeting and this reserve has to appear in the balance sheet. If the profit of the year is not sufficient to create the reserve, it is possible to transfer the profit of the preceding years to create such reserve.

(2) This reserve is maintained for a period of at least 5 years after the year of the credit.

The amount of net wealth tax that can be reduced is the lower of net wealth tax and corporate income tax before tax credits, and the reduction will be equalled to one fifth of the reserve booked.

	June 30, 2007	June 30, 2006
Amounts due to Tax Authorities:		
- Deferred Income Tax	649	-
- Corporate Income Tax (IRC)	1,323	480
- Municipal Business Tax on Profits (ICC)	404	157
Total	**2,376**	**637**

The deferred tax liability relates to the net gain on financial assets and liabilities recognized at fair value through profit and loss. Luxembourg tax laws do not at this balance sheet date recognize fair value adjustments under IAS 32 and 39 therefore no actual liability exists at balance sheet date.

NOTE 15 – OTHER LIABILITIES IN EUR 000's

Other liabilities are split as follows:

	June 30, 2007	June 30, 2006
- Invoices pending settlement or issue	44	480
- Salary related contributions	3	-
- Other	-	368
- Income received in advance	6,000	-
Total	**6,047**	**848**

Income received in advance as of June 30, 2007 relates to a commission received in advance from a foreign bank relating to a lending transaction commencing in July 2007.

NOTE 16 – SUBSCRIBED CAPITAL

On December 21, 2005, the shareholders of the Bank decided to transfer the registered office and the principal establishment of the Bank from the Cayman Islands to the Grand-Duchy of Luxembourg and declared that the Bank had accordingly adopted the Luxembourg nationality.

In addition, the shareholders of the Bank decided to adopt the form of "Société Anonyme" and to change the name of the Bank to Mediobanca International (Luxembourg) S.A and to restructure the capital of the Bank by replacing the 10 million shares with a par value of EUR 1 with 1 million shares with a par value of EUR 10, all of the shares being fully subscribed by Mediobanca group. As of December 21, 2005, the share capital of the Bank amounted to EUR 10,000,000 and was divided into 1 million shares of a par value of EUR 10 each.

As of June 30, 2007 and 2006, the share capital of the Bank amounts to EUR 10,000,000 and is divided into 1 million shares with a par value of EUR 10 each.

NOTES TO THE ANNUAL ACCOUNTS (continued)
June 30, 2007

NOTE 17 – RESERVES AND PROFIT BROUGHT FORWARD

The Bank's registered seat was transferred from the Cayman Islands to the Grand-Duchy of Luxembourg on December 21, 2005. Therefore, the figures in the profit and loss account for the period ended June 30, 2006 cover the period from December 21, 2005 (date of transfer from Cayman Islands to Luxembourg) to June 30, 2006. As a result, the profit of the Bank brought forward from the period from July 1st, 2005 to December 20, 2005, which amounts to EUR 1,897,186 is recorded under the caption "Profit brought forward" as of June 30, 2006.

Under Luxembourg law an amount equal to at least 5% of the net profit must be allocated to a legal reserve until such reserve equals 10% of the issued share capital. This reserve is not available for dividend distribution. The full allocation of 10% of share capital was effected in the allocation of profits following the Board of Directors resolution of October 16, 2006.

NOTE 18 – ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCY

At June 30, 2007, the aggregate amount of the Bank's assets denominated in currencies other than EUR, translated into EUR amount to 1,599,456,761 (2006: EUR 275,967,192).

At June 30, 2007, the aggregate amount of the Bank's liabilities denominated in currencies other than EUR, translated into EUR amount to EUR 1,573,214,946 (2006: 240,419,357).

NOTE 19– GUARANTEES AND COMMITMENTS IN EUR 000's

The Bank's guarantees and commitments may be analyzed as follows:

	June 30, 2007	June 30, 2006
1. Financial guarantees given to:		
a) Suppliers	4	-
2. Commercial guarantees of the same nature as Credit:	42,108	-
3. Irrevocable commitments to lend funds to:		
a) Banks		
i) specific	1,669	-
ii) stand-by basis	2,760	2,760
b) Customers		
i) specific	669,490	642,113
ii) stand-by basis	3,918,531	1,366,560
Total	**4,634,562**	**2,011,433**

NOTE 20 – STAFF NUMBERS

As at June 30, 2007 the Bank's staff included six people as follows:

	June 30, 2007	June 30, 2006
Management – Senior	2	2
Management – Middle	3	3
Other staff	1	1
Total	**6**	**6**

As of June 30, 2007 and 2006, the Bank's Senior Management consists of two Managing Directors, who are not included on the Bank's payroll. Also, 2 members of the Middle Management are not included directly on the Bank's payroll but are on secondment from the Parent Bank.

As of June 30, 2007 and 2006, neither advances nor guarantees were granted to Directors or Senior Management. In addition, Directors and Senior Management do not benefit from any pension plan contributions.

NOTE 21 – RISK MANAGEMENT

Credit and Market Risk

All the loans to customers are guaranteed principally by Mediobanca S.p.A., with the exception of the loans to foreign banks connected with Italian company export activities which are guaranteed by SACE group and which carry a zero risk weighting under Basel agreements (Basel I and II). All interbank loans and derivative financial instruments are contracted with Mediobanca S.p.A, a bank zone A – weighted at 20%.

Management is involved at a close level in the monitoring of the Bank's fund raising and corporate lending activity. The Bank adopts a conservative approach to its lending activities, which are uniquely concerned with corporate lending activities.

A risk committee has been established which passes resolutions in respect of each lending and funding transaction. A minimum of three directors approve the terms and conditions thereof. Every new loan goes through a thorough process and by the credit department which presents the risk committee with evaluations of credit risk based on creditworthiness, quality and nature of the counterparty, the process of granting loans and close monitoring in the case of any subsequent outstanding exposures are all carried out with extreme care. Positions are regularly monitored as regards financial and balance sheet data, earnings and relevant market information to continuously assess risk and evaluate the performance of lending activities.

Mediobanca group is currently developing internal risk models as part of the Basel II project in which the Bank is participating with in respect of implementation of the Basel II standards.

NOTE 21 – RISK MANAGEMENT (continued)

Liquidity and Solvability Risks

Liquidity and solvability risks are monitored by the calculation of the Bank's liquidity and solvency ratios in the manner laid out by the CSSF reporting instructions.

The Bank's principal activity is that of raising funds by way of the issuance and placement of bonds and other financial instruments the proceeds of which are usually lent to the Parent Mediobanca S.p.A. The financing for the Corporate Lending activity is principally through matched funding transactions with the Parent Company. Given the nature of these transactions it is not expected that the Bank will encounter liquidity risk.

Under the coefficient set by EU authorities the minimum amount of own funds that the Bank must hold in relation to the weighted credit exposure for on and off balance sheet risks. This limit is currently 8%. As at June 30, 2007, the Bank's solvency ratio was 11.64%.

Foreign Exchange Risk

Open currency positions are monitored on a regular basis. The Bank does not undertake any speculative trading in Foreign Exchange.

Interest Rate Risk

Interest Rate Risk is low due to the following factors:

- The Corporate Lending activity is covered by matched financing on an arms length basis whereby the Bank is able to ensure that the spread is in its favour;
- Where timing or rates are not matched the Treasury function sets up Interest rate hedging transactions to ensure there is no risk to the Bank;
- Interest rate risk is closely monitored and controlled by the Treasury activity of the Bank.

Operational Risk

Segregation of duties, internal procedures, and technological systems in force mitigate the risk of losses due to errors or inadequacies.

Profitability Risk

Profitability Risk is low due to the following factors:

- The Bank's earnings consist exclusively of spreads on an 'arms length basis'
- Management maintains sufficient control over its margins and costs in order to ensure continued profitability.

NOTES TO THE ANNUAL ACCOUNTS (continued)
June 30, 2007
NOTE 22 - IFRS RESTATEMENT

BALANCE SHEET
(EXPRESSED IN EUR)

	Luxembourg GAAP June 30, 2006	Effect of restatement to IFRS	IFRS restated June 30, 2006
ASSETS			
Cash and Cash Equivalents	5,279,309	-	5,279,309
Financial Assets Held For Trading	-	21,999,287	21,999,287
Due From Banks	970,422,226	16,175,309	986,597,535
Due From Customers	432,213,943	1,360,993	433,574,936
Debt and other fixed income securities	5,448,750	(5,448,750)	-
Hedging Derivatives	-	2,173,577	2,173,577
Tangible Assets	64,814	-	64,814
Intangible Assets	32,000	-	32,000
Other Assets	2,846,593	(624,533)	2,222,060
Prepayments & Accrued Income	55,911,644	(55,911,644)	-
TOTAL ASSETS	**1,472,219,279**	**(20,275,761)**	**1,451,943,518**
LIABILITIES			
Amounts due to Banks	432,420,713	704,889	433,125,602
Debts evidenced by Certificates	947,287,609	(34,420,539)	912,867,070
Trading Liabilities	-	10,243,021	10,243,021
Other Liabilities	168,827	679,451	848,278
Hedging Derivatives	-	15,600,144	15,600,144
Accruals and deferred income	13,936,530	(13,936,530)	-
Provision for Taxation	636,592	-	636,592
Other provisions	333,000	(333,000)	-
Subscribed Capital	10,000,000	-	10,000,000
Reserves	63,100,000	217,000	63,317,000
Profit brought forward	1,896,463	724	1,897,187
Profit for the financial period	2,439,545	969,080	3,408,624
TOTAL LIABILITIES	**1,472,219,279**	**(20,275,761)**	**1,451,943,518**

As stated in Note 2, the Bank has restated in IFRS some amounts reported in the balance sheet as of June 30, 2006 and in the income statement for the period from December 21st 2005 to June 30, 2006 previously under Luxembourg GAAP. Some reclassifications concerning the presentation of amounts have also been made in order to comply with the presentation of the balance sheet under IFRS, notably the inclusion of accrued income on the line where the underlying principle amount is classified, the inclusion of fair value adjustments where applicable and bringing derivatives previously shown off-balance sheet onto the balance sheet. The restatement had no impact on the cash flows of the Bank.

NOTE 22 - IFRS RESTATEMENT (continued)

MEDIOBANCA INTERNATIONAL (Luxembourg) S.A.
Société Anonyme

NOTES TO THE ANNUAL ACCOUNTS (continued)
June 30, 2007

INCOME STATEMENT
(EXPRESSED IN EUR)

	Luxembourg GAAP December 21, 2005 to June 30, 2006	Effect of restatement to IFRS	IFRS restated December 21, 2005 to June 30, 2006
Interest and similar income	63,739,026	(4,599,244)	59,139,782
Interest expense and similar charges	(58,427,873)	1,936,229	(56,491,644)
Fee and commission income	4,927,247	-	4,927,247
Fee and commission expense	(1,905,662)	61,317	(1,844,345)
Net loss on financial operations	(3,094,666)	2,632,095	(462,569)
Administrative expenses:	(1,138,873)	(61,317)	(1,200,192)
a) personnel costs	*(152,224)*	*(193,560)*	*(345,786)*
b) other administrative expenses	*(986,649)*	*132,243*	*(854,406)*
Net adjustments to tangible assets	(16,204)	-	(16,204)
Net adjustments to intangible assets	(8,000)	-	(8,000)
Other operating income	1,141	-	1,141
Provisions for contingent Liabilities	(1,000,000)	1,000,000	-
Profit on ordinary activities before tax	**3,076,137**	969,080	**4,045,216**
Income tax on ordinary activities	(636,592)	-	(636,592)
Net profit for the period	**2,439,545**	**969,080**	**3,408,624**

The net adjustment to profit is due to the reversal of a one million provision for general risks allowable under Luxembourg GAAP but not under IAS 37 offset by the effect of fair value adjustments through profit and loss (IAS 32 & 39). In addition reclassifications relating to charges of 193,560 relating to seconded staff expenses recharged from Mediobanca S.p.A were reclassified under personnel costs and an amount of 132,243 representing fees relating to operations were reclassified under operating income.

NOTE 23 - AUDIT FEES

The audit fees for the year ending June 30, 2007 amount to 88,600 (2006: 74,500).