



MEDIOBANCA INTERNATIONAL (LUXEMBOURG) S.A.
Head office: Boulevard Roosevelt 14, Luxembourg L-2450
Mediobanca Banking Group
Share capital: € 10,000,000 fully paid up

FINANCIAL SITUATION FOR THE PERIOD FROM DECEMBER 21, 2005 TO 30 JUNE 2006

BOARD OF DIRECTORS' REVIEW OF OPERATIONS

On 21 December 2005, Mediobanca International transferred its registered office from the Cayman Islands to Luxembourg. These accounts reflect operations from 21 December 2005 to 30 June 2006.

Subsequent to the above transfer, the Bank launched two new short-term bond issuance programmes worth € 2,500,000,000 each, and commenced a new lending activity. During the period under review, bonds worth € 25,000,000 were issued against the Bank's medium- and long-term programme and bonds worth € 487,995,000 were issued against its short-term programme, while outstanding lendings at the reported date totalled € 432,420,713. Net fees collected during the period amounted to € 3,021,586.

In the period from December, 21 2005 to 30 June 2006, the Bank recorded a profit of € 2,439,545, after charging a lump sum provision for general credit risk exposure of € 1,000,000.

No major events have occurred subsequent to the reporting date which could materially impact on the Bank's asset, earnings or financial situation.

The Bank does not own, nor has it acquired any of its own shares.

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.

In the forthcoming financial year the Bank will continue to develop its activity by increasing lending volumes, while keeping costs under control.

Accordingly, we propose the following allocation of profits:

Profit brought forward (period from July 1 st , 2005 to December 20, 2005)	€ 1,896,463
Profit for the period	€ 2,439,545
Total profit to be allocated	€ 4,336,008
To the legal reserve	€ 1,000,000
To specific reserve for N.W.T.	€ 1,925,000
To free reserves	€ 1,411,008

pp. **THE BOARD OF DIRECTORS**

Mr M. Di Carlo
CHAIRMAN