

Company Number: 5702866

GS EUROPEAN INVESTMENT GROUP II LTD

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 2013

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GS EUROPEAN INVESTMENT GROUP II LTD

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements of the company for the year ended 31 December 2013. A strategic report has not been prepared as the company is entitled to the small companies exemption under section 414A of the Companies Act 2006.

1. Principal activities

GS European Investment Group II Ltd ('the company') trades in distressed assets within Europe.

The company's ultimate parent undertaking and controlling entity is The Goldman Sachs Group, Inc. ('Group Inc.'). Group Inc. is a bank holding company and a financial holding company regulated by the Board of Governors of the Federal Reserve System ('Federal Reserve Board'). Group Inc. together with its consolidated subsidiaries form 'GS Group' or 'the group'. GS Group is a leading global investment banking, securities and investment management firm that provides a wide range of financial services to a substantial and diversified client base that includes corporations, financial institutions, governments and high-net-worth individuals.

The company's principal business is transacted in the Euro and accordingly, the company's functional currency is the Euro and these financial statements have been prepared in that currency.

2. Review of business and future developments

The financial statements have been drawn up for the year ended 31 December 2013. Comparative information has been presented for the year ended 31 December 2012.

The results for the period are shown in the profit and loss account on page 6. Profit on ordinary activities before taxation for the period was €10.8 million (year ended 31 December 2012: profit on ordinary activities before taxation was €13.6 million). The company had total assets of €453.5 million (31 December 2012: €442.6 million).

Future outlook

The directors consider that the year end financial position of the company was satisfactory. No significant change in the company's business activity is expected.

Financial risk management

The company's risk management objectives and policies, as well as its risk exposures, are described in note 19 of the financial statements.

3. Dividends

The directors do not recommend the payment of a dividend in respect of the year ended 31 December 2013 (year ended 31 December 2012: €nil).

4. Exchange rate

The British pound / Euro exchange rate at the balance sheet date was £ / € 1.20 (31 December 2012: £ / € 1.23). The average rate for the year ended 31 December 2013 was £ / € 1.18 (year ended 31 December 2012: £ / € 1.23).

GS EUROPEAN INVESTMENT GROUP II LTD

REPORT OF THE DIRECTORS (continued)

5. Directors

The directors of the company who served throughout the year and to the date of this report, except where noted, were:

Name	Appointed	Resigned
T. Cannell		
S.A.Collins		10 April 2013
M. Holmes	01 August 2013	
G. P. Minson		
G. G. Olafson		
J. Salisbury		21 May 2013

No director had, at the year end, any interest requiring note herein.

6. Disclosure of information to auditors

In the case of each of the persons who are directors of the company at the date when this report was approved:

- so far as each of the directors is aware, there is no relevant audit information of which the company's auditors are unaware; and
- each of the directors has taken all the steps that he / she ought to have taken as a director to make himself / herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

7. Independent auditors

Prior to 1 October 2007, the company passed an elective resolution under section 386 of the Companies Act 1985 to dispense with the annual reappointment of auditors. PricewaterhouseCoopers LLP will, accordingly, continue in office as auditors of the company pursuant to section 487(2) of the Companies Act 2006 and paragraph 44 of Schedule 3 to the Companies Act 2006 (Commencement No. 3 Consequential Amendment, Transitional Provisions and Savings) Order 2007.

REPORT OF THE DIRECTORS (continued)

8. Statement of Directors' responsibilities

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulators.

Company law requires the directors to prepare accounts for each financial year, which give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for the year. In preparing those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the financial statements; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and, hence, for taking reasonable steps for the prevention and detection of fraud and other irregularities.

9. Date of authorisation of issue

The financial statements were authorised for issue by the Board of Directors on 7 April 2014

BY ORDER OF THE BOARD



Secretary

Thomas Kelly

Independent auditors' report to the members of GS European Investment Group II Ltd

Report on the financial statements

Our opinion

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the company's affairs as at 31 December 2013 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The financial statements, which are prepared by GS European Investment Group II Ltd, comprise:

- the balance sheet as at 31 December 2013;
- the profit and loss account for the year then ended; and
- the notes to the financial statements, which include other explanatory information.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Independent auditors' report to the members of GS European Investment Group II Ltd

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the statement of directors' responsibilities set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Alastair Findlay (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
7 More London Riverside
London
SE1 2RT

7 April 2014

GS EUROPEAN INVESTMENT GROUP II LTD

PROFIT AND LOSS ACCOUNT

for the period ended 31 December 2013

		Year Ended 31 December 2013	Year Ended 31 December 2012
	Note	EUR	EUR
Revenue	4	(5,257)	2,597,395
Interest payable and similar charges	5	-	(12)
Administrative expenses		(10,026)	71,355
OPERATING (LOSS) / PROFIT	6	(15,283)	2,668,738
Interest receivable and similar income	8	10,831,688	10,931,736
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		10,816,405	13,600,474
Tax on profit on ordinary activities	10	-	(153,860)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION AND FOR THE FINANCIAL YEAR		<u>10,816,405</u>	<u>13,446,614</u>

The operating (loss) / profit of the company is derived from continuing operations in the current and prior years.

There is no difference between the profit on ordinary activities before taxation and the profit for the years as stated above and their historical cost equivalents.

The company has no recognised gains and losses other than those included in the profit for the years shown above, and therefore no separate statement of total recognised gains and losses has been presented.

The notes on pages 8 to 14 form an integral part of these financial statements.
Independent auditors' report – page 4 - 5

GS EUROPEAN INVESTMENT GROUP II LTD

BALANCE SHEET

as at 31 December 2013

		31 December 2013	31 December 2012
	Note	EUR	EUR
CURRENT ASSETS			
Financial instruments owned	11	73,933	65,772
Debtors	12	449,807,319	441,427,417
Cash at bank and in hand		3,577,183	1,151,907
		<u>453,458,435</u>	<u>442,645,096</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	13	<u>(275,291,858)</u>	<u>(275,294,924)</u>
NET CURRENT ASSETS		178,166,577	167,350,172
NET ASSETS		<u>178,166,577</u>	<u>167,350,172</u>
CAPITAL AND RESERVES			
Called up share capital	14	152,808,990	152,808,990
Profit and loss account	15	(318,736,733)	(329,553,138)
Other reserves	16	344,094,320	344,094,320
TOTAL SHAREHOLDERS' FUNDS	17	<u>178,166,577</u>	<u>167,350,172</u>

The financial statements were approved by the Board of Directors on 7 April 2014 and signed on its behalf by:



Director

Michael Holmes

The notes on pages 8 to 14 form an integral part of these financial statements.
Independent auditors' report – page 4 - 5
Company number: 5702866

GS EUROPEAN INVESTMENT GROUP II LTD

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2013

1. ACCOUNTING POLICIES

a. Accounting convention

The financial statements have been prepared on a going concern basis, under the historical cost convention, the accounting policies set out below, and in accordance with the Companies Act 2006 and applicable accounting standards. The principal accounting policies are set out below and have been applied consistently throughout the year.

b. Foreign currencies

Transactions denominated in foreign currencies are translated into GS European Investment Group II Ltd at rates of exchange ruling on the date the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are translated into 31 December 2013 at rates of exchange ruling at the balance sheet date. Foreign exchange gains and losses are recognised in operating (loss) / profit.

c. Revenue recognition

Revenue has been disclosed instead of turnover as this more meaningfully reflects the nature and results of the company's activities.

Revenue from financial instruments owned comprises interest income, dividends, impairment to net realisable value of investments and gains and losses from sale of such investments. Interest is recognised on an accruals basis when earned. Dividends receivable are recognised as revenue when the right to receive payment has been established.

d. Financial instruments owned

Financial instruments owned comprises bank loans and corporate bonds and are stated at the lower of cost and net realisable value. Any impairment to net realisable value is recognised in the profit and loss account.

e. Other assets and liabilities

Other assets and liabilities are initially recognised at fair value and are subsequently remeasured at amortised cost with finance income and expense recognised on an accruals basis. All finance income and expense, including any impairment caused by the changes in the expected cashflows are recognised in the profit and loss account.

f. Offsetting other assets and liabilities

Other assets and liabilities are offset and the net amount presented in the balance sheet where there is:

- (i) currently a legally enforceable right to set off the recognised amounts; and
- (ii) intent to settle on a net basis or to realise the asset and settle the liability simultaneously.

Where these conditions are not met financial assets and liabilities are presented on a gross basis in the balance sheet.

GS EUROPEAN INVESTMENT GROUP II LTD

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2013

1. ACCOUNTING POLICIES (continued)

g. Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events have occurred at that date that will result in an obligation to pay more tax in the future or a right to pay less tax in the future. Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

2. Reporting and disclosure exemptions

a. FRS1 (Revised 1996) - Cash flow statements

The company is a greater than 90% subsidiary of The Goldman Sachs Group, Inc., whose consolidated accounts include the company and are publicly available and is, therefore, exempt from preparing a cash flow statement as required by FRS1 (Revised 1996) - Cash flow statements.

b. FRS8 - Related party disclosures

Under the terms of FRS8 - Related Party Disclosures, the company is exempt from disclosing transactions with companies wholly owned within the same group, as the consolidated accounts in which the company is included are publicly available.

3. SEGMENTAL REPORTING

The directors manage the company's activities as a single business in the same geographical region and accordingly no segmental analysis has been provided.

4. REVENUE

	Year Ended 31 December 2013	Year Ended 31 December 2012
	EUR	EUR
Gains from financial instruments owned	8,451	695,649
Interest income / (expense) on financial instruments	2,519	(119,212)
Foreign exchange gains / (losses)	(16,227)	2,020,958
	<u>(5,257)</u>	<u>2,597,395</u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	Year Ended 31 December 2013	Year Ended 31 December 2012
	EUR	EUR
Other interest expense	-	12

Interest expense relates to the funding of operating activities and has been charged against operating (loss) / profit.

GS EUROPEAN INVESTMENT GROUP II LTD

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2013

6. OPERATING (LOSS) / PROFIT

	Year ended	Year Ended
	31 December 2013	31 December 2012
	EUR	EUR
Foreign exchange (losses) / gains	(16,227)	2,020,958

The auditor's remuneration for the current year of €10,620 has been borne by the company's parent undertaking (31 December 2012: €11,070).

7. STAFF COSTS

The company has no employees (31 December 2012: nil). All persons involved in the company's operations are employed by a group undertaking and no charge is borne by the company.

8. INTEREST RECEIVABLE AND SIMILAR INCOME

	Year Ended	Year Ended
	31 December 2013	31 December 2012
	EUR	EUR
Bank interest income	304	514
Interest on money market investments	625	86,462
Interest on loan with parent undertakings	10,830,759	10,844,760
	10,831,688	10,931,736

9. DIRECTORS' EMOLUMENTS

	Year Ended	Year Ended
	31 December 2013	31 December 2012
	EUR	EUR
Directors:		
Aggregate emoluments	3,455	5,141
Company pension contributions to money purchase schemes	20	25
	3,475	5,166

In accordance with the Companies Act 2006, directors' emoluments above represent the proportion of total emoluments paid or payable in respect of qualifying services only. Directors also receive emoluments for non-qualifying services which are not required to be disclosed.

All directors were members of the defined contribution pension scheme and five directors were members of the defined benefit pension scheme during the year. Five directors have received or are due receipt of shares under a long term incentive scheme during the year. No directors have exercised options during the year.

GS EUROPEAN INVESTMENT GROUP II LTD

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2013

10. TAX ON PROFIT ON ORDINARY ACTIVITIES

(a) Analysis of tax for the year:

	Year Ended 31 December 2013 EUR	Year Ended 31 December 2012 EUR
Current tax:		
UK corporation tax at 23.25% (31 Dec 2012 : 24.5%)	-	-
Adjustments in respect of prior periods	-	153,860
Total current tax (see note 10(b) below)	-	153,860

(b) Factors affecting tax for the year:

The difference between the total current tax shown above and the amount calculated by applying the weighted average rate of UK corporation tax applicable to the company for the year of 23.25% (31 December 2012 : 24.5%) to the profit on ordinary activities before tax is as follows:

	year ended 31 December 2013 EUR	year ended 31 December 2012 EUR
Profit on ordinary activities before tax	10,816,405	13,600,474
Profit on ordinary activities at the standard rate in the UK 23.25% (31 December 2012: 24.5%)	2,514,814	3,332,116
Utilisation of tax losses brought forward	(2,514,814)	(3,332,116)
Adjustments in respect of prior periods	-	153,860
Current tax for the period	-	153,860

A potential deferred tax asset of €3,066,061 (31 December 2012: €6,021,121) has not been recognised in the financial statements as there is uncertainty whether the company will generate suitable taxable profits in the future against which the deferred tax asset can be recovered.

GS EUROPEAN INVESTMENT GROUP II LTD

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2013

11. FINANCIAL INSTRUMENTS OWNED

	31 December 2013	31 December 2012
	EUR	EUR
Loans	73,933	65,772

12. DEBTORS

	31 December 2013	30 December 2012
	EUR	EUR
Long term loan receivable due from parent undertakings	448,250,000	438,250,000
Accrued interest receivable from parent undertakings	1,542,623	3,162,068
Other receivables from group undertaking	14,686	15,342
Interest receivable on financial instruments owned	10	7
	449,807,319	441,427,417

Long term loan receivable from parent undertakings is repayable in full on final maturity in October 2020 or on demand as agreed between the counterparties. The interest is accrued within a range of 1.7% to 5% during the period in accordance with the policy of Group Inc. on intercompany loans.

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 December 2013	31 December 2012
	EUR	EUR
Amounts due to parent undertakings (see note 14)	275,201,366	275,201,366
Other creditors and accruals	71,955	72,269
Other payables to group undertakings	18,537	21,289
	275,291,858	275,294,924

Amounts due to parent undertakings comprise redeemable shares which are deemed liabilities (see note 14).

GS EUROPEAN INVESTMENT GROUP II LTD

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2013

14. CALLED UP SHARE CAPITAL

At 31 December 2013 and 31 December 2012 share capital comprised:

	31 December 2013		31 December 2012	
	Number	EUR	Number	EUR
<u>Allotted, called up and fully paid</u>				
Ordinary shares of £1 each	1	1	1	1
Ordinary shares of €1 each	152,733,855	152,733,855	152,733,855	152,733,855
Redeemable shares of €1 each	275,201,366	275,201,366	275,201,366	275,201,366
Redeemable shares of £1 each	19,610	28,864	19,610	28,864
Redeemable shares of \$1 each	59,294	46,270	59,294	46,270
		<u>428,010,356</u>		<u>428,010,356</u>
Redeemable shares of €1 each deemed liabilities (see note 13)		<u>(275,201,366)</u>		<u>(275,201,366)</u>
		<u>152,808,990</u>		<u>152,808,990</u>

The £ and \$ redeemable shares issued to date are redeemable at par, there is no fixed expiry date on their redemption and they are redeemable at the option of the company. The redeemable shares have the same rights to dividends, voting rights and priority on winding up as ordinary shares.

The € redeemable shares are redeemable on demand by either parties and are non-interest bearing. As a result the € redeemable shares have been classified as a liabilities within Creditors: Amounts falling due within one year (see note 13).

Share capital issued is translated at the historic rates prevailing on the date of issuance.

15. PROFIT AND LOSS ACCOUNT

	EUR
At 31 December 2012	<u>(329,553,138)</u>
Profit for the financial year	<u>10,816,405</u>
At 31 December 2013	<u>(318,736,733)</u>

16. OTHER RESERVES

	EUR
At 31 December 2013 and at 31 December 2012	<u>344,094,320</u>

Other reserves are non distributable in nature.

GS EUROPEAN INVESTMENT GROUP II LTD

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2013

17. RECONCILIATION OF MOVEMENTS IN TOTAL SHAREHOLDERS' FUNDS

	31 December 2013	31 December 2012
	EUR	EUR
Opening shareholders funds	167,350,172	429,104,924
Profit for the financial year	10,816,405	13,446,614
Redeemable shares of €1 each deemed liabilities (see note 13 and 14)	-	(275,201,366)
Closing shareholders' funds	178,166,577	167,350,172

18. FINANCIAL COMMITMENTS AND CONTINGENCIES

The company had no financial commitments and contingencies outstanding at the year end (31 December 2012: nil).

19. FINANCIAL RISK MANAGEMENT

The company is exposed to financial risk through its financial assets and liabilities. Due to the nature of the company's business and the assets and liabilities contained within the company's balance sheet, the most important components of financial risk the directors consider relevant to the company are interest rate risk, credit risk, liquidity risk and currency risk.

a. Interest rate risk

Interest rate risk primarily result from exposures to changes in interest rates. The company manages its interest rate risk by entering into interest rate hedging transactions as appropriate to the circumstances of the company.

b. Credit risk

Credit risk represents the loss the company would incur if a counterparty or an issuer of securities or other instruments we hold fails to perform its contractual obligations. Credit risk is managed by reviewing the credit quality of counterparties and reviewing, if applicable, the underlying collateral against which the assets are secured.

c. Liquidity risk

The company has in place a conservative set of liquidity and funding policies. The principal objective is to be able to fund the company and to continue to generate revenue under adverse circumstances.

d. Currency risk

Foreign exchange risk results from exposures to changes in spot prices, forward prices and volatilities of currency rates. The company manages its currency risk by establishing economic hedges as appropriate to the circumstances of the company.

20. ULTIMATE AND IMMEDIATE PARENT UNDERTAKINGS

The immediate parent undertaking is MTGLQ Investors L.P., registered in Delaware in the United States of America.

The ultimate parent undertaking and the parent company of the largest group for which consolidated financial statements are prepared is The Goldman Sachs Group Inc., a company incorporated within the United States of America. Copies of its consolidated financial statements, as well as certain regulatory filings, for example Forms 10-Q and 10-K that provide additional information on the group and its business activities, can be obtained from 200 West Street, New York, NY 10282, United States of America, the group's principal place of business or at www.goldmansachs.com/shareholders/.