

Company Number: 5702866

GS EUROPEAN INVESTMENT GROUP II LTD

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 2012



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 52 week period ended 31 December 2012

1. Principal activities

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

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 52 weeks ended Monday, December 31, 2012. During the prior period the company changed its accounting reference date to 31 December and as such the comparative information has been presented for the shortened 11 week period 15 October 2011 to 31 December 2011.

The results for the period are shown in the profit and loss account on page 5. Profit on ordinary activities before taxation for the period was €13.6m (11 week period ended 31 December 2011 profit of €4.6m). The company has total assets of €442.6m (Saturday, December 31, 2011 €430.2m).

Future outlook

The directors consider that the period end financial position of the company was satisfactory and the company continues to maximise returns from assets it holds as at the balance sheet date.

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 52 week period ended Monday, December 31, 2012 (11 week period ended 31 December 2011 €nil).

4. Exchange rate

The sterling / euro exchange rate at the balance sheet date was 1.23 (31 December 2011 1.20). The average rate for the 52 week period ended 31 December 2012 was 1.23 (11 week period ended 31 December 2011 1.17).

5. Directors

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

Name	Appointed	Resigned
T Bauwens		1 April 2012
T Cannell		
S A Collins		
G P Minson		
G G Olafson		
J Salisbury		

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

REPORT OF THE DIRECTORS (continued)

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. Statement of Directors' responsibilities

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

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

- select suitable accounting policies and then apply them consistently,
- make judgments 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

8. 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

GS EUROPEAN INVESTMENT GROUP II LTD

REPORT OF THE DIRECTORS (continued)

9. Date of authorisation of issue

The financial statements were authorised for issue by the Board of Directors on 26 March 2013

BY ORDER OF THE BOARD



Secretary

Thomas Kelly

**Independent auditors' report to the members of
GS EUROPEAN INVESTMENT GROUP II LTD**

We have audited the financial statements of GS European Investment Group II Ltd for the 52 week period ended 31 December 2012 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. 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).

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities (set out on page 2) 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 International Standards on Auditing (UK and 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.

Scope of the audit of the financial statements

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 Report of the Directors to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at Monday, December 31, 2012 and of its profit for the period 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

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- 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, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Alastair Findlay (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
United Kingdom, London

26 March 2013

GS EUROPEAN INVESTMENT GROUP II LTD

PROFIT AND LOSS ACCOUNT

for the period ended 31 December 2012

		52 week period ended 31 December 2012	11 week period ended 31 December 2011
		EUR	EUR
Revenue	4	2,597,395	3,063,370
Interest payable and similar charges	5	(12)	-
Administrative expenses		71,355	(175,447)
OPERATING PROFIT	6	2,668,738	2,887,923
Interest receivable and similar income	8	10,931,736	1,707,416
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		13,600,474	4,595,339
Tax on profit on ordinary activities	10	(153,860)	-
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION AND FOR THE FINANCIAL PERIOD		13,446,614	4,595,339

The operating profit of the company is derived from continuing operations in the current and prior periods

There is no difference between the profit on ordinary activities before taxation and the profit for the period 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 period shown above, and therefore no separate statement of total recognised gains and losses has been presented

The notes on pages 7 to 14 form an integral part of these financial statements
Independent auditors' report – page 4

GS EUROPEAN INVESTMENT GROUP II LTD


BALANCE SHEET

as at 31 December 2012

		Monday, December 31, 2012	Saturday, December 31, 2011
		EUR	EUR
CURRENT ASSETS			
Financial instruments owned	11	65,772	88,065
Debtors	12	441,427,417	429,486,150
Cash at bank and in hand		1,151,907	654,633
		442,645,096	430,228,848
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	13	(275,093,558)	(1,123,924)
NET CURRENT ASSETS		167,551,538	429,104,924
NET ASSETS		167,551,538	429,104,924
CAPITAL AND RESERVES			
Called up share capital	14	153,010,356	428,010,356
Profit and loss account	15	(329,553,138)	(342,999,752)
Other reserves	16	344,094,320	344,094,320
TOTAL SHAREHOLDER'S FUNDS	17	167,551,538	429,104,924

The financial statements were approved by the Board of Directors on 26 March 2013 and signed on its behalf by

Director


Gregory Olafson

The notes on pages 7 to 14 form an integral part of these financial statements
Independent auditors' report – page 4
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GS EUROPEAN INVESTMENT GROUP II LTD

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2012

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 period.

b. Foreign currencies

Transactions denominated in foreign currencies are translated into euros at rates of exchange ruling on the date the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are translated into euros at rates of exchange ruling at the balance sheet date. Foreign exchange gains and losses are recognised in operating 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 2012

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 financial statements 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

	52 week period ended 31 December 2012	11 week period ended 31 December 2011
	EUR	EUR
Revenue from financial instruments owned	695,649	474,810
Interest (expense) / income on financial instruments	(119,212)	1,108,282
Foreign exchange gains / (losses)	2,020,958	1,480,278
	2,597,395	3,063,370

5. INTEREST PAYABLE AND SIMILAR CHARGES

	52 week period ended Monday, December 31, 2012	11 week period ended Saturday, December 31, 2011
	EUR	EUR
Other interest expense	12	-

Interest expense that relates to the funding of operating activities has been charged against operating profit.

GS EUROPEAN INVESTMENT GROUP II LTD

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2012

6. OPERATING PROFIT

	52 week period ended Monday, December 31, 2012 EUR	11 week period ended Saturday, December 31, 2011 EUR
Operating profit is stated after charging:		
Auditor's remuneration - audit services	-	8,508

The auditor's remuneration for the current year of €11,070 has been borne by the company's parent undertaking. In the prior year the auditor's remuneration was borne by the company.

7. STAFF COSTS

The company has no employees (Saturday, December 31, 2011 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

	52 week period ended Monday, December 31, 2012 EUR	11 week period ended Saturday, December 31, 2011 EUR
Bank interest income	515	51
Interest on money market investments	86,462	34,918
Interest on loan with parent undertakings	10,844,760	1,672,448
	10,931,736	1,707,416

9. DIRECTORS' EMOLUMENTS

	52 week period ended Monday, December 31, 2012 EUR	11 week period ended Saturday, December 31, 2011 EUR
Directors.		
Aggregate emoluments	5,141	397
Company pension contributions to money purchase schemes	25	17
	5,166	414

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.

During the year five of the directors were members of the defined contribution pension scheme and four directors were members of the defined benefit pension scheme. Five directors have received or are due receipt of shares under a long term incentive scheme. The long term incentive scheme and the pension schemes are operated by The Goldman Sachs Group, Inc. No directors have exercised options.

GS EUROPEAN INVESTMENT GROUP II LTD

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2012

10. TAX ON PROFIT ON ORDINARY ACTIVITIES

(a) Analysis of tax for the period:

	52 week period ended 31 December 2012	11 week period ended Saturday, December 31, 2011
	EUR	EUR
Current tax:		
UK corporation tax at 24.5% (31 Dec 2011 26%)	-	-
Adjustments in respect of prior periods	153,860	-
Total current tax (see note (b) below)	153,860	-

(b) Factors affecting tax for the period

The current tax assessed for the period differs from the standard rate of corporation tax in the UK at 24.5% (Saturday, December 31, 2011 26%). The differences are explained below

	52 week period ended Monday, December 31, 2012	11 week period ended Saturday, December 31, 2011
	EUR	EUR
Profit on ordinary activities before tax	13,600,474	4,595,339
Profit on ordinary activities at the standard rate in the UK 24.5% (31 December 2011 26%)	3,332,116	1,194,788
Utilisation of tax losses brought forward	(3,332,116)	(1,194,788)
Adjustment in respect of prior periods	153,860	-
Current tax for the period	153,860	-

A potential deferred tax asset of €6,021,121 (31 December 2011 €9,707,053) 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 2012

11. FINANCIAL INSTRUMENTS OWNED

	31 December 2012	31 December 2011
	EUR	EUR
Loans	65,772	88,065

12. DEBTORS

	31 December 2012	31 December 2011
	EUR	EUR
Loan receivable from parent undertakings	438,250,000	275,000,000
Accrued interest receivable from parent undertakings	3,162,068	1,695,212
Other receivables from group undertaking	15,342	129,429,689
Group tax relief receivable	-	153,860
Money market investments	-	15,493,698
Interest receivable on financial instruments owned	7	89,181
Other debtors	-	7,624,510
	441,427,417	429,486,150

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 1.5% to 3% during the period in accordance with the firm's policy on intercompany loans.

Other receivables from group undertakings includes an amount of €nil (31 December 2011: €129,415,772) for unsettled trades as at the balance sheet date.

The fair value of the Money market investments approximates the carrying value.

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Monday, December 31, 2012	Saturday, December 31, 2011
	EUR	EUR
Amounts due to parent undertaking (see note 14)	275,000,000	-
Other creditors and accruals	72,269	953,554
Other payables to group undertakings	21,289	170,370
	275,093,558	1,123,924

Amounts due to parent undertaking represents redeemable shares issued at par on 29 October 2012 in lieu of the buy back of 275,000,000 ordinary shares of €1 each (see note 14).

GS EUROPEAN INVESTMENT GROUP II LTD

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2012

14. CALLED UP SHARE CAPITAL

At 31 December 2012 and 31 December 2011 share capital comprised

	31 December 2012		31 December 2011	
	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	427,733,855	427,733,855
Redeemable shares of €1 each	201,366	201,366	201,366	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>153,010,356</u>		<u>428,010,356</u>	

The 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.

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

On 29 October 2012 the company purchased back 275,000,000 ordinary shares of €1 each in lieu of redeemable shares (see note 13).

15. PROFIT AND LOSS ACCOUNT

	31 December 2012 EUR
At 31 December 2011	(342,999,752)
Profit for the financial period	13,446,614
At Monday, December 31, 2012	<u>(329,553,138)</u>

16. OTHER RESERVES

	31 December 2012 EUR
At Monday, December 31, 2012 and at 31 December 2011	<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 2012

17. RECONCILIATION OF MOVEMENT IN TOTAL SHAREHOLDER'S FUNDS

	Monday, December 31, 2012	Saturday, December 31, 2011
	EUR	EUR
Opening shareholders funds	429,104,924	424,509,585
Profit for the period	13,446,614	4,595,339
Re-designation of ordinary shares to redeemable shares (see note 13 & 14)	(275,000,000)	-
Closing shareholder's funds	167,551,538	429,104,924

18. FINANCIAL COMMITMENTS AND CONTINGENCIES

The company had no financial commitments and contingencies outstanding at the period end (Saturday December 31, 2011 ml)

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's principal objective is to be able to fund itself and to enable its core business to generate revenue under adverse circumstances. Accordingly, the company as part of a larger Group has in place a set of liquidity and funding policies to address company-specific liquidity events.

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.

GS EUROPEAN INVESTMENT GROUP II LTD

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2012

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/