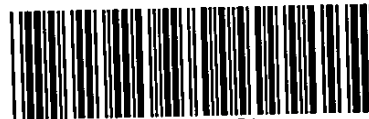


GS EUROPEAN INVESTMENT GROUP II LTD

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 2011

THI
MONDAY



A1EPVNB0
A04 06/08/2012 #2
COMPANIES HOUSE
L1CIKDIB
LD2 05/07/2012 #77
COMPANIES HOUSE

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements of the company for the 11 week period ended 31 December 2011

1. Principal activities

GS European Investment Group II Ltd ('the company') trades in distressed credits, including loans and bonds 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

During the period the company changed its accounting reference date to 31 December and as such these financial statements have been prepared for a shortened period of 11 weeks from 15 October 2011 to 31 December 2011. Comparative information has been presented for the 41 week period ended 14 October 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 €4.6m (41 week period ended 14 October 2011: profit of €5.1m). The company has total assets of €430.2m (14 October 2011: €457.7m).

Strategy

The company seeks to maximise its returns from trading activities

Future outlook

The directors consider that the period end financial position of the company was satisfactory and the company continues to maximise returns from trading assets it holds as at the balance sheet date and review new opportunities for the future

Financial risk management

The company's risk management objectives and policies, as well as its risk exposures, are described in note 18 of the financial statements

3. Dividends

The directors do not recommend the payment of a dividend in respect of the 11 week period ended 31 December 2011 (41 week period ended 14 October 2011: €nil)

4. Exchange rate

The sterling / euro exchange rate at the balance sheet date was 1.20 (14 October 2011: 1.14). The average rate for the 11 week period ended 31 December 2011 was 1.17 (41 week period ended 14 October 2011: 1.15)

GS EUROPEAN INVESTMENT GROUP II LTD

REPORT OF THE DIRECTORS (continued)

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		21 March 2012
T Cannell		
S A Collins	17 October 2011	
G P Minson		
G G Olafson		
J Salisbury		

No director had, at the period 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. 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

GS EUROPEAN INVESTMENT GROUP II LTD

REPORT OF THE DIRECTORS (continued)

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

9. Date of authorisation of issue

The financial statements were authorised for issue by the Board of Directors on 28 March 2012

BY ORDER OF THE BOARD



N.D. RUSSELL

Secretary

**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 11 week period ended 31 December 2011 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 31 December 2011 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

28 March 2012

GS EUROPEAN INVESTMENT GROUP II LTD

PROFIT AND LOSS ACCOUNT for the period ended 31 December 2011

		11 week period ended 31 December 2011	41 week period ended 14 October 2011
	Note	EUR	EUR
Revenue		3,063,370	15,245,195
Interest payable and similar charges	4	-	(7,763,954)
Administrative expenses		(175,447)	(2,756,377)
OPERATING PROFIT	5	2,887,923	4,724,864
Interest receivable and similar income	7	1,707,416	373,812
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		4,595,339	5,098,676
Tax on profit on ordinary activities	9	-	(693,990)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION AND FOR THE FINANCIAL PERIOD		<u>4,595,339</u>	<u>4,404,686</u>

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 13 form an integral part of these financial statements
Independent auditors' report – page 4

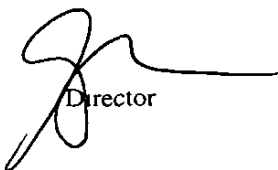
GS EUROPEAN INVESTMENT GROUP II LTD

BALANCE SHEET

as at 31 December 2011

		31 December 2011 EUR	14 October 2011 EUR
CURRENT ASSETS			
Financial instruments owned	10	88,065	7,702,364
Debtors	11	429,486,150	449,869,363
Cash at bank and in hand		654,633	127,129
		<u>430,228,848</u>	<u>457,698,856</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	12	<u>(1,123,924)</u>	<u>(33,189,271)</u>
NET CURRENT ASSETS		<u>429,104,924</u>	<u>424,509,585</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		429,104,924	424,509,585
NET ASSETS		<u>429,104,924</u>	<u>424,509,585</u>
CAPITAL AND RESERVES			
Called up share capital	13	428,010,356	428,010,356
Profit and loss account	14	(342,999,752)	(347,595,091)
Other reserves	15	344,094,320	344,094,320
TOTAL SHAREHOLDER'S FUNDS	16	<u>429,104,924</u>	<u>424,509,585</u>

The financial statements were approved by the Board of Directors on 28 March 2012 and signed on its behalf by


Director
x
GREGORY PAUL MINSON

The notes on pages 7 to 13 form an integral part of these financial statements
Independent auditors' report – page 4
Company number 5702866

GS EUROPEAN INVESTMENT GROUP II LTD

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2011

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. Derivative financial instruments

The company uses derivatives, primarily interest rate caps, to reduce exposure to interest rate risk. The company does not hold or issue derivative financial instruments for speculative purposes. They are held off balance sheet with interest payments, receipts and accruals being recognised in the financial statement over the period of the contract.

f. 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.

g. 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 2011

1. ACCOUNTING POLICIES (continued)

h. 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. INTEREST PAYABLE AND SIMILAR CHARGES

	11 week period ended 31 December 2011	41 week period ended 14 October 2011
	EUR	EUR
Interest expense on third party loan	-	3,833,279
Interest expense on subordinated loan with parent undertaking	-	3,790,934
Interest expense on senior loan with parent undertaking	-	139,732
Other interest expense	-	9
	-	7,763,954

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 2011

5. OPERATING PROFIT

	11 week period ended 31 December 2011	41 week period ended 14 October 2011
	EUR	EUR
Operating profit is stated after charging:		
Management fees payable to group undertakings	-	2,529,614
Amortisation of interest rate cap	-	116,654
Realised loss on termination of interest rate cap	-	850,572
Auditor's remuneration - audit services	8,508	26,450

6. STAFF COSTS

The company has no employees (14 October 2011 nil) All persons involved in the company's operations are employed by a group undertaking The charges for services provided to the company are included in the management fees payable to group undertaking (see note 5)

7. INTEREST RECEIVABLE AND SIMILAR INCOME

	11 week period ended 31 December 2011	41 week period ended 14 October 2011
	EUR	EUR
Bank interest income	51	8,616
Interest on money market investments	34,918	319,821
Interest on loan with group undertakings	1,672,448	45,375
	1,707,416	373,812

8. DIRECTORS' EMOLUMENTS

	11 week period ended 31 December 2011	41 week period ended 14 October 2011
	EUR	EUR
Directors:		
Aggregate emoluments	397	1,510
Company pension contributions to money purchase schemes	17	63
	414	1,573

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 The directors have revised the disclosure to exclude the value of equity awards in accordance with the provisions of Schedule 5 of SI 2008/410 Directors also receive emoluments for non-qualifying services which are not required to be disclosed

During the year all the directors were members of the defined contribution pension scheme and five directors were members of the defined benefit pension scheme All 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 2011

9. TAX ON PROFIT ON ORDINARY ACTIVITIES

(a) Analysis of tax for the period.

	11 week period ended 31 December 2011 EUR	41 week period ended 14 October 2011 EUR
Current tax:		
UK corporation tax at 26% (14 Oct 2011 26 63%)	-	-
Adjustments in respect of prior periods	-	693,990
Total current tax (see note (b) below)	-	693,990

(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 26% (14 October 2011 26 63%) The differences are explained below

	11 week period ended 31 December 2011 EUR	41 week period ended 14 October 2011 EUR
Profit on ordinary activities before tax	4,595,339	5,098,676
Profit on ordinary activities at the standard rate in the UK 26% (14 October 2011 26 63%)	1,194,788	1,357,777
Utilisation of tax losses brought forward	(1,194,788)	(1,357,777)
Unutilised tax losses carried forward	-	-
Adjustment to tax in respect of prior periods	-	693,990
Current tax for the period	-	693,990

A potential deferred tax asset of €9,707,053 (14 October 2011 €11,290,123) 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 2011

10. FINANCIAL INSTRUMENTS OWNED

	31 December 2011	14 October 2011
	EUR	EUR
Loans	88,065	7,702,364

11. DEBTORS

	31 December 2011	14 October 2011
	EUR	EUR
Loan receivable from parent undertaking	275,000,000	275,000,000
Other receivables from group undertakings	129,429,689	132,386,492
Money market investments	15,493,698	31,194,035
Other debtors	7,624,510	10,290,000
Interest receivable on financial instruments owned	89,181	799,601
Group tax relief receivable	153,860	153,860
Accrued interest receivable from parent undertaking	1,695,212	22,764
Accrued interest receivable from group undertaking	-	22,611
	429,486,150	449,869,363

Loan receivable from parent undertaking is repayable in full on final maturity on 12 October 2020 or on demand as agreed between the counterparties. The interest is accrued within a range of 2.35% to 3.40% during the period in accordance with the firm's policy on intercompany loans.

Other receivables from group undertaking includes an amount of €129,415,772 (14 October 2011: €132,373,541) for unsettled trades as at the balance sheet date.

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

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 December 2011	14 October 2011
	EUR	EUR
Other creditors and accruals	953,554	33,065,981
Other payables to group undertakings	170,370	123,290
	1,123,924	33,189,271

Other creditors and accruals includes an amount of €nil (14 October 2011: €32,883,142) for unsettled trades as at the balance sheet date.

GS EUROPEAN INVESTMENT GROUP II LTD

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2011

13. SHARE CAPITAL

At 31 December 2011 and 14 October 2011 share capital comprised

	31 December 2011		14 October 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	427,733,855	427,733,855	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>428,010,356</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.

14. PROFIT AND LOSS ACCOUNT

	31 December 2011
	EUR
At 14 October 2011	(347,595,091)
Profit for the period	4,595,339
At 31 December 2011	<u>(342,999,752)</u>

15. OTHER RESERVES

	31 December 2011
	EUR
At 31 December 2011 and at 14 October 2011	<u>344,094,320</u>

Other reserves are non distributable in nature.

16. RECONCILIATION OF MOVEMENT IN TOTAL SHAREHOLDER'S FUNDS

	31 December 2011	14 October 2011
	EUR	EUR
Opening shareholders funds / (deficit)	424,509,585	(269,049,895)
Profit for the period	4,595,339	4,404,686
Other reserves	-	344,094,320
Share capital issued	-	345,060,474
Closing shareholder's funds	<u>429,104,924</u>	<u>424,509,585</u>

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2011

17. FINANCIAL COMMITMENTS AND CONTINGENCIES

The company had no financial commitments and contingencies outstanding at the period end (14 October 2011 nil)

18. 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.

19. 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 in the United States of America. Copies of its accounts can be obtained from 200 West Street, New York, NY10282, United States of America, the group's principal place of business.