

GS EUROPEAN INVESTMENT GROUP II LTD.

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

28 November 2008

MONDAY



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GS European Investment Group II Ltd.

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements for the 52 week period ended 28 November 2008.

1. Principal activities

The company's activities involve trading and investing in distressed credits, including loans and bonds, and investing in subordinated performing secured loans.

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 results for the period are shown in the profit and loss account on page 4. Loss on ordinary activities before taxation for the period was €360.7m (profit for the period ended 30 November 2007: €3.5m). The company has total assets of €411m (for the period ended 30 November 2007: €935m).

Although the company has net liabilities at the year end the directors consider that it is appropriate to prepare the financials statements on a going concern basis (see note 1(b)).

Strategy

The company seeks to maximise returns from its investments.

Future outlook

The directors consider, based on the current economic environment, that the period end financial position of the company was satisfactory. Having considered future cash flows and revisions to the existing debt structure, the company is able to meet its obligations. No significant change in the company's principal business activity is expected.

Post balance sheet event

On 26 March 2009 the Company entered into an amended and restated loan agreement and related documents (together the "Agreements") with its principal creditor (see note 19).

Risk management

The company's risk management objectives and policies, as well as its risks exposure, are described in note 17 of the financial statements.

3. Dividends

The directors do not recommend the payment of an ordinary dividend in respect of the period ended 28 November 2008 (for the period ended 30 November 2007: €nil).

4. Exchange rate

The euro/sterling exchange rate at the balance sheet date was 1.21 (30 November 2007: 1.41). The average rate for the 52 week period ended 28 November 2008 was 1.28 (for the period ended 30 November 2007: 1.46).

5. Directors

The directors of the company during the period, and as at the date of this report, together with dates of appointment or resignation where applicable, were:

Name	Appointed	Resigned
G. Minson		
J Ganley		
J. Hale	25 March 2009	
R Campbell		
C Dickens		
K. Tammela		28 May 2008

No director had any interest in the ordinary shares of the company, at any time during the period.

GS European Investment Group II Ltd.

REPORT OF THE DIRECTORS

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 (as defined in the Companies Act 1985) 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 (as defined) and to establish that the company's auditors are aware of that information.

7. Directors' responsibilities

United Kingdom 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:

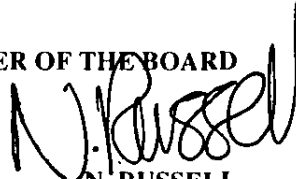
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the financial statements; and
- prepare 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 proper 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 1985. 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

The company has passed an Elective Resolution in accordance with the Companies Act 1985 to dispense with the holding of annual general meetings, the laying of accounts and reports before general meetings and the annual reappointment of Auditors. During the period PricewaterhouseCoopers LLP have been appointed as Auditors of the company pursuant to Section 386 of The Companies Act 1985.

BY ORDER OF THE BOARD


N. RUSSELL
Secretary

**Independent auditors' report to the members of
GS European Investments Group II Ltd.**

We have audited the company financial of GS European Investments Group II Ltd. for the period ended 28 November 2008, which comprise the Profit and Loss Account, the Balance Sheet, and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, 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.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 28 November 2008 and of its loss for the period then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.


PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London

27 March 2009

GS European Investment Group II Ltd.

PROFIT AND LOSS ACCOUNT for the 52 week period ended 28 November 2008

	Note	52 week period ended 28 November 2008 EUR	53 week period ended 30 November 2007 EUR
Revenue	3	(291,621,747)	63,472,062
Administrative expenses		(14,104,536)	(18,289,290)
OPERATING (LOSS)/ INCOME	4	(305,726,283)	45,182,772
Interest receivable and similar income	6	1,748,445	1,503,246
Interest payable and similar charges	7	(56,709,001)	(43,149,446)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(360,686,839)	3,536,572
Tax on (loss)/profit on ordinary activities	9	693,990	-
(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION AND FOR THE PERIOD		(359,992,849)	3,536,572

The operating (loss)/profit of the company for the period is derived from continuing operations.

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

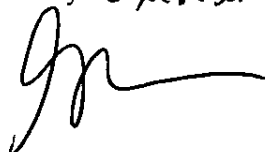
The notes on pages 6 to 11 form part of these financial statements.
Auditors' report - page 3.

GS European Investment Group II Ltd.

BALANCE SHEET as at 28 November 2008

	Note	28 November 2008 EUR	30 November 2007 EUR
CURRENT ASSETS			
Trading inventory		362,911,097	886,068,048
Debtors	10	48,195,900	47,472,349
Cash at bank and in hand		335,940	1,489,819
		<u>411,442,937</u>	<u>935,030,216</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	11	<u>(22,711,816)</u>	<u>(9,478,236)</u>
NET CURRENT ASSETS		388,731,121	925,551,980
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>388,731,121</u>	<u>925,551,980</u>
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	12	(678,407,056)	(855,235,066)
NET (LIABILITIES)/ASSETS		<u>(289,675,935)</u>	<u>70,316,914</u>
CAPITAL AND RESERVES			
Called up share capital	13	82,949,882	82,949,882
Profit and loss account	14	(372,625,817)	(12,632,968)
TOTAL SHAREHOLDERS' FUNDS	15	<u>(289,675,935)</u>	<u>70,316,914</u>

The financial statements on pages 4 to 11 were approved by the Board of Directors on 26/3/2009 and were signed on its behalf by G. M. N. S. D.



Director

The notes on pages 6 to 11 form part of these financial statements.
Auditors' report - page 3.

GS European Investment Group II Ltd.

NOTES TO THE FINANCIAL STATEMENTS – 28 NOVEMBER 2008

1. ACCOUNTING POLICIES

- (a) **Accounting convention:** The financial statements have been prepared under the historical cost convention, the accounting policies set out below, and in accordance with applicable Accounting Standards in the United Kingdom and pronouncements of the Urgent Issues Task Force (UITF).
- (b) **Going concern:** The company has net liabilities at 28 November 2008. After discussions, the directors have a reasonable expectation that the company has adequate resources to meet short term operational obligations including management fees, tax and audit fees. For this reason, they continue to adopt the going concern basis in preparing the financial statements.
- (c) **Foreign currencies:** Monetary assets and liabilities denominated in foreign currencies are translated into euros at rates of exchange ruling at the balance sheet date. Transactions denominated in foreign currencies are translated into euros at rates of exchange ruling on the date the transaction occurred. Gains and losses on exchange are recognised in operating profit.
- (d) **Trading inventory:** Trading inventory and trading inventory sold but not yet purchased comprises bank loans, corporate bonds and foreign currency swaps. Bank loans, corporate debt and equity options are stated at the lower of cost and net realisable value. The carrying value of each investment is compared to an estimate of its net realisable value and any unrealised losses are included in the profit and loss account. Foreign currency swaps are valued by accounting for the underlying obligations on an accruals basis.
- (e) **Revenue recognition:** The revenue for the period includes all profits arising from the trading operations of the company, including profits and losses arising both on the purchase and sale of securities and interest accrued thereon. Purchase and sale of securities are accounted for on a trade date basis.

2. CASHFLOW STATEMENT

The company is more than 90% controlled by its ultimate parent company, and is therefore exempt from preparing a cash flow statement as required by FRS1, 'Cash flow statements', as the ultimate parent company accounts are publicly available.

3. REVENUE

Revenue has been disclosed instead of turnover as the directors consider that this is a more meaningful reflection of the nature and results of the company's activities.

4. OPERATING LOSS

	52 week period ended 28 November 2008 EUR	53 week period ended 30 November 2007 EUR
Operating income is stated after charging:		
Management fees payable to group undertakings	13,434,523	16,726,497
Auditors' remuneration – audit services	25,913	35,250

GS European Investment Group II Ltd.

NOTES TO THE FINANCIAL STATEMENTS – 28 NOVEMBER 2008

5. *STAFF COSTS*

The company has no employees (2007: nil). All persons involved in the company's operation are employed by group undertakings. The charges made by these group undertakings for all services provided to the company are included in the management fees payable to group undertakings (see note 4).

6. *INTEREST RECEIVABLE AND SIMILAR INCOME*

	52 week period ended 28 November 2008 EUR	53 week period ended 30 November 2007 EUR
Bank interest income	49,306	107,111
Interest on money market investments	1,699,139	1,396,135
	1,748,445	1,503,246

7. *INTEREST PAYABLE AND SIMILAR CHARGES*

	52 week period ended 28 November 2008 EUR	53 week period ended 30 November 2007 EUR
Interest expense on third party loan	39,831,916	31,597,516
Interest expense on subordinated loan with group undertaking	16,877,085	11,551,930
	56,709,001	43,149,446

8. *DIRECTORS' EMOLUMENTS*

	52 week period ended 28 November 2008 EUR	53 week period ended 30 November 2007 EUR
<u>Directors</u>		
Aggregate emoluments	1,143	3,416
Company pension contributions to money purchase schemes	21	-
	1,164	3,416

In accordance with the Companies Act 1985, 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. Six directors are members of the defined contribution pension scheme and five are members of the defined benefit pension scheme. Six directors have been granted shares in respect of a long term incentive scheme. Two directors have exercised options.

GS European Investment Group II Ltd.

NOTES TO THE FINANCIAL STATEMENTS – 28 NOVEMBER 2008

9. TAX ON ORDINARY ACTIVITIES

(a) Analysis of tax in the period:

	52 week period ended 28 November 2008 EUR	53 week period ended 30 November 2007 EUR
Current tax		
UK corporation tax at 28.67% (2007:30%)	-	-
Amount receivable from a fellow subsidiary in respect of group relief	-	-
Adjustments in respect of prior period	(693,990)	-
Total current tax charge (see note 9(b))	(693,990)	-

(b) Factors affecting tax credit for the period:

The current tax assessed for the period differs from the standard rate of corporation tax in the UK. The standard rate of corporation tax in the UK is measured at 28.67% following the change in corporation tax rates from 1 April 2008 to 28% (30 November 2007: 30%). The factors are explained below:

	52 week period ended 28 November 2008 EUR	53 week period ended 30 November 2007 EUR
(Loss)/profit on ordinary activities before tax	(360,686,839)	3,536,572
(Loss)/profit on ordinary activities at the standard rate of tax in the UK 28.67% (2007:30%)	(103,408,917)	1,060,972
Expenses disallowed for tax	817,919	-
Unutilised tax losses carried forward	102,590,998	-
Prior year losses utilised in current period	-	(1,060,972)
Adjustment to tax in respect of prior period	(693,990)	-
Current tax credit for the period	(693,990)	-

Current year tax loss will be carried forward. No deferred tax asset has been recognised on carried forward losses on the basis that their recoverability is uncertain.

10. DEBTORS

Debtors, all of which are due within one year of the balance sheet date, comprise:

	28 November 2008 EUR	30 November 2007 EUR
Accrued interest receivable	4,454,213	7,474,135
Money market investments	43,033,053	39,867,149
Other receivables	708,634	131,065
	48,195,900	47,472,349

GS European Investment Group II Ltd.

NOTES TO THE FINANCIAL STATEMENTS – 28 NOVEMBER 2008

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	28 November 2008 EUR	30 November 2007 EUR
Accrued interest payable to group undertaking	8,794,206	705
Management fee payable to group undertakings	5,194,697	2,169,976
Other payables to group undertakings	1,395,180	379,842
Accrued interest payable to third parties	7,218,131	5,597,770
Other creditors and accruals	109,602	1,329,943
	22,711,816	9,478,236

12. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	28 November 2008 EUR	30 November 2007 EUR
Loan payable to third party	564,791,983	665,754,029
Loan payable to group undertaking	113,615,073	189,481,037
	678,407,056	855,235,066

The third party loans are due to mature on the fifth anniversary of the funding date or at an earlier date if the security is sold. The loans mature between the 20 June 2011 to 22 September 2012. Interest accrues at Euribor plus 1.35%.

The subordinated loan has no contractual maturity and interest accrues at Euribor plus 4%.

13. SHARE CAPITAL

At 28 November 2008 share capital comprised:

	28 November 2008 and 30 November 2007 No.	28 November 2008 and 30 November 2007 Amount
<u>Authorised</u>		
Ordinary shares of 1GBP each	100	£100
Redeemable shares of 1EUR each	500,000,000	€500,000,000
Redeemable shares of 1GBP each	500,000,000	£500,000,000
Redeemable shares of 1USD each	500,000,000	\$500,000,000
<u>Allotted called up and fully paid</u>		
Ordinary share of 1GBP each	1	€1
Redeemable shares of 1EUR each	60,409,882	€60,409,882
Redeemable shares of 1GBP each	5,882,900	€8,659,287
Redeemable shares of 1USD each	17,788,289	€13,880,712
		82,949,882

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.

GS European Investment Group II Ltd.

NOTES TO THE FINANCIAL STATEMENTS – 28 NOVEMBER 2008

14. PROFIT AND LOSS ACCOUNT

	28 November 2008 EUR
At 30 November 2007	(12,632,968)
Loss for the period	(359,992,849)
At 28 November 2008	(372,625,817)

15. RECONCILIATION OF MOVEMENT IN TOTAL SHAREHOLDERS' FUNDS

	28 November 2008 EUR
Loss for the period	(359,992,849)
Opening shareholders' funds	70,316,914
Closing shareholders' funds	(289,675,935)

16. RELATED PARTY DISCLOSURES

Under the terms of FRS8, "Related Party Disclosures", the company is exempt from disclosing transactions with companies 90% or more controlled within the same group, as the consolidated financial statements in which the company is included are publicly available.

17. 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 entity are interest rate risk, credit risk, liquidity risk and currency risk.

(a) Interest rate risk

Interest rate risks primarily result from exposures to changes in interest rates. The company manages its interest rate risk by establishing economic hedges as appropriate to the circumstances of the company.

(b) Credit risk

Credit risk represents the loss that we would incur if a counterparty or an issuer of securities or other instruments we hold fails to perform under 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

Liquidity is of critical importance to companies in the financial services sector. Accordingly, the company has in place a liquidity policy that is intended to address both company-wide and broader industry or market liquidity events. The company's principal objective is to be able to fund itself and to enable its core business to generate revenue under adverse circumstances

(d) Currency risk

The company seeks to manage foreign currency exposure by the use of swap agreements.

GS European Investment Group II Ltd.

NOTES TO THE FINANCIAL STATEMENTS – 28 NOVEMBER 2008

18. *ULTIMATE AND IMMEDIATE PARENT UNDERTAKINGS*

The immediate parent undertaking is GS European Opportunities Fund II LP, registered in the United Kingdom.

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., ("Group") of 85 Broad Street, New York, NY 10004, United States of America. This company is incorporated in the United States of America. On 21 September 2008, the group's ultimate parent undertaking The Goldman Sachs Group, Inc. became a bank holding company and will be regulated by the Board of governors of the Federal Reserve System.

19. *POST BALANCE SHEET EVENT*

On 26 March 2009 the Company entered into an amended and restated loan agreement and related documents (together the "Agreements") with its principal creditor. The Agreements provide, inter alia, (i) for the Company to become jointly and severally liable for certain debts owed by the Company and other fellow subsidiary undertakings of GS European Opportunities Fund II LP (together the "Companies") and (ii) for the loans owed by the Companies to be restructured into loans with potentially different payment priorities. This does not represent an adjusting post-balance sheet event.