

MATTERHORN ACQUISITIONS LTD.
(Formerly Phoenix Acquisitions II, Ltd.)

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

30 November 2005



MATTERHORN ACQUISITIONS LTD.

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements for the 60 week period ended 30 November 2005.

1. Principal activities

The company was incorporated on 7 October 2004 under the name of Phoenix Acquisitions II, Ltd. On 3 May 2005, the name of the company was changed to Matterhorn Acquisitions Ltd. The company's principal activity is the ownership of a portfolio of distressed receivables which it purchased on 1 November 2005 with an economic effective date of 1 January 2005. Fair value transfer of assets was effective 21 June 2005.

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.

During the year the company issued 17,400,564 redeemable shares and 1 ordinary share to its immediate parent undertaking (see note 13).

The directors consider that the period end financial position of the company was satisfactory.

3. Dividends

The directors do not recommend the payment of an ordinary dividend in respect of the 60 week period ended 30 November 2005.

4. Exchange rate

The euro/sterling exchange rate at the balance sheet date was 1.46. The average rate for the period was 1.46 (60 week period ended 30 November 2005).

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
R. Campbell	7 October 2004
G. Cutaia	7 October 2004
I. Dagtoglou	27 October 2005
K. Tammela	7 October 2004
S. Hunt	7 October 2004
G. Minson	7 October 2004

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

6. Directors' responsibilities

The directors are required by UK company law to prepare financial statements 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 for that period. In preparing the financial statements, appropriate accounting policies have been used and applied consistently, and reasonable and prudent judgments and estimates have been made. Applicable accounting standards have been followed, and the financial statements have been prepared on a going concern basis. The directors are responsible for keeping proper accounting records, and for taking reasonable steps to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

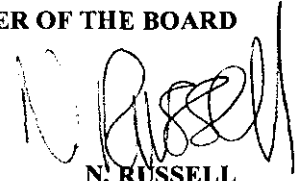
MATTERHORN ACQUISITIONS LTD.

REPORT OF THE DIRECTORS

7. 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
Matterhorn Acquisitions Ltd.**

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes on pages 4 to 11.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards 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 United Kingdom Auditing Standards issued by the Auditing Practices Board. 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 in to 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 if, in our opinion, the directors' report is not consistent with the financial statements, if 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 transactions is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

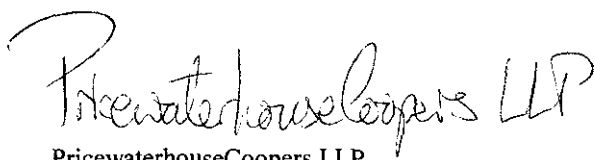
Basis of audit opinion

We conducted our audit in accordance with auditing standards 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 judgements 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 of the state of affairs of the company as at 30 November 2005 and of the company's loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London

7 March 2006

MATTERHORN ACQUISITIONS LTD.

PROFIT AND LOSS ACCOUNT for the 60 week period ended 30 November 2005

	Note	60 week period ended 30 November 2005 EUR
Revenue		-
Administrative expenses		(11,865,217)
OPERATING LOSS	3	(11,865,217)
Interest receivable and similar income	5	6,928
Interest payable and similar charges	6	(4,049,389)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(15,907,678)
Tax on loss on ordinary activities	8	-
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION AND FOR THE PERIOD	14	(15,907,678)

The operating loss of the company for the period is derived from continuing operations.

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

MATTERHORN ACQUISITIONS LTD.

BALANCE SHEET as at 30 November 2005

	Note	30 November 2005 EUR
CURRENT ASSETS		
Investments	9	223,288,830
Debtors	10	22,154,681
Cash at bank and in hand		10,343,067
		<u>255,786,578</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	11	<u>(3,640,309)</u>
NET CURRENT ASSETS		252,146,269
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>252,146,269</u>
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	12	(250,653,382)
NET ASSETS		<u>1,492,887</u>
CAPITAL AND RESERVES		
Called up share capital	13	17,400,565
Profit and loss account	14	<u>(15,907,678)</u>
EQUITY SHAREHOLDERS' FUNDS	15	<u>1,492,887</u>

Approved by the Board of Directors on 7/3/06



Director

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

MATTERHORN ACQUISITIONS LTD.

NOTES TO THE FINANCIAL STATEMENTS – 30 NOVEMBER 2005

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) **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.
- (c) **Current asset investments:** Current asset investments are stated at the lower of cost and net realisable value.

Portfolio loans comprise the purchase cost of the non-performing receivables plus related acquisition costs of the portfolio. The acquisition costs have been allocated over the individual receivables on a pro rata basis in relation to the purchase price of each receivable compared to the total portfolio price.

Loans are stated at the lower of cost and net realisable value. The carrying value of each loan is compared to an estimate of its net realisable value based on a valuation of collateral and any unrealised losses are included in the profit and loss account.

- (d) **Options:** Obligations under an option arrangement are carried on the balance sheet as a liability. The carrying value is determined as option fees received less costs incurred pre-closing. Revenue will not be recognized until such time as the option is exercised or the underlying collateral is paid off. Call Option Fee and other option related costs will be expensed when incurred.
- (e) **Revenue:** Revenue is recognised under the cost recovery method on a loan-by-loan basis for the portfolio of non performing loans. No revenue is recognised until the proceeds received exceed the attributable all-in cost of the loan. All collections received, after the all-in cost is fully recovered, are reflected in revenue in the period of receipt. No interest income is accrued in respect of the loans.

2. CASHFLOW STATEMENT

The company has taken advantage of the exemption from the requirement in Financial Reporting Standard No. 1 to present a cashflow statement as its cashflows are included in the consolidated cashflows of its ultimate parent company.

3. OPERATING LOSS

	60 week period ended 30 November 2005 EUR
Operating loss is stated after charging:	
Loan servicing fees payable to group undertakings	9,508,478
Management fees payable to group undertakings	34,001
Auditors' remuneration - audit services	30,000

MATTERHORN ACQUISITIONS LTD.

NOTES TO THE FINANCIAL STATEMENTS – 30 NOVEMBER 2005

4. *STAFF COSTS*

The company has no employees. All persons involved in the company's operation are employed by a group undertaking. The charges made by this group undertaking for all services provided to the company are included in the management fees payable to group undertakings.

5. *INTEREST RECEIVABLE AND SIMILAR INCOME*

	60 week period ended 30 November 2005 EUR
Bank interest income	6,928

6. *INTEREST PAYABLE AND SIMILAR CHARGES*

	60 week period ended 30 November 2005 EUR
Interest expense on third party loan	450,937
Interest expense on subordinated loan with group undertaking	178,211
Interest expenses on short term overdraft facility with group undertaking	3,420,241
	4,049,389

7. *DIRECTORS' EMOLUMENTS*

	60 week period ended 30 November 2005 EUR
Aggregate emoluments	2,939
Company pension contributions to money purchase schemes	222
	3,161

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. All of the directors are members of the defined contribution and defined benefit pension schemes. All directors have been granted shares in respect of a long-term incentive scheme. Two directors have exercised options.

MATTERHORN ACQUISITIONS LTD.

NOTES TO THE FINANCIAL STATEMENTS – 30 NOVEMBER 2005

8. TAX ON ORDINARY ACTIVITIES

(a) Analysis of tax in the period:

	60 week period ended 30 November 2005 EUR
Current tax	
UK corporation tax at 30% - current period	(4,611,636)
Group relief surrendered - current period	4,611,636
Total current tax (see note 8(b))	-

The company has surrendered the benefit of tax losses to a fellow group undertaking for nil consideration. Accordingly there is no credit for group relief receivable and no losses are available to carry forward.

(b) Factors affecting tax credit for the period:

The current tax assessed for the period is lower than the standard rate of corporation tax in the UK (30%). The differences are explained below:

	60 week period ended 30 November 2005 EUR
Loss on ordinary activities before tax	(15,907,678)
Loss on ordinary activities at the standard rate of tax in the UK (30%)	(4,772,303)
Expenses disallowed for the purpose of the tax provision	160,667
Tax losses surrendered for nil consideration	4,611,636
Current tax credit for the period	-

9. CURRENT ASSET INVESTMENTS

	30 November 2005 EUR
At 7 October 2004	-
Additions	284,962,217
Collections	(61,673,387)
At 30 November 2005	223,288,830

Due to the distressed nature of the loans, the company is unable to classify the loans between maturities of less than or greater than one year.

MATTERHORN ACQUISITIONS LTD.

NOTES TO THE FINANCIAL STATEMENTS – 30 NOVEMBER 2005

10. DEBTORS

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

	30 November 2005 EUR
Other debtors	22,154,681

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	30 November 2005 EUR
Accrued loan servicing fees payable to group undertakings	2,947,160
Interest payable to third party and group undertaking	629,148
Accrued management fees payable to group undertaking	34,001
Other creditors	30,000
	3,640,309

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

	30 November 2005 EUR
Third Party Loan	195,953,053
Subordinated loan from group undertaking	52,201,689
Option Liability	2,498,640
	250,653,382

The subordinated loan matures on 10 November 2010 and interest accrues at Euribor plus 4%.

The third party loan matures on 10 November 2010 and interest accrues at Euribor plus 1.8%.

MATTERHORN ACQUISITIONS LTD.

NOTES TO THE FINANCIAL STATEMENTS – 30 NOVEMBER 2005

13. SHARE CAPITAL

At 30 November 2005 share capital comprised:

	30 November 2005	
	No.	EUR
<u>Authorised</u>		
Ordinary shares of US\$ 1.00 each	100	80
Redeemable shares	20,000,000	20,000,000
	20,000,100	20,000,080
<u>Allotted, called up and fully paid</u>		
Ordinary shares of US\$ 1.00 each	1	1
Redeemable shares	17,400,564	17,400,564
	17,400,565	17,400,565

On 10 November 2005 Matterhorn Acquisitions Ltd. increased its authorised share capital by the creation of an additional 20,000,000 redeemable shares of EUR1 each. On the same date it also issued 17,400,564 redeemable shares of EUR1 each at par to its immediate parent GS European Opportunities Fund BV.

The redeemable shares may be issued on the terms that they are, or at the option of the company or the holder are, liable to be redeemed on such terms and in such manner as the board may, before the issue of those shares determine. The redeemable shares issued to date are redeemable at EUR 1 (at par), there is no fixed expiry date on their redemption and only the company has the option to redeem. The redeemable shares have the same rights to dividends, voting rights and priority on winding up as ordinary shares.

14. PROFIT AND LOSS ACCOUNT

	EUR
At 7 October 2004	-
Loss for the period	(15,907,678)
At 30 November 2005	(15,907,678)

15. RECONCILIATION OF MOVEMENT IN TOTAL SHAREHOLDERS' FUNDS

	60 week period ended 30 November 2005
	EUR
Loss for the period	(15,907,678)
Share capital issued (see note 13)	17,400,565
Net decrease in shareholders' funds	1,492,887
Opening shareholders' funds	-
Closing shareholders' funds	1,492,887

MATTERHORN ACQUISITIONS LTD.

NOTES TO THE FINANCIAL STATEMENTS – 30 NOVEMBER 2005

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 COMMITMENTS AND CONTINGENCIES

The company had no financial commitments and contingencies outstanding at the period end. The company is exempt from the disclosures required by FRS13 as it does not meet the FRS13 definition of a bank or similar institution nor does it have instruments that meet the definition of capital instruments that are publicly listed or publicly traded.

18. ULTIMATE AND IMMEDIATE PARENT UNDERTAKINGS

The immediate parent company is GS European Opportunities Fund B.V., registered in the Netherlands. 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., of 85 Broad Street, New York, NY 10004, United States of America. This company is incorporated in the United States of America.

19. POST BALANCE SHEET EVENT

On 23 February 2006, the company issued 231,579 redeemable shares of EUR 1.00 at par to its immediate parent GS European Opportunities Fund BV.