Company Number· 5253096

MATTERHORN ACQUISITIONS LTD

(Formerly Phoenix Acquisitions II, Ltd)

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

30 November 2006

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements for the year ended 30 November 2006

1. Principal activities

The company was incorporated on 7 October 2004 under the name of Phoenix Acquisitions II, Ltd On 4 May 2005 the name of the company was changed to Matterhorn Acquisitions Ltd The company's principal activity is the ownership of a German 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 year are shown in the profit and loss account on page 4 Loss on ordinary activities before taxation for the period was €26 6m compared to a loss of €15 9m in the previous period The company has total assets of €73 3m compared to €255 8m in the previous period The reduction in the assets is due to collections received during the year on the portfolio of distressed receivables

On 9 March 2006 the company issued 231,579 redeemable shares of EUR 1 00 at par to its immediate parent GS European Opportunities Fund BV (see note 15)

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

<u>**Strategy**</u>
The company seeks to maximise collections on its German portfolio of distressed receivables

<u>**Future outlook**</u>
The directors consider that the year end financial position of the company was satisfactory No significant change in the company's principal business activity is expected

<u>**Risk management**</u>
The company's risk management objectives and policies, as well as its risks exposure, are described in note 21 of the financial statements

3. Dividends

The directors do not recommend the payment of an ordinary dividend in respect of the year ended 30 November 2006 (2005 € Nil)

4. Exchange rate

The euro/sterling exchange rate at the balance sheet date was 1 48 The average rate for the period was 1 47 (year ended 30 November 2006)

5. Directors

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

Name
R Campbell
G Cutaia
I Dagtoglou
K Tammela
S Hunt
G Minson

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

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 year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that year In preparing those accounts, the directors are required to

- select suitable accounting policies and then apply them consistently,

- make judgements and estimates that are reasonable and prudent,

- state whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the financial statements, and

- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping 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 PricewaterhouseCoopers LLP will, accordingly, continue in office as Auditors of the company pursuant to Section 386 of The Companies Act 1985

BY ORDER OF THE BOARD

N. Russell

N. RUSSELL
Secretary

We have audited the financial statements of the company for the year ended 30 November 2006, 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 30 November 2006 and of its loss for the year 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

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London

8 March 2007

PROFIT AND LOSS ACCOUNT
for the year ended 30 November 2006

	Note	Year ended 30 November 2006 EUR	60 week period ended 30 November 2005 EUR
Revenue	3	5,324,673	-
Administrative expenses		(23,715,003)	(11,865,217)
OPERATING LOSS	4	(18,390,330)	(11,865,217)
Interest receivable and similar income	6	610,803	6,928
Interest payable and similar charges	7	(8,843,216)	(4,049,389)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(26,622,743)	(15,907,678)
Tax on loss on ordinary activities	9	-	-
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION AND FOR THE YEAR		**(26,622,743)**	**(15,907,678)**

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

There is no difference between the losses on ordinary activities before taxation and the loss for the year as stated above and their historical cost equivalents

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

BALANCE SHEET
as at 30 November 2006

	Note	30 November 2006 EUR	30 November 2005 EUR
FIXED ASSETS			
Investment properties	10	5,518,455	-
CURRENT ASSETS			
Investments	11	55,256,715	223,288,830
Debtors	12	2,167,954	22,154,681
Cash at bank and in hand		10,357,934	10,343,067
		67,782,603	255,786,578
CREDITORS· AMOUNTS FALLING DUE WITHIN ONE YEAR	13	(1,861,042)	(3,640,309)
NET CURRENT ASSETS		65,921,561	252,146,269
TOTAL ASSETS LESS CURRENT LIABILITIES		71,440,016	252,146,269
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	14	(96,338,293)	(250,653,382)
NET (LIABILITIES) / ASSETS		**(24,898,277)**	**1,492,887**
CAPITAL AND RESERVES			
Called up share capital	15	17,632,144	17,400,565
Profit and loss account	16	(42,530,421)	(15,907,678)
EQUITY SHAREHOLDERS' FUNDS	17	**(24,898,277)**	**1,492,887**

Approved by the Board of Directors on 8 MARCH 2007

Director

The notes on pages 6 to 14 form part of these financial statements
Auditors' report - page 3

NOTES TO THE FINANCIAL STATEMENTS - 30 NOVEMBER 2006

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 30 November 2006 The financial position at the end of the year is not considered to constitute a permanent diminution in value of the underlying portfolio The company has also obtained a letter of support from its immediate parent company After consideration of cash flow projections, and the letter of support, the directors consider that it is appropriate to prepare the financial statements on a going concern basis

(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) **Consolidation:** The company is a subsidiary undertaking of a company incorporated in The Netherlands and has elected not to prepare group accounts in accordance with the dispensation set out in section 228(1) of the Companies Act 1985

(e) **Fixed asset investments** Investment Properties are stated at open market value at the balance sheet date Any movements in open market value of investments properties are taken to the statements of total recognised gains and loses

Shares in group undertakings, which are intended to be held on a continuing basis in the company's activities, are stated at cost less provision for any impairment

(e) **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 third party valuation of collateral and any unrealised losses are included in the profit and loss account

Assets under an option arrangement are carried on the balance sheet as a current asset investment Obligations under the same option arrangement are carried on the balance sheet as creditors

(f) **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

(g) **Depreciation and amortisation:** In accordance with SSAP19, depreciation is not provided on investment properties This is a departure from the Companies Act 1985 which requires all tangible assets to be depreciated In the opinion of the directors, this departure is necessary for the financial statements to give a true and fair view and to comply with applicable accounting standards which require properties to be included in the financial statements at market value Depreciation is only one of the factors reflected in the valuation of investment properties and the amount which might otherwise have been shown cannot be separately identified or quantified

NOTES TO THE FINANCIAL STATEMENTS – 30 NOVEMBER 2006

(h) **Changes in accounting policies:** The company has adopted FRS 21, 'Events after the balance sheet date', and FRS 25, 'Financial instruments disclosures and presentation', in these financial statements The adoption of these standards represents a change in accounting policy with no impact on the comparatives

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. *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

	Year ended 30 November 2006 EUR	60 week period ended 30 November 2005 EUR
Income from non-performing loan portfolio		
- Collections in excess of basis	90,106,045	-
- Collections on closed assets	3,083,361	-
- Gain on sale of mortgage assets	3,411,159	-
- Impairment of loan portfolio	(91,275,892)	-
	5,324,673	-

4. *OPERATING LOSS*

	Year ended 30 November 2006 EUR	60 week period ended 30 November 2005 EUR
Operating loss is stated after charging		
Loan servicing fees payable to group undertakings	23,334,687	9,508,478
Due diligence	-	2,292,738
Auditors' remuneration - audit services	45,210	30,000
Management fees payable to group undertakings	34,639	34,001

5. *STAFF COSTS*

The company has no employees 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

NOTES TO THE FINANCIAL STATEMENTS - 30 NOVEMBER 2006

6. *INTEREST RECEIVABLE AND SIMILAR INCOME*

	Year ended 30 November 2006 EUR	60 week period ended 30 November 2005 EUR
Bank interest income	**610,803**	**6,928**

7. *INTEREST PAYABLE AND SIMILAR CHARGES*

	Year ended 30 November 2006 EUR	60 week period ended 30 November 2005 EUR
Interest expense on third party loan	5,226,315	450,937
Interest expense on subordinated loan with group undertaking	3,573,480	178,211
Interest expenses on short term liquidity facility with group undertaking	43,421	3,420,241
	8,843,216	**4,049,389**

8. *DIRECTORS' EMOLUMENTS*

	Year ended 30 November 2006 EUR	60 week period ended 30 November 2005 EUR
Directors		
Aggregate emoluments	4,459	2,939
Company pension contributions to money purchase schemes	175	222
	4,634	**3,161**
Highest Paid Director		
Aggregate emoluments and benefits	1,909	-
Company pension contributions to money purchase schemes	13	-
Defined benefit schemes	-	-
Accrued pension at end of year	-	-

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 directors are members of the defined contribution pension scheme and 5 are members of the defined benefit pension scheme All directors have been granted shares in respect of a long term incentive scheme 2 directors have exercised options

NOTES TO THE FINANCIAL STATEMENTS – 30 NOVEMBER 2006

9. *TAX ON ORDINARY ACTIVITIES*

(a) Analysis of tax in the period:

	Year ended 30 November 2006 EUR	60 week period ended 30 November 2005 EUR
Current tax		
UK corporation tax at 30% - current period	-	(4,611,636)
Tax loss surrendered for nil consideration	-	4,611,636
Tax loss surrendered for consideration	-	-
Total current tax (see note 9(b))	-	-

The company has surrendered the benefit of prior year tax losses to a fellow group undertaking for nil consideration 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

(b) Factors affecting tax credit for the period:

The current tax assessed for the period is the same as the standard rate of corporation tax in the UK (30%) The factors are explained below

	Year ended 30 November 2006 EUR	60 week period ended 30 November 2005 EUR
Loss on ordinary activities before tax	(26,622,743)	(15,907,678)
Loss on ordinary activities at the standard rate of tax in the UK (30%)	(7,986,823)	(4,772,303)
Expenses disallowed for the purpose of tax provision	-	160,667
Tax loss surrendered for nil consideration	-	4,611,636
Unutilised tax losses carried forward	7,986,823	-
Current tax credit for the period	-	-

10. *INVESTMENT PROPERTIES*

	30 November 2006 EUR
Cost	
At 30 November 2005	-
Additions	5,518,455
At 30 November 2006	5,518,455

Matterhorn Immobilien GmbH, a subsidiary of the company, holds the title to the above assets, but the associated risks and rewards lie with the company On this basis the properties are included within the balance sheet of the company at the carrying value of the associated real estate asset

NOTES TO THE FINANCIAL STATEMENTS – 30 NOVEMBER 2006

11. *CURRENT ASSET INVESTMENTS*

	30 November 2006 EUR
Cost	
At 30 November 2005	223,288,830
Option additions prior year	40,117,857
Prior year cost restated	263,406,687
Cash collections	(174,926,403)
Option collections	(23,053,358)
Sale of investments	(10,120,003)
Foreclosures	(4,549,518)
Adjustments	(269,925)
Addition	5,939,082
Gain on Disposition	90,106,045
At 30 November 2006	**146,532,607**
Provisions and Write-offs	
At 30 November 2005	-
Impairment of loan portfolio	(91,275,892)
At 30 November 2006	**(91,275,892)**
Net book value at 30 November 2006	**55,256,715**
Net book value at 30 November 2005	223,288,830

Portfolio loans comprise the purchase cost of the non-performing receivables plus related acquisition costs of the portfolio Due to the nature of the loans, the company is unable to classify loans between maturities of less than or greater than one year

The loans are stated at the lower of cost and net realisable value Net realisable value is determined by the directors on the basis of forecasts of future cashflows, taking into account the individual circumstances of each loan and applying an appropriate discount rate As the portfolio comprises a large number of individual loans, some of which have limited information available, the valuations are dependant on a number of subjective assumptions

Under the accounting policies adopted and stated on page 6, the company has recognised all realised and unrealised losses within the portfolio where, based upon current management projections, the net realisable value is less than cost Due to the distressed nature of the assets, the company has withheld the recognition of gains until they are realised

12. *DEBTORS*

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

	30 November 2006 EUR	30 November 2005 EUR
Other debtors	2,167,954	22,154,681

NOTES TO THE FINANCIAL STATEMENTS – 30 NOVEMBER 2006

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	30 November 2006 EUR	30 November 2005 EUR
Interest payable to third party and group undertakings	1,099,924	629,148
Other payables to group undertakings	400,000	-
Accrued loan servicing fees payable to group undertakings	163,067	2,947,160
Accrued capital liability to subsidiary	151,937	-
Accrued management fees payable to group undertakings	-	34,001
Other creditors	46,114	30,000
	1,861,042	**3,640,309**

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

	30 November 2006 EUR	30 November 2005 EUR
Subordinated loan from group undertaking	48,709,746	52,201,689
Third Party Loan	23,858,508	195,953,053
Option Liability	23,770,039	2,498,640
	96,338,293	**250,653,382**

The third party loan matures on 10 November 2010 and interest accrues at Euribor plus 1 8%

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

The option liability is due upon exercise

NOTES TO THE FINANCIAL STATEMENTS - 30 NOVEMBER 2006

15. SHARE CAPITAL

At 30 November 2006 share capital comprised

	30 November 2006		30 November 2005	
	No.	EUR	No	EUR
Authorised				
Ordinary shares of US$ 1 00 each	100	80	100	80
Redeemable shares of EUR 1 00 each	20,000,000	20,000,000	20,000,000	20,000,000
	20,000,100	**20,000,080**	**20,000,100**	**20,000,080**
Allotted, called up and fully paid				
Ordinary shares of US$ 1 00 each	1	1	1	1
Redeemable shares of EUR 1 00 each	17,632,143	17,632,143	17,400,564	17,400,564
	17,632,144	**17,632,144**	**17,400,565**	**17,400,565**

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 EUR1 (at par), there is no fixed expiry date on their redemption and they are redeemable at the option of the company or the holder The redeemable shares have the same rights to dividends, voting rights and priority on winding up as ordinary shares

16. PROFIT AND LOSS ACCOUNT

	Year ended 30 November 2006 EUR
At 30 November 2005	(15,907,678)
Loss for the period	(26,622,743)
At 30 November 2006	**(42,530,421)**

17. RECONCILIATION OF MOVEMENT IN TOTAL SHAREHOLDERS' FUNDS

	Year ended 30 November 2006 EUR	60 week period ended 30 November 2005 EUR
Loss for the period	(26,622,743)	(15,907,678)
Share capital issued (see note 15)	231,579	17,400,565
Net (decrease) / increase in shareholders' funds	(26,391,164)	1,492,887
Opening shareholders' funds	1,492,887	-
Closing shareholders' funds	**(24,898,277)**	**1,492,887**

18. 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

NOTES TO THE FINANCIAL STATEMENTS – 30 NOVEMBER 2006

19. *FIXED ASSET INVESTMENT*

The subsidiaries over which the company exercises control at the period end are listed below

Name of company (Country of Incorporation) and activity	Ownership %	Number of shares held	Class	Nominal
Matterhorn Immobilien GmbH (Germany) real estate investments	100	-	Ownership Interest	5,366 518

	30 November 2006 EUR
At 31 October 2005	-
Additions	5,366,518
Reclassification to investment properties	(5,518,455)
At 30 November 2006	**(151,937)**

20. *FINANCIAL COMMITMENTS AND CONTINGENCIES*

As at 30 November 2006, the company has an outstanding commitment of € 1,558,482 to Matterhorn Immobilien GmbH

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

21. *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 and liquidity risk

(a) Interest rate risk

Interest rate risks primarily result from exposures to changes in the level, slope and curvature of the yield curve, the volatility of interest rates and prepayments The company manages its interest rate risk by establishing hedges in related securities or derivatives 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

We have implemented policies to be able to fund the company and to enable our core business to continue to generate revenue under adverse conditions The company manages its liquidity risk by having the ability to call additional funds from its shareholders as and when required

NOTES TO THE FINANCIAL STATEMENTS – 30 NOVEMBER 2006

22. *ULTIMATE AND IMMEDIATE PARENT UNDERTAKINGS*

The immediate parent company is GS European Opportunities Fund BV, 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

23. *POST BALANCE SHEET EVENT*

On 15 January 2007 the third party loan and related interest was repaid in full