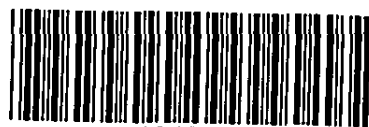


**MATTERHORN ACQUISITIONS LTD**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**30 November 2008**

MONDAY



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# Matterhorn Acquisitions Ltd

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## REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements for the year ended 30 November 2008.

### 1. Principal activities

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 year are shown in the profit and loss account on page 4. Profit on ordinary activities before taxation for the year was €35.6m (2007: €69.5m). The company has total assets of €86.8m (2007: €78.4m).

#### Strategy

The company seeks to maximise collections on its portfolio of distressed receivables.

#### 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 cashflows, the company is able to meet its obligations. No significant change in the company's principal business activity is expected.

#### Risk management

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 2008 (2007: € 14,100,000).

### 4. Exchange rate

The sterling/euro exchange rate at the balance sheet date was 1.21 (2007: 1.41). The average rate for the year was 1.28 (2007: 1.47).

### 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	Appointed	Resigned
R. Campbell		
G. Minson		
C. Dickens		
J. Hale	17 March 2009	
K. Tammela		28 May 2008
G. Cutaia		17 June 2008
I. Dagoglou		6 November 2008

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

# Matterhorn Acquisitions Ltd

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## **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  
Secretary

**Independent auditors' report to the members of  
Matterhorn Acquisitions Ltd**

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We have audited the financial statements of Matterhorn Acquisitions Ltd for the year ended 30 November 2008, which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, 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 2008 and of the company's profit 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

*23 March 2009*

## Matterhorn Acquisitions Ltd

### PROFIT AND LOSS ACCOUNT for the year ended 30 November 2008

	Note	Year ended 30 November 2008 EUR	Year ended 30 November 2007 EUR
Revenue	3	54,769,305	87,549,328
Administrative expenses		(21,618,942)	(17,119,658)
<b>OPERATING PROFIT</b>	4	33,150,363	70,429,670
Interest receivable and similar income	6	2,470,812	769,557
Interest payable and similar charges	7	(13,872)	(1,701,309)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		35,607,303	69,497,918
Tax on profit on ordinary activities	9	(13,585,568)	(12,862,552)
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION FOR THE YEAR</b>		<b>22,021,735</b>	<b>56,635,366</b>

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

There is no difference between the profit on ordinary activities before taxation and the profit for the year as stated above and their historical cost equivalents, except as explained in Note 1 (d).

The notes on pages 7 to 15 form part of these financial statements.  
Auditors' report - page 3.

## Matterhorn Acquisitions Ltd

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### STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES for the year ended 30 November 2008

	Note	Year ended 30 November 2008 EUR	Year ended 30 November 2007 EUR
Profit for the year		22,021,735	56,635,366
Revaluation surplus	18	1,124,562	10,181,805
<b>Total recognised gain for the year</b>		<b>23,146,297</b>	<b>66,817,171</b>

The notes on pages 7 to 15 form part of these financial statements.  
Auditors' report - page 3.

# Matterhorn Acquisitions Ltd

## BALANCE SHEET as at 30 November 2008

	Note	30 November 2008 EUR	30 November 2007 EUR
<b>FIXED ASSETS</b>			
Investment properties	10	21,394,808	21,665,491
Shares in subsidiary undertaking	11	9,005,000	6,925,000
<b>CURRENT ASSETS</b>			
Investments	12	5,863,388	18,808,174
Debtors	13	50,534,639	30,975,702
Cash at bank and in hand		37,341	8,526
		<u>56,435,368</u>	<u>49,792,402</u>
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	14	<u>(25,271,053)</u>	<u>(20,959,138)</u>
<b>NET CURRENT ASSETS</b>		<u>31,164,315</u>	<u>28,833,264</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		61,564,123	57,423,755
<b>CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>	15	(10,598,932)	(15,504,861)
<b>NET ASSETS</b>		<u>50,965,191</u>	<u>41,918,894</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	16	17,632,144	17,632,144
Profit and loss account	17	23,187,428	14,104,945
Revaluation reserve	18	10,145,619	10,181,805
<b>TOTAL SHAREHOLDERS' FUNDS</b>	19	<u>50,965,191</u>	<u>41,918,894</u>

The financial statements on pages 4 to 15 were approved by the Board of Directors on and were signed on its behalf by *GREGORY MURSON*



Director

*17/03/09*

The notes on pages 7 to 15 form part of these financial statements.  
Auditors' report - page 3.

# Matterhorn Acquisitions Ltd

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## NOTES TO THE FINANCIAL STATEMENTS – 30 NOVEMBER 2008

### **1. ACCOUNTING POLICIES**

- (a) **Accounting convention:** The financial statements have been prepared under the historical cost convention (modified as explained in note 1(d)), 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 euro 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) **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.
- (d) **Investment properties:** 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 losses.

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.

- (e) **Capitalisation of costs:** Expenditure incurred directly associated with the investment properties is capitalised as incurred.
- (f) **Shares in subsidiary undertaking:** These shares are intended to be held on a continuing basis in the company's activities and are stated at cost less provision for any impairment.
- (g) **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.

- (h) **Revenue recognition:** 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. Revenue is stated net of impairment on loans and investment properties. No interest income is accrued in respect of the loans.
- (i) **Administrative expenses:** Included within administrative expenses are legal and professional fees and asset management servicing fees.



# Matterhorn Acquisitions Ltd

## NOTES TO THE FINANCIAL STATEMENTS – 30 NOVEMBER 2008

### 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.

	Year ended 30 November 2008	Year ended 30 November 2007
	EUR	EUR
Collections in excess of loan basis	46,081,694	64,291,292
Collections on closed loan assets	528,977	1,240,853
Amounts written off on closed loan assets	(567,553)	(3,696,901)
Reversal of impairment of loan portfolio	7,852,626	25,694,632
Guarantee fee income from sales of investment properties	482,077	19,452
Other income	391,484	-
	<b>54,769,305</b>	<b>87,549,328</b>

Guarantee fee income is generated from the sale of investment properties, based on the facility agreement with Matterhorn Immobilien GmbH, a subsidiary of the company.

Revenue represents gross cash collections from the loan portfolio less amounts allocated as repayment of principal.

All revenue arises from investment activities including cash collections from the loan portfolio. 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. **OPERATING PROFIT**

	Year ended 30 November 2008	Year ended 30 November 2007
	EUR	EUR
Operating profit is stated after charging:		
Loan servicing fees to group undertakings	21,054,607	16,435,543
Impairment of investment properties	-	380,824
Management fees payable to group undertakings	283,337	138,769
Auditor's remuneration - audit services	36,915	42,078

### 5. **STAFF COSTS**

As in the previous year 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 (see note 4).

# Matterhorn Acquisitions Ltd

## NOTES TO THE FINANCIAL STATEMENTS – 30 NOVEMBER 2008

### 6. *INTEREST RECEIVABLE AND SIMILAR INCOME*

	Year ended 30 November 2008	Year ended 30 November 2007
	EUR	EUR
Interest income on short term loan with group undertaking	1,461,612	130,722
Interest on money market investments	951,659	493,601
Bank interest income	57,541	145,234
	<u>2,470,812</u>	<u>769,557</u>

### 7. *INTEREST PAYABLE AND SIMILAR CHARGES*

	Year ended 30 November 2008	Year ended 30 November 2007
	EUR	EUR
Interest expense on third party loan	-	121,332
Interest expense on subordinated loan with group undertaking	-	1,558,530
Interest expense on short term liquidity facility with group undertaking	13,872	21,447
	<u>13,872</u>	<u>1,701,309</u>

### 8. *DIRECTORS' EMOLUMENTS*

	Year ended 30 November 2008	Year ended 30 November 2007
	EUR	EUR
<u>Directors</u>		
Aggregate emoluments	1,038	2,793
Company pension contributions to money purchase schemes	24	31
	<u>1,062</u>	<u>2,824</u>

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 directors are members of the defined benefit pension scheme. Five directors have been granted shares in respect of a long term incentive scheme operated by the ultimate parent undertaking. Two directors have exercised options.

# Matterhorn Acquisitions Ltd

## NOTES TO THE FINANCIAL STATEMENTS – 30 NOVEMBER 2008

### 9. *TAX ON ORDINARY ACTIVITIES*

(a) **Analysis of tax in the year:**

	Year ended 30 November 2008 EUR	Year ended 30 November 2007 EUR
<b>Current tax</b>		
UK corporation tax at 28.67% (2007: 30%) - current year	10,531,026	13,862,417
Adjustments in respect of prior years	3,054,542	(999,865)
<b>Total current tax (see note 9(b))</b>	<b>13,585,568</b>	<b>12,862,552</b>

The company claimed group relief from other group companies during the year for consideration of 28.67% of the value of the losses received.

(b) **Factors affecting tax charge for the year:**

The current tax assessed for the year is different to 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% (2007: 30%). The factors are explained below:

	Year ended 30 November 2008 EUR	Year ended 30 November 2007 EUR
Profit on ordinary activities before tax	35,607,303	69,497,918
Profit on ordinary activities at the standard rate of tax in the UK 28.67% (2007: 30%)	10,208,614	20,849,375
Revaluation surplus taxable in current year	322,412	-
Adjustment to tax in respect of prior years	3,054,542	(999,865)
Utilised tax losses brought forward	-	(6,986,958)
<b>Current tax charge for the year</b>	<b>13,585,568</b>	<b>12,862,552</b>

# Matterhorn Acquisitions Ltd

## NOTES TO THE FINANCIAL STATEMENTS – 30 NOVEMBER 2008

### 10. INVESTMENT PROPERTIES

		30 November 2008
		EUR
At 30 November 2007		21,665,491
Capitalised costs		207,685
Foreclosures at carrying value	477,176	
Revaluation to open market value	352,928	
Total additions		830,104
Disposals		(2,080,106)
Current year revaluation		771,634
At 30 November 2008		<u>21,394,808</u>

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. Disposals are covered by the facility agreement.

The company's interests in investment properties are stated at the directors' best estimate of the open market value at the balance sheet date. Open market value is assessed on a net present value of future cash flows basis. The valuations are dependent on a number of subjective assumptions and have been determined by officers of the company who have gained experience in this area.

### 11. SHARES IN SUBSIDIARY UNDERTAKING

The subsidiary over which the company exercises control at the year-end is listed below:

Name of company (Country of Incorporation) and activity	Ownership %	Class	Nominal
Matterhorn Immobilien GmbH (Germany) real estate investments	100	Ownership Interest	9,005,000

	30 November 2008
	EUR
At 30 November 2007	6,925,000
Additions	2,080,000
At 30 November 2008	<u>9,005,000</u>

# Matterhorn Acquisitions Ltd

## NOTES TO THE FINANCIAL STATEMENTS – 30 NOVEMBER 2008

### 12. *CURRENT ASSET INVESTMENTS*

		30 November 2008
		<u>EUR</u>
<b>Cost</b>		
At 30 November 2007		84,389,434
Capitalised costs		447,771
Amounts written off on closed loan assets		(567,553)
Cash collections	(59,560,072)	
Option collections	(6,722,076)	
Collection in excess of loan basis	<u>46,081,694</u>	
Net cash collections		(20,200,454)
Foreclosures at carrying value		<u>(477,176)</u>
<b>At 30 November 2008</b>		<u><b>63,592,022</b></u>
<b>Provisions</b>		
At 30 November 2007		(65,581,260)
Reversal of impairment of loan portfolio		<u>7,852,626</u>
<b>At 30 November 2008</b>		<u><b>(57,728,634)</b></u>
<b>Net book value at 30 November 2008</b>		<u><b>5,863,388</b></u>
Net book value at 30 November 2007		<u><u>18,808,174</u></u>

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 dependent on a number of subjective assumptions as described above.

Under the accounting policies adopted and stated on page 7, 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 the proceeds received exceed the attributable all-in-cost of the loan.

## Matterhorn Acquisitions Ltd

### NOTES TO THE FINANCIAL STATEMENTS – 30 NOVEMBER 2008

#### **13. DEBTORS**

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

	30 November 2008	30 November 2007
	EUR	EUR
Money market investments	29,490,682	3,283,715
Intercompany receivable from group undertaking	20,113,194	24,030,584
Receivable from fellow group undertaking	816,628	2,329,044
Group tax relief receivable	-	999,865
Other debtors	114,135	332,494
	<b>50,534,639</b>	<b>30,975,702</b>

For the year ended 30 November 2007 money market investments was included within cash at bank and in hand.

#### **14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	30 November 2008	30 November 2007
	EUR	EUR
Group tax relief payable	13,585,567	13,862,417
Amounts payable to subsidiary undertaking	6,122,344	6,880,507
Accrued loan servicing fees payable to group undertakings	5,490,621	123,778
Accrued management fees payable to group undertakings	35,606	42,727
Other creditors	36,915	49,709
	<b>25,271,053</b>	<b>20,959,138</b>

#### **15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	30 November 2008	30 November 2007
	EUR	EUR
Option Liability	<b>10,598,932</b>	<b>15,501,861</b>

The option liability is due upon exercise.

# Matterhorn Acquisitions Ltd

## NOTES TO THE FINANCIAL STATEMENTS – 30 NOVEMBER 2008

### 16. *SHARE CAPITAL*

At 30 November 2008 share capital comprised:

	30 November 2008		30 November 2007	
	No.	Amount	No.	Amount
<b><u>Authorised</u></b>				
Ordinary shares of US\$ 1.00 each	100	\$100	100	\$100
Redeemable shares of EUR 1.00 each	20,000,000	€ 20,000,000	20,000,000	€ 20,000,000
<b><u>Allotted, called up and fully paid</u></b>				
Ordinary shares of US\$ 1.00 each	1	€ 1	1	€ 1
Redeemable shares of EUR 1.00 each	17,632,143	€ 17,632,143	17,632,143	€ 17,632,143
	<b>17,632,144</b>	<b>€ 17,632,144</b>	<b>17,632,144</b>	<b>€ 17,632,144</b>

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.

### 17. *PROFIT AND LOSS ACCOUNT*

	30 November 2008
	EUR
At 30 November 2007	14,104,945
Dividend payment	(14,100,000)
Profit for the year	22,021,735
Transfer from revaluation reserve	1,160,748
At 30 November 2008	<b>23,187,428</b>

### 18. *REVALUATION RESERVE*

	30 November 2008
	EUR
At 30 November 2007	10,181,805
Revaluation surplus	1,124,562
Transfer to profit and loss account	(1,160,748)
At 30 November 2008	<b>10,145,619</b>

## Matterhorn Acquisitions Ltd

### NOTES TO THE FINANCIAL STATEMENTS – 30 NOVEMBER 2008

#### **19. RECONCILIATION OF MOVEMENT IN TOTAL SHAREHOLDERS' FUNDS**

	Year ended 30 November 2008 EUR
Profit for the year	22,021,735
Dividend payment (see note 17)	(14,100,000)
Revaluation surplus	1,124,562
Net increase in shareholders' funds	9,046,297
Opening shareholders' funds	41,918,894
Closing shareholders' funds	50,965,191

#### **20. 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.

#### **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 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 the company would incur if a counterparty fails to meet its contractual obligations. Credit risk is monitored by reviewing the repayment profile of the counterparty. If a counterparty fails to perform under its contractual obligation any underlying collateral, against which the assets are secured, may be foreclosed.

##### **(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-specific 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 continue to generate revenue under adverse circumstances.

#### **22. ULTIMATE AND IMMEDIATE PARENT UNDERTAKINGS**

The immediate parent undertaking 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., ("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.