

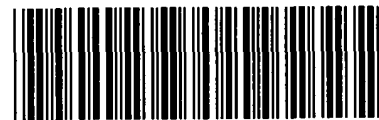
Company Number: 06919570

GS EUROPEAN STRATEGIC INVESTMENT GROUP (2009) LTD

ANNUAL REPORT

31 DECEMBER 2016

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REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements of the company for the year ended 31 December 2016. A strategic report has not been prepared as the company is entitled to the small companies exemption under section 414B of the Companies Act 2006.

1. Introduction

The principal activity of GS European Strategic Investment Group (2009) Ltd ('the company') is to trade in distressed credits and subordinated performing secured loans.

The company's ultimate parent undertaking and controlling entity is The Goldman Sachs Group, Inc. ('Group Inc.'). Group Inc. is a bank holding company and a financial holding company regulated by the Board of Governors of the Federal Reserve System ('Federal Reserve Board'). Group Inc. together with its consolidated subsidiaries form 'the group'. The group is a leading global investment banking, securities and investment management firm that provides a wide range of financial services to a substantial and diversified client base that includes corporations, financial institutions, governments and individuals.

The company primarily operates in a Euro environment. Accordingly, the company's functional currency is the Euro and these financial statements have been prepared in that currency.

2. Financial overview

The financial statements have been drawn up for the year ended 31 December 2016. Comparative information has been presented for the year ended 31 December 2015.

The results for the year are shown in the profit and loss account on page 6. Profit before taxation for the year was €5,347,416 (year ended 31 December 2015: loss before taxation of €1,640,299).

The company had total assets of €64,063,806 (31 December 2015: €9,431,835).

During the year, the company issued 117,410,174 ordinary shares of €0.50 each to its immediate parent undertaking (see note 13).

3. Future outlook

The directors consider that for the year end the financial position of the company was satisfactory and do not anticipate any significant changes in its activities in the forthcoming year. The determination by the U.K. to exit the EU could affect the manner in which the company conducts its business.

4. Dividends

The directors do not recommend the payment of a dividend in respect of the year ended 31 December 2016 (31 December 2015: €nil).

5. Exchange rate

The British pound / Euro exchange rate at the balance sheet date was £ / €1.17 (31 December 2015: £ / €1.36). The average rate for the year was £ / €1.22 (year ended 31 December 2015: £ / €1.38).

6. Financial risk management

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

REPORT OF THE DIRECTORS (continued)

7. Disclosure of information to auditors

In the case of each of the persons who are directors of the company at the date when this report was approved:

- so far as each of the directors is aware, there is no relevant audit information of which the company's auditors are unaware; and
- each of the directors has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

8. Independent auditors

The auditors, PricewaterhouseCoopers LLP, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

9. Directors

The directors of the company who served throughout the year and to the date of this report, except where noted, were:

Name

M. Holmes

J. A. Wiltshire

No director had, at the year end, any interest requiring note herein.

10. Statement of directors' responsibilities

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations. Company law requires the directors to prepare 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 of the company for that period. In preparing those financial statements, 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;
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and, hence, for taking reasonable steps for the prevention and detection of fraud and other irregularities.

REPORT OF THE DIRECTORS (continued)

11. Date of authorisation of issue

The financial statements were authorised for issue by the Board of Directors on 16 JUNE 2017

BY ORDER OF THE BOARD



Director
MICHAEL HOLMES

Independent auditors' report to the members of GS European Strategic Investment Group (2009) Ltd

Report on the financial statements

Our opinion

In our opinion, GS European Strategic Investment Group (2009) Ltd's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements, included within the Annual Report, comprise:

- the Balance Sheet as at 31 December 2016;
- the Profit and Loss account for the year then ended;
- the Statement of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Directors has been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Report of the Directors. We have nothing to report in this respect.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

Independent auditors' report to the members of GS European Strategic Investment Group (2009) Ltd

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of directors' responsibilities set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Report of the Directors, we consider whether this report include the disclosures required by applicable legal requirements.

John Wei (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

16 June 2017

GS EUROPEAN STRATEGIC INVESTMENT GROUP (2009) LTD

PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2016

		Year Ended 31 December 2016	Year Ended 31 December 2015
	Note	EUR	EUR
Net revenue	5	5,432,192	(1,700,131)
Administrative (expense) / income	6	(84,776)	59,832
OPERATING PROFIT / (LOSS) AND PROFIT / (LOSS) BEFORE TAXATION		5,347,416	(1,640,299)
Tax on (loss) / profit on ordinary activities	9	-	-
PROFIT / (LOSS) FOR THE FINANCIAL YEAR		5,347,416	(1,640,299)

The operating profits / (loss) of the company are derived from continuing operations in the current and prior years.

The company has no recognised gains and losses other than those included in the profit/(loss) for the years shown above, and therefore no separate statement of other comprehensive income has been presented.

The accompanying notes are an integral part to the financial statements.

GS EUROPEAN STRATEGIC INVESTMENT GROUP (2009) LTD

BALANCE SHEET

as at 31 December 2016

	Note	31 December 2016 EUR	31 December 2015 EUR
CURRENT ASSETS			
Investments	10	63,976,353	5,656,608
Debtors	11	-	2,044,301
Cash at bank and in hand		87,453	1,730,926
		<u>64,063,806</u>	<u>9,431,835</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR			
	12	<u>(18,732)</u>	<u>(9,439,264)</u>
NET CURRENT ASSETS / (LIABILITIES)			
		64,045,074	(7,429)
NET ASSETS / (LIABILITIES)			
		<u>64,045,074</u>	<u>(7,429)</u>
CAPITAL AND RESERVES			
Called up share capital	13	114,024,547	55,319,460
Other reserves	14	17,786,061	17,786,061
Capital reserve	15	(218,944)	(218,944)
Profit and loss account		<u>(67,546,590)</u>	<u>(72,894,006)</u>
TOTAL SHAREHOLDER'S FUNDS / (DEFICIT)			
		<u>64,045,074</u>	<u>(7,429)</u>

The financial statements were approved by the Board of Directors on 16 JUNE 2017 and signed on its behalf by:



Director

MICHAEL HOLMES

The accompanying notes are an integral part of these financial statements.
Company number: 06919570

GS EUROPEAN STRATEGIC INVESTMENT GROUP (2009) LTD

Statement of Changes in Equity

For the Year Ended 31 December 2016

	Note	Called Up Share Capital EUR	Other Reserves EUR	Capital Reserve EUR	Profit and Loss Account EUR	Total Shareholder's (Deficit)/Funds EUR
Balance at 1 January 2015		50,219,460	17,786,061	(218,944)	(71,253,707)	(3,467,130)
Share capital issued during the year		5,100,000	-	-	-	5,100,000
Loss for the financial year		-	-	-	(1,640,299)	(1,640,299)
Balance at 31 December 2015		55,319,460	17,786,061	(218,944)	(72,894,006)	(7,429)
Share capital issued during the year	13	58,705,087	-	-	-	58,705,087
Profit for the financial year		-	-	-	5,347,416	5,347,416
Balance at 31 December 2016		114,024,547	17,786,061	(218,944)	(67,546,590)	64,045,074

No dividends were paid in 2015 and 2016.

The accompanying notes are an integral part to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2016

1. GENERAL INFORMATION

The company is a limited liability company and is incorporated and domiciled in England and Wales. The address of its registered office is Peterborough Court, 133 Fleet Street, London, EC4A 2BB, United Kingdom.

The immediate parent undertaking is ELQ Investors, Ltd., a company incorporated and domiciled in England and Wales.

The ultimate parent undertaking and the parent company of the smallest and largest group for which consolidated financial statements are prepared is The Goldman Sachs Group, Inc., a company incorporated in the United States of America. Copies of its consolidated financial statements can be obtained from Investor Relations, 200 West Street, New York, NY 10282, United States of America or at www.goldmansachs.com/shareholders/.

2. ACCOUNTING POLICIES

a. Basis of preparation

These financial statements have been prepared on the going concern basis, under the historical cost convention (modified as explained in note 2d) and in accordance with FRS 101 'Reduced Disclosure Framework' (FRS 101) and Companies Act 2006.

The following exemptions from disclosure requirements of IFRS as adopted by the EU have been applied in the preparation of these financial statements in accordance with FRS 101:

- (i) IFRS 2 'Share-based Payment' paragraph 45(b) and 46 to 52. These disclosures are provided in the consolidated financial statements of Group Inc.;
- (ii) IAS 1 'Presentation of Financial Statements' paragraph 38 to present comparative information in respect of IAS 1 'Presentation of Financial Statements' paragraph 79(a)(iv);
- (iii) IAS 1 'Presentation of Financial Statements' paragraphs 10(f), 16 and 40A-D;
- (iv) IAS 7 'Statement of Cash Flows';
- (v) IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' paragraphs 30 and 31;
- (vi) IAS 24 'Related Party Disclosures' paragraph 17; and
- (vii) IAS 24 'Related Party Disclosures' requirements to disclose transactions with companies also wholly owned within the group.

b. Foreign currencies

The company's financial statements are presented in Euros, which is also the company's functional currency.

Transactions denominated in foreign currencies are translated into Euros at rates of exchange ruling on the date the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are translated into Euros at rates of exchange ruling at the balance sheet date. Foreign exchange gains and losses are recognised in operating profit / (loss).

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2016

2. ACCOUNTING POLICIES (continued)

c. Revenue recognition

Net revenues has been disclosed instead of turnover as this more meaningfully reflects the nature and results of the company's activities. This includes revenue from equity investments and debt investments.

Net revenue from debt investments includes accrued interest, changes in fair value, and the gains and losses on sale of the debt investments.

Net revenue from equity investments includes dividend income, changes in fair value and the gains and losses on sale of investments. Dividends receivable are recognised as income when the right to receive the payment has been established.

d. Financial assets and financial liabilities

(i) Recognition and derecognition

Financial assets are recognised and derecognised using settlement date accounting. Financial assets and financial liabilities are recognised when the company becomes party to the contractual provisions of the instrument. They are derecognised when the contractual rights to the cash flows from the financial asset expire or if the company transfers the financial asset and substantially all the risks and rewards of ownership of that financial asset. A financial liability is derecognised only when it is extinguished (i.e. when the obligation specified in the contract is discharged or cancelled or expires).

(ii) Classification and measurement

Financial assets comprise all of the company's current assets, and financial liabilities comprise all of the company's creditors.

The company classifies its financial assets and financial liabilities into the below categories. The classification, which is determined at initial recognition, depends on the purpose for which they were acquired or originated.

- Financial assets and financial liabilities designated at fair value through profit or loss

Financial assets comprise debt and equity investments, which are designated at fair value as they are managed and their performance is evaluated on a fair value basis. Unrealised and realised gains or losses on the financial assets are recognised in the profit and loss account.

- Loans and receivables and financial liabilities measured at amortised cost

Loans and receivables and financial liabilities measured at amortised cost are initially recognised at fair value and are subsequently remeasured at amortised cost, with finance income and expense recognised on an accruals basis. All finance income and expense is recognised in the profit and loss account.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2016

2. ACCOUNTING POLICIES (continued)

d. Financial assets and financial liabilities (continued)

(iii) Offsetting financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet where there is:

- (i) currently a legally enforceable right to set off the recognised amounts; and
- (ii) intent to settle on a net basis or to realise the asset and settle the liability simultaneously.

Where these conditions are not met, financial assets and financial liabilities are presented on a gross basis in the balance sheet.

e. Cash at bank and in hand

Cash at bank and in hand is highly liquid overnight deposits held in the ordinary course of business.

f. Current and deferred taxation

The tax expense comprises current and deferred tax. Tax is recognised in the profit and loss account.

Current tax is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company operates and generates taxable income.

Deferred tax is recognised in respect of all temporary differences that have originated, but not reversed at the balance sheet date, where transactions or events have occurred by that date that will result in an obligation to pay more tax or a right to pay less tax in the future with the following exceptions:

- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which future reversal of the underlying temporary differences can be deducted.
- Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which temporary differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

g. Dividends

Final dividends are recognised in year that they are approved by the directors. Interim equity dividends are recognised in the year that they are paid. These dividends are debited directly to equity.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2016

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts recognised in these financial statements. The nature of estimation means that actual outcomes could differ from those estimates. The following judgement has had the most significant effect on amounts recognised in the financial statements:

Fair value measurement

Certain of the company's financial assets include significant unobservable inputs (i.e. level 3). See note 18(f) for information about the carrying value, valuation techniques and significant inputs of these instruments.

4. SEGMENTAL REPORTING

The directors manage the company's activities as a single business in the same geographical region and accordingly no segmental analysis has been provided.

5. NET REVENUE

	Year Ended 31 December 2016	Year Ended 31 December 2015
	EUR	EUR
Net revenue from debt investments	5,432,192	(1,700,131)

6. ADMINISTRATIVE INCOME

	Year Ended 31 December 2016	Year Ended 31 December 2015
	EUR	EUR
Foreign exchange (losses) / gains	(84,244)	60,361
Bank charges	(532)	(529)
	(84,776)	59,832

The auditors' remuneration for the current year of €18,732 (31 December 2015: €23,460) has been borne by a group undertaking.

7. STAFF COSTS

As in the prior year, the company has no employees. All persons involved in the company's operations are employed by group undertakings and no costs are borne by the company.

GS EUROPEAN STRATEGIC INVESTMENT GROUP (2009) LTD

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2016

8. DIRECTORS' EMOLUMENTS

	Year Ended 31 December 2016	Year Ended 31 December 2015
	EUR	EUR
Directors:		
Aggregate emoluments	655	825
Company pension contributions to money purchase schemes	19	12
	674	837

In accordance with the Companies Act 2006, directors' emoluments above represent the proportion of total emoluments paid or payable in respect of qualifying services only. This total only includes the value of cash and benefits in kind, and does not include the value of equity awards in accordance with the provisions of schedule 5 of Statutory Instrument 2008/410. Directors also receive emoluments for non qualifying services which are not required to be disclosed.

All the directors were members of a defined contribution pension scheme and a defined benefit pension scheme during the year. All directors have received or are due receipt of Group Inc. shares under a long term incentive scheme during the year. No directors have exercised options during the year.

9. TAX ON PROFIT/(LOSS)

	Year Ended 31 December 2016	Year Ended 31 December 2015
	EUR	EUR
Current tax:		
UK corporation tax at 20% (2015: 20.25%)	-	-
Total current tax	-	-

The table below presents a reconciliation between tax on profit / (loss) and the amount calculated by applying the weighted average rate of U.K. corporation tax applicable to the company for the year of 20% (31 December 2015: 20.25%) to the profit / (loss) before taxation is as follows:

	Year Ended 31 December 2016	Year Ended 31 December 2015
	EUR	EUR
Profit / (Loss) before taxation	5,347,416	(1,640,299)
Profit / (loss) at the standard rate in the UK 20% (2015: 20.25%)	1,069,483	(332,161)
Utilisation of tax losses brought forward	(1,069,483)	-
Losses surrendered to group undertakings for nil consideration	-	332,161
Total tax on profit/(loss)	-	-

A potential deferred tax asset of €11,025,309 (31 December 2015: €12,524,350) has not been recognised in the financial statements as there is uncertainty whether the company will generate suitable profits in the future against which the deferred tax asset can be recovered.

GS EUROPEAN STRATEGIC INVESTMENT GROUP (2009) LTD

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2016

10. INVESTMENTS

	31 December 2016 EUR	31 December 2015 EUR
Equity Investments	-	-
Debt instruments	63,976,353	5,656,608
	63,976,353	5,656,608

11. DEBTORS

	31 December 2016 EUR	31 December 2015 EUR
Group tax relief receivable	-	2,044,301
	-	2,044,301

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 December 2016 EUR	31 December 2015 EUR
Amounts due to group undertakings	18,732	9,417,572
Other creditors and accruals	-	21,692
	18,732	9,439,264

13. CALLED UP SHARE CAPITAL

At 31 December 2016 and 31 December 2015 share capital comprised:

	31 December 2016		31 December 2015	
	Number	EUR	Number	EUR
<u>Allotted, called up and fully paid</u>				
Ordinary shares of €0.50 each	228,049,094	114,024,547	110,638,920	55,319,460
		114,024,547		55,319,460

During the year, the company issued 117,410,174 ordinary shares of €0.50 each to its immediate parent undertaking.

14. OTHER RESERVES

	EUR
At 31 December 2016 and 31 December 2015	17,786,061

Other reserves are fully distributable and were created as part of share capital redenomination and reduction during the year 2013.

GS EUROPEAN STRATEGIC INVESTMENT GROUP (2009) LTD

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2016

15. CAPITAL RESERVE

	EUR
At 31 December 2016 and at 31 December 2015	<u>(218,944)</u>

The non-distributable capital reserve was created following a redenomination of ordinary shares from £1 each to €1 each in 2013. The reserve represents the difference in the share capital calculated using prevailing and historic £/€ rates.

16. FINANCIAL COMMITMENTS AND CONTINGENCIES

The company's financial commitments and contingencies outstanding of €593,675 at the year end (31 December 2015: Enil) arise from undrawn loan commitment provided by the company to a third party.

17. FINANCIAL RISK MANAGEMENT

The company monitors its capital on an ongoing basis. The company's objective is to be prudently capitalised in terms of the amount and composition of its equity base compared to the company's risk exposures. The appropriate level and composition of equity capital is determined by considering multiple factors including the business environment, conditions in the financial markets and assessments of potential future losses due to adverse changes in market environments.

The company is not subject to any externally imposed capital requirements.

The directors consider that the most important components of the company's financial risk are market risk, credit risk and liquidity risk. The company, as part of a global group, adheres to global risk management policies and procedures.

a. Market risk

Market risk is the risk of loss in value of investments, as well as certain other financial assets and financial liabilities, due to changes in market conditions. Risks are monitored and controlled through strong firmwide oversight and independent control and support functions across the company's business. Relevant market risks for the company are interest rate risk, currency risk and equity price risk.

The principal market risk of the company is the risk of loss in value of its investments. Due to the nature of the investments of the company, market risk is measured using a 10% sensitivity measure. Market risk is determined by estimating the potential reduction in revenue of a 10% decline in the underlying asset value without reflecting the diversification benefits across asset categories or across other risk measures. This would have been a loss of €6.4 million (31 December 2015: €0.6m) based on the carrying value of the investments.

Interest rate risk results from exposures to changes in level, slope and curvature of yield curves, volatilities of interest rates and credit spreads.

Currency risk results from exposures to changes in spot prices, forward prices and volatilities of currency rates.

The company manages its interest rate and currency risks as part of the group's risk management policy.

b. Credit risk

Credit risk represents the potential for loss due to the default or deterioration in the credit quality of a counterparty. Credit risk is managed by reviewing the credit quality of the counterparties and reviewing, if applicable, the underlying collateral against which the financial assets are secured. The company's maximum exposure to credit risk is equivalent to the carrying value of its financial assets as at 31 December 2016 and 31 December 2015.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2016

17. FINANCIAL RISK MANAGEMENT (continued)

c. Liquidity risk

Liquidity risk is the risk that the company does not have sufficient cash or collateral to make payments to its counterparties or customers as they fall due. The company manages its liquidity risk in accordance with the group's comprehensive and conservative set of liquidity and funding policies to address both company specific and broader industry or market liquidity events.

GS EUROPEAN STRATEGIC INVESTMENT GROUP (2009) LTD

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2016

18. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

a. Financial Assets and Liabilities by Category

The table below presents the carrying value of the company's financial assets and liabilities by category.

31 December 2016			
	Designated at fair value	Loans and receivables	Total
	EUR	EUR	EUR
Financial assets			
Investments	63,976,353	-	63,976,353
Cash at bank and in hand	-	87,453	87,453
Total financial assets	63,976,353	87,453	64,063,806
	Designated at fair value	Amortised cost	Total
	EUR	EUR	EUR
Financial liabilities			
Creditors: amounts falling due within one year	-	18,732	18,732
Total financial liabilities	-	18,732	18,732
31 December 2015			
	Designated at fair value	Loans and receivables	Total
	EUR	EUR	EUR
Financial assets			
Investments	5,656,608	-	5,656,608
Debtors	-	2,044,301	2,044,301
Cash at bank and in hand	-	1,730,926	1,730,926
Total financial assets	5,656,608	3,775,227	9,431,835
	Designated at fair value	Amortised cost	Total
	EUR	EUR	EUR
Financial liabilities			
Creditors: amounts falling due within one year	-	9,439,264	9,439,264
Total financial liabilities	-	9,439,264	9,439,264

As of current and prior year ends, financial assets past due or impaired were insignificant.

GS EUROPEAN STRATEGIC INVESTMENT GROUP (2009) LTD

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2016

18. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

b. Fair value hierarchy

FRS 101 has a three level fair value hierarchy for disclosure of fair value measurements. The fair value hierarchy prioritises inputs to the valuation techniques used to measure fair value, giving the highest priority to level 1 inputs and lowest priority to level 3 inputs. A financial instrument's level in the fair value hierarchy is based on the lowest level of any input that is significant to its fair value measurement.

The fair value hierarchy is as follows:

- Level 1 - Inputs are unadjusted quoted prices in active markets to which the group has access at the measurement date for identical, unrestricted assets or liabilities.
- Level 2 - Inputs to valuation techniques are observable, either directly or indirectly.
- Level 3 - One or more inputs to valuation techniques are significant and unobservable.

	31 December 2016			
	Level 1	Level 2	Level 3	Total
	EUR	EUR	EUR	EUR
Investments	-	-	63,976,353	63,976,353
Total financial assets at fair value	-	-	63,976,353	63,976,353

	31 December 2015			
	Level 1	Level 2	Level 3	Total
	EUR	EUR	EUR	EUR
Investments	-	-	5,656,608	5,656,608
Total financial assets at fair value	-	-	5,656,608	5,656,608

There were no financial liabilities at fair value as at 31 December 2016 and 31 December 2015.

c. Valuation techniques and significant inputs

Debt Investments/Equity Investments

Valuation techniques and significant inputs for each level of the fair value hierarchy include:

Level 3 cash instruments have one or more significant valuation inputs that are not observable. Absent evidence to the contrary, level 3 cash instruments are initially valued at transaction price, which is considered to be the best initial estimate of fair value. Subsequently, the company uses other methodologies to determine fair value, which vary based on the type of instrument. Valuation inputs and assumptions are changed when corroborated by substantive observable evidence, including values realised on sales of financial assets.

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2016

18. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

d. Significant Unobservable Inputs Used in Level 3 Fair Value Measurement

As of 31 December 2016, the company had level 3 asset cash instruments of €64.0 million (31 December 2015: €5.7 million). The table below presents the ranges of significant unobservable inputs used to value these level 3 asset cash instruments, as well as the related weighted averages. In the table below:

Level 3 cash instruments	Valuation techniques and significant unobservable inputs	Significant unobservable inputs (where a range, weighted average)	
		As of 31 December 2016	As of 31 December 2015
Debt investments (€64.0 million and €5.7 million of level 3 assets as of December 2016 and December 2015, respectively.)	EBITDA Multiple	8.1x (2.5x - 9x)	4.5x

e. Level 3 rollforward

The tables below present the changes in fair value for all level 3 financial assets and financial liabilities. Gains and losses arising on level 3 assets are recognised within trading profit in the profit and loss account.

	Year ended 31 December 2016 EUR	Year ended 31 December 2015 EUR
Financial assets at fair value		
Balance at beginning of year	5,656,608	3,306,678
Settlement	(1,346,669)	(2,233,608)
Purchases	54,234,222	6,283,669
Gain/ (loss) from investments	5,432,192	(1,700,131)
Balance at end of year	63,976,353	5,656,608

f. Fair value financial assets valued using techniques that incorporate unobservable inputs

The fair value of financial assets may be determined in whole or part using a valuation technique based on assumptions that are not supported by prices from observable market transactions in the same instrument or based on available observable market data and changing these assumptions will change the resultant estimate of fair value.

The potential impact of using reasonable possible alternative assumptions for the valuations, including significant unobservable inputs, has been quantified as of 31 December 2016, as approximately €19.7 million (31 December 2015: €2.4 million) for favourable changes corresponding to an increase in the unobservable EBITDA multiple and €nil million (31 December 2015: €3.3 million) for unfavourable changes.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2016

18. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

g. Fair value of financial assets and financial liabilities not measured at fair value

As at 31 December 2016, the company had €0.1 million (31 December 2015: €3.8 million) of current financial assets and €nil (31 December 2015: €9.4 million) of current financial liabilities, that were not measured at fair value. Given these instruments are predominantly short-term in nature, their carrying amounts in the balance sheet are a reasonable approximation of fair value.

h. Maturity of financial liabilities

All financial liabilities are due within one month of the balance sheet date.

19. POST BALANCE SHEET EVENTS

In February 2017, the company disposed of its investments in an debt instrument for a consideration of €10,106,250 with a gain of €962,500.