Signum Finance II Public Limited Company

Directors' report and audited financial statements

For the year ended
31 December 2011

Registered number 352705

Signum Finance II Public Limited Company

Contents

Signum Finance II Public Limited Company

Directors' and other information

Directors	Michael Whelan Carmel Naughton
Registered Office	5 Harbourmaster Place International Financial Services Centre Dublin 1 Ireland
Administrator & Company Secretary	Deutsche International Corporate Services (Ireland) Limited 5 Harbourmaster Place International Financial Services Centre Dublin 1 Ireland
Arranger & Swap Counterparty	Goldman Sachs International Peterborough Court 133 Fleet Street London EC4A 2BB United Kingdom
Trustee	BNY Corporate Trustee Services Limited One Canada Square London E14 5AL United Kingdom
Custodian & Banker	The Bank Of New York One Canada Square London E14 5AL United Kingdom
Paying Agent	The Bank Of New York (Luxembourg) SA Aerogolf Center 1 A Hoehenhof L-1736 Senningerberg Luxembourg
Independent Auditor	Deloitte & Touche Chartered Accountants and Registered Auditors Earlsfort Terrace Dublin 2 Ireland
Solicitors	A&L Goodbody International Financial Services Centre North Wall Quay Dublin 1 Ireland

Directors' report

The directors present the annual report and audited financial statements of Signum Finance II Public Limited Company (the "Company") for the year ended 31 December 2011.

Principal activities and business review

The Company is a limited Company incorporated in Ireland on 31 January 2002, registered number 352705. The Company commenced trading on 14 March 2002. The Company has been established as a special purpose vehicle ("SPV"). The principal activities of the Company involves issuing debt securities that are backed by a segregated pool of collaterals and entering into various swap agreements with the Swap Counterparty, Goldman Sachs International.

The Company has been established to enter into structured finance transactions whereby it would establish a Programme for the issuance of notes arranged by Goldman Sachs International, and approved by the Company Directors. The Company activities are as set out in the relevant legal documents, as approved by the Company Directors. Under the terms of the note issuance programme, the Company directors have the authority to determine which transactions it enters into, from those proposed for their review. The control of the Company remains with the Board who take all of the decisions. All the parties forming part of the Programme are listed on Page 1 and agreements have been entered into with each of them.

The Company has established a USD 10,000,000,000 Multi-Issuance Programme (the "Programme") to issue notes (the "Notes") and/or other secured limited recourse indebtedness. Notes issued under the Programme will be issued in series (each a "Series") and the terms and conditions of the Notes of each Series will be set out in a Supplemental Information Memorandum for such Series (each a "Supplemental Information Memorandum"). The terms and conditions of Alternative Investments will be set out in a manner appropriate for that type of debt instrument.

Each Series of Notes will be secured as set out in the terms and conditions of the Notes including by a first fixed charge over certain collateral (the "Collateral") as set out in the relevant Offering Circular Supplement. Each Series may also be secured by an assignment of the Company's rights under a Swap Agreement and/or Option Agreement and/or Repurchase Agreement and/or Credit Support Document (each as defined in the terms and conditions of the Notes) and any additional security as may be described in the relevant Offering Circular Supplement (together the "Mortgaged Property"). Alternative Investments will be secured in the manner set out above in relation to the Notes or in such other manner as may be set out in the relevant Offering Circular Supplement.

The net proceeds of each Series will be used by the Company to purchase the Collateral and to pay for or enter into any Swap Agreement or Credit Enhancement Agreement. The swap agreements entered into include Interest Rate Swaps, Credit Default Swaps and other swaps such as Index Swaps with Goldman Sachs International being the Swap Counterparty in each case. They will also be used in meeting certain expenses and fees payable in connection with the operations of the Company and the issue of the Notes as set out in the relevant Offering Circular Supplement relating to such Tranche.

Details of the Notes issued for each Series under the Programme are outlined in note 15 to the financial statements including the key terms. The related financial assets held under each Series are described in note 11 while description of the swaps entered into has been detailed under note 12 of the financial statements. A summary of the key risks regarding these financial instruments is outlined in note 21.

General information regarding the Company is further described in note 1 of the financial statements.

The Notes are listed on the main securities market of the Irish Stock Exchange.

Key performance indicators

The Company is an SPV and its principal activity is to issue Notes, make investments and enter into derivative contacts. The best benchmark is prior year figures.

The directors confirm that the key performance indicators as disclosed below in the financial statements are those that are used to assess the performance of the Company.

During the year:

- the Company made a profit of€750 (2010: €750) which was carried through reserves;
- the Company's net gain on financial liabilities amounted to €135,818,222 (2010: net loss of €88,493,497), which is due to a considerable decrease in the fair value of the financial assets and derivative financial instruments;
- the Company's net loss on financial assets amounted to €67,771,941 (2010: net gain of €55,395,062), which was largely due to the credit deterioration of certain financial assets;
- the Company's net loss on derivative financial instruments amounted to €68,046,281 (2010: net gain of €33,039,425), which was mainly due to the negative performance of the Index swaps.
- the following Series of Notes were issued which is in line with the directors' expectations:
  Series 2011-01 €150,000,000 Notes linked to BTPei 2041 Inflation Linked Bonds
  Series 2011-02 €50,000,000 Notes linked to BTPei 2019 Inflation Linked Bonds

Signum Finance II Public Limited Company

Directors' report (continued)

Key performance indicators (continued)

- the following Series of Notes were fully redeemed which is in line with the directors' expectations:
  - Series 2005-07 €4,000,000 Secured Medium Term Zero Coupon Combination Credit-Linked Notes
  - Series 2009-01 €50,000,000 Secured Medium Term Floating Rate Notes
  - Series 2009-02 €10,000,000 Secured Medium Term Credit-Linked Notes
  - Series 2010-01 $356,000,000 AP Fund 7 Emerging Markets 2 Linked Notes
  - Series 2010-02 $20,000,000 AP Fund 7 Emerging Markets 2 Linked Notes
- the structure performed in accordance with the parameters set out in the multi-issuance programme and the performance is considered satisfactory due to the Series performing in line with the contractual terms; and
- the Company received interest income amounting to€11,939,593 (2010: €10,303,760).

As per the conditions specified in the Offering Circular Supplement, the Company has an option to redeem its Series of Notes early.

As at 31 December 2011:

- the Company's total Notes issued was€422,475,640 (2010: €676,535,830)
- the Net Assets of the Company was€62,480 (2010: €61,730)
- the Company had the following Series of Notes in issue:

Series	Description	Maturity date	CCY	Nominal
2005-01	Class A Secured Medium Term Credit-Linked Notes	02-Mar-12	EUR	12,500,000
2005-02	Class B Secured Medium Term Credit-Linked Notes	02-Mar-12	EUR	2,000,000
2005-04	Class D Secured Medium Term Credit-Linked Notes	02-Mar-12	EUR	2,500,000
2005-15	Danish Inflation-Linked Notes	22-Oct-22	EUR	90,500,000
2006-01	Secured Medium Term Credit-Linked Notes	02-Mar-12	EUR	15,000,000
2006-12	Sovereign Credit Linked Notes	20-Jun-19	EUR	30,000,000
2007-03	Floating Rate Notes	20-Mar-14	EUR	20,000,000
2007-04	Class A Variable Rate Notes	20-Mar-14	EUR	20,000,000
2007-06	Zero Coupon Notes Credit-Linked to Siemens AG	31-Dec-19	EUR	100,000,000
2007-07	Class A Floating Rate Notes	20-Mar-14	EUR	45,000,000
2007-11	Class A Floating Rate Notes	20-Mar-14	EUR	20,000,000
2007-12	Class A Floating Rate Notes	20-Mar-14	SEK	200,000,000
2009-06	UDI-Linked Notes	10-Oct-29	MXN	300,000,000
2011-01	Notes linked to BTPei 2041 Inflation Linked Bonds	15-Sep-41	EUR	150,000,000
2011-02	Notes linked to BTPei 2019 Inflation Linked Bonds	15-Sep-19	EUR	50,000,000

- the Company had the following Series of Investments:

Series	Description	Maturity date	CCY	Nominal
2005-01	Unsubordinated Floating Rate Notes issued by DEPFAACS Bank	02-Mar-12	EUR	12,500,000
2005-02	Unsubordinated Floating Rate Notes issued by DEPFAACS Bank	02-Mar-12	EUR	2,000,000
2005-04	Unsubordinated Floating Rate Notes issued by DEPFAACS Bank	02-Mar-12	EUR	2,500,000
2005-15	Fixed Rate Bonds issued by Hellenic Republic	22-Oct-22	EUR	26,116,000
2006-12	Class A-1 First Priority Senior Secured Floating Rate Notes issued by Duchess V CLO B.V.	25-May-21	EUR	12,200,000
2006-12	Floating Rate Notes issued by GRANITE MASTER	20-Dec-54	EUR	18,905,000
2006-12	Floating Rate Notes issued by Granite Master	17-Dec-54	EUR	31,948,000
2007-03	The Goldman Sachs Group Floating Rate Notes	20-Mar-14	EUR	20,000,000
2007-04	Dexia Municipal Agency Floating Rate Notes	20-Mar-14	EUR	20,000,000
2007-06	Floating Rate Notes issued by The Goldman Sachs Group, Inc.	31-Dec-19	EUR	53,000,000
2007-07	Class A Senior Secured Floating Rate Notes issued by Nash Point CLO	25-Jul-22	EUR	45,000,000
2007-07	Floating Rate Notes issued by DUCHESS	25-May-21	EUR	21,600,000
2007-07	Floating Rate Notes issued by GRANITE MASTER	20-Dec-54	EUR	2,900,000
2007-11	Euro Medium Term Notes due 2014 issued by the Goldman Sachs Group	20-Mar-14	EUR	20,000,000
2007-12	medium Term Notes issued by Swedish Covered Bond Corp	20-Mar-14	SEK	200,000,000
2009-06	MXN 8.64% Fixed Rate Notes issued by The Goldman Sachs Group, Inc.	10-Oct-29	MXN	300,000,000
2011-01	Buoni del Tesoro Poliennali Inflation Linked Bonds	15-Sep-41	EUR	125,500,000
2011-02	Buoni del Tesoro Poliennali Inflation Linked Bonds	15-Sep-19	EUR	50,000,000

Key performance indicators (continued)

- As at 31 December 2011, for some Series, the nominal of the financial assets and the nominal of the financial liabilities are different due to margin calls on Notes or investments in eligible assets.

Credit events

During the year on the specified dates, the following credit events occurred:

Date	Series	Description	Loss Amount	Tranche Incurred Loss Amount
28-Dec-11	2007-03	SEAT Pagine Gialle S.p.A	EUR 3,000,000	EUR Nil
28-Dec-11	2007-04	SEAT Pagine Gialle S.p.A	EUR 6,000,000	EUR Nil
28-Dec-11	2007-07	SEAT Pagine Gialle S.p.A	EUR 900,000	EUR Nil
28-Dec-11	2007-11	SEAT Pagine Gialle S.p.A	EUR 500,000	EUR Nil
28-Dec-11	2007-12	SEAT Pagine Gialle S.p.A	SEK 4,285,714	SEK Nil

The credit event with respect to SEAT Pagine Gialle S.p.A has occurred due to the failure to pay debt interest and/ or principal by SEAT Pagine Gialle S.p.A as and when due.

In respect of the reference credit agreement and an event determination date, the tranche incurred loss amount should be an amount equal to the lesser of:

(a) the greater of: (i) zero; and (ii) the Aggregate Loss Amount (including the Loss Amount determined on such Event Determination Date) minus the Threshold Amount;

(b) the Outstanding Tranche Notional Amount as at such Event Determination Date (prior to any reduction thereto in respect of such Reference Credit Agreement);and

(c) the Loss Amount.

The credit events with respect to the above reference entity to which the Notes are credit linked did not result in the occurrence of any payment under the relevant Credit Default Swap agreement or early redemption in whole or in part in accordance with the terms of the Notes due to sufficient headroom in place.

The credit events that affected the Company during the year have been disclosed under note 12 to the financial statements.

Future developments

The directors expect that the present level of activity will be sustained for the foreseeable future. The Board will continue to seek new opportunities for the Company and will continue to ensure proper management of the current portfolio of Series of the Company. It is anticipated that while some Series will redeem or mature, it is also expected that new issuances will be made.

Going concern

The Company's financial statements for the year ended 31 December 2011 have been prepared on a going concern basis. Each asset and derivative transaction are referenced with a specific Note, and any loss derived from the asset or derivative will be ultimately borne by the Noteholders. The directors anticipate that the financial assets will continue to generate enough cash flow on an ongoing basis to meet the Company liabilities as they fall due. The Notes in issue as at 31 December 2011 have maturities ranging between the years 2012 to 2041. There have also been new Series of Notes issued during the year and for these reasons, the directors believe that the going concern basis is appropriate.

Business risks and principal uncertainties

The Company is subject to various risks. The key risks facing the Company are set out in note 21 to the financial statements.

Results and dividends for the year

The results for the year are set out on page 10. The directors do not recommend the payment of a dividend for the year (2010: nil).

Directors, secretary and their interests

Apart from Carmel Naughton, none of the directors and secretary who held office on 31 December 2011 held any shares in the Company at that date, or during the year. Except for the Administration agreement entered into by the Company with Deutsche International Corporate Services (Ireland) Limited, there were no contracts of any significance in relation to the business of the Company in which the directors had any interest, as defined in the Companies Act 1990, at any time during the year.

Shares and shareholders

The authorised share capital of the Company is €40,000 which has been fully issued and partly paid. The issued shares are held in trust by Conor Blake, Carmel Naughton, David McGuinness, Martin Schwobel, Eimir McGrath and Deutsche International Corporate Services (Ireland) Limited each holding one share and Signum (Holdings) Limited holding 39,994 shares (the "Share Trustees") under the terms of a declaration of trust (the "Declaration of Trust") dated 21 February 2002 under which the Share Trustees hold the benefit of the shares on trust for charitable purposes. The Share Trustee has no beneficial interest in and derives no benefit from its holding of the shares. There are no other rights that pertain to the shares and the shareholders.

Corporate Governance Statement

Introduction

The Company is subject to and complies with Irish Statute comprising the Companies Acts, 1963 to 2009 and the Listing rules of the Irish Stock Exchange which are applicable to the debt listed companies. The Company does not apply additional requirements in addition to those required by the above. Each of the service providers engaged by the Company is subject to their own corporate governance requirements.

Financial Reporting Process

The Board of Directors (the "Board") is responsible for establishing and maintaining adequate internal control and risk management systems of the Company in relation to the financial reporting process. Such systems are designed to manage rather than eliminate the risk of failure to achieve the Company's financial reporting objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has established processes regarding internal control and risk management systems to ensure its effective oversight of the financial reporting process. These include appointing the Administrator, Deutsche International Corporate Services (Ireland) Limited, to maintain the accounting records of the Company independently of Goldman Sachs International (the "Arranger") and Bank of New York (the "Custodian"). The Administrator is contractually obliged to maintain proper books and records as required by the Corporate Administration agreement. To that end the Administrator performs reconciliations of its records to those of the Arranger and the Custodian. The Administrator is also contractually obliged to prepare for review and approval by the Board the annual report including financial statements intended to give a true and fair view. Listed debt SPVs prepare half yearly and annual financial statements which would have been reviewed by the board of directors before approving these.

The Board evaluates and discusses significant accounting and reporting issues as the need arises. From time to time, the Board also examines and evaluates the Administrator's financial accounting and reporting routines and monitors and evaluates the external auditors' performance, qualifications and independence. The Administrator has operating responsibility for internal control in relation to the financial reporting process and the Administrator's report to the Board.

Risk Assessment

The Board is responsible for assessing the risk of irregularities whether caused by fraud or error in financial reporting and ensuring the processes are in place for the timely identification of internal and external matters with a potential effect on financial reporting. The Board has also put in place processes to identify changes in accounting rules and recommendations and to ensure that these changes are accurately reflected in the Company's financial statements. More specifically;

- The Administrator has a review procedure in place to ensure errors and omissions in the financial statements are identified and corrected.
- Regular training on accounting rules and recommendations is provided to the accountants employed by the Administrator.
- Accounting bulletins, issued by Deutsche Bank AG, London, an entity related to Deutsche International Corporate Services (Ireland) Limited, are distributed monthly to all accountants employed by the Administrator.

Control Activities

The Administrator is contractually obliged to design and maintain control structures to manage the risks which the Board judges to be significant for internal control over financial reporting. These control structures include appropriate division of responsibilities and specific control activities aimed at detecting or preventing the risk of significant deficiencies in financial reporting for every significant account in the financial statements and the related notes in the Company's annual report.

Monitoring

The Board has an annual process to ensure that appropriate measures are taken to consider and address the shortcomings identified and measures recommended by the independent auditors.

Given the contractual obligations on the Administrator, the Board has concluded that there is currently no need for the Company to have a separate internal audit function in order for the Board to perform effective monitoring and oversight of the internal control and risk management systems of the Company in relation to the financial reporting process.

Directors' report (continued)

Corporate Governance Statement (continued)

Capital Structure

The principal shareholder in the Company is Signum (Holdings) Limited holding 39,994 shares. Other than that, no person has a significant direct or indirect holding of securities in the Company. No person has any special rights of control over the Company's share capital.

The directors confirm that share trustees have entered into a share trust agreement whereby they have agreed not to exercise their voting rights.

With regard to the appointment and replacement of directors, the Company is governed by its Articles of Association, Irish Statute comprising the Companies Acts, 1963 to 2009 and the Listing Rules of the Irish Stock Exchange. The Articles of Association themselves may be amended by special resolution of the shareholders.

Powers of directors

The Board is responsible for managing the business affairs of the Company in accordance with the Articles of Association. The directors may delegate certain functions to the Administrator and other parties, subject to the supervision and direction by the directors. The directors have delegated the day to day administration of the Company to the Administrator.

Audit committee

Statutory audits in Ireland are regulated by the European Communities (Statutory audits) (Directive 2006/43/EC) Regulations, 2010. According to the regulations, if the sole business of the Irish SPV relates to the issuing of asset backed securities, the SPV is exempt from the requirement to establish an audit committee (under Regulation 91(9)(d) of the Regulations). The Co is a debt listed Company incorporated in Ireland which satisfies the requirement to avail the exemption and is therefore not required to establish an audit committee.

Accounting records

The directors believe that they have complied with the requirements of Section 202 of the Companies Act, 1990 with regard to the books of account by employing an Administrator that employs an accounting personnel with the appropriate expertise and by providing adequate resources to the financial function. The books of account of the Company are maintained at 5 Harbourmaster Place, IFSC, Dublin 1.

Subsequent events

Subsequent events have been disclosed in note 24 to the financial statements.

Independent auditor

Deloitte & Touche, Chartered Accountants and Registered Auditors, have signified their willingness to continue in office in accordance with Section 160(2) of the Companies Act, 1963.

On behalf of the board

Michael Whelan
Director

Carmel Naughton
Director

Date: 30 April 2012

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements. The directors are required to prepare financial statements for the Company in accordance with International Financial Reporting Standards as adopted by the EU (IFRSs). The directors have elected to prepare financial statements in accordance with IFRSs as adopted by the European Union in accordance with the Companies Acts, 1963 to 2009.

International Accounting Standard 1 'Presentation of Financial Statements', requires that financial statements present fairly for each financial year the Company's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the Preparation and Presentation of Financial Statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRSs.

directors are also required to:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance;
- state that the financial statements have been prepared in accordance with IFRS as issued by the IASB and as adopted by the EU; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping proper books of account 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 Acts, 1963 to 2009. 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. The directors are also responsible for the preparation of a directors' report which complies with the requirements of the Companies Acts, 1963 to 2009 and for complying with the Rules issued by the Irish Stock Exchange.

Legislation in Ireland governing the preparation and dissemination of financial statements differs from legislation in other jurisdictions.

Responsibility statement

We confirm to the best of our knowledge:

- the financial statements, prepared in accordance with International Financial Reporting Standards as issued by the IASB and as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- the management report which is incorporated into the Directors' report, includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties they face.

On behalf of the board

Michael Whelan
Director

Carmel Naughton
Director

Date: 30 April 2012

Deloitte

Deloitte & Touche
Chartered Accountants &
Registered Auditors

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SIGNUM FINANCE II PUBLIC LIMITED COMPANY

We have audited the financial statements of Signum Finance II Public Limited Company for the year ended 31 December 2011 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows, and the related notes 1 to 25. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 193 of the Companies Act, 1990. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the financial statements, as set out in the Statement of Directors' Responsibilities, in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Our responsibility, as independent auditor, is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, and are properly prepared in accordance with Irish statute comprising the Companies Acts, 1963 to 2009. We also report to you whether in our opinion: proper books of account have been kept by the company; whether, at the statement of financial position date, there exists a financial situation requiring the convening of an extraordinary general meeting of the company; and whether the information given in the Directors' Report is consistent with the financial statements. In addition, we state whether we have obtained all the information and explanations necessary for the purpose of our audit and whether the company's statement of financial position and statement of comprehensive income are in agreement with the books of account.

We also report to you if, in our opinion, any information specified by law regarding directors' remuneration and directors' transactions is not disclosed and, where practicable, include such information in our report.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatement within it. Our responsibilities do not extend to other information.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SIGNUM FINANCE II PUBLIC LIMITED COMPANY

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 judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we 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 IFRSs as adopted by the European Union, of the state of the affairs of the company as at 31 December 2011 and of the profit for the year then ended; and

- have been properly prepared in accordance with the Companies Acts, 1963 to 2009.

We have obtained all the information and explanations we considered necessary for the purpose of our audit. In our opinion proper books of account have been kept by the company. The company's statement of financial position and statement of comprehensive income are in agreement with the books of account.

In our opinion the information given in the Directors' Report is consistent with the financial statements.

The net assets of the company, as stated in the statement of financial position are more than half the amount of its called-up share capital and, in our opinion, on that basis there did not exist at 31 December 2011 a financial situation which, under Section 40(1) of the Companies (Amendment) Act, 1983, would require the convening of an extraordinary general meeting of the company.

B O'Callaghan

Brian O'Callaghan
For and on behalf of Deloitte & Touche
Chartered Accountants and Registered Auditors
Dublin

Date: 30/4/12

Signum Finance II Public Limited Company

Statement of comprehensive income
For the year ended 31 December 2011

	Notes	Year ended 31-Dec-11 €	Year ended 31-Dec-10 €
Interest income		11,939,593	10,303,760
Interest expense		(13,588,940)	(5,507,280)
Net derivative income/(expense)		1,535,412	(4,976,261)
Net (loss)/gain on financial assets designated at fair value through profit or loss	5	(67,771,941)	55,395,062
Net gain/(loss) on financial liabilities designated at fair value through profit or loss	6	135,818,222	(88,493,497)
Net (loss)/gain on derivative financial instruments	7	(68,046,281)	33,039,425
Operating loss		(113,935)	(238,791)
Other income	8	118,913	240,059
Other expenses	9	(3,978)	(268)
Profit before tax		1,000	1,000
Income tax expense	10	(250)	(250)
Net profit for the year		750	750
Other comprehensive income		-	-
Total comprehensive income for the year		750	750

On behalf of the board

Michael Whelan
Director

Carmel Naughton
Director

Date: 30 April 2012

Signum Finance II Public Limited Company

Statement of financial position
As at 31 December 2011

	Notes	31-Dec-11 €	31-Dec-10 €
Assets			
Financial assets designated at fair value through profit or loss	11	402,881,498	656,342,653
Derivative financial assets	12	45,600,935	72,526,889
Other receivables	13	2,190,844	2,375,331
Cash and cash equivalents	14	5,021,793	38,118,330
Total assets		455,695,070	769,363,203
Liabilities and equity			
Liabilities			
Financial liabilities designated at fair value through profit or loss	15	422,475,640	676,535,830
Derivative financial liabilities	12	26,006,793	52,333,712
Other payables	16	7,150,157	40,431,931
Total liabilities		455,632,590	769,301,473
Equity			
Share capital – equity	17	40,000	40,000
Retained earnings		22,480	21,730
Total equity		62,480	61,730
Total liabilities and equity		455,695,070	769,363,203

On behalf of the board

Michael Whelan
Director

Carmel Naughton
Director

Date: 30 April 2012

The notes on pages 14 to 41 form an integral part of the financial statements.

Signum Finance II Public Limited Company

Statement of changes in equity
For the year ended 31 December 2011

	Share capital	Retained earnings	Total equity
	€	€	€
Balance as at 1 January 2010	40,000	20,980	60,980
Total comprehensive income for the year			
Net profit or loss	-	750	750
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	750	750
Balance as at 31 December 2010	40,000	21,730	61,730
Balance as at 1 January 2011	40,000	21,730	61,730
Total comprehensive income for the year			
Net profit or loss	-	750	750
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	750	750
Balance as at 31 December 2011	40,000	22,480	62,480

Statement of cash flows
For the year ended 31 December 2011

	Notes	Year ended 31-Dec-11 €	Year ended 31-Dec-10 €
Cash flows from operating activities			
Profit on ordinary activities before taxation		1,000	1,000
Adjustments for:			
Interest income		(11,939,593)	(10,303,760)
Interest expense		13,588,940	5,507,280
Net derivative (income)/expense		(1,535,412)	4,976,261
Net (loss)/gain on financial assets designated at fair value through profit or loss	5	67,771,941	(55,395,062)
Net gain/(loss) on financial liabilities designated at fair value through profit or loss	6	(135,818,222)	88,493,497
Net (loss)/gain on derivative financial instruments	7	68,046,281	(33,039,425)
Movements in working capital			
Decrease in other receivables	13	11,653	2,687,109
(Decrease)/increase in other payables	16	(35,043,164)	30,377,998
Foreign exchange movements		3,942	(212,926)
Cash (used in)/generated from operating activities		(34,912,634)	33,091,972
Interest paid		(11,827,550)	(9,902,321)
Tax paid		(250)	(500)
Derivative interest paid		1,535,412	(5,627,406)
Net cash (used in)/generated from operating activities		(45,205,022)	17,561,745
Cash flows from investing activities			
Acquisitions of financial assets designated at fair value through profit or loss	11	(181,943,146)	(313,348,790)
Disposal of financial assets designated at fair value through profit or loss	11	367,632,360	524,831,378
Cash payments to Swap Counterparty	12	(67,447,246)	60,738,781
Interest received		12,112,427	15,529,727
Net cash generated from investing activities		130,354,395	287,751,096
Cash flows from financing activities			
Issue of financial liabilities designated at fair value through profit or loss	15	200,000,000	284,128,220
Redemption of financial liabilities designated at fair value through profit or loss	15	(318,241,968)	(578,450,883)
Net cash used in financing activities		(118,241,968)	(294,322,663)
(Decrease)/increase in cash and cash equivalents		(33,092,595)	10,990,178
Cash and cash equivalents at start of the year		38,118,330	26,915,226
Foreign exchange movements		(3,942)	212,926
Cash and cash equivalents at end of the year	14	5,021,793	38,118,330

1 General information

The Company is a limited Company incorporated in Ireland on 31 January 2002, registered number 352705. The Company commenced trading on 14 March 2002. The Company has been established as a special purpose vehicle ("SPV"). The principal activities of the Company involves issuing debt securities that are backed by a segregated pool of collaterals and entering into various swap agreements with the Swap Counterparty, Goldman Sachs International.

The Company has established a USD 10,000,000,000 Multi-Issuance Programme (the "Programme") to issue notes (the "Notes") and/or other secured limited recourse indebtedness. Notes issued under the Programme will be issued in series (each a "Series") and the terms and conditions of the Notes of each Series will be set out in a Supplemental Information Memorandum for such Series (each a "Supplemental Information Memorandum"). The terms and conditions of Alternative Investments will be set out in a manner appropriate for that type of debt instrument.

Each Series of Notes will be secured as set out in the terms and conditions of the Notes including by a first fixed charge over certain collateral (the "Collateral") as set out in the relevant Offering Circular Supplement. Each Series may also be secured by an assignment of the Company's rights under a Swap Agreement and/or Option Agreement and/or Repurchase Agreement and/or Credit Support Document (each as defined in the terms and conditions of the Notes) and any additional security as may be described in the relevant Offering Circular Supplement (together the "Mortgaged Property"). Alternative Investments will be secured in the manner set out above in relation to the Notes or in such other manner as may be set out in the relevant Offering Circular Supplement.

The net proceeds of each Series will be used by the Company to purchase the Collateral and to pay for or enter into any Swap Agreement or Credit Enhancement Agreement. The swap agreements entered into include Interest Rate Swaps, Credit Default Swaps and other swaps such as Index Swaps with Goldman Sachs International being the Swap Counterparty in each case. They will also be used in meeting certain expenses and fees payable in connection with the operations of the Company and the issue of the Notes as set out in the relevant Offering Circular Supplement relating to such Tranche.

Details of the Notes issued for each Series under the Programme are outlined in note 15 to the financial statements including the key terms. The related financial assets held under each Series are described in note 11 while description of the swaps entered into has been detailed under note 12 of the financial statements. A summary of the key risks regarding these financial instruments is outlined in note 21.

The Notes are listed on the main securities market of the Irish Stock Exchange.

2 Basis of preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") and its interpretations as adopted by the EU and as applied in accordance with the Companies Acts 1963 to 2009.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 31 December 2011, the comparative information presented in these financial statements are for year ended 31 December 2010.

These financial statements have been prepared on a going concern basis as defined in the Directors' report.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following:

- Derivative financial instruments are measured at fair value;
- Financial assets designated at fair value through profit or loss are measured at fair value; and
- Financial liabilities designated at fair value through profit or loss are measured at fair value.

The methods used to measure fair values are discussed further in note 4.

(c) Functional and presentation currency

These financial statements are presented in Euro (€) which is the Company's functional currency. Functional currency is the currency of the primary economic environment in which the entity operates. The issued share capital of the Company is denominated in € and the financial liabilities are also primarily denominated in €. The directors of the Company believe that € most faithfully represents the economic effects of the underlying transactions, events and conditions.

2 Basis of preparation (continued)

(d) Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. Details of material judgements and estimates have been further described in accounting policy 3(i) "Financial instruments" and notes 4 and 21 to the financial statements.

Critical judgements in applying accounting policies

The following are the critical judgments, apart from those involving estimations, that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

- **Designating investments purchased and notes issued at fair value through profit or loss**

  Note 3(i) to the financial statements describes that the directors have designated the investments purchased and notes issued at fair value through profit or loss. In making their judgment, the directors have considered the requirements of IAS 39 Financial Instruments: Recognition and Measurement. Directors consider that such designating will significantly reduce an accounting mismatch that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

- **Fair value of derivatives and other financial instruments**

  The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The company uses its judgement to select a variety of methods and valuation techniques. This judgment is based on the type of financial instruments held, associated risks and cost of fair valuing such instruments.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the statement of financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

- **Fair value of derivatives and other financial instruments**

  The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. In applying the variety of the valuation, the company makes assumptions that are mainly based on market conditions existing at the end of each reporting period, some of which are unobservable as outlined in note 21 to the financial statements.

  The fair value of derivative financial instruments is obtained from the Swap counterparty which uses its proprietary valuation model that takes into accounts the notional amount, maturity date and any early redemption clause.

  Because on limited recourse, the fair value of notes issued by company (financial liabilities at fair value through profit or loss) is determined by reference to the fair value of associated financial assets designated at fair value through profit or loss and the fair of derivative financial instruments. Any future change in the fair value of financial assets and derivatives will have an equal but opposite impact on the fair value of financial liabilities.

(e) Changes in accounting policies

There were no changes to accounting policies which had an impact on Company's financial statements during the year.

2 Basis of preparation (continued)

(f) New standards and interpretations

Standards and interpretations issued but not yet adopted

At the authorisation date of these financial statements, the following standards and interpretations which have not been applied in these financial statements were in issue but not yet effective (and in some cases had not yet been adopted by the EU):

Title	Subject	Mandatory for accounting periods starting on
Amendments to IAS 1 (June 2011)	Presentation of Items of Other Comprehensive Income	01-Jul-12
IAS 19 (revised June 2011)	Employee Benefits	01-Jan-13
IFRS 9	Financial Instruments	01-Jan-15
IFRS 10	Consolidated Financial Statements	01-Jan-13
IFRS 11	Joint Arrangements	01-Jan-13
IFRS 12	Disclosure of Interests in Other Entities	01-Jan-13
IFRS 13	Fair Value Measurement	01-Jan-13
IAS 28 (revised May 2011)	Investments in Associates and Joint Ventures	01-Jan-13
IAS 27 (revised May 2011)	Separate Financial Statements	01-Jan-13
Amendments to IAS 12 (Dec 2010)	Deferred Tax: Recovery of Underlying Assets	01-Jan-12
Amendments to IFRS 1 (Dec 2010)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters	01-Jul-11
Amendments to IFRS 7 (Oct 2010)	Disclosures - Transfers of Financial Assets Derocognition disclosures	01-Jul-11
Improvements to IFRSs 2010 (May 2010)	Improvements to IFRSs 2010	Various dates starting on or after 1 July 2010

IFRS 9, 'Financial instruments', was issued in November 2009. This standard is the first step in the process to replace IAS 39, 'Financial instruments: recognition and measurement'. IFRS 9 introduces new requirements for classifying and measuring financial assets & financial liabilities. The standard has not yet been endorsed by the EU and therefore is not available for early adoption.

On 12 May 2011 the IASB issued IFRS 13: *Fair Value Measurement*. The standard establishes a single framework for measuring fair value where that is required by other standards. The standard applies to both financial and non-financial items measured at fair value. Fair value is defined as *"the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date"* (i.e. exit price). Valuation techniques should maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The standard is effective for annual periods beginning on or after 1 January 2013, with early adoption permitted, subject to endorsement by the EU and applies prospectively from the beginning of the annual period.

3 Significant accounting policies

(a) Net (loss)/gain on financial assets designated at fair value through profit or loss

Net (loss)/gain on financial assets designated at fair value through profit or loss relates to investments and includes all realised and unrealised fair value changes and foreign exchange differences. Any gains and losses arising from changes in fair value of the financial assets designated at fair value through profit or loss are recorded in the Statement of comprehensive income. Details of recognition and measurement of financial assets are disclosed in the accounting policy of financial instruments (note 3(i)).

(b) Net gain/(loss) on financial liabilities designated at fair value through profit or loss

Net gain/(loss) on financial liabilities designated at fair value through profit or loss and includes all realised and unrealised fair value changes and foreign exchange differences. Any gains and losses arising from changes in fair value of the financial liabilities designated at fair value through profit or loss are recorded in the Statement of comprehensive income. Details of recognition and measurement of financial liabilities are disclosed in the accounting policy of financial instruments (note 3(i)).

(c) Net (loss)/gain on derivative financial instruments

Net (loss)/gain on derivative financial instruments relates to the fair value movements on swaps held by the Company and includes realised and unrealised fair value movements and foreign exchange differences. Any gains and losses arising from changes in fair value of the derivative financial instruments are recognised in the Statement of comprehensive income. Details of recognition and measurement of derivative financial instruments are disclosed in the accounting policy of financial instruments (note 3(i)).

(d) Interest income and interest expense

Interest income relates to coupon receipts on financial assets and interest expense relates to coupon payments on financial liabilities. Interest income and expense are recognised using effective interest rate method and recognised in the Statement of comprehensive income.

(e) Derivative income and expense

Derivative income and expense include cash flows under derivative transactions and are recognised in the Statement of comprehensive income accounted for on an effective interest rate basis.

(f) Other income and expenses

All other income and expenses are accounted for on an accrual basis.

(g) Income tax expense

Income tax expense is recognised in the Statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity consistent with the accounting for the item to which it is related.

Current tax is the expected tax payable on the taxable income for the year, using tax rates applicable to the Company's activities enacted or substantively enacted at the reporting date, and adjustment to tax payable in respect of previous years.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(h) Cash and cash equivalents

Cash and cash equivalents includes cash held at banks, other short-term highly liquid investments with maturities of less than three months at acquisition, which are subject to insignificant risk of changes in their fair value, and are used by the Company in the management of its short term commitments.

There are no restrictions on cash and cash equivalents, except for those outlined in note 14 to the financial statements.

Cash and cash equivalents are carried at amortised cost in the Statement of financial position.

3 Significant accounting policies (continued)

(i) Financial instruments

The financial instruments held by the Company include the following:

- Financial assets designated at fair value through profit or loss;
- Financial liabilities designated at fair value through profit or loss; and
- Derivative financial instruments classified as held for trading.

Categorisation

A financial asset or financial liability at fair value through profit or loss is a financial asset or liability that is classified as held-for-trading or designated at fair value through profit or loss. (Investment securities, debt securities issued and derivative financial instruments).

The Company has designated its investment securities and debt securities issued at fair value through profit or loss. Derivative financial instruments that are not designated and effective as hedging instruments are classified as held for trading.

Financial assets

All financial assets held by the Company are designated at fair value through profit and loss upon initial recognition when they eliminate or significantly reduce an accounting mismatch, which would otherwise arise in relation to financial liabilities as explained below.

Derivative financial instruments

Derivative financial instruments include all derivative assets and liabilities that are used to economically hedge or create an appropriate risk exposure. Derivatives are not formally designated into a qualifying hedge relationship and therefore all changes in their fair value are recognised immediately in the Statement of comprehensive income. Along with hedging, the Company will also be exposed to some risks by entering into certain derivative instruments such as the risk of defaults in a Credit Default Swap.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in the Statement of comprehensive income immediately. A derivative with a positive fair value is recognised as a derivative financial asset; a derivative with a negative fair value is recognised as a derivative financial liability.

Financial liabilities designated at fair value through profit or loss

The financial liabilities are initially measured at fair value and are designated as liabilities at fair value through profit or loss when they either eliminate or significantly reduce an accounting mismatch or contain an embedded derivative that significantly modifies the cash flows that would otherwise be required under the contract.

Initial recognition

The Company initially recognises all financial assets and liabilities on the trade date at which the Company becomes a party to the contractual provisions of the instruments at fair value. Any transaction costs, are accounted for in the Statement of Comprehensive income. From the trade date, any gains and losses arising from changes in fair value of the financial assets or financial liabilities at fair value through profit or loss are recorded in the Statement of comprehensive income.

Subsequent measurement

After initial measurement, the Company measures financial instruments which are classified at fair value through profit or loss at their fair value. Subsequent changes in the fair value of financial instruments designated at fair value through profit or loss are recognised directly in the Statement of comprehensive income. The fair value of financial instruments is based on their quoted market prices on a recognised exchange or sourced from a reputable broker/counterparty, in the case of non-exchange traded instruments, at the reporting date without any deduction for estimated future selling costs.

Derecognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

3 Significant accounting policies (continued)

(i) Financial instruments (continued)

Offsetting

Financial assets and liabilities are set off and the net amount presented in the Statement of financial position when, and only when, the Company has a legal right to set off the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. Income and expenses are presented on a net basis only when permitted by the accounting standards, or for gains and losses arising from a group of similar transactions.

Designation at fair value through profit or loss upon initial recognition

The Company has designated financial assets and liabilities at fair value through profit or loss when either:

- The assets or liabilities are managed, evaluated and reported internally on a fair value basis;
- The designation eliminates or significantly reduces an accounting mismatch which would otherwise arise; or
- The asset or liability contains an embedded derivative that significantly modifies the cash flows that would otherwise be required under the contract.

These include financial assets and financial liabilities that are not held for trading, such as collaterals purchased and the Notes issued. These financial instruments are designated on the basis that their fair value can be reliably measured and their performance has been evaluated on a fair value basis in accordance with the risk management and/or investment strategy as set out in the Company's offering document.

(j) Equity instruments

Equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of issue costs.

Share capital

Share capital is issued in Euro (€). Dividends are recognised as a liability in the period in which they are approved.

(k) Other receivables

Other receivables do not carry any interest and are short-term in nature and have been reviewed for any evidence of impairment. Other receivables are accounted at amortised cost.

(l) Other payables

Other payables are accounted at amortised cost.

(m) Segment reporting

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity). The Company's business involves the repackaging of bonds and other debt instruments, on behalf of investors, which are bought in the market and subsequently securitised to avail of potential market opportunities and risk return asymmetries. The Company has only one business unit and all administrating and operating functions are carried out and reviewed by the Administrator and Company Secretary, Deutsche International Company Services (Ireland) Limited.

The Company's principal activity is to invest in financial instruments which are the revenue generating segment of the Company. The Chief Operating Decision Maker (CODM) of the operating segment is the Board. The Company is a special purpose vehicle whose principal activities are the issuance of Notes and investment in securities. The CODM does not consider each underlying Series of Notes as a separate segment, rather they look at the structure as a whole. Based on that fact, the directors confirm that there is only one segment. The Board's asset allocation decisions are based on a single, integrated investment strategy, and the Company's performance is evaluated on an overall basis. Based on that fact, the directors confirm that there is only one operating segment. Further details of the concentration of the investment type of assets and geographical location are disclosed in note 21.

3 Significant accounting policies (continued)

(n) Foreign currency transaction

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in the Statement of comprehensive income.

4 Determination of fair values

The determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of valuation techniques as described in note 21 to the financial statements. For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

For more complex instruments, the Company uses proprietary models, which usually are developed from recognised valuation models. Some or all of the inputs into these models may not be market observable, and are derived from market prices or rates or are estimated based on assumptions.

Critical accounting judgements in applying the Company's accounting policies

Critical accounting judgements made in applying the Company's accounting policies in relation to valuation of financial instruments is further described in note 21(e).

Fair value measurement principles

The determination of fair values of financial assets and financial liabilities is based on quoted market prices or dealer price quotations for financial instruments traded in active markets.

For all other financial instruments fair value is determined by relying on the valuation techniques of the arranging investment bank and Swap Counterparty, Goldman Sachs International.

Valuation techniques are based on proprietary models including net present value and discounted cash flow models, comparison to similar instruments for which market observable prices exist, option pricing models or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

The assumptions used in the proprietary models include amongst others, discount rates, timing of cash flows, credit spreads and volatility assumptions. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the reporting date that would have been determined by market participants acting at arm's length.

The Company uses more widely recognised valuation models for determining the fair value of common and simpler financial instruments like options, interest rate and currency swaps which are also provided by Goldman Sachs International. For these financial instruments, inputs into models are market observable. For more complex instruments, some or all of the inputs into these models may not be market observable, and are derived from market prices or rates or are estimated based on assumptions.

When entering into a transaction, the financial instrument is recognised initially at the transaction price, which is the best indicator of fair value, although the value obtained from the valuation model may differ from the transaction price. The initial difference in fair value indicated by the valuation method is recognised in income depending upon the individual facts and circumstances of each transaction and not later than when the market data becomes observable.

Due to the proprietary nature of the models used and the variations in models and assumptions used across all Series in the financial statements, detailed disclosure on the models used have not been provided in the financial statements.

5 Net (loss)/gain on financial assets designated at fair value through profit or loss

	Year ended 31-Dec-11	Year ended 31-Dec-10
	€	€
Net (loss)/gain on investment securities	(67,771,941)	55,395,062

6 Net gain/(loss) on financial liabilities designated at fair value through profit or loss

	Year ended 31-Dec-11	Year ended 31-Dec-10
	€	€
Net gain/(loss) on debt securities issued	135,818,222	(88,493,497)

7 Net (loss)/gain on derivative financial instruments

	Year ended 31-Dec-11	Year ended 31-Dec-10
	€	€
Net (loss)/gain on derivative financial instruments	(68,046,281)	33,039,425
	(68,046,281)	33,039,425

8 Other income

	Year ended 31-Dec-11	Year ended 31-Dec-10
	€	€
Bank interest	117,913	3,621
Corporate benefit	1,000	1,000
Foreign exchange movements*	-	212,926
Other income	-	22,512
	118,913	240,059

*Foreign exchange movements have been removed from the face of the Statement of Comprehensive income and shown in notes 8 and 9.

9 Other expenses

	Year ended 31-Dec-11	Year ended 31-Dec-10
	€	€
Foreign exchange movements	(3,942)	-
Bank charges	(36)	(268)
	(3,978)	(268)

Auditor's remuneration in respect of the year:	€	€
Audit of individual company accounts	12,000	12,000
Other assurance services	-	-
Tax advisory services	4,000	4,000
Other non-audit services	-	-
	16,000	16,000

The Company is administered by Deutsche International Corporate Services (Ireland) Limited and accordingly has no employees. The costs associated with the Company are paid by Goldman Sachs International, including the audit fee of €14,520, including VAT (2010: €14,520) and tax advisory fees of€4,840, including VAT (2010: €4,840). No fees are paid to the directors (2010: Nil).

Notes to the financial statements (continued)
For the year ended 31 December 2011

10 Income tax expense

	Year ended 31-Dec-11	Year ended 31-Dec-10
	€	€
Profit before tax	1,000	1,000
Current tax at standard rate of 12.5%	(125)	(125)
Effect of:		
Income taxed at higher rates	(125)	(125)
Current tax charge	(250)	(250)

The Company will continue to be taxed at 25% in accordance with Section 110 of the Taxes Consolidation Act, 1997.

11 Financial assets designated at fair value through profit or loss

	31-Dec-11	31-Dec-10
	€	€
Financial assets	402,881,498	656,342,653

Financial assets have upon initial recognition been designated at fair value through profit or loss when the Company holds related derivatives at fair value through profit or loss, and designation therefore eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Maturity analysis of financial assets	31-Dec-11	31-Dec-10
	€	€
Within 1 year	16,959,200	60,854,688
More than 1 year and less than 5 years	77,698,019	424,682,045
More than 5 years	308,224,279	170,805,920
	402,881,498	656,342,653

Movement in financial assets	31-Dec-11	31-Dec-10
	€	€
At beginning of the year	656,342,653	812,430,179
Additions during the year	181,943,146	313,348,790
Disposals during the year	(367,632,360)	(524,831,378)
Net changes in fair value during the year	(67,771,941)	55,395,062
At end of the year	402,881,498	656,342,653

The carrying value of the assets of the Company represents their maximum exposure to the credit risk. The credit risk is eventually transferred to the Swap Counterparty or the Noteholders through the individual terms of each Series in issue.

The financial assets are held as collateral for each Series of debt securities issued by the Company as per note 15.

Refer to note 21 for a description of the credit risk, concentration risk and currency risk disclosures relating to financial assets.

Notes to the financial statements (continued)
For the year ended 31 December 2011

11 Financial assets designated at fair value through profit or loss (continued)

Details of the nominal values and terms of each Series is disclosed below:

Series	Interest rate basis	Spread/Fixed rate	Maturity Date	CCY	31-Dec-11 Nominal Source CCY	31-Dec-10 Nominal Source CCY
2005-01	Floating - 6M Euribor	-0.040%	02-Mar-12	EUR	12,500,000	12,500,000
2005-02	Floating - 6M Euribor	-0.040%	02-Mar-12	EUR	2,000,000	2,000,000
2005-04	Floating - 6M Euribor	-0.040%	02-Mar-12	EUR	2,500,000	2,500,000
2005-07	Floating - 3M Euribor	0.300%	04-Oct-12	EUR	-	4,800,000
2005-15	Fixed	5.900%	22-Oct-22	EUR	26,116,000	63,759,000
2006-12	Floating - 3M Euribor	0.250%	25-May-21	EUR	12,200,000	12,200,000
2006-12	Floating - 12M Euribor		20-Dec-54	EUR	18,905,000	7,886,000
2006-12	Floating - 12M Euribor	0.100%	17-Dec-54	EUR	31,948,000	31,948,000
2007-03	Floating - 3M Euribor	0.315%	20-Mar-14	EUR	20,000,000	20,000,000
2007-04	Floating - 3M Euribor	-0.030%	20-Mar-14	EUR	20,000,000	20,000,000
2007-06	Floating - 3M Euribor	0.418%	31-Dec-19	EUR	53,000,000	53,000,000
2007-07	Floating - 6M Euribor	0.240%	25-Jul-22	EUR	45,000,000	45,000,000
2007-07	Floating - 3M Euribor	0.250%	25-May-21	EUR	21,600,000	21,600,000
2007-07	Floating - 12M Euribor		20-Dec-54	EUR	2,900,000	-
2007-11	Floating - 3M Euribor	0.420%	20-Mar-14	EUR	20,000,000	20,000,000
2007-12	Floating - 3M SEK Libor	-0.050%	20-Mar-14	SEK	200,000,000	200,000,000
2009-01	Floating - 3M Euribor	-0.050%	20-Dec-12	EUR	-	50,000,000
2009-02	Floating - 3M Euribor	-0.050%	20-Dec-12	EUR	-	10,000,000
2009-06	Fixed	8.640%	10-Oct-29	MXN	300,000,000	300,000,000
2010-01	Floating - 3M USD Libor	0.850%	08-May-13	USD	-	48,000,000
2010-01	Floating - 3M USD Libor	0.850%	14-May-13	USD	-	166,000,000
2010-01	Floating - 3M USD Libor	0.900%	15-May-13	USD	-	122,000,000
2010-01	Fixed	5.125%	10-Apr-13	USD	-	20,000,000
2010-02	Fixed	5.125%	10-Apr-13	USD	-	20,000,000
2011-01	Fixed	2.550%	15-Sep-41	EUR	125,500,000	-
2011-02	Fixed	2.350%	15-Sep-19	EUR	50,000,000	-

12 Derivative financial instruments

Movement in derivative financial instruments

	31-Dec-11 €	31-Dec-10 €
At beginning of the year	20,193,177	47,892,533
Cash receipt from/payment to Swap Counterparty*	67,447,246	(60,738,781)
Net changes in fair value during the year	(68,046,281)	33,039,425
At end of the year	19,594,142	20,193,177

	31-Dec-11 €	31-Dec-10 €
Derivative financial assets	45,600,935	72,526,889
Derivative financial liabilities	(26,006,793)	(52,333,712)
	19,594,142	20,193,177

	31-Dec-11 €	31-Dec-10 €
Credit linked derivative contracts	10,952,117	6,436,534
Interest rate swaps	2,199,541	(25,008,263)
Index linked derivative contracts	6,442,484	38,764,906
	19,594,142	20,193,177

12 Derivative financial instruments (continued)

Series	Fair value derivatives 31-Dec-11 €
S2005-15	2,734,204
S2006-12	(5,716,575)
S2007-06	23,334,594
S2007-07	(18,743,650)
S2009-06	590,968
Interest rate swaps	2,199,541
S2005-01	(494)
S2005-02	(120)
S2005-04	28,131
S2006-01	15,026,243
S2007-03	(1,210,545)
S2007-04	(1,602,067)
S2007-11	(266,901)
S2007-12	(1,022,130)
Credit linked derivative contracts	10,952,117
S2011-01	(178,514)
S2011-02	6,620,998
Index linked derivative contracts	6,442,484
	19,594,142

The table above relates to the fair value of the derivative financial instruments as at year end, excluding any collateral postings as at 31 December 2011.

The Company enters into a derivative contract for each Series issued either to reduce mismatch between the amounts payable in respect of the debt securities and return from the investment securities held as collateral, to create a risk profile appropriate for the investor or to mitigate its exposure to market risk (interest rate risk and currency risk) within the Company. The rationale behind entering into these instruments is to provide an asset risk profile which is suited to the needs of the investors (the holders of debt securities).

Goldman Sachs International (the "Arranger") also provides funding to meet expenses incurred by the Company.

Swap transactions

The derivatives entered into by the Company can be grouped into two categories, those that create a risk profile appropriate to the investor and, those that mitigate exposure to market risk.

The following derivatives have been entered into by the Company and may, in certain cases, create exposure to risk as opposed to mitigating risk.

Credit Default Swaps

As part of certain Series programmes the Company has entered into a number of Credit Default Swap Agreements with Goldman Sachs International in exchange for the receipt of premium income for the relevant Series, the Company has sold credit protection on a number of reference entities, (the "Reference Obligations"). By entering into the Credit Default Swap Agreements, the Company is exposed to the risk that the Reference Portfolio underperforms resulting in the default of the underlying entities (the "Reference Entities").

Notes to the financial statements (continued)
For the year ended 31 December 2011

12 Derivative financial instruments (continued)
Swap transaction (continued)
Credit Default Swaps (continued)

The Noteholders are exposed to the performance of the reference entities in the portfolio (the "Reference Portfolio") that is, the ability of the Company to meet its obligations under the Notes will depend on the receipt by it of payments of interest and principal under the Collateral Assets, as well as payments owed to the Company by the Swap Counterparty under the terms of the swap. Consequently, an investor is exposed not only to the occurrence of Credit Events in relation to any of the Reference Entities comprised in the Reference Portfolio to which the investor is linked (the "Specified Portfolio"), but also to the ability of the Company issuing the investments (the "Asset Issuer"), the Swap Counterparty to perform their respective obligations to make payments to the Company.

The aggregate liability of the Company under the Credit Default Swap Agreements for individual Series shall not exceed the aggregate of the eligible investment securities for those Series. No payment calls under the Credit Default Swaps were made during the year.

In the event of an issuance of a credit event notice with respect to the Reference Portfolio, the Company will pay an amount as defined in the Credit Default Swap Agreements from the assets of that Series to which the Credit Default Swap Agreement relates. As a consequence of defaults in reference obligations, the nominal is proportionally reduced by the relevant debt securities. However, this will only occur when subordinate tranches within the corresponding portfolio have been fully reduced.

Credit Events
Credit events are detailed in the directors' report.

No further credit events occurred since the year end.

Under the Credit Default Swaps, there is exposure to a wide range of countries and industries and due to the unique nature of each agreement in place, it is not practical to disclose details of all such exposures.

Index Swaps
An Index Swap is a hedging arrangement in which one party exchanges one cashflow with another's party cash flow on specified dates for a specified period. These cashflows are associated with an index (debt index, equity index or a price risk). An index swap is a variant of the conventional fixed rate swap and its terms may range from three months to a year or more.

In these Series, the Noteholders are exposed to the performance of the Index, and also to the ability of the Swap Guarantor and the Swap Counterparty to perform their obligations to make payments to the Company. The ability of the Company to meet its obligations under the Notes will depend on the receipt by it of payments of interest and principal owed to the Company by the Swap Counterparty. The Index is a custom index calculated by "Index Sponsor".

The Company has also entered into the following derivatives to hedge its exposure interest rate risk:

Interest Rate Swaps
Under the Interest Rate Swap, any difference between the interest rate from interest expense on debt securities and interest income from financial assets will be borne by the Swap Counterparty.

13 Other receivables

	31-Dec-11	31-Dec-10
	€	€
Accrued interest	2,136,128	2,308,962
Other receivables	30,000	42,153
Corporate benefit receivable	24,716	24,216
Margin calls	-	-
	2,190,844	2,375,331

14 Cash and cash equivalents

	31-Dec-11	31-Dec-10
	€	€
Cash at bank	5,021,793	38,118,330
	5,021,793	38,118,330

The Company's cash at bank are held with Bank of New York Mellon Bank (99%) and Bank of Ireland (1%).

The majority of the cash and cash equivalent balances relate to cash collaterals, posted by Goldman Sachs in accordance with the Credit Support Annex, and are subject to the restrictions of this agreement.

Refer to note 21(b) for credit risk disclosure relating to cash and cash equivalents.

15 Financial liabilities designated at fair value through profit or loss

	31-Dec-11	31-Dec-10
	€	€
Financial liabilities	422,475,640	676,535,830

Debt securities issued for a particular Series are designated at fair value through profit or loss when the related investment securities and derivatives are fair valued or when they contain embedded derivatives that significantly modify cash flows that otherwise would be required to be separated.

The Company's obligations under the debt securities issued and related derivative financial instruments are secured by the investment securities as per note 11 except for Series 2006-01 which has a Total return Swap in place.. The investors' recourse per Series is limited to the assets of that particular Series. They have an option for early redemption.

In the event that accumulated losses prove not to be recoverable during the life of the Company, then this will reduce the obligation to the holders of the debt securities by an equivalent amount.

Maturity analysis	31-Dec-11	31-Dec-10
	€	€
Within 1 year	32,012,961	-
More than 1 year and less than 2 years	-	97,049,529
More than 2 years and less than 5 years	119,741,321	436,632,254
More than 5 years	270,721,358	142,854,047
	422,475,640	676,535,830

Movement in financial liabilities	31-Dec-11	31-Dec-10
	€	€
At beginning of the year	676,535,830	882,364,996
Issue of financial liabilities	200,000,000	284,128,220
Redemption payments	(318,241,968)	(578,450,883)
Net changes in fair value during the year	(135,818,222)	88,493,497
At end of year	422,475,640	676,535,830

The debt securities issued are listed on the main securities market of the Irish Stock Exchange. Refer to note 21 for a description of the key risks regarding the issue of these instruments.

Notes to the financial statements (continued)
For the year ended 31 December 2011

15 Financial liabilities designated at fair value through profit or loss (continued)

The financial liabilities in issue at 31 December 2011 are as follows:

Series	Interest rate basis	Spread/Fixed rate	Maturity Date	CCY	31-Dec-11 Nominal Source CCY	31-Dec-10 Nominal Source CCY
2005-01	Floating - 6M Euribor	0.650%	02-Mar-12	EUR	12,500,000	12,500,000
2005-02	Floating - 6M Euribor	1.000%	02-Mar-12	EUR	2,000,000	2,000,000
2005-04	Floating - 6M Euribor	2.200%	02-Mar-12	EUR	2,500,000	2,500,000
2005-07	Zero Coupon		02-Mar-12	EUR	-	4,000,000
2005-15	Variable	DNCPI + 1.73%	22-Oct-22	EUR	90,500,000	90,500,000
2006-01	Floating - 6M Euribor	9.000%	02-Mar-12	EUR	15,000,000	15,000,000
2006-12	Floating - 3M Euribor	0.700%	20-Jun-19	EUR	30,000,000	30,000,000
2007-03	Floating - 3M Euribor		20-Mar-14	EUR	20,000,000	20,000,000
2007-04	Floating - 3M Euribor	0.430%	20-Mar-14	EUR	20,000,000	20,000,000
2007-06	Zero Coupon		31-Dec-19	EUR	100,000,000	100,000,000
2007-07	Floating - 3M Euribor	0.500%	20-Mar-14	EUR	45,000,000	45,000,000
2007-11	Floating - 3M Euribor	2.050%	20-Mar-14	EUR	20,000,000	20,000,000
2007-12	Floating - 3M SEK Libor	1.300%	20-Mar-14	SEK	200,000,000	200,000,000
2009-01	Floating - 3M Euribor	-0.050%	20-Dec-12	EUR	-	50,000,000
2009-02	Floating - 3M Euribor	0.600%	20-Dec-12	EUR	-	10,000,000
2009-06	Variable		10-Oct-29	MXN	300,000,000	300,000,000
2010-01	Index-linked		15-May-13	USD	-	356,000,000
2010-02	Index-linked		10-Apr-13	USD	-	20,000,000
2011-01	Index-linked		15-Sep-41	EUR	150,000,000	-
2011-02	Index-linked		15-Sep-19	EUR	50,000,000	-

At the reporting date, the Company's financial liabilities designated at fair value through profit or loss were concentrated in the following types:

Types of financial liabilities	**%**	**%**
Credit-Linked Notes	20	12
Inflation-Linked Notes	33	3
Emerging Markets	-	48
Other	46	36
	100	100

16 Other payables

	31-Dec-11	**31-Dec-10**
	€	€
Net swap payable	3,589,653	38,631,912
Accrued interest	3,560,504	1,799,114
Corporation tax payable	-	905
	7,150,157	40,431,931

17 Share capital – equity

	31-Dec-11	**31-Dec-10**
Authorised:	€	€
40,000 ordinary shares of €1 each	40,000	40,000
Issued	€	€
30,000 ordinary shares of €1 each - unpaid	30,000	30,000
10,000 ordinary shares of €1 each - fully paid	10,000	10,000
	40,000	40,000

18 Ownership of the Company

The issued shares are held in trust by Conor Blake, Carmel Naughton, David McGuinness, Martin Schwobel, Eimir McGrath and Deutsche International Corporate Services (Ireland) Limited each holding one share and Signum (Holdings) Limited holding 39,994 shares (the 'Share Trustees'). The Share Trustees hold the issued shares of the Company in trust for charity.

A Board of Directors has been appointed at the date of inception to manage the day to day affairs of the Company. The ultimate controlling party of the Company is Signum (Holdings) Limited holding. However, the Board have concluded that no individual party involved in the structure as identified on page 1 has the power to alter, in any way, the strategic investment objective of the Series as set out in the Series' prospectus. Substantially all the risks and rewards of the Company are transferred to the Noteholders.

19 Transactions with administrator and arranger

Transactions with administrator

During the year, €12,342 ($16,000) (2010: €11,954 ($16,000)) relating to administration services were paid to Deutsche International Corporate Services (Ireland) Limited. Both directors are employees of Deutsche International Corporate Services (Ireland) Limited, which is the administrator of the Company and is considered to be a related party. Michael Whelan, as director of the Company has an interest in this fee in his capacity as director of Deutsche International Corporate Services (Ireland) Limited. As at 31 December 2011, no amount is due to the administrator of the Company.

Transactions with arranger

Goldman Sachs International is the Arranger and Swap Counterparty of the Company. Goldman Sachs International as Arranger for each Series, paid the Company €500 for each new Series issued. All payments to and from the Swap Counterparty have been disclosed on the Statement of comprehensive income and the notes to the financial statements. In addition, all costs associated with the Company are paid by the Arranger. During the year, a fee of €12,342 (2010: €11,954) relating to administration services, €14,520 (2010: €14,520) relating to audit fees and €4,840 (2010: €4,840) relating to tax advisory fees were paid by the arranger.

There were no other transactions with the administrator or arranger that require disclosure in the financial statements.

20 Charges

The Notes issued by the Series are secured by way of a charge over the collateral purchased by the respective Series and by an assignment of a fixed first charge of the Company's rights, title and interest under respective swap agreements for the Series. All of the financial assets designated at fair value through profit or loss on the Statement of financial position are held as collateral under each Series. The Charged Assets may comprise bonds, notes, securities, covered bonds, commodities, the benefit of loans, equity interests (including shares and participating income notes), indices, other assets or contractual or other rights, carbon credits, insurance policies, partnership interests, swap rights or credit derivative products all as more particularly specified in the relevant Supplemental Information Memorandum.

The Charged Assets comprise those financial assets and derivatives detailed in notes 11 and 12 respectively. Further details on the profile of both are included in note 21.

21 Financial risk management

Introduction and overview

Signum Finance II PLC was incorporated on the 31st January 2002 and commenced trading on the 17th May 2002. The Company can issue Securities under its USD 10,000,000,000-Limited Recourse Secured Obligations Programme. The Company may raise finance by way of the issue of Notes or in other forms under the Programme including, without limitation, by way of loan or entering into derivative transactions.

The net proceeds of each Series will be used by the Company to purchase the Collateral, pay for or enter into any Swap Agreement or Credit Enhancement Agreement and in meeting certain expenses and fees payable in connection with the operations of the Company and the issue of the Notes as set out in the relevant Offering Circular Supplement relating to such Tranche.

21 Financial risk management (continued)

The Company was set up as a segregated multi issuance SPV which ensures that if one Series defaults, the holders of that Series do not have the ability to reach other assets of the Company, resulting in the Company's bankruptcy and the default of the other Series of Notes. The segregation criteria include the following:

- The Company is a bankruptcy remote SPE, organised in Ireland;
- The Company issues separate Series of debt obligations;
- Assets relating to any particular Series of debt securities are held separate and apart from the assets relating to any other Series;
- Any swap transaction entered into by the Company for a Series is separate from any other swap transaction for any other Series;
- Each Series of debt securities, only the trustee are entitled to exercise remedies on behalf of the debt security holders; and
- Each Series of issued debt securities are reviewed by a rating agency prior to issuance regardless of whether it is to be rated or not.

The Company is not engaged in any other activities.

Risk management framework

The Company has exposure to the following risks from its use of financial instruments:

(a) Market risk;
(b) Credit risk;
(c) Liquidity and cash flow risk; and
(d) Operational risk.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk and the Company's management of capital.

The company operates in an autopilot mode with the risk management framework agreed at the time of issuance of the Notes and included in the prospectus of each series of Notes. The prospectus provides detailed information to the Noteholders regarding their exposure to different risks as well as how such risks will be managed going forward until the maturity of Notes. The Board of Directors has responsibility to ensure compliance with the prospectus and execute different legal documents as the need arises.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The Company has entered into a number of Series in the Programme. Each Series is governed by a separate Prospectus and consists of an investment in collateral from the proceeds of the issuance of debt securities.

The Company has, in all of its Series, entered into Swap Agreements with Goldman Sachs International. Refer to note 12 for a description of the different types of swaps entered into by the Company.

In most of the Series, the Notes are designed to allow holders of the Notes to invest in a pool of collateral. Through the transaction, some interest rate risk of the underlying bond pool is hedged in order to give the Noteholders a security which has the same credit risk profile but a different interest rate profile than the underlying bonds. In many Series, the collateral is credit linked to certain reference entities. In the case of a credit event on any of these reference entities, the Notes may become subject to mandatory redemption. The ultimate amount repayable to the Noteholders will be dependent upon the proceeds from the sale of the collateral and/ or payment/ receipt to/ from the Swap Counterparty.

21 Financial risk management (continued)

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk and the Company's management of capital.

(a) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Noteholders are exposed to the market risk of the assets portfolio.

Market risk embodies the potential for both loss and gains and includes interest rate risk, currency risk and price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising the returns on risk.

(i) Interest rate risk

Interest rate risk is the risk that the Company does not receive enough interest from the underlying investments to secure interest payments on the Notes. There may be a timing mismatch between payments of interest on the Notes and payments of interest o the financial assets and, in the case of floating rate financial assets, the rates at which they bear interest may adjust more or less frequently, and on different dates and based on different indices than the interest rate of the debt securities.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Noteholders are entitled to receive distributions from interest received on the assets to the extent of funds available.

Interest rate swaps have been entered into, where necessary, to match the interest flows on the financial assets, financial liabilities and derivative financial instruments. The actual interest rates applicable to the financial assets and liabilities of each series are detailed in notes 11 and 15.

All interest received on the underlying collateral portfolio is passed to the Swap Counterparty in exchange for the required payments to the relevant Noteholders, therefore the Company does not bear interest rate risk. At the reporting date, the interest rate risk profile of the Company's interest bearing financial instruments was:

31-Dec-11	Floating rate	Fixed rate	Non-interest bearing	Total
	€	€	€	€
Financial assets designated at fair value through profit or loss	256,431,469	146,450,029	-	402,881,498
Derivative financial assets	23,334,594	7,240,098	15,026,243	45,600,935
Other receivables	-	-	2,190,844	2,190,844
Cash and cash equivalents	5,021,793	-	-	5,021,793
Total assets	284,787,856	153,690,127	17,217,087	455,695,070
Financial liabilities designated at fair value through profit or loss	(283,377,823)	(63,281,880)	(75,815,937)	(422,475,640)
Derivative financial liabilities	(26,006,179)	(614)	-	(26,006,793)
Other payables	-	-	(7,150,157)	(7,150,157)
Total liabilities	(309,384,002)	(63,282,494)	(82,966,094)	(455,632,590)
Net exposure	(24,596,146)	90,407,633	(65,749,007)	62,480

Notes to the financial statements (continued)
For the year ended 31 December 2011

21 Financial risk management (continued)

(a) Market risk (continued)

(i) Interest rate risk (continued)

31-Dec-10	Floating rate	Fixed rate	Non-interest bearing	Total
	€	€	€	€
Financial assets designated at fair value through profit or loss	566,084,180	90,258,473	-	656,342,653
Derivative financial assets	58,124,993	190,722	14,211,174	72,526,889
Other receivables	-	-	2,375,331	2,375,331
Cash and cash equivalents	38,118,330	-	-	38,118,330
Total assets	662,327,503	90,449,195	16,586,505	769,363,203
Financial liabilities designated at fair value through profit or loss	(591,343,687)	(15,556,696)	(69,635,447)	(676,535,830)
Derivative financial liabilities	(51,164,804)	(1,168,908)	-	(52,333,712)
Other payables	-	-	(40,431,931)	(40,431,931)
Total liabilities	(642,508,491)	(16,725,604)	(110,067,378)	(769,301,473)
Net exposure	19,819,012	73,723,591	(93,480,873)	61,730

Sensitivity analysis

The sensitivity analysis below has been determined based on the Company's exposure to interest rates for interest bearing assets and liabilities (included in the interest rate exposure tables above) at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting year in the case of instruments that have floating rates.

A 100 basis point increase or decrease represents management's assessment of a reasonably possible change in interest rates.

If interest rates had been 100 basis points higher and all other variables were held constant, the interest income on the financial assets would have increased by €2,849,791 (2010: €5,867,140) and the interest expense on the financial liabilities would have increased by €3,244,261 (2010: €2,342,544).

Any such change in income generated from the financial assets and expense incurred from the financial liabilities will result in an equivalent net change in interest on derivatives.

The Company does not bear any interest rate risk as the interest rate risk associated with the financial liabilities issued by the Company is neutralised by entering into swap agreements whereby the Swap Counterparty pays the Company amounts equal to the interest payable to the Noteholders in return for the interest earned by the Company on its collaterals. Therefore, any change in the interest rates would not affect the equity or the profit or loss of the Company.

The Company has designated its fixed financial assets and liabilities at fair value through profit or loss. Any change in interest rates would also affect the fair value of the fixed rate financial assets and liabilities which would impact on the profit or loss of the Company. However, the Company have also neutralised risk by entering into swap agreements whereby all fair value changes are borne by the Noteholders and/ or the Swap Counterparty.

21 Financial risk management (continued)

(a) Market risk (continued)

(ii) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company also mitigates its exposure to currency mainly by matching the foreign currency assets with foreign currency liabilities and in cases of any net exposure, the Company has derivative financial instruments in place. The Company is exposed to movement in exchange rates between the Euro, its functional currency, and certain foreign currencies namely US Dollars (USD), Mexican Peso (MXN) and Swedish Krona (SEK).

The risk has been mitigated by entering into swap transactions and the impact of any fluctuations in the foreign currency rates will be passed onto the Swap Counterparty. The Company's exposure to foreign currency risk before the impact of derivatives is as follows:

31-Dec-11	**USD**	**SEK**	**MXN**	**Total**
	€	€	€	€
Financial assets designated at fair value through profit or loss	-	22,236,819	14,869,914	37,106,733
Other receivables	24,716	18,399	231,350	274,465
Cash and cash equivalents	-	80,451	-	80,451
Total assets	24,716	22,335,669	15,101,264	37,461,649
Financial liabilities designated at fair value through profit or loss	-	(21,214,689)	(15,460,882)	(36,675,571)
Other payables	-	(27,649)	(120,494)	(148,143)
Total liabilities	-	(21,242,338)	(15,581,376)	(36,823,714)
Net exposure	24,716	1,093,331	(480,112)	637,935

31-Dec-10	**USD**	**SEK**	**MXN**	**Total**
	€	€	€	€
Financial assets designated at fair value through profit or loss	285,361,868	21,849,338	16,725,600	323,936,806
Other receivables	748,026	12,464	253,066	1,013,556
Cash and cash equivalents	632,851	78,661	-	711,512
Total assets	286,742,745	21,940,463	16,978,666	325,661,874
Financial liabilities designated at fair value through profit or loss	(324,126,774)	(19,888,401)	(15,556,696)	(359,571,871)
Other payables	-	(22,324)	(102,974)	(125,298)
Total liabilities	(324,126,774)	(19,910,725)	(15,659,670)	(359,697,169)
Net exposure	(37,384,029)	2,029,738	1,318,996	(34,035,295)

The following significant exchange rates have been applied at year end:

	Closing rate	
	31-Dec-11	**31-Dec-10**
USD : EUR	0.77140	0.7471
SEK : EUR	0.11213	0.1113
MXN : EUR	0.05540	0.0606

21 Financial risk management (continued)

(a) Market risk (continued)

(ii) Currency risk (continued)

Sensitivity analysis

An entity discloses how profit or loss and equity would have been affected by changes in a relevant risk variable that were reasonably possible at the end of the reporting period. The estimation of a reasonably possible change in a relevant risk variable depends on an entity's circumstances.

A strengthening of the Euro (€) by 10%, as indicated below, against the USD, SEK and MXN at 31 December 2011 would have impacted the fair value of the debt securities issued by the amounts shown below.

A 10% weakening of the Euro (€) against the USD, SEK and MXN at 31 December 2011 would have had an equal but opposite effect on the fair value of the notes issued.

This analysis is based on foreign currency exchange rate variances that the Company considered to be reasonably possible at the reporting date. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of any forecast. The analysis is performed on the same basis for 2010 as indicated below.

	Strengthening	Weakening
2011	**€**	**€**
Debt securities issued	3,667,557	(3,667,557)
2010	**€**	**€**
Debt securities issued	35,957,187	(35,957,187)

(ii) Price risk

Price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its Company or all factors affecting all instruments traded in the market.

Other price risks may include risks such as equity price risk, commodity price risk, prepayment risk (i.e. the risk that one party to a financial asset will incur a financial loss because the other party repays earlier or later than expected), and residual value risk.

The Company is exposed to price risk by investing in a portfolio of investments and is also exposed under swap agreements outlined in note 12. However, any fluctuation in the value of financial assets designated at fair value through profit or loss held by the Company will be borne by the Noteholders to the extent not borne by Swap Counterparties.

Sensitivity analysis

Any changes in the prices of the financial assets designated at fair value through profit or loss would not have any effect on the equity or net profit or loss of the Company as any fair value fluctuations in prices are ultimately borne by the Noteholders. As at 31 December 2011, exposure to price risk relates directly to the value of financial assets amounting to €402,881,498 (2010: €656,342,653). Price risk is actively managed by the investing highly rated investments ensuring that we have priority of payment.

An increase of 10% in the market prices of the financial assets and financial instruments at the reporting date would result in an equivalent increase in the fair values of the notes of €42,247,564 (2010: €67,653,583). A decrease of 10% in the market prices of the financial assets and financial instruments at the reporting date would result in an equivalent decrease in the fair values of the notes of €42,247,564 (2010: €67,653,583).

Any changes in quoted prices or unquoted prices of the corporate bonds held by the Company would not have any effect on the equity or profit or loss of the Company as any fair value fluctuations are ultimately borne by either the Swap Counterparty or the Noteholders issued by the Company and as such no detailed sensitivity analysis has been provided.

21 Financial risk management (continued)

(b) Credit risk

Credit risk is the risk of the financial loss to the Company if a Counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's credit linked assets. The Company's principal financial assets are cash and cash equivalents, other receivables, derivative financial instruments and financial assets designated at fair value through profit or loss, which represents the Company's maximum exposure to credit risk.

The Company limits its exposure to credit risk by only investing in corporate bonds and only with counterparties that have a credit rating defined in the documentation of the relevant Series. The risk of default on these assets and on the underlying reference entities is borne by the Swap Counterparty, or the holders of the debt securities of the relevant Series that the Company has in issue.

The credit risk relating to underlying reference entities arises principally from the investment assets which the Company holds which are credit-linked to a portfolio of underlying reference entities. Any default or "credit events" in the underlying portfolio of reference entities might trigger a reduction in the nominal amounts of the debt instrument which the Company holds depending on the headroom and the loss amounts as well as other terms and conditions on the debt. Because of the ring-fenced nature of the debt issued by the Company, any such losses would ultimately be borne by either the Swap Counterparty or the Noteholders.

Secondly, the Company has also sold credit protection to Swap Counterparties in the form of credit-linked or variable Notes issued to investors (or "Noteholders") in return for a premium. These Notes are credit-linked to the credit quality of the underlying portfolio of reference entities. Therefore any default or "credit events" in the underlying portfolio of reference entities might require a specific amount of the collateral i.e. certain investment assets held by the Company to be delivered to the Swap Counterparty which have purchased the credit protection. However, due to the ring-fenced nature of the debt issued by the Company, any such losses on investment assets would ultimately be borne by the Noteholders by way of corresponding reduction in the nominal amounts of the notes depending on the terms and conditions attached to Notes issued.

The above mentioned linking of the debt instruments to the underlying portfolio of reference entities is achieved by entering into Credit Default Swap agreements with the Swap Counterparty. The Credit Default Swap is a leveraged arrangement. The aggregate reference portfolio notional amounts are usually substantially higher than the notional amounts of the Credit Default Swaps and the nominal amounts of the debt securities issued. This leverage increases the risk of loss to the Company and, therefore, to the Noteholders.

Refer to the table in note 21(e) "Fair values" for further details.

The Company's maximum exposure to credit risk in the event that counterparties fail to perform their obligations as at 31 December 2011 in relation to each class of recognised financial assets is the carrying amount of those assets as indicated in the statement of financial position.

	31-Dec-11	31-Dec-10
	€	€
Financial assets designated at fair value through profit or loss	402,881,498	656,342,653
Derivative financial assets	45,600,935	72,526,889
Other receivables	2,190,844	2,375,331
Cash and cash equivalents	5,021,793	38,118,330
	455,695,070	769,363,203

The Notes issued in each Series are limited recourse to the assets in each particular Series and therefore the Noteholders are exposed to the issuers of the securities forming the portfolio of collateral of each Series.

21 Financial risk management (continued)

(b) Credit risk (continued)

Cash and cash equivalents

The Company held cash and cash equivalents of €5,021,793 as at 31 December 2011 (2010: €38,118,330), which represents its maximum credit exposure on these assets. The cash and cash equivalents are held with banks and financial institutions, which are currently rated by Standard & Poor's (S&P) as follows:

	2011	2010
Bank of Ireland	B	B
Bank of New York	A-1+	A-1+

Financial assets

The credit quality of investment securities that are neither past due nor impaired can be assessed to external credit ratings from rating agency (S&P). At the reporting date, the rating analysis of the investment securities was as follows:

	31-Dec-11	31-Dec-10
	%	%
AAA	8	30
AA	23	30
A+	19	5
A	-	7
A-	12	-
AA-	15	5
BBB+	-	6
CC	4	-
Not rated	19	17
	100	100

Concentration risk

At the reporting date, the Company's financial assets designated at fair value through profit or loss were concentrated in the following asset types and geographical locations:

By industry	31-Dec-11	31-Dec-10
Types of collaterals	%	%
Financial	55	19
Government	33	6
Bank	9	40
Others	3	35
	100	100

21 Financial risk management (continued)

(b) Credit risk (continued)

Concentration risk (continued)

By Geographical location	**31-Dec-11**	**31-Dec-10**
Country of origin	**%**	**%**
Italy	30	-
USA	21	21
Ireland	15	21
UK	13	6
Luxembourg	8	2
Sweden	6	3
France	5	3
Greece	2	6
Australia	-	24
New Zealand	-	14
	100	100

Derivative financial instruments

The Company is exposed to the credit risk of the Swap Counterparty with respect to payments due under the Swaps. This risk is borne by the Noteholders who are subject to risk of defaults by the Swap Counterparty as well as to the risk of defaults by the reference obligations and the reference entities, in case of Credit Default Swaps. Goldman Sachs International is the counterparty on all the swap transactions. Goldman Sachs Group Inc is currently rated A-1 (2010: A-1) by Standard & Poor's and the directors are therefore satisfied with the current exposure.

The Company's maximum credit risk exposure to derivative instruments as at 31 December 2011 is disclosed in note 12. The Company is also exposed to the credit profile of the underlying reference entities in the various swap agreements, including Credit Default Swaps and Index Swaps in particular. Due to the extensive exposures under these agreements, it is not practical to present the credit exposure of each in these financial statements.

Other receivables

Other receivables mainly include income receivable from investments securities held by the Company at the year end. The credit rating and concentration of these investment securities at the reporting date are disclosed above.

(c) Liquidity and cash flow risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset and thus, the Company will not be able to meet its financial obligations as they fall due.

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company's obligation to the Noteholders is limited to the net proceeds upon realisation of the collateral of the Series and should the net proceeds be insufficient to make all payments due in respect of a particular Series of Notes, the other assets of the Company are not contractually required to be made available to meet payment and the deficit is instead borne by the Noteholders and the swap counterparty according to the priority of payments mentioned in the agreements.

The timing and amounts from realising the collateral of each Series is subject to market conditions. There were no liquidity issues experienced by the Company or the Swap Counterparty in respect to meeting obligations to Noteholders or to Swap Counterparty. The Company or the Swap Counterparty did not default on any of its contractual commitments during the year.

Notes to the financial statements (continued)
For the year ended 31 December 2011

21 Financial risk management (continued)

(c) Liquidity and cash flow risk (continued)

The following are the contractual maturities of financial assets and liabilities including undiscounted interest payments and excluding the impact of netting agreements:

31-Dec-11	Carrying amount	Gross contractual cash flows	Less than one year	Between one to five years	More than five years
	€	€	€	€	€
Financial assets designated at fair value through profit or loss	402,881,498	605,521,564	29,108,062	121,665,274	454,748,228
Other receivables	5,021,793	5,021,793	5,021,793	-	-
Cash and cash equivalents	2,190,844	2,190,844	2,190,844	-	-
Financial liabilities designated at fair value through profit or loss	(422,475,640)	(717,471,690)	(51,639,049)	(189,152,071)	(476,680,570)
Derivative financial liabilities	19,594,142	111,950,126	22,468,507	67,486,797	21,994,822
Other payables	(7,150,157)	(7,150,157)	(7,150,157)	-	-
Net amount	62,480	62,480	-	-	62,480

31-Dec-10	Carrying amount	Gross contractual cash flows	Less than one year	Between one to five years	More than five years
	€	€	€	€	€
Financial assets designated at fair value through profit or loss	656,342,653	817,224,890	79,678,919	462,612,990	274,932,981
Other receivables	2,375,331	2,375,331	2,375,331	-	-
Cash and cash equivalents	38,118,330	38,118,330	38,118,330	-	-
Financial liabilities designated at fair value through profit or loss	(676,535,830)	(820,834,335)	(9,778,079)	(534,445,689)	(276,610,567)
Derivative financial liabilities	20,193,177	3,609,445	(69,962,570)	71,832,699	1,739,316
Other payables	(40,431,931)	(40,431,931)	(40,431,931)	-	-
Net amount	61,730	61,730	-	-	61,730

In line with the requirements under IFRS 7, the above liabilities table shows principal balances and undiscounted interest cash flows over the life of the liabilities.

(d) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour.

Operational risk arises from all of the Company's operations.. The Company was incorporated with the purpose of engaging in those activities outlined in the preceding paragraphs. All management and administration functions are outsourced to Deutsche International Corporate Services (Ireland) Limited which has years of experience in this field.

(e) Fair values

The fair value of a financial asset and financial liability is the amount at which it could be exchanged in an arm's length transaction between informed and willing parties, other than in a forced sale or liquidation. The fair values of the derivative financial instruments represent amounts payable to or receivable from the Swap Counterparty should the swaps be terminated at 31 December 2011 and 31 December 2010. The calculation of the value of the swaps is a function of time and movement in interest rates, credit spreads and other key parameters.

21 Financial risk management (continued)

(e) Fair values (continued)

The Company's derivative financial instruments are carried at fair value on the Statement of financial position. The fair value of the financial instruments can be reliably determined within a reasonable range of estimates. The carrying amounts of all the Company's financial assets and financial liabilities at the reporting date approximated their fair values.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date.

The Company's financial instruments carried at fair value are analysed below by valuation method. The different levels have been defined as follows:

- Level 1: Quoted market price in an active market for an identical instrument.
- Level 2: Valuation techniques based on observable inputs. This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs could have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Valuation of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date.

Fair values of financial assets and financial liabilities that are traded in active markets, Level 1, are based on quoted market prices or dealer price quotations.

Valuation techniques include net present value and discounted cash flow models, comparison to similar instruments for which market observable prices exist, Black-Scholes and polynomial option pricing models and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premia used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices and expected price volatilities and correlations. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the reporting date that would have been determined by market participants acting at arm's length.

Level 2 prices uses widely recognised valuation models for determining the fair value of common and more simple financial instruments such as interest rate and currency swaps that use only observable market data and require little management judgement and estimation. Observable prices and model inputs are usually available in the market for listed debt and equity securities, exchange traded derivatives and simple over the counter derivatives, e.g. interest rate swaps. Availability of observable market prices and model inputs reduces the need for management judgement and estimation and also reduces the uncertainty associated with determination of fair values. Availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets.

For more complex Level 3 instruments, valuation techniques used by Goldman Sachs International are based on proprietary models including net present value and discounted cash flow models, comparison to similar instruments for which market observable prices exist, option pricing models or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.. The assumptions used in the proprietary models include amongst others, discount rates, timing of cash flows, credit spreads and volatility assumptions. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the reporting date that would have been determined by market participants acting at arm's length.

21 Financial risk management (continued)

(e) Fair values (continued)

Some or all of the significant inputs into these models may not be observable in the market, and are derived from market prices or rates or are estimated based on assumptions. Any change in the pricing assumptions for those assets which use Level 3 valuation techniques would not have an impact on the overall financial position of the Company due to the limited recourse nature of the Notes in issue. The variability in pricing of such assets would directly impact the Noteholders in each specific Series but does not alter the underlying risk faced by each Noteholder or the ultimate return on the transaction.

The techniques described above outline a variety of methods used to determine the carrying amounts of the financial instruments for each series. Due to the unique aspects of individual series in issue, and also the complex and detailed assumptions and methods used, detailed disclosure has not been provided of the techniques in each scenario.

At the reporting date, the carrying amounts of investment securities, derivative financial instruments and debt securities issued by the Company whose fair values were determined directly, in full or in part, by reference to published price quotations and determined using valuation techniques are as follows:

	31-Dec-11			
	Level 1	**Level 2**	**Level 3**	
	Quoted price in active market	**Valuation technique observable parameters**	**Valuation technique unobservable parameters**	**Total**
	€	€	€	€
Financial assets designated at fair value through profit or loss	-	297,661,924	105,219,574	402,881,498
Financial liabilities designated at fair value through profit or loss	-	-	(422,475,640)	(422,475,640)
Derivative financial liabilities	-	-	19,594,142	19,594,142
	-	297,661,924	(297,661,924)	-

	31-Dec-10			
	Level 1	**Level 2**	**Level 3**	
	Quoted price in active market	**Valuation technique observable parameters**	**Valuation technique unobservable parameters**	**Total**
	€	€	€	€
Financial assets designated at fair value through profit or loss	-	567,774,069	88,568,584	656,342,653
Financial liabilities designated at fair value through profit or loss	-	-	(676,535,830)	(676,535,830)
Derivative financial liabilities	-	-	20,193,177	20,193,177
	-	567,774,069	(567,774,069)	-

Financial assets measured at Fair Value based on Level 3

	31-Dec-11	**31-Dec-10**
	€	€
Balance at beginning of year	88,568,584	209,310,000
Redemptions during the year	-	(224,160,000)
Net changes in fair value during the year	(253,248)	14,850,000
Transfers into Level 3*	16,904,238	-
Transfers out of Level 3	-	88,568,584
Balance at end of year	105,219,574	88,568,584

* Financial assets designated at fair value through profit or loss have been transferred out of Level 2 to Level 3 since market prices of some of the collaterals are now based on unobservable inputs.

21 Financial risk management (continued)

(e) Fair values (continued)

During the year, due to market conditions for investment securities, the significant inputs used in their fair value measurement was based on unobservable rather than observable inputs. The values attributable to these investments are derived from a number of valuation techniques. In turn, these valuation techniques incorporate a number of assumptions including discount rates, default rates and interest rate curves, all of which impact on fair value. As outlined in the section above, it has been determined not to include details of techniques and assumptions at an individual series level due to the number of series in issue, the complexities included and the proprietary nature of the techniques used.

Financial liabilities measured at Fair Value based on Level 3

	31-Dec-11	31-Dec-10
	€	€
Balance at beginning of year	676,535,830	882,364,996
Issue of financial liabilities	200,000,000	284,128,220
Redemption payments	(318,241,968)	(578,450,883)
Net changes in fair value during the year	(135,818,222)	88,493,497
Balance at end of year	422,475,640	676,535,830

Due to the limited recourse nature of the structure, the fair value of the financial liabilities is based on the fair values of the respective financial assets and derivative financial instruments for each individual series and is sensitive to the changes to the underlying balances.

Derivatives measured at Fair Value based on Level 3

	31-Dec-11	31-Dec-10
	€	€
Balance at beginning of year	20,193,177	47,892,533
Cash receipt from/payment to Swap Counterparty*	67,447,246	(60,738,781)
Net changes in fair value during the year	(68,046,281)	33,039,425
Transfers out of Level 3	-	-
Balance at end of year	19,594,142	20,193,177

The total amount of gain/loss estimated using a valuation technique based on significant unobservable data (Level 3) that was recognised in the Statement of comprehensive income is as follows:

	31-Dec-11	31-Dec-10
	€	€
Net fair value gain on financial assets	(253,248)	14,850,000
Net fair value gain/(loss) on financial liabilities	135,818,222	(88,493,497)
Net fair value (loss)/gain on derivative financial instruments	(68,046,281)	33,039,425
	67,518,693	(40,604,072)

Although the directors believe that their estimates of fair value are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value as fair value estimates are made at a specific point in time, based on market conditions and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgement e.g. interest rates, volatility, credit spreads, probability of defaults, estimates cashflows etc and therefore, cannot be determined with precision.

For recognised fair values measured using significant unobservable inputs, changing one or more assumptions used to reasonably possible alternative assumptions would not have any effect on the profit or loss or on equity as any change in fair value will be borne by the Noteholders due to the limited recourse nature of the debt issued by the Company.

Fair value measurement sensitivity analysis

If the price of Level 3 investments was to increase by 10%, this would increase investments by€10,521,957 (2010: €8,856,858)

Notes to the financial statements (continued)
For the year ended 31 December 2011

22 Accounting categorisation and fair values of financial assets and financial liabilities

	Carrying value € 31-Dec-11	Fair value € 31-Dec-11	Carrying value € 31-Dec-10	Fair value € 31-Dec-10
At fair value				
Financial assets designated at fair value through profit or loss	402,881,498	402,881,498	656,342,653	656,342,653
Financial liabilities designated at fair value through profit or loss	(422,475,640)	(422,475,640)	(676,535,830)	(676,535,830)
Derivative financial liabilities	19,594,142	19,594,142	20,193,177	20,193,177
	-	-	-	-
At amortised cost				
Cash and cash equivalents	5,021,793	5,021,793	38,118,330	38,118,330
Other receivables	2,190,844	2,190,844	2,375,331	2,375,331
Other payables	(7,150,157)	(7,150,157)	(40,431,931)	(40,431,931)
	62,480	62,480	61,730	61,730

23 Capital management

The Company view the share capital as its capital. The Company is a special purpose vehicle set up to issue debt for the purpose of making investments as defined under the programme memorandum and in each of the Series memorandum agreements. Share capital of €40,000 was issued in line with Irish Company Law and is not used for financing the investment activities of the Company. The Company is not subject to any other externally imposed capital requirements.

24 Subsequent events

There has been no significant subsequent event that requires disclosure and/or adjustment to the financial statements.

Credit events

No credit events occurred after the year end.

25 Approval of financial statements

The Board of directors approved these financial statements on 30 April 2012.