

GOLDMAN SACHS (JERSEY) LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 2010

GOLDMAN SACHS (JERSEY) LIMITED

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements for the 52 week period ended 31 December 2010.

1. Principal activities

Goldman Sachs (Jersey) Limited ('the company') acts as an issuer of covered warrants in a number of European markets. The company operates in a US Dollar environment as part of The Goldman Sachs Group, Inc. ('the group'). Accordingly, the company's functional currency is US Dollars and these financial statements have been prepared in that currency.

2. Review of business and future developments

The financial statements have been drawn up for the 52 week period ended 31 December 2010. Comparative information has been presented for the 57 week period ended 31 December 2009.

The profit and loss account for the period is set out on page 4. The company issued no securitised derivatives in the current and prior period and, as a result, no revenue has been reported. The loss on ordinary activities before taxation was US\$15,000 (57 week period ended 31 December 2009: profit of US\$2,000). The company has total assets of US\$11,367,000 (31 December 2009: US\$15,994,000).

The directors consider that the period end financial position of the company was satisfactory. No significant change in the company's principal business activity is expected.

3. Dividends

The directors do not recommend the payment of an ordinary dividend during the period (57 week period ended 31 December 2009: US\$nil).

4. Directors

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

| | Appointed | Resigned |
|----------------|-----------------|-----------------|
| B. Bailo | | 9 November 2010 |
| G. Essex-Cater | | |
| K. Rao | | |
| R. Taylor | | |
| D. Urmoneit | 9 November 2010 | |

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

5. Exchange rate

The sterling / US Dollar exchange rate at the balance sheet date was £ / US\$ 1.5590 (31 December 2009: £ / US\$ 1.6154). The average rate for the period was £ / US\$1.5422 (57 week period ended 31 December 2009: £ / US\$ 1.5616).

REPORT OF THE DIRECTORS (continued)

6. Directors' responsibilities

The directors are required by Companies (Jersey) Law 1991 to prepare accounts for each financial period which give a true and fair view of the state of affairs of the company at the end of the financial period and of the profit or loss of the company for that period. In preparing those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the financial statements; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with Companies (Jersey) Law 1991. 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.

7. Auditors

PricewaterhouseCoopers LLP have indicated their willingness to continue in office.

8. Date of authorisation of issue

The financial statements were authorised for issue by the Board of Directors on 25 March 2011.

BY ORDER OF THE BOARD



Director

Independent auditors' report to the members of GOLDMAN SACHS (JERSEY) LIMITED

Report on the financial statements

We have audited the accompanying financial statements of Goldman Sachs Jersey Limited ('the company') which comprise the balance sheet as of 31 December 2010, the profit and loss account, the cash flow statement for the period then ended and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with United Kingdom Accounting Standards and with the requirements of Jersey law. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the company as of 31 December 2010 and of its financial performance and its cash flows for the period then ended in accordance with United Kingdom Accounting Standards and have been properly prepared in accordance with the requirements of the Companies (Jersey) Law 1991.

Report on other legal and regulatory requirements

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

In our opinion the information given in the directors' report is consistent with the financial statements.

The maintenance and integrity of the group website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Legislation in Jersey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Article 113A of the Companies (Jersey) Law 1991 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Christopher Rowland
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants
London

GOLDMAN SACHS (JERSEY) LIMITED

PROFIT AND LOSS ACCOUNT

for the 52 week period ended 31 December 2010

| | | 52 week period ended 31 December 2010 | 57 week period ended 31 December 2009 |
|---|------|--|--|
| | Note | US\$'000 | US\$'000 |
| Administrative (expenses) / income | | (15) | 2 |
| OPERATING (LOSS) / PROFIT AND (LOSS) / PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | 3 | (15) | 2 |
| Tax on (loss) / profit on ordinary activities | 5 | 4 | - |
| (LOSS) / PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION FOR THE FINANCIAL PERIOD | | (11) | 2 |

The operating (loss) / profit of the company is derived from continuing operations in the current and prior period.

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

The notes on pages 7 to 11 form an integral part of these financial statements.
Independent auditors' report – page 3

GOLDMAN SACHS (JERSEY) LIMITED


BALANCE SHEET

as at 31 December 2010

| | | 31 December 2010 US\$'000 | 31 December 2009 US\$'000 |
|---|----|---------------------------------|---------------------------------|
| CURRENT ASSETS | | | |
| Financial instruments owned | 6 | 8,934 | 12,923 |
| Debtors | 7 | 2,433 | 3,071 |
| | | <u>11,367</u> | <u>15,994</u> |
| CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR | | | |
| Covered warrants issued | 6 | (8,934) | (12,923) |
| Other creditors | 8 | (34) | (661) |
| | | <u>(8,968)</u> | <u>(13,584)</u> |
| NET CURRENT ASSETS AND NET ASSETS | | <u>2,399</u> | <u>2,410</u> |
| CAPITAL AND RESERVES | | | |
| Share capital account | 9 | 50 | 50 |
| Profit and loss account | 10 | 2,349 | 2,360 |
| TOTAL SHAREHOLDER'S FUNDS | 12 | <u>2,399</u> | <u>2,410</u> |

The financial statements were approved by the Board of Directors on 25 March 2011 and signed on its behalf by:

Director


Richard Taylor

The notes on pages 7 to 11 form an integral part of these financial statements.
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Company number: 84992

GOLDMAN SACHS (JERSEY) LIMITED

CASH FLOW STATEMENT**for the 52 week period ended 31 December 2010**

| | | 52 week period ended 31 December 2010 | 57 week period ended 31 December 2009 |
|--|-------------|--|--|
| | Note | US\$'000 | US\$'000 |
| Net cash (outflow) / inflow from operating activities | 13 | (638) | 48 |
| Taxation | | (4) | - |
| CASH (OUTFLOW) / INFLOW BEFORE FINANCING ACTIVITIES | | (642) | 48 |
| (DECREASE) / INCREASE IN CASH IN THE PERIOD / YEAR | | (642) | 48 |

The notes on pages 7 to 11 form an integral part of these financial statements.
Independent auditors' report – page 3

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2010

1. ACCOUNTING POLICIES

a. Accounting convention

The financial statements have been prepared on the going concern basis, under the historical cost convention (modified as explained in note 1(b)), the accounting policies set out below, and in accordance with Companies (Jersey) Law 1991, and applicable accounting standards.

b. Financial instruments held for trading

Financial assets and liabilities held for trading are recorded at fair value. The fair value of a financial instrument is the amount 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. the exit price. Financial assets are marked to bid prices and financial liabilities are marked to offer prices. Fair value measurements do not include transaction costs. Fair value gains or losses are included in the profit and loss account with revenue.

The best evidence of fair value is a quoted price in an active market. If listed prices or quotations are not available, fair value is determined by reference to prices for similar instruments, quoted prices or recent transactions in less active markets, or internally developed models that primarily use, as inputs, market-based or independently sourced parameters, including but not limited to interest rates, volatilities, equity or debt prices, foreign exchange rates and credit curves. The fair value of certain financial assets and financial liabilities may include valuation adjustments for counterparty and the company's credit quality, transfer restrictions, large and / or concentrated positions, illiquidity and bid / offer inputs.

c. Offsetting financial assets and liabilities

Financial assets and liabilities are offset and the net amount presented in the balance sheet where the company:

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

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

d. Foreign currencies

Transactions denominated in foreign currencies are translated into US Dollars at rates of exchange ruling on the date the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are translated into US Dollars at rates of exchange ruling at the balance sheet date. Gains and losses on exchange are recognised in the profit and loss account.

e. Revenue recognition

Covered warrants and financial instruments

Covered warrants and financial instruments are recognised at fair value with realised and unrealised gains and losses included in revenue. Since it is the policy of the company to hedge immediately the market risk arising from the issuance of covered warrants, gains and losses arising from the movements in fair value of inventory and covered warrants are fully offset in the profit and loss account for the period.

Commissions

Revenues include fees and commissions from group undertakings on the issuance of securitised derivatives and are recognised on the date the trade is executed. There were no securitised derivatives issued in the current or prior period.

GOLDMAN SACHS (JERSEY) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2010

2. SEGMENTAL REPORTING

All revenue arises from the company's principal activities as an issuer of securitised derivatives. The directors manage the company's activities as a single business and accordingly, no segmental analysis has been provided.

3. OPERATING (LOSS) / PROFIT

| | <u>52 week period ended</u> | <u>57 week period ended</u> |
|--|-----------------------------|-----------------------------|
| | <u>31 December 2010</u> | <u>31 December 2009</u> |
| | <u>US\$'000</u> | <u>US\$'000</u> |
| Operating (loss) / profit is stated after charging: | | |
| Auditors' remuneration: audit services | 15 | 14 |

4. STAFF COSTS

The company has no employees (31 December 2009: nil). All persons involved in the company's operations are employed by a group undertaking and no cost is borne by the company.

5. TAX ON (LOSS) / PROFIT ON ORDINARY ACTIVITIES

(a) Analysis of tax (credit) / charge for the period:

| | <u>52 week period ended</u> | <u>57 week period ended</u> |
|---|-----------------------------|-----------------------------|
| | <u>31 December 2010</u> | <u>31 December 2009</u> |
| | <u>US\$'000</u> | <u>US\$'000</u> |
| Current tax: | | |
| Group relief receivable | (4) | - |
| Total current tax (see note (b) below) | (4) | - |

(b) Factors affecting tax (credit) / charge for the period

There is no difference in the current tax assessed for the period from the standard rate of corporation tax in the UK at 28% (2009: 28%). Any prior period differences are explained below:

| | <u>52 week period ended</u> | <u>57 week period ended</u> |
|---|-----------------------------|-----------------------------|
| | <u>31 December 2010</u> | <u>31 December 2009</u> |
| | <u>US\$'000</u> | <u>US\$'000</u> |
| (Loss) / profit on ordinary activities before tax | (15) | 2 |
| (Loss) / profit on ordinary activities at the standard rate in the UK 28% (2009: 28%) | (4) | 1 |
| Exchange differences | - | (1) |
| Current tax (credit) / charge for the period | (4) | - |

With effect from 1 January 2009, the tax exempt company status was abolished and under the revised law the company will be treated as a zero rated company and is expected to pay no income tax in Jersey.

6. FINANCIAL INSTRUMENTS HELD FOR TRADING

Financial instruments comprise over-the-counter ('OTC') derivatives and covered warrants issued. OTC derivatives are entered into with a fellow group subsidiary undertaking and are held specifically and exclusively to offset the risk arising from covered warrants issued by the company. These derivatives are recognised in the financial statements at fair value consistent with the treatment of the underlying covered warrants being hedged.

GOLDMAN SACHS (JERSEY) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2010

7. DEBTORS

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

| | 31 December 2010 | 31 December 2009 |
|------------------------------------|-------------------------|-------------------------|
| | US\$'000 | US\$'000 |
| Amount due from group undertakings | 2,429 | 3,071 |
| Group relief receivable | 4 | - |
| | 2,433 | 3,071 |

Amounts due from group undertakings comprise cash balances held on account by a fellow group undertaking.

8. OTHER CREDITORS

| | 31 December 2010 | 31 December 2009 |
|------------------------------|-------------------------|-------------------------|
| | US\$'000 | US\$'000 |
| Corporation tax payable | 5 | 5 |
| Group relief payable | 1 | 611 |
| Other creditors and accruals | 28 | 45 |
| | 34 | 661 |

9. SHARE CAPITAL

At 31 December 2010 and 31 December 2009 share capital comprised:

| | 31 December 2010 | | 31 December 2009 | |
|--|-------------------------|-----------------|-------------------------|-----------------|
| | No. | US\$'000 | No. | US\$'000 |
| <u>Allotted, called up and fully paid</u> | | | | |
| Ordinary shares of no par value | 50,000 | 50 | 50,000 | 50 |
| | | 50 | | 50 |

10. PROFIT AND LOSS ACCOUNT

| | 31 December 2010 |
|--|-------------------------|
| | US\$'000 |
| At 31 December 2009 | 2,360 |
| (Loss) / profit for the financial period | (11) |
| At 31 December 2010 | 2,349 |

11. FINANCIAL COMMITMENTS AND CONTINGENCIES

The company had no financial commitments and contingencies outstanding at at the period end (31 December 2009: US\$nil).

GOLDMAN SACHS (JERSEY) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2010

12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

| | 31 December 2010 | 31 December 2009 |
|---|-------------------------|-------------------------|
| | US\$'000 | US\$'000 |
| (Loss) / profit on ordinary activities after taxation | (11) | 2 |
| Net (decrease) / increase in shareholder's funds | (11) | 2 |
| Opening shareholder's funds | 2,410 | 2,408 |
| Closing shareholder's funds | 2,399 | 2,410 |

13. RECONCILIATION OF OPERATING (LOSS) / PROFIT TO NET CASH FLOW FROM OPERATING ACTIVITIES

| | 52 week period ended | 57 week period ended |
|--|-----------------------------|-----------------------------|
| | 31 December 2010 | 31 December 2009 |
| | US\$'000 | US\$'000 |
| Operating (loss) / profit | (11) | 2 |
| (Decrease) / increase in creditors | (627) | 46 |
| Net cash (outflow) / inflow from operating activities | (638) | 48 |

14. RECONCILIATION OF NET CASH TO MOVEMENT IN NET FUNDS

| | 52 week period ended | 57 week period ended |
|--|-----------------------------|-----------------------------|
| | 31 December 2010 | 31 December 2009 |
| | US\$'000 | US\$'000 |
| (Decrease) / increase in cash held on account by a fellow group undertaking (see note 7) | (642) | 48 |
| Change in net funds | (642) | 48 |
| Opening net funds | 3,071 | 3,023 |
| Closing net funds | 2,429 | 3,071 |

15. ANALYSIS OF CHANGES IN NET FUNDS

| | At 31 December | Cash Flows | Other non-cash | At 31 December |
|--------------------------|-----------------------|-------------------|-----------------------|-----------------------|
| | 2009 | | movements | 2010 |
| | US\$'000 | US\$'000 | US\$'000 | US\$'000 |
| Cash at bank and in hand | 3,071 | (607) | (35) | 2,429 |
| Net funds | 3,071 | (607) | (35) | 2,429 |

Other non-cash movements include the effect of exchange rates on cash and cash equivalents.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2010

16. RELATED PARTY DISCLOSURES

The company is a wholly-owned subsidiary of The Goldman Sachs Group, Inc., whose consolidated accounts include the company and are publicly available. As a result, under the terms of paragraph 3(c) of FRS8 'Related Party Disclosures', the company is exempt from disclosing transactions with companies also wholly owned within the group. Related party transactions requiring disclosure are as follows:

Gareth Essex-Cater was an employee of a subsidiary of Mourant Limited. Affiliates of Mourant Limited provided administrative services to the company at commercial rates. These costs were borne by a group undertaking in the current and prior period.

On 1 April 2010, Mourant Limited sold its interest in certain affiliates to State Street Corporation. From this date, Gareth Essex-Cater is an employee of a subsidiary of State Street Corporation, affiliates of which now provide administrative services to the company at commercial rates. These costs were borne by a group undertaking in the current and prior period.

17. FINANCIAL RISK MANAGEMENT

The company is exposed to financial risk through its financial assets and liabilities. Due to the nature of the company's business and the assets and liabilities contained within the company's balance sheet, the most important components of financial risk the directors consider relevant to the entity are credit risk and liquidity risk. The company, as part of a global group, adheres to global risk management policies and procedures.

18. ULTIMATE AND IMMEDIATE PARENT UNDERTAKINGS

The immediate parent undertaking is Goldman Sachs International, and the parent company of the smallest group for which consolidated financial statements are prepared is Goldman Sachs Group Holdings (U.K.), a company incorporated in Great Britain and registered in England and Wales.

The ultimate parent undertaking and the parent company of the largest group for which consolidated financial statements are prepared is The Goldman Sachs Group, Inc., a company incorporated in the United States of America. Copies of its accounts can be obtained from 200 West Street, New York, NY 10282, United States of America, the group's principal place of business.