

GOLDMAN SACHS (JERSEY) LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

31 December 2009

GOLDMAN SACHS (JERSEY) LIMITED

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements for Goldman Sachs (Jersey) Limited ('the company') for the 57 week period ended 31 December 2009.

1. Principal activities

The company acts as an issuer of securitised derivatives 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

During the period the company changed its accounting reference date to 31 December 2009 to be consistent with the year end of the group. Accordingly, the accounting reference period has been extended to 57 weeks ending 31 December 2009. Consequently, the financial statements have been drawn up for the 57 week period ended 31 December 2009. Comparative information has been presented for the 52 week period ended 28 November 2008.

The profit and loss account for the period is set out on page 4. The profit on ordinary activities before taxation was US \$2,000 (52 week period ended 28 November 2008: US \$885,000). The company has total assets of US \$15,994,000 (28 November 2008: US \$3,023,000). At the period end, the directors reviewed the outstanding covered warrants and concluded that, to the extent that they have been sold to third parties, the requirement to have the intention to net settle under FRS25 is no longer met. Consequently, third party covered warrants are presented gross of the offsetting hedges with Goldman Sachs International.

The directors consider that the period end financial position of the company was satisfactory and do not anticipate any significant changes in the activities of the company in the forthcoming period.

3. Dividends

The directors do not recommend the payment of an ordinary dividend during the period (52 week period ended 28 November 2008: US\$ nil).

4. Directors

The directors of the company who served throughout the period and to the date of this report were:

Name	Appointed	Resigned
S. Davies		15 January 2009
G. Essex-Cater		
B. Bailo		
K. Rao		
R. Taylor	25 February 2009	

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

GOLDMAN SACHS (JERSEY) LIMITED

REPORT OF THE DIRECTORS (CONTINUED)

5. Directors' responsibilities

The directors are required by the Companies (Jersey) Law 1991 to prepare financial statements 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 for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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 the 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, error and non-compliance with law or regulations.

6. Auditors

PricewaterhouseCoopers LLP have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

BY ORDER OF THE BOARD


Director

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

We have audited the financial statements (the "financial statements") of Goldman Sachs (Jersey) Limited (the "company") for the period ended 31 December 2009 which comprise the profit and loss account, the balance sheet, the cash flow statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with 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.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies (Jersey) Law 1991. We report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. We also report to you if, in our opinion, the company has not kept proper accounting records or if we have not received all the information and explanations we require for our audit.

We read 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. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Accounting Standards, of the state of the company's affairs as at 31 December 2009 and of the profit and cash flows for the period then ended;
- the financial statements have been properly prepared in accordance with the Companies (Jersey) Law 1991; and
- the information given in the Directors' Report is consistent with the financial statements.

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

GOLDMAN SACHS (JERSEY) LIMITED

PROFIT AND LOSS ACCOUNT for the 57 week period ended 31 December 2009

	Note	57 week period ended 31 December 2009 US\$'000	52 week period ended 28 November 2008 US\$'000
Net operating income	2, 3	-	14,208
Administrative income / (expenses)		2	(13,323)
OPERATING PROFIT AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	2	885
Tax on profit on ordinary activities	6	-	(255)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION AND PROFIT FOR THE PERIOD		2	630

The operating 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 for the period shown above, and therefore no separate statement of total recognised gains and losses has been presented.

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

GOLDMAN SACHS (JERSEY) LIMITED

BALANCE SHEET as at 31 December 2009

	Note	31 December 2009 US\$'000	28 November 2008 US\$'000
CURRENT ASSETS			
Trading inventory		12,923	-
Debtors	7	3,071	3,023
		15,994	3,023
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR			
Covered warrants issued		(12,923)	-
Other creditors	8	(661)	(615)
		(13,584)	(615)
NET CURRENT ASSETS AND NET ASSETS			
		2,410	2,408
CAPITAL AND RESERVES			
Share capital account	9	50	50
Profit and loss account	10	2,360	2,358
TOTAL SHAREHOLDER'S FUNDS			
	12	2,410	2,408

The financial statements were approved by the Board of Directors on 27 April 2010 and were signed on its behalf by *Bernardo Bailo*


 Director

The notes on pages 7 to 11 form part of these financial statements.
 Independent auditors' report - page 3.
 Company number: 84992

GOLDMAN SACHS (JERSEY) LIMITED

CASH FLOW STATEMENT for the 57 week period ended 31 December 2009

	Note	57 week period ended 31 December 2009 US\$'000	52 week period ended 28 November 2008 US\$'000
Net cash inflow from operating activities	13	48	3,156
Taxation		-	(177)
CASH INFLOW BEFORE FINANCING ACTIVITIES		48	2,979
INCREASE IN CASH AND CASH EQUIVALENTS IN THE PERIOD	14	48	2,979

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

GOLDMAN SACHS (JERSEY) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2009

1. ACCOUNTING POLICIES

- (a) **Accounting convention:** The financial statements have been prepared under the historical cost convention (modified as explained in notes 1(b)), the accounting policies set out below and in accordance with Companies (Jersey) Law 1991, applicable United Kingdom accounting standards and pronouncements of the Urgent Issues Task Force ('UITF').
- (b) **Covered warrants and trading inventory:** Covered warrants are stated in the balance sheet at fair value or amounts that approximate fair value subject to the netting provisions set out in note 1(c) below. The fair value of a financial instrument is the amount at which the instrument could be exchanged in a current transaction between knowledgeable, willing parties, other than in a forced or liquidation sale.

Inventory comprises over-the-counter ('OTC') derivatives entered into with a fellow group subsidiary, 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.

The fair values of the company's covered warrants are generally determined from quoted market prices. OTC derivatives are valued using valuation models. At the inception of an OTC derivative contract, the company values the contract at the model value if the company can verify all of the significant model inputs to observable market data and verify the model value to market transactions. When appropriate, valuations are adjusted to reflect various factors such as liquidity, bid offer spreads and credit considerations. These adjustments are generally based on market evidence or predetermined policies. In certain circumstances, such as for highly illiquid positions, management's estimates are used to determine these adjustments. Where the company does not have corroborating market evidence to support significant model inputs and cannot verify the model to market transactions, management believes that transaction price is the best estimate of fair value at inception. Accordingly, when a pricing model is used to value such an instrument, the model is adjusted so that the model value at inception equals the transaction price.

The gains or losses resulting from the application of this policy are taken to the profit and loss account. 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.

- (c) **Offsetting financial instruments:** 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. Covered warrants that have been sold to third parties do not meet the FRS25 requirement for net presentation with OTC derivatives entered into with a fellow group subsidiary undertaking, and therefore are presented gross 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 operating profit.
- (e) **Net operating income:** Net operating income comprises fees and commissions, which are recognised on a trade date basis, and the net impact of movements in fair value of covered warrants issued and inventory.

GOLDMAN SACHS (JERSEY) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2009

2. **NET OPERATING INCOME**

Net operating income has been disclosed instead of turnover as the directors consider this is a more meaningful reflection of the nature and results of the company's activities. Net operating income comprises fees and commissions earned as an issuer of covered warrants.

3. **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.

4. **OPERATING PROFIT**

Operating profit is stated after charging:

	57 week period ended 31 December 2009 US\$'000	52 week period ended 28 November 2008 US\$'000
Management fees charged by group undertakings	-	13,532
Auditors' remuneration: audit services	14	15

5. **STAFF COSTS**

The company has no employees (2008: nil). All persons involved in the company's operations are employed by a group undertaking and no cost is borne by the company.

6. **TAX ON PROFIT ON ORDINARY ACTIVITIES**

(a) Analysis of charge in period:

	57 week period ended 31 December 2009 US\$'000	52 week period ended 28 November 2008 US\$'000
Current tax		
UK corporation tax at 28%	-	255
Total current tax (see note 6(b))	-	255

(b) Factors affecting tax charge for the period:

The current tax assessed for the period is lower than the standard rate of corporation tax in the UK of 28% (28 November: 28.67%). The differences are explained below.

	57 week period ended 31 December 2009 US\$'000	52 week period ended 28 November 2008 US\$'000
Profit on ordinary activities before tax	2	885
Profit on ordinary activities multiplied by standard rate in the UK 28% (28 November 2008: 28.67%)	1	254
Exchange differences	(1)	1
Current tax charge for the period	-	255

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.

GOLDMAN SACHS (JERSEY) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2009

7. *DEBTORS*

	31 December 2009 US\$'000	28 November 2008 US\$'000
Amounts due from group undertakings	3,071	3,023

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

8. *OTHER CREDITORS*

	31 December 2009 US\$'000	28 November 2008 US\$'000
Corporation tax payable	5	5
Group relief payable	611	581
Other creditors and accruals	45	29
	661	615

9. *SHARE CAPITAL*

At 31 December 2009 and 28 November 2008 the share capital account comprised:

	31 December 2009		28 November 2008	
	No.	US\$'000	No.	US\$'000
<u>Authorised</u>				
Ordinary shares of no par value	unlimited	-	unlimited	-
<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*

	Profit and loss account US\$'000
At 28 November 2008	2,358
Profit for the period	2
At 31 December 2009	2,360

11. *FINANCIAL COMMITMENTS AND CONTINGENCIES*

The company had no financial commitments and contingencies outstanding at the period end (28 November 2008: US\$ nil).

GOLDMAN SACHS (JERSEY) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2009

12. RECONCILIATION OF MOVEMENT IN TOTAL SHAREHOLDER'S FUNDS

	31 December 2009 US\$'000	28 November 2008 US\$'000
Profit on ordinary activities after taxation	2	630
Net increase in shareholder's funds	2	630
Opening shareholder's funds	2,408	1,778
Closing shareholder's funds	2,410	2,408

13. RECONCILIATION OF OPERATING PROFIT TO NET CASH FLOW FROM OPERATING ACTIVITIES

	57 week period ended 31 December 2009 US\$'000	52 week period ended 28 November 2008 US\$'000
Operating profit	2	885
Decrease in debtors	-	2,262
Increase in other creditors	46	9
Net cash inflow from operating activities	48	3,156

14. RECONCILIATION OF NET CASH TO MOVEMENT IN NET FUNDS

	57 week period ended 31 December 2009 US\$'000	52 week period ended 28 November 2008 US\$'000
Increase in cash held on account by a fellow group undertaking (see note 7)	48	2,979
Change in net funds	48	2,979
Opening net funds	3,023	44
Closing net funds	3,071	3,023

15. ANALYSIS OF CHANGES IN NET FUNDS

	At 28 November 2008 US\$'000	Cash flows US\$'000	Other non-cash movements US\$'000	At 31 December 2009 US\$'000
Cash and cash equivalents	3,023	(4)	52	3,071
Net funds	3,023	(4)	52	3,071

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

16. RELATED PARTY DISCLOSURES

Under the terms of paragraph 3(c) of FRS 8, 'Related Party Disclosures', the company is exempt from disclosing transactions with companies wholly owned within the same group, as the consolidated financial statements in which the company is included are publicly available.

GOLDMAN SACHS (JERSEY) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2009

17. *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.