

GOLDMAN SACHS (JERSEY) LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 2011

GOLDMAN SACHS (JERSEY) LIMITED

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements of the company for the year ended 31 December 2011.

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 profit and loss account for the year is set out on page 4. The company issued no securitised derivatives in the current and prior year and, as a result, no revenue has been reported. The loss on ordinary activities before taxation was US\$23,000 (year ended 31 December 2010: US\$15,000). The company has total assets of US\$5,926,000 (31 December 2010: US\$11,367,000).

The directors consider that the year 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 a dividend in respect of the year ended 31 December 2011 (year ended 31 December 2010: US\$nil).

4. Directors

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

Name	Appointed	Resigned
G. Essex-Cater		
K. Rao		10 February 2012
R. Taylor		
D. Urmoneit		
S. Dhanuka	27 February 2012	

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

5. Exchange rate

The sterling / US Dollar exchange rate at the balance sheet date was £ / US\$ 1.5511 (31 December 2010: £ / US\$ 1.5590). The average rate for the year was £ / US\$1.6103 (year ended 31 December 2010: £ / US\$ 1.5422).

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 29 March 2012.

BY ORDER OF THE BOARD



R. Taylor

Director

29 MARCH 2012

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

Report on the financial statements

We have audited the financial statements of Goldman Sachs (Jersey) Limited ('the company') for the year ended 31 December 2011 which comprise the profit and loss account for the year, the balance sheet as of 31 December 2011, the cash flow statement for the year and the related notes. The financial reporting framework that has been applied in the their preparation is applicable law and United Kingdom Accounting Standards.

Respective responsibilities of directors and auditors

As explained more fully in the directors' responsibilities statement set out on page 2, the directors are responsible for the preparation of financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including 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.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financials statements. In addition, we read all the financial and non-financial information in the directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Accounting Standards; and
- have been properly prepared in accordance with the requirements of the Companies (Jersey) Law 1991.

Opinion on other matter

In our opinion the information given in the directors' report for the financial year for which financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies (Jersey) Law 1991 requires us to report to you if, in our opinion:

- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

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

Christopher Rowland
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants
London
30 March 2012

GOLDMAN SACHS (JERSEY) LIMITED

PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2011

	Note	Year ended 31 December 2011 US\$'000	Year ended 31 December 2010 US\$'000
Administrative expenses		(23)	(15)
OPERATING LOSS AND LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	3	(23)	(15)
Tax on loss on ordinary activities	5	6	4
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION FOR THE FINANCIAL YEAR	10	(17)	(11)

The operating loss of the company is derived from continuing operations in the current and prior years.

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

The notes on pages 7 to 12 form an integral part of these financial statements.
Independent Auditors' report – page 3

GOLDMAN SACHS (JERSEY) LIMITED

BALANCE SHEET

as at 31 December 2011

	Note	31 December 2011 US\$'000	31 December 2010 US\$'000
CURRENT ASSETS			
Financial instruments owned	6	3,506	8,934
Debtors	7	2,420	2,433
		<u>5,926</u>	<u>11,367</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR			
Covered warrants issued	6	(3,506)	(8,934)
Other creditors	8	(38)	(34)
		<u>(3,544)</u>	<u>(8,968)</u>
NET CURRENT ASSETS AND NET ASSETS			
		<u>2,382</u>	<u>2,399</u>
CAPITAL AND RESERVES			
Called up share capital	9	50	50
Profit and loss account	10	2,332	2,349
TOTAL SHAREHOLDER'S FUNDS			
	11	<u>2,382</u>	<u>2,399</u>

The financial statements were approved by the Board of Directors on 29 March 2012 and signed on its behalf by:



R. Taylor
Director

The notes on pages 7 to 12 form an integral part of these financial statements.
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Company number: 84992

GOLDMAN SACHS (JERSEY) LIMITED

CASH FLOW STATEMENT**for the year ended 31 December 2011**

	Note	Year ended 31 December 2011 US\$'000	Year ended 31 December 2010 US\$'000
Net cash outflow from operating activities	12	(13)	(638)
Taxation		(6)	(4)
CASH OUTFLOW BEFORE FINANCING ACTIVITIES		(19)	(642)
DECREASE IN CASH IN THE YEAR		(19)	(642)

The notes on pages 7 to 12 form an integral part of these financial statements.
Independent Auditors' report – page 3

NOTES TO THE FINANCIAL STATEMENTS - FOR THE YEAR ENDED 31 DECEMBER 2011

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, 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 year.

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 year.

GOLDMAN SACHS (JERSEY) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - FOR THE YEAR ENDED 31 DECEMBER 2011

1. ACCOUNTING POLICIES (continued)

f. Reporting and disclosure exemption

FRS29 (IFRS7) - Financial instruments: disclosures

The company is a greater than 90% subsidiary of Goldman Sachs Group Holdings (U.K.), whose consolidated accounts include the company and are publicly available and is, therefore, exempt from the disclosures required by FRS29 - Financial instruments: disclosures.

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

	Year ended 31 December 2011 US\$'000	Year ended 31 December 2010 US\$'000
Operating loss is stated after charging:		
Auditors' remuneration: audit services	22	15
Foreign exchange loss	1	-

4. STAFF COSTS

The company has no employees (year ended 31 December 2010: nil). All persons involved in the company's operations are employed by a group undertaking and no cost is borne by the company.

GOLDMAN SACHS (JERSEY) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - FOR THE YEAR ENDED 31 DECEMBER 2011

5. TAX ON LOSS ON ORDINARY ACTIVITIES

(a) Analysis of tax credit for the year:

	Year ended 31 December 2011 US\$'000	Year ended 31 December 2010 US\$'000
Current tax:		
Group relief receivable	(6)	(4)
Total current tax (see note (b) below)	(6)	(4)

(b) Factors affecting tax credit for the year

The current tax assessed for the current year differs from the standard rate of corporation tax in the UK measured at 26.5% following the change in corporation tax rates from 1 April 2011 to 26% (2010: 28%). Any prior period differences are explained below:

	Year ended 31 December 2011 US\$'000	Year ended 31 December 2010 US\$'000
Loss on ordinary activities before tax	(23)	(15)
Loss on ordinary activities at the standard rate in the UK 26.5% (2010: 28%)	(6)	(4)
Current tax credit for the year	(6)	(4)

Profits arising in the company are subject to Jersey income tax at the rate of 0% (year ended 31 December 2010: 0%).

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.

7. DEBTORS

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

	31 December 2011 US\$'000	31 December 2010 US\$'000
Amount due from group undertakings	2,410	2,429
Group relief receivable	10	4
	2,420	2,433

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

GOLDMAN SACHS (JERSEY) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - FOR THE YEAR ENDED 31 DECEMBER 2011

8. OTHER CREDITORS

	31 December 2011	31 December 2010
	US\$'000	US\$'000
Corporation tax payable	-	5
Group relief payable	1	1
Other creditors and accruals	37	28
	38	34

9. CALLED UP SHARE CAPITAL

At 31 December 2011 and 31 December 2010 called up share capital comprised:

	31 December 2011		31 December 2010	
	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

10. PROFIT AND LOSS ACCOUNT

	US\$'000
At 31 December 2010	2,349
Loss for the financial year	(17)
At 31 December 2011	2,332

11. RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

	31 December 2011	31 December 2010
	US\$'000	US\$'000
Loss on ordinary activities after taxation	(17)	(11)
Net decrease in shareholder's funds	(17)	(11)
Opening shareholder's funds	2,399	2,410
Closing shareholder's funds	2,382	2,399

12. RECONCILIATION OF OPERATING LOSS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	Year ended	Year ended
	31 December 2011	31 December 2010
	US\$'000	US\$'000
Operating loss	(17)	(11)
Increase / (decrease) in creditors	4	(627)
Net cash outflow from operating activities	(13)	(638)

GOLDMAN SACHS (JERSEY) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - FOR THE YEAR ENDED 31 DECEMBER 2011

13. RECONCILIATION OF NET CASH TO MOVEMENT IN NET FUNDS

	Year ended	Year ended
	31 December 2011	31 December 2010
	US\$'000	US\$'000
Decrease in cash held on account by a fellow group undertaking (see note 7)	(19)	(642)
Change in net funds	(19)	(642)
Opening net funds	2,429	3,071
Closing net funds	2,410	2,429

14. ANALYSIS OF CHANGES IN NET FUNDS

	At 31 December	Cash Flows	At 31 December
	2010		2011
	US\$'000	US\$'000	US\$'000
Cash at bank and in hand	2,429	(19)	2,410
Net funds	2,429	(19)	2,410

15. 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 is an employee of an affiliate of State Street Corporation (SSC). Affiliates of SSC provide administrative services to the company at commercial rates. These costs were borne by a group undertaking in the current and prior years.

16. 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, mitigates the risks by routine monitoring of key management information.

17. FINANCIAL COMMITMENTS AND CONTINGENCIES

The company had no financial commitments and contingencies outstanding at the year end (year ended 31 December 2010: US\$nil).

GOLDMAN SACHS (JERSEY) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - FOR THE YEAR ENDED 31 DECEMBER 2011

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.), companies 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 financial statements can be obtained from 200 West Street, New York, NY 10282, United States of America, the group's principal place of business.