

Company number: 84992

**GOLDMAN SACHS (JERSEY) LIMITED**

**UNAUDITED HALF-YEARLY FINANCIAL REPORT**

**30 JUNE 2010**

# GOLDMAN SACHS (JERSEY) LIMITED

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## **MANAGEMENT REPORT**

### **1. Principal activities**

Goldman Sachs (Jersey) Limited ('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**

The profit and loss account for the period is set out on page 2. The loss on ordinary activities before taxation was US\$5,000 (30 week period ended 26 June 2009: profit of US\$8,000). The company has net assets of US\$2,406,000 (31 December 2009: US\$2,410,000).

The company did not issue any warrants in the period (30 week period ended 26 June 2009: Nil).

#### **Principal risks and uncertainties**

The company is exposed to a variety of risks that are substantial and inherent in its businesses. The key business risks affecting the company are:

- Economic and market risk – as an issuer of securitised derivatives, the company is exposed to unfavourable or uncertain market conditions which may adversely affect the business and the profitability of the company. These risks are mitigated by entering into derivative contracts with its immediate parent undertaking.
- Credit risk – the company holds over-the-counter ('OTC') derivatives entered into with its immediate parent undertaking, to mitigate the economic and market risk arising from the issuance of securitised derivatives.

#### **Risk management**

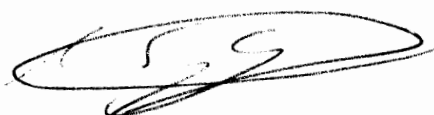
We seek to monitor and control our risk exposure through a risk and control framework encompassing a variety of separate, but complementary, financial, credit, operational, compliance and legal reporting systems, internal controls, management review process and other mechanisms. In addition, refer to the financial risk management note (note 12 in the notes to financial statements).

#### **Future outlook**

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. Responsibility statement**

The financial statements have been prepared in accordance with the Accounting Standards Board guidance on 'half-yearly financial reports' and the interim management report herein includes a fair review of the information required by the FSA's Disclosure and Transparency Rules 4.2.7 R and 4.2.8 R.



**Director**  
**26 August 2010**

## GOLDMAN SACHS (JERSEY) LIMITED

### PROFIT AND LOSS ACCOUNT (UNAUDITED) for the 6 month period ended 30 June 2010

	Note	6 month period ended 30 June 2010 US\$'000	30 week period ended 26 June 2009 US\$'000	57 week period ended 31 December 2009 US\$'000
Net operating income	3	-	-	-
Administrative (expenses) / income		(5)	8	2
<b>OPERATING (LOSS) / PROFIT AND (LOSS) / PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(5)	8	2
Taxation on (loss) / profit on ordinary activities	4	1	(2)	-
<b>(LOSS) / PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION AND (LOSS) / PROFIT FOR THE PERIOD</b>	8	(4)	6	2

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

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

### BALANCE SHEET (UNAUDITED) as at 30 June 2010

	Note	30 June 2010 US\$'000	31 December 2009 US\$'000
<b>CURRENT ASSETS</b>			
Trading inventory		22,731	12,923
Debtors	5	2,430	3,071
		25,161	15,994
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>			
Covered warrants issued		(22,731)	(12,923)
Other creditors	6	(24)	(661)
		(22,755)	(13,584)
<b>NET CURRENT ASSETS AND NET ASSETS</b>		<b>2,406</b>	<b>2,410</b>
<b>CAPITAL AND RESERVES</b>			
Share capital account	7,8	50	50
Profit and loss account	8	2,356	2,360
<b>TOTAL SHAREHOLDER'S FUNDS</b>	8	<b>2,406</b>	<b>2,410</b>

The notes on pages 4 to 6 form part of these financial statements.  
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## GOLDMAN SACHS (JERSEY) LIMITED

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### CASH FLOW STATEMENT (UNAUDITED) for the 6 month period ended 30 June 2010

	Note	6 month period ended 30 June 2010 US\$'000	57 week period ended 31 December 2009 US\$'000
Net cash (outflow) / inflow from operating activities	9	(31)	48
Taxation		(611)	-
<b>CASH (OUTFLOW) / INFLOW BEFORE FINANCING ACTIVITIES</b>		<b>(642)</b>	<b>48</b>
<b>(DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS IN THE PERIOD</b>	10	<b>(642)</b>	<b>48</b>

The notes on pages 4 to 6 form part of these financial statements.

# GOLDMAN SACHS (JERSEY) LIMITED

## NOTES TO FINANCIAL STATEMENTS – 30 JUNE 2010

### 1. **BASIS OF PREPARATION**

These financial statements for the 6 month period ended 30 June 2010 have been prepared in accordance with the Disclosure and Transparency Rules of the FSA and the Accounting Standards Board guidance on 'half-yearly financial reports'. The financial statements should be read in conjunction with the financial statements for the 57 week period ended 31 December 2009 which have been prepared in accordance with applicable accounting standards.

### 2. **ACCOUNTING POLICIES**

The accounting policies adopted are consistent with those of the financial statements for the 57 week period ended 31 December 2009, as described in those financial statements.

### 3. **NET OPERATING INCOME AND SEGMENTAL REPORTING**

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. Net operating income arises from the company's principal activity as an issuer of securitised derivatives which the directors manage as a single business. No warrants have been issued during the current or prior periods.

### 4. **TAXATION ON (LOSS) / PROFIT ON ORDINARY ACTIVITIES**

The current tax assessed for the current period is at the standard rate of corporation tax measured in the UK at 28%. The differences in the prior period are explained below:

	6 month period ended 30 June 2010 US\$'000	30 week period ended 26 June 2009 US\$'000	57 week period ended 31 December 2009 US\$'000
(Loss)/profit on ordinary activities before taxation	(5)	8	2
(Loss)/profit on ordinary activities multiplied by the standard rate in the UK	(1)	2	1
Exchange differences	-	-	(1)
<b>Total current tax</b>	<b>(1)</b>	<b>2</b>	<b>-</b>

### 5. **DEBTORS**

	30 June 2010 US\$'000	31 December 2009 US\$'000
Cash and cash equivalents	2,429	3,071
Group relief receivable	1	-
	<b>2,430</b>	<b>3,071</b>

Cash and cash equivalents represent cash balances held on account by a fellow group undertaking.

## GOLDMAN SACHS (JERSEY) LIMITED

### NOTES TO FINANCIAL STATEMENTS – 30 JUNE 2010

#### 6. *OTHER CREDITORS*

	30 June 2010 US\$'000	31 December 2009 US\$'000
Corporation tax payable	5	5
Group relief payable	-	611
Other creditors and accruals	19	45
	24	661

#### 7. *SHARE CAPITAL*

At 31 December 2009 and 30 June 2010 the share capital account comprised:

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

#### 8. *RECONCILIATION OF MOVEMENT IN TOTAL SHAREHOLDER'S FUNDS*

	Called up share capital £'000	Profit and loss account £'000	Total £'000
At 31 December 2009	50	2,360	2,410
Loss for the period	-	(4)	(4)
At 30 June 2010	50	2,356	2,406

#### 9. *RECONCILIATION OF OPERATING PROFIT TO NET CASH FLOW FROM OPERATING ACTIVITIES*

	6 month period ended 30 June 2010 US\$'000	57 week period ended 31 December 2009 US\$'000
Operating (loss) / profit	(5)	2
(Decrease) / increase in other creditors and accruals	(26)	46
Net cash (outflow) / inflow from operating activities	(31)	48

#### 10. *RECONCILIATION OF NET CASH TO MOVEMENT IN NET FUNDS*

	6 month period ended 30 June 2010 US\$'000	57 week period ended 31 December 2009 US\$'000
(Decrease) / increase in cash and cash equivalents in the period	(642)	48
Change in net funds	(642)	48
Opening net funds	3,071	3,023
Closing net funds	2,429	3,071

# GOLDMAN SACHS (JERSEY) LIMITED

## NOTES TO FINANCIAL STATEMENTS – 30 JUNE 2010

### **11. ANALYSIS OF CHANGES IN NET FUNDS**

	<b>At 31 December 2009 US\$'000</b>	<b>Cash flows US\$'000</b>	<b>Other non- cash changes US\$'000</b>	<b>At 30 June 2010 US\$'000</b>
Cash and cash equivalents	3,071	(606)	(36)	2,429
<b>Net funds</b>	<b>3,071</b>	<b>(606)</b>	<b>(36)</b>	<b>2,429</b>

### **12. FINANCIAL RISK MANAGEMENT**

The company is exposed to financial risk through its financial assets and liabilities. The key financial risk is that the proceeds from current assets are not sufficient to fund the obligations arising from liabilities as they fall due. Due to the nature of the company's business and the assets and liabilities contained within the company's balance sheet, liquidity risk, market risk and credit risk are the most important components of financial risk the directors consider relevant to the company. The company, as part of a global group, adheres to global risk management policies and procedures.

### **13. 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.

### **14. 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 accounts can be obtained from 200 West Street, New York, NY 10282, United States of America, the group's principal place of business.