Company number: 3769030

GOLDMAN SACHS GROUP HOLDINGS (U.K.)

(unlimited company)

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

25 November 2005

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements for the 52 week period ended 25 November 2005.

1. Principal activities

The company is a holding company to a group that provides a wide range of financial services to clients located worldwide. The company's share capital is denominated in US dollars and the company is part of a US dollar reporting 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 4.

On 14th September 2005, Goldman Sachs Group Holdings (U.K.) acquired Killingholme Power Group Limited for consideration of £8,581,271 (US$15,234,000). Killingholme Power Group Limited was a holding company to a group whose principal activity was the merchant generation and sale of electricity allied with the sale of gas. The principal activity of the company is now to act as an investment holding company.

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

3. Dividends

The directors of Goldman Sachs (UK) L.L.C., the immediate parent undertaking, agreed to waive the receipt of a preference dividend from the company in respect of the period (52 week period ended 26 November 2004: US$Nil). The directors did not declare and pay an interim ordinary dividend in respect of the period (52 week period ended 26 November 2004: US$Nil). The directors do not recommend the payment of a final ordinary dividend in respect of the period (52 week period ended 26 November 2004: US$Nil).

4. Exchange rate

The US dollar/sterling exchange rate at the balance sheet date was 1.7131 (26 November 2004: 1.8963). The average rate for the period was 1.8293 (52 week period ended 26 November 2004: 1.8216).

5. Employment of disabled persons

Applications for employment by disabled persons are fully and fairly considered having regard to the aptitudes and abilities of each applicant. Efforts are made to enable any employees who become disabled during employment to continue their careers within the group. Training, career development and promotion of disabled persons is, to the extent possible, identical to that of other employees who are not disabled.

6. Employee involvement

It is group policy that there should be effective communication with all employees who, subject to practical and commercial considerations, should be consulted on and involved in decisions that affect their current jobs or future prospects. Employees share in performance based incentive schemes.

REPORT OF THE DIRECTORS

7. Directors

The directors of the company during the period, and as at the date of this report, together with dates of appointment or resignation where applicable, were:-

Name	Appointed	Resigned
P.C. Deighton		21 February 2006
T. L. Miller	23 February 2005	29 September 2006
N.P. Crapp	29 September 2006	
S. Davies		
D.W. McDonogh	30 March 2005	
P. Mulvihill		23 March 2006

No director has, or had during the period, any interest requiring note herein.

8. Directors' responsibilities

The directors are required by UK company law to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company as at the end of the financial period and of the profit or loss for that period. In preparing the financial statements, appropriate accounting policies have been used and applied consistently, and reasonable and prudent judgements and estimates have been made. Applicable accounting standards, modified as explained in note 1(d), have been followed, and the financial statements have been prepared on a going concern basis. The directors are responsible for keeping proper accounting records, and for taking reasonable steps to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

9. Auditors

The company has passed Elective Resolutions in accordance with the Companies Act 1985 to dispense with the holding of annual general meetings, the laying of accounts and reports before general meetings and the annual reappointment of Auditors. PricewaterhouseCoopers LLP will, accordingly, continue in office as Auditors of the company pursuant to Section 386 of the Companies Act 1985.

10. Charitable contributions

During the period, an amount of US$1,299,703 (52 week period ended 26 November 2004: US$2,022,000) was donated to charity.

BY ORDER OF THE BOARD

D. J. GROUNSELL
Secretary

Report of the independent auditors to the members of
GOLDMAN SACHS GROUP HOLDINGS (U.K.)
(unlimited company)

We have audited the financial statements which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses and the related notes.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and 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 United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 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 in to 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 Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

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

Basis of audit opinion

We conducted our audit in accordance with auditing standards 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 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 of the state of affairs of the company and the group as at 25 November 2005 and of the group's profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP

29 September 2006
PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London

PROFIT AND LOSS ACCOUNT
for the 52 week period ended 25 November 2005

	Note	The Group 52 week period ended 25 November 2005 US$'000	The Group 52 week period ended 26 November 2004 US$'000
Trading profit	1(g)	5,849,674	4,431,113
Administrative expenses		(4,410,835)	(3,254,413)
OPERATING PROFIT	5	1,438,839	1,176,700
Share of operating profit in joint venture	6	9,324	61,635
Other interest receivable and similar income	7	114,135	3,102
Interest payable and similar charges	8	(859,210)	(280,717)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		703,088	960,720
Tax on profit on ordinary activities	11	(203,681)	(253,440)
PROFIT ON ORDINARY ACTIVITIES AFTER TAX AND PROFIT FOR THE PERIOD	27	499,407	707,280

The trading profit and operating profit of the group is derived from continuing operations.

There is no difference between the profit on ordinary activities before taxation and the profit for the period as stated above and their historical cost equivalents except as explained in note 1(d).

The notes on pages 7 to 33 form part of these financial statements.
Auditors' report - page 3.

RECONCILIATION OF MOVEMENTS IN TOTAL SHAREHOLDERS' FUNDS
for the 52 week period ended 25 November 2005

	The Group	
	52 week period ended 25 November 2005 US$'000	52 week period ended 26 November 2004 US$'000
Profit for the period	499,407	707,280
Exchange (loss)/gain on consolidation	(46,165)	29,425
Movement in capital redemption reserve	305,012	-
Net increase in shareholders' funds	758,254	736,705
Opening shareholders' funds	4,794,430	4,057,725
Closing shareholders' funds	5,552,684	4,794,430

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the 52 week period ended 25 November 2005

	The Group	
	52 week period ended 25 November 2005 US$'000	52 week period ended 26 November 2004 US$'000
Profit for the financial period	499,407	707,280
Movement in capital redemption reserve	305,012	-
Exchange (loss)/gain on consolidation	(46,165)	29,425
Total recognised gains for the financial period	758,254	736,705

The notes on pages 7 to 33 form part of these financial statements.
Auditors' report - page 3.

GOLDMAN SACHS GROUP HOLDINGS (U.K.)
(unlimited company)

BALANCE SHEETS
as at 25 November 2005

	Note	The Group 25 November 2005 US$'000	The Group 26 November 2004 US$'000	The Company 25 November 2005 US$'000	The Company 26 November 2004 US$'000
FIXED ASSETS					
Intangible assets	13	385	424	-	-
Tangible fixed assets	14	3,836	5,661	-	-
Investments:					
Shares in subsidiary undertakings	15(a)	-	-	3,698,861	3,479,837
Other investments other than loans	15(b)	61,584	7,790	-	-
Investments in joint ventures:					
Share of gross assets	15(c)	-	1,280,718	-	-
Share of gross liabilities	15(c)	-	(124,866)	-	-
		-	1,155,852	-	-
		65,805	1,169,727	3,698,861	3,479,837
CURRENT ASSETS					
Trading inventory		85,841,591	73,751,410	2,077,704	-
Securities purchased under agreements to resell	17	52,911,893	29,370,673	-	-
Debtors	18	272,743,522	205,892,555	6,984,386	3,265,953
Cash at bank and in hand	19	8,617,824	10,853,008	-	-
		420,114,830	319,867,646	9,062,090	3,265,953
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR					
Trading inventory sold but not yet purchased		(58,219,468)	(55,180,916)	-	-
Securities sold under agreements to repurchase	20	(58,261,823)	(29,133,732)	-	-
Other creditors	21	(279,998,775)	(220,014,120)	(945,792)	(202,041)
		(396,480,066)	(304,328,768)	(945,792)	(202,041)
NET CURRENT ASSETS		23,634,764	15,538,878	8,116,298	3,063,912
TOTAL ASSETS LESS CURRENT LIABILITIES		23,700,569	16,708,605	11,815,159	6,543,749
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	22	(18,122,885)	(11,889,175)	(8,346,869)	(3,200,000)
PROVISIONS FOR LIABILITIES AND CHARGES	24	(25,000)	(25,000)	-	-
NET ASSETS		5,552,684	4,794,430	3,468,290	3,343,749
CAPITAL AND RESERVES					
Called up share capital	26	22,415	22,415	22,415	22,415
Share premium account	27	1,519,410	1,519,410	1,519,410	1,519,410
Merger reserve	27	1,021,395	1,021,395	1,021,395	1,021,395
Capital redemption reserve	27	305,012	-	-	-
Profit and loss account	27	2,684,452	2,231,210	905,070	780,529
TOTAL SHAREHOLDERS' FUNDS		5,552,684	4,794,430	3,468,290	3,343,749
Equity shareholders' funds		5,077,339	4,319,085	2,992,945	2,868,404
Non-equity (preferred) shareholders' funds		475,345	475,345	475,345	475,345
TOTAL SHAREHOLDERS' FUNDS		5,552,684	4,794,430	3,468,290	3,343,749

Approved by the Board of Directors on

Director

29 September 2005

The notes on pages 7 to 33 form part of these financial statements.
Auditors' report - page 3.

NOTES TO THE FINANCIAL STATEMENTS - 25 NOVEMBER 2005

1. *ACCOUNTING POLICIES*

(a) **Accounting convention:** The financial statements have been prepared under the historical cost convention, modified as explained in note 1(d), the accounting policies set out below, and in accordance with applicable Accounting Standards in the United Kingdom and pronouncements of the Urgent Issues Task Force (UITF).

(b) **Consolidation:** The consolidated financial statements include the company and all of its subsidiaries since their date of acquisition. In accounting for subsidiaries the group consolidates fully their assets, liabilities and results for the year and shows separately the interest of minority shareholders therein. All inter-company balances and transactions are eliminated from the consolidated accounts. Acquisition accounting is used to consolidate new subsidiaries.

(c) **Goodwill:** Goodwill may arise on the acquisition of subsidiary and associated undertakings and joint ventures. It represents the excess or deficit of the fair value of the purchase price over the fair value of the separable net assets acquired. Acquired goodwill is capitalised and amortised over its estimated useful economic life.

(d) **Trading inventory:** Trading inventory and trading inventory sold not yet purchased consists of financial instruments carried at fair value or amounts that approximate fair value. The fair value of a financial instrument is the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. In determining fair value, the group separates financial instruments into two categories–cash (i.e., non-derivative) trading instruments and derivative contracts.

The fair values of cash trading instruments are generally obtained from quoted market prices in active markets, broker or dealer price quotations, or alternative pricing sources with a reasonable level of price transparency. However, certain cash trading instruments trade infrequently and, therefore, have little or no price transparency. The group generally does not adjust underlying valuation assumptions on these instruments unless there is substantive evidence supporting a change in the value of the underlying instrument or valuation assumptions. Cash trading instruments owned by the firm (long positions) are marked to bid prices and instruments sold but not yet purchased (short positions) are marked to offer prices. If liquidating a position is reasonably expected to affect its prevailing market price, the valuation is adjusted generally based on market evidence or predetermined policies. In certain circumstances, such as for highly illiquid positions, management's estimates are used to determine this adjustment.

The fair values of the group's derivative contracts consist of exchange-traded and over-the-counter (OTC) derivatives. The fair values of the group's exchange-traded derivatives are generally determined from quoted market prices. OTC derivatives are valued using valuation models. The group uses a variety of valuation models including the present value of known or estimated cash flows, option pricing models and option-adjusted spread models. The valuation models used to derive the fair values of the company's OTC derivatives require inputs including contractual terms, market prices, yield curves, credit curves, measures of volatility, prepayment rates and correlations of such inputs. The selection of a model to value an OTC derivative depends upon the contractual terms of, and specific risks inherent in, the instrument as well as the availability of pricing information in the market. The group generally uses similar models to value similar instruments. Where possible, the company verifies the values produced by its pricing models to market transactions. For OTC derivatives that trade in liquid markets, such as generic forwards, swaps and options, model selection does not involve significant judgment because market prices are readily available. For OTC derivatives that trade in less liquid markets, model selection requires more judgment because such instruments tend to be more complex and pricing information is less available in the market. As markets continue to develop and more pricing information becomes available, the firm continues to review and refine the models it uses.

1. *ACCOUNTING POLICIES (CONTINUED)*

(d) Trading inventory (continued):

At the inception of an OTC derivative contract, the group 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 to market transactions. Otherwise the contract is valued at the transaction price. Following inception, inputs to the valuation models are adjusted only to the extent that the company has substantive evidence to support a change. When appropriate, valuations are adjusted to take account of various factors such as liquidity, bid/offer 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.

The gains or losses resulting from the application of this policy are taken to the profit and loss account, which represents a departure, as far as gains are concerned, from the Companies Act 1985, which states that profits on a revaluation be credited to a revaluation reserve. The directors consider that this departure is necessary in order that the financial statements should give a true and fair view of the results of the company's trading activities, in accordance with section 226(5) of the Companies Act 1985. The directors consider that it is not practicable, and moreover would be misleading, to quantify the effect of non-compliance with the Act. As the trading inventory represents the trading portfolio of the group the directors are of the opinion that it would not be appropriate to classify it as current asset investments, or to provide an analysis of such securities between those listed and unlisted.

(e) Tangible fixed assets: Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is provided on a straight-line basis over the estimated useful lives at the following annual rates:

	%
Fixtures, fittings and equipment	14-20
Motor vehicles	20

Leasehold improvements are depreciated over the shorter of the useful economic life of the asset or the remaining life of the lease when the asset is brought into use.

(f) Fixed asset investments:

(i) Shares in group undertakings, which are intended to be held on a continuing basis in the group's activities, are stated at cost less any provision for permanent diminution in value.

(ii) Equipment leasing partnerships are stated at the group's share of the net assets of the partnerships.

(iii) Investments in exchange memberships are stated at cost less provision for any impairment.

(iv) Debentures are stated at cost less any provision for permanent diminution in value and amortised over their useful economic life.

(v) Interests in joint ventures are accounted for by the gross equity method and are shown as the group's share of their gross assets and liabilities. The group's share of the results of a joint venture is included in the consolidated profit and loss account.

(vi) Other investments are stated at cost less provision for any impairment

NOTES TO THE FINANCIAL STATEMENTS - 25 NOVEMBER 2005

1. *ACCOUNTING POLICIES (CONTINUED)*

(g) **Trading profits:** The operating results for the period include all profits and losses arising from the trading operations of the group. Trading operations include a number of activities including the purchase and sale of securities, derivatives and commodities, which are accounted for on a trade date basis. Trading operations also include fees earned in relation to managing investments, which are recognised in the profit and loss on an accruals basis to match continuing services. Revenues arising on loan origination and secondary dealing in senior bank loans are accounted for on a trade date basis. Corporate finance and advisory fee income is recognised when the work is substantially complete, the relevant parties are contractually bound and the final fee can be estimated with a reasonable degree of accuracy.

(h) **Income recognition:** Interest income is recognised on an accruals basis. Income from fixed asset investments is included in the profit and loss account when dividends are received.

(i) **Repurchase and resale agreements:** Securities purchased under agreements to resell and securities sold under agreements to repurchase are treated as collateralised financing transactions as they meet the requirements defined in FRS 5 and are carried at the amount at which the securities were sold or acquired including the accrued interest as specified in the respective agreements.

(j) **Operating leases:** Costs in respect of operating leases are charged on a straight line basis over the lease term.

(k) **Netting:** Amounts due from/to clients in respect of unsettled trading transactions are stated at the gross amounts unless the offset requirements of FRS 5 are met, in which case such balances are stated on a net basis. Amounts due from/to counterparties in respect of derivative transactions are only offset where a legally binding netting agreement exists.

(l) **Deferred taxation:** Full provision is made for deferred taxation in respect of all differences in timing between the accounting and tax treatments of income and expenses. The timing differences are recognised as deferred tax liabilities or assets, measured at the average tax rates that are expected to apply in periods in which the timing differences are expected to reverse, based on rates and laws that have been enacted or substantially enacted by the balance sheet date. An asset is not recognised if the transfer of economic benefits in the future is uncertain. Deferred tax assets and liabilities are not discounted.

(m) **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. The results of subsidiaries with non US dollar functional currencies are translated at the average rates of exchange during the period and their balance sheets at the rates ruling at the balance sheet date. Exchange differences arising from the retranslation of the opening net assets and results are reported in the statement of total recognized gains and losses.

(n) **Money broker deposits:** Deposits with money brokers and deposits received from money brokers are carried at the amounts of cash collateral advanced and received in connection with the transactions. The group measures the market value of the securities borrowed and loaned against the collateral on a daily basis and obtains or provides additional collateral as appropriate.

1. *ACCOUNTING POLICIES (CONTINUED)*

(o) <u>**Pension costs:**</u> The group participates in a hybrid pension plan for the benefit of certain employees. This comprises:

(i) A defined benefit scheme, for which the costs are charged to the profit and loss account on the basis of the contribution rate determined by the actuary. Variations from regular cost are allocated over the remaining service lives of current employees within the scheme.

(ii) A defined contribution scheme, for which the costs of providing the expected retirement benefits to relevant employees are charged to the profit and loss account in the period to which they are incurred.

(p) <u>**Capital Instruments:**</u>

(i) <u>Loan notes:</u> Loan notes issued are initially recorded at the proceeds received after deducting issue costs. Finance costs, including discounts allowed on issue, are recognised at a constant rate on the carrying amount of debt in accordance with the provisions of FRS 4. All finance costs are charged to the profit and loss account.

(ii) <u>Debt securities:</u> The group has issued debt securities with varying maturities to investors. These are initially recorded at the value of the proceeds received. These securities provide a payout to investors based on movements in the value of an underlying index or credit. At each period end, movements in the fair value of the underlying index or credit represent the finance cost to the group and are included in the carrying amount of the securities. Finance costs are included within trading interest payable.

2. *CASHFLOW STATEMENT*

The company is a greater than 90% subsidiary of The Goldman Sachs Group, Inc., and is therefore exempt from preparing a cashflow statement as required by FRS1 as the ultimate parent company accounts are publicly available.

3. *SEGMENTAL REPORTING*

The group's trading profit is categorised into the following three principal segments: Investment Banking, Trading and Principal Investments, and Asset Management and Securities Services.

	52 week period ended 25 November 2005 US$'000	52 week period ended 26 November 2004 US$'000
Investment Banking	863,272	640,288
Trading and Principal Investments	3,880,449	2,907,501
Asset Management and Securities Services	1,105,953	867,416
	5,849,674	**4,431,113**

3. *SEGMENTAL REPORTING (CONTINUED)*

Investment Banking

The group's investment banking activities are divided into two categories:

Financial Advisory - Financial Advisory includes advisory assignments with respect to mergers and acquisitions, divestitures, corporate defence activities, restructuring and spin offs; and
Underwriting - Underwriting includes public offerings and private placements of equity and debt instruments.

Trading and Principal Investments

Trading and Principal Investments is divided into three categories:

FICC (Fixed Income, Currencies and Commodities) - The group makes markets in and trades interest rate and credit products, mortgage backed securities and loans, currencies and commodities, structures and enters into a wide variety of derivative transactions, and engages in proprietary trading.

Equities - The group makes markets in, acts as a specialist for, and trades equities and equity related products, structures and enters into equity derivative transactions, and engages in proprietary trading. The group also executes and clears customer transactions on major stock, options and futures exchanges worldwide; and

Principal Investments - Principal Investments primarily represents fees from group companies for sourcing and associated work with regard to the group's merchant banking investments.

Trading and Principal Investments also includes variable costs such as brokerage, clearance and underwriting expenses that are offset against trading profit.

Asset Management and Securities Services

The Asset Management and Securities Services segment includes services related to the following:

Asset Management - Asset Management provides investment advisory and financial planning services to a diverse client base of institutions and individuals worldwide and primarily generates revenues in the form of management and incentive fees.

Securities Services - Securities Services provides prime brokerage, financing services and securities lending services to mutual funds, hedge funds, foundations and high-net-worth individuals worldwide, and generates revenues primarily in the form of interest rate spreads or fees.

Geographical Analysis
Due to the highly integrated nature of international financial markets, the directors consider that the group operates in a single global market. As a result, no disclosure of segmental information relating to the geographical origin of results has been provided.

4. *TRADING PROFIT*

Trading profit has been disclosed instead of turnover as this reflects more meaningfully the nature and results of the group's activities. Trading profit, after charging related expenses, includes the net profit arising from transactions in securities, foreign exchange, commodities and other financial instruments, and fees and commissions earned. Related expenses include trading interest payable less trading interest and dividends receivable.

NOTES TO THE FINANCIAL STATEMENTS - 25 NOVEMBER 2005

5. *OPERATING PROFIT*

	The Group	
	52 week period ended 25 November 2005 US$'000	**52 week period ended 26 November 2004 US$'000**
Operating profit is stated after charging:		
Depreciation of tangible fixed assets	2,042	2,470
Amortisation of fixed asset investments	7	22
Auditors' remuneration - audit services	5,660	4,623
Auditors' remuneration - non audit services	582	569
Management fees charged by group undertakings	1,264,655	1,305,930
Exceptional management fee in respect of restricted stock units	112,203	60,675
Amortisation of goodwill	39	42
Trading interest payable: - group undertakings	2,787,383	1,355,847
- other	3,986,708	2,100,581
Operating lease rentals	103,981	103,606
And after crediting:		
Management fees charged to group undertakings	93,774	44,356
Trading interest receivable: - group undertakings	3,525,326	1,592,753
- other	4,474,968	2,804,968
Profit on disposal of fixed assets	-	45

The exceptional administrative expenses comprise a management fee which relates to restricted stock units and options awarded to employees following the initial public offering of The Goldman Sachs Group, Inc. on the New York Stock Exchange on 7 May 1999. The fee for the period comprises the amortisation of the costs of the awards and the adjustment to reflect the market value of the units at the balance sheet date.

The company incurred audit services expenses for the period of US$164,000 (26 November 2004: $164,000).

6. *SHARE OF OPERATING PROFIT IN JOINT VENTURES*

Income from share of operating profit in joint venture represents a dissolution distribution from GS Global Funding Hong Kong Partnership (see note 15 (c)).

7. *OTHER INTEREST RECEIVABLE AND SIMILAR INCOME*

Other interest receivable and similar income comprises:

	The Group	
	52 week period ended 25 November 2005 US$'000	**52 week period ended 26 November 2004 US$'000**
Interest on overnight deposits	1,303	1,153
Interest on loans to parent and group undertakings	-	12
Interest on loans to banks and customers	104,929	1,918
Other interest receivable	7,903	19
	114,135	**3,102**

8. *INTEREST PAYABLE AND SIMILAR CHARGES*

Interest payable and similar charges comprises:

	The Group	
	52 week period ended 25 November 2005 US$'000	**52 week period ended 26 November 2004 US$'000**
Interest on loans from parent and group undertakings	412,379	205,069
Interest on deposits from banks and customers	319,988	2,204
Amortisation of discount payable on loan notes (see note 21)	34,136	52,701
Other interest payable	92,707	20,743
	859,210	**280,717**

9. *DIRECTORS' EMOLUMENTS*

	The Group	
	52 week period ended 25 November 2005 US$'000	**52 week period ended 26 November 2004 US$'000**
Aggregate emoluments	2,987	1,045
Company pension contributions to money purchase schemes	5	162
	2,992	**1,207**
	US$'000	**US$'000**
Highest paid director:		
Aggregate emoluments and benefits	2,963	1,031
Company pension contributions to money purchase schemes	4	160
Defined benefit schemes:		
Accrued pension at end of period	12	6

In accordance with the Companies Act 1985, directors' emoluments above represent the proportion of total emoluments paid or payable in respect of qualifying services only. Directors also receive emoluments for non-qualifying services which are not required to be disclosed. All directors are members of the defined contribution pension scheme and 2 directors are members of the defined benefit pension scheme.

All directors have been granted shares in respect of a long term incentive scheme.

2 directors have exercised options.

10. *STAFF COSTS*

The average number of employees of the group, including directors, is analysed below:

	52 week period ended 25 November 2005 Number	52 week period ended 26 November 2004 Number
Trading, sales, advisory, research and asset management	1,965	1,858
Support, finance, operations and technology	1,613	1,457
	3,578	3,315

The employment costs incurred by the group, including those relating to directors, were:

	52 week period ended 25 November 2005 US$'000	52 week period ended 26 November 2004 US$'000
Aggregate gross wages and salaries	2,084,479	1,406,219
Employer's national insurance contributions	181,687	157,281
Pension costs	51,624	45,230
Total direct costs of employment	2,317,790	1,608,730

Pension schemes

The group operates an open pension plan with a hybrid structure, having both defined benefit and defined contribution sections. The most recent formal valuation of the Plan was carried out by the scheme actuary as at 1 December 2003 using the projected unit funding method. The financial assumptions underlying the funding of the Plan which had the most significant effect on the pension cost are set out below:

	% per annum
Investment return	6.75
Rate of increase in salaries	4.75
Rate of increase in pensions (post-30 November 1996 accrual)	2.75
Rate of price inflation	2.75

At the date of the valuation the total market value of the assets of the defined benefit section of the Plan was US$236.3 million (£137.2 million), excluding a prepayment of 2004 contributions to the Plan of US$16.4 million (£9.5 million), which represented some 133% of the value of benefits accrued by members at that date, after allowing for assumed future increases in earnings and on the basis that the Plan continues. However, under the terms of the Plan Trust Deed, the Plan is required to fund benefits accrued prior to 1 December 1996 on an insurance company buy-out basis. On this basis, the market value of the accumulated assets might have exceeded the accrued Plan liabilities by only US$19.8 million (£11.5 million). In view of this surplus, the group agreed to maintain the contribution rate at 5.7% of limited qualifying salaries for one year, increasing to 6.1% of limited qualifying salaries with effect from 1 December 2004, plus the cost of life insurance premiums.

10. *STAFF COSTS (CONTINUED)*

SSAP 24

For the purposes of compliance with SSAP24, calculations as at 1 December 2003 were carried out by the scheme actuary to assess the pension costs relating to the defined benefit section of the Plan. The regular cost on the assumptions summarised above is 6.1% of limited qualifying salaries, plus the cost of life insurance premiums which are met by the group. However, because of the excess of assets over liabilities on an ongoing basis as detailed above, a variation to regular cost arises. The financial effect of this variation is being spread over a period of 10 years, representing the average future working lifetime of employees. A prepayment as at 25 November 2005 of US$92.0 million (£53.7 million) (26 November 2004: US$96.1 million (£50.7 million)) arose under the SSAP24 valuation of the Plan. Included in the total pension costs of US$51.6 million for the year ended 25 November 2005, are amounts of US$19.9 million (£10.9 million) in respect of the defined benefit section of the Plan and US$31.7 million (£17.3 million) of contributions paid by the company in respect of the defined contribution section of the Plan.

FRS 17

The disclosures for the defined benefit section of the scheme required under the transitional arrangements within FRS17 'Retirement Benefits' have been calculated by qualified independent actuaries, based on the most recent full actuarial valuation at 1 December 2003 updated to 25 November 2005. The asset and liability figures shown below for the purposes of FRS17 have been calculated as a proportion of the total Plan assets and liabilities, based on the group's proportion of the active membership as advised at the start and end of the year.

The financial assumptions used for FRS17 purposes were:

	25 November 2005 % per annum	26 November 2004 % per annum	28 November 2003 % per annum	29 November 2002 % per annum
Discount rate	4.90	5.25	5.60	5.75
Rate of increase in salaries	4.85	4.80	4.75	4.50
Rate of increase in pensions (post-30 November 1996 accrual)	2.85	2.80	2.75	2.50
Rate of price inflation	2.85	2.80	2.75	2.50

The assets in the Plan attributable to the group and the expected rates of return were:

	25 November 2005		26 November 2004		28 November 2003		29 November 2002	
	Expected rate of return % pa	Market value US$m	Expected rate of return % pa	Market value US$m	Expected rate of return % pa	Market value US$m	Expected rate of return % pa	Market value US$m
UK Equities	8.1	142.7	8.2	131.4	8.5	111.9	8.5	96.0
Overseas Equities	8.1	86.7	8.2	78.3	8.5	66.6	8.5	33.6
UK Fixed Interest	4.2	11.3	4.6	11.6	5.0	8.4	4.5	13.4
Hedge Funds	6.7	22.3	6.7	23.3	7.2	15.0	-	-
High yield corporate bonds	5.6	12.2	6.2	11.6	7.2	9.3	-	-
Cash and reinvested cash	3.7	40.4	3.8	25.0	7.0	25.1	7.2	14.4
Total		315.6		281.2		236.3		157.4

10. *STAFF COSTS (CONTINUED)*

The following amounts were measured in accordance with the requirements of FRS17:

	25 November 2005 US$m	26 November 2004 US$m	28 November 2003 US$m	29 November 2002 US$m
Total market value of plan assets	315.6	281.2	236.3	157.4
Present value of plan liabilities	(373.3)	(322.8)	(229.0)	(163.2)
(Deficit)/surplus in the plan	(57.7)	(41.6)	7.3	(5.8)
Related deferred tax asset/(liability)	17.3	12.5	(2.2)	1.7
Net pension (liability)/asset	(40.4)	(29.1)	5.1	(4.1)

If the above amounts had been recognised in the accounts, the group's net assets and profit and loss account reserve, would be as follows:

	25 November 2005 US$m	26 November 2004 US$m	28 November 2003 US$m	29 November 2002 US$m
Net assets excluding pension asset	5,038.7	4,086.2	3,379.4	2,855.7
Pension (liability)/asset	(40.4)	(29.1)	5.1	(4.1)
Net assets including pension liability	4,998.3	4,057.1	3,384.5	2,851.6
Profit and loss account reserve excluding pension asset	2,635.2	1,894.7	1,602.5	1,437.2
Pension reserve	(40.4)	(29.1)	5.1	(4.1)
Profit and loss account reserve	2,594.8	1,865.6	1,607.6	1,433.1

For the purpose of the above disclosure, the effect of the write off to the profit and loss account of the pension prepayment of US$92.0 million (26 November 2004: US$96.1 million) and related deferred tax liability of US$27.6 million (26 November 2004: US$28.8 million) carried by the group under SSAP24, is not included.

The following amounts would have been recognised in the financial statements in the period ended 25 November 2005 and period ended 26 November 2004 under the requirements of FRS17:

	52 week period ended 25 November 2005 US$m	52 week period ended 26 November 2004 US$m
Analysis of amounts charged to operating profit:		
Current service cost	35.9	27.0
Total charged to operating profit	35.9	27.0
Analysis of the amount credited to other finance income:		
Interest on pension plan liabilities	16.3	13.5
Expected return on assets in the pension plan	(20.3)	(20.2)
Net credit to other finance income	(4.0)	(6.7)
Total P&L charge before deduction for tax	31.9	20.3

NOTES TO THE FINANCIAL STATEMENTS - 25 NOVEMBER 2005

10. STAFF COSTS (CONTINUED)

	52 week period ended 25 November 2005 US$m	52 week period ended 26 November 2004 US$m
Analysis of amounts recognised in Statement of Total Recognised Gains and Losses:		
(Gain)/loss on assets	(22.9)	16.2
Experience gain on liabilities	(9.9)	(7.8)
Loss on changes of assumptions (financial and demographic)	47.9	37.3
Total loss recognised in Statement of Total Recognised Gains and Losses before adjustment for tax	15.1	45.7
Movement in deficit during the period:		
(Deficit)/surplus in the scheme at beginning of the period	(41.6)	7.8
Current service cost	(35.9)	(27.0)
Contributions	30.9	16.6
Other finance income	4.0	6.7
Actuarial loss	(15.1)	(45.7)
(Deficit)/surplus in the scheme at end of the period	(57.7)	(41.6)

A history of experience gains and losses are as follows:

	25 November 2005	26 November 2004	28 November 2003	29 November 2002
(Gain)/loss on plan assets:				
Amount	US$(22.9)m	US$16.2m	US$(4.7)m	US$12.9m
% of plan assets at end of the period	7.3%	5.8%	2.0%	8.2%
Experience (gain)/loss on plan assets/(liabilities):				
Amount	US$(9.9)m	US$(7.8)m	US$(5.9)m	US$27.6 m
% of plan liabilities at end of the period	2.7%	2.4%	2.6%	16.9%
Total actuarial loss recognised in STRGL:				
Amount	US$15.1m	US$45.7m	US$13.2m	US$26.8m
% of plan liabilities at end of the period	4.0%	14.2%	5.8%	16.4%

11. *TAX ON PROFIT ON ORDINARY ACTIVITIES*

(a) Analysis of tax charge for the period:

	52 week period ended 25 November 2005 US$'000	52 week period ended 26 November 2004 US$'000
Current tax		
UK corporation tax at 30% - current period	457,841	166,373
UK corporation tax - prior year	(3,863)	14,857
Overseas taxation	22,684	35,673
Total current tax (see note 11(b))	**476,662**	**216,903**
Deferred Tax		
Provisions and other timing differences (see note 25)	(272,981)	36,537
	(272,981)	36,537
Tax on profit on ordinary activities	**203,681**	**253,440**

(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 (30%). The differences are explained below:

	52 week period ended 25 November 2005 US$'000	52 week period ended 26 November 2004 US$'000
Profit on ordinary activities before tax	703,088	960,720
Profit on ordinary activities multiplied by standard rate in the UK 30% (2004: 30%)	210,925	288,216
Expenses disallowed for the purposes of tax provision	4,782	5,047
Accelerated capital allowances and other timing differences	68,454	16,941
Timing differences in respect of restricted stock units	229,569	(78,368)
Pension contribution relief in excess of net pension cost charge	1,246	7,632
Exchange differences	(21,927)	6,160
Group relief surrendered for nil consideration	(7,541)	(23,176)
Adjustment to tax in respect of prior periods	(3,863)	14,857
Non taxable income	(4,983)	(20,406)
Current tax charge for the period	**476,662**	**216,903**

The timing difference arising from the restricted stock units (see note 5) comprises the net tax effect of the amounts charged to the profit and loss account during the period and those amounts paid to employees during the period.

NOTES TO THE FINANCIAL STATEMENTS - 25 NOVEMBER 2005

12. COMPANY PROFIT FOR THE PERIOD

Of the group's profit for the period, a profit of US$124,541,000 (2004 profit: US$395,144,401) has been dealt with in the financial statements of the company. As permitted by section 230 (3) of the Companies Act 1985 the company's profit and loss account has not been included in these financial statements.

13. INTANGIBLE ASSETS

Intangible assets comprise positive goodwill of US$2,360,000 that arose on the acquisition of 100% of the ordinary shares in Goldman Sachs Investments Europe in a previous period. The goodwill was capitalised and is being amortised over 20 years.
Negative goodwill of US$1,524,000 arose on the acquisition of Goldman Sachs Holdings (U.K.). This goodwill has been capitalised and is being amortised over 20 years.

		The Group	
	Positive Goodwill US$'000	Negative Goodwill US$'000	25 November 2005 Total US$'000
Goodwill at 26 November 2004	1,716	(1,292)	424
Amortisation for the period	(118)	79	(39)
Goodwill at 25 November 2005	**1,598**	**(1,213)**	**385**

14. TANGIBLE FIXED ASSETS

The movements in tangible fixed assets during the period were as follows:

	Leasehold improvements US$'000	Fixtures fittings & equipment US$'000	Motor vehicles US$'000	Total US$'000
COST				
At 26 November 2004	8,592	2,183	65	10,840
Additions	34	185	-	219
Disposals	-	(281)	(49)	(330)
At 25 November 2005	**8,626**	**2,087**	**16**	**10,729**
DEPRECIATION				
At 26 November 2004	3,886	1,228	65	5,179
Charge for period	1,695	347	-	2,042
Disposals	-	(279)	(49)	(328)
At 25 November 2005	**5,581**	**1,296**	**16**	**6,893**
NET BOOK VALUE				
At 25 November 2005	**3,045**	**791**	**-**	**3,836**
At 26 November 2004	**4,706**	**955**	**-**	**5,661**

15. *FIXED ASSET INVESTMENTS*

(a) Shares in subsidiary undertakings (at cost)

Fixed asset investments, which are unlisted and stated at cost, comprise shareholdings in group undertakings:

	The Company US$'000
At 26 November 2004	3,479,837
Additions (see note (i) to (vii))	219,434
Repurchase of capital by issuer (see note (viii))	(410)
At 25 November 2005	**3,698,861**

During the period, the following movements in investments took place:

(i) On 29 July 2005, the company was allotted a further 41,532 ordinary shares of US$1 each by Goldman Sachs International for a total consideration of US$899,998.

On 25 November 2005, the company was allotted a further 55,024 ordinary shares of US$1 each by Goldman Sachs International for a total consideration of US$1,220,008. On the same date, the company was allotted 4,900,243 ordinary shares of US$1 each by Goldman Sachs Holdings (U.K.) for a total consideration of US$100,700,000.

(ii) On 21 November 2005, the company was allotted 1,000 ordinary shares of US$0.01 each by Goldman Sachs Risk Advisors (Europe) for a total consideration of US$1,000.

(iii) On 23 November 2005, the company was allotted 5,000 ordinary shares of EUR100 each by Goldman Sachs (MONACO) S.A.M for a total consideration of EUR500,000 (US$585,550).

(iv) On 14 September 2005, the company acquired 124,312,437 ordinary shares of £0.01 each by Killingholme Power Group Limited for a total consideration of £8,581,271 (US$15,234,000).

(v) On 2 June 2005, the company was allotted 1,000,000 ordinary shares of US$1 each by Amagansett Financing Limited for a total consideration of US$1,000,000.

(vi) On 8 December 2004, the company was allotted 1 ordinary shares of £0.01 each by Amagansett UK Limited for a total consideration of £1 (US$2).

On 2 June 2005, the company was allotted 33,560 ordinary shares of £0.01 each by Amagansett UK Limited for a total consideration of £33,560,000 (US$61,390,750).

(vii) On 8 December 2004, the company was allotted 1 ordinary shares of £0.01 each by Scadbury UK Limited for a total consideration of £1 (US$2).

On 10 February 2005, the company was allotted 18,135 ordinary shares of £0.01 each by Scadbury UK Limited for a total consideration of £18,135,000 (US$33,174,055).

On 25 April 2005, the company was allotted 2,857 ordinary shares of £0.01 each by Scadbury UK Limited for a total consideration of £2,857,000 (US$5,226,262).

(viii) On 29 July 2005, J. Aron & Company (U.K.) cancelled 41,000,000 cumulative preference shares of US$1 each registered in the name of Goldman Sachs Group Holdings (U.K.) and repaid the amount of US$410,000 to the company, such sum being the amount paid up on the shares.

NOTES TO THE FINANCIAL STATEMENTS - 25 NOVEMBER 2005

15. *FIXED ASSET INVESTMENTS (CONTINUED)*

(a) **Shares in subsidiary undertakings (at cost) (continued)**

The subsidiaries of the group and the effective ownership interests in the ordinary and preference shares at the period end are listed below:

Name of company and activity	Group interest in shares issued	Of which, owned directly by the Company
Goldman Sachs Asset Management International* (fund manager)	100% Ordinary shares 100% Preference shares	1% Ordinary shares 99% Preference shares
Goldman Sachs International Bank * (bank loan and related activities)	100% Ordinary shares 100% Preference shares	100% Ordinary shares 100% Preference shares
Goldman Sachs Risk Advisors (Europe) * Formerly Goldman Sachs Risk Advisors (Europe) Limited (dormant)	100% Ordinary shares	100% Ordinary shares
Goldman Sachs Europe * (agency lending and issuer of warrants)	100% Ordinary shares	1% Ordinary shares
Goldman Sachs International * (securities dealer)	100% Ordinary shares 100% Preference shares	1% Ordinary shares 46% Preference shares
J. Aron & Company (U.K.) * (commodities dealer)	100% Ordinary shares 100% Deferred shares 100% Preference shares	1% Ordinary shares 1% Deferred shares 1% Preference shares
J. Aron & Company (Bullion) * (dormant)	100% Ordinary shares	50% Ordinary shares
Goldman Sachs International Finance * (dormant)	100% Ordinary shares	0% Ordinary shares
Goldman Sachs Europe Limited * (service company)	100% Ordinary shares	0% Ordinary shares
GS Global Funding (UK) * Formerly GS Global Funding (UK) Limited (investment activity)	100% Ordinary shares	0% Ordinary shares
Goldman Sachs Investments Europe * (dormant)	100% Ordinary shares	0% Ordinary shares
Fleet Trade & Transport Limited * (oil and shipping operations)	100% Ordinary shares	100% Ordinary shares

NOTES TO THE FINANCIAL STATEMENTS - 25 NOVEMBER 2005

15. *FIXED ASSET INVESTMENTS (CONTINUED)*

(a) **Shares in subsidiary undertakings (at cost) (continued)**

Name of company and activity	Group interest in shares issued	Of which, owned directly by the Company
Goldman Sachs Holdings (U.K.) * (holding company)	100% Ordinary shares 100% Preference shares	100% Ordinary shares 100% Preference shares
Goldman Sachs Securities (Nominees) Limited * (nominee shareholder)	100% Ordinary shares	0% Ordinary shares
Goldman Sachs Government Securities (U.K.) * (dormant)	100% Ordinary shares	50% Ordinary shares
Restamove Limited * (non-trading)	100% Ordinary shares	0% Ordinary shares
Dunvegan Investments Limited * (investment company)	100% Ordinary shares 100% Preference shares	0% Ordinary shares 0% Preference shares
Goldman Sachs (Jersey) Limited * (issuer of covered warrants)	100% Ordinary shares	0% Ordinary shares
Shire UK Limited * (investment company)	100% Ordinary shares	100% Ordinary shares
Shire Funding Limited * (investment company)	100% Ordinary shares 100% Fixed rate shares	0% Ordinary shares 0% Fixed rate shares
Shire Assets * (investment company)	100% Ordinary shares	0% Ordinary shares
Shire II Assets * (investment company)	100% Ordinary shares 100% Fixed rate shares	0% Ordinary shares 0% Fixed rate shares
Goldman Sachs (MONACO) S.A.M **	100% Ordinary shares	100% Ordinary shares
Scadbury UK Limited ** (investment company)	100% Ordinary shares	100% Ordinary shares
Scadbury Funding Limited ** (investment company)	100% Ordinary shares 100% Fixed rate shares	0% Ordinary shares 0% Fixed rate shares
Scadbury Assets ** (investment company)	100% Ordinary shares	0% Ordinary shares

15. *FIXED ASSET INVESTMENTS (continued)*

(a) **Shares in subsidiary undertakings (at cost) (continued)**

Name of company and activity	Group interest in shares issued	Of which, owned directly by the Company
Scadbury II Assets ** (investment company)	100% Ordinary shares 100% Fixed rate shares	0% Ordinary shares 0% Fixed rate shares
Amagansett UK Limited ** (investment company)	100% Ordinary shares	100% Ordinary shares
Amagansett Funding Limited ** (investment company)	100% Ordinary shares 100% Fixed rate shares	0% Ordinary shares 0% Fixed rate shares
Amagansett Assets ** (investment company)	100% Ordinary shares	0% Ordinary shares
Amagansett II Assets ** (investment company)	100% Ordinary shares 100% Fixed rate shares	0% Ordinary shares 0% Fixed rate shares
Amagansett Financing Limited (UK) ** (investment company)	100% Ordinary shares 100% Preference shares	1% Ordinary shares 0% Preference shares
Killingholme Power Group Limited (investment company)	100% Ordinary shares	100% Ordinary shares
Killingholme Generation Limited (investment company)	100% Ordinary shares	0% Ordinary shares
Killingholme Holdings Limited (investment company)	100% Ordinary shares	0% Ordinary shares
Killingholme Power Limited (investment company)	100% Ordinary shares	0% Ordinary shares

*Subsidiary undertakings of the company also at 26 November 2004.

**Entity incorporated during the period by subscribing for 100% of the entity's share capital.

All the above subsidiary undertakings are registered in England and Wales, with the exception of Goldman Sachs Europe Limited, and Goldman Sachs (Jersey) Limited which are incorporated in Jersey and Dunvegan Investments Limited, Shire Funding Limited, Shire II Assets, Amagansett Funding Limited, Amagansett II Assets, Scadbury Funding Limited and Scadbury II Assets which are incorporated in the Cayman Islands.

On 14th September 2005, Goldman Sachs Group Holdings (U.K.) acquired Killingholme Power Group Limited for consideration of £8,581,271 (US$15,234,000). The consideration paid was equal to the fair value of the net assets and liabilities acquired and there was no goodwill arising from the transaction. Killingholme Power Group Limited was a holding company to a group whose principal activity was the merchant generation and sale of electricity allied with the sale of gas. The principal activity of the company is now to act as an investment holding company.

15. *FIXED ASSET INVESTMENTS (CONTINUED)*

(b) Other investments other than loans

The balance at 25 November 2005 and 26 November 2004 comprises:

	The Group 25 November 2005 US$'000	26 November 2004 US$'000
Investment in equipment leasing partnership (see note (i))	67	67
Investment in global messaging network (see note (ii))	33	33
Investment in exchange memberships (see note (iii))	2,570	2,715
Shares in group undertakings (see note (iv))	80	80
Debentures (see note (v))	37	44
Other investments (see note (vi))	-	4,851
Gilts (see note (vii))	58,797	-
	61,584	**7,790**

(i) The group has a US$67,000 investment in an equipment leasing partnership operating in the United Kingdom stated at cost.

(ii) The group has an investment in a global messaging network, which is unlisted and stated at cost.

(iii) The group also has investments in exchange memberships, which are unlisted and stated at cost.

	The Group 25 November 2005 US$'000	26 November 2004 US$'000
Beginning of period	2,715	2,270
Additions	-	445
Reclassification	(145)	-
	2,570	**2,715**

Reclassification includes an investment in an exchange now reported within trading inventory. It is in the opinion of the directors that this is held with a view to resale and forms part of trading activities.

15. *FIXED ASSET INVESTMENTS (CONTINUED)*

(b) Other investments other than loans (continued)

(iv) *The shares in group undertakings* represent the following investments:

Name of company and activity	%	Number in issue	Class	Nominal
Goldman Sachs S.G.R. S.p.A	1	4,000	Ordinary	Euro 1,000
Goldman Sachs Funds Management S.A.	1	124,000	Ordinary	Euro 1,000

(v) The group holds debentures that are stated at cost and amortised over their useful economic life.

	US$'000
COST	
At 26 November 2004	70
Disposals	-
At 25 November 2005	**70**
AMORTISATION	
At 26 November 2004	26
Charge for period	7
Disposals	-
At 25 November 2005	**33**
NET BOOK VALUE	
At 25 November 2005	**37**
At 26 November 2004	**44**

(vi) Other investments are now classified within trading inventory. It is in the opinion of the directors that these were created with a view to resale and form part of the trading activities.

(vi) The group holds gilts that are stated at cost less provisions for any permanent diminution in value. Any premium/discount paid or received is amortised on a straight line basis.

	The Group	
	25 November 2005 US$'000	26 November 2004 US$'000
Beginning of period	-	-
Additions	59,947	-
Premium on purchase	70	-
Amortisation of premium on purchase	(1,220)	-
	58,797	**-**

15. *FIXED ASSET INVESTMENTS (CONTINUED)*

(c) **Investment in Joint Venture**

	The Group	
	2005	**2004**
	US$'000	**US$'000**
Share of gross assets	-	1,280,718
Share of gross liabilities	-	(124,866)
	-	**1,155,852**

GS Global Funding (UK) was a partner in the GS Global Funding Hong Kong Partnership ("the Partnership"). The address of the Partnership's principal place of business was the 68th Floor, Cheung Kong Centre, No 2 Queen's Road Central, Hong Kong. The Partnership identified and invested in suitable investment opportunities, primarily in the Hong Kong market.

GS Global Funding (UK) owned 98.999% of the capital interests and 0.999% of the income interests in the Partnership. Capital interests carried the right to all profits or losses of a capital nature such as the principal return on investments. Income interests carried the right to all profits and losses of an income nature such as coupons or dividends on investments.

During the period the GS Global Funding Hong Kong Partnership was dissolved. The company received its share of the net assets of the Partnership at the date of dissolution of US$1,165,176,379.

(d) The directors consider that the value of investments in subsidiary undertakings and other investments other than loans is not less than their book value.

16. *QUASI SUBSIDIARIES*

The group, in the ordinary course of business, utilises certain vehicles, which though not fulfilling the definition of a subsidiary, give rise to benefits for the group that are in substance no different from those that would arise were the vehicles treated as subsidiaries. As a result, these entities are consolidated.

The group recognises two distinct categories of quasi subsidiaries based on the inherent risks. The entities are quasi subsidiaries of Goldman Sachs International, a subsidiary undertaking.

(i) The group utilises certain vehicles to provide investors with asset-repackaged notes designed to meet their objectives. These vehicles purchase assets by issuing debt instruments and by entering into derivative contracts. The group has entered into interest rate, foreign currency and equity derivatives with these vehicles. The vehicles produce no material net cash flows. Cash flows received from assets and derivatives held by the vehicles are paid either directly or indirectly, via debt securities issued, to the debt holders. In addition, given that all derivatives held by the vehicles offset risks inherent in its assets and liabilities, the vehicles do not produce any material net profit or loss.

16. *QUASI SUBSIDIARIES (CONTINUED)*

The combined balance sheet of these quasi-subsidiaries consolidated into the group's financial statements, is as follows:

	25 November 2005 US$'000	26 November 2004 US$'000
Assets		
Debt Securities Purchased	1,857,644	783,549
Net derivative position	-	26,978
Liabilities		
Net derivative position	-	-
Debt Securities Issued	(1,857,644)	(810,527)

(ii) The group also utilises certain investment companies to invest third party funds in debt securities and related activities. After meeting the cost of third party borrowings, the surplus profits of the vehicles are distributed to Goldman Sachs International, a group undertaking, as incentive management fees. As a result these vehicles do not produce any material net profit or loss.

The combined balance sheet of these quasi-subsidiaries consolidated into the group's financial statements, is as follows:

	25 November 2005 US$'000	26 November 2004 US$'000
Assets		
Cash at bank and in hand	87,131	84,100
Debt securities purchased	1,757,090	1,116,256
Other debtors	19,861	8,378
Liabilities		
Other creditors	(272,212)	(146,687)
Debt Securities Issued	(1,591,868)	(1,062,045)
Capital (see note 21(c))	(2)	(2)

17. *SECURITIES PURCHASED UNDER AGREEMENTS TO RESELL*

Included within the resale agreements are amounts of US$15,794,866,000 (26 November 2004: US$10,616,940,000) which relate to group undertakings.

18. DEBTORS

	The Group		The Company	
	2005	**2004**	**2005**	**2004**
	US$'000	**US$'000**	**US$'000**	**US$'000**
Deposits as collateral for stock borrowed	4,597,535	3,810,152	-	-
Amounts due from brokers/dealers and customers	132,544,800	99,660,663	-	-
Amounts due from parent and group undertakings	134,746,003	101,650,434	6,971,739	3,265,936
Group relief receivable from group undertakings	-	-	5,279	17
Corporation tax recoverable	4,056	17,677	4,020	-
Deferred tax (see note 25)	583,121	310,140	-	-
Other debtors	112,845	286,323	3,348	-
Prepayments and accrued income	155,162	157,166	-	-
	272,743,522	**205,892,555**	**6,984,386**	**3,265,953**

Of the amount due from parent and group undertakings, US$18,869,000 (26 November 2004: US$10,169,000) in relation to the group, and US$6,480,000,000 (26 November 2004: US$3,200,000,000) in relation to the company is due in more than one year. With regard to the group this relates to IPO awards and equity based employee compensation. With regard to the company this relates to long term subordinated loans to a subsidiary undertaking. The loan is unsecured, carries interest at a margin over LIBOR and is repayable upon giving or receiving at least 2 years notice to or from the subsidiary undertaking.

The remaining debtors are all due within one year of the balance sheet date.

19. CASH AT BANK AND IN HAND

Included within cash at bank and in hand is US$7,782,096,000 (26 November 2004: US$9,649,070,000) that is held on behalf of clients in segregated accounts.

20. SECURITIES SOLD UNDER AGREEMENTS TO REPURCHASE

Included within the repurchase agreements are amounts of US$11,480,409,000 (26 November 2004: US$10,854,224,000) which relate to group undertakings.

NOTES TO THE FINANCIAL STATEMENTS - 25 NOVEMBER 2005

21. *OTHER CREDITORS*

Other creditors, all of which are payable within one year of the balance sheet date, comprise:

	The Group		The Company	
	2005	2004	2005	2004
	US$'000	US$'000	US$'000	US$'000
Bank loans and overdrafts	233,387	95,849	-	-
Debt securities issued	6,255,570	2,537,664	-	-
Loan notes (see note (b))	-	1,708,442	-	-
Loans from money brokers and institutions	113,464,770	85,197,835	-	-
Amounts due to brokers/dealers and customers	72,643,167	61,131,768	-	-
Amounts due to parent and group undertakings	85,282,162	67,802,563	944,492	201,739
Corporation tax payable	90,895	20,999	-	131
Other taxes and social security costs	121,010	112,930	-	-
Accrual for management charges payable to parent and group undertakings (see note 22(b))	1,056,614	554,882	-	-
Other creditors and accruals (see note (c))	851,200	851,188	1,300	171
	279,998,775	**220,014,120**	**945,792**	**202,041**

(a) Of the other creditors falling due within one year US$113,465,000,000 (26 November 2004: US$85,198,000,000) is secured by marketable securities.

(b) The loan notes outstanding at 26 November 2004 were held by a subsidiary undertaking of the ultimate parent company and were due to mature on 27 July 2005. The loan notes were redeemed with a value of US$1,661 million plus interest accrued to date on 25 August 2005, following an extension in maturity.

(c) Included within other creditors and accruals is US$Nil (26 November 2004: $2,000) in relation to minority interest in respect of quasi subsidiaries (see note 16).

22. *CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR*

	The Group		The Company	
	2005	2004	2005	2004
	US$'000	US$'000	US$'000	US$'000
Long-term subordinated loans (see note 23)	11,184,959	7,924,812	8,346,869	3,200,000
Debt securities issued (see note (a))	4,521,431	2,413,999	-	-
Accrual for management charges payable to parent and group undertakings (see note (b))	824,627	488,319	-	-
Loan notes issued (see note (c))	1,591,868	1,062,045	-	-
	18,122,885	**11,889,175**	**8,346,869**	**3,200,000**

NOTES TO THE FINANCIAL STATEMENTS - 25 NOVEMBER 2005

22. *CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR (CONTINUED)*

(a) The maturity of debt securities due after more than one year is as follows:

	25 November 2005 US$'000	26 November 2004 US$'000
In more than one year but not more than two years	501,531	332,090
In more than two years but not more than five years	2,535,182	1,912,066
In more than five years	1,484,718	169,843
	4,521,431	**2,413,999**

(b) The accrual for management charges in notes 21 and 22 is in respect of restricted stock awards and long term incentive schemes (see note 5).

(c) Loan notes issued comprise notes issued to a third party. Interest on the notes accrues at the relevant underlying interest rate plus 0.90% and is calculated on a monthly basis. The notes mature at the earlier of 2019 or the dissolution or liquidation of the company.

23. *SUBORDINATED LOANS*

	The Group		The Company	
	2005 US$'000	2004 US$'000	2005 US$'000	2004 US$'000
Repayable as follows:				
Less than one year	-	-	-	-
	-	-	-	-
Between two and five years	8,905,000	6,558,441	6,080,000	2,863,510
Over five years	2,279,959	1,366,371	400,000	400,000
	11,184,959	7,924,812	6,480,000	3,263,510
	11,184,959	**7,924,812**	**6,480,000**	**3,263,510**

The amounts outstanding represent long-term and short-term subordinated loans from parent undertakings. These loans are unsecured and carry interest at a margin over LIBOR.

24. *PROVISIONS FOR LIABILITIES AND CHARGES*

	The Group US$'000
At 25 November 2005 and 26 November 2004	**25,000**

The provision of US$25,000,000 was made in respect of legal claims made against the company. Further details relating to these claims have not been disclosed as permitted by accounting standard FRS12, "Provisions and Contingent Liabilities" on the grounds that it would be seriously prejudicial to do so.

25. *DEFERRED TAX*

	25 November 2005 US$'000	26 November 2004 US$'000
Deferred tax balance comprises:		
Depreciation in excess of capital allowances	3,643	2,043
Post-retirement benefits	(27,598)	(28,843)
Other timing differences	607,076	336,940
	583,121	**310,140**
The movements in the deferred tax balance were as follows:		
At 26 November 2004	310,140	
Transfer to the profit and loss account for the period	272,981	
At 25 November 2005	**583,121**	

Other timing differences includes deferred tax in respect of exceptional administrative expenses (see note 5).

The directors consider that future profits will be available against which the deferred tax asset can be recovered.

26. *SHARE CAPITAL*

At 25 November 2005 and 26 November 2004, share capital comprised:

	The Company			
	25 November 2005		26 November 2004	
	No.	US$'000	No.	US$'000
Authorised				
Ordinary shares of US$ 0.01 each	2,200,000,000	22,000	2,200,000,000	22,000
Preference shares of US$ 0.01 each	800,000,000	8,000	800,000,000	8,000
		30,000		**30,000**
Allotted, called up and fully paid				
Ordinary shares of US$ 0.01 each	1,780,003,936	17,800	1,780,003,936	17,800
Preference shares of US$ 0.01 each	461,500,000	4,615	461,500,000	4,615
		22,415		**22,415**

The preference shares carry limited voting rights and, on a winding-up, the holders have a preferential right to return of capital together with any premium. Preference shares have a fixed non-cumulative dividend payable at a rate of 8 cents per share per annum.

27. *SHARE PREMIUM ACCOUNT AND RESERVES*

	The Group			
	Share premium account US$'000	**Capital Redemption Reserve US$'000**	**Profit and loss account US$'000**	**Merger Reserve US$'000**
At 26 November 2004	1,519,410	-	2,231,210	1,021,395
Retained profit for the period	-	-	499,407	-
Movement in capital redemption reserve	-	305,012	-	-
Exchange loss on consolidation	-	-	(46,165)	-
At 25 November 2005	**1,519,410**	**305,012**	**2,684,452**	**1,021,395**

The Capital Redemption Reserve arose during the year as a result of transactions entered into by subsidiary undertakings within the Group. Amagansett Funding Limited, Shire Funding Limited and Scadbury Funding Limited transferred a class of their shares to a third party under a repurchase agreement, these shares were later redeemed for lower consideration.

	The Company		
	Share premium account US$'000	**Profit and loss account US$'000**	**Merger Reserve US$'000**
At 26 November 2004	1,519,410	780,529	1,021,395
Profit for the period	-	124,541	-
At 25 November 2005	**1,519,410**	**905,070**	**1,021,395**

As part of a group reorganisation on 30 November 2001, the company took advantage of the relief afforded to it under section 132 of the Companies Act 1985. As a result, share premium of only $698,381,000 was recorded and the remaining difference between the nominal value of the shares and the value at which the new shares were issued of $1,021,395,000 was credited to a non-distributable merger reserve.

28. *FINANCIAL COMMITMENTS AND CONTINGENCIES*

(a) The group's financial commitments and contingencies outstanding at the period end primarily arise from letters of credit and forward foreign exchange, swaps, options, financial futures contracts, debt and equity forwards, underwriting commitments entered into in the ordinary course of business and registered charges on certain of the group's assets which have arisen in the ordinary course of business. The group is exempt from the disclosures required by FRS13 as it does not meet the FRS13 definition of a bank or similar institution nor does it have instruments that meet the definition of capital instruments that are publicly listed or traded.

In addition, the group has undrawn loan commitments of US$29,186,000 (26 November 2004: US$27,295,000). These commitments are sub-participated to third party institutions.

29. *FINANCIAL COMMITMENTS AND CONTINGENCIES (CONTINUED)*

(b) The group leases certain buildings on long-term leases. Under these leases, which are subject to renegotiation at various intervals specified in the leases, the group pays all insurance, maintenance and repairs of these properties. The rentals that the group is committed to pay in the next year are as follows:

	25 November 2005 US$'000	**26 November 2004 US$'000**
Maturity of lease		
Less than one year	857	2,907
Between 1 and 2 years	1,147	-
Between 2 and 5 years	1,703	3,087
Over 5 years	111,387	125,336
	115,094	**131,330**

30. *POST BALANCE SHEET EVENTS*

On 14 June 2006, the group acquired units in GS Leasing Investments, a UK, unauthorised Unit Trust and fellow group company. This investment was funded via a loan advanced by the group's ultimate parent undertaking.

31. *RELATED PARTY DISCLOSURES*

Under the terms of FRS8, "Related Party Disclosures", the company is exempt from disclosing transactions with companies 90% or more controlled within the same group, as the consolidated financial statements in which the company is included are publicly available.

32. *ULTIMATE AND IMMEDIATE PARENT UNDERTAKINGS*

The immediate parent undertaking is Goldman Sachs (UK) L.L.C., a company registered in Delaware.
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., with its principal place of business at 85 Broad Street, New York, NY 10004, United States of America. This company is incorporated in the United States of America.