MERRILL LYNCH INTERNATIONAL & CO. C.V.

UNAUDITED

GENERAL PARTNER'S REPORT AND CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED
30 JUNE 2011

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GENERAL PARTNER'S INTERIM REPORT
For the six months ended 30 June 2011

The General Partner presents its non-statutory report and the unaudited condensed financial statements of Merrill Lynch International & Co. C.V. (the "Partnership") for the six months ended 30 June 2011.

STATEMENT OF GENERAL PARTNER'S RESPONSIBILITIES

The General Partner is responsible for the preparation of Partnership condensed financial statements in accordance with applicable United Kingdom Accounting Standards.

The condensed financial statements are required to give a true and fair view of the state of affairs of the Partnership at 30 June 2011 and of the profit or loss of the Partnership for the period then ended. In preparing these condensed financial statements, the General Partner has 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; and
- prepare the condensed financial statements on the going concern basis unless as it is inappropriate to presume that the Partnership will continue in business.

The General Partner is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Partnership and which enables it to prepare financial statements that comply with applicable United Kingdom Accounting Standards. The General Partner is also responsible for safeguarding the assets of the Partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

BUSINESS REVIEW

The principal activities of the Partnership are;

- the issuance of warrants and related financial instruments. The market risks associated with these warrants and related financial instruments are hedged with an affiliate company, and
- the distribution of Merrill Lynch managed funds and other managed fund products to third parties on which the Partnership receives fee income.

The Partnership has its head office in Curacao with branches in Dubai and Panama. There have been no changes in the principal activities of the Partnership during the period and the General Partner is satisfied with the Partnership's performance for the period and the financial position at 30 June 2011.

The loss for the period, after taxation, amounted to $6,353,000 (six months to 30 June 2010 – profit $2,748,000).
The turnover for the period amounted to $126,639,000 (six months to 30 June 2010 - $119,982,000).
The administrative expenses for the period amounted to $110,572,000 (six months to 30 June 2010 - $95,690,000).

RISK MANAGEMENT

The Partnership is exposed to market risk, credit risk, operational risk and liquidity risk.

However, as the Partnership economically hedges its market risk exposure to another affiliated company, it retains minimal residual risk. Any residual risk is managed at the Bank of America Corporation ("BAC") group level in accordance with established risk management policies and procedures.

GENERAL PARTNER'S INTERIM REPORT
For the six months ended 30 June 2011

PARTNERSHIP'S POLICY FOR PAYMENT OF CREDITORS

The current policy is to pay creditors and other suppliers in accordance with the terms of payment agreed at the time the contract is made.

This report was approved by the General Partner and authorised for issue on
and signed on its behalf.

Michael S.Chomicki
For and on behalf of ML Cayman Holdings Inc., as General Partner

PROFIT AND LOSS ACCOUNT
For the six months ended 30 June 2011

	Note	**Six months ended 30 June 2011 $000**	Six months ended 30 June 2010 $000
TURNOVER	3	**126,639**	119,982
Administrative expenses		**(110,572)**	(95,690)
OPERATING PROFIT	4	**16,067**	24,292
Interest receivable and similar income	5	**1,694**	1,115
Interest payable and similar charges	6	**(24,114)**	(22,554)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		**(6,353)**	2,853
TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES	8	**114**	(105)
(LOSS)/PROFIT FOR THE PERIOD BEFORE PARTNER'S LOSS ALLOCATION		**(6,239)**	2,748
GENERAL PARTNER'S (LOSS)/PROFIT ALLOCATION	15	**6,239**	(2,748)
(LOSS)/PROFIT FOR THE PERIOD AFTER PARTNER'S (LOSS)/PROFIT ALLOCATION		**-**	-

Turnover and operating profit derive wholly from continuing operations.

There were no recognised gains and losses for the periods presented above other than those included in the profit and loss account.

The notes on pages 5 to 13 form part of these financial statements.

BALANCE SHEET
As at 30 June 2011 and 31 December 2010

	Note	30 June 2011 $000	30 June 2011 $000	31 December 2010 $000	31 December 2010 $000
FIXED ASSETS					
Tangible fixed assets	9		**1,077**		1,198
			1,077		1,198
CURRENT ASSETS					
Long inventory positions	10	**10,198,867**		8,683,067	
Trade debtors	11	**3,579,620**		1,988,105	
Other debtors and prepayments	12	**1,646,705**		2,421,171	
Cash at bank and in hand		**2,467**		1,880	
		15,427,659		13,094,223	
CREDITORS: amounts falling due within one year					
Short inventory positions	13	**14,042,952**		11,744,139	
Trade creditors	14	**35,423**		21,653	
Partners' capital and income accounts	15	**1,335,299**		1,317,424	
Other creditors including tax and social security	16	**15,062**		12,205	
		15,428,736		13,095,421	
NET CURRENT LIABILITIES			**(1,077)**		(1,198)
TOTAL ASSETS LESS CURRENT LIABILITIES			**-**		-
NET ASSETS			**-**		-

The financial statements were approved by the General Partner on 8/30/11 and signed on its behalf.

Michael Chomicki

Michael S.Chomicki

The notes on pages 5 to 13 form part of these financial statements.

1. ACCOUNTING POLICIES

1.1 Basis of accounting

The condensed financial statements have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice. The going concern assumption has been used in the preparation of the financial statements.

1.2 Accounting period

The Partner's six month period consisted of a twenty-six week (2010: twenty-six) period ended on the last day in June (2010: 30 June).

1.3 Accounting convention

The financial statements have been prepared under the historical cost convention, as modified to include inventories at fair value. The Partnership does not maintain historical cost information on inventories or items designated at fair value as this is not relevant to the business.

1.4 Turnover

Turnover includes:

Fees
Mutual fund distribution fees are recognised on an accruals basis.

Service fee income
Charges made to affiliated undertakings to remunerate the Partnership for services provided or reimburse expenditure incurred by the Partnership are recognised on an accruals basis.

1.5 Segmental reporting

The Partnership's activities are the issuance of warrants and related financial instruments, and the distribution of Merrill Lynch managed funds and other managed fund products, which represents two separate classes of business. All turnover and expenditure relates to the managed funds business. The Partnership does not meet additional disclosure requirements of SSAP 25 Segmental Reporting and has therefore chosen not to present any additional segmental analysis.

1.6 Translation of foreign currencies

Revenues and expenses arising from transactions to be settled in foreign currencies are translated into U.S. Dollars at average monthly market rates of exchange. Monetary assets and liabilities are translated into U.S. Dollars at the market rates of exchange ruling at the balance sheet date. Exchange differences arising from the translation of foreign currencies are reflected in the profit and loss account.

The financial statements have been presented in US Dollars which is also the functional currency of the Partnership.

	2011	**2010**
June month end exchange rate (USD/GBP)	1.6055	1.4946

1. ACCOUNTING POLICIES (continued)

1.7 Financial assets

The Partnership classifies its financial assets in the following categories: financial assets at fair value through profit or loss and loans and receivables. Management determines the classification of its financial assets at initial recognition.

(a) Financial assets at fair value through profit or loss

The Partnership classifies derivatives as long inventory positions which are classified as held for trading and measured at fair value through profit and loss. All remaining financial assets are classified as loans and receivables.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than: (a) those that the entity upon initial recognition designates as at fair value through profit or loss; or (b) those for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration.

Loans and receivables are carried at amortised cost using the effective interest rate method less an allowance for any impairment. Interest calculated using the effective interest rate method is recognised through profit and loss.

1.8 Financial liabilities

The Partnership classifies issued warrants as short inventory positions which are classified as held for trading and are measured at fair value through profit and loss. Gains and losses are recognised through the profit and loss account as they arise. All remaining financial liabilities are carried at amortised cost.

1.9 Derivative financial instruments

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at their fair value through the profit and loss account. Fair values are obtained from quoted market prices in active markets, including recent market transactions, and valuation techniques, including discounted cash flow models and options pricing models, as appropriate. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative, except for where the Partnership intends to settle on a net basis, see note 1.13.

1.10 Derecognition of financial assets

The Partnership derecognises a financial asset only when the contractual rights to the cash flows from the asset expire or it transfers substantially all the risks and rewards of ownership of the asset to another entity. If the Partnership neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Partnership recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Partnership retains substantially all the risks and rewards of ownership of a transferred financial asset, the Partnership continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

1. ACCOUNTING POLICIES (continued)

1.11 Impairment of financial assets held at amortised cost

The Partnership assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the profit and loss account.

1.12 Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

1.13 Netting

Where the Partnership intends to settle (with any of its debtors or creditors) on a net basis, or intends to realise the asset and settle the liability simultaneously, and the Partnership has the legal right to do so, the balance included within the financial statements is the net balance due to or from the counterparty.

1.14 Depreciation

Tangible fixed assets are stated at cost and are written down to their estimated residual value on a straight line basis over their expected useful lives, as shown below

Short-term leasehold improvements are depreciated on a straight-line basis over the remaining period of the lease or ten years, whichever is the shorter.

Office equipment - Two to five years

1.15 Leases

Rentals under operating leases are charged on a straight-line basis over the lease term.

1.16 Interest receivable and similar income

Interest receivable and similar income comprise interest received on balances with affiliated companies and is recognised on an accruals basis using the effective interest rate method.

1.17 Interest payable and similar charges

Interest payable and similar charges comprise interest payable on balances with affiliated companies and is recognised on an accruals basis. It also includes appropriations payable to the Limited and Preferred Partner, which are recognised on an accruals basis using the effective interest rate method.

1.18 Partners' capital and income accounts

Partners' capital is credited to the relevant partner's account within Partners' capital and income accounts. Capital contributions that meet the definition of debt under Financial reporting Standard No. 25 – Financial instruments: Disclosure and Presentation ("FRS 25") are recorded as liabilities.

Where applicable interest on Partners' capital is treated as dividends or interest depending on the classification of the contributions as discussed above.

Partner's rights and entitlements are discussed in note 15.

2. PRINCIPAL ACTIVITIES

The principal activities of the Partnership are;

- the issuance of warrants and related financial instruments. The market risk associated with these warrants and related financial instruments are hedged with an affiliate company, and
- the distribution of Merrill Lynch managed funds and other managed fund products to third parties on which it receives fee income.

3. TURNOVER

	Six months ended 30 June 2011 $000	Six months ended 30 June 2010 $000
Service fee income	**4,838**	4,193
Fees	**121,801**	115,789
	126,639	119,982

4. OPERATING PROFIT

Operating profit is stated after (crediting)/charging the following:

	Six months ended 30 June 2011 $000	Six months ended 30 June 2010 $000
Depreciation of tangible fixed assets (see note 9)	**121**	117
Auditors' remuneration	**-**	-
Employee costs (see note 7)	**3,569**	2,993
Loss on foreign exchange	**27**	147
Service fee expense	**105,797**	91,370
Charges under operating leases on land and buildings	**269**	208
Other operating expenses	**789**	855

Service fee expense includes $97,129,000 (2010: $91,370,000) paid to Merrill Lynch Pierce Fenner & Smith Inc. primarily relating to distribution fees.

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	Six months ended 30 June 2011 $000	Six months ended 30 June 2010 $000
From affiliated undertakings	**1,694**	1,115

6. INTEREST PAYABLE AND SIMILAR CHARGES

	Six months ended 30 June 2011 $000	Six months ended 30 June 2010 $000
- To Limited Partner (see note 15)	**11**	11
- To Preferred Partner (see note 15)	**24,103**	22,539
- To other affiliated undertakings	**-**	4
	24,114	22,554

Under FRS 25 the appropriations paid to the Limited and Preferred Partners are classified as liabilities and distributions accruing to them are classified as interest payable and similar charges.

7. EMPLOYEES

Employee costs were as follows:

	Six months ended 30 June 2011 $000	Six months ended 30 June 2010 $000
Salaries and benefits	**3,282**	2,846
Social security and other costs	**287**	147
	3,569	2,993

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

	Six months ended 30 June 2011 $000	Six months ended 30 June 2010 $000
Current tax:		
Tax on profits/(loss) of the six months	**-**	85
Foreign tax	**-**	20
Adjustments in respect of prior periods	**77**	-
Total current tax	**77**	105
Deferred tax:		
Current year credit	**(191)**	-
Tax on (loss)/profit on ordinary activities	**(114)**	105

8. TAX ON PROFIT ON ORDINARY ACTIVITIES (continued)

Factors affecting tax charge for period

The tax assessed for the period is higher (2010: lower) than the standard rate of corporation tax in Curacao applicable to the Partnership (3%). The differences are explained below:

	Six months ended 30 June 2011 $000	Six months ended 30 June 2010 $000
(Loss)/profit on ordinary activities before tax	(6,353)	2,853
(Loss)/profit on ordinary activities multiplied by the standard rate of corporation tax in the Curacao of 3% (2010 - 3%)	(191)	85
Effects of:		
Impact of foreign taxes	-	20
Impact of Current year losses	191	
Adjustments in respect of prior periods	77	-
Current tax charge for six months	77	105

The Partnership is subject to taxes on income earned both within and outside Curacao. Branches of the Partnership operating outside Curacao are subject to income taxes at rates applicable in those countries. Tax expense represents management's calculation of taxes due on earnings and the effect of changes in estimates for the prior year.

9. TANGIBLE FIXED ASSETS

	Leasehold improvements $000	Office equipment $000	Total $000
Cost			
At 31 December 2010	2,344	978	3,322
At 30 June 2011	2,344	978	3,322
Depreciation			
At 31 December 2010	1,220	904	2,124
Charge for the period	105	16	121
At 30 June 2011	1,325	920	2,245
Net book value			
At 31 December 2010	1,124	74	1,198
At 30 June 2011	1,019	58	1,077

NOTES TO THE CONDENSED FINANCIAL STATEMENTS
For the six months ended 30 June 2011

10. LONG INVENTORY POSITIONS

	30 June 2011 $000	31 December 2010 $000
Contractual agreements:		
Options and swaps	**10,198,867**	8,683,067

Long inventory positions are "held for trading" and therefore measured at fair value through profit and loss.

The Partnership is only exposed to credit risk with other affiliated companies (see also trade debtors), which represents its maximum credit exposure.

11. TRADE DEBTORS

	30 June 2011 $000	31 December 2010 $000
Amounts owed by affiliated undertakings	**3,579,620**	1,988,105

12. OTHER DEBTORS AND PREPAYMENTS

	30 June 2011 $000	31 December 2010 $000
Amounts owed by affiliated undertakings	**1,646,090**	2,420,690
Other debtors and prepayments	**424**	481
Deferred tax asset	**191**	-
	1,646,705	2,421,171

13. SHORT INVENTORY POSITIONS

	30 June 2010 $000	31 December 2010 $000
Issued warrants	**14,042,952**	11,744,139

Short inventory positions are "held for trading" and therefore measured at fair value through profit and loss.

14. TRADE CREDITORS

	30 June 2011 $000	31 December 2010 $000
Amounts owed to affiliated companies	**35,423**	21,653
	35,423	21,653

15. PARTNERS' CAPITAL AND INCOME ACCOUNTS

	General Partner $000	Preferred Partner $000	Limited Partner $000	Total $000
Balance at 31 December 2010	624,690	692,501	233	1,317,424
Partner's interest	-	24,103	11	24,114
Loss for the period	(6,239)	-	-	(6,239)
Balance at 30 June 2011	**618,451**	**716,604**	**244**	**1,335,299**

The rights and entitlements of the Partners in relation to allocations of Earnings and Profits shall be divided into General Partner, the Limited Partner and Preferred Partner.

The General Partner's interest entitles the holder to voting rights in the Partnership and 100% of net profit / loss after the allocation of net profit / loss due to the Limited Partner and the Preferred Partner.

The Limited Partner's interest entitles the holder to no voting rights in the Partnership and net profits / losses up to the value of 10% of the average amount in their capital account.

The Preferred Partner's interest entitles the holder to no voting rights in the Partnership and net profits up to the value of 7% of the Preferred Partner's preferred partnership contribution.

Any Partner may withdraw from the Partnership at the end of any accounting period provided written notice is received by 1 November of any accounting period or on any other dated approved by the Directing Partner. The Preferred Partner's capital is also mandatorily redeemable on 1 November 2031.

Under FRS 25 the Limited, Preferred and General Partnership Interests meet the definition of debt. Accordingly, Partners' capital and Partners' income is recorded within liabilities.

16. OTHER CREDITORS INCLUDING TAX AND SOCIAL SECURITY

	30 June 2011 $000	31 December 2010 $000
Amounts owed to affiliated undertakings	**10,038**	9,219
Other creditors and accruals	**4,692**	2,726
Taxation	**332**	260
	15,062	12,205

17. RELATED PARTY TRANSACTIONS

The Partnership has taken advantage of the exemption from related party disclosures available in Paragraph 3(c) of Financial Reporting Standard 8 - Related Party Disclosures, as it is a wholly owned subsidiary undertaking and the consolidated financial statements of the ultimate parent company are publicly available as noted below.

There were no related party transactions other than those with affiliated undertakings covered by the exemption noted above.

18. PARENT UNDERTAKINGS

The General Partner of the Partnership is ML Cayman Holdings Inc., and the ultimate parent company and controlling party is BAC, a company incorporated in the State of Delaware in the United States of America ("U.S.A"). The parent company of the largest group that includes the Partnership and for which group financial statements are prepared is BAC. Copies of BAC's financial statements can be obtained from the Corporate Secretary's office, 101 South Tryon Street, Charlotte, North Carolina, 28255, U.S.A.