

J.P. MORGAN STRUCTURED PRODUCTS B.V.

(Registered Number: 34259454)

Interim report for the six month period ended 30 June 2011

J.P. MORGAN STRUCTURED PRODUCTS B.V.
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J.P. MORGAN STRUCTURED PRODUCTS B.V.

Directors' report for the period ended 30 June 2011

The directors present their report and the financial statements of the Company for the six month period ended 30 June 2011.

Principal activity

The Company's primary activity is the management and issuance of structured securities comprising certificates, warrants and notes including equity linked, reverse convertible and market participation notes, and the subsequent hedging of those risk positions.

Review of business

During the period, the Company continued to issue securities. The proceeds of the sale of the securities were used to enter into certain economic hedging arrangements with other J.P. Morgan Chase & Co. (the Group) companies. The principal purpose of the hedging arrangements entered into between the Company and the relevant Group companies is to hedge against various risks associated with the securities issuance activity. In 2011, the Company issued securities in the Asia Pacific region and Europe and a limited number in the Middle East, Africa and in the United States of America.

Key performance indicators

The results are monitored against expectations of the business activities. A more detailed description of the Group key performance indicators may be found within the Group annual report.

Business environment, strategy and future outlook

The primary objective of the Company will be the continued development of securitised products to be offered and sold to retail, 'high net worth' and institutional investors principally outside of the United States of America, linked to a range of underlying reference assets including equity, credit, interest rates, commodities and so called 'alternatives' such as funds and hedge funds.

Principal risks and uncertainties

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the Group and are not managed separately. Accordingly, the principal risks and uncertainties of the Group, which include those of the Company, are discussed within the Group's annual report which does not form part of this report.

Results and dividends

The results for the period are set out on page 6 and show the Company's profit for the period after taxation is \$944,000 (2010: \$714,000)

No dividend was paid or proposed during the period (2010: \$nil)

Directors

The directors of the Company who served during the period and up to the date of signing the directors' report were as follows:

J.P. Everwijn
D.R. Hansson
R.M. Loureiro Fernandes
J.C.W. van Burg
J.C.P. van Uffelen

J.P. MORGAN STRUCTURED PRODUCTS B.V.

Directors' report for the period ended 30 June 2011 (continued)

Financial risk management

Risk management is an inherent part of the Group's business activities and the Company has adopted the same risk management policies and procedures as the Group as a whole. The Group and the Company's risk management framework and governance structure are intended to provide comprehensive controls and ongoing management of its major risks. The Company exercises oversight through the Board of Directors and delegation from the Board to various sub-committees which are organised in line with the Group risk management policy.

The market, credit and liquidity risks resulting from the issuance of these structured securities, are matched by simultaneously entering into equal and offsetting over the counter (OTC) transactions with internal group companies so that all such risks are effectively hedged. Regular checks are made on open OTC transactions to ensure the continued effectiveness of the economic hedges in place.

To the extent that settlement-related timing differences between issuance and the OTC hedge may result in funding requirements, these are funded by the Group undertakings involved in the transaction.

Liquidity risk

The ability to maintain a sufficient level of liquidity is crucial to financial services companies, particularly their ability to maintain appropriate levels of liquidity during periods of adverse conditions. The Group's primary sources of liquidity include a diversified deposit base and access to equity capital markets, long-term unsecured and secured funding sources (including asset securitisations and borrowings from Federal Home Loan Banks ("FHLBs")). The Group's funding strategy is intended to ensure liquidity and diversity of funding sources to meet actual and contingent liabilities during both normal and stress periods. Consistent with this strategy, the Group maintains large pools of highly liquid unencumbered assets and significant sources of secured funding, and monitors its capacity in the wholesale funding markets across various geographic regions and in various currencies. Group's Management liquidity position to be strong, based on its liquidity metrics as of 30 June 2011 and believes that the Group's unsecured and secured funding capacity is sufficient to meet its on - and off - balance sheet obligations. The Group was able to access funding markets as needed during 2011 and throughout the recent financial crisis.

Governance

The Group's governance process is designed to ensure that its liquidity position remains strong. The Asset-Liability Committee reviews and approves the Group's liquidity policy and contingency funding plan. Corporate Treasury formulates and is responsible for executing the Group's liquidity policy and contingency funding plan as well as measuring, monitoring, reporting and managing the Group's liquidity risk profile. The Group uses a centralised approach for liquidity risk management to maximise liquidity access, minimise funding costs and permit identification and coordination of global liquidity risk.

Liquidity Monitoring

The Group employs a variety of metrics to monitor and manage liquidity. One set of analyses used by the Group relates to the timing of liquidity sources versus liquidity uses. A second set of analyses focuses on ratios of funding and liquid collateral.

The Group performs regular liquidity stress tests as part of its liquidity monitoring. The purpose of the liquidity stress tests is intended to ensure sufficient liquidity for the Group under both idiosyncratic and systemic market stress conditions. These scenarios evaluate the Group's liquidity position across a full year horizon analysing the net funding gaps resulting from contractual and contingent cash and collateral outflows versus the Group ability to generate additional liquidity by pledging or selling excess collateral and issuing unsecured debt. The Group liquidity position is strong under the defined stress scenarios outlined above.

Liquidity of the ultimate parent holding company and its nonbank subsidiaries is monitored independently as well as in conjunction with the liquidity of the Group's bank subsidiaries. At the ultimate parent holding company level, long-term funding is managed to ensure that the parent holding company has, at a minimum, sufficient liquidity to cover its obligations and those of its nonbank subsidiaries within the next 12 months. For bank subsidiaries, the focus of liquidity risk management is on maintenance of unsecured and secured funding capacity sufficient to meet on and off-balance sheet obligations.

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Directors' report for the period ended 30 June 2011 (continued)

Financial risk management (continued)

In addition to the parent holding company, the Group maintains a significant amount of liquidity - primarily at its bank subsidiaries, but also at its nonbank subsidiaries. The Global Liquidity Reserve represents consolidated sources of available liquidity to the Group, including cash on deposit at central banks, and cash proceeds reasonably expected to be received in secured financings of highly liquid, unencumbered securities - such as government-issued debt, government- and Federal Deposit Insurance Corporation ("FDIC") guaranteed corporate debt, U.S. government agency debt and agency mortgage-backed securities ("MBS"). The liquidity amount anticipated to be realized from secured financings is based on management's current judgment and assessment of the Firm's ability to quickly raise secured financings. The Global Liquidity Reserve also includes the Firm's borrowing capacity at various FHLBs, the Federal Reserve Bank discount window and various other central banks from collateral pledged by the Firm to such banks. Although considered as a source of available liquidity, the Firm does not view borrowing capacity at the Federal Reserve Bank discount window and various other central banks as a primary source of funding.

In addition to the Global Liquidity Reserve, the Firm has significant amounts of other high-quality, marketable securities available to raise liquidity, such as corporate debt and equity securities.

Credit risk

The Group has developed policies and practices that are designed to preserve the independence and integrity of the approval and decision making of extending credit and are intended to ensure credit risks are assessed accurately, approved properly, monitored regularly and managed actively at both the transaction and portfolio levels.

Each business within the Group has its own independent credit risk management function, reporting to the Business Executive and the Chief Credit Officer. These units are responsible for making credit decisions on behalf of the Company. They approve significant new transactions and product offerings and exercise on behalf of the directors, final authority over credit risk assessment. They are also responsible for monitoring the credit risk profile of the portfolio and reporting monthly to the Group's Operating Committee.

To measure credit risk, the Group employs several methodologies for estimating the likelihood of the obligor or counterparty default. These methodologies vary depending on certain factors, including type of asset, risk measurement parameters and collection processes. Credit risk measurement is based upon the amount of exposure should the obligor or the counterparty default, the probability of default and the loss sensitivity given a default event. Based upon these factors and related market-based inputs the Group estimates both probable and unexpected losses for its assets portfolio.

Market risk

Market risk represents the potential loss in value of portfolios and financial instruments caused by adverse movements in market variables such as interest and foreign exchange rates, credit spreads and equity and commodity prices. Market Risk (MR) is a corporate risk governance function within the Group that is independent of the lines of business and identifies, measures, monitors and controls market risk. MR works in partnership with the business segments within the Group and the directors of the Company and seeks to facilitate efficient risk/return decisions, reduce volatility in operating performance and refine and monitor market risk policies and procedures.

Since no single measure can reflect all aspects of market risk, the Group uses several measures, both statistical and non-statistical, including:

- Statistical risk measures
 - Value-at-risk (VAR)
 - Risk identification for large exposures (RIFLE)
- Non-statistical risk measures
 - Economic value stress tests
 - Earnings-at-risk stress test
 - Other measures of position size and sensitivity to market movements

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Directors' report for the period ended 30 June 2011 (continued)

Financial risk management (continued)

The Group's VAR statistical measure gauges the potential loss from adverse market movements in an ordinary market environment. Through the Group's RIFLE system, risk managers identify worst-case losses that could arise from an unusual or specific event, such as a potential tax change, and estimate the probabilities of such a loss. This information is then communicated to the appropriate level of management, thereby permitting the Group and the directors to identify further earnings vulnerabilities. MR regularly reviews and updates risk limits, and the Group's Operating Committee reviews and approves risk limits at least twice a year.

Operational risk

Operational risk is the risk of loss resulting from inadequate or failed processes or systems, human factors or external events. To monitor and control operating risk, the Group maintains a system of comprehensive policies and a control framework designed to provide a sound and well-controlled operational environment.

Creditor payment policy

All invoices from suppliers are settled on the Company's behalf by an affiliated Group company, JPMorgan Chase Bank, N.A.

JPMorgan Chase Bank, N.A.'s policy is to pay invoices (including those in respect of the Company) upon presentation, except where other arrangements have been negotiated with the supplier. It is the policy of the Company to abide by the terms of payment, provided the supplier performs according to the terms of the contract.

Registered address

Strawinskylaan 3105, Floor 7
1077 ZX Amsterdam,
The Netherlands

Expected developments of the Company

The directors of the Company expect:

- a) that the Company will continue to issue securities;
- b) that the Company will not enter into investments; and
- c) that the interest income will depend on market interest rates.

Statement under Transparency Directive (as implemented in Dutch law)

The directors confirm to the best of their knowledge that:

- a) the attached financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the Company for the six month period ended 30 June 2011, and
- b) the interim report for the six month period ended 30 June 2011, consisting of the directors report and the financial statements, gives a true and fair view of the position as per the balance sheet date 30 June 2011 and of the developments during the period of the Company and of the expected developments of the Company, and of circumstances on which the developments of the profitability depend.

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Directors' report for the period ended 30 June 2011 (continued)

Audit Committee

The Company makes use of the exemption to the requirement to establish its own Audit Committee based on Article 3a. of the Royal Decree of 26 July 2008 implementing article 41 of the EU Directive 2006/43EG, as the Audit Committee of JPMorgan Chase & Co. that is compliant with the requirements will fulfil the role of the Company's Audit Committee. JPMorgan Chase & Co. operates an Audit Committee, which covers the Group, including the Company. Details of the Charter, Membership, Duties and Responsibilities can be found on the Group's website.

By order of the Board

J.P.Everwijn

J.C.P. van Uffelen

Date: 25 August 2011

J.P. MORGAN STRUCTURED PRODUCTS B.V.
Balance sheet as at 30 June 2011

		Unaudited 30 June 2011 \$'000	31 December 2010 \$'000
	Notes		
Assets			
Current assets			
Financial assets held for trading	4	33,086,587	27,129,607
Trade and other receivables	5	34,170	3,717
Current tax asset		536	471
Cash and cash equivalents	6	567,478	615,024
Total assets		33,688,771	27,748,819
Liabilities			
Current liabilities			
Financial liabilities designated at fair value through profit or loss	7	33,086,587	27,129,607
Trade and other payables	8	40,120	44,769
Bank overdraft	6	35,075	48,398
Total liabilities		33,161,782	27,222,774
Equity			
Capital and reserves attributable to equity shareholders of the Company			
Share capital	9	26	26
Share premium reserve		499,997	499,997
Legal reserve		2	2
Retained earnings		26,964	26,020
Total equity		526,989	526,045
Total liabilities and equity		33,688,771	27,748,819

By the order of the Board

J.P. Everwijn

J.C.P. van Uffelen

Date: 25 August 2011

The notes on pages 10 - 14 form an integral part of the financial statements.

J.P. MORGAN STRUCTURED PRODUCTS B.V.
Income statement for the six month period ended 30 June 2011

		Unaudited 30 June 2011 \$'000	Unaudited 30 June 2010 \$'000
	Notes		
Fee and commission income	10	4,994	4,431
Fee and commission expense	10	(2,806)	(3,807)
Administrative expenses		(2,324)	(318)
Net foreign exchange gain		1,282	155
Operating profit		1,146	461
Interest and similar income	11	380	501
Profit before income tax		1,526	962
Income tax expense	12	(582)	(248)
Profit for the period attributable to equity shareholders of the Company		944	714

Statement of comprehensive income for the six month period ended 30 June 2011

	Unaudited 30 June 2011 \$'000	Unaudited 30 June 2010 \$'000
Profit for the period	944	714
Other comprehensive income for the period, net of tax	-	-
Total comprehensive income for the period	944	714

The profit for the period resulted from continuing operations.

The notes on pages 10 - 14 form an integral part of the financial statements.

J.P. MORGAN STRUCTURED PRODUCTS B.V.

Statement of changes in equity for the period ended 30 June 2011 (unaudited)

	Share capital \$'000	Share premium reserve \$'000	Legal reserve \$'000	Retained earnings \$'000	Total equity \$'000
Balance at 1 January 2011	26	499,997	2	26,020	526,045
Profit for the period	-	-	-	944	944
Balance at 30 June 2011	26	499,997	2	26,964	526,989
Balance at 1 January 2010	26	499,997	2	24,736	524,761
Profit for the period	-	-	-	714	714
Balance at 30 June 2010	26	499,997	2	25,450	525,475

The notes on pages 10 - 14 form an integral part of the financial statements.

J.P. MORGAN STRUCTURED PRODUCTS B.V.
Cash flow statement for the period ended 30 June 2011

		Unaudited 30 June 2011 \$'000	Unaudited 30 June 2010 \$'000
	Notes		
Cash flow from operating activities			
Profit before income tax		1,526	962
Income tax paid		(647)	(1,699)
Interest income	11	(380)	(501)
Foreign exchange on operating activities		(1,282)	(155)
		(783)	(1,393)
Changes in working capital			
Financial assets held for trading		(5,956,980)	29,122,588
Trade and other receivables		(30,453)	26,103
Financial liabilities designated at fair value through profit or loss		5,956,980	(29,122,588)
Trade and other payables		(4,649)	(6,312)
Net cash (used in)/ generated from operating activities		(35,885)	18,398
Cash flow from investing activities			
Interest income	11	380	501
Net cash generated from investing activities		380	501
Net (decrease)/ increase in cash and cash equivalents		(35,505)	18,899
Cash and cash equivalents at the beginning of the period		566,626	525,627
Effect of realised exchange rate changes on cash and cash equivalents		1,282	155
Cash and cash equivalents at the end of the period	6	532,403	544,681

The notes on pages 10 - 14 form an integral part of the financial statements.

J.P. MORGAN STRUCTURED PRODUCTS B.V.

Notes to the financial statements for the period ended 30 June 2011

1. General information

J.P. Morgan Structured Products B.V. (the "Company"), Amsterdam, was incorporated on 6 November 2006 as a private company with limited liability under the laws of the Netherlands. These financial statements reflect the operations of the Company during the period from 1 January 2011 to 30 June 2011. The interim financial statements have neither been audited nor reviewed by the external auditors.

The Company's main activity is the issuance of securitised derivatives comprising certificates, warrants and notes including equity linked, reverse convertible and market participation notes, and the subsequent hedging of those risk positions.

2. Basis of preparation

The condensed interim financial information for the six month period ended 30 June 2011 has been prepared in accordance with IAS 34, 'Interim financial reporting'. The condensed interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2010, which have been prepared in accordance with International Financial Reporting Standards.

3. Accounting Policies

The interim financial statements have been prepared on the going concern basis and under the historical cost convention as modified by the revaluation of certain financial instruments. The interim financial statements have also been prepared using accounting policies consistent with those adopted by the Company in its annual financial statements for the year ended 31 December 2010.

4. Financial assets held for trading

	Unaudited 30 June 2011 \$'000	31 December 2010 \$'000
Financial assets held for trading	33,086,587	27,129,607

All financial assets held for trading are with other Group undertakings.

Included within financial assets held for trading are financial instruments for which fair values are derived in whole or in part from appropriate pricing or valuation techniques that are not based on directly observable market transactions. The directors consider that the Company is perfectly hedged and that there would be no impact due to movements in the fair value of the financial assets held for trading to the results of the Company.

5. Trade and other receivables

	Unaudited 30 June 2011 \$'000	31 December 2010 \$'000
Amounts owed by Group undertakings	34,170	3,717

J.P. MORGAN STRUCTURED PRODUCTS B.V.

Notes to the financial statements for the period ended 30 June 2011 (continued)

6. Cash and cash equivalents

	Unaudited 30 June 2011 \$'000	31 December 2010 \$'000
Cash placed with Group undertakings	540,716	614,895
Balances with third party	26,762	129
Cash and cash equivalents	567,478	615,024
Balances due to Group undertakings	(33,075)	(24,314)
Balances due to third parties	(2,000)	(24,084)
	532,403	566,626

7. Financial liabilities designated at fair value through profit or loss

	Unaudited 30 June 2011 \$'000	31 December 2010 \$'000
Financial liabilities designated at fair value through profit or loss	33,086,587	27,129,607

Included within financial liabilities designated at fair value through profit or loss are financial instruments for which fair values are derived in whole or in part from appropriate pricing or valuation techniques that are not based on directly observable market transactions. The directors consider that the Company is perfectly hedged and that there would be no impact due to movement in the fair value of the financial liabilities held for trading to the results of the Company.

For financial liabilities designated at fair value through profit or loss there is no difference between the carrying value and the amount required to pay at maturity to the holder of the obligation.

8. Trade and other payables

	Unaudited 30 June 2011 \$'000	31 December 2010 \$'000
Trade creditors	39,151	44,243
Amounts owed to Group undertakings	969	526
	40,120	44,769

J.P. MORGAN STRUCTURED PRODUCTS B.V.

Notes to the financial statements for the period ended 30 June 2011 (continued)

9. Share capital

	Unaudited 30 June 2011 '000	31 December 2010 '000
Authorised share capital		
90,000 Ordinary shares of €1.00 each	€ 90	€ 90
Issued and fully paid share capital		
20,000 Ordinary shares of €1.00 each	\$ 26	\$ 26

In accordance with the requirements of Article 373 Book 2 of the Dutch Civil Code, the Company holds an amount of \$2,000 in a legal reserve in respect of revaluation of Euro denominated share capital.

10. Fee and commission

All fee and commission income is receivable from other Group undertakings.

All fee and commission expense are paid by other Group undertakings and reimbursed by the Company.

11. Interest and similar income

	Unaudited 30 June 2011 \$'000	Unaudited 30 June 2010 \$'000
Interest and similar income	380	501

All interest income is receivable from other Group undertakings.

12. Current income tax

	Unaudited 30 June 2011 \$'000	Unaudited 30 June 2010 \$'000
Income tax expense:		
Current tax	582	248
Tax on profit on ordinary activities	582	248
Profit for the year before tax	1,526	962
Tax calculated at applicable tax rates	582	248
Income tax expense	582	248

J.P. MORGAN STRUCTURED PRODUCTS B.V.

Notes to the financial statements for the period ended 30 June 2011 (continued)

13. Related party transactions

Related parties comprise:

(a) Directors and shareholders of the Company and companies in which they have an ownership interest;

(b) Group undertakings of the Company.

The Company's parent undertaking is detailed in note 14. There were no transactions with the parent undertaking during the period.

Related party transactions, outstanding balances at period end, and income and expenses for the period, relating to normal business activities are as follows:

(i) Outstanding balances at period end

	Unaudited Directors 30 June 2011 \$'000	Unaudited JPMorgan Chase group undertakings 30 June 2011 \$'000	Unaudited Directors 31 December 2010 \$'000	Unaudited JPMorgan Chase group undertakings 31 December 2010 \$'000
Financial assets held for trading	-	33,086,587	-	27,129,607
Trade and other receivables	-	34,170	-	3,717
Cash and cash equivalents	-	540,716	-	614,895
Bank overdraft	-	(33,075)	-	(24,314)
Trade and other payables	-	(969)	-	(526)

(ii) Income and expenses

	Unaudited Directors 30 June 2011 \$'000	Unaudited JPMorgan Chase group undertakings 30 June 2011 \$'000	Unaudited Directors 30 June 2010 \$'000	Unaudited JPMorgan Chase group undertakings 30 June 2010 \$'000
Fees and commission income	-	4,994	-	4,431
Fees and commission expense	-	(2,806)	-	(3,807)
Administrative expenses	(2,324)	-	(1,586)	-
Interest income	-	380	-	501

There was no remuneration paid to the directors of the Company.

Included within administration expenses was \$2,323,970 (2010: \$1,585,906) charged by Equity Trust Co. N.V., which share the following director with the Company:

J.C.W. van Burg

The Company had no employees, at any time during the period.

J.P. MORGAN STRUCTURED PRODUCTS B.V.

Notes to the financial statements for the period ended 30 June 2011 (continued)

14. Parent undertaking

The Company's immediate parent undertaking is J.P. Morgan International Finance Limited which is incorporated in the state of Delaware in the United States of America.

The Company's ultimate parent undertaking and the parent undertaking of the largest group in which the results of the Company are consolidated, is JPMorgan Chase & Co., which is also incorporated in the state of Delaware in the United States of America.

The parent undertaking of the smallest group in which the Company's results are consolidated is J.P. Morgan International Finance Limited.

The largest and the smallest groups' consolidated financial statements can be obtained from:

The Company Secretary
125 London Wall
EC2Y 5AJ
London