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Burford Treasury Limited

(formerly Sharkgrove Limited)

Directors' report and financial statements

30 June 2001

Registered number 04191021



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Burford Treasury Limited (formerly Sharkgrove Limited)

Directors' report

The directors present their report and the audited financial statements for the period ended 30 June 2001.

Principal activity and business review

The company was incorporated on 30 March 2001 and commenced trading on 19 June 2001. Its principal activity is managing the group treasury function. The company name was changed from Sharkgrove Limited to Burford Treasury Limited on 3 May 2001.

Results and dividends

The profit for the period of £521 has been transferred to reserves. No dividends were paid during the period.

Directors and directors' interest

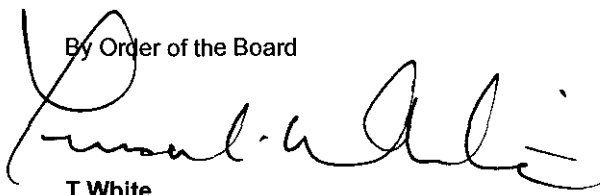
The directors who held office during the period were as follows:

ME Richards	Appointed 30 March 2001	Resigned 2 May 2001
RM Layton	Appointed 30 March 2001	Resigned 2 May 2001
J Gleek	Appointed 2 May 2001	
RJ Anderson	Appointed 2 May 2001	

None of the directors had any interests in the share capital of the company.

The directors' interest in the shares of the company's intermediate holding company, Burford Holdings Limited, are disclosed in the accounts of that company.

By Order of the Board



T White
Secretary

20 Thayer Street
London
W1U 2DD

23 July 2002

Burford Treasury Limited (formerly Sharkgrove Limited)

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and which enable them to ensure that the financial statements comply with the Companies Act 1985. They also have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The above statement should be read in conjunction with the statement of auditors' responsibilities, set out in the audit report on page 3.

kpmg

KPMG Audit Plc
PO Box 695
8 Salisbury Square
London EC4Y 8BB
United Kingdom

**Independent auditors' report to the members of Burford Treasury Limited
(formerly Sharkgrove Limited)**

We have audited the financial statements on pages 4 to 8.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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 with the company is not disclosed.

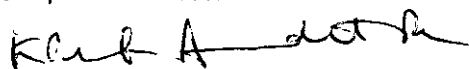
Basis of audit opinion

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 the company's affairs as at 30 June 2001, and of its profit for the period ended and have been properly prepared in accordance with the Companies Act 1985.



KPMG Audit Plc
Chartered Accountants
Registered Auditor

23 July 2002

Burford Treasury Limited (formerly Sharkgrove Limited)

Profit and loss account

for the period ended 30 June 2001

	<i>Note</i>	Period to 30 June 2001 £
Interest receivable		<u>744</u>
Profit on ordinary activities before taxation	2	744
Taxation	4	<u>(223)</u>
Retained profit for the period	10	<u>521</u>

All activities are continuing.

There is no material difference between the results disclosed in the profit and loss account and the results on a historical cost basis.

There were no recognised gains and losses other than those reported above.

Burford Treasury Limited (formerly Sharkgrove Limited)

Balance sheet

at 30 June 2001

	Note	30 June 2001 £
Current assets		
Debtors	5	759
Cash		2,668,863
		<u>2,669,622</u>
Creditors: amounts falling due within one year	6	<u>(223)</u>
Net current assets		<u>2,669,399</u>
Total assets less current liabilities		<u>2,669,399</u>
Creditors: amounts falling due after more than one year	7	<u>(2,668,877)</u>
Net assets		<u>522</u>
Capital and reserves		
Called up share capital	8	1
Profit and loss account	9	521
		<u>522</u>
Equity shareholders' funds	10	<u>522</u>

These financial statements were approved by the board of directors on 23 July 2002 and were signed on its behalf by:


J Gleek
Director

Burford Treasury Limited (formerly Sharkgrove Limited)

Notes to the Accounts

(forming part of the financial statements)

1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards, and under the historical cost accounting rules, modified to include the revaluation of investment properties.

Cash flow statement

The cash flow statement included in the consolidated financial statements of the intermediate holding company, Burford Holdings Limited complies with the conditions of Financial Reporting Standard No.1 (revised 1996) 'Cash flow statements' (FRS1). The company therefore is exempt under FRS1 from the requirement to prepare a separate cash flow statement.

Related party transactions

As the company is a wholly owned subsidiary of Lehman Brothers Holdings Inc., it has taken advantage of the exemption contained in FRS8 and has therefore not disclosed transactions or balances which form part of the group (or investees of the group qualifying as related parties).

2. Profit on ordinary activities before taxation

The auditors' remuneration was borne by a fellow subsidiary, Burford Group Limited.

3. Staff numbers and costs

Other than the directors, the company had employed no staff during the period.

No director received any remuneration for their services as directors of the company during the period.

4. Taxation

	Period to 30 June 2001 £
UK corporation tax at 30% on the profit on ordinary activities	223

Burford Treasury Limited (formerly Sharkgrove Limited)

Notes continued

5. Debtors

	30 June 2001 £
Accrued income	<u>759</u>

All debtors are due within one year.

6. Creditors: amounts falling due within one year

	30 June 2001 £
Corporation tax	<u>223</u>

7. Creditors: amounts falling due after more than one year

	30 June 2001 £000
Amounts owed to group undertakings	<u>2,668,877</u>

8. Called up share capital

	30 June 2001 £
Authorised	
100 Ordinary shares of £1 each	<u>100</u>
Allotted, called up and fully paid	
1 Ordinary share of £1	<u>1</u>

During the period 1 ordinary share was issued at par for cash consideration, settled via the intercompany account.

Burford Treasury Limited (formerly Sharkgrove Limited)

Notes continued

9. Reserves

	Profit and loss account £
Retained profit for the financial period	521
At 30 June 2001	521

10. Reconciliation of movements in shareholders' funds

	30 June 2001 £
Issue of ordinary shares	1
Profit for the financial period	521
Net increase in shareholders' funds	522
Closing shareholders' funds	522

11. Ultimate holding company

The company's ultimate holding company is Lehman Brothers Holdings Inc., a company incorporated in the state of Delaware in the USA.

The largest group in which the results of the company are consolidated is that headed by Lehman Brothers Holdings Inc. The smallest group in which they are consolidated is that headed by Burford Holdings Limited, a company registered in England and Wales.

The consolidated accounts of the ultimate holding company are available to the public from 399, Park Avenue, New York, USA and from One Broadgate, London.