

Burford Treasury Limited

Directors' report and financial statements

30 November 2005

Registered number 04191021



Burford Treasury Limited

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Burford Treasury Limited

Directors' report

The directors present their report and the audited financial statements for the year ended 30 November 2005.

Principal activity and business review

The company's principal activity is managing the group treasury function.

Results and dividends

The profit for the year of £520,000 (year ended Nov 2004: loss £111,000) has been transferred to reserves. The directors do not recommend a dividend for the year (year ended Nov 2004: £nil).

Directors and directors' interest

The directors who held office throughout the year and subsequently were as follows:

J Gleek	
RJ Anderson	
B Porter	Appointed 31 July 2006

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

The directors' interests in the shares of an intermediate holding company, Thayer Properties Limited, are disclosed in the financial statements of that company.

By Order of the Board



PAM Nicholson
Secretary

20 Thayer Street
London
W1U 2DD

22 September 2006

Burford Treasury Limited

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year 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 year.

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

We have audited the financial statements on pages 4 to 9.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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 November 2005 and of its profit for the year ended and have been properly prepared in accordance with the Companies Act 1985.



KPMG Audit Plc
Chartered Accountants
Registered Auditor

27 September 2006

Burford Treasury Limited

Profit and loss account

for the year ended 30 November 2005

	Note	Year ended 30 Nov 2005 £000	Year ended 30 Nov 2004 £000
Interest receivable		601	23
Interest payable and similar charges	2	(81)	(134)
Profit / (loss) on ordinary activities before taxation	3	520	(111)
Taxation	5	-	-
Profit / (loss) for the financial year	11	520	(111)

The notes on pages 6 to 9 form part of these financial statements.

All activities derive from continuing operations.

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

Balance sheet

at 30 November 2005

	Note	30 Nov 2005 £000	30 Nov 2004 £000
Current assets			
Debtors: amounts falling due after more than one year	6	-	1,028
Debtors: amounts falling due within one year	7	5,894	53
Cash at bank and in hand		10,581	-
		<u>16,475</u>	<u>1,081</u>
Creditors: amounts falling due within one year	8	<u>-</u>	<u>(1,353)</u>
Net current assets / (liabilities)		16,475	(272)
Creditors: amounts falling due after more than one year	9	<u>(16,227)</u>	<u>-</u>
Net assets / (liabilities)		<u>248</u>	<u>(272)</u>
Capital and reserves			
Called up share capital	10	-	-
Profit and loss account	11	<u>248</u>	<u>(272)</u>
Equity shareholders' funds / (deficit)	12	<u>248</u>	<u>(272)</u>

The notes on pages 6 to 9 form part of these financial statements.

These financial statements were approved by the board of directors on ²² September 2006 and were signed on its behalf by:


J Gleek
Director

Burford Treasury Limited

Notes to the Financial Statements

(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 under the historical cost accounting rules and in accordance with applicable accounting standards.

Cash flow statement

The cash flow statement included in the consolidated financial statements of an 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. Interest payable and similar charges

	30 Nov 2005 £000	30 Nov 2004 £000
Finance fees and bank charges	1	10
Bank interest	80	124
	<hr/> 81	<hr/> 134

3. Profit / (loss) on ordinary activities before taxation

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

Burford Treasury Limited

Notes continued

4. Staff numbers and costs

Other than the directors, the company had employed no staff during the current year or the preceding year.

No director received any remuneration for their services as directors of the company during the current year or the preceding year.

5. Taxation

	Year ended 30 Nov 2005 £	Year ended 30 Nov 2004 £
UK corporation tax	-	-

Losses surrendered by other group companies, for no consideration, have eliminated any tax charge that could have arisen in the company.

6. Debtors: amounts due after more than one year

	30 Nov 2005 £000	30 Nov 2004 £000
Amounts due from group undertakings	-	1,028
	-	1,028

7. Debtors: amounts due within one year

	30 Nov 2005 £000	30 Nov 2004 £000
Trade debtors	4	49
Other debtors	5,890	-
Accrued income	-	4
	5,894	53

Burford Treasury Limited

Notes continued

8. Creditors: amounts falling due within one year

	30 Nov 2005 £000	30 Nov 2004 £000
Corporation tax	-	3
Bank overdraft	-	1,350
	-	1,353

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

	30 Nov 2005 £000	30 Nov 2004 £000
Amounts due to group undertakings	16,227	-
	16,227	-

10. Called up share capital

	30 Nov 2005 £	30 Nov 2004 £
Authorised		
100 Ordinary shares of £1 each	100	100
Allotted, called up and fully paid		
1 Ordinary share of £1	1	1

11. Reserves

	Profit and loss account £000
At 1 December 2004	(272)
Profit for the year	520
At 30 November 2005	248

Burford Treasury Limited

Notes continued

12. Reconciliation of movements in shareholders' funds

	30 Nov 2005 £000	30 Nov 2004 £000
Profit / (loss) for year	520	(111)
Net increase / (decrease) in shareholders' funds	520	(111)
Opening shareholders' deficit	(272)	(161)
Closing shareholders' funds / (deficit)	248	(272)

13. 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 financial statements of these companies are available to the public from 745, Seventh Avenue, New York, USA and from 25 Bank Street, London respectively.