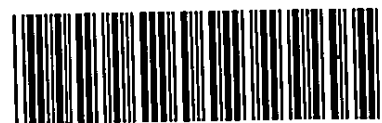


Scalescene Limited

Annual Reports and Financial Statements

For the year ended 30 November 2011

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COMPANIES HOUSE

Scalescene Limited

Registered No 04407300

DIRECTOR

B Porter

AUDITORS

Mercer & Hole
International Press Centre
76 Shoe Lane
London
EC4A 3JB

REGISTERED OFFICE

Lehman Brothers
Level 23
25 Canada Square
London
E14 5LQ

DIRECTOR'S REPORT

The director presents the report and accounts for the year ended 30 November 2011

RESULTS AND DIVIDENDS

The company's profit for the year is set out on page 7 The director does not recommend the payment of a dividend (2010 nil)

PRINCIPAL ACTIVITIES

The principal activity of the company in the year under review continues to be that of investment in property companies

REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

The financial position of the company has been adversely affected by deteriorating market conditions leading to impairments to existing investments as well as the fact that fewer investments remain in the company as they have been sold In August 2012 the company disposed of its investments in Tizian Wohnen 1 and Tizian Wohnen 2 The disposal agreement included the settlement of shareholder loans As a result the necessary provision adjustments on the investments and shareholder loans have been booked this year

The total disposal net proceeds received of €2,681,988 was used to settle in full the existing shareholder loans in each of these entities totalling to €2,493,773 The remaining cash of €188,215 was deemed return on equity

The director will continue to monitor the remaining investments over the next few months and exits will be sought at appropriate times

The ultimate parent undertaking of Scalescene Limited, Lehman Brothers Holdings Inc , incorporated in the State of Delaware in the United States of America, filed for Chapter 11 bankruptcy protection on 15 September 2008 Subsequent to this event, the immediate parent undertaking of Scalescene Limited, Eldon Street Holdings Limited, went into administration on 9 December 2008

Following the events noted above the company no longer has a continuing trade and there are no plans for the company to re-invest in property or joint ventures, accordingly, these financial statements have not been prepared on a going concern basis The impact of this is discussed in note 1 of the financial statements

DIRECTORS

The following director held office from 1 December 2010

B Porter

DIRECTOR'S REPORT

DIRECTOR'S AND OFFICERS' LIABILITY AND INDEMNITY INSURANCE

A liability and indemnity insurance was maintained for the director and officers of Scalescene Limited throughout the year

DIRECTOR'S STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

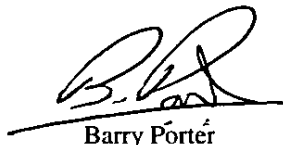
The director who was a member of the board at the time of approving the director's report is listed on page 1. Having made enquiries of the company's auditors, the director confirms that

- to the best of the director's knowledge and belief, there is no information relevant to the preparation of their report of which the company's auditors are unaware, and
- the director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the company's auditors are aware of that information

AUDITORS

The auditors, Mercer & Hole, are deemed to be reappointed under Section 487(2) of the Companies Act 2006

For and on behalf of the board



Barry Porter

Director

Date 31/8/12.

STATEMENT OF DIRECTOR'S RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

The director is responsible for preparing the accounts in accordance with applicable law and regulations

Company law requires the director to prepare accounts for each financial year. Under that law the director has elected to prepare the accounts in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The accounts are required by law to 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 accounts, the director is 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, subject to any material departures disclosed and explained in the accounts, and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business. As explained in note 1, the director does not believe that it is appropriate to prepare these financial statements on a going concern basis.

The director is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable him to ensure that the accounts comply with the Companies Act 2006. He is also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT
to the members of Scalescene Limited

We have audited the financial statements of Scalescene Limited for the year ended 30 November 2011 set out on pages 7 to 17. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditors' 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 director and auditors

As explained more fully in the Director's Responsibilities Statement set out on page 4, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the director, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Director's Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 November 2011 and of its result for the year then ended
- have been properly prepared in accordance with the Companies Act 2006
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice

Opinion on other matter prescribed by the Companies Act 2006


In our opinion the information given in the Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITOR'S REPORT (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of director's remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



**Andrew Crook ACA (Senior Statutory Auditor)
for and on behalf of Mercer & Hole**

31 August 2012

**Chartered Accountants
Statutory Auditor**

International Press Centre
76 Shoe Lane
London
EC4A 3JB

Scalescene Limited

PROFIT AND LOSS ACCOUNT at 30 November 2011

	<i>Notes</i>	2011 £	2010 £
Operating expenses	2	1,159,718	(128,465)
Amounts written off current asset investments	3	<u>(351,386)</u>	<u>(738,707)</u>
OPERATING PROFIT/ (LOSS)		808,332	(867,172)
Interest receivable and similar income	5	<u>116,694</u>	<u>(28,900)</u>
PROFIT/ (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		925,026	(896,072)
Tax on profit/ (loss) on ordinary activities	6	<u>677,169</u>	<u>8,092</u>
PROFIT/ (LOSS) FOR THE FINANCIAL YEAR		<u>1,602,195</u>	<u>(887,980)</u>

All activities have been discontinued

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES for the year ended 30 November 2011

	2011 £	2010 £
Profit/ (Loss) for the financial year	1,602,195	(887,980)
Exchange difference arising on translation of investments	2,049	88,853
Exchange gain on foreign currency borrowings	<u>(2,049)</u>	<u>(88,853)</u>
Total recognised gains and losses relating to the year	<u>1,602,194</u>	<u>(887,980)</u>
Prior year adjustment	-	(79,858)
Total gains & losses recognised since last report	<u>1,602,195</u>	<u>(967,838)</u>

Scalescene Limited

BALANCE SHEET at 30 November 2011

	<i>Notes</i>	<i>2011</i> £	<i>2010</i> £
CURRENT ASSETS			
Investments	7	165,950	506,474
Debtors	8	2,637,833	1,055,519
Cash at bank		647,969	84,653
CREDITORS: amounts falling due within one year	9	<u>(368,129)</u>	<u>(165,218)</u>
NET CURRENT ASSETS		<u>3,083,623</u>	<u>1,481,428</u>
NET ASSETS		<u>3,083,623</u>	<u>1,481,428</u>
CAPITAL AND RESERVES			
Called up share capital	10	1	1
Profit and loss account	11	<u>3,083,622</u>	<u>1,481,427</u>
SHAREHOLDERS' FUNDS	11	<u>3,083,623</u>	<u>1,481,428</u>

The notes on pages 10 to 17 form part of the financial statements

These financial statements were approved by the director on 31 Aug 2012 and were signed on its behalf by



Barry Porter

Director

Registered No 04407300

Scalescene Limited

CASHFLOW STATEMENT for the year ended 30 November 2011

	<i>Notes</i>	<i>2011</i> £	<i>2010</i> £
Net cash outflow from operating activities	12	(42,057)	-
Returns on investment and servicing of finance		-	-
Taxation			
Tax Refund		<u>585,836</u>	<u>-</u>
Net cash inflow before management of liquid resources and financing		543,779	-
Financing			
Dividends Received		<u>19,537</u>	<u>-</u>
Increase in cash in the year	13	<u>563,316</u>	<u>-</u>

Scalescene Limited

NOTES TO THE ACCOUNTS

at 30 November 2011

1. ACCOUNTING POLICIES

Accounting Convention

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards

The director has considered the factors discussed in the Director's report and the lack of a continuing trade in the company and have resolved that they do not consider the company to be a going concern. These accounts have therefore been prepared on a break-up basis. Fixed asset investments have been reclassified to current asset investments and estimated costs of closure have been accrued for.

Foreign Currency

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

Where the company has used foreign currency borrowings to finance its foreign equity investments denominated in the same currency, it retranslates the carrying value of its investments at the rate ruling at the balance sheet date, in accordance with paragraph 51 of SSAP 20. All differences arising are taken to reserves and offset against the exchange gains or losses arising on the associated foreign currency borrowings which are also treated as reserves movements.

All other exchange movements have been taken through the profit and loss account.

Current Asset Investments

Unlisted investments are stated at historic cost unless in the opinion of the director there has been impairment in value in which case an appropriate adjustment is made.

2. OPERATING EXPENSES

	2011 £	2010 £
Foreign exchange on impairment of investments	37,451	241,402
Foreign exchange gain on translation of investments	(39,501)	(152,549)
Provision write-back against shareholder loan amount due from Tizian Wohnen I GmbH	(780,483)	-
Provision write-back against shareholder loan amount due from Tizian Wohnen I GmbH	(302,189)	-
Legal expenses	43,425	-
Late filing fees	1,500	-
Provision against amounts receivable from Eldon Street Holdings Limited	(119,921)	39,612
	<u>(1,159,718)</u>	<u>128,465</u>

During the year, Scalescene Limited provided against the amount receivable from its immediate parent company as described above. A reversal of a prior period interest accrual has resulted in a net write-back of the provision against the balance receivable. It is the director's opinion that the recovery of these balances is not sufficiently certain due to the factors discussed in the Director's Report.

Auditors' remuneration for the current year and prior year in respect of audit services was borne by the immediate parent company.

Scalescene Limited had no employees during the year (2010 – none)

Scalescene Limited

NOTES TO THE ACCOUNTS at 30 November 2011

3. AMOUNTS WRITTEN OFF CURRENT ASSET INVESTMENTS

	2011 £	2010 £
Impairment against investment in Solaris S R L	-	457,005
Impairment against investment in Royal Building S R L	-	281,702
Impairment against investment in Tizian Wohnen 1 GmbH	271,141	-
Impairment against investment in Tizian Wohnen 2 GmbH	80,245	-
	<u>351,386</u>	<u>738,707</u>

During the prior year, Scalescene Limited provided for investments as described above. It is the director's opinion that the recovery of these balances is not sufficiently certain due to the factors discussed in the Director's Report.

4. DIRECTOR'S EMOLUMENTS

The director serving during the year was remunerated by Lehman Brothers Limited both in 2011 and 2010.

5. INTEREST RECEIVABLE & SIMILAR INCOME

	2011 £	2010 £
Interest receivable from immediate parent company	(119,921)	39,612
Other interest receivable	207,654	-
Dividend Received	19,537	-
Foreign exchange gain/ (loss)	<u>9,424</u>	<u>(68,512)</u>
	<u>116,694</u>	<u>(28,900)</u>

Scalescene Limited

NOTES TO THE ACCOUNTS at 30 November 2011

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

	2011	2010
	£	£
a) Tax on profit/ (loss) on ordinary activities		
UK corporation tax	319,734	(8,092)
Adjustments in respect of prior periods	(996,901)	-
Total current tax	<u>(677,167)</u>	<u>(8,092)</u>

b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the current year is not at the standard rate of corporation tax in the UK of 26% (2010 - 28%). The differences are explained below

Profit/ (loss) on ordinary activities before tax	<u>925,026</u>	<u>(896,072)</u>
Profit/ (loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 26% (2009 - 28%)	240,507	(250,900)
Effects of		
Impact of tax rate change from 28% to 26% as at 1 April 2011	6,133	-
Non-deductible expenses	115,652	285,522
Non-assessable income	(47,716)	(42,714)
Chargeable gains	5,156	-
Prior period adjustments		
Receipt in respect of losses surrendered in prior periods	(1,633,991)	-
Payments made in respect of group relief received in prior periods	805,399	-
Reversal of 2008 profits	(124,087)	-
Reversal of 2009 profits	(44,222)	-
Current tax credit for the year	<u>(677,169)</u>	<u>(8,092)</u>

(c) Factors affecting future tax charges

The reduction in the UK corporation tax rate from 28% to 26% was substantively enacted in March 2011 and is effective from 1 April 2011. A further reduction from 26% to 24% was substantively enacted in March 2012 and will be effective from 1 April 2012. In addition, the Government announced its intention to further reduce the UK corporation tax rate from 23% from 1 April 2013 and to 22% from 1 April 2014.

7. CURRENT ASSET INVESTMENTS

Cost:	£
At 1 December 2010	3,159,038
Exchange movement	39,501
Cost at 30 November 2011	<u>3,198,539</u>

Impairment:

Scalescene Limited

NOTES TO THE ACCOUNTS at 30 November 2011

At 1 December 2010	(2,652,564)
Impairment	(342,574)
Exchange movement	(37,451)
Impairment at 30 November 2011	<u>(3,032,589)</u>
Net carrying amount as at 30 November 2011	<u>165,950</u>
Net carrying amount as at 30 November 2010	<u>506,475</u>

In the director's opinion, the values of the current asset investments are not less than the amounts at which they are stated in the accounts

Royal Building S R L was placed into liquidation during the year

<i>Name of company</i>	<i>Description of shares held by company</i>	<i>Proportion of nominal value and voting rights of shares held</i>	<i>Principal business</i>
Hellas S R L (in liquidation)	Ordinary	45%	Real Estate development
Solaris S R L (in liquidation)	Ordinary	20%	Real Estate development
Royal Building S R L (In liquidation)	Ordinary	29%	Real Estate development
Tizian Wohnen 1 GmbH	Ordinary	21%	Real Estate development
Tizian Wohnen 2 GmbH	Ordinary	21%	Real Estate development

Scalescene Limited

NOTES TO THE ACCOUNTS at 30 November 2011

7. CURRENT ASSET INVESTMENTS (CONTINUED)

The following information is taken from the audited accounts of each of the companies below at 31 December 2010

	Capital and reserves		(Loss) / profit for the period	
	2010	2009	2010	2009
	€	€	€	€
Solaris S R L	(1,032,722)	2,649,030	(3,681,752)	(7,027,647)
Tizian Wohnen I GmbH	1,561,685	1,942,394	(382,236)	(86,434)
Tizian Wohnen 2 GmbH	1,256,511	1,079,477	177,256	131,355

The following information is taken from the audited accounts of the company below at 30 September 2011

	Capital and reserves		Profit for the period	
	2011	2010	2011	2010
	€	€	€	€
Royal Building S R L	1,724,531	1,744,793	(19,766)	(66,497)

No accounts for Hellas S R L have been prepared since the date it went into liquidation

8. DEBTORS

	2011 £	2010 £
Amounts due from Eldon Street Holdings Limited	9,274,498	9,276,851
Provision against amounts due from Eldon Street Holdings Limited	(9,274,498)	(9,276,851)
Subordinated loan due from Tizian Wohnen I GmbH	1,540,849	1,521,820
Provision against subordinated loan due from Tizian Wohnen I GmbH	-	(760,910)
Subordinated loan due from Tizian Wohnen II GmbH	596,589	589,221
Provision against subordinated loan due from Tizian Wohnen II GmbH	-	(294,612)
Other Debtors	500,395	-
	<u>2,637,833</u>	<u>1,055,519</u>

All above loans are considered to be repayable on demand

Interest on loans made to Eldon Street Holdings Limited ceased from 8 December 2008. Following the announcement of this entity going into administration on the 8 December 2008, the director resolved to provide in full for the amount owed as it existed. During the year interest accrued post that date has been reversed in the current year.

Interest on loans made to Tizian Wohnen I GmbH ceased from January 2008.

Interest on loans made to Tizian Wohnen II GmbH ceased from January 2008.

Scalescene Limited

NOTES TO THE ACCOUNTS at 30 November 2011

9. CREDITORS: AMOUNTS FALLING DUE IN LESS THAN ONE YEAR

	2011 £	2010 £
Accruals and deferred income	5,000	5,000
Corporation tax creditor	311,642	160,218
Amounts due to group undertakings	51,487	-
	<u>368,129</u>	<u>165,218</u>

During the year, the company took advantage of group losses available from Eldon Street Holdings Limited for the amount of £41,440 and Thayer Properties Limited for the amount of £10,047. The amounts due to the above named companies are repayable on demand have been included in amounts due to group undertakings. No interest is charged on these balances.

10. SHARE CAPITAL

	2011 £	2010 £
<i>Allotted, called up and unpaid</i>		
1 Ordinary share of £1	1	1
	<u>1</u>	<u>1</u>

11. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

	Share Capital £	Profit and loss account £	Total Shareholders' funds £
At 30 November 2009 as restated	1	2,369,407	2,369,408
Exchange gain on foreign currency borrowings	-	88,853	88,853
Exchange differences arising on the translation of investments	-	(88,853)	(88,853)
Loss for the year	-	(887,980)	(887,980)
At 30 November 2010	<u>1</u>	<u>1,481,427</u>	<u>1,481,428</u>
At 30 November 2010	1	1,481,427	1,481,428
Exchange gain on foreign currency borrowings		2,049	2,049
Exchange differences arising on the translation of investments		(2,049)	(2,049)
Profit for the year	-	1,602,195	1,602,195
At 30 November 2011	<u>1</u>	<u>3,083,622</u>	<u>3,083,623</u>

Scalescene Limited

NOTES TO THE ACCOUNTS at 30 November 2011

12. CASH FLOW FROM OPERATING ACTIVITIES

	<i>2011</i> £	<i>2010</i> £
Reconciliation of operating profit/ (loss) to net cash outflow from operating activities		
Operating profit/ (loss)	81,330	(867,172)
Decrease in current asset investments	-	813,803
Decrease in debtors	-	76,161
Decrease in creditors	-	(8,470)
Non cash movement	(123,387)	(14,322)
Total net cash flow from operating activities	<u>(42,057)</u>	<u>-</u>

13. ANALYSIS OF NET FUNDS

	<i>At 1 December</i> <i>2010</i> £	<i>Cash flows</i> £	<i>At 30</i> <i>November</i> <i>2011</i> £
Cash at bank and in hand	<u>84,653</u>	<u>563,316</u>	<u>647,969</u>
Net funds carried forward	<u>84,653</u>	<u>563,316</u>	<u>647,969</u>

14. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	<i>2011</i> £	<i>2010</i> £
Increase in cash in the year	563,316	-
Movement in net funds in the year	-	(6,108)
Opening net funds	<u>84,653</u>	<u>90,761</u>
Closing net funds	<u>647,969</u>	<u>84,653</u>

15. CONTINGENT LIABILITIES

The Company is registered with HM Revenue & Customs as a member of the Lehman Brothers Limited group for VAT purposes and as a result, is jointly and severally liable on a continuing basis for amounts owing by other members of the group in respect of unpaid VAT

Scalescene Limited

NOTES TO THE ACCOUNTS at 30 November 2011

16. RELATED PARTY TRANSACTIONS

At the year end, the company has a net balance receivable of £9,324,947 (2010 £9,276,851) from Eldon Street Holdings Limited, the immediate parent company. Movement in the year relates to the reversal of accrued interest of £50,438 and foreign exchange revaluations. Due to the current position of Eldon Street Holdings Limited, the balance receivable has been fully provided against.

At the year end, the company owed a balance of £41,440 (2010 nil) with respect to group losses utilised by Scalescene Limited to Eldon Street Holdings Limited, the immediate parent company in the current year.

At the year end, the company owed a balance of £10,047 (2010 nil) with respect to group losses utilised by Scalescene Limited Thayer Properties Limited, a group undertaking in the current year.

17. ULTIMATE PARENT COMPANY

The immediate parent undertaking of the company is Eldon Street Holdings Limited, which went into administration on 9 December 2008.

The ultimate parent Company is Lehman Brothers Holdings Inc, which is incorporated in the State of Delaware in the United States of America and went into Chapter 11 proceedings on 15 September 2008.

18. POST BALANCE SHEET EVENT

In August 2012 the company disposed of its investments in Tizian Wohnen 1 and Tizian Wohnen 2. The disposal agreement included the settlement of shareholder loans. As a result the necessary provision adjustments on the investments and shareholder loans have been booked this year.

The total disposal net proceeds received of €2,681,988 was used to settle in full the existing shareholder loans in each of these entities totalling to €2,493,773. The remaining cash of €188,215 was deemed return on equity.