

Lehman Brothers ODC 2 Limited

(Formerly Remybay Limited)

Report and Accounts

For the period 25 July 2007 to 30 November 2007
Registration No 6324467

THURSDAY



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COMPANIES HOUSE

Lehman Brothers ODC 2 Limited

Registered No 6324467

Directors

N P Christie

D J Ehrmann

W J Fox

Secretary

Puxon Murray LLP

Auditors

Mercer & Hole

76 Shoe Lane

London EC4A 3JB

Registered Office

C/o Puxon Murray LLP

One Royal Exchange Avenue

London EC3V 3LT

Directors' report

The directors present their first report and accounts for the period 25 July 2007 to 30 November 2007

Lehman Brothers ODC 2 Limited was incorporated on 25 July 2007

The Company changed its name from Remybay Limited on 30 July 2007

Results and dividends

The loss after tax, for the period was \$157,507,000 No final dividend was paid during the period

Principal activities

The principal activity of the company is to hold investments in subsidiary undertakings

Review of business and going concern

The authorised share capital of the company was increased after the year end from \$1,000 to \$1,000,000,000 by creation of 999,999,000 ordinary shares of \$1 each

On 19th December 2007 Lehman Brothers ODC 1 limited subscribed in equity of the company amounting to \$157,500,000

On 15 September 2008, the Company's ultimate parent, Lehman Brothers Holdings Incorporated filed for protection in the United States under Chapter 11 of the U S Bankruptcy code Consequently, there is uncertainty over the company's future developments and its long-term status

The company's subsidiary Lehman Brothers ODC3 Limited filed for liquidation on 5 November 2010

Directors and their interests

The directors during the period and at the date of this report unless otherwise stated, were

N P Christie (appointed 27 July 2010)

D J Ehrmann (appointed 27 July 2010)

M R Fahy (appointed 22 October 2007, resigned 9 March 2009)

W J Fox (appointed 27 July 2010)

A J Rush (appointed 26 July 2007, resigned 27 February 2009)

S J Williams (appointed 26 July 2007, resigned 20 July 2009)

There are no directors' interests requiring disclosure under the Companies Act 1985

Charitable contributions

During the period the company made no charitable contributions

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information

The current directors were appointed several months after the year-end and following an extended period when the company had no directors The current directors had no involvement with the company during the year covered by this report and were not responsible for the activities and operations of the company at that time

Directors' report

Directors Indemnity Insurance

Liability & indemnity insurance for the directors and officers of the company was maintained throughout the year. The liability and indemnity insurance held by the Company's ultimate parent, Lehman Brothers Holding Incorporated was still in place at the date of signing this report.

Auditors

A resolution to appoint Mercer & Hole as the company's auditor will be put to the forthcoming Annual General Meeting.

On behalf of the board

Director



N CHRISTIE

Date

24th November 2010

Statement of directors' responsibilities in respect of the financial statements

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 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, subject to any material departures disclosed and explained in the financial statements,
- 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 to enable them to ensure that the financial statements comply with the Companies Act 1985. They are 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 Lehman Brothers ODC 2 Limited

We have audited the financial statements of Lehman Brothers ODC2 Limited for the period 25 July 2007 to 30 November 2007 set out on pages 7 to 13. 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 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 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 directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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.

Independent auditors' report to the members of Lehman Brothers ODC 2 Limited

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 November 2007 and of its profit for the period then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements

Emphasis Of Matter

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the company's ability to continue as a going concern. The company incurred a loss of \$157,507,000 during the period ended 30 November 2008 and, at that date, the company had net liabilities of \$157,506,999. These conditions, along with the other matters explained in note 1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

Mercer & Hole

Mercer & Hole

Registered auditor

London

Date *25 November 2010*

Profit and loss account

At 30 November 2007

		25 July to 30 November 2007
	Notes	\$000
Operating Profit		
Interest receivable and similar income	2	-
Administrative expenses	2	(7)
Provision against loan due from subsidiary undertaking	2	(157,500)
Loss on Ordinary activities before taxation		(157,507)
Tax on profit on ordinary activities	3	-
Loss on ordinary activities after taxation		(157,507)

There are no recognised gains or losses, other than the loss of \$157,507,000 attributable to the shareholders of the company for the year ended 30 November 2007

Balance sheet

At 30 November 2007

	Notes	2007 \$000
Fixed assets		
Investments in subsidiary undertakings	5	-
Current assets		
Debtors	6	-
		-
Creditors: amounts falling due within one year	7	(157,507)
Net current liabilities		(157,507)
Capital and reserves		
Called up share capital	8	-
Profit and loss account	9	(157,507)
Shareholders' deficit	10	(157,507)

Director

Neil Christie

N CHRISTIE

Date

24th November 2010

Notes to the financial statements

At 30 November 2007

1. Accounting policies

Basis of preparation

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

No cash flow statement has been prepared as there were no cash flows in the year

Going concern

The accounts have been prepared on a going concern basis however, the company has net liabilities. The amount owed (\$157.5m) to the company's main creditor and parent was converted to equity following the year end as described in the director's report. However, the company is dependent on the support of various group companies.

Exemption from preparation of group financial statements

The financial statements present information about the company as an individual undertaking and not about its group. The company and its undertakings comprise a small group. The company has therefore taken advantage of the exemptions provided by section 248 of the Companies Act 1985 not to prepare group accounts.

Functional currency

The company's functional currency is US dollars as the directors consider this to be the most appropriate currency for the company's business.

Investments in subsidiary undertakings

The investments in subsidiary undertakings are carried at historic cost, less any provision for permanent diminution in value.

Any permanent diminution in value of investments is charged to the profit and loss account.

The carrying values of the investments are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

For investments in subsidiary undertakings denominated in currencies other than the functional currency of the company, historical cost is determined with reference to the historical exchange rate at acquisition.

Foreign currency translation

The company's assets and liabilities denominated in foreign currencies are translated into US dollars at rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into dollars at the rates of exchange for the month in which they occur. Any differences arising from translation are dealt with in the profit and loss account. Exchange differences arising on translation of the company's net equity interest in subsidiaries with a functional currency other than dollars are dealt with as movements on reserves.

2. Results and dividends

2007
\$000

Notes to the financial statements

At 30 November 2007

Provision against loan due from subsidiary undertaking	(157,500)
Interest receivable from subsidiary undertaking	332
Provision against interest receivable from subsidiary undertaking	(332)
Administrative expenses	(7)
	<u>(157,507)</u>

The administrative expenses represent fees payable to the company's auditor for the audit of the company's annual accounts

3. Tax on profit on ordinary activities

2007
\$000

(a) Tax on (loss)/profit on ordinary activities

UK corporation tax

Total Tax

-
-

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the current year differs from the standard rate of corporation tax in the UK of 30% (2006- 30%) The differences are reconciled below

Loss on ordinary activities before tax	(157,507)
Loss on ordinary activities multiplied by the standard rate of Corporation tax in the UK of 30%	(47,252)
Non allowable provision	47,250
Group Relief surrendered for nil consideration	2
Current Tax Charge for the year	-

(c) Factors affecting future tax charges

The UK corporation tax rate will decrease from 30% to 28% from 1 April 2008 This rate will affect the amount of future cash payments made by the company

4. Information regarding directors and employees

The directors did not receive any emoluments for services to the company during the period

The company had no employees during the period

Notes to the financial statements

At 30 November 2007

5. Fixed asset investments

The following information as at 30 November 2007 relates to the principal subsidiaries of Lehman Brothers ODC 2, which is registered in England and Wales

	2007 \$
<i>Cost</i>	
At 25 July and 30 November 2007	1
<i>Provision</i>	
At the beginning of the period	-
Movement in provision	1
At the end of the period	1
Net carrying amount at 30 th November 2007	-

<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>
Lehman Brothers ODC 3 Limited	Ordinary	100%	Holding Company

The following information is taken from the subsidiary's unaudited management accounts at 30 November 2007 -

	Lehman Brothers ODC 3 Limited \$000
Capital and Reserves	(1,045)
Loss for the year	(1,045)

Accounts for Lehman Brothers ODC 3 Limited have not been audited and the company is now in liquidation

6. Debtors

	2007 \$000
Amounts due from subsidiary undertakings	157,832
Provision against amounts due from subsidiary undertakings	(157,500)
Provision against interest receivable on amounts due from subsidiary undertakings	(332)
	-

Notes to the financial statements

At 30 November 2007

7. Creditors: amounts falling due within one year

	2007 \$000
Amounts due to parent undertaking	157,500
Accruals	7
	<u>157,507</u>

8. Share capital

	2007 \$000
Authorised 1,000 Ordinary shares of \$1 each	1
	<u>1</u>
	<u>1</u>
	2007 \$
Allotted, called up and fully paid 1 ordinary share of \$1 each	1
	<u>1</u>

During the period the company issued 1 ordinary share at \$1

9. Profit and loss account

	Profit and loss account \$000
At 25 July 2007	-
Loss for the period	(157,507)
At 30 November 2007	<u>(157,507)</u>

Notes to the financial statements

At 30 November 2007

10. Reconciliation of movements in shareholders' funds

	2007 \$000
Shares issued during the period	-
Loss attributable to shareholders of the company	(157,507)
Net movement in shareholders' funds	(157,507)
Opening shareholders' funds	-
Closing shareholders' funds	(157,507)

11. Post balance sheet events

Full details of post balance sheet events are given in the Directors' Report

12. Ultimate parent company

The immediate parent company is Lehman Brothers ODC 1 Limited which is registered and incorporated in England. The ultimate parent company, Lehman Brothers Holdings Inc. is incorporated in the State of Delaware in the United States of America.

13. Related party transactions

At the year end, the company owed a balance of \$157,500,000 to Lehman Brothers ODC 1 Limited, a company related by way of common control. This represented a loan issued in the period.

The company was also owed a balance of \$157,831,745 by Lehman Brothers ODC 3 Limited. This represented a loan issued in the period plus interest accrued. The balance was fully provided for in the period.