

2.24B

The Insolvency Act 1986

Administrator's progress report

Name of Company
J R Crompton Limited

Company number
00058810

In the High Court of Justice, Chancery Division, Manchester (full name of court)

Court case number
1146 of 2006

(a) Insert full name(s) and address(es) of administrator(s)

We (a)
Nicholas James Dargan
Deloitte & Touche LLP
PO Box 810
66 Shoe Lane
London
EC4A 3WA

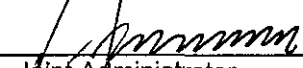
William Kenneth Dawson
Deloitte & Touche LLP
PO Box 500
2 Hardman Street
Manchester
M60 2AT

Administrators of the above company attach a progress report for the period

(b) Insert date

From
(b) 7 August 2006

To
(b) 6 February 2007

Signed	
	Joint Administrator
Dated	1/3/2007

Contact Details:

You do not have to give any contact information in the box opposite but if you do, it will help Companies House to contact you if there is a query on the form.

The contact information that you give will be visible to searchers of the public record

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DX Number

DX Exchange

When you have completed and signed this form, please send it to the Registrar of Companies at:-
Companies House, Crown Way, Cardiff CF14 3UZ DX 33050 Cardiff

FRIDAY



**J R CROMPTON LIMITED
WESTVAN (2001) LIMITED
(BOTH IN ADMINISTRATION) ("the Companies")**

**Court No. 1146 of 2006
Court No. 1155 of 2006**

**SIX MONTHLY PROGRESS REPORT TO CREDITORS PURSUANT TO RULE 2.47 OF
THE INSOLVENCY RULES 1986**

1 MARCH 2007

This progress report has been prepared for the sole purpose of updating the Companies' creditors pursuant to the Insolvency Act 1986. The report is private and confidential and may not be relied upon, referred to, reproduced or quoted from, in whole or in part, by creditors for any purpose other than advising them, or by any other person for any purpose whatsoever.

**Nicholas James Dargan &
William Kenneth Dawson
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ABBREVIATIONS

For the purpose of this report the following abbreviations shall be used:

"Act"	Insolvency Act 1986 (as amended)
"the Administrators"	The Joint Administrators, Nicholas James Dargan and William Kenneth Dawson
"Companies"	JRC and Westvan
"CSP"	Crompton Specialist Papermakers Limited
"Deloitte"	Deloitte & Touche LLP
"the Directors"	The Boards of Directors of the Companies
"DTI"	Department of Trade and Industry
"Glatfelter"	Glatfelter UK Limited
"the Group"	Westvan and its subsidiary companies
"HMRC"	HM Revenue and Customs
"JRC"	J R Crompton Limited
"JRC USA"	J R Crompton (USA) Limited
"the Lenders"	The Companies' Secured lenders
"Rules"	Insolvency Rules 1986
"Schedule B1"	Schedule B1 to the Act
"SIP"	Statement of Insolvency Practice
"TSA"	Transition Services Agreements with the respective purchasers
"Westvan"	Westvan (2001) Limited
"k"	Thousand
"m"	Million

1. BACKGROUND

1.1 Introduction

This progress report has been prepared pursuant to Rule 2.47 of the Rules for the purpose of updating creditors on the progress of the administrations during the 6 month period from 7 August 2006 to 6 February 2007.

The matters dealt with in this report are:

- The Administrators' proposals
- Progress of the administrations
- Estimated outcome and assets that remain to be realised
- Exit routes and other information to assist creditors
- Administrators' fees and expenses

The statutory and other company specific information required to be provided by the Administrators is included at Appendix 1.

2. THE ADMINISTRATORS' PROPOSALS

2.1 Introduction

The Administrators' Proposals as approved at the creditors' meeting on 30 March 2006 and as set out in the Statement of Proposals pursuant to Paragraph 49 of Schedule B1 to the Act dated 13 March 2006 were as follows:

JRC and JRC USA only

1. The Administrators continue to manage the affairs and assets of JRC and JRC USA including the continued trading, the collection of debts, completion of the sales of the business and assets and the settlement of all administration expenses.

Westvan and CSP only

2. In view of the fact that Westvan and CSP have no property, the Administrators may notify the Registrar of Companies to that effect at which time the appointment of the Administrators will cease and three months following that date Westvan and CSP will be deemed to be dissolved.

All of the Companies

3. The Administrators be authorised to agree the claims of the secured, preferential and unsecured creditors against each company unless the Administrators conclude, in their reasonable opinion, that a company will have no assets available for distribution.
4. The Administrators be authorised to distribute funds to the secured and preferential creditors as and when claims are agreed and funds permit and in relation to distributions to unsecured creditors when the Court gives permission.
5. That in the event the creditors of each company so determine, at the meetings of creditors, appoint a Creditors' Committee in each Administration comprising of not more than five and not less than three creditors of each company.
6. That in respect of each company, the Creditors' Committee or if one is not appointed the creditors agree that the Administrators' fees and expenses be fixed by reference to the time given in attending to matters arising in the administrations.
7. The Administrators' fees and expenses in respect of the period both to 28 February 2006 (as set out in Section 5 of the Administrators' Statement of Proposals) and from 1 March 2006 be approved either by:
 - The Secured Lenders only, in the event that there are no funds available for unsecured creditors or there is no Creditors' Committee.
 - Or by the Secured Lenders and a Creditors' Committee, in the event that there are funds available for unsecured creditors and a Creditors' Committee is appointed.
 - Or in the event that there are funds available for unsecured creditors, but that there is no Creditors' Committee, the Administrators be authorised by the unsecured creditors to draw remuneration and expenses on a time cost basis subject to the approval of the Secured Lenders.
8. On completion of the realisation of assets and distribution of funds to creditors, and as quickly and as efficiently as is reasonably practicable, the Administrators implement the most cost effective steps to formally conclude the Administrations.

Creditors committees were not established in relation to any of the Companies. There have been no major amendments or deviations from these proposals.

3. PROGRESS OF THE ADMINISTRATIONS

3.1 JRC

Following the conclusion of the sales of the three mills we have continued to:

- Collect the remaining pre and post appointment debtors.
- Deal with certain separation issues relating to the three mills.
- Finalise all matters relating to the administration trading.

All matters in respect of JRC were unable to be completed by 6 February 2007 and therefore we obtained creditor approval to extend the administration period by up to three months to 6 May 2007. We anticipate closing the administration by this date.

3.2 Westvan

We have been requested by the holder of the Westvan loan notes to hold the Westvan administration open for a further six months, to 7 August 2007, which has been approved by the creditors of Westvan.

3.3 CSP and JRC USA

On 9 January 2007 our notice of moving from Administration to Dissolution was filed for both Companies and we formally ceased to act as Joint Administrators on 12 January 2007 for these two entities.

4. ESTMATED OUTCOME AND ASSETS THAT REMAIN TO BE REALISED

4.1 Administrators' Estimated Outcome for JRC

We summarise below the Administrators' receipts and payments for the 12 months to 6 February 2007 and our overall estimated outcome for creditors for JRC.

£m	Estimated Outcome at 6 Aug 2006	To 6 Feb 2007	Estimated future movements	Estimated Outcome
Receipts				
Sale of Mills	43.0	43.0	-	43.0
Net trading profit	0.5	0.3	-	0.3
Other assets	0.2	1.0	-	1.0
Book debts	10.4	10.5	-	10.5
	54.1	54.8	-	54.8
Payments				
Book debt/haulier release costs	(1.0)	(1.0)	-	(1.0)
Ransom/pre-admin payments	(0.3)	(0.3)	-	(0.3)
Administrators' fees and expenses	(3.2)	(3.3)	(0.1)	(3.4)
Legal fees and expenses	(0.8)	(0.7)	(0.1)	(0.8)
Chattel agent fees and expenses	(0.1)	(0.1)	-	(0.1)
Other costs/working capital adjustment	(0.7)	(0.5)	(0.1)	(0.6)
	(6.0)	(5.9)	(0.3)	(6.2)
Cash available for creditor distributions	48.1	48.9	(0.3)	48.6
Creditor distributions				
Secured Lenders	(48.0)	(47.6)	(0.9)	(48.5)
Preferential creditors	(0.1)	(0.1)	-	(0.1)
	(48.1)	(47.7)	(0.9)	(48.6)
Cash balance/(movement)	-	1.2	(1.2)	-
Summary estimated outcome for secured and preferential creditors				
Secured Lenders (Senior and Mezzanine combined)				
Amount owing				(60.6)
Distributions				48.5
Surplus/(deficit)				(12.1)
Preferential creditors				
Amount owing				(0.1)
Distributions				0.1
Surplus/(deficit)				-

Since our last report the cash available for creditor distributions has improved by £0.5m from £48.1m to £48.6m due to certain refund and other recoveries and exchange rate conversion adjustments.

Further detail in relation to our receipts and payments for the period to 6 February 2007 is included at Appendix 2 and information in relation to the professional costs included in the above summary is included in Section 6.

4.2 Westvan

As we indicated in our previous report, the only assets of value held by Westvan are certain cash balances held as collateral by Westvan for the secured loan notes. No asset

realisations have been or are expected to be made by the Administrators in relation to Westvan.

4.3 Assets that remain to be realised

The only assets that remain to be realised in relation to the Group are a small amount of debtors. It is anticipated that these will be realised within the next few weeks.

4.4 Secured lenders

We have made distributions of £47.6m to the Secured Lenders during the course of the administration. We estimate further distributions to the Lenders of £0.9m which will result in an overall shortfall of £12.1m and no funds being available for unsecured creditors.

4.5 Preferential creditors

Preferential creditors of approximately £90k were agreed and paid in full; there are no amounts outstanding to be paid to preferential creditors.

4.6 Unsecured creditors

Given the level of secured lending in relation to the group and the level of asset realisations, there will not be sufficient funds to enable the payment of a dividend to the Companies' unsecured creditors. Section 176A of the Insolvency Act 1986 (Prescribed Part) Order 2003 applies where a floating charge in respect of a company's assets was registered after 15 September 2003. The security held by the Lenders was registered prior to 15 September 2003 and therefore the prescribed part provisions of the Act do not apply.

5. EXIT ROUTES AND OTHER INFORMATION TO ASSIST CREDITORS

5.1 Exit Routes from Administration

In respect of JRC, the Administrators are finalising all closure matters.

Given that there will not be sufficient funds to enable a distribution to unsecured creditors, we currently envisage that once we have realised the remaining debts, finalised all administration expenses, made our final distribution to the Lenders and complied with any remaining statutory duties, we will take steps to have JRC dissolved.

Due to the position in relation to the Westvan loan notes, the administration has been extended for a period of six months after which the Company will be dissolved.

5.2 EC Regulations

As stated in the Administration Orders in relation to the Companies Council Regulation (EU) No 1346/2000 applies and these are the main proceedings as defined in Article 3(1) of that Regulation.

6. ADMINISTRATOR'S FEES AND EXPENSES

6.1 Administrators' Remuneration and Expenses

At the meetings of creditors held on 30 March 2006, it was resolved that the Administrators' time costs, for the period from 7 February 2006 to 28 February 2006 and any subsequent fees and expenses be approved by either:

1. The Secured Lenders only, in the event that there are no funds available for unsecured creditors or there is no Creditors' Committee.
2. Or by the Secured Lenders and a Creditors' Committee, in the event that there are funds available for unsecured creditors and a Creditors' Committee is appointed.
3. Or in the event that there are funds available for unsecured creditors, but that there is no Creditors' Committee, the Administrators be authorised by the unsecured creditors to draw remuneration and expenses on a time cost basis subject to the approval of the Secured Lenders.

As no Creditor' Committee was appointed and there is no possibility of a dividend to unsecured creditors, the first proposal above has been followed for the purpose of the approval of the Administrators fees and expenses.

In our previous report to creditors we summarised the costs for the periods 7 February 2006 to 31 July 2006. These costs amounted to £2,852,831 and had been approved by the Secured Lenders and paid.

Since then we have incurred £414,053 for the period 1 August 2006 to 31 January 2007 and had these costs approved as below.

Time Period	Amount (£)	Approval
August to September 2006	225,097	By Secured Lenders on 3 November 2006
October to November 2006	124,601	By Secured Lenders on 8 January 2007
December 2006 to January 2007	64,355	Agreed final capped fee of £55,000 on 8 January 2007 by Secured Lenders

The breakdown for the periods above is set out below for information only.

August to September 2006

Classification of work function	Partner	Manager	Assistants / Support Staff	Total Hours	Timecosts (£)	Average Hourly Rate (£)
Administration and Planning	15	78	167	260	50,656	195
Trading/TSA	21	382	46	449	136,890	305
Realisation of assets	2	22	57	81	23,833	293
Creditors	3	38	-	41	13,718	335
Total	41	520	270	831	225,097	271
Timecost (£)	20,265	160,045	44,787			
Average Hourly Rate (£)	494	308	166			

October to November 2006

Classification of work function	Partner	Manager	Assistants / Support Staff	Total Hours	Timecosts (£)	Average Hourly Rate (£)
Administration and Planning	4.0	2.3	59.6	65.9	11,978	182
Investigation	-	4.0	-	4.0	1,860	465
Finalisation of Trading/TSA	20.3	57.0	103.2	180.5	49,224	273
Realisation of assets	-	56.5	31.4	87.9	23,649	269
Creditors	-	26.4	1.0	27.4	8,683	317
VAT	-	40.5	51.0	91.5	29,208	319
Total	24.3	186.7	246.2	457.2	124,601	273
Timecost (£)	11,933	63,292	49,377			
Average Hourly Rate (£)	491	339	201			

December 2006 to January 2007

Classification of work function	Partner	Manager	Assistants / Support Staff	Total Hours	Timecosts (£)	Average Hourly Rate (£)
Administration and Planning	-	13.8	38.2	52.0	12,678	244
Investigation	-	-	-	-	-	n/a
Finalisation of Trading/TSA	-	21.0	35.3	56.3	18,553	330
Realisation of assets	-	4.0	12.5	16.5	4,990	302
Creditors and Employees	-	31.1	33.0	64.1	17,840	278
VAT/Tax	-	14.1	9.0	23.1	10,295	446
Total	-	84.0	128.0	212.0	64,355	304
Timecost (£)	-	36,221	28,135			
Average Hourly Rate (£)	n/a	431	220			

The time costs for December 2006 to January 2007 have been capped at £55,000.

All of these time costs relate to JRC, except for:

- Firstly, a minimal amount relating to the statutory work for Westvan, CSP and JRC USA. These entities were placed into administration to ensure that a sale of the business and assets of JRC could be completed. In this regard, these costs were incurred for the benefit of JRC and in total amount to less than £5,000.
- Secondly, a small amount in relation to obtaining the Westvan extension. These costs, together with the associated legal costs and future costs of keeping Westvan open, have been estimated at £10,000 (including legal costs) and are being covered by Westvan's secured creditor.

The work categorised above includes the following tasks:

- "Administration and Planning" includes strategy and organisation, arranging banking facilities and daily banking, cashiering and voucher preparation, authorisation and processing, insurance and bordereau, standard letters, notices and Directors' questionnaires, compliance, supervision and management of the administration.
- "Investigation" includes a review of the Companies Directors' conduct in accordance with SIP 2 and the submission of a report on the Directors' conduct to the DTI.
- "Trading/Finalisation of Trading/TSA" includes arranging continued supply and undertakings, payroll and staff liaison, mill trading, meetings with Company and staff, cash flow forecasts and monitoring, assisting purchasers with transition

arrangements and all aspects relating to the wind down and closure of the administration trading.

- "Realisation of Assets" includes debtors (review, collection, protocol), dealing with agents, sale of business, securing and reviewing other assets (including cash at bank) and VAT/Taxation.
- "Creditors" include creditors and third parties queries, reservation of title and proprietary creditors, employee issues (redundancy, P45, DTI etc).
- "VAT/Tax" includes work in respect of VAT and Corporation tax returns and dealing with the complex VAT ruling and other arrangements in respect of the transitional services provided to one of the purchasers.

The range of charge out rates for the separate categories of staff (i.e. Partner, Manager and Assistants/Support Staff) are based on our normal charge out rates. The Manager rates include all grades of manager up to Director. The ranges are summarised below:

Grade	Range (£)
Partners	465 - 718
Managers (including directors)	220 - 465
Assistant's and support staff	50 - 250

Disbursements incurred for the period 1 August 2006 to 31 January 2007 total £23,582 and are summarised below.

Disbursement	Amount £
Subsistence	2,632
Travel	2,997
Mileage	13
Third party room hire	3,197
Phone calls	124
Printing	3,295
Bordereau	6,240
Advertising	2,700
Other	2,384
Total	<u>23,582</u>

The Administrators instructed Addleshaw Goddard LLP as their legal advisors. Their time costs and out of pocket expenses for the period 7 August 2006 to 6 February 2007 amounted to £129,536. Breakdowns of these costs have been reviewed by the Administrators, were considered reasonable and have been paid.

STATUTORY INFORMATION IN RESPECT OF THE COMPANIES

	JRC	Westvan
Company name	J R Crompton Limited	Westvan (2001) Limited
Company number	00058810	03945586
Registered office	12 th Floor, Sunlight House Quay Street Manchester M3 3JZ	12 th Floor, Sunlight House Quay Street Manchester M3 3JZ
Court	High Court of Justice Chancery Division Manchester	High Court of Justice Chancery Division Manchester
Court number	1146 of 2006	1155 of 2006
Date of appointment	7 February 2006	7 February 2006
Appointor	High Court of Justice Chancery Division Manchester	The Board of Directors Westvan 2001 Limited 12 th Floor, Sunlight House Quay Street Manchester M3 3JZ

In all cases, for the purposes of paragraph 100(2) of Schedule B1, the Administrators confirm that they are authorised to carry out all functions duties and powers by either of them jointly or severally.

APPENDIX 2

J R Crompton Limited (In Administration) Joint Administrators' Abstract Of Receipts And Payments to 6 February 2007

£	1st 6 months 7 Feb to 6 Aug 2006	2nd 6 months 7 Aug 2006 to 6 Feb 2007	12 months 7 Feb 2006 to 6 Feb 2007
RECEIPTS			
Sales	12,292,849.39	1,166,888.14	13,459,737.53
Sundry Refunds (employee payments)	106,042.47	6,821.69	112,864.16
Contribution to Central Costs (Glatfelter)	484,000.00	142,500.00	626,500.00
SC Management and TS Fee	50,000.00	-	50,000.00
Plant and Machinery	23,004,851.06	-	23,004,851.06
Property and Land	10,750,000.00	-	10,750,000.00
Book Debts	10,293,770.02	135,804.67	10,429,574.69
Stock/WIP	3,000,000.00	1,176.00	3,001,176.00
Intellectual Property	2,146,769.18	-	2,146,769.18
Goodwill	2,048,002.00	-	2,048,002.00
Stock	2,040,059.59	-	2,040,059.59
USA Cash At Bank	290,631.00	-	290,631.00
Pre-appointment Refund	-	269,124.70	269,124.70
Bank Interest Gross	143,361.27	51,341.98	194,703.25
Bad Debt Relief Claim	-	44,856.78	44,856.78
Sundry Receipts	1,000.00	18,824.24	19,824.24
Devon Valley Orchard Costs	10,000.00	-	10,000.00
Customer Contracts and Records	3,000.00	-	3,000.00
Net Currency Gains on Conversion	-	160,487.06	160,487.06
VAT Payable	638,585.18	(638,585.18)	-
	<u>67,302,921.16</u>	<u>1,359,240.08</u>	<u>68,662,161.24</u>
PAYMENTS			
Purchases	(5,221,147.63)	(3,204.79)	(5,224,352.42)
Critical Trading Payments	(52,255.16)	(5,000.00)	(57,255.16)
USA Costs	(134,289.74)	(83.49)	(134,373.23)
ROT Cost of Sales	(1,043,199.13)	(204,707.24)	(1,247,906.37)
Sub Contractors / Temps / Agents	(448,401.57)	(19,447.00)	(467,848.57)
Direct Labour	(2,707,609.04)	(97,406.62)	(2,805,015.66)
Direct Expenses	(11,256.47)	-	(11,256.47)
Consumable Stores	(150,551.43)	(31,058.40)	(181,609.83)
Pre Appt Labour Costs	(191,353.71)	40.00	(191,313.71)
Rents	(59,452.90)	(1,445.52)	(60,898.42)
Rates & Water	-	(2,013.54)	(2,013.54)
Heat & Light	(2,304,120.23)	(83,423.23)	(2,387,543.46)
ENI Minimum Order Quantity	-	(365,667.49)	(365,667.49)
Telephone	(18,134.80)	(922.47)	(19,057.27)
Carriage	(686,070.44)	(12,260.36)	(698,330.80)
Insurance	(497.63)	(280,128.22)	(280,625.85)
Bank Charges	(4,336.39)	-	(4,336.39)
Hire of Equipment	(107,387.62)	(3,941.46)	(111,329.08)
Repairs & Maintenance	(64,454.11)	-	(64,454.11)
Sundry Expenses	(35,395.42)	(11,815.93)	(47,211.35)
Sales Commission	-	(45,638.28)	(45,638.28)
Vehicle Running Costs	(1,599.00)	-	(1,599.00)
Stationery	(790.85)	-	(790.85)
USA Pre Appt Costs	(21,453.82)	-	(21,453.82)
Devon Valley IT Project	(46,816.14)	(11,046.60)	(57,862.74)
S Clough IT (Not recoverable)	(26,646.61)	-	(26,646.61)
Import Duty	(120.79)	(123.88)	(244.67)
Distributions to secured lenders	(45,000,000.00)	(2,600,000.00)	(47,600,000.00)
Property Agents' Fees and Expenses	(26,881.75)	-	(26,881.75)
P&M Agents' Fees	(71,856.64)	-	(71,856.64)
Preparation of S. of A.	(10,000.00)	-	(10,000.00)
Administrators' Fees	(2,573,135.00)	(629,394.00)	(3,202,529.00)
Administrator's Expenses	(100,216.00)	(18,004.00)	(118,220.00)
Legal Fees	(615,004.22)	(121,607.40)	(736,611.62)
Book Debt Realisation Costs	(900,516.23)	(64,943.68)	(965,459.91)
Pre-admin costs under R2.67	(22,165.00)	-	(22,165.00)
Storage Costs	-	(2,253.93)	(2,253.93)
Postage & Redirection	(75.00)	-	(75.00)
Statutory Advertising	(2,221.09)	-	(2,221.09)
Bank Charges	(43,847.33)	(5,773.60)	(49,620.93)
Debit Interest	-	(7.62)	(7.62)
Preferential dividend payments	-	(89,936.48)	(89,936.48)
Proforma VAT	-	(62.48)	(62.48)
Net currency loss	(63,315.50)	63,315.50	-
VAT Receivable	(2,247,145.84)	2,225,606.16	(21,539.68)
	<u>(65,013,720.23)</u>	<u>(2,422,356.05)</u>	<u>(67,436,076.28)</u>
Balance	<u>2,289,200.93</u>	<u>(1,063,115.97)</u>	<u>1,226,084.96</u>