

The Insolvency Act 1986

Administrator's progress reportName of Company
Hemcore LimitedCompany number
02776182In the
High Court of Justice, Chancery Division, Companies
CourtCourt case number
12913 of 2009(a) Insert full name(s) and
address(es) of
administrator(s)

We (a) Ian S Carr of Grant Thornton UK LLP, Byron House, Cambridge Business Park, Cowley Road, Cambridge. CB4 0WZ and John Whitfield of Grant Thornton UK LLP, Enterprise House, 115 Edmund Street, Birmingham. B3 2HJ

administrator(s) of the above company attach a progress report for the period

from

to

(b) Insert dates

(b) 8 April 2009

(b) 8 October 2009

Signed



Joint /Administrator

Dated

12/10/09

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

Ref: JLR/ISC/H00432/7

Jill Rose - Grant Thornton UK LLP

Tel 01223 225600

DX Number

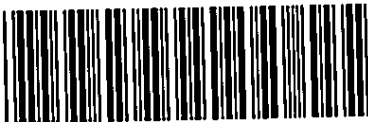
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When you have completed and signed this form please send it to the Registrar of Companies at:

Companies House, Crown Way, Cardiff, CF14 3UZ

DX 33050 Cardiff

WEDNESDAY



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COMPANIES HOUSE

Our Ref jlr/isc/H00432/7

To the Creditors

Recovery and Reorganisation

Grant Thornton UK LLP
Byron House
Cambridge Business Park
Cambridge CB4 0WZ

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12 October 2009

Dear Sirs

**Hemcore Limited - In Administration ("the Company ")
High Court of Justice, Chancery Division, Companies Court 12913 of 2009**

1 INTRODUCTION

- 1.1. Following the appointment of my partner John Whitfield and myself as joint administrators of the above Company by the directors on 8 April 2009, I now report on the progress of the administration to date.
- 1.2. I enclose Form 2.24B together with an account of my receipts and payments (Appendix I) for the period ended 8 October 2009 in accordance with Rule 2.47 of the Insolvency Rules 1986.
- 1.3. In accordance with paragraph 100 (2) of Schedule B1 to the Insolvency Act 1986 the functions of the administrators are to be exercised by any or all of them.

2 STATUTORY INFORMATION

- 2.1. The Company's statutory details are as follows:

registered number 02776182

registered office c/o Grant Thornton UK LLP, Byron House, Cambridge Business Park, Cowley Road, Cambridge. CB4 0WZ

former trading address Unit 1 Halesworth Industrial Estate, Norwich Road, Halesworth. Suffolk

3 SUMMARY OF ADMINISTRATORS' PROPOSALS

3.1. The following proposals were included in my previous report:

- The Administrators to pursue the objective of achieving maximum realisations of the assets of the Company for the benefit of the secured and preferential creditors than would be likely if the Company had been wound up
- The objective will be achieved by the Administrators continuing to manage the business of the Company for so long as they believe appropriate to achieve a more advantageous realisation of assets
- The Administrators will seek to sell the business as a going concern, including the assets subject to fixed charges, but only as agreed between the Administrators and the charge holders, or as ordered by the court
- The Administrators will sell the assets piecemeal if such a going concern sale of the business cannot be achieved at a price superior to break-up values
- The Administrators to continue the Company's defence to any proceedings brought against the Company, so far as they believe appropriate, bearing in mind the need to balance costs of continuing the defence as against the potential detriment to creditors of abandoning the defence
- The Administration will end by the Company going into Creditors Voluntary Liquidation ("CVL"), or if there are no monies for unsecured creditors, by the dissolution of the Company

4 REPORT AND OUTCOME

Back ground to the Administrator's Appointment

- 4.1. Grant Thornton UK LLP (the firm) was first consulted by the directors of the Company, on 27 March 2009 with a view to giving advice on the Company's financial position.
- 4.2. My firm carried out a brief investigation into the Company's financial position and provided verbal advice to the directors.
- 4.3. My conclusions and recommendations in respect of the financial position of the Company following the review can be summarised as follows:
- The Company was unable to pay its debts as and when they fell due and was therefore insolvent
 - In the absence of further funding the appointment of an administrator should be made to protect the business and assets of the Company
 - Having considered all the options the directors decided that the best route for the Company was for it to be placed into administration
 - The objective of the administration is realising property in order to make a distribution to one or more secured or preferential creditors.

5 CONDUCT OF THE ADMINISTRATION

- 5.1. Following my appointment I discussed the trading and financing of the business with the Company's directors, Keith Gilchrist and Rosie Carter along with Andrew Newman from Low Carbon Accelerator Limited ("LCA").
- 5.2. My first priorities were to ensure, as far as possible, that trade continued as normal, to secure the assets of the Company and to assess the likelihood of achieving a trade sale in the short term.
- 5.3. Following a local press release and the sale of business advert in the Financial Times I received calls from 28 interested parties.
- 5.4. I received an offer for the sale of business as a going concern which completed on 19 June 2009.
- 5.5. The Administrators have complied with their statutory duty in the following respect:
 - Reporting to the Department of Business Enterprise and Regulatory Reform ("BERR") on the conduct of the directors (content thereof confidential and cannot be shared with creditors)
 - Reporting to the creditors, court and Registrar of Companies
 - Submission of returns to HM Revenue & Customs

6 ASSETS AND LIABILITIES

Plant and Machinery, chattel assets

- 6.1. Plant & machinery (not subject to a loan agreement and chattel mortgage, see 6.2 below), vehicles, computer equipment and fixtures and fittings were sold as part of the sale of business as identified in point 6.5.
- 6.2. As advised in the proposals the hemp decortification machine is subject to a loan from Barclays Mercantile Business Finance Limited ("BMBF") and chattel mortgage. The decortification machine was subject to a buy back clause with Van Dommele Engineering ("VDE"). It is my understanding that the purchaser has agreed terms and conditions for use of the machine with VDE.

Book Debts

- 6.3. At the date of appointment the Company had trade debtors totalling c£320k. I have realised £295k to date which is higher than estimated in my previous report. A further c£22k is expected from the remaining debtors.

Cash at Bank

- 6.4. In my previous report I showed cash at bank of c£229k transferred to the administration account, which included £36, 229 for pre appointment debtors. For the sake of completeness my receipts and payments account shows the amount of £192,771 as cash at bank with the difference included in pre appointment book debts.

Sale of the Business

- 6.5. A sale of the business completed on 19 June 2009 and was sold as a going concern for £100k.

Secured Creditors

- 6.6. LCA has a fixed and floating charge debenture over all property an assets of the Company in respect of its lending of c £1.7m.
- 6.7. As advised in point 6.2 BMBF has a chattel mortgage over the hemp decortification machine including all its accessories and component parts in respect of its lending of c1.3m Euros.
- 6.8. Harlow Agricultural Merchants Limited ("HAM") has a fixed and floating charge debenture registered against the Company in respect of its lending of c£80k.

Preferential Creditors

- 6.9. There are no preferential claims following the sale of the business as a going concern and the transfer of employees under TUPE.

Unsecured Claims

- 6.10. Unsecured creditor claims have been estimated at c£617k. Claims have not been adjudicated but will be dealt with once the Company has been placed into CVL. The quantum and timing of a distribution cannot be confirmed at the current time.
- 6.11. The prescribed part of the Company's net property under Section 176A of the Insolvency Act 1986, being the amount available for the satisfaction of unsecured liabilities is as follows. The net property is estimated to be c£614k and the prescribed part c£126k. Please note this will be subject to the costs of the administration.

7 ADMINISTRATORS' DISCHARGE FROM LIABILITY

- 7.1. The administrators are seeking discharge from liability.
- 7.2. Please find attached Form 2.25B to consider the following resolution:
- "That the Joint Administrators be released from liability in accordance with paragraph 98 of Schedule B1 to the Insolvency Act 1986 with effect from 14 days after the final progress report is sent to Companies House".
- 7.3. In order to vote please find attached Form 2.25B (Notice of conduct of business by correspondence) which must be returned by 12 noon on 30 October 2009.

8 ADMINISTRATORS REMUNERATION AND DISBURSEMENTS


- 8.1. In accordance with Statement of Insolvency Practice (SIP 9), I attach as Appendix II a summary of my time costs to 8 October 2009 by grade of staff and type of work. This shows total time costs of £133,999, representing 600 hours at an average of £223 per hour. My remuneration will be drawn in accordance with any resolution approved by the charge holders, LCA & HAM. Details of any matters which have had a significant impact on the time costs are included in the appendix, together with details of any disbursements charged during the period under review.
- 8.2. Background information regarding the fees of administrators can be found at <http://www.insolvency-practitioners.org.uk> (navigate via "Technical" to "Creditors Guides to Fees"). Alternatively, I will supply this information by post upon request.

9 CONVERSION TO CREDITORS VOLUNTARY LIQUIDATION (CVL)

- 9.1. I enclose Form 2.34B which provides notice of the move from administration to CVL.

I trust the report provides you with all the information you require. If you require further information, please do not hesitate to contact the case manager, Jill Rose on 01223 225600.

Yours faithfully
for and on behalf of Hemcore Limited



Ian S Carr
Joint Administrator

The affairs, business and property of Hemcore Limited are being managed by Ian Carr and John Whitfield, appointed as joint administrators on 8 April 2009.

Hemcore Limited - In Administration
Joint Administrators' Receipts and Payments Account
For the period 8 April to 8 October 2009

	08-04-09
	to
	08-10-09
	£
Receipts	
Book Debts - Pre Appointment	295,631
Book Debts - Post Appointment	230,117
Cash at bank	192,771
Sale of business	100,000
Contribution to trading	13,855
Miscellaneous refund	100
RPA Subsidy	68,674
Pre appointment VAT refund	8,809
Bank/ISA Interest	222
VAT	21,076
	<hr/>
	931,255

Payments	
Wages & Salaries	42,033
Pension contributions	1,294
PAYE/NIC	16,653
Staff Expenses	1,011
Trade Creditors	63,880
Hire of Equipment	4,090
Repairs & Maintenance	3,752
Property expenses (alarm call outs)	255
Electricity	61,611
Carriage	9,711
Telephone	497
Professional Fees	32,803
Advertising	3,057
Postages	1,405
Rent	32,481
Rates	10,596
Bank charges	35
Insurance	10,367
VAT Receivable	37,243
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	332,774
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Balance In Hand	598,481

Notice of conduct of business by correspondence

Name of Company Hemcore Limited	Company number 02776182
In the High Court of Justice, Chancery Division, Companies Court	Court case number 12913 of 2009

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

Notice is hereby given by (a) Ian Carr of Grant Thornton UK LLP, Byron House, Cambridge Business Park, Cowley Road, Cambridge. CB4 0WZ and John Whitfield of Grant Thornton UK LLP, Enterprise House, 115 Edmund Street, Birmingham. B3 2HJ

(b) Insert full name
and address of
registered office of
the company

to the creditors of (b) Hemcore Limited - In Administration c/o Grant Thornton UK LLP, Byron House, Cambridge Business Park, Cowley Road, Cambridge. CB4 0WZ

(c) Insert number of
resolutions enclosed

Pursuant to paragraph 58 of Schedule B1 to the Insolvency Act 1986, enclosed is (c) **one** resolution for your consideration. Please indicate below whether you are for or against the resolution.

(d) Insert address to
which form is to be
delivered

This form must be received at (d) Grant Thornton UK LLP, Byron House, Cambridge Business Park, Cowley Road, Cambridge. CB4 0WZ

(e) Insert closing
date

by 12.00 hours on (e) 30 October 2009 in order to be counted. It must be accompanied by details in writing of your claim. Failure to do so will lead to your vote(s) being disregarded.

Repeat as necessary
for the number of
resolutions attached

Resolution (1) That the Joint Administrators be released from liability in accordance with paragraph 98 of Schedule B1 to the Insolvency Act 1986 with effect from 14 days after the final progress report is sent to Companies House For / Against

TO BE COMPLETED BY CREDITOR WHEN RETURNING FORM:

Name of
creditor: _____

Signature of
creditor: _____

(If signing on behalf of creditor, state capacity e.g. director/solicitor)

If you require any further details or clarification prior to returning your votes, please contact me / us at the address above.

Signed _____

Joint Administrator

Dated _____

12/10/09

Insolvency period : 8 April 2009 to 8 October 2009

Indand	Partner	Hrs	£	Avg. Hly Rate	Manager	Hrs	£	Avg. Hly Rate	Executive	Hrs	£	Avg. Hly Rate	Administrator	Hrs	£	Avg. Hly Rate	Total
Administration and financial investigations	14.25	5,710.50	400.74	325.87	13.25	4,317.75	325.87	222.48	80.25	17,854.75	222.48	102.60	13,571.35	210.35	41,404.35	196.84	
Realisation of Assets	4.10	1,729.75	395.40	416.67	4.20	1,750.00	416.67	227.57	25.25	5,746.25	227.57	33.45	3,864.00	67.30	13,200.00	196.14	
Valuing	3.30	1,230.00	372.73	343.64	10.00	3,350.00	335.00	221.65	54.50	12,080.00	221.65	1.60	200.00	9.55	1,636.75	171.39	
Total	67.15	26,088.75	388.51	343.09	27.45	9,417.75	343.09	221.57	197.00	41,377.50	221.57	145.65	18,670.35	209.40	47,532.25	228.97	

Total fees billed to date (Time) : £ 0.00

Notes

Administration & financial investigations

Includes case planning, strategy & review insurance, pension matters, dealing with queries/correspondence

Includes dealing with creditor calls, claims & queries

Includes statement of affairs

Realisation of assets

Includes realising the Company's assets / sale of business

Includes day to day trading matters

The hourly rate applied for the administrators and their staff for the period from 8 April 2009 to 8 October 2009

£ per hour

410

275 - 375

235

125 - 135

2,545.70

732.77

54.00

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