

The Insolvency Act 1986

Administrative Receiver's Report

Pursuant to Section 48(1) of the
Insolvency Act 1986 and Rule 3.8(3) of
the Insolvency Rules 1986

To the Registrar of Companies

S.48(1)

For Official Use

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Company Number

02889677

Insert full name of
Company

Name of Company

APW Electronics Group Limited – In Administrative Receivership

Insert full name and
Address

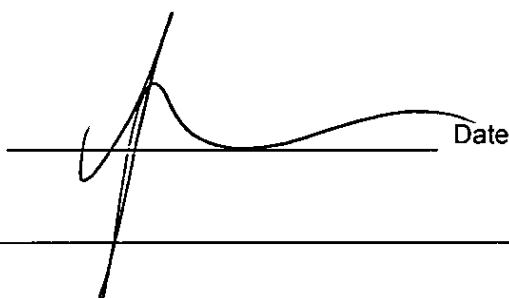
Andrew J Pepper
Kroll Ltd
10 Fleet Place
London
EC4M 7RB

Neil H Cooper
Kroll Ltd
10 Fleet Place
London
EC4M 7RB

Delete as appropriate

Administrative Receivers of the company attach a copy of our report to creditors and a copy of
the statement of affairs of the company

Signed



Date

4 MAY 2007

Presenter's name,
address and reference
(if any)

Andrew J Pepper
Kroll Ltd
10 Fleet Place
London
EC4M 7RB

For Official Use

Insolvency Section

Post Room



A17

COMPANIES HOUSE

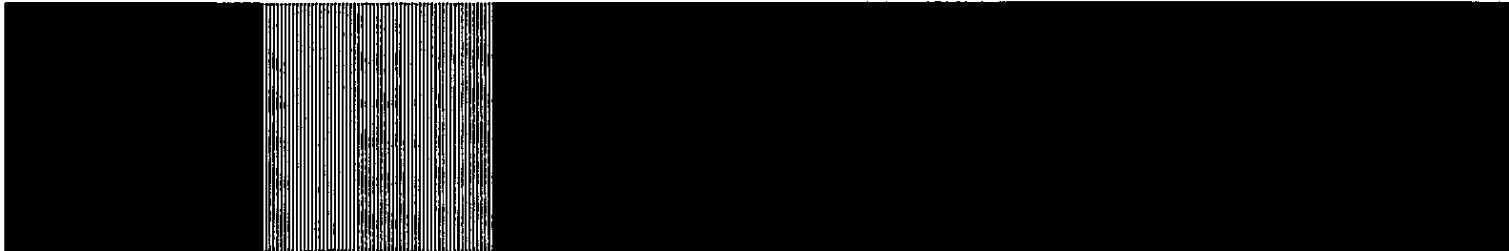
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SATURDAY

**Joint Administrative Receivers'
Section 48 Report to Creditors**

**APW Electronics Group
Limited -
In Administrative Receivership**

4 May 2007



KROLL

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1 Events Leading up to the Appointment of the Administrative Receivers

- 1 1 APW Electronics Group Limited (the **Company**)'s registered number is 02889677 and it was incorporated on 20 January 1994 under the original name of Alderfort Limited. The Company subsequently changed its name to APW Electronics Group on 18 July 2003.
- 1 2 A schedule of statutory information is attached as Appendix A.
- 1 3 The Company is an intermediate holding company with shareholdings in a number of subsidiary enterprises. In addition, the Company employed 24 staff of whom 21 supported the APW Group's wider operations over a number of sites and three were responsible for the administration of the APW Electronics Limited Pension Scheme.
- 1 4 The trading address of the Company was Electron Way, Chandler's Ford, Eastleigh, Hants SO53 4ZR.
- 1 5 As an intermediate holding company with no external revenue streams and a number of employees, the Company was wholly reliant upon intercompany funding in order to meet salary costs and creditor commitments. The ultimate parent, APW Limited, indicated to the Company that it was unwilling to provide further funding, and accordingly the Directors considered that the Company would be unable to continue to meet its obligations as they fell due.
- 1 6 The Directors therefore invited the Royal Bank of Scotland plc, acting as Security Trustee on behalf of the secured lenders (together the **Lenders**) to appoint Administrative Receivers to the Company. Andrew J Pepper and Neil H Cooper were appointed as Joint Administrative Receivers on 1 March 2007 under a debenture dated 16 May 2002. Andrew J Pepper is licensed by the Institute of Chartered Accountants in England and Wales and Neil H Cooper is licensed by the Insolvency Practitioners' Association.

2 Receivers' Strategy and Disposal of Assets

- 2 1 Immediately upon appointment, the Joint Administrative Receivers liaised with other entities within the APW Group (the **Group**) and the Trustees of the APW Electronics Limited Pension Scheme (the **Trustees**) and obtained agreement that staffing costs for retained employees would be met by the Group and the Trustees for the duration of their remaining employment with the Company.
- 2 2 Following our review of the business with the Directors, it was apparent that the Group and the Trustees would only provide funding for 20 of the Company's 24 employees.

Accordingly, in the absence of alternative funding, it was necessary for four employees to be made redundant on the date of appointment

2 3 Following consultation with the Trustees and the Group, phased redundancies of another 17 employees have been made. The remaining three employees continue to be funded by the Group

2 4 The Company's principle assets are its shareholdings in a number of subsidiary undertakings, which are outlined in Section 3 below. The Joint Administrative Receivers have therefore initiated a disposal strategy to maximise returns to creditors for these shareholdings

3 Assets Subject to the Fixed Charge

3 1 The Company's fixed charge assets comprise shareholdings in the following entities, comments for which are provided below

Entity Name	Country of Incorporation	Ordinary Shares Held (%)
APW President Systems Limited	India	29.5
APW Electronics Srl	Italy	5
APW Electronics Overseas Investments Limited	UK	100
APW Power Supplies Limited – In Liquidation	UK	40
APW Electronics Limited – In Administrative Receivership and in Liquidation	UK	100

Investment in APW President Systems Limited (President)

3 2 The Company owns a 29.5% equity interest in President, an entity which is incorporated in India. This interest results from a joint venture agreement (JVA) that the Company entered into in 1995.

3 3 The Joint Administrative Receivers, in conjunction with their agents, are managing the marketing and solicitation of offers for the equity stake held in President.

3 4 The sale of these assets is expected to be protracted as the sale is likely to be subject to the provisions of the Security and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997. President is listed on the Bangalore and Pune Stock Exchanges and licensed to trade on the Bombay Stock Exchange. At this stage a number of potential disposal strategies are being considered.

Investment in APW Electronics SrL (SrL)

- 3 5 The Company held a 5% equity stake in SrL, which is an entity incorporated in Italy. Prior to the Joint Administrative Receiver's appointment, an offer for the total equity of SrL was received from an Italian entity.
- 3 6 The remaining shares in SrL were owned by APW Electronics Overseas Investments Limited (**APWEOIL**), which is a 100% subsidiary of the Company. The treatment of the Company's equity holding in APWEOIL is discussed in further detail at Section 3 9 of this report.
- 3 7 The board of APWEOIL accepted the offer from the interested party and sold its 95% equity holding in SrL. This offer valued the Company's 5% equity stake at approximately £41K. The Joint Administrative Receivers considered this offer to be acceptable, given that
- The board of APWEOIL gave the offer its strong recommendation,
 - If the offer was not progressed by the Joint Administrative Receivers, there was a material risk of the Company's equity holding becoming "orphaned", as the disposal would progress with or without the Joint Administrative Receivers' cooperation, given that the Company owned only 5% of the equity in SrL,
 - Orphaned equity holdings usually have limited value, and,
 - There did not appear to be a viable alternative offer for either the Company's or APWEOIL's stake in SrL.
- 3 8 Accordingly, in consideration of the above factors, the sale was completed on 20 March 2007. To date, the sum of £35,525.37 has been realised in respect of the Company's 5% equity in SrL, the balance of deferred consideration in the sum of £5,582.56 falls due for payment on 31 August 2007.

Investment in APWEOIL

- 3 9 The Company owns 100% of the issued share capital of APWEOIL. APWEOIL in turn owns the issued share capital of a number of entities, which at the date of my appointment included APW Shanghai Limited, an entity incorporated in the People's Republic of China, APW Enclosures SA, an entity incorporated in France, and 95% of the equity in SrL.
- 3 10 As discussed in Section 3 8 above, APWEOIL sold its 95% equity stake in SrL on 20 March 2007.

- 3 11 Given the Company's equity interest and its position as a substantial creditor of APWEOIL, the Company is clearly an interested party in the sale of these subsidiaries. The Company, acting through its Joint Administrative Receivers, has requested that the Board of APWEOIL keeps it fully informed of their proposals in respect of both the timing and process of the disposal of its subsidiaries. We understand the Board of APWEOIL is considering a number of options with respect to the disposal process.

Investment in APW Electronics Limited and APW Power Supplies Limited

- 3 12 APW Electronics Limited entered into Administrative Receivership on 26 July 2006. The Joint Administrative Receivers are advised that Mr Yeldon of Middleton Partners was subsequently appointed Liquidator of APW Electronics Limited and APW Power Supplies Limited on 13 September 2006. It is considered highly unlikely that there will be any return in respect of the Company's shareholdings in these entities.

4 Assets Subject to the Floating Charge

- 4 1 The major assets subject to the floating charge are cash at bank, chattel assets and receivables. Comments on these assets are provided in the respective sections below.

Cash at Bank

- 4 2 The sum of £58,188.45 was held in the Company's accounts at the date of appointment, and has been transferred to the Administrative Receivership estate.

Chattel Assets

- 4 3 The Company owned a small amount of chattel assets, notably laptop PCs and some office furniture. These assets were sold on 9 March 2007 for the sum of £7,000.

External Receivables

- 4 4 The Company's book debt ledger as at the date of appointment totalled £17,021.68. Of this sum, the amount of £15,910.79 has been collected to date. The remainder of £1,110.89 is currently disputed and it is not anticipated that this sum will be realised.

Inter-company Receivables

- 4 5 The Company is owed sums from various entities within the Group. The Joint Administrative Receivers have written to these entities, requesting their proposals for settlement of these outstanding amounts.

5 Estimated Outcome for Secured Creditor

- 5.1 The Company is part of a large group of companies and is subject to a complex security structure. The Company is party to a cross guarantee structure entered into between various entities within the Group, the Company and the Lenders.
- 5.2 At the date of our appointment the Company's indebtedness to the Lenders under the cross guarantee was £40,526,316, excluding interest and charges, and is secured by a fixed and floating charge debenture dated 16 May 2002.
- 5.3 Due to the significant quantum of funds outstanding to the Lenders, the Lenders will not be repaid in full from the realisations of the Company's assets.

6 Estimated Outcome for Preferential Creditors

- 6.1 The Enterprise Act 2002, which was brought into force on 15 September 2003, abolishes Crown preference for all insolvencies commenced on or after 15 September 2003. The creditors, which may claim preferential status, are now limited to employees, in respect of arrears of wages up to a maximum of £800, accrued holiday pay entitlement and certain pension contributions.
- 6.2 At appointment, £27,195.72 was owed to a pension scheme with respect to deductions made from the employees' salaries in the previous quarter. Since this sum would rank as a preferential claim against the Company, and as the Joint Administrative Receivers expect preferential claims to be settled in full, payment of this outstanding amount was made from the Company's cash at bank in order to maintain the goodwill of the employees who are assisting with the disposal of the Company's assets.
- 6.3 The remaining preferential creditor claims can therefore be summarised as follows:

	£000	Status
Employee arrears of wages	0	Estimated
Employee holiday pay	12.5	Estimated
Pension contributions	0	Estimated
Bank's subrogated claim for wages	0	Estimated
Total	12.5	Estimated

- 6.4 Based upon information currently available, it is likely that the remaining preferential creditors will be repaid in full from the assets of the Company.

7 Estimated Outcome for Unsecured Creditors

- 7 1 As Administrative Receivers, we are not empowered to deal with the claims of unsecured creditors. Unsecured creditors are, however, invited to forward details of their claims to our office on the attached statement of claim form.
- 7 2 At the date of our appointment, the Company's unsecured creditors were estimated to be £253,226, per the Directors' Estimated Statement of Affairs which is enclosed at Appendix C.
- 7 3 The Company granted a floating charge to the Royal Bank of Scotland on 16 May 2002, prior to the introduction of the Enterprise Act. Accordingly there is no requirement to create a fund out of the Company's net floating charge property for unsecured creditors which only applies to charges created after 15 September 2003.
- 7 4 A copy of our receipts and payments account is attached at Appendix B.
- 7 5 Due to the quantum of secured debt due from the Company to the Lenders, we consider it very unlikely at this stage that there will be any prospect of a receivership surplus being available to pass to a future Liquidator of the Company to distribute to unsecured creditors.
- 7 6 Creditors registered for VAT may be able to claim VAT bad debt relief in accordance with Section 36 of the VAT Act 1994. In broad terms, relief is available when the debt is six months old and "written off" by the creditor entering it on his VAT refunds for Bad Debts account. Insolvency Practitioners have no role in administering VAT bad debt relief. Creditors who are uncertain of how to claim should contact their VAT office or seek professional advice.

8 Directors' Estimated Statement of Affairs

- 8 1 In accordance with Section 47 (1) of the Insolvency Act 1986, the Receivers requested the Directors to provide a Statement of Affairs for the Company as at the date of appointment, which will be filed with Companies House. A sworn statement has been received from Nicolas Scott Platt and is attached as Appendix C, together with a statement of concurrence signed by Mark David Thompson.
- 8 2 We have the following observations to make in relation to the Directors' Estimated Statement of Affairs (**SofA**)
- The SofA shows that accounts receivable are estimated to realise £17,022. As mentioned at section 4.4 above, it is not anticipated that the sum of £1,110.89 will be realised.

- The realisable value of the Company's investments in President and APWEOIL is currently uncertain. It is not anticipated that any realisations will result from the Company's shareholdings in APW Electronics Limited and APW Power Supplies Limited, which are both currently in Liquidation.
- The SofA indicates that the estimated realisable value of the inter-group receivables is £13,140,331. The likely realisable value of these assets is currently uncertain.
- The SofA shows an overdrawn cash at bank figure on 1 March 2007 of £236,426. The actual balance at the date of appointment, which has been subsequently paid over to the Administrative Receivership estate, was £58,188.45.
- As employees were paid up to the date of the Joint Administrative Receivers' appointment, there is not expected to be any preferential payroll compensation or deferred payroll to be paid, other than the employees' accrued holiday entitlement.
- In addition to the liabilities shown as being due, the Company has also provided a cross guarantee in respect of the indebtedness of certain APW group entities to the Lenders in the sum of £40,526,316.
- The SofA includes a current liabilities figure of £20,091,975. No breakdown for this figure has been provided and accordingly we have requested further clarification from the Company's Directors in respect of this sum.

9 Meeting of Creditors

- 9.1 The purpose of the meeting is to present this report to creditors and not for the purpose of appointing a Liquidator or discussing the Company's affairs prior to the receivership. You may therefore deem it unnecessary to attend.
- 9.2 Creditors should note that there is no requirement for the directors of the Company to be present at this meeting.

9.3 Creditors will be entitled to vote on the appointment of a creditors committee to assist the Administrative Receivers in the discharge of their duties, if deemed appropriate

For and on behalf of
APW Electronics Group Limited



Andrew J Pepper
Joint Administrative Receiver

Statutory Information

Appendix A

Company Number: 02889677

Directors at Date of Appointment: Nicolas Scott Platt
Mark David Thompson

Company Secretary: Mark David Thompson

Registered Office: c/o Kroll Limited
10 Fleet Place
London
EC4M 7RB

Previous Registered Office: Electron Way
Chandler's Ford
Eastleigh
Hampshire
SO53 4ZR

Shareholding: 60,131,827 Ordinary Shares

Held as follows: 60,131,826 held by Applied Power Limited
1 held by APW Enclosure Products and Systems Limited

Receipts and Payments Account for the Period from

Appendix B

1 March 2007 to 3 May 2007

	Total £
RECEIPTS	
Inter-company Employee Funding	83,655 91
Trustees' Payroll Funding	6,601 02
Disposal of Shareholdings	35,525 37
Legal Fees Funding	7,143 13
Book Debts	15,910 79
Chattel Assets	7,000 00
Sundry Income	107 50
Bank Interest Gross	11 67
Cash at Bank	58,188 45
Total Receipts	214,143.84
PAYMENTS	
Wages & Salaries	56,813 97
Employee Expenses	7,795 95
Employee Deductions	2,609 39
Pension Scheme Costs	27,195 72
Statutory Advertising	150 12
Legal Fees	7,699 71
Bank Charges	460 00
Irrecoverable VAT	1,370 40
Total Payments	104,095.26
Balances in Hand	110,048 58
	214,143.84

Directors' Estimated Statement of Affairs as at 1 March 2007

Appendix C

Rule 3.4

Form 3.2

Statement of Affairs

Statement as to affairs of

APW Electronics Group Limited

On the 1 March 2007, the date of the Administrative Receiver's Appointment

Affidavit

This affidavit must be sworn or affirmed before a Solicitor or Commissioner of Oaths when you have completed the rest of this form

I NICOLAS SCOTT PLATT
of HOLLY HOUSE, SPARKFORD CLOSE, WINCHESTER,

Swear /affirm that the several pages attached marked _____ are to the best of my knowledge and belief a full, true and complete statement of the affairs of the above named company as at _____ the date of the appointment of the administrative receiver and that the said company carried on business as

HOLDING COMPANY FOR EUROPEAN CENTRALIZED
CORPORATE STAFF OF APW LTD

Sworn/affirmed at ERIC ROBINSON SOLICITORS, CHANDLERS FORD

Date 23RD APRIL 2007

Signatures [Signature]

Before me JEREMY TIER

A Solicitor or Commissioner of Oaths

The Solicitor or Commissioner is particularly requested, before swearing/affirming the affidavit, to make sure that the full name, address and description of the Deponent are stated, and to initial any crossings-out or other alterations in the printed form. A deficiency in the affidavit in any of the above respects will mean that it is refused by the court, and will necessitate its being re-sworn/re-affirmed.

JEREMY TIER
SOLICITOR
ERIC ROBINSON SOLICITORS
6-8 BROWN HILL ROAD
CHANDLERS FORD
EASTLEIGH
HAMPSHIRE SO53 2EA

Statement of concurrence

Name of Company

APW Electronics Group Limited

Company number

02889677

a) Insert full name and address of registered office of company to which statement of affairs relates

With regards the Statement of Affairs of (a)

APW ELECTRONICS GROUP LIMITED ("the company")

(b) Insert date statement of truth on the statement of affairs was made

made on (b) 23 APRIL 2007

c) Insert full name of person who made the statement of truth on the statement of affairs being concurred with

by (c) NICOLAS SCOTT FLATT

Statement of Truth

I (d) MARK D THOMPSON

(d) Insert full name and address of person making statement

8100 LONG FOREST DR

BRECKSVILLE, OHIO, USA 44141

* concur with the Statement of Affairs of the above company and I believe that the facts stated in the Statement of Affairs are a full, true and complete statement of the affairs of the company on the date that it entered administration

*Delete as applicable

OR

*concur with the Statement of Affairs of the above company, subject to the following qualifications

(e) Please list matters in the statement of affairs which you are not in agreement with, or which you consider to be erroneous or misleading, or matters to which you have no direct knowledge and indicate reason for listing them

(e)

and believe that, subject to these qualifications, the facts stated in the statement of affairs are a full, true and complete statement of the affairs of the company on the date that it entered Administrative Receivership

Full name MARK D THOMPSON

Signed 

Dated 2 MAY 2007

ADR317

APW ELECTRONICS GROUP LIMITED - IN ADMINISTRATIVE RECEIVERSHIP

APW ELECTRONICS GROUP LTD SUMMARY OF ASSETS

	Book Value GBP	Estimated realizable value ("ERV") GBP
<u>Assets</u>		
Assets subject to fixed charge.		
1 Accounts receivable net of provision	17,022	17,022
Intangibles - goodwill	0	0
	<u>17,022</u>	<u>17,022</u>
Assets subject to floating charge:		
Tangible fixed assets		
Cost	6,157	6,157
Accumulated Depreciation	(4,141)	(6,157)
NEV of PP&E	2,016	0
Investments	656,000	694,000
Intergroup receivables	13,140,331	13,140,331
Bank	0	0
Cash	(236,426)	(236,426)
	<u>13,581,921</u>	<u>13,597,905</u>
Uncharged Assets:		
	<u>0</u>	<u>0</u>
Estimated total assets available for preferential creditors	<u>13,578,942</u>	<u>13,614,927</u>
Debts secured by floating charges - WC provider (see note)		0
Amount realized on sale		<u>13,614,927</u>

Signature

Handwritten signature

Date

23/4/07

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APW ELECTRONICS GROUP LIMITED - IN ADMINISTRATIVE RECEIVERSHIP

APW ELECTRONICS GROUP LTD SUMMARY OF LIABILITIES

	GBP	Estimated realizable value GBP
<u>Estimated total assets available for preferential creditors (carried forward from page A)</u>		13,614,927
Liabilities		
Preferential creditors: -		
Payroll compensation	216,070	
Deferred payroll	324	
	<u>216,394</u>	216,394
Estimated deficiency / surplus as regards preferential creditors		<u>13,398,533</u>
Estimated prescribed part of net property where applicable (to carry forward)	0	0
Estimated total assets available for floating charge holders		<u>13,398,533</u>
Debts secured by floating charges	<u>0</u>	0
Estimated deficiency / surplus of assets after floating charges		<u>13,398,533</u>
Estimated prescribed part of net property where applicable (brought down)	0	0
Total assets available to unsecured creditors		13,398,533
Unsecured non-preferential claims (excluding any shortfall to floating charge holders)		
Reverse shortfall to floating charge holders		0
Accounts payable	253,226	
Other current liabilities	20,091,975	
Liabilities > 1 year	0	
Intergroup payables	29,484,255	
Property vacant lease and dilapidation provisions	0	
	<u>49,829,456</u>	49,829,456
Estimated deficiency / surplus as regards non-preferential creditors (excluding any shortfall to floating charge holders)		(36,430,924)
Shortfall to floating charges holders (brought down)		13,398,533
Estimated deficiency / surplus as regards creditors		<u>(23,032,391)</u>
Issued and called up capital - wholly owned by Applied Power Ltd APIC		(3,006,591)
		(18,239,510)
Estimated total deficiency / surplus as regards members		<u>(44,278,492)</u>

Signature

[Handwritten Signature]

Date 23/04/07

[Handwritten Signature]

[illegible]

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APW ELECTRONICS GROUP LIMITED - IN ADMINISTRATIVE RECEIVERSHIP

Intercompany Investments

Investment in Italy
Investments in India
Investment in VEOILL

Book Value
GBP

Estimated
realizable
value ("ERV")
GBP

0 38,000
656,000 656,000
0 0

656,000 694,000

Intercompany Receivables

Anaheim
China
Poland
Bremen
Espoo Finland
Dublin
Rubicon Netherlands
Veoil
Applied Power

101 101
58,943 58,943
160,490 160,490
3,500 3,500
96,105 96,105
28,168 28,168
295,014 295,014
12,491,211 12,491,211
6,799 6,799

13,140,331 13,140,331

Intercompany Payables

Galway
APW NA HQ
ANW NA LTD
Rebate
Towerflame

239,996 239,996
736,600 736,600
28,268,807 28,268,807
372 372
238,480 238,480

29,484,255 29,484,255

Net intercompany payables / receivables per Hyperion

(16,343,924)

Handwritten signature
23/4/07

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© Kroll Limited

Handwritten signature and date: 23/4/05

1. Details of the Company's Assets		2. Details of the Company's Liabilities	
Assets	Liabilities	Assets	Liabilities
Fixed Assets	Current Liabilities	Fixed Assets	Current Liabilities
Land and Buildings	Trade Payables	Land and Buildings	Trade Payables
Plant and Equipment	Other Payables	Plant and Equipment	Other Payables
Intangible Assets	Provisions	Intangible Assets	Provisions
Investments	Other Liabilities	Investments	Other Liabilities
Current Assets		Current Assets	
Stocks		Stocks	
Debtors		Debtors	
Prepayments		Prepayments	
Other Current Assets		Other Current Assets	
Total Assets	Total Liabilities	Total Assets	Total Liabilities
£ 1,000,000	£ 1,000,000	£ 1,000,000	£ 1,000,000

NSP
23/04/07

Fin 75