

The Insolvency Act 1986

Notice of result of meeting of creditors

2.23B

Name of Company Forge Tech Industries Limited	Company Number 04741001
In the High Court of Justice Chancery Division Birmingham District Registry <small>(full name of court)</small>	Court case number 2356 of 04

(a) Insert full name(s) and address(es) of the administrator(s) We (a) Mark David Charles Hopkins and Alistair Michael Grove of PricewaterhouseCoopers LLP, Cornwall Court, 19 Cornwall Street, Birmingham, B3 2DT

*Delete as applicable

hereby report that a meeting of the creditors of the above company was held at

(b) Insert place of meeting

(b) The Burlington Hotel, 126 New Street, Birmingham, B2 4JQ

(c) Insert date of meeting

on (c) 17 June 2004 at which:

*1. ~~Proposals / revised proposals were approved.~~

*Delete as applicable

*2. Proposals / ~~revised proposals~~ were modified and approved.

The modifications made to the proposals are as follows:

(d) Give details of the modifications (if any)

(d) The Company Voluntary Liquidation shall be entered into within 6 months of the date of the meeting of creditors.

*3. ~~The proposals were rejected.~~

*4. ~~The meeting was adjourned to (e)~~ _____

(e) Insert time and date of adjourned meeting

*5. Other resolutions: (f) _____

(f) Details of other resolutions passed



The joint administrators' proposals

As required by Paragraph 49 Schedule B1 of the Insolvency Act 1986 we, as administrators, make the following proposals to creditors for achieving the purpose of the administration entered into on 14 April 2004. We will seek approval of proposals 1 to 5 as the 1st resolution and proposal 6 as the 2nd resolution at the initial creditors' meeting on 17 June 2004.

<p>1. How do we propose to achieve the purpose of administration?</p>	<ul style="list-style-type: none"> ▪ In an administration, the administrators continue to manage the business, affairs and property of the Company in such manner as they consider expedient with a view to achieving one of the following objectives: <ul style="list-style-type: none"> (a) primarily, rescuing the Company as a going concern, or failing that; (b) achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in administration), or finally; (c) realising property in order to make a distribution to one or more secured or preferential creditors. ▪ In this particular case, the administrators consider objective (b) to be achievable. ▪ We will investigate and, if appropriate, pursue any claims that the Company may have under the Companies Act 1985 or the Insolvency Act 1986. ▪ In addition we shall do all such other things and generally exercise all our powers as administrators as we, at our discretion, consider desirable in order to achieve the purpose of the administration and to protect and preserve the assets of the Company and to maximise their realisations for any other purpose incidental to these proposals.
<p>- The reason why objective (b) is being pursued and how it will be achieved.</p>	<ul style="list-style-type: none"> ▪ At the time of the administrators' appointment the Company did not have funds available to allow it to meet its liabilities and both the Company's bankers and shareholders had indicated that they would not be prepared to advance further funding. In these circumstances the directors had no alternative but to place the Company into a formal insolvency process. ▪ The administrators reviewed the position and formed the view that it was not reasonably practicable to achieve a rescue of the Company as a going concern through the implementation of a Company Voluntary Arrangement. In view of this, and the lack of further funding, it became apparent that it was not possible to achieve objective (a). ▪ Furthermore, the Company's parent had decided to sell the freehold premises from which the Company operated together with some of the operating plant and equipment used by the Company to an independent third party, Kimber Drop Forging Limited ("Kimber"). However, a sale of the Company's business and assets to Kimber was achieved immediately following our appointment. ▪ All staff and their associated liabilities have transferred to the purchaser, preserving their employment and reducing claims against the Company. The going concern sale also not only maximised realisations of stock and plant and machinery, but it ensured continuity of supply for customers that greatly assisted in book debt collections. ▪ This sale has therefore achieved a better result for the Company's creditors than would have been achieved had the Company been immediately wound up.

The joint administrators' proposals

<p>2. What is the future for the Company itself?</p>	<ul style="list-style-type: none"> ▪ Under the provisions of the Insolvency Act 1986, the administrators have only limited powers to agree the claims of creditors and make distributions without sanction of the court. In this case it is likely that a dividend will be available to unsecured creditors of the Company. ▪ There are a variety of ways in which the distribution may be facilitated, and in which the administration may come to an end. The administrators propose that one of the following mechanisms for ending the administration be used; <ol style="list-style-type: none"> 1. Once all of the assets have been realised, the administrators will apply to court for the power to allow a distribution to be made to the Company's unsecured non-preferential creditors within the administration and, once completed, will file a notice with the Registrar of Companies, ending the administration, with the Company being dissolved three months thereafter, or 2. Once all of the assets have been realised, and the total amount that the secured creditor is likely to receive has been paid or set aside, the administrators will send a notice to the Registrar of Companies that paragraph 83 of Schedule B1 to the Insolvency Act 1986 applies. The Company shall then move from administration into Creditors' Voluntary Liquidation, to enable any surplus funds to be distributed to unsecured creditors. In this case, it is proposed that the appointment of Mark Hopkins and Alistair Grove of PricewaterhouseCoopers LLP, Cornwall Court, 19 Cornwall Street, Birmingham, B3 2DT, as joint administrators shall cease to have effect upon the registration of the notice, and they shall immediately become joint liquidators to the Company. In accordance with paragraph 83(7) of Schedule B1, and Rule 2.11(3) of the Insolvency Act 1986, creditors may nominate a different person as the proposed liquidator, provided that the nomination is made after the receipt of the administrator's proposals and before the proposals are approved, or ** 3. The appointment of the administrators may automatically cease to have effect at the end of a period of one year if the administrators do not request an extension, or 4. Once the asset disposals are complete, we will petition the Court for the Company to be placed into Compulsory Liquidation to enable any surplus funds to be distributed to creditors. ▪ Please note that based on the current circumstances and estimated outcome, the administrators' preferred route is option 2, a voluntary liquidation following the administration. <p>** The following modification to this proposal was passed; 'The Company Voluntary Liquidation shall be entered into within 6 months of the date of the meeting of creditors.'</p>
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The joint administrators' proposals

<p>3. What investigation work will the administrators undertake?</p>	<ul style="list-style-type: none"> ▪ The administrators may investigate transactions in the period leading up to the administration and, if appropriate, pursue any claims that the Company may have. ▪ Additionally the administrators are required to submit a report or return to the Secretary of State for Trade and Industry on the conduct of everyone who has acted as a director of the company in the last three years, even those who were not formally appointed. ▪ Creditors are requested that, should they have any information that they believe may be of benefit to these investigations, they bring it to the administrators' attention as soon as possible if they have not already done so.
<p>4. How long will the administration remain in force?</p>	<ul style="list-style-type: none"> ▪ Under paragraph 76 of Schedule B1 of the Insolvency Act 1986 the administrators' appointment comes to an automatic end after one year unless the Court agrees to extend it for a specific period. ▪ Alternatively, the Company's creditors can consent to a six-month extension to the administrators' term in office. ▪ In this case the administrators believe that the Company will move from administration to Creditors' Voluntary Liquidation, as detailed on the previous page, at a time substantially prior to the one-year anniversary of their appointment. The precise timing of this will be dependent upon the finalisation of asset realisations. Should circumstances change such that the administration is not able to be concluded within one year, we propose that the administrators are authorised to apply to the court for an appropriate extension. ** <p>** The following modification to this proposal was passed; 'The Company Voluntary Liquidation shall be entered into within 6 months of the date of the meeting of creditors.'</p>
<p>5. Will there be a creditors committee?</p>	<ul style="list-style-type: none"> ▪ A creditors' committee may be formed if three or more creditors are willing to serve on it. ▪ Should a committee be formed the administrators will consult with it from time to time on the conduct of the administration and the implementation and development of these proposals. Where we consider it appropriate, we will seek the committee's sanction to proposed action on our part instead of convening a meeting of all creditors. ▪ Any creditor committee that is formed will, in the event that the Company passes from administration into Creditors' Voluntary Liquidation, continue to be in existence as a liquidation committee in accordance with paragraph 83 (8)(f) of Schedule B1 to the Insolvency Act 1986. ▪ The administrators would encourage the formation of a creditors' committee. If you wish to serve on the creditors' committee, please indicate this on your proxy form.

The joint administrators' proposals

<p>6. How is it proposed the administrators' fees be calculated?</p>	<ul style="list-style-type: none"> ▪ The administrators propose that the creditors' committee, if one is formed, should fix our fees as administrators. ▪ Should a creditors' committee not be formed, it is proposed, under Rule 2.106 of the Insolvency Rules 1986, that our remuneration be calculated based upon the time properly spent on the administration by us and the various grades of our staff according to our firm's usual charge out rates for work of this nature and that disbursements be charged in accordance with the firm's policy as set out in Appendix D. We will then be authorised to draw such fees and reasonable disbursements, including category 2 disbursements, on account from time to time. An extract from Statement of Insolvency Practice 9: Creditors Guidance to Fees in Administrations, is enclosed at Appendix D along with a breakdown of our time costs to date and our current charge out rates. ▪ It has been the administrators' policy to delegate the routine administration to junior staff wherever possible in order to maximise the cost effectiveness of the work performed. These staff are supervised by senior staff and by the joint administrators. Senior staff and the joint administrators have dealt personally with any matter of particular complexity or significance that has required responsibility of an exceptional kind. ▪ It is also proposed that the administrators are entitled to draw category 2 disbursements properly incurred, see Appendix D, Administrators' charging and disbursement policy guidance, for further information concerning administrators' remuneration.
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The ~~revised~~ date for automatic end to administration is 13 April 2005.

*Delete as applicable

A creditors' committee ~~*was~~ was not formed.

Signed

modlyph
Joint Administrator

Dated

17 June 2004

*Delete as applicable

A copy of the ~~*original proposals~~ modified proposals / ~~revised proposals~~ is attached for those who did not receive such documents prior to the meeting.

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

Laura Williams	
PricewaterhouseCoopers LLP, Benson House, 33 Wellington Street, Leeds	
LS1 4JP	Tel: 0113 289 4598
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