

The Insolvency Act 1986

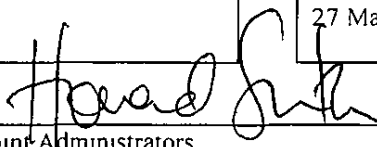
2.24B**Administrator's progress report**

Name of Company Soymagic (U K) Limited	Company number 04879587
In the High Court of Justice, Chancery Division, Leeds District Registry [full name of court]	Court case number 1403 of 2009

We
Howard Smith
KPMG LLP
1 The Embankment
Neville Street
Leeds
LS1 4DW
United Kingdom

Mark Granville Firmin
1 The Embankment
Neville St
Leeds
LS1 4DW

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

from	to
28 November 2009	27 May 2010
Signed	
	Joint Administrators
Dated	21 June 2010

Contact Details

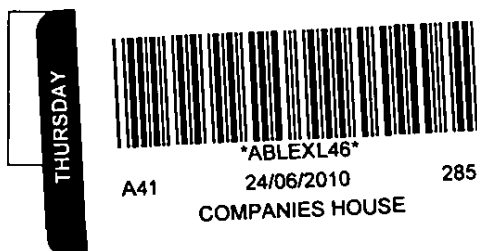
You do not have to give any contact information in the box opposite but if you do it will help Companies House to contact you if there is a query on the form. The contact information that you give will be visible to searchers of the public record.

Caroline Trask KPMG LLP 1 The Embankment Neville Street Leeds LS1 4DW DX Number DX 724440 Leeds		Tel DX Exchange
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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





Soymagic (U.K.) Limited
(in administration)

**Report to Creditors pursuant
to Rule 2.47 of the
Insolvency Rules 1986**

KPMG LLP

21 June 2010

This report contains 19 pages

hs/ic/ct



Notice: About this Report

This Report has been prepared by Howard Smith and Mark Firmin, the Joint Administrators of Soymagic (U K) Limited solely to comply with their statutory duty to report to creditors under the Insolvency Rules 1986 on the progress of the administration, and for no other purpose. It is not suitable to be relied upon by any other person, or for any other purpose or in any other context.

This Report has not been prepared in contemplation of it being used, and is not suitable to be used, to inform any investment decision in relation to the debt of or any financial interest in Soymagic (U K) Limited.

Any estimated outcomes for creditors included in this Report are illustrative only and cannot be relied upon as guidance as to the actual outcomes for creditors.

Any person that chooses to rely on this Report for any purpose or in any context other than under the Insolvency Rules 1986 does so at its own risk. To the fullest extent permitted by law, the Joint Administrators do not assume any responsibility and will not accept any liability in respect of this Report to any such person.

Howard Smith is authorised to act as an insolvency practitioner by the Insolvency Practitioners Association.

Mark Granville Firmin is authorised to act as an insolvency practitioner by the Institute of Chartered Accountants of England & Wales.

The Joint Administrators act as agents for Soymagic (U K) Limited and contract without personal liability. The appointments of the Joint Administrators are personal to them and, to the fullest extent permitted by law, KPMG LLP does not assume any responsibility and will not accept any liability to any person in respect of this Report or the conduct of the administration.



Glossary

Joint Administrators	Howard Smith and Mark Granville Firmin of KPMG LLP, 1 The Embankment, Neville Street Leeds LS1 4DW
Administration Orders	The Administration Orders granted by the High Court of Justice, Chancery Division, Leeds District Registry, Court case number 1403 of 2009
the Company	Soymagic (U K) Limited (Company registered number 1845901)
the Directors	Alon Salamon Imre Rochlitz Joseph Rochlitz Patrick Steinberg Stanley Shreeve Yair Webman
Barclays Bank or the Bank	Barclays Bank plc, Barclays Commercial, and Barclays Mercantile Business Finance Limited
the Proposals	Report to Creditors pursuant to Paragraph 49 of Schedule B1 to the Insolvency Act 1986
KPMG	KPMG LLP
Sanderson Weatherall	Sanderson Weatherall LLP the chartered surveyors engaged by the Joint Administrators to value and assist in realising the property of the Company



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3	Joint Administrators' charge out rates and expenses
4	Joint Administrators' receipts and payments account for the period 28 November 2009 to 27 May 2010
5	Form 2.24 Abstract of Administrators' receipts and payments as at 27 May 2010



1 Introduction

Further to the previous report to creditors dated 18 December 2009 this report provides an update on the progress of the administration since the appointment of Joint Administrators and covers the period from 28 November 2009 to 27 May 2010 inclusive

The purpose of this report is to update creditors as to the progress of the administration and to inform creditors of an extension of the administration until 27 November 2010

In accordance with Paragraph 100(2) of Schedule B1 the functions of the Joint Administrators may be exercised by either or both of them

The requisite statutory information in respect of the Company is attached at Appendix 1

Pursuant to the Statement of Insolvency Practice 7, all amounts in this report and its attachments are stated net of VAT

2 Progress of the Administration

2.1 Sale of the Company's assets

We previously reported that the Joint Administrators were in talks with several parties regarding the sale of the business as an operating unit. Following initial discussions, and one party conducting detailed due diligence, one offer was made for the Company's assets. However, this offer was subject to significant funding requirements which the party was not able to satisfy. These requirements, together with a perceived lack of interest in their product/offering, caused the party to withdraw.

With no other parties interested in the business as an operating unit, the Joint Administrators with the agreement of the primary secured lender, engaged Sanderson Weatherall to market the Company's freehold property and remaining assets of the business on a break up basis.

Sanderson Weatherall continues to market both the freehold property and remaining plant & machinery at the site. There have been several interested parties in both the property and the plant & machinery, an offer has recently been made for the plant & machinery alone and an additional offer has also been received for the freehold property. The Joint Administrators have yet to accept either of these offers as there is a further interested party who has indicated that they are interested in purchasing both the plant & machinery and the property which may lead to greater overall realisations. The Joint Administrators hope to take forward the best offer in the next few months.



3 Realisations

The following provides a summary of asset realisations and should be read in conjunction with Appendices 4 and 5. There have been no receipts in the period, other than bank interest of £1 and a VAT refund of £366.24.

3.1 Book debts

As previously reported, KPMG RRG, a specialist debt collection department, have collected the pre-appointment ledgers.

As previously reported, realisations of book debts to date is £7,623.23. Due to a number of contras and set offs between customer and supplier accounts no further realisations are expected to be made in respect of book debts.

3.2 Stock

As previously reported the Joint Administrators have realised £10,008.18 for the remaining stock. Due to the nature of the business the majority of stock was sold quickly to enable the Joint Administrators to retain the value in the food products. No further realisations are anticipated from the Company's stock.

3.3 Cash at bank

As previously reported, the Joint Administrators have transferred £389.59 from the Company's pre-appointment bank accounts. This represents the balance of the accounts at the date of the appointment of the Joint Administrators.

4 Cost of realisations

The detailed costs of realisations are included in Appendix 4 to this Report and an abstract of receipts and payments in the statutory form for the period from 28 November 2009 to 27 May 2010 is attached at Appendix 5. A brief summary of the material costs is provided below.

4.1 The Joint Administrators' time costs

The basis of the Joint Administrators' fees is time properly spent at KPMG LLP standard hourly rates. A breakdown of these rates for the duration of the administration is included in Appendix 3 to this Report.



In the period from 28 November 2009 to 27 May 2010, we have incurred time costs of £43,373 representing 170 hours at an average rate of £254 per hour. This includes tax, VAT and pensions advice from KPMG LLP in-house specialists.

Total time costs incurred from the appointment of the Administrators on 28 May 2009 to 27 May 2010 are £180,211 representing 739 hours at an average rate of £244 per hour.

In addition to our time costs, expenses of £2,428.52 have been incurred from the date of appointment.

To date no fee or expenses have been drawn on this matter.

In accordance with SIP 9, a breakdown of the time costs incurred to date for each grade of staff and category 1 expenses are attached at Appendix 3.

In accordance with Rule 2.106 (5A) of Insolvency Rules 1986, the Joint Administrators' remuneration shall be fixed by the agreement of Barclays Bank, the primary secured creditor of the Company. Please note that in respect of time costs incurred during the Administration, we do not anticipate making a full recovery.

A creditors' guide to fees was provided with the Administrators' proposals. If you would like a further copy, this can be obtained by logging onto the R3 website at

<https://www.r3.org.uk/uploads/documents/Guide%20to%20Administrators%20Fees.pdf>

However, if you are unable to access this guide please contact Caroline Trask on 0113 254 2924.

Please note that all staff who have worked on this assignment, including cashiers and secretarial staff have charged time directly to the assignment and are included in the analysis of time spent. The cost of staff employed in the central administration functions is not charged directly to this assignment but is reflected in the general level of charge out rates.

4.2 Professional fees

4.2.1 Legal fees

Eversheds LLP have provided legal advice in respect of the sale of the business and assets, the appointment of the Administrators and general advice. Legal fees of £2,260 have been paid in the period.

4.2.2 Agents' fees

As detailed above, Sanderson Weatherall were engaged to provide a valuation of the business and assets of the Company, asset disposal advice to the Administrators and to act as agents to market and sell the Company's freehold property and other assets. Agents' fees of £6,964 have been paid in the period. In addition, further anticipated costs in



relation to the valuation, marketing, sale of the Company's assets and the labour costs of clearing the site are estimated to be £20,000

Please note that this amount does not include commission on the sale of the Company's plant & machinery and other assets, which will be payable by the purchasers upon sale of the assets

Please also note that the amount above does not include commission payable upon the completion of the sale of the Company's freehold property. This commission has been agreed at 1.25% of the final sales value

4.2.3 **Sundry other costs**

Payments have been made to nPower in respect of electricity supply totalling £28 in the period, and payments made to Iron Mountain for document storage total £151 in the period

In addition, site security and other miscellaneous property costs in the period total £4,023

5 **Extension of the administration**

As noted above, a sale of freehold property and plant & machinery has yet to be finalised. This meant that, it was not possible to conclude the Administration in advance of the automatic termination date of 27 May 2010. As such, it was necessary to obtain an extension of the Administration for the purposes of finalising the sale of assets, finalising preferential claims and distributing funds to the secured creditor of the Company.

In accordance with Paragraphs 76(2) (b) and 78(1) of Schedule B1 of the Insolvency Act 1986, the Joint Administrators sought and obtained consent for an extension of the Administration period for 6 months by receiving agreement from each secured creditor of the Company and over 50% of preferential creditors.

The Administration can only be extended once by the secured and preferential creditors for a maximum of 6 months. If further extensions become necessary, the Administrators will have to make an application to the Court.

6 **Estimated outcome for creditors**

6.1 **Secured Creditors**

Barclays Bank were owed approximately £3.8 million at the date of the Joint Administrators' appointment. This debt was secured by a first ranking fixed and floating



charge over the assets of the Company. We currently anticipate that Barclays will suffer a significant shortfall.

The Joint Administrators are also aware of a second charge over the freehold property in favour of Kingston Equity and Finance Limited. At the date of our appointment the balance outstanding on the loan was circa £60,000.

YFM Venture Finance Limited also held a debenture over the Company's assets. At the date of our appointment we understand the outstanding balance in relation to this debenture to be in the region of £950,000. The debenture ranks behind the charges held by Barclays.

At this time we do not expect any funds being available to the secondary charge holders.

6.2 Preferential creditors – Employees' Wages and Holiday Pay

The Joint Administrators anticipate there being only minimal preferential creditors claims as the employees salaries were paid fully prior to the Administration and the Company only had four remaining employees upon our appointment.

To date, preferential claims total £2,551 from employees and £8,062 from the Redundancy Payment Service have been received.

6.3 Unsecured creditors

Based on current information the Joint Administrators expect there will be no funds available to distribute to the Company's unsecured creditors.

6.4 Prescribed Part

The Prescribed Part provisions of Section 176A of the Insolvency Act 1986 entitle unsecured creditors to a percentage share of realisations from net floating charge assets, after costs of realisation and settlement of preferential claims (if any). The percentage is calculated on a sliding scale up to a maximum amount of £600,000 before costs.

The Prescribed Part which applies to non-preferential, unsecured creditors may apply in this case as the debentures held by the secured creditors were registered after 15 September 2003.

However, based on the expected level of realisations and the amounts owed to the primary secured creditor under their fixed charge, there is no prospect of funds being available for unsecured creditors.

If funds do become available for a distribution under the Prescribed Part, the Joint Administrators may apply to the Court for authority to make a distribution to unsecured creditors (under the Prescribed Part) and then take the requisite steps to dissolve the Company, or if appropriate, to apply to the Court to obtain an order pursuant to Section 176A (5) of the Insolvency Act 1986 that Section 176A(2) of the Insolvency Act 1986 (Prescribed Part for unsecured debts) shall not apply.



7 Future conduct of the administration

It is proposed that the Joint Administrators will continue to manage the affairs, business and property of the Company in order to achieve the purpose of the Administration. This will include, but not be limited to the following:

- liaising with Sanderson Weatherall in the sale of the freehold property and remaining plant & machinery on a break up basis,
- dealing with day to day issues which arise from the freehold premises,
- dealing with hire purchase agreements on certain plant & machinery,
- further statutory reporting to creditors on the progress of the administration,
- distribution to secured creditors,
- any other matters arising, and
- finalising the administration including payment of all administration liabilities

Upon completion of these remaining steps, the Joint Administrators will take necessary steps to conclude the administration.

8 End of administration

It is currently anticipated that following the resolution of the outstanding matters detailed in this report, the Joint Administrators will send a final report to creditors and file a notice at Companies House that the Company be dissolved. At this point the Joint Administrators will cease to act and will be discharged of all liabilities as detailed in Paragraph 98 of Schedule B1 of the Insolvency Act 1986.

Howard Smith
Joint Administrator



Appendix 1 - Statutory information

Date of Incorporation	27 August 2003
Company number	04879587
Previous registered office	Genesis Way Europarc Grimsby North East Lincs DN37 9TU
Present registered office	c/o KPMG 1 The Embankment Neville Street Leeds LS1 4DW
Trading addresses	Genesis Way Europarc Grimsby North East Lincs DN37 9TU
Called up share capital	20,000 £1 shares
Members	Olisara Limited Pere Limited Big Thoughts Soya Limited YM Tavor Limited
Directors	Alon Salamon Imre Rochlitz Joseph Rochlitz Patrick Steinberg Stanley Shreeve Yan Webman
Company Secretary	Imre Rochlitz
Employees	4
Previous Names	None



Soymagic (U K) Limited (in administration)
Report to Creditors pursuant to Rule 2.47 of the Insolvency Rules 1986
KPMG LLP
21 June 2010

Appendix 2 – Joint Administrators’ time costs from 28 November 2009 to 27 May 2010

	Partner / Director	Manager	Administrator	Support	Total hours	Time cost	Average hourly rate
Administration & planning							
Cashiering							
Fund management		0 50			0 50	£202 50	£405 00
General (Cashiering)	1 90		8 00	4 20	14 10	£2 639 00	£187 16
Reconciliations (& IPS accounting reviews)			28 60	1 60	30 20	£5 007 00	£165 79
General							
Books and records		1 00	35 00		36 00	£6 180 00	£171 67
Fees and WIP				0 70	0 70	£73 50	£105 00
Statutory and compliance							
Appointment and related formalities		18 50	61 50	1 50	81 50	£17 947 50	£220 21
Bonding and bordereau			0 50		0 50	£82 50	£165 00
Checklist & reviews		8 50	10 00		18 50	£5 092 50	£275 27
Closure and related formalities		3 00			3 00	£960 00	£320 00
Pre-appointment checks		19 00	0 60		19 60	£7 830 00	£399 49
Reports to debenture holders		9 00			9 00	£3 645 00	£405 00
Statutory receipts and payments accounts			4 20		4 20	£741 00	£176 43
Strategy documents	1 00	6 00			7 00	£2 907 50	£415 36
Tax							
Initial reviews - CT and VAT		2 05	2 50		4 55	£1 068 50	£234 84
Post appointment corporation tax	2 00	2 80	19 30		24 10	£6 325 00	£262 45
Post appointment VAT	0 70	3 25	10 10		14 05	£3,866 75	£275 21
Creditors							
Creditors and claims							
General correspondence		7 00	109 80		116 80	£22 482 00	£192 48
Notification of appointment		1 00			1 00	£405 00	£405 00
ROT Claims		2 00			2 00	£810 00	£405 00
Secured creditors		1 75			1 75	£708 75	£405 00
Statutory reports	1 70	4 00	67 00		72 70	£15 793 00	£217 24
Employees							
Correspondence		1 00	37 90	0 10	39 00	£8 943 00	£229 31
Investigation							
Directors							
Correspondence with directors		2 00			2 00	£810 00	£405 00
D form drafting and submission		1 00	1 20		2 20	£675 00	£306 82
Directors' questionnaire / checklist		0 50	3 50		4 00	£780 00	£195 00
Statement of affairs		0 75			0 75	£303 75	£405 00
Investigations							
Mail redirection	0 20				0 20	£88 00	£440 00
Realisation of assets							
Asset Realisation							
Cash and investments		1 00			1 00	£405 00	£405 00
Debtors		1 25	35 50		36 75	£8 223 75	£223 78
Freehold property		8 75	5 50		14 25	£4 451 25	£312 37
Office equipment fixtures & fittings		0 25			0 25	£101 25	£405 00
Other assets			3 00		3 00	£675 00	£225 00
Plant and machinery		7 50	39 00		46 50	£9 472 50	£203 71
Rent		1 00			1 00	£405 00	£405 00
Sale of business	2 50	96 60	10 00		109 10	£36 263 00	£332 38
Stock and WIP		3 50	12 00		15 50	£3 397 50	£219 19
Trading code used when engagement didn't trade							
Trading							
Purchases and trading costs			2 00		2 00	£450 00	£225 00
Total in period					739 25	£180 211 00	£243 78

	Fees drawn	Hours/Costs to date	
B/f	-	568 50	£136 837 75
In the period	0 00	170 75	43 373 25
C/f	0 00	739 25	£180 211 00



Appendix 3 - Administrators' charge out rates and Administrators' expenses to 27 May 2010

Grade	Hourly rate from 1 April 2009 onwards (£)
Partner	515
Director	440
Senior Manager	405
Manager	320
Senior Administrator	225
Administrator	165
Support	105

Category	Amount (£)
Meal Allowance	106 83
Mileage	2,072 80
Sundry expenses	98 00
Telephone calls	58 19
Other Travel Costs	92 70
Total	2,428 52



Soymagic (U K) Limited (in administration)
Report to Creditors pursuant to Rule 2.47 of the Insolvency Rules 1986
KPMG LLP
21 June 2010

Appendix 4 - Receipts and Payments period account for the period from 28 November 2009 to 27 May 2010

Soymagic (U.K.) Limited
(In Administration)
Administrators' Abstract of Receipts & Payments

Statement of Affairs		From 28/05/2009 To 27/05/2010	From 28/05/2009 To 27/05/2010
	FIXED CHARGE ASSETS		
1,500,000 00	Freehold property	NIL	NIL
565,000 00	Plant & machinery	NIL	NIL
		NIL	NIL
	FIXED CHARGE COSTS		
	Bank charges	2 10	2 10
		(2 10)	(2 10)
	FIXED CHARGE CREDITORS		
(4,349,693 00)	Fixed charge creditors	NIL	NIL
		NIL	NIL
	ASSET REALISATIONS		
10,000 00	Furniture & equipment	NIL	NIL
10,008 00	Stock	10,008 18	10,008 18
	Book debts	7,623 23	7,623 23
	Cash at bank	389 59	389 59
		18,021 00	18,021 00
	OTHER REALISATIONS		
	Bank interest, gross	2 62	2 62
		2 62	2 62
	COST OF REALISATIONS		
	Agents'/Valuers' fees	6,964 46	6,964 46
	Legal fees	2,260 00	2,260 00
	Site Removal Costs	2,016 00	2,016 00
	Indirect Staff Costs	85 50	85 50
	Heat & light	4 099 59	4,099 59
	Storage costs	150 78	150 78
	Re-direction of mail	78 10	78 10
	Statutory advertising	175 27	175 27
	Management Accounting Fee	800 00	800 00
	Rates	15 95	15 95
	Other property expenses	5,907 97	5,907 97
	Wages & salaries	6,802 58	6,802 58
	Bank charges	130 00	130 00
		(29,486 20)	(29,486 20)
	PREFERENTIAL CREDITORS		
(382 00)	Employees' wage arrears	NIL	NIL
		NIL	NIL
	FLOATING CHARGE CREDITORS		
(107,032 00)	Floating charge	NIL	NIL
		NIL	NIL
	UNSECURED CREDITORS		
(319,265 00)	Trade & expense	NIL	NIL
(983,999 00)	Unsecured Loans	NIL	NIL
(2,464,710 00)	Shareholder Loans	NIL	NIL
(32,827 00)	Corp tax etc/nonpref PAYE	NIL	NIL

Soymagic (U.K.) Limited
(In Administration)
Administrators' Abstract of Receipts & Payments

Statement of Affairs		From 28/05/2009 To 27/05/2010	From 28/05/2009 To 27/05/2010
		NIL	NIL
DISTRIBUTIONS			
(47,765 00)	Ordinary shareholders	NIL	NIL
		NIL	NIL
<u>(6,220.665 00)</u>		<u>(11,464 68)</u>	<u>(11,464 68)</u>
REPRESENTED BY			
	Floating ch VAT rec'able		2 316.18
	Fixed charge current		7 90
	Floating charge current - 100K overdraft		(13,422 52)
	Floating ch VAT control		(366 24)
			<u>(11,464 68)</u>

Howard Smith
Administrator



Soymagic (U K) Limited (in administration)
Report to Creditors pursuant to Rule 2.47 of the Insolvency Rules 1986
KPMG LLP
21 June 2010

Appendix 5 - Receipts and Payments period account for the period to 27 May 2010 - Form 2.24B

RECEIPTS		£
Brought forward from previous Abstract (if Any)		18,022 52
Bank interest, gross		1 10
Floating ch VAT control		366 24
Carried forward to * continuation sheet / next abstract		18,389 86
PAYMENTS		£
Brought forward from previous Abstract (if Any)		16,169 13
Bank charges		2 10
Agents'/Valuers' fees		6 964 46
Legal fees		2 260 00
Heat & light		27 81
Storage costs		150 78
Other property expenses		4 023 45
Floating ch VAT rec'able		2,206 75
Carried forward to * continuation sheet / next abstract		31 804 48

* Delete as appropriate

* Delete as appropriate

Note - The receipts and payments must severally be added up at the foot of each sheet and the totals carried forward from one abstract to another without any intermediate balance so that the gross totals shall represent the total amounts received and paid by the administrator since he was appointed