

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 RegistryCourt case number
1403 of 2009

We

Howard Smith
KPMG LLP
1 The Embankment
Neville Street
Leeds
LS1 4DW
United KingdomMark Granville Firmin
KPMG LLP
1 The Embankment
Neville St
Leeds
LS1 4DW
United Kingdom

Administrators of the above Company attach a interim progress report for the period

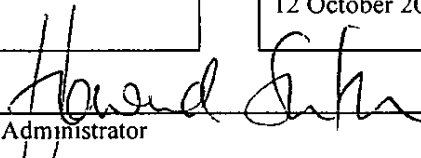
from

28 May 2010

to

12 October 2010

Signed


Joint Administrator

Dated

16 December 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 Hooper

KPMG LLP

1 The Embankment

Neville Street

Leeds

LS1 4DW

DX Number DX 724440 Leeds

Tel

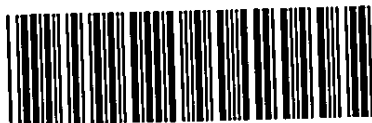
DX Exchange

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

WEDNESDAY



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22/12/2010

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COMPANIES HOUSE



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Mr P Davies
Registrar of Companies
Companies House
Crown Way
Cardiff
CF14 3UZ

Our ref 1F hs/rc/ct

Contact Tim Montgomery
+44 113 231 3726

20 December 2010

Dear Mr Davies,

Soymagic (U.K.) Limited in Administration ("the Company")
Joint Administrators - Howard Smith and Mark Firmin

I write further to your letter dated 8 December and your subsequent telephone conversation with my colleague, Tim Montgomery

In accordance with Rule 2 47(4) of the Insolvency (Amendment) Rules 2003, I attach two copies of Form 2 24B, the Administrators' interim progress report for the period 28 May 2010 to 12 October 2010 Please note that this report was prepared in support of an application for an extension of the Administration

Following this application, the court ordered that the Administration be extended until 27 November 2011 and, in addition, that the interim progress report up to 12 October 2010 may be distributed to creditors in substitution for the report that would have been dated 27 November 2010 As such, the next progress report will cover the period from 13 October 2010 to 27 May 2011

I shall be grateful if you will acknowledge receipt by stamping the copy form and returning it to me in the enclosed self addressed envelope If you have any queries regarding the above then please contact my colleague, Tim Montgomery on the details above

Yours sincerely
for Soymagic (U.K.) Limited

H Smith
Joint Administrator



COMPANIES HOUSE

The affairs, business and property of the company are being managed by the Joint Administrators

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 in England & Wales



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

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

KPMG LLP
14 October 2010
This report contains 18 pages

hs/ic/ct

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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 Funnin of KPMG LLP 1 The Embankment Neville Street, Leeds LS1 4DW
Administration Orders	The Administration Orders dated 28 May 2010 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 Imie Rochlitz Joseph Rochlitz Patrick Steinberg Stanley Shreeve Yan 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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2	Joint Administrators' time costs and expenses from 28 May 2009 to 12 October 2010
3	Joint Administrators' charge out rates and expenses
4	Joint Administrators' receipts and payments account for the period 28 May 2010 to 12 October 2010
5	Form 2.24 Abstract of Administrators' receipts and payments as at 12 October 2010

1 Introduction

Further to the previous report to creditors dated 21 June 2010 this report provides an update on the progress of the administration since the appointment of Joint Administrators and covers the period from 28 May 2010 to 12 October 2010 inclusive

The purpose of this report is to update creditors as to the progress of the administration and to support an application to the court for an extension of the administration past its current automatic termination date of 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

As previously reported, attempts by the Joint Administrators to achieve a sale of the business as an operating unit have been unsuccessful

As such the Joint Administrators with the agreement of the primary secured lender, continue to engage 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 now been several offers for both the property and the plant & machinery separately

The Joint Administrators have yet to accept any of these offers although are now in discussions with several interested parties aimed at clarifying details of their offers and achieving a simultaneous disposal of the property and the plant & machinery

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 a VAT refund of £1,950.

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 May 2010 to 12 October 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 May 2010 to 12 October 2010, we have incurred time costs of £14,107.75 representing 57 hours at an average rate of £247 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 12 October 2010 are £194,319 representing 796 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 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. No fees have been paid to Sanderson Weatherall in the period; however, 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.



Also, 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.

4.2.2 Heat & light

Payments have been made to nPower in respect of electricity supply totalling £15,806 in the period. This amount covers electricity supply to the freehold premises for the period from appointment 28 May 2009 to 31 May 2010. There is a standing charge of approximately £1,500 per month due to significant additional capacity which was arranged by the Company prior to the administration.

The Joint Administrators understand that arranging reductions in the supply may damage the land surrounding the freehold property. Any damage may reduce the expected realisations from the sale of the freehold property. In addition, a reduction in supply may, in fact, be unattractive to a potential purchaser. As such, the standing charges have been deemed an acceptable expense of the administration.

4.2.3 Sundry other costs

Site security and other miscellaneous property costs paid in the period total £870.

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 six months by consent of the preferential and secured creditors.

In accordance with the above, the appointment of Joint Administrators ceases to have effect at midnight on 27 November 2010. It is my intention to seek the consent of the court for the Administration period to be extended for 12 months for the purposes of finalising the sale of assets, finalising preferential claims and distributing funds to the secured creditor.



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 received total £2,551 from employees and £8,062 from the Redundancy Payment Service.

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 with regards to the sale of the freehold property and remaining plant & machinery,
- 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 Lines DN37 9TU
Present registered office	c/o KPMG 1 The Embankment Neville Street Leeds LS1 4DW
Trading addresses	Genesis Way Europarc Grimsby North East Lines 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 Stemberg 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
14 October 2010

Appendix 2 – Joint Administrators’ time costs from 28 May 2009 to 12 October 2010

28/09/2009 to 12/10/2010

	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)	2 40		9 95	4 20	16 55	£3 213 75	£194 18
Reconciliations (& IPS accounting reviews)			29 40	1 60	31 00	£5 151 00	£166 16
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	62 50	1 50	82 50	£18 142 50	£219 91
Bonding and bordereau			0 50		0 50	£82 50	£165 00
Checklist & reviews		8 50	10 70		19 20	£5 250 00	£273 44
Closure and related formalities		3 00			3 00	£960 00	£320 00
Pre appointment checks		20 50	0 60		21 10	£8 437 50	£399 88
Reports to debenture holders	2 00	9 00			11 00	£4 525 00	£411 36
Statutory receipts and payments accounts			6 10		6 10	£1 168 50	£191 56
Strategy documents	1 00	6 00			7 00	£2 907 50	£415 36
Tax							
Initial reviews - C1 and VAT		2 05	2 50		4 55	£1 068 50	£234 84
Post appointment corporation tax	2 00	3 20	20 10		25 30	£6 633 00	£262 17
Post appointment VAT	0 70	3 25	12 90		16 85	£4 472 75	£265 45
Creditors							
Creditors and claims							
General correspondence		7 00	114 10		121 10	£23 401 50	£193 24
Notification of appointment		1 00			1 00	£405 00	£405 00
ROI 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	76 95		82 65	£17 956 75	£217 26
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							
VAT 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		12 50	24 50		37 00	£10 245 00	£276 89
Leasehold property			2 50		2 50	£562 50	£225 00
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		8 50	39 00		47 50	£9 877 50	£207 95
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			4 20		4 20	£813 00	£193 57
Total in period					796 30	£194 318 75	£244 03

Fees drawn

B/f	-
In the period	0 00
C/f	0 00

Hours/Costs to date

739 25	£180 211 00	£243 78
57 05	14 107 75	£247 29
796 30	£194 318 75	£244 03



Appendix 3 - Administrators' charge out rates and Administrators' expenses to 12 October 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
14 October 2010

Appendix 4 - Receipts and Payments period account for the period from 28 May 2010 to 12 October 2010

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

Statement of Affairs		From 28/05/2010 To 12/10/2010	From 28/05/2009 To 12/10/2010
	FIXED CHARGE ASSETS		
1 500 000 00	Freehold property	NIL	NIL
565,000 00	Plant & machinery	<u>NIL</u>	<u>NIL</u>
		NIL	NIL
	FIXED CHARGE COSTS		
	Bank charges	<u>NIL</u>	<u>2 10</u>
		NIL	(2 10)
	FIXED CHARGE CREDITORS		
(4 349 693 00)	Fixed charge creditors	<u>NIL</u>	<u>NIL</u>
		NIL	NIL
	ASSET REALISATIONS		
10 000 00	Furniture & equipment	NIL	NIL
10 008 00	Stock	NIL	10 008 18
	Book debts	NIL	7 623 23
	Cash at bank	<u>NIL</u>	<u>389 59</u>
		NIL	18 021 00
	OTHER REALISATIONS		
	Bank interest gross	<u>NIL</u>	<u>2 62</u>
		NIL	2 62
	COST OF REALISATIONS		
	Agents'/Valuers' fees	NIL	6 964 46
	Legal fees	NIL	2 260 00
	Site Removal Costs	NIL	2,016 00
	Indirect Staff Costs	NIL	85 50
	Heat & light	18 820 79	22 920 38
	Storage costs	NIL	150 78
	Re-direction of mail	NIL	78 10
	Statutory advertising	NIL	175 27
	Management Accounting Fee	NIL	800 00
	Rates	NIL	15 95
	Other property expenses	1 611 08	7 519 05
	Wages & salaries	NIL	6 802 58
	Bank charges	<u>NIL</u>	<u>130 00</u>
		(20 431 87)	(49,918 07)
	PREFERENTIAL CREDITORS		
(382 00)	Employees' wage arrears	<u>NIL</u>	<u>NIL</u>
		NIL	NIL
	FLOATING CHARGE CREDITORS		
(107 032 00)	Floating charge	<u>NIL</u>	<u>NIL</u>
		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 28/05/2010 To 12/10/2010	From 28/05/2009 To 12/10/2010
		NIL	NIL
	DISTRIBUTIONS		
(47 765 00)	Ordinary shareholders	NIL	NIL
		NIL	NIL
(6,220 665 00)		(20,431 87)	(31,896 55)
	REPRESENTED BY		
	Floating ch VAT reclaimable		5 692 04
	Fixed charge current		7 90
	Floating charge current - 100K overdraft		(35 280 31)
	Floating ch VAT control		(2 316 18)
			(31,896 55)

Howard Smith
Administrator



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

Appendix 5 - Receipts and Payments period account for the period to 12 October 2010 - Form 2.24B

RECEIPTS		£
Brought forward from previous Abstract (if Any)		18,389 86
Floating ch VAT control		1 949 94

* Delete as appropriate

Carried forward to		20,339 80
* continuation sheet / next abstract		

PAYMENTS		£
Brought forward from previous Abstract (if Any)		31 804 48
Heat & light		18 820 79
Other property expenses		1 611 08
Floating ch VAT rec'able		3 375 86

* Delete as appropriate

Carried forward to		55 612 21
* continuation sheet / next abstract		

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