

The Insolvency Act 1986

Administrator's progress report

Name of Company Powa Technologies Group PLC	Company number 08389133
In the High Court of Justice, Chancery Division, Companies Court	Court case number 000949 of 2016

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

From 19 February 2016	To 18 August 2016
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Signed



Robert James Harding – Joint Administrator

Dated

16 September 2016

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

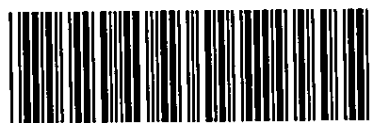
The contact information that you give will be visible to searchers of the public record

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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



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COMPANIES HOUSE

Deloitte.

Powa Technologies Group PLC (“PLC”) & Powa Technologies Limited (“LTD”) (both in administration) (together “the Companies”)

Court Case No's 949 & 963 of 2016
High Court Of Justice, Chancery
Division, Companies Court
Company Numbers 08389133 &
06376989

Registered Office. c/o Deloitte LLP, PO Box 810, 66 Shoe Lane, London, EC4A 3WA

Progress report to creditors for the period 19 February 2016 to 18 August 2016 for PLC and 22 February 2016 to 21 August 2016 for LTD, pursuant to Rule 2.47 of the Insolvency Rules 1986 (as amended) (“the Rules”).

Robert James Harding and Nicholas Guy Edwards (“the Joint Administrators”) were appointed Joint Administrators of PLC and LTD on 19 February 2016 and 22 February 2016 respectively. The affairs, business and property of the Companies are managed by the Joint Administrators. The Joint Administrators act as agents of the Companies and contract without personal liability. All licensed Insolvency Practitioners of Deloitte LLP (“Deloitte”) are licensed in the UK to act as Insolvency Practitioners by the Institute of Chartered Accountants in England and Wales.

For the purposes of paragraph 100(2) of Schedule B1 of the Insolvency Act 1986 (as amended), (“the Act”), the Joint Administrators confirm that they are authorised to carry out all functions, duties and powers by either of them jointly and severally.

Council Regulation (EC) No 1346/2000 applies and these are the main proceedings as defined in Article 3(1) of that regulation.

16 September 2016

Glossary

Entity and case specific definitions



Entity definitions		the Proposals		The Joint Administrators' Proposals report dated 15 April 2016	
Bidco	964 Bidco Limited				
Deloitte	Deloitte LLP	ROT		Retention of Title	
Greenlight	Greenlight Power Limited and Green Light Digital Limited	RPS		Redundancy Payments Service	
LTD	Powa Technologies Limited (In Administration)	the Rules		Insolvency Rules 1986 (As Amended)	
PLC	Powa Technologies Group plc (In Administration)	the Secured Creditors		Bay Bond Investors (Bermuda) L P Bay Pond Partners, L P Ithan Creek Master Investors (Cayman) L P Wolf Creek Investors (Bermuda) L P Wolf Creek Partners, L P	
Supercom	Supercom Ltd				
Group definitions					
the Companies	PLC and LTD	SIP 9		Statement of Insolvency Practice 9 - Remuneration Of Insolvency Office Holders	
General definitions		SOA		Statement of Affairs, a summary of the assets and liabilities of each company prepared by their directors as at the date of appointment	
the Act	Insolvency Act 1986 (As Amended)	TUPE		Transfer of Undertakings (Protection of Employment) Regulations 2006	
c	Circa	VAT		Value Added Tax	
Fee Estimates	Estimate of time costs for PLC and LTD for the duration of the appointment				
HMRC	HM Revenue & Customs				
IP	Intellectual property				
the Joint Administrators	Nicholas Guy Edwards and Robert James Harding				
NI	National Insurance				
PAYE	Pay As You Earn				
Prescribed Part	The Prescribed Part provisions pursuant to Section 176A of the Act				

Contacts

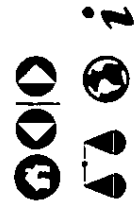
Joint Administrators of the Companies

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Key messages

	Commentary
Purpose of administrations	• The purpose of the administrations is to now realise property in order to make a distribution to the Secured Creditors
Progress of administrations	• Since our appointment we have - Entered into a limited trading period, where we stabilised the business as part of a sales process to determine where there was value (LTD only), - Communicated the administration strategy to key stakeholders, - Secured the Companies' assets and data, - All three businesses were sold separately The sales of PowaTag and PowaWeb completed on 3 March 2016 and PowaPOS on 18 April 2016 This preserved 69 jobs - Managed post completion sale matters, - Realised other assets including book debts, cash at bank, VAT and IT equipment and fixtures and fittings, and - Dealt with ongoing statutory requirements and employee matters • Further details can be found on Pages 6 to 9 and in our Proposals
Costs	• Our fees were fixed on 5 May 2016 by the Secured Creditors on a basis of time costs as set out in the Fee Estimates • During the period of the report, we have incurred time costs of £862,063 for PLC and £2,020,580 for LTD, as detailed on Pages 19 to 21 • During the period of this report, we have drawn fees of £393,779 plus VAT for PLC and £629,327 plus VAT for LTD • Whilst it is likely that our time costs will exceed the total Fee Estimates we do not intend to seek approval to increase the Fee Estimates • Further information regarding our expenses incurred are detailed further on Page 9 • Pre-appointment time costs of £52,641 plus VAT for PLC and £141,475 plus VAT for LTD were approved by the Secured Creditors on 5 May 2016 and have been paid in full

Contacts

Joint Administrators of the Companies

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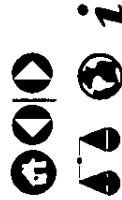
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Key messages

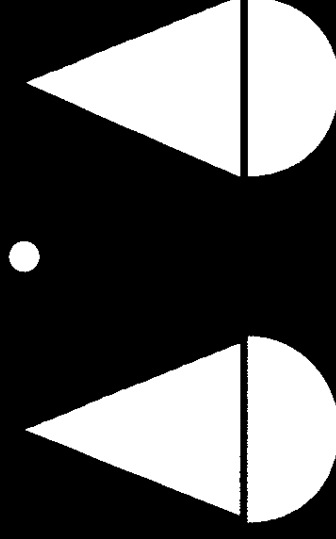
	Commentary
Outstanding matters	- Post completion sale matters, relating mainly to the assignment of IP to Bidco across a number of jurisdictions, - Recovery of inter-company debtors, - Employee matters including overseas / UK employee claims, dealing with ongoing overseas employee litigation and overseas payroll, - Continuing investigations to assess whether there are any matters that might lead to a recovery for the benefit of creditors, and - Realisation of pre-appointment VAT refund as well as the finalisation of all tax matters
Dividend prospects	It is not envisaged that there will be sufficient realisations in order to enable the Secured Creditors to be repaid in full. As there are insufficient floating charge realisations, it is unlikely that any distribution will be made to the preferential creditors of LTD or the unsecured creditors of the Companies
Extension to administration periods	If we are unable to conclude all of the outstanding matters before 18 February 2017 (PLC) and 21 February 2017 (LTD), then we will seek an extension to the period of the administrations from the Secured Creditors well in advance of the aforementioned dates

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Progress of the administrations

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Progress of the administrations

Progress of the Administrations

The Secured Creditors provided funding of £4.9m to enable LTD to trade on a limited basis during an accelerated sale process as set out in our Proposals

The PowaTag business and certain assets for the PowaWeb business were sold on the 3 March 2016 to Bidco and Greelight respectively as set out in our Proposals

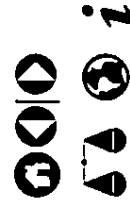
There was a subsequent ongoing workstream to finalise the sales processes including the sale of the PowaPOS business to Supercom, which concluded on the 18 April 2016 (further detail provided overleaf)

We effectively ceased trading after the sale of the first two businesses (the Supercom sale was an asset transaction not the sale of a trading business) and granted the purchasers of the PowaTag business a license to occupy the leasehold premises at the Heron Tower (Floors 34 & 35) for a limited period to enable an orderly transition

Shortly after the expiry of the license we exited the leasehold premises and informally surrendered the lease on 11 March 2016, as it was decided after receiving advice from Knight Frank that it was highly unlikely that any premium value could be generated from a sale of the leases

The rent deposit under the leases was not protected by the administration moratorium and there was no prospect of recovery from the landlord upon us ceasing to be in beneficial occupation of the property

Other asset recoveries were also made and progressed during this time including, book debts, cash at bank, VAT and IT equipment and fixtures and fittings, which are all detailed in the Receipts and Payments section on Pages 10 to 14



Progress of the Administrations (cont.)

Asset realisations

Sale of PowaPOS business - LTD

The PowaPOS sale took longer to complete than the sales of PowaTag and PowaWeb due to a more complicated and challenging ownership structure of the business and assets

The business and employees were controlled by a subsidiary group located in the USA (over which we had not been appointed) Some of the physical assets, including inventories and book debts were owned by PTL and could be offered for sale

The inventory position was complicated further as it was located in rented warehouses in Malaysia, the USA and the UK, with arrears of rent due to all landlords. Additionally, the tooling and equipment required to manufacture further product was owned and controlled by an unsecured creditor, owed approximately £2.7m

The IP required to operate the PowaPOS business had been sold to Bidco as part of the sale of the PowaTag business and therefore required their express consent to sell this business

Despite the challenging background, 13 interested parties were contacted, 8 of whom signed non disclosure agreements and undertook further diligence. Two interested parties submitted offers, which led to the business and certain assets (including the inventory, book debts and equipment) being sold to Supercom on 18 April 2016

Total consideration of £475k was provided, which represents the best value attainable under the circumstances

Since the conclusion of the sale of PowaPOS, we have been finalising post sale matters, for example providing letters of authority to assist in the collection of debtors and finalising the assignment of IP to Bidco

VAT refund - PLC

During the period, £349k was received in respect of a pre-appointment VAT refund due for January to February 2016

We are pursuing a further refund of c £380k, however this is subject to review by HMRC and confirmation that there are no other outstanding tax liabilities and, as such, is uncertain

It should be noted that the pre-appointment VAT amount was repaid to PLC as group representative, and therefore, a reappointment to LTD will be applied in due course, where appropriate. This will not, however, affect the dividend prospects for preferential or unsecured creditors in either of the Companies

Book debts - LTD

Whilst the sale of the PowaPOS business was being completed, £15,303 of book debts were collected

The books and records of PLC and LTD show a balance of intercompany debtors for £134.5m and £42.8m, respectively. Approximately £134.1m of the debt owed to PLC is due from LTD and will be uncollectable

We have written to all other intercompany debtors to request settlement

Fixtures and fittings - LTD

As advised in our Proposals, as part of the sale of businesses, the majority of LTD's IT equipment, fixtures and fittings and other items were sold to Bidco

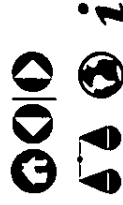
Realisations from sales by Wyles Hardy & Co of assets not sold to Bidco totalled £20,658 plus VAT. These funds have been received in full

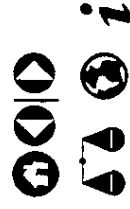
Sundry refunds - LTD

Sundry refunds totalling £2,255 have been received in relation to a refund of an insurance premium prepayment

Cash at bank - LTD & PLC

All cash at bank balances as shown in the receipts and payments and reported in the Proposals have been collected for the Companies





Employee Matters – LTD

All of LTD's employees have either been made redundant or have transferred under TUPE to one of the purchasers of the businesses

Employee Claims

We have continued to assist the UK based employees with submitting their claims to the RPS for any statutory entitlements they may be due following their redundancy and the majority of these claims have now been paid. We are now awaiting the final subrogated claim from the RPS

We have also assisted former employees of LTD who were located overseas in respect of payment of any entitlements they may be due as per the relevant local employment law

A number of overseas employees have began legal proceedings in relation to the termination of their employment as per their local employment law, we continue to deal with these aspects in the case

Share scheme - IMPORTANT NOTICE

Any employees who successfully entered into the Companies' share scheme and became employee shareholders were given the opportunity to rescind this agreement and reinstate their statutory employment rights, thus allowing the RPS to pay statutory redundancy payments to them should it be due.

If you have not done this and you were a former employee who wishes to do so, then please contact us immediately using the contact details on Page 2.

Pensions

All claims for unpaid pre-appointment UK pension contributions have been submitted to the RPS

At the date of this report, the RPS has yet to make payment of these contributions into the relevant schemes. We will continue to work with the RPS to ensure payment is made as soon as possible

Creditors

The Secured Creditors provided short term funding of £4.9m to cover the costs and expenses of the administrations, which was repayable as an expense of the administrations

During the period, LTD has returned £500k of this funding to the Secured Creditors. The balance of the short term funding provided remains repayable, should there be sufficient realisations

Statutory tasks

During the period, we have carried out the following tasks, which primarily relate to fulfilment of statutory and compliance obligations and other tasks of an administrative nature

- **Case set-up and management;**
- **Liaising with HMRC.** to finalise any outstanding tax matters in preparation for obtaining tax clearance once the administration purpose has been achieved,
- **Creditor correspondence:** dealing with ongoing employee and creditor queries,
- **CDDA reporting:** statutory duty to report on the conduct of the Companies' directors,
- **Case reviews:** these are prepared on a 6 monthly basis to ensure that the project is compliant with statutory requirement, and
- **Cashiering functions** payments from the Companies' bank accounts to suppliers, employees, reconciling bank accounts and managing banking facilities

These tasks are a necessary part of the engagement but do not generate any direct financial benefit for creditors



Investigations

We are continuing our investigations in line with our statutory duty to report on the conduct of the Companies' directors

We are also continuing to assess whether there are any matters that might lead to a recovery for the benefit of creditors, such as potential claims that may be brought against parties either connected to or who have had past dealings with the Companies and will then be submitted to the Insolvency Service

If you have any information that you feel should be brought to our attention, please contact us in writing using the contact details on Page 2

Cost of the work done during the report period

The costs and expenses incurred during the period of this report are detailed below

Legal Costs. we have instructed Hogan Lovells LLP to assist in the following matters

- Sale of business and assets – including dealing with post completion matters,
- Employment advice – including redundancy considerations, in particular in foreign jurisdictions (France, Germany and Hong Kong),
- Real estate - dealing with the landlord to seek settlement to exit the leases at Heron Tower and licence to occupy for Bidco,
- Trading issues – advice regarding ROT issues concerning Powapos overseas stock, intellectual property and supplier contracts, and
- Other matters - reviewing potential litigation claims and any other relevant matters arising during the administrations

- During the period, they have been paid £108,665 plus VAT (PLC) and £576,917 plus VAT (LTD) Further legal fees of £41,800 plus VAT and disbursements of £5,000 plus VAT have been incurred for the period to date which have yet to be paid
- We anticipate that further legal fees will be incurred in dealing with ongoing employee and post sale completion matters
- **Agents' Costs** we have instructed agents to assist in the following matters

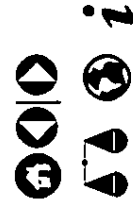
- Wyles Hardy & Co were instructed to value and sell LTD's assets, secure assets relating to the Powapos business and collect assets from employees to preserve the Companies' data and intellectual property
- To date, Wyles Hardy & Co have billed £29,770 plus VAT This exceeds the estimate provided in our Proposals due to dealing with the sale of the Powapos business and securing assets from former employees No further fees are anticipated

- Hilco Profit Recovery Limited have been instructed to recover unclaimed input VAT, duplicate payments, overpayments and prepayments They will be remunerated on a contingent fee basis at 30% of the total net amounts recovered To date, no fees have been paid

- **Other professional costs** we have also paid the following
 - £3,000 plus VAT for PLC and £5,000 plus VAT for LTD in relation to Kingston Smith & Partners LLP assisting the directors to prepare the SOAs for the Companies and in collating the statement of concurrence
 - £5,000 for LTD in relation to Tanner De Witt Solicitors in Hong Kong who have been instructed in relation to Powapos Technologies (Hong Kong) Ltd

All professional costs were reviewed and analysed in detail before payment was approved

Progress of the administrations Receipts and payments account



Receipts and payments

The following pages of the report provide receipts and payments accounts for PLC and LTD. These cover both the periods of the report and the period from the date of the appointments, as this is the first progress report these periods are the same.

The receipts and payments account is prepared on a cash rather than an accruals basis. As such, it does not fully reflect the costs incurred to date. There are a number of payments/receipts due which are for work already completed but not yet invoiced. As these are yet to be paid at the date of this report, they are not included in the receipts and payments accounts on Pages 11 to 14. These costs and receipts, amongst other things, include:

- Payment of payroll taxes surcharge to Spanish tax authorities for late submission of tax returns for Spanish employees. Estimated cost of €210.
- Payment for translation services required to assist in translating claim documents from English to Hungarian for employees based in Hungary. Estimated cost of €2,300.
- Refund of overpaid taxes in Australia paid prior to the appointment of the Joint Administrators. Estimated to be AUS\$ 7,700.

Please note, that the financial information provided on Page 12 does not reflect the final outcome in respect of the short trading period, as there are further costs to pay.

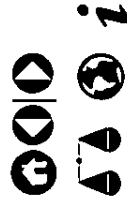
Overall it is expected that there will not be a trading surplus for LTD and any residual funding balances after administration costs will be returned to the Secured Creditors as this represents unutilised funding and is therefore not available for distribution to creditors.

Progress of the administration Receipts and payments account - PLC

PLC - Receipts and payments account (non-trading)

£	Statement of Affairs	19 February 2016 to 18 August 2016	Notes
Non trading receipts			
Funding from the Secured Creditors	-	4,957,973	1 Short term funding provided by the Secured Creditors in order to cover the costs and expenses of the Companies in administration
Bank interest	-	467	2 Cash at bank transferred on appointment
Pre-appointment bank account	6,213	250,000	3 A pre-appointment VAT refund of £349k has been received. Further potential recoveries are being explored
VAT refund	-	349,521	4 The SOA for PLC identified these assets, and estimated that they have no realisable value. As part of the administration we have reviewed these balances to confirm whether this is the case. We are seeking to recover the inter-company debtors, which have a net book value of £151.8m
Sundry refund	-	547	5 Funding of £564k was provided to the Hong Kong subsidiary, Powa Technologies (Hong Kong) Ltd, who used it to pay essential employee costs
Investment in subsidiaries	-	-	6 Kingston Smith & Partners fees for assisting directors with preparation of SOA
Other Debtors	-	-	7 Legal fees relate to Hogan Lovells LLP to 25 May 2016. A full breakdown of the work undertaken is provided on Page 9
Inter-group debits	-	-	8 Joint Administrators' fees and expenses up to the period 10 May 2016 – see Page 19
Connected Debtors	-	-	9 Costs of storing the Companies books and records
	6,213	5,558,509	10 Transfer of funding received from the Secured Creditors between PLC / LTD to cover costs incurred by each estate
Non trading payments			
Hong Kong Employee Wages and Salaries		(564,198)	
Advertising		(85)	
Professional fees		(3,000)	
Pre-appointment Legal Fees		(20,000)	
Post-appointment Legal Fees		(108,665)	
Pre-appointment Joint Administrators' fees		(52,641)	
Post-appointment Joint Administrators' fees		(393,779)	
Joint Administrators' expenses		(8,705)	
Bank Charges		(55)	
Storage costs		(1,529)	
Intercompany Funding		(3,800,000)	
VAT Receivable		(117,681)	
		(5,070,337)	
Balance in hand		488,172	
Represented by			
Bank account		488,172	

11 It is not currently envisaged that there will be any surplus. Any residual balances after administration costs will be returned to the Secured Creditors as this represents unutilised funding, which is repayable as an expense of the administration and is not available for distributions to creditors



Progress of the administration

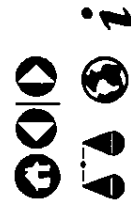
Receipts and payments account – LTD (trading account)



LTD - Receipts and payments trading account

£	Statement of Affairs	22 February 2016 to 21 August 2016	Notes
Receipts			
Licence to occupy		54,791	1 Receipt in respect of a short term licence to occupy the office located at Heron Tower, granted to Bidco on completion of the sale of PowaTag business and assets (to provide time for Bidco to make an orderly exit)
VAT Payable		10,958	
		<u>65,749</u>	
Payments			
Employee Wages and Salaries		(395,494)	2 Employee wages and salaries related to the ongoing cost of those retained during the administration
Employee Expenses		(15,948)	
Payroll Costs		(12,569)	
Contractors		(109,233)	3 A number of critical payments made to key suppliers to ensure continuity of the business whilst a purchaser was sought
Web Hosting and Telephone Costs		(8,703)	
Rates		(58)	
Security		(1,300)	4 Costs incurred in relation to insurance
Cleaning		(913)	
Insurance		(7,638)	
Patents, Trademarks & Application Fees		(1,325)	5 Costs incurred in respect of patent application filing fees
		<u>(553,181)</u>	
		<u>(487,432)</u>	
Trading deficit			

Progress of the administration Receipts and payments account – LTD (non-trading account)



LTD - Receipts and payments account (non-trading)

£	Statement of Affairs	22 February 2016 to 21 August 2016	Notes
Trading deficit (see previous page)			
		(487,432)	
Fixed charge assets			
Sale of Pow aWeb - Goodwill	-	39,000	1
Sale of Pow aTag	48,000,000	*	2
	48,000,000	39,000	
Floating charge assets (non trading receipts)			
Sale of Pow aTag	143,363	*	3
Sale of Pow aWeb - Book debts & IT assets		161,000	1
Sale of Pow aPOS - Book debts, inventory & equipment		475,000	4
Book Debts	-	15,303	5
Petty Cash	-	1,634	6
Pre-appointment bank account	6,213	27,756	
Bank Interest Gross	-	3,426	
Bidco Employee Wages and Salaries	-	700,001	7
Sundry refund	-	2,255	8
Fixtures, fittings and equipment	-	20,658	9
Premises	-	-	
Investments in subsidiaries	-	-	
Intercompany debtors	-	-	
Other debtors	-	-	
Stock	1,000,000	-	10
Prepayments	-	-	
Rent deposits	-	-	
Shareholder loan	-	-	
VAT payable	-	6,528	
	1,149,576	1,413,559	
Intercompany Funding	-	3,800,000	11
Total realisations		5,252,559	
1 Sales consideration received from Greenlight for Pow aWeb business 2 Bidco purchased all the intellectual property 3 The SOA for LTD groups book debts and IT assets together 4 Sales consideration received from Supercom for Pow aPOS business 5 Book debts collected whilst a sale of Pow aPOS was being completed 6 Petty cash and Cash at bank transferred at the date appointment 7 Funds received from Bidco to settle arrears of wages to the transferred Pow aTag employees. This included funds to settle PAYE, Employee / Employer NI and other payroll deductions 8 Sundry refund of prepaid insurance premium 9 Sale of fixtures and fittings not sold to Bidco 10 The SOA for LTD identified these assets and estimated that they have no realisable value other than stock. As part of the administration we are reviewing these balances to confirm whether that is the case. The stock has been sold as part of the Pow aPOS sale of business. We are seeking to recover the inter-company debtors, which have a net book value of £53.4m 11 Transfer of funding received from the Secured Creditors between PLC / LTD to cover costs incurred by each estate			

* The Pow aTag sales consideration was structured in the form of a release of the Secured Creditors' indebtedness totalling £42.8m (by way of credit bid). The majority of the sales consideration relates to fixed charge realisations although there were minor amounts to the sum of c.£65k, which were floating charge realisations. As already mentioned there will be insufficient floating charge realisations to provide a dividend to unsecured creditors under the Prescribed Part

Progress of the administration

Receipts and payments account – LTD (non-trading account) (cont)

LTD - Receipts and payments account (non-trading)

£	Statement of Affairs	22 February 2016 to 21 August	Notes
	Trading deficit (see Page 12)	(487,432)	
	Total realisations (see previous page)	5,252,559	
	Non trading payments		
	Bank Charges	(2,664)	
	Statutory Advertising	(85)	
	Bidco Employee Wages and Salaries	(649,317)	1
	Bidco return of payroll funding	(50,683)	
	Pre-appointment legal fees	(65,000)	
	Post appointment legal fees	(576,917)	2
	VAT Receivable	(309,774)	
	Pre-appointment Joint Administrators' fees	(141,475)	
	Post-appointment Joint Administrators' fees	(629,327)	3
	Joint Administrators' expenses	(8,738)	
	Agents fees	(29,770)	4
	Professional fees	(10,000)	5
		(2,473,751)	
	Distribution to secured creditors	(500,000)	6
	Balance in hand	1,791,377	
	Represented by		
	Bank account	2,070,584	
	Overseas Employees Contribution Pay	4,498	
	Payroll deductions for Administration	(14,577)	
	Payroll deductions for Bidco	(269,128)	7
		1,791,377	1 6

1 Funds received from Bidco used to settle arrears of wages to the transferred PowaTag employees. This included funds to settle PAYE, Employee / Employer NI and other payroll deductions

2 Legal fees relate to Hogan Lovells LLP to 25 May 2016. A full breakdown of the work undertaken is provided on Page 9

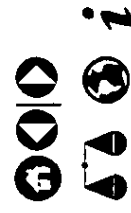
3 Joint Administrators fees and expenses up to the period 10 May 2016 – see Page 19 to 23

4 Agent fees relate to Wyles Hardy & Co

5 Kingston Smith & Partners fees for assisting directors with preparation of SOA and Tanner De Witt Solicitors fees

6 Distribution to the Secured Creditors. It is not currently envisaged that there will be any surplus. Any residual balances after Secured Creditors as this represents unutilised funding, which is repayable as an expense of the administration and is not available for distributions to creditors

7 Administration payroll deductions for PAYE, Employee / Employer NI and other payroll deductions





Information for creditors

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Information for creditors Outcome

Appointment of the Joint Administrators

PLC – appointment by the Secured Creditors

Our appointment over PLC was made by the Secured Creditors in their capacity as Qualifying Floating Charge Holders of PLC on 19 February 2016, following the filing of a Notice of Appointment of Joint Administrators by them under paragraph 14 of Schedule B1 to the Act

LTD – appointment by the Directors

Our appointment over LTD was made by the company on 22 February 2016, following the filing of a Notice of Appointment of Joint Administrators by the director of LTD under paragraph 22 of Schedule B1 to the Act

Outcome for creditors

Secured creditors

The Secured Creditors are in funds managed by Wellington Management Company LLP

The Companies granted fixed and floating charges in consideration for monies advanced by the Secured Creditors

At the date of appointment, the Secured Creditors were owed £138.1m for investment funding, £67.3 related to equity funding and £70.8m of secured debt funding

Based on currently available information, we do not expect that there will be sufficient asset realisations to repay the Secured Creditors in full although a proportion of their secured indebtedness (£42.8m) has been released as part of the sale to Bidco

Preferential creditors

Preferential creditors of LTD consist of amounts owed to former employees for arrears of wages and salaries and outstanding holiday pay

Due to insufficient floating charge realisations, there will be no distribution to the preferential creditors of LTD

Unsecured creditors

At the date of appointment, the Companies' SOAs show that for PLC there were £74m of unsecured claims, including 12 unsecured trade creditors with estimated claims totalling £562k and that in LTD there were £164m of unsecured claims, including 247 unsecured trade creditors with estimated claims totalling £14m

We do not anticipate that there will be sufficient realisations to enable a distribution to be made to unsecured creditors

Prescribed Part

As detailed in the Proposals, we do not anticipate there to be a Prescribed Part fund available for distribution to unsecured creditors

Claims process

As there is no prospect of a distribution for unsecured creditors, we do not intend to undertake any work to agree any preferential or unsecured creditor claims received

Extensions to the administration

If we are unable to conclude all of the outstanding matters before 18 February 2017 (PLC) and 21 February 2017 (LTD), then we will seek an extension to the period of the administrations from the Secured Creditors well in advance of the aforementioned dates

Exit

As detailed in our Proposals, we consider the following exit routes may be appropriate

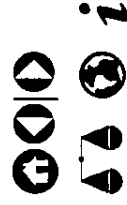
Dissolution – If there is no further property which might permit a distribution to the Companies' creditors, we may file notice to that effect with the Registrar of Companies and the Companies will be dissolved three months later

Compulsory Liquidation – where there is a possibility, but no certainty, of recoveries being made or matters such as property to disclaim or further enquiries, it may be appropriate to ask the court to end the administrations and make an order to wind up the Companies

We will conclude on the most appropriate exit route in due course



Information for creditors Statutory information



	PLC	LTD
Registered number:	8389133	6376989
Date of incorporation:	5 February 2013	20 September 2007
Company directors:	Current: Diane Beth Glossman (appointed 5 September 2013) Former (resigned 19 February 2016) Daniel Maunce Wagner John Ruben Wagner Ivor Scott Dunbar Anthony Sharp	Current: Diane Beth Glossman (appointed 22 February 2016) Former (resigned 19 February 2016): Daniel Maunce Wagner John Ruben Wagner Ivor Scott Dunbar Anthony Sharp
Former Company Secretary:	Former (resigned 16 March 2016) Benjamin John White David Andrew Stirling	David Andrew Stirling Daniel Maunce Wagner
Shareholders:	Total shares (nominal value 0 01) Ordinary 5,432,195 Ordinary A 775,084 Other 1,920,509 (held by companies / individuals - more than a 100 holdings)	Powa Technologies Group plc
Former Registered Office:	35th Floor, Heron Tower, 110 Bishopgate, London, EC2N 4AY	
Current Registered Office:	PO Box 810, 66 Shoe Lane, London, EC4A 3WA	

Remuneration and expenses

Joint Administrators' remuneration	19
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Remuneration and expenses

Joint Administrators' remuneration

Administrators' remuneration

"A Creditors' Guide to Remuneration" is available for download at www.deloitte.com/uk/powatechnologies

Should you require a paper copy, please send your request in writing to us at the address on Page 2 of this report and this will be provided to you at no cost

Basis of remuneration

The basis of our remuneration was fixed by the Secured Creditors by reference to the time properly given by us, and our staff in attending to matters arising in the administrations, as set out in the Fee Estimates

Time costs incurred

A copy of our Fee Estimates detailing the work that we anticipate will need to be undertaken on these cases for the duration of the appointments together with estimates of the likely cost and amount of time that each part of that work will take to complete is provided on Pages 20 and 21

PLC

We have updated the Fees Estimate to provide details of our actual time costs to 18 August 2016, which total £862,063 made up of 1,694 of hours at an average charge out rate of £509 across all grades of staff, which exceed our initial Fee Estimate

To date, we have drawn remuneration of £393,779 plus VAT against the agreed fee of £982,669 plus VAT, as shown in the receipts and payments account on Page 11

LTD

We have updated the Fees Estimate to provide details of our actual time costs to 21 August 2016, which total £2,020,580 made up of 3,941 of hours at an average charge out rate of £513 across all grades of staff

To date, we have drawn remuneration of £629,327 plus VAT against the agreed fee of £2,097,670 plus VAT, as shown in the receipts and payments account on Page 14

In order to finalise the administrations of the Companies, we anticipate future costs will be incurred in relation to

- Administrative activities cashiering, case reviews and closure matters,
- Statutory and compliance preparation of progress report(s) and final report,
- Asset realisations finalising recovery of inter-company debtors and VAT refund,
- Tax matters finalising outstanding tax matters and seeking tax clearance before closure, and
- Employees – concluding overseas / UK employee claims, dealing with ongoing overseas employee litigation and conclusion of payroll matters

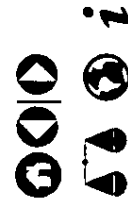
For the reasons outlined above and depending on the length of time it takes to resolve the outstanding matters, we anticipate that our remuneration will exceed the Fee Estimates, however we will not be requesting permission to draw further fees in excess of our initial Fee Estimates



PLC - Fees Estimate and Joint Administrators' time costs for the period 19 February 2016 to 18 August 2016

All partners and technical staff (including cashiers) assigned to the case recorded their time spent working on the case on a computerised time recording system. Time spent by secretarial staff working on the assignment has not been recorded or recovered. The appropriate staff have been assigned to work on each aspect of the case based upon their seniority and experience, having regard to the complexity of the relevant work, the financial value of the assets being realised and/or claims agreed.

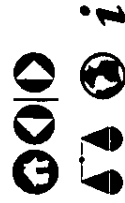
Fee estimate					Actual timecosts to 18 August 2016		
Activity	Anticipated hours	Avg Rate £/h	Anticipated fees (£)	Hours incurred in period	Avg Rate £/h	Fees incurred in period (£)	
Administrative activities*	Cashiering	75.5	580	43,807	47.8	593	28,324
	Case supervision	75.4	437	32,933	103.3	324	33,471
	Case review s	8.4	437	3,669	-	-	-
	Case closure matters	34.0	478	16,235	-	-	-
Statutory & compliance*	Compliance & IPS diary	19.7	495	9,746	11.4	404	4,604
	Insurance	12.5	545	6,813	1.6	430	688
	General reporting	199.1	529	105,355	194.4	533	103,644
	Statutory meetings	-	-	-	-	-	-
	Regulatory & other legislation	10.4	568	5,905	-	-	-
	Court applications	5.3	-	3,535	-	-	-
Initial actions*	Appointment matters	33.9	859	29,124	42.7	735	31,387
	Securing assets	20.2	704	14,228	71.2	888	63,232
	Notifications	19.6	566	11,086	26.1	552	14,418
Investigations	CDDA reporting	70.8	284	20,069	101.7	467	47,453
	Investigations	494.3	514	253,913	544.6	342	186,499
Taxation*	Tax	146.8	690	101,281	98.4	758	74,581
	VAT	51.0	478	24,373	10.6	719	7,585
Asset realisations	Third party assets	-	-	-	-	-	-
	Book debts	-	-	-	7.8	467	3,644
	Chattel assets	-	-	-	-	-	-
	Other assets	7.0	551	3,860	5.2	822	4,276
	Property	-	-	-	-	-	-
	Retention of title	-	-	-	-	-	-
	Sale of business	352.2	648	228,263	340.2	608	206,980
	Antecedent transactions	-	-	-	-	-	-
	Day 1 control of trading	22.3	683	15,229	25.3	659	16,664
	Ongoing trading	-	-	-	23.0	685	15,755
Trading	Monitoring trading	1.0	530	530	5.0	634	3,170
	Closure of trade	11.0	491	5,405	3.0	710	2,130
Employees	Consultation	-	-	-	-	-	-
	Correspondence	-	-	-	-	-	-
	Employment tribunals	-	-	-	-	-	-
	Pensions	-	-	-	-	-	-
Correspondence	Creditors	66.4	668	44,377	30.9	437	13,518
	Committee	-	-	-	-	-	-
	Shareholders	1.1	425	480	-	-	-
	Customers	-	-	-	-	-	-
	Press & media queries	3.4	733	2,457	0.2	210	42
	Total fees estimate	1,741.1	564.4	982,669	1,694.1	508.9	862,063



LTD - Fees Estimate and Joint Administrators' time costs for the period 22 February 2016 to 21 August 2016

All partners and technical staff (including cashiers) assigned to the case recorded their time spent working on the case on a computerised time recording system. Time spent by secretarial staff working on the assignment has not been recorded or recovered. The appropriate staff have been assigned to work on each aspect of the case based upon their seniority and experience, having regard to the complexity of the relevant work, the financial value of the assets being realised and/or claims agreed.

Activity	Fee estimate			Actual time costs to 21 August 2016		
	Anticipated hours	Avg Rate £/h	Anticipated fees (£)	Hours incurred in period	Avg Rate £/h	Fees incurred in period (£)
Administrative activities*	Cashiering	149.0	75,975	92.0	459	42,209
	Case supervision	103.9	41,339	158.1	258	40,808
	Case reviews	10.5	4,620	-	-	-
	Case closure matters	23.8	11,189	-	-	-
Statutory & compliance*	Compliance & IPS diary	15.9	7,473	22.9	314	7,194
	Insurance	7.2	3,883	1.6	430	688
	General reporting	210.7	115,021	185.7	514	95,378
	Statutory meetings	-	-	-	-	-
	Regulatory & other legislation	9.2	5,305	-	-	-
	Court applications	10.5	7,070	-	-	-
	Appointment matters	2.8	882	27.6	839	23,156
Initial actions*	Securing assets	287.7	256,928	320.0	891	285,080
	Notifications	19.2	10,581	19.2	433	8,318
Investigations	CDDA reporting	317.0	116,590	227.8	481	109,584
	Investigations	303.3	160,558	365.0	285	110,041
Taxation*	Tax	81.2	55,562	47.3	915	43,313
	VAT	63.0	35,188	68.3	1,002	68,398
Asset realisations	Third party assets	-	-	-	-	-
	Book debts	23.5	12,765	29.7	495	14,701
	Chattel assets	6.5	3,495	4.6	530	2,365
	Other assets	126.9	50,994	157.7	340	53,671
	Property	46.3	36,739	36.8	795	29,304
	Retention of title	1.3	410	1.3	210	273
	Sale of business	282.4	198,570	390.9	695	271,847
	Antecedent transactions	-	-	-	-	-
	Day 1 control of trading	94.8	57,374	112.8	565	63,784
	Ongoing trading	388.1	262,541	516.7	540	278,902
Trading	Monitoring trading	95.1	56,764	159.5	685	109,258
	Closure of trade	26.2	14,111	28.0	650	18,205
Employees	Consultation	-	-	-	-	-
	Correspondence	756.8	308,478	792.4	361	286,188
	Employment tribunals	253.0	116,330	47.8	376	17,980
	Pensions	29.0	10,368	18.2	527	9,583
	Creditors	100.0	50,093	84.6	328	27,779
Correspondence	Committee	-	-	-	-	-
	Shareholders	0.1	43	-	-	-
	Customers	-	-	-	-	-
Distributions	Press & media queries	6.3	4,788	0.2	530	106
	Secured creditors	8.2	4,587	3.9	628	2,451
	Preferential creditors	-	-	-	-	-
	Unsecured creditors	2.5	1,063	-	-	-
	Shareholder	-	-	-	-	-
Total fees estimate	3,861.7	543.2	2,097,670	3,941.3	612.7	2,020,580



Remuneration and expenses

Detailed information

Disbursements

Category 1

These are payments made by us direct to third parties and for which no approval is required

Category 2

These are costs and expenses initially paid by us and which are not generally made to a third party, for example, reimbursement to staff engaged on the case for their mileage costs. These may also include shared or allocated costs. Specific approval is required before these costs and expenses can be drawn from the administration estate

Our disbursements are summarised below

PLC

Category 1 disbursements

£ (net)	Value	Paid	Unpaid
Travel	1,924	1,924	-
Subsistence	438	438	-
Insurance	230	230	-
Accommodation	3,839	3,839	-
Telephone	14	14	-
Tax Disbursements	557	-	557
Postage/Couriers/Stationery	2,957	2,260	696
Total expenses	9,959	8,705	1,253

Category 2 disbursements

£ (net)	Value	Paid	Unpaid
Website	250	-	250
Total disbursements	250	-	250

LTD

Category 1 disbursements

£ (net)	Value	Paid	Unpaid
Travel	6,031	4,224	1,806
Subsistence	1,871	1,394	476
Insurance	230	230	-
Accommodation	2,662	1,948	714
Telephone	297	240	57
Tax Disbursements	14	-	14
Postage/Couriers/Stationery	830	665	165
Total expenses	11,934	8,702	3,232

Category 2 disbursements

£ (net)	Value	Paid	Unpaid
Website	250	-	250
Mileage	36	36	-
Total disbursements	286	36	250

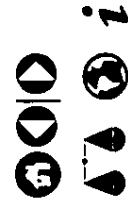
Mileage is calculated at the prevailing standard mileage rate of up to 45p used by Deloitte at the time when the mileage is incurred

Deloitte charges a fixed cost of £500 for each statutory website set up to cover the costs of setting up and maintaining the website, along with the uploading of statutory notifications, reports and other documents to the website for the duration of the appointment

Category 2 disbursements are not expected to exceed £544 for the Companies and are in line with the estimates in the Proposals

Creditors' right to request information

Any secured creditor or unsecured creditor (with the support of at least 5% in value of the unsecured creditors or with leave of the Court) may, in writing, request us to provide additional information regarding remuneration or expenses to that already supplied within this report. Such requests must be made within 21 days of receipt of this report, in accordance with Rule 2 47(1)(a) and 2 48A of the Rules



Remuneration and expenses

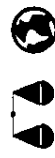
Detailed information

Creditors' right to challenge remuneration and/or expenses

Any secured creditor or unsecured creditor (with the support of at least 10% in value of the unsecured creditors or with leave of the Court) may apply to the Court for one or more orders (in accordance with Rule 2 109(4) of the Rules), reducing the amount or the basis of remuneration which we are entitled to charge or otherwise challenge some or all of the expenses incurred

Such applications must be made within eight weeks of receipt by the applicant(s) of the progress report detailing the remuneration and/or expenses being complained of, in accordance with Rule 2 109 of the Rules

Please note that such challenges may not disturb remuneration or expenses approved or deemed to be approved under prior progress reports



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