

Notice of result of meeting of creditors

Pursuant to Rule 2.35 of the Insolvency (Scotland) Rules 1986

Name of Company
Dawson International PLC

Company number
SC054505

(a) Insert full name(s)
and address(es) of the
administrator(s)

We (a) Gary Steven Fraser and Blair Carnegie Nimmo, KPMG LLP, Saltire Court,
20 Castle Terrace, Edinburgh, EH1 2EG

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

(b) Insert place of
meeting

(b) KPMG LLP, Saltire Court, Edinburgh, 20 Castle Terrace, Edinburgh, EH1 2EG

(c) Insert date of
meeting

(c) on 22 October 2012 at which:

Proposals were modified and approved.

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

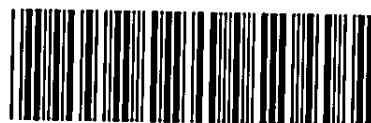
(d) The modifications made to the proposals are as follows:

Administrators' remuneration to be based upon the time costs properly incurred at the KPMG hourly charge out rates set out below and that both remuneration and outlays are to be determined in accordance with Rule 2.39 of the Insolvency (Scotland) Rules 1986.

The costs of KPMG LLP in respect of tax, VAT, forensic and pension advice provided to the Administrator to be based upon the time costs at KPMG LLP's hourly charge out rates, as set out in the table below and shall be paid out of the assets of the administration.

The Administrators will seek discharge at the end of the administration from liability in respect of any actions of theirs as Administrators pursuant to paragraph 98 (1) of schedule B1 of the Act immediately following the registration of the appropriate notice.

WEDNESDAY



S1KPWK35

SCT

31/10/2012

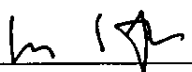
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COMPANIES HOUSE

Charge out rates		
£	Pre 1-Oct 2012	Post 1-Oct 2012
Partner	535	565
Associate Partner/ Director	460	485
Senior Manager	425	450
Manager	345	365
Assistant Manager	240	250
Administrator	175	185
Support Staff	110	115

The date for automatic end to administration is 14 August 2013

A creditors' committee was not formed.

Signed 
Administrator

Dated 29/10/12

A copy of the modified proposals can be obtained by following the weblink below:

<http://www.turnkeyinsolvencyservices.biz/case+kpmg01+DC816C5204.html>

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

	Tel
DX Number	DX Exchange

When you have completed and signed this form please send it to the Registrar of Companies at:

Companies House, 4th Floor, Edinburgh Quay 2, 139 Fountainbridge, Edinburgh, EH3 9FF
X 235 Edinburgh / LP 4 Edinburgh-2



**Dawson International PLC
(in administration)**

**Statement of Proposals
Pursuant to Paragraph 49 of Schedule B1 of the
Insolvency Act 1986 & Rule 2.25 of the
Insolvency (Scotland) Rules 1986
(both as amended)**

4 October 2012

KPMG LLP
4 October 2012

bn/gsf/ds/nb



*Dawson International PLC
(in administration)
Statement of Proposals
KPMG LLP
4 October 2012*

Notice: About these Proposals

- These Proposals have been prepared by Blair Carnegie Nimmo and Gary Steven Fraser, the Joint Administrators of Dawson International PLC solely to comply with their statutory duty under Paragraph 49, Schedule B1 of the Insolvency Act 1986 to lay before creditors a statement of their Proposals for achieving the purposes of the administration order, 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.
- These Proposals have not been prepared in contemplation of them being used, and are not suitable to be used, to inform any investment decision in relation to the debt of or any financial interest in Dawson International PLC.
- Any estimated outcomes for creditors included in these Proposals are illustrative only and cannot be relied upon as guidance as to the actual outcome for creditors.
- Any person who chooses to rely on these Proposals for any purpose or in any context other than under Paragraph 49, Schedule B1 of the Insolvency Act 1986 does so at their 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 these Proposals.
- Blair Carnegie Nimmo is authorised to act as an insolvency practitioner by the Institute of Chartered Accountants of Scotland.
- Gary Steven Fraser is authorised to act as an insolvency practitioner by the Institute of Chartered Accountants of Scotland.
- The Joint Administrators act as agents for Dawson International PLC 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 these Proposals or the conduct of the administration.



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*Dawson International PLC
(in administration)
Statement of Proposals
KPMG LLP
4 October 2012*

Appendices

- 1 Statutory and other information
- 2 Directors' statement of affairs
- 3 Receipts and payments account
- 4 Analysis of Administrators' time costs and disbursements
- 5 Major acquisitions and disposals
- 6 US group structure chart



Glossary

Act	The Insolvency Act 1986 (as amended)
Administrators	Blair Carnegie Nimmo and Gary Steven Fraser of KPMG LLP
Company	Dawson International PLC
Court	Court of Session
DIHL	Dawson International Holdings (UK) Limited
DIKI	Dawson International Investments (Kinross) Inc
DITL	Dawson International Trading Limited
GECF	GE Capital Commercial Finance Limited
GMAC	GMAC Commercial Finance PLC
Group	Dawson International Group comprising Dawson International PLC and its subsidiaries
IBR	Independent Business Review
IFRS	International Financial Reporting Standards
PPF	Pension Protection Fund
ROT	Retention of Title
Rules	The Insolvency Rules (Scotland) 1986 (as amended)
Staff Scheme	Dawson International Staff Retirement Benefit Plan
tPR	The Pensions Regulator
TUPE	Transfer of Undertakings (Protection of Employment) Regulations
Works Scheme	Dawson International Retirement Benefit Scheme

The references in these Proposals to Sections, Paragraphs or Rules are to the Insolvency Act 1986, Schedule B1 of the Insolvency Act 1986 and the Insolvency (Scotland) Rules 1986 (as amended) respectively.

This document in its entirety constitutes the Administrators' Statement of Proposals. A summary list of the Proposals is shown in section 12.



1 Introduction

We, Blair Carnegie Nimmo and Gary Steven Fraser of KPMG LLP were appointed Joint Administrators of Dawson International PLC on 15 August 2012.

We were appointed by the directors of the Company.

In accordance with paragraph 100 (2) of schedule B1 of the Act the functions of the Administrators may be exercised by either of or both of the Joint Administrators.

In accordance with paragraph 49, schedule B1 of the Act we set out below our report to the creditors of the Company together with our proposals for achieving the purpose of the Administration and for the conduct of the Administration.

The report also includes certain information which is required to be provided to creditors in accordance with Rule 2.25 (1) of the Rules.

A copy of these Proposals will be laid before a meeting of the Company's creditors to be held on 22 October 2012 at 11.00am.

2 Statement of prior professional relationship

KPMG LLP previously acted as auditor of Dawson International PLC and its subsidiaries. This engagement ended outwith the period for establishing independence for the purpose of accepting an insolvency appointment.

Over the period March 2009 to September 2011 KPMG LLP undertook various Corporation tax compliance and VAT work for the Group.

In January 2008 KPMG LLP was engaged to carry out an Independent Business Review. This was initiated by GMAC Commercial Finance plc. KPMG submitted their IBR report to GMAC in February 2008.

We have fully considered the relevant guide to professional conduct and ethics as issued by the relevant regulatory bodies and are satisfied that the existence of these prior relationships do not create any conflict of interest or threat to independence as office holders.

3 Statutory and other information

A summary of the statutory and other relevant information relating to the Company is set out in Appendix 1.



4 Background and events leading up to the appointment

4.1 Background

The Group at its core is a cashmere business which expanded significantly in the 1960s. Further diversification in the 1970s and 1980s saw growth in the UK and the USA with the Group employing more than 12,000 workers worldwide and at its peak, generating annual turnover in excess of £400 million.

Acquisitions in the US in the 1980s sharply reversed the fortunes of the Group. In 1986 a shower curtain manufacturing business was acquired and in 1989 an apparel business was acquired. These businesses were disposed of at significant loss in 1994. Compounding this problem, the textiles industry, and in particular the cashmere industry, developed in China and eroded the margins the Group was able to generate in its businesses. Over the period 1999 to 2011 most of the Group's businesses, including, Todd & Duncan, Pringle and Ballantyne, were sold to repay debt.

The present day Group is now much smaller, comprising a UK Knitwear business, Dawson International Trading Limited, and a US Sourcing business, Dawson Forte.

Dawson International PLC is the parent company of the Group.

The Company operates from freehold property at Burnfoot Industrial Estate, Hawick and employs three members of staff.

A summary of major acquisitions and disposals is set out at appendix 5.

4.2 Reasons for insolvency

A major issue which emerged for the Group in the past decade has been its UK defined benefit pension scheme liabilities and associated costs. The Group operated two defined benefit pension schemes in the UK, the Dawson International Staff Retirement Benefit Plan and the Dawson International Retirement Benefit Scheme. The Company is a participating employer in the Staff Scheme and DITL is a participating employer in the Works Scheme. The Group has been a major UK employer in the past, but is now much smaller. This is reflected in its UK pension scheme membership which has over 3,200 members, compared to a current workforce of less than 200.

The pension scheme deficits can vary significantly depending on the actuarial assumptions adopted. On an IFRS19 basis, the combined deficit has fluctuated between £5 million to £30 million over the past six years. On the most conservative (buyout) basis, the UK deficit has been calculated most recently at £129 million.

Pensions legislation requires the company which holds the pension and the scheme Trustees to value the deficit on a triennial basis and to agree a recovery plan which will eliminate the deficit within an acceptable period of time. The Company, DITL and the Trustee were unable to agree a recovery plan and therefore met with tPR and the PPF on 18 June 2012 and subsequently on 13 July 2012, asking them to accept the schemes into



the PPF in exchange for compensation totalling £8.5 million and a 33% stake in the Company. On 20 July 2012, the PPF rejected this proposal.

Following this response from tPR and the PPF, the scheme actuary served contribution notices on the Company and DITL for £129 million, the full buyout deficit of the UK schemes. The directors of the Company and DITL discussed this outcome with their advisors and concluded that there was no alternative to appointing administrators for both companies. Accordingly, we were appointed Administrators of the Company on the 15 August 2012.

Blair Nimmo and Gary Fraser were also appointed Administrators of Dawson International Holdings (UK) Limited and Dawson International Trading Limited on the 15 August 2012.

5 Purpose of the administration and proposal for achieving this objective

In accordance with Paragraph 3(1) of Schedule B1 of the Act the Administrators have the following hierarchy of objectives. In order these are:

- a. rescuing the Company as a going concern; or
- b. achieving a better result for the Company's creditors as a whole than would be likely if the Company was wound up (without first being in Administration); or
- c. realising property in order to make a distribution to one or more secured or preferential creditors.

We concluded that objective b was the most viable as the Company is unable to pay the Pension Scheme Section 75 debt. Therefore rescuing the Company as a going concern is not possible.

6 Events following the administration and expected future actions

6.1 Receipts and payments to 3 October 2012

An analysis of the receipts and payments for the period 15 August 2012 to 3 October 2012 is attached at appendix 3.

These figures are exclusive of VAT.

6.2 Sale of business

At the date of administration the Group comprised two businesses based in the UK and the US and a small central administrative function. The UK business comprises Barrie



Knitwear, which is a trading division of DITL. Barrie knitwear manufactures high quality cashmere garments, which are sold to customers worldwide.

The US business comprises the Dawson Forte cashmere business based in Boston, Massachusetts. Dawson Forte sources cashmere garments from Chinese manufactures and supplies them to US retailers.

Since the date of administration we have continued to trade the Barrie knitwear business whilst we seek a buyer for the business and assets as a going concern. We are currently in negotiations with a preferred bidder and hope to conclude a sale of the Barrie knitwear business and assets shortly. Further details of the sale cannot be disclosed at this time due to commercial confidentiality. However, the sale of Barrie knitwear will not result in any return to the Company due to the shortfall to unsecured creditors in DITL, including the pension scheme and the PPF.

DIKI, a wholly owned subsidiary of the Company, is the holding company for the Group's US operations, which include the Dawson Forte business. Dawson Forte is not in administration and continues to trade under the control of its directors and management team in the US. Dawson Forte has separate banking facilities with Bank of America. We are currently evaluating their options for dealing with the Dawson Forte business and the Group's US operations, including seeking clarity around legacy defined benefit pension scheme liabilities and environmental liabilities in the US. The value of the investment in Dawson Forte is unclear at present.

A structure chart for the Groups US operation is attached in appendix 6.

6.3 Realisation of other assets

Investment - King Deer

The Company has an investment in a cashmere producer in Mongolia. The investment comprises of an equity holding in King Deer which was purchased on January 2010 for £2.9 million but which has been fully provided in the Company's accounts. We are currently considering our options for realising value from this investment.

Loans and advances

The Company provided a number of loans and advances to other companies within the Group. We will work to establish the recoverability of these loans to maximise the recoveries where possible.

Investment in subsidiaries

The Company has direct and indirect investments in a number of subsidiary companies. We will liaise with the directors of each subsidiary company to identify if there is any value in the investments.



VAT Flemings claim

Following the release of the House of Lords judgement in *Fleming/Conde Nast* in 2008, HMRC implemented a transitional period of accounting to which taxpayers were invited to submit retrospective claims for overpaid output VAT and under claimed input VAT. The Company has claimed for under claimed input VAT in respect of pension administration costs for the tax period between 1973 and 1982 which the Company is entitled to in its capacity as employer. HMRC rejected the claim and the claim is now subject to litigation in the First Tier Tax Tribunal. The value of the claim for the pre 1982 period is approximately £270,000 (£88,061.67 plus statutory interest).

6.4 Connected party transactions

We are not aware of any connected party transactions which have been carried out in the period of 2 years prior to or since the date of the administration order. Should creditors have information regarding any such transactions they should forward details in writing to the Administrators.

6.5 Ending administration

Once the objective of the administration has been achieved, the Company should have sufficient property to enable a distribution to the unsecured creditors. We envisage that the most cost effective way of paying a dividend to the unsecured creditors will be for the Company to be placed into creditors voluntary liquidation, following which the Company will be dissolved.



7 Amounts payable to preferential creditors and the floating charge/debenture holder

7.1 Preferential creditors

The Company's preferential creditors have been estimated as follows:-

Figure 1: Preferential creditors

	£000
Employees – arrears of salary/wages	3
Employees – accrued holiday pay	25
Employees – pension	40
	<hr/>
	68
	<hr/>

Source: Company records and Administrators' estimates

7.2 Floating charge

No floating charges have been granted, however, the Company has provided a cross-guarantee to GECF for the invoice discounting agreement it has in place with DITL. The facility was in credit at the date of administration and GECF has no claim against the Company.

8 Summary of and commentary upon the statement of affairs

The Statement of Affairs has been prepared by the Directors. A copy of the statement is attached at appendix 2 and has been filed with the Registrar of Companies.

Overall the statement of affairs indicates a deficit to ordinary creditors of £7,857,000.

It should be noted that the figures provided are those of the directors and the Administrators accepts no responsibility for their factual accuracy.



9 Prescribed part of the Company's net property pursuant to Section 176A of the Act

Where the Company has granted a floating charge after 15 September 2003, Section 176A of the Act provides that a percentage share of realisations from net floating charge assets is set aside for unsecured creditors, subject to certain exceptions.

As no floating charge has been granted section 176A of the Act is not applicable.

10 Dividend prospects for creditors

Based upon the statement of affairs it is likely that a dividend will be paid to creditors.

11 Creditors meetings

In accordance with paragraph 51 of schedule B1 to the Act, a meeting of creditors will be held at 11.00am on 22 October 2012 at KPMG, Saltire Court, Edinburgh EH1 2EG. A notice of the meeting is enclosed.

The purpose of this meeting is to vote on the Administrators' proposals as outlined below.

12 Administrators' proposals

In addition to the specific itemised proposals below, this document in its entirety constitutes the Administrators' proposals in accordance with Paragraph 49 of Schedule B1 of the Act.

The Administrators propose the following:

- to continue to do all such things reasonably expedient and generally exercise all powers conferred on them by the Act and the Rules as Administrators, as they, in their discretion, consider desirable in order to maximise realisations from the assets of the Company in accordance with the objective as set out above;
- to investigate and, if appropriate, pursue any claims the Company may have while it remains economical to do so;
- to seek an extension of the administration period if deemed necessary by the Administrators;
- that in the event that no creditors' committee is formed at the meeting of creditors, the creditors be asked to agree the Administrators' remuneration, which will be based upon time costs properly incurred at KPMG LLP hourly charge out rates prevailing at the time the work is performed and outlays both as determined in accordance with



Rule 2.39 of the Rules. They be authorised to draw fees and outlays from the assets of the Company;

- that in the event that a creditor's committee is formed at the meeting of creditors, the committee be asked to agree the Administrators' remuneration, which will be based upon time costs properly incurred at KPMG LLP hourly charge out rates prevailing at the time the work is performed and outlays both as determined in accordance with Rule 2.39 of the Rules. They be authorised to draw fees and outlays from the assets of the Company;
- that the costs of KPMG LLP in respect of tax, VAT, forensic and pension advice provided to the Administrators be based upon time costs at KPMG LLP hourly charge out rates prevailing at the time the work is performed and shall be paid out of the assets of the Company;
- to engage KPMG LLP Indirect Tax to pursue the VAT Fleming claim for under claimed input VAT in respect of pension administration costs in accordance with the engagement letter signed prior to the commencement of the administration. On the basis that this is a contingent fee (Success fee arrangement) there is no downside risk of costs in the event that the claim is unsuccessful;
- that the Administrators be authorised to distribute funds to the secured and preferential creditors as and when claims are agreed and funds permit and, in the event that there are sufficient funds for a prescribed part dividend, to the unsecured creditors with permission of the Court; or
- alternatively, in the event that there are sufficient funds to make a distribution (including under the prescribed part) to unsecured creditors (or for any other reason), the Administrators be permitted to move the Company from administration to Creditors' Voluntary Liquidation, and for the appointment of Blair Carnegie Nimmo and Gary Steven Fraser as Joint Liquidators of the Company without further recourse to creditors. In accordance with Paragraph 83 (7) of Schedule B1 to the Act and Rule 2.47 of the Rules, creditors may nominate a different person as the proposed Liquidator, provided that the nomination is made after the receipt of the Proposals and before the Proposals are approved;
- in the event that the Administrators deem that liquidation is not appropriate because no dividend will become available to the creditors, and that there are no other outstanding matters that require to be dealt with in a liquidation, then the Administrators shall file the appropriate notices at Companies House and the Company will subsequently be dissolved;
- that the Administrators be discharged at the end of the administration from liability in respect of any action of theirs as Administrators pursuant to paragraph 98(1) of Schedule B1 of the Act immediately following the registration of the appropriate notice.



13 Costs of realisation

13.1 Administrators' remuneration

In accordance with Rule 2.39 of the Rules, the basis for the Administrators' remuneration is fixed at either a commission calculated by reference to the value of the Company's assets which have been realised or by reference to time properly given by the Administrators and their staff. In the Administration of the Company, the basis requested will be in accordance with the time properly given by the Administrators.

Where a creditors committee has been formed it is for the committee to agree the Administrators' remuneration.

Where a meeting of creditors has been held but no creditors committee has been formed it is for a meeting of the unsecured creditors convened for that purpose to agree the Administrators' remuneration.

Further information is given in "*A Creditors Guide to Administrators' Fees*", a copy of which can be found at the following link:

<http://icas.org.uk/WorkArea/DownloadAsset.aspx?id=4294968700>.

If you are unable to access this guide and would like a copy, please contact our colleague, Neil Brown on 0131 527 6619.

14 Directors' conduct

We are required by Rules 3 and 4 of the Insolvent Companies (Reports on Conduct of Directors) (Scotland) Rules 1996 to submit a report or a return to the Insolvency Service on the conduct of any person who has been a director or shadow director of the Company at any time in the three years immediately preceding our appointment.

We would be grateful to receive any comments that unsecured creditors or any other party may wish to make in order to assist in our investigations into the Company's affairs and in our preparation of comments for submission to the Insolvency Service. Such comments, if required, can be treated in the strictest confidence.

Blair Carnegie Nimmo & Gary Steven Fraser
KPMG LLP
Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG

4 October 2012



Appendix 1

Statutory and other information

EC Regulation

This administration is a main proceeding under the EC Regulation on Insolvency Proceedings. Article 3 of the EC Regulation defines main proceedings and the Company is registered in Scotland, has its main centre of interest in Scotland and does not fall within one of the excepted categories. Consequently, the administration is governed by the Act and not any other European Union Member State's insolvency law.

Relevant court

Notice of the appointment by directors was lodged at the Court of Session on 15 August 2012.

Incorporation

The Company was incorporated on 15 November 1973.

Company number

The company number is SC054505

Registered office and trading address

The Company's registered office at the date of administration was situated at:

Burnfoot Industrial Estate
Hawick
TD9 8RJ

As part of the administration process, the registered office has been changed to:

c/o KPMG LLP
Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG

The Company traded from premises at:

Burnfoot Industrial Estate
Hawick
TD9 8RJ

The premises are owned by DITL.



The Company's previous registered office was:

Lochleven Mills
Kinross
KY13 8GL

Directors

The directors at the date of our appointment were:

James Kemp Carrie	Appointed 8 August 2011
David Gordon Cooper	Appointed 1 January 2002
David John Bolton	Appointed 29 July 2008

Other directors during the three years prior to the date of our appointment were:

Andrew Dwayne Bartmess	Appointed 15 February 2006 Resigned 30 September 2010
Giovanni Corino Ghione	Appointed 1 February 2010 Resigned 2 August 2011
Jan Gustaf Lennart Holmstrom	Appointed 29 July 2008 Resigned 20 July 2012

Company secretary

The company secretary at the date of our appointment was David Gordon Cooper

Share capital

The authorised share capital is:

2,526,207,225 Ordinary Shares of 1p each
101,505,975 deferred shares of 49p each
50,000,000 preference shares of £1 each
75,000,000 preference shares of \$1 each

The issued and called up share capital is:

225,158,542 Ordinary Share 1p each.



101,505,975 deferred shares of 49p each.

Auditors/reporting accountants

The auditors were:

Deloitte LLP, 2 Hardman Street, Manchester, M60 2AT

Financial information

Summaries of the Group's most recent available financial information are set out at Figures 1, 2, and 3, below.

Figure 1 : Profit and loss accounts - consolidated

	Year to 2 January 2009 £000 (Audited)	Year to 2 January 2010 £000 (Audited)	15 months to 2 April 2011 £000 (Audited)
Revenue	85,713	36,591	38,095
Gross profit	22,092	10,254	9,374
Gross profit margin	25.7%	28.0%	24.6%
Overheads	<u>(21,575)</u>	<u>(7,366)</u>	<u>(9,259)</u>
Operating profit/(loss) before exceptional items	517	2,888	115
Exceptional items	<u>1,342</u>	<u>556</u>	<u>1,787</u>
Operating profit/(loss)	1,859	3,444	1,902
Finance income/(expenses)	<u>(739)</u>	<u>(1,387)</u>	<u>604</u>
Profit/(loss) before taxation	1,120	2,057	2,506
Taxation	(146)	(291)	(1,759)
Profit/(loss) for the period – continuing operations	<u>974</u>	<u>1,766</u>	<u>747</u>
*Loss for the period from discontinued operations	(498)	(7,609)	(4,228)
Profit/(loss) for the period	<u>476</u>	<u>(5,843)</u>	<u>(3,481)</u>
* loss generated by Home Furnishing business which was sold on the 17 May 2011			
Source: Company records			



Dawson International PLC
(in administration)
 Statement of Proposals
 KPMG LLP
 4 October 2012

Figure 2 : Balance sheets - consolidated

	As at 2 January 2009 £000 (Audited)	As at 2 January 2010 £000 (Audited)	As at 2 April 2011 £000 (Audited)
Fixed assets			
Intangible assets	131	143	1
Property, plant and equipment	2285	925	646
Deferred tax assets	<u>1,500</u>	<u>1,750</u>	<u>-</u>
Total non-current assets	3,916	2,818	647
Current assets			
Inventories	24,090	8,309	2,684
Trade and other receivables	14,973	9,350	2,581
Income tax recoverable	-	-	351
Cash and cash equivalents	9,900	12,343	10,157
Disposal group held for sale	<u>-</u>	<u>-</u>	<u>11,636</u>
Current assets	<u>48,963</u>	<u>30,002</u>	<u>27,409</u>
Total assets	<u>52,879</u>	<u>32,820</u>	<u>28,056</u>
Current liabilities			
Trade and other payables	15,576	9,479	3,384
Income tax payable	142	384	-
Borrowings	4,212	-	-
Provision	1,977	1,144	495
Other financial liabilities	2,028	51	106
Liabilities directly associated with disposal group held for sales	<u>-</u>	<u>-</u>	<u>6,435</u>
Total current liabilities	23,935	11,058	10,420
Non-current liabilities			
Provisions	1,974	1,022	1,510
Retirement benefit obligations	<u>6,730</u>	<u>19,246</u>	<u>11,544</u>
Total non-current liabilities	<u>8,704</u>	<u>20,268</u>	<u>13,054</u>
Total liabilities	<u>32,639</u>	<u>31,326</u>	<u>23,474</u>
Net assets	20,240	1,494	4,582
Equity			
Share capital	51,989	51,989	51,989
Share Premium account	5,489	5,489	5,489
Translation reserve	240	240	421
Retained earnings	<u>(38,056)</u>	<u>(56,224)</u>	<u>(53,317)</u>
Total equity	<u>20,240</u>	<u>1,494</u>	<u>4,582</u>
<i>Source: Company record</i>			



Dawson International PLC
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 KPMG LLP
 4 October 2012

Figure 3 : Balance sheets - Company

	As at 2 January 2009 £000 (Audited)	As at 2 January 2010 £000 (Audited)	As at 2 April 2011 £000 (Audited)
Fixed assets	<u>32,826</u>	<u>22,395</u>	<u>12,733</u>
Investment in subsidiaries	32,826	22,395	12,733
Total non-current assets			
Current assets	53,941	27,690	29,594
Debtors due within one year	<u>64</u>	<u>644</u>	<u>20</u>
Cash and cash equivalents	<u>54,005</u>	<u>28,334</u>	<u>29,614</u>
Total assets	<u>86,831</u>	<u>32,820</u>	<u>42,247</u>
 Creditors: amounts falling due within one year	 67,775	 (38,299)	 (38,296)
Net assets	<u>19,056</u>	<u>12,430</u>	<u>4,051</u>
Equity			
Share capital	51,989	51,989	51,989
Share Premium account	5,489	5,489	5,489
Retained earnings	(38,422)	(45,048)	(53,427)
Total equity	<u>19,056</u>	<u>12,430</u>	<u>4,051</u>

Source: Company record

Figure 4: Other financial information

	12 months to 2 January 2009 £000 (Audited)	12 months to 2 January 2010 £000 (Audited)	15 months to 2 April 2011 £000 (Audited)
Directors' remuneration	869	650	657
Dividends paid	Nil	Nil	Nil
Date of auditors' report	10 March 2009	9 March 2010	8 August 2011

Source: Company records



Appendix 2

Directors' estimated statement of affairs as at 15 August 2012

		Book Value	Estimate to realise
	£000	£000	£000
Assets not specifically secured			
Balance at bank	1	3,679	3,679
Loans and advances	2	5,115	125
Investments other than marketable securities	3	12,733	1,000
Other property	4	94	94
		—	—
Estimated assets available to the preferential creditors		21,621	4,898
		—	—
Preferential creditors			
Employees – holiday pay and wage arrears	5		(68)
			—
Available to ordinary creditors			4,830
Ordinary creditors			
Liabilities	6		(12,687)
			—
(Deficiency) as regards ordinary creditors			(7,857)
Issued and called up share capital			(51,989)
			—
(Deficiency) as regards members			(59,846)
			—



Notes to the statement of affairs

1. Balance at bank

As at the date of the administration, the Company had bank balances of approximately £3.7 million.

2. Loans and advances

All the loans and advances were fully written down in the 31 March 2012 draft accounts. The directors have estimated that the Company will recover £125,000 in respect of its inter-company balance with DITL. This will depend on the outcome from the administration of DITL.

3. Investments other than marketable securities

Investments relate to the Company's investments in subsidiaries and the investment in King Deer PLC. No value is expected to be recovered from the Company's investment in DIHL due to the shortfall to creditors in DIHL. The value of the Company's investment in Dawson Forte in US is unclear at present.

The directors have estimated that the Company will recover £1 million from the investment in King Deer PLC. We are currently considering our options for realising value from this investment.

4. Other Property

Estimated recoveries of £94,000 relate to a deposit on a foreign exchange currency contract.

5. Preferential creditors

Preferential creditors relate to employees claims for arrears of salary, accrued holiday pay and outstanding pension contributions.

6. Liabilities

The directors' liabilities are detailed in the table below:



Dawson International PLC
(in administration)
Statement of Proposals
KPMG LLP
4 October 2012

Table 1

Name of creditor	Nature of liability	Amount of claim £000
Dawson International Retirement Benefit Plan	Section 75 debt	11,300
Luyuan King Deer Cashmere Company Limited South Bayantala Street Baotou City Inner Mongolia PRC	Loan overpayment	311
Joseph Dawson AG	Intercompany loan	1,058
Dawson International Holdings (UK) Limited	Intercompany loan	18
Total		12,687



*Dawson International PLC
(in administration)
Statement of Proposals
KPMG LLP
4 October 2012*

Appendix 3

Receipts and payments account

Dawson International PLC
(In Administration)

Income and Expenditure Account
15 August 2012 to 03 October 2012

INCOME	Total (£)
Future contract realisations	93,750.00
Cash at bank	3,678,809.24
	<hr/>
	3,772,559.24
	<hr/>
EXPENDITURE	
IT expenses	13.97
Sundry expenses	362.77
Statutory advertising	151.34
Other property expenses	15.00
	<hr/>
	543.08
	<hr/>
Balance	3,772,016.16
	<hr/>
MADE UP AS FOLLOWS	
Floating ch. VAT rec'able	33.07
Floating charge current	3,771,983.09
	<hr/>
	3,772,016.16
	<hr/>



*Dawson International PLC
(in administration)
Statement of Proposals
KPMG LLP
4 October 2012*

Appendix 4

Analysis of Administrators' time costs and disbursements

Dawson International PLC (in administration)
Analysis of Administrators' time costs
15 August 2012 to 4 October 2012

	Partner / Director	Manager	Administrator	Support	Total hours	Time cost	Average hourly rate
Administration & planning							
Bankrupt/Director/Member							
Share Registrars		0.20			0.20	£85.00	£425.00
Cashiering							
General (Cashiering)			3.90	2.90	6.80	£1,001.50	£147.28
Reconciliations (& IPS accounting reviews)		0.10			0.10	£42.50	£425.00
General							
Books and records		0.30			0.30	£127.50	£425.00
Fees and WIP			0.20		0.20	£48.00	£240.00
Statutory and compliance							
Appointment and related formalities	18.50	3.90		1.50	23.90	£11,503.50	£481.32
Bonding and bordereau		0.30	1.80		2.10	£559.50	£266.43
Checklist & reviews		0.90			0.90	£350.50	£389.44
Pre-appointment checks	1.20	1.10			2.30	£969.00	£421.30
Strategy documents	6.50	0.80			7.30	£3,817.50	£522.95
Tax							
Initial reviews - CT and VAT		2.25			2.25	£840.25	£373.44
Post appointment VAT	0.50	0.20	1.50		2.20	£875.00	£398.82
Creditors							
Creditors and claims							
General correspondence				0.25	0.25	£27.50	£110.00
Statutory reports			1.30	2.25	3.55	£559.50	£157.61
Employees							
Correspondence			11.30		11.30	£2,712.00	£240.00
Pension funds		1.70			1.70	£722.50	£425.00
Pensions reviews	0.50	2.00	7.45		9.95	£2,456.25	£246.86
Investigation							
Directors							
Correspondence with directors		3.50			3.50	£1,207.50	£345.00
Statement of affairs		2.30	0.80		3.10	£1,089.50	£351.45
Realisation of assets							
Asset Realisation							
Cash and investments		35.30			35.30	£15,002.50	£425.00
Other assets	2.30				2.30	£1,058.00	£460.00
Pre-appointment tax & VAT refunds		1.10			1.10	£379.50	£345.00
Trading code used when engagement didn't trade							
Trading							
Cash & profit projections & strategy		0.60			0.60	£207.00	£345.00
Total in period					121.20	£45,441.50	£374.93



Appendix 5

Major acquisitions and disposals

1867	Todd & Duncan established
1871	Joseph Dawson established
1960	Todd & Duncan acquired Joseph Dawson in reverse takeover
1961	Laidlaw & Fairgrieve acquired
1967-70	Dawson acquired knitwear customers: Barrie, Pringle, Ballantyne, McGeorge, Glenmac
1978	Fur Fabrics business acquired
1984	JE Morgan acquired
1986	Associated Products Inc acquired (shower curtains)
1989	Consumer Products Group acquired (US apparel)
1995	McGeorge and Glenmac merged into Barrie
1996	Forte acquired
1999	JE Morgan sold. Fur Fabrics sold
2000	Pringle sold, Laidlaw & Fairgrieve closed, Joseph Dawson merged into Todd & Duncan
2004	Ballantyne sold
2005	Dorma Home Furnishing acquired
2009	Todd & Duncan sold
2011	Dorma Home Furnishings sold

Appendix 6
US Group Structure

