

The Insolvency Act 1986

Administrator's progress report**R2.38**

Pursuant to Rule 2.38 of the Insolvency (Scotland) Rules 1986

Name of Company

Simclar Group Limited

Company number

SC219243

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

We (a)
John Charles Reid
Deloitte LLP
Lomond House
9 George Square
Glasgow
G2 1QQ

William Kenneth Dawson
Deloitte LLP
PO BOX 500
2 Hardman Street
Manchester
M60 2AT

administrator(s) of the above company attach a progress report for the period

from

to

(b) Insert date(s)


(b) 27 June 2011

(b) 26 December 2011

Signed


Joint Administrator

Dated


2/2/12**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

Adele MacLeod
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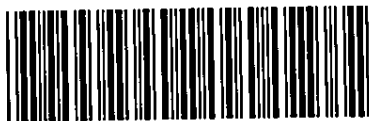
DX Number DX: GW 223

Tel: 0141 314 5942
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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
DXED235 Edinburgh 1 / LP- 4 Edinburgh 2

FRIDAY



SCT

03/02/2012

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COMPANIES HOUSE

Simclar Group Limited

Court Case No. P701/2011

Simclar International Limited

Court Case No. P700/2011

Simclar Interconnect Technologies Limited

Court Case No. P702/2011

Simclar Seating Technologies Limited

Court Case No. P699/2011

- All in Administration ("the Companies")

**SIX MONTHLY PROGRESS REPORT TO CREDITORS
PURSUANT TO RULE 2.38 OF THE INSOLVENCY (SCOTLAND) RULES 1986 (AS
AMENDED) AND THE INSOLVENCY (SCOTLAND) AMENDMENT RULES 2010**

2 February 2012

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John Charles Reid and William Kenneth Dawson were appointed Joint Administrators of Simclar Group Limited, Simclar International Limited, Simclar Interconnect Technologies Limited and Simclar Seating Technologies Limited on 27 June 2011. 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 are licensed in the UK to act as Insolvency Practitioners.

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ABBREVIATIONS

For the purpose of this report the following abbreviations shall be used:

"the Act"	Insolvency Act 1986 (as amended)
"the Rules"	Insolvency (Scotland) Rules 1986 and the Insolvency (Scotland) Amendment Rules 2010
"the Administrators"	John Charles Reid and William Kenneth Dawson of Deloitte LLP
"The Administrators' Proposals"	The Joint Administrators' Statement of Proposals dated 17 August 2011.
"Bombardier"	Bombardier Transportation UK Limited
"the Directors"	Samuel Russell and Christina Russell (SGL, SIL & SITL), Samuel Russell, Christina Russell and Stephen Donnelly (SSTL)
"Alexander Dennis"	Alexander Dennis Limited
"Deloitte"	Deloitte LLP
"D&W"	Dundas & Wilson CS LLP
"EOS"	Estimated Outcome Statement
"the Bank" / "Secured Creditor"	Bank of Scotland Plc
"the Court"	The Court of Session, Edinburgh
"GSL"	Greenfold Systems Limited
"the Group"	Simclar Group Limited and its subsidiaries, as shown in the group structure chart at Appendix 1
"SIL"	Simclar International Limited
"SGL"	Simclar Group Limited
"the Companies"	Simclar Group Limited, Simclar International Limited, Simclar Interconnect Technologies Limited and Simclar Seating Technologies Limited
"PP"	The Prescribed Part of the Company's net property subject to Section 176A of the Insolvency Act 1986 (as amended).
"SIP13 (Scotland)"	Statement of Insolvency Practice 13 (Scotland)
"SITL"	Simclar Interconnect Technologies Limited
"SSTL"	Simclar Seating Technologies Limited
"Sweeney Kincaid"	Sweeney Kincaid Limited

1. INTRODUCTION

1.1 Introduction

This report has been prepared in accordance with Rule 2.38 of the Rules to provide creditors with an update on the progress of the Administrations of the Companies since the Administrators' Proposals dated 17 August 2011.

Given the information previously provided to creditors in the Administrators' Proposals, we have not included detailed background information in respect of the Companies and have focussed on progress of the Administrations subsequent to that report.

The Administrators' Proposals for the Companies were deemed approved following the issue of a notice under Paragraph 52(1) of Schedule B1 of the Act on 17 August 2011 and the expiry of 8 business days thereafter and are detailed in section 2.1 below.

The Administrators intend to submit an application to the Court seeking to extend the period of the SIL, SGL and SSTL Administrations by 12 months in terms of Paragraph 76(2)(a) of Schedule B1 of the Act since there will remain unrealised assets in SGL and SIL which will not be sold before 26 June 2011, the one year anniversary of the Administrations, and to allow a PP distribution to be paid from SSTL. This is discussed further at section 5.1 below.

It is intended that the Administration of SITL will automatically expire on the anniversary of the Administrators' appointment since there are no assets to realise in this company.

A schedule of statutory information in respect of the Companies is attached at Appendix 2.

1.2 Details of the appointment of the Administrators

John Charles Reid and William Kenneth Dawson of Deloitte were appointed Joint Administrators of the Companies by the Companies' Directors on 27 June 2011 following the filing of Notices of Appointment of Administrators.

The Court having conduct of the proceedings for all four appointments is the Court of Session, Edinburgh. Case numbers are:

Simclar Group Limited	P701/2011
Simclar International Limited	P700/2011
Simclar Interconnect Technologies Limited	P702/2011
Simclar Seating Technologies Limited	P699/2011

For the purposes of Paragraph 100(2) of Schedule B1 of the Act, the Administrators confirm that they are authorised to carry out all functions, duties and powers by either of them jointly and severally.

1.3 Electronic communication with creditors

In an effort to reduce the costs of the Administrations, all future communications with creditors, including updates and progress reports, will be posted onto a website, which has been set up specifically for this purpose. The web address is: <http://www.deloitte.com/uk/simclar>.

A letter will be issued to all creditors each time the website is updated with a statutory notice or report. All creditors' statutory notices will be retained on the website for 3 months after being uploaded to the site.

2. JOINT ADMINISTRATORS' PROPOSALS

2.1 Introduction

As previously reported to creditors, the Companies had significant secured and unsecured creditor liabilities and therefore a restructuring of these creditors in each of the Companies would have been required to meet the objective set out in paragraph 3(a) of Schedule B1 of the Act, which is to rescue a Company as a going concern. It was apparent that there was insufficient value placed on the Companies' assets by third parties to effect a restructuring of the Companies' debt. The Administrators therefore concluded that the first objective was not possible to achieve.

Consequently, the Administrators have performed their functions in relation to the Companies with the objective set out in Paragraph 3(b) of Schedule B1 of the Act, which is to achieve 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).

The Administrators' proposals in order to achieve this objective, which, as noted above, were deemed approved following the issue of a notice under Paragraph 52(1) of Schedule B1 of the Act on 17 August 2011 and the expiry of 8 business days thereafter are as follows:

1. the Administrators continue to manage the affairs and any remaining assets of the Companies and the settlement of all Administration expenses;
2. the Administrators continue with their enquiries into the conduct of the Directors of the Companies and continue to assist any regulatory authorities with their investigation into the affairs of the Companies;
3. the Administrators be authorised to agree the claims of the secured, preferential and unsecured creditors against each of the Companies unless the Administrators conclude, in their reasonable opinion, that a Company will have no assets available for distribution;
4. the Administrators be authorised to distribute funds to the secured and preferential creditors as and when claims are agreed and funds permit and, in relation to distributions to unsecured creditors, if the Court gives permission following an appropriate application;
5. that, in the event the creditors of each Company so determine, at meetings of creditors, a Creditors Committee be appointed in respect of each or any Company comprising of not more than five and not less than three creditors of that Company or Companies;
6. that, if a Creditors' Committee is not appointed, the secured and preferential creditors of each Company shall be asked to fix the basis of the Administrators' remuneration in accordance with Rule 2.39(9) of the Rules, be fixed by reference to the time properly given by the Administrators' and their staff in attending to matters arising in the Administrations, calculated at the prevailing standard hourly charge out rates used by Deloitte at the time when the work is performed, plus VAT. In addition those creditors shall also be asked to agree the Administrators' expenses of which the Administrators' expenses for mileage be calculated by reference to mileage properly incurred by the Administrators and their staff in attending to matters arising in the Administrations, at the prevailing standard mileage rate used by Deloitte at the time when the mileage is incurred, plus VAT where applicable;

7. that, following the realisation of assets and resolution of all matters in the Administrations, and as quickly and efficiently as is reasonably practicable, the Administrators implement the most cost effective steps to formally conclude the Administrations. This may include the distribution of funds to unsecured creditors (provided Court permission is obtained) and then the dissolution of the Companies or alternatively, seeking to put each or any of the Companies into Creditors' Voluntary Liquidation ("CVL") or Compulsory Liquidation, depending on which option will result in a better realisation for creditors;
8. that, if each or any of the Companies were to be placed into CVL, the Administrators propose to be appointed Liquidators and any Creditors' Committee appointed will become the Liquidation Committee pursuant to Rule 2.47(3) of the Rules. As per Paragraph 83(7) of Schedule B1 of the Act and Rule 2.47(3) of the Rules, the creditors may nominate a different person to be Liquidator(s) provided the nomination is made before the proposals are approved by creditors. For the purposes of Section 231 of the Act the Liquidators will each be authorised to carry out all functions, duties and powers either jointly or severally.
9. in the absence of Creditors' Committees, the secured and preferential creditors of each Company agree that the Administrators be discharged from liability per Paragraphs 98 and 99 of Schedule B1 of the Act immediately upon the Administrators filing their final report to creditors and vacating office.

2.2 Amendments to proposals

No amendments have been made to the Administrators Proposals.

2.3 Progress on and achievement of the approved proposals

We have summarised below the progress and current status in respect of each of the approved proposals:

Proposal	Current status
1	Ongoing.
2	Final returns have been submitted to The Insolvency Service on: <ul style="list-style-type: none"> - 21 December 2011 (SSTL); - 18 January 2012 (SITL); and - 24 January 2012 (SIL and SGL).
3	Ongoing.
4	Ongoing. No distributions made to date.
5	No creditors meeting held.
6	Ongoing. No creditors' committees.
7	Ongoing.
8	Ongoing.
9	Ongoing, The Administrators intend to apply for 12 month extensions to the administrations of SIL, SGL and SSTL prior to the 1 year anniversary of the appointments.

Further information in respect of the realisation of assets, the status of liabilities and the estimated outcome for creditors is contained in the following sections of this report.

3. JOINT ADMINISTRATORS' RECEIPTS AND PAYMENTS ACCOUNT AND ESTIMATED OUTCOME STATEMENT

3.1 Introduction

Attached at Appendix 3 are Receipts and Payments accounts for the Companies covering the period from 27 June 2011 to 26 December 2011, in accordance with SIP7 (Scotland).

SGL & SITL

Prior to the Administrators' appointment SGL and SITL derived income from management charges and were not trading entities in their own right. Neither company holds any assets which are expected to generate realisations for the benefit of creditors.

The only transactions in SGL and SITL in the period have been payment of statutory costs for advertising and the Administrators' bond. SIL paid these costs on behalf of SGL and SITL since there are no funds in SGL and SITL and no realisations are expected in these companies.

SIL & SSTL

An EOS for SSTL as at 26 December 2011 is attached at Appendix 4.

Note that the only significant future realisations expected realisations in SIL are from sale of properties. The level of expected realisations from property sales was not disclosed in the Administrators' Proposals in accordance with Rule 2.25(k)(bb) of the Rules and has not been disclosed here since this information is considered commercially sensitive. The Bank holds standard securities in respect of SIL's properties and due to the level of the Bank's debt there will be no surplus available for other creditors from property realisations.

3.2 Asset realisations

SIL

Sale of Business

As previously advised we received over 30 notes of interest in the purchase of SIL's remaining business as a going concern. The Administrators concluded a sale of the Alexander Dennis element of the SIL business to GSL on 21 September 2011. The sale consideration was £133,500, consisting of an initial consideration of £100,000 paid on completion and the remaining £33,500 payable on or before 21 February 2012. SIL has retained title to certain of the Company's assets subject to the purchase agreement with GSL until such time as the deferred consideration is received. The apportionment of the sale consideration is shown below:

	£
Stock	9,999
Plant & Equipment	123,500
Goodwill	1
	<u>133,500</u>

The £100,000 received on completion of the sale has been allocated to plant and machinery realisations in the Receipts and Payments account shown at Appendix 3. GSL operates from SIL's factory 9 building under the terms of a lease between GSL and SIL agreed as part of the

sale and purchase agreement between SIL, GSL and the Administrators. 67 employees of SIL transferred to GSL under TUPER on completion of the sale.

Plant and machinery

The Administrators appointed Sweeney Kincaid to realise the Companies plant and machinery. Sweeney Kincaid has conducted several auctions and all plant and machinery assets have now been realised. In the six months to 26 December 2011, £482,745 was received in connection with the sale of assets and a final settlement of £17,175 was received from Sweeney Kincaid after the period end on 18 January 2012.

Book debts

Book debt receipts to 26 December 2011 totalled £290,744. No further realisations in respect of book debts are anticipated.

Stock

The most significant stock realisation in the period was £65,632 from Bombardier. The nature of SIL's stock on appointment (significant quantities of both bespoke and obsolete stock with no resale value) limited the Administrators' ability to realise stock. Total stock realisations to 26 December 2011 were £66,850 and no further stock realisations are expected.

Rent

Rent receipts of £26,369 in the period are amounts received from SIL's two tenants, Infront Motorsport Limited and GSL which occupy the Company's factory 5 and factory 9 respectively.

Trading surplus

The Administrators' Receipts and Payments Account as at 26 December 2011 shows a trading surplus of £175,445. This relates to the period between the date of the Administrators' appointment, 27 June 2011, and completion of the sale to GSL on 21 September 2011. As reported in the Administrators' Proposals, trading in the appointment period related to the completion of hub stock for Bombardier, work for Alexander Dennis on a labour only basis and completion of work in progress for smaller customers where possible.

SSTL

Payments totalling £75,991 have been received in respect of book debts in the six months to 26 December 2011. No further book debt realisations are expected.

The only other realisations in SSTL in the period were a £500 receipt in connection with the sale of stock to a supplier and bank interest of £183.

3.3 Estimated future realisations

SGL & SITL

As stated above, no realisations are expected in SGL or SITL.

SIL

Property

As previously advised, SIL owns 7 factory units at Pitreavie Business Park, Dunfermline. The Administrators have appointed Graham & Sibbald to market SIL's properties and are working with them to explore interest in the properties from potential purchasers and tenants. As noted above, estimated realisations from property have not been disclosed.

Trading profit

The trading surplus in the Administrators' Receipts and Payments Account as at 26 December 2011 is recorded on a receipts basis. Future debtor receipts in relation to the administration trading period are expected to exceed costs incurred in the administration period which have not yet been settled, resulting in a small additional trading profit.

Rent

Future rent receipts from SIL's existing tenants are expected. The level of these receipts will be dependent on the timing of property sales and whether these tenants remain in occupation.

Plant, machinery & motor vehicles

A final Sweeney Kincaid receipt of £17,175 is expected as referred to above, in addition to £23,500 from GSL, being the deferred element of the sale consideration relating to plant and equipment.

Other realisations

As noted in section 3.2, £9,999 is expected to be received from GSL for stock.

SSTL

The Administrators have agreed a sale of SSTL tooling and intellectual property rights required for the manufacture of backrest bars and a seating mechanism produced by SSTL prior to the Administrators' appointment. The sale is expected to realise c.£8,000 (€10,000). No other realisations are expected in SSTL.

3.4 Estimated outcome for creditors

As noted above, no asset realisations are expected in SGL or SITL, there will therefore not be funds available in these companies to make any distribution to creditors. The Administrators intend to allow the Administration of SITL to automatically expire on the anniversary of the Administrators' appointment since there are no assets to realise in this company.

As shown in the estimated outcome statement at Appendix 4, the Administrators expect that there will not be sufficient realisations from floating charge assets in SIL to fully repay the Bank. It is not expected that there will be sufficient realisations in SSTL to fully repay the bank either.

There will be no funds available to pay a dividend to the unsecured creditors of SIL.

Section 176A(2)(a) of the Act applies to SSTL, as such a PP of c. £19k is expected to be available for unsecured creditors of SSTL, before costs of distribution. Further details are given at section 4.3 below.

4. DISTRIBUTIONS TO CREDITORS

4.1 Secured creditors

The Companies' total Bank debt stated in the directors' Statement of Affairs is £28,081,300.

The Bank has advised that its debt at 27 June 2011 was £28,301,080, comprised as follows:

Account balances	£ 6,221,251 Dr
Sterling Loans + interest	£ 17,361,544 Dr
Sterling equivalent of \$ loan + interest	<u>£ 4,718,285 Dr</u>
Grand total	£ 28,301,080 Dr

4.2 Preferential creditors

Preferential claims are still in the process of being checked and finalised and are expected to be a maximum of £83,000 in SIL and £13,000 in SGL.

Dependent on the outcome of Employment Tribunal hearings on 21 February 2012 and 28 March 2012 in connection with a claims on behalf of 106 former employees of SIL, these claimants may have a preferential claim for part of any protective award made (to the statutory limit of £800 per former employee, less any claim already agreed in respect of arrears of wages).

The Administrators expect to pay SIL preferential claims in full once the outcome of the Employment Tribunal referred to above is known and will write to update preferential creditors in due course. Since no asset realisations are expected in SGL it is not expected there will be funds available to pay SGL preferential claims.

SGL and SITL had no employees prior to the Administrators' appointment, consequently there are no preferential claims in these companies.

4.3 Prescribed Part

By virtue of Section 176A(2)(a) of the Act, the Administrators must make a PP of a company's net property available for the satisfaction of unsecured debts where a floating charge exists which was registered prior to 15 September 2003. Net property is the amount of the company's property which would, but for this section, be available for the holders of floating charges created by the companies.

The PP equates to:

- 50% of net property up to £10,000;
- Plus, 20% of net property in excess of £10,000.
- Subject to a maximum of £600,000.

Of the Companies, this Section of the Act applies to SITL and SSTL. The Administrators do not anticipate that there will be any realisations from assets in SITL.

As noted above at section 3.4 of this report, and shown in the EOS at Appendix 4, the Administrators expect c. £19k to be expected to be available for unsecured creditors of SSTL under the PP, before costs of distribution, resulting in a small dividend of less than 1p in the £ to SSTL's unsecured creditors. An update in respect of this will be provided in future progress reports.

4.4 Unsecured creditors

The unsecured creditors' position as at 27 June 2011 per the Directors' Statements of Affairs (excluding any shortfall to floating charge holders) is summarised in the table below:

	£m
SGL	15.3
SIL	3.2
SITL	4.8
SSTL	2.1
TOTAL	<u>25.4</u>

After discharging the costs of the Administration, there will not be sufficient realisations from floating charge assets to fully repay the Bank. There will therefore be no funds available to make a distribution to unsecured creditors, other than by virtue of the PP in SSTL.

4.5 Claims process

Due to the expected distribution to unsecured creditors of SSTL under the PP you are requested to submit creditor claims in connection with SSTL to the address on the front of this report, marked for the attention of Sharon Old.

A Statement of Claim by Creditor form is attached at Appendix 6.

5. OTHER MATTERS AND INFORMATION TO ASSIST CREDITORS

5.1 Extensions to the initial appointment period

In accordance with the provisions of the Act, all Administrations automatically come to an end after one year, unless an extension is granted.

Please be advised that the Administrators are seeking to extend the Administrations of SIL, SGL and SSTL for a period of 12 months from 26 June 2012. The extension will allow sales of unrealised assets in SIL and SGL to be pursued and the PP distribution in SSTL to be made.

Prior to seeking an extension from the Court pursuant to Paragraph 76(2)(a) of Schedule B1 of the Act the Administrators are required to notify a Company's creditors of their intention to seek an extension of the Administration.

Any creditor who wishes to object to the proposed extensions of the Administrations of SIL, SGL and SSTL should provide written notice of their objection(s) and the reason(s) therefore to the Administrators at the address on the front of this report within **21 days** of the date of this report.

It is the Administrators' intention to apply to the Court for the extensions to be granted following the lapse of the given time period. However, due consideration will be given by the Administrators to any objections received within that time period and details thereof will be provided to the Court as part of the extension application.

5.2 Investigations into the Directors Conduct

As part of the Administrators' statutory duties, an investigation into the conduct of the Companies Directors was completed and confidential final reports were submitted to The Insolvency Service on 21 December 2011 (SSTL), 18 January 2012 (SITL) and 24 January 2012 (SIL and SGL).

5.3 SIP2 (Scotland) – Initial Assessment of Potential Recoveries

As part of our duties as Administrators, we are obliged shortly after our appointment to review all of the information available to us and conduct an initial assessment of whether there are any matters that might lead to a recovery for the benefit of creditors. This initial assessment included enquiries into any potential claims that may be brought against parties either connected to or who have had past dealings with the Companies.

Having completed this review, we identified the assets and actions as detailed in paragraph 3.2 and 3.3 of this report.

If you have any information that you feel we should be made aware of in relation to the above, please contact us as a matter of urgency.

5.4 Exit

Proposal 7 of the Administrators' Proposals details the exit route options available to the Administrators. The Administrators anticipate that dissolution will be the most appropriate exit route for each of the Companies and that discharge will be sought from the Bank as secured creditors.

5.5 SIP13 (Scotland) – Transactions with connected parties

In accordance with the guidance given in SIP13 (Scotland), we confirm that there have been no transactions with connected parties during the period of this report and we are not aware of any aware of any transactions with connected parties in the two years prior to the Administrators' appointment.

5.6 EC Regulations

As stated in the Administration Order in respect of the Companies, Council Regulation (EU) No 1346/2000 applies and these are the main proceedings as defined in Article 3(1) of that regulation.

6. PRE-ADMINISTRATION COSTS

Pre-Administration costs are defined as the remuneration charged and expenses incurred by the Administrator (or other person qualified to act as such) before a company entered into Administration but with a view to its doing so. There were no pre-Administration costs in connection with the Administrations of the Companies.

7. JOINT ADMINISTRATORS' REMUNERATION AND EXPENSES

7.1 Joint Administrators' Remuneration

There will be no funds available to the unsecured creditors other than in SSTL by virtue of Section 176A(2)(a) of the Act; therefore, fixing of the Administrators' remuneration will be approved in accordance with Rule 2.39(9) of the Rules, which is outlined as follows:

- Where the Administrators have made a statement under Paragraph 52(1)(b) of Schedule B1 of the Act the Administrators' remuneration may be fixed by the approval of:
 - each secured creditor; or
 - if the Administrators intend to make a distribution to preferential creditors, with the approval of each secured creditor and 50% of preferential creditors who respond to an invitation to consider approval.

As noted elsewhere in this report, no realisations are expected from the assets of SGL and SITL, therefore there will be no Administrators' remuneration from these Companies.

SSTL

The Administrators time costs to 26 December 2011 total £8,544 which represents 22.9 hours at an average hourly rate of £373.10. Time costs have not been analysed further as approval for their payment has not yet been sought. This will be covered in our next progress report to creditors.

SIL

The Administrators time costs to 26 December 2011, total £645,508 which represents 1,905.7 hours at an average hourly rate of £338.72.

To date the Administrators have drawn fees of £300,000 and expenses of £5,375.23 with approval from the Bank as secured creditor and over 50% of preferential creditors who responded to an invitation to consider approval.

The Administrators' time costs in connection with the Administration of SIL are detailed at Appendix 4. The work has been categorised into the following task headings and sub categories:

- **Administration and planning** includes case planning, case set-up, notification of appointment, maintenance of our case files and insolvency case record, statutory reporting, compliance, cashing and accounting.
- **Investigations** includes investigating the Company's affairs and in particular any antecedent transactions and also reporting on the conduct of its directors.
- **Realisation of Assets** includes identifying, securing and insuring assets, sale of business, transition of contracts, property issues, disposal of stocks, collection of debts, realisation of other fixed assets and VAT and taxation matters.
- **Trading** includes planning, identifying strategy, preparation of trading forecasts, monitoring of performance against the forecasts, managing operations, dealing with supplier and landlord issues to ensure continuity of operations, accounting and employees (including pensions and other staff benefits).
- **Creditors** includes set-up of creditor records, creditor communications, preferential claims, unsecured claims, secured and employee claims.

- **Other Matters** includes time spent dealing with potential litigation, dealing with winding up of the pension scheme and corporation tax and VAT compliance matters.

"A Creditors' Guide to Administrators' Remuneration" is available for download at www.deloitte.com/uk/sip-9-scotland

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

7.2 Expenses

The Administrators' direct expenses for SIL for the period of this report are as follows:

Nature of expenses	Total £
Travel	6,063.50
Subsistence	948.40
Business Telephone Calls	87.51
Postage	433.27
Statutory Advertising	45.00
Total	7,577.68

To date we have drawn expenses £5,375.23 following obtaining approval from the Bank as secured creditor and over 50% of preferential creditors who responded to an invitation to consider approval.

Note that Deloitte policy is to seek approval of both Category 1 and 2 expenses and therefore there is no need to distinguish between the two. Disclosure is required where we have incurred Category 2 expenses such as mileage and internal copying.

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

7.3 Charge out rates

The range of charge out rates for the separate categories of staff is based on our 2012 charge out rates as summarised below. Manager rates include all grades of assistant manager.

Grade	£
Partners/Directors	585 to 920
Managers	295 to 700
Assistants and Support Staff	150 to 295

With effect from 1 January 2012, charge out rates were increased by an average 5% and the charge out rate bandings have been amended, where applicable, to reflect this change. 2011 charge out rates are shown below:

Grade	£
Partners /Directors	560 to 895
Managers	280 to 670
Assistants and Support Staff	175 to 280

The above bands are specific to the Restructuring Services department partners and staff. In certain circumstances the use of specialists from other Deloitte departments such as Tax/VAT, Corporate Finance or Drivers Jonas Deloitte may be required on the case. These departments may charge rates that fall outside the Restructuring Services department bands quoted above so, where such specialists have performed work on the case, average rates may also fall outside the Restructuring Services department bands.

Note that a temporary member of staff with a charge-out rate of £50 per hour assisted with this case for a short period following the Administrators' appointment.

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.

7.4 Other professional costs

As previously advised, the Administrators have instructed D&W, a firm of lawyers with the appropriate expertise and experience in dealing with these types of Administrations to advise on legal matters as necessary.

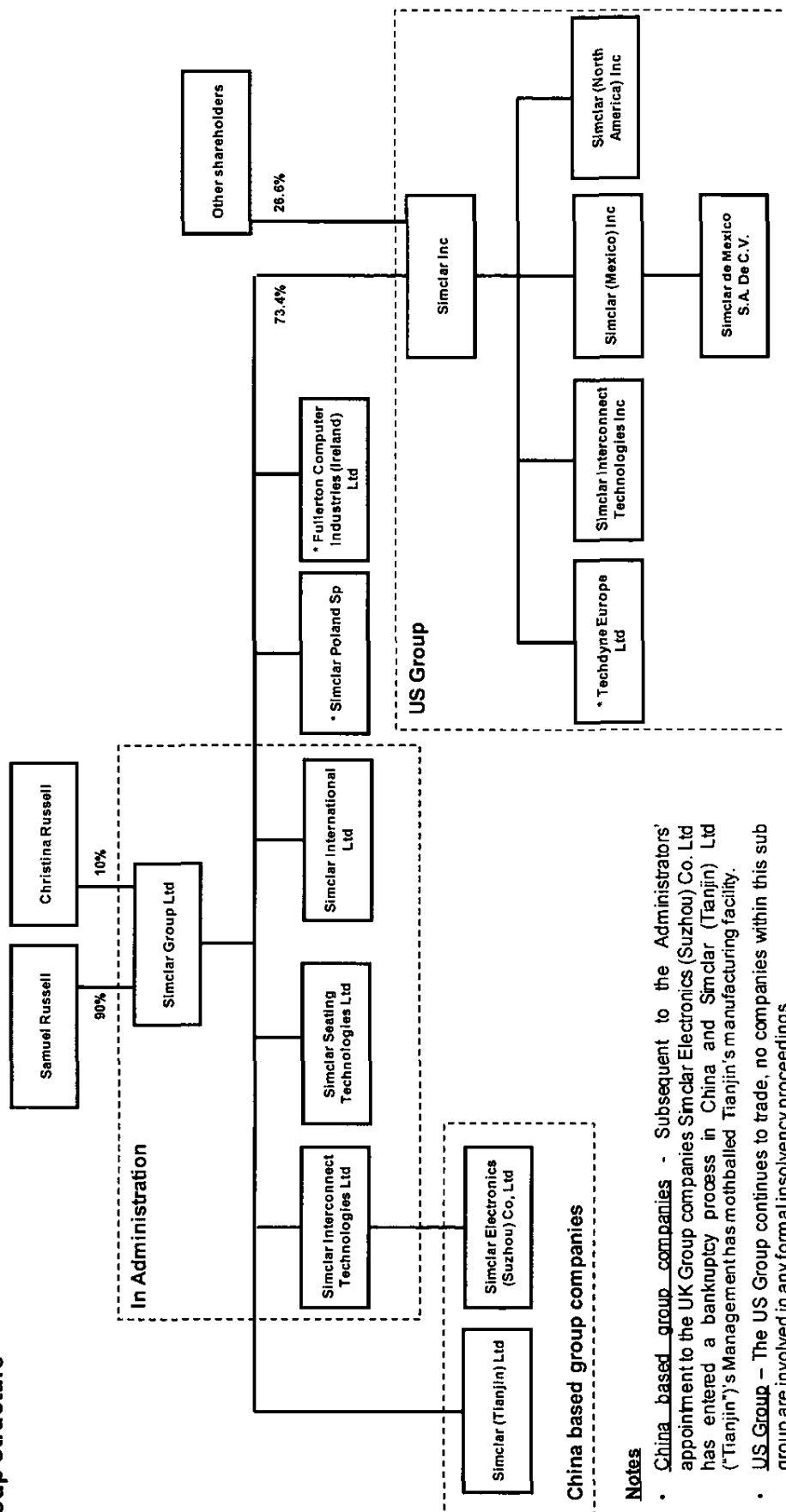
Sweeney Kincaid, a firm of plant and machinery agents, were instructed by the Administrators to undertake inventories and valuations of plant and equipment, fixtures and fittings and other chattel assets where appropriate.

Graham and Sibbald have been appointed as property agents.

Professional costs to date are summarised in the table below. All professional costs are reviewed and analysed before payment is approved.

Name of lawyer/agent	NET £	VAT £	TOTAL £
D&W	47,947.19	9,253.24	57,200.43
Sweeney Kincaid	58,774.50	11,754.90	70,529.40
Graham & Sibbald	2,500.00	500.00	3,000.00
Total	109,221.69	21,508.14	130,729.83

Group structure



Notes

- China based group companies - Subsequent to the Administrators' appointment to the UK Group companies Simclar Electronics (Suzhou) Co. Ltd has entered a bankruptcy process in China and Simclar (Tianjin) Ltd ("Tianjin")'s Management has mothballed Tianjin's manufacturing facility.
- US Group - The US Group continues to trade, no companies within this sub group are involved in any formal insolvency proceedings.
- * Denotes dormant companies.
- Ownership is 100% unless otherwise indicated.

**SIMCLAR GROUP LIMITED, SIMCLAR INTERNATIONAL LIMITED, SIMCLAR INTERCONNECT TECHNOLOGIES LIMITED AND SIMCLAR SEATING TECHNOLOGIES LIMITED
(ALL IN ADMINISTRATION)**

STATUTORY INFORMATION

Company Name	Simclar Group Limited	Simclar International Limited	Simclar Interconnect Technologies Limited	Simclar Seating Technologies Limited
Proceedings	In Administration	In Administration	In Administration	In Administration
Court	Court of Session	Court of Session	Court of Session	Court of Session
Court Reference	P701/2011	P700/2011	P702/2011	P699/2011
Date of Appointment	27 June 2011	27 June 2011	27 June 2011	27 June 2011
Joint Administrators	John Charles Reid and William Kenneth Dawson Deloitte LLP Saltire Court 20 Castle Terrace Edinburgh EH1 2DB	John Charles Reid and William Kenneth Dawson Deloitte LLP Saltire Court 20 Castle Terrace Edinburgh EH1 2DB	John Charles Reid and William Kenneth Dawson Deloitte LLP Saltire Court 20 Castle Terrace Edinburgh EH1 2DB	John Charles Reid and William Kenneth Dawson Deloitte LLP Saltire Court 20 Castle Terrace Edinburgh EH1 2DB
Registered office Address	c/o Deloitte LLP Saltire Court 20 Castle Terrace Edinburgh EH1 2DB	c/o Deloitte LLP Saltire Court 20 Castle Terrace Edinburgh EH1 2DB	c/o Deloitte LLP Saltire Court 20 Castle Terrace Edinburgh EH1 2DB	c/o Deloitte LLP Saltire Court 20 Castle Terrace Edinburgh EH1 2DB
Company Number	SC219243	SC059937	SC293155	SC276970
Incorporation Date	16 May 2001	30 April 1976	15 November 2005	3 December 2004
Company Secretary	N/A	N/A	N/A	N/A
Bankers	Bank of Scotland Plc	Bank of Scotland Plc	Bank of Scotland Plc	Bank of Scotland Plc
Auditors	Grant Thornton UK LLP	Grant Thornton UK LLP	Grant Thornton UK LLP	Grant Thornton UK LLP
Appointment by	The directors - under Paragraph 22 of Schedule B1 of the Insolvency Act 1986 (as amended)	The directors - under Paragraph 22 of Schedule B1 of the Insolvency Act 1986 (as amended)	The directors - under Paragraph 22 of Schedule B1 of the Insolvency Act 1986 (as amended)	The directors - under Paragraph 22 of Schedule B1 of the Insolvency Act 1986 (as amended)
Directors at date of Appointment	Samuel Russell Christina Russell	Samuel Russell Christina Russell	Samuel Russell Christina Russell	Samuel Russell Christina Russell Stephen Donnelly
Directors' Shareholdings	Samuel Russell: 450,000 £1 Ordinary Shares Christina Russell: 50,000 £1 Ordinary shares	N/A	N/A	N/A

<p>Simclar Group Limited (in Administration) Joint Administrators' Receipts and Payments Account as at 26 December 2011 Page 1 of 1</p>		
Statement of Affairs *		From 27/6/11 to 26/12/11
£		£
	COST OF REALISATIONS	
	Specific Bond	(10.00)
	Statutory advertising	(84.22)
		<u>(94.22)</u>
		(94.22)
	REPRESENTED BY	
	Due to SIL	(94.22)
		<u>(94.22)</u>

* Note that the Statement of Affairs shows nil expected realisations from assets

<p>Simclar Interconnect Technologies Limited (in Administration) Joint Administrators' Receipts and Payments Account as at 26 December 2011 Page 1 of 1</p>		
Statement of Affairs *		From 27/6/11 to 26/12/11
£		£
	COST OF REALISATIONS	
	Specific Bond	(10.00)
	Statutory advertising	(84.22)
		<u>(94.22)</u>
		(94.22)
	REPRESENTED BY	
	Due to SIL	(94.22)
		<u>(94.22)</u>

* Note that the Statement of Affairs shows nil expected realisations from assets

Simclar International Limited
(in Administration)
Joint Administrators' Receipts and Payments Account as at 26 December 2011
Page 1 of 2

Statement of Affairs £	From 27/6/11 to 26/12/11 £
POST APPOINTMENT SALES	
Sales	650,453.87
Simclar Inc Management Charges	154,861.76
Miscellaneous Income	5,013.82
	<u>810,329.45</u>
PURCHASES	
Purchases (VATABLE)	(13,236.97)
OTHER DIRECT COSTS	
Sub Contractors	(3,316.37)
Direct Labour	(366,242.23)
	<u>(369,558.60)</u>
TRADING EXPENDITURE	
Rents	(400.00)
Rates	(38,000.00)
Heat & Light	(9,707.03)
IT costs	(1,114.44)
Telephone & Internet	(7,433.74)
Carriage	(400.00)
Insurance	(10,000.00)
Hire of Equipment	(4,800.00)
Sundry Expenses	(2,778.20)
Employee expenses	(537.80)
Simclar Inc Expenditure	(148,836.59)
Security Costs	(14,800.00)
ROT Costs	(9,615.71)
Water services	(3,665.40)
	<u>(252,088.91)</u>
TRADING SURPLUS/(DEFICIT)	175,444.97

Simclar International Limited
(in Administration)
Joint Administrators' Receipts and Payments Account as at 26 December 2011
Page 2 of 2

Statement of Affairs	From 27/6/11 to 26/12/11
£	£
COST OF REALISATIONS	
Property Costs	(1,750.00)
Security costs	(13,000.00)
Insurance	(15,837.80)
	<u>(30,587.80)</u>
FLOATING CHARGE	
ASSET REALISATIONS	
606,040.00 * Plant & Machinery	582,745.00
*Includes motor vehicles Motor Vehicles	8,235.00
229,754.00 Stock	66,849.70
327,263.00 Book Debts	290,744.13
Rent	26,368.92
Unum	210.32
Bank Interest Gross	2,014.42
Trading Surplus	175,444.97
	<u>1,152,612.46</u>
FLOATING CHARGE	
COST OF REALISATIONS	
Rates	(29,193.61)
Security costs	(27,485.88)
Insurance	(15,000.00)
Movement of Green Plugs	(2,250.00)
Specific Bond	(210.00)
Repair costs	(4,198.72)
Agents Fees - property	(750.00)
Agents/Valuers Fees (2)	(58,774.50)
Legal Fees	(47,947.19)
Data release	(250.00)
Statutory Advertising	(2,865.43)
Bank Charges	(235.00)
Administrators' Fees	(300,000.00)
Administrators' Expenses	(5,375.23)
	<u>(494,535.56)</u>
	627,489.10
REPRESENTED BY	
VAT Receivable	23,914.74
Floating IB Current A/C	638,459.97
RBS IB Current A/C	19.22
Due from SGL	84.22
Due from SITL	84.22
PAYE Payable	(66.90)
Nat. Ins. Payable	(99.55)
Pension contribution creditor	(653.40)
VAT Payable	(33,949.66)
Student loan payable	(303.76)
	<u>627,489.10</u>

<p align="center">Simclar Seating Technologies Limited (in Administration) Joint Administrators' Receipts and Payments Account as at 26 December 2011 Page 1 of 1</p>		
Statement of Affairs		From 27/6/11 to 26/12/11
£		£
	ASSET REALISATIONS	
70,192.00	Book Debts	75,990.91
5,378.00	Stock	500.00
	Bank Interest Gross	183.14
		<u>76,674.05</u>
	COST OF REALISATIONS	
	Specific Bond	(10.00)
		<u>(10.00)</u>
		76,664.05
	REPRESENTED BY	
	Floating IB Current A/C	76,764.05
	VAT Payable	(100.00)
		<u>76,664.05</u>

Simclar Seating Technologies Limited - in Administration
Estimated Outcome Statement
As at 26 December 2012

	To Date £000	Future £000	Estimated Final £000
ASSETS SUBJECT TO FLOATING CHARGE			
Trade debtors	76	-	76
Plant & Equipment	-	8	8
Other realisations	1	-	1
Gross floating charge realisations	77	8	85
COST OF REALISATIONS			
Administrators fees and expenses	-	(5)	(5)
Legal expenses	-	(2)	(2)
Other expenses	-	-	-
Gross Realisations	-	(7)	(7)
Net property available for PP distribution	77	1	78
Prescribed part of net property	-	(19)	(19)
Cost of distribution of PP	-	(5)	(5)
Available to the Bank as floating charge holder	77	(23)	54
Distributed to the Bank	-	(54)	(54)
UNDISTRIBUTED FLOATING CHARGE ASSETS	77	(77)	-

Source: Deloitte Analysis

Time costs for the period 27/06/11 to 26/12/11

Simclar International Limited
(In Administration)

	Partners & Directors			Managers			Assistants & Support			TOTAL		Average Hourly Rate Cost (£)
	Hours	Cost (£)		Hours	Cost (£)		Hours	Cost (£)		Hours	Cost (£)	
Administration and Planning												
Cashiering and Statutory Filing	0.30	238.50		37.60	15,628.25		21.60	5,388.00		59.50	21,254.75	357.22
Case Supervision, Management and Closure	10.50	6,180.00		68.00	25,608.50		11.70	2,322.50		90.20	34,111.00	378.17
Initial Actions (e.g. Notification of Appointment, Securing Assets)	1.10	834.75		31.00	13,330.00		22.50	1,125.00		54.60	15,289.75	280.03
General Reporting	12.00	7,620.00		35.30	13,103.00		4.50	855.00		51.80	21,578.00	416.56
Liaison with Other Insolvency Practitioners	-	-		-	-		-	-		-	-	-
	23.90	14,873.25		171.90	67,669.75		60.30	9,690.50		256.10	92,233.50	360.15
Investigations												
Investigations	10.00	6,600.00		-	-		-	-		10.00	6,600.00	660.00
Reports on Directors' Conduct	-	-		7.10	2,627.00		-	-		7.10	2,627.00	370.00
	10.00	6,600.00		7.10	2,627.00		-	-		17.10	9,227.00	539.59
Trading												
Day 1 Control of Trading	-	-		5.50	1,595.00		4.00	760.00		9.50	2,355.00	247.89
Ongoing Trading	7.50	4,200.00		407.00	143,220.00		63.50	12,085.00		478.00	159,485.00	333.65
Monitoring Trading	20.00	13,200.00		152.10	58,257.00		-	-		172.10	71,457.00	415.21
Closure of Trade	-	-		5.40	1,968.00		-	-		5.40	1,968.00	370.00
	27.50	17,400.00		570.00	205,070.00		67.50	12,825.00		665.00	235,295.00	353.83
Realisation of Assets												
Book Debts	-	-		35.00	14,510.00		-	-		35.00	14,510.00	414.57
Other Assets (e.g. Stock)	38.00	21,280.00		74.60	28,142.00		2.50	475.00		115.10	49,897.00	433.51
Plant and Equipment, Fixtures and Fittings and Vehicles	-	-		6.80	2,408.00		-	-		6.80	2,408.00	354.12
Property - Freehold and Leasehold	10.00	6,600.00		20.80	8,066.00		23.50	4,465.00		54.30	19,151.00	352.69
Retention of Title	-	-		39.90	12,693.00		250.50	47,595.00		290.40	60,288.00	207.60
Sale of Business / Assets	60.00	39,600.00		86.90	36,664.50		4.50	855.00		151.40	77,119.50	509.38
Third Party Assets	-	-		-	-		-	-		-	-	-
	108.00	67,480.00		264.00	102,503.50		281.00	53,390.00		653.00	223,373.50	342.07
Creditors												
Employees	-	-		6.00	2,060.00		93.80	17,792.00		99.80	19,852.00	198.92
Preferential	-	-		-	-		0.20	36.00		0.20	36.00	190.00
Secured	-	-		63.20	25,544.00		-	-		63.20	25,544.00	404.18
Shareholders	-	-		-	-		-	-		-	-	-
Unsecured	-	-		26.40	9,321.00		89.20	16,176.00		115.60	25,499.00	220.58
	-	-		95.60	36,925.00		183.20	34,008.00		278.80	70,933.00	254.42
Other Matters Include:												
Litigation	6.00	3,960.00		25.80	9,493.00		-	-		31.80	13,453.00	423.05
Pensions	-	-		1.40	518.00		-	-		1.40	518.00	370.00
Tax and VAT	-	-		-	-		2.50	475.00		2.50	475.00	190.00
	6.00	3,960.00		27.20	10,011.00		2.50	475.00		35.70	14,448.00	404.65
TOTAL HOURS & COST	175.40	110,313.25		1,135.80	424,806.25		594.50	110,388.50		1,905.70	645,508.00	338.72

TOTAL FEES DRAWN TO DATE

300,000.00

Rule 4.15

The Insolvency Act 1986

Form 4.7 (Scot)

Statement of Claim by Creditor

Pursuant to Rule 4.15(2)(a) of the Insolvency (Scotland) Rules 1986

WARNING

It is a criminal offence

- for a creditor to produce a statement of claim, account, voucher or other evidence which is false, unless he shows that he neither knew nor had reason to believe that it was false; or
 - for a director or other officer of the company who knows or becomes aware that it is false to fail to report it to the liquidator within one month of acquiring such knowledge.
- On conviction either the creditor or such director or other officer of the company may be liable to a fine and/or imprisonment.

Notes

(a) *Insert name of company*

(a) Simclar Seating Technologies Limited

(b) *Insert name and address of creditor*

(b) _____

(c) *Insert name and address, if applicable, of authorised person acting on behalf of the creditor*

(c) _____

(d) *Insert total amount as at the due date (see note (e) below) claimed in respect of all the debts, the particulars of which are set out overleaf.*

I submit a claim of (d) £ _____ in the liquidation of the above company and certify that the particulars of the debt or debts making up that claim, which are set out overleaf, are true, complete and accurate, to the best of my knowledge and belief.

(e) *The due date in the case of a company*

(i) *which is subject to a voluntary arrangement is the date of a creditors' meeting in the voluntary arrangement;*

(ii) *which is in administration is the date on which the company entered administration;*

(iii) *which is in receivership is the date of appointment of the receiver; and*

(iv) *which is in liquidation is the commencement of the winding up.*

Signed _____
Creditor/person acting on behalf
of creditor

Date _____

The date of commencement of the winding up is

(i) *in a voluntary winding up the date of the resolution by the company for winding up (section 86 or 98); and*

(ii) *in a winding up by the court, the date of the presentation of the petition for winding up unless it is preceded by a resolution for voluntary winding up (section 129).*

Rule 4.15

Form 4.7 (Scot) (contd)

PARTICULARS OF EACH DEBT

Notes

A separate set of particulars should be made out in respect of each debt.

1. Describe briefly the debt, giving details of its nature, the date when it was incurred and when payment became due.

Attach any documentary evidence of the debt, if available.

2. Insert total amount of the debt, showing separately the amount of principal and any interest which is due on the debt as at the due date (see note (e)). Interest may only be claimed if the creditor is entitled to it. Show separately the VAT on the debt and indicate whether the VAT is being claimed back from HM Customs and Excise.

3. Insert the nature and amount of any preference under Schedule 6 to the Act claimed in respect of the debt.

4. Specify and give details of the nature of any security held in respect of the debt including—

(a) the subjects covered and the date when it was given;

(b) the value of the security.

Security is defined in section 248(b) of the Insolvency Act 1986 as meaning "any security (whether heritable or moveable), any floating charge and any right of lien or preference and any right of retention (other than a right of compensation or set off)". For claims in administration procedure security also includes a hire purchase agreement, agreement for the hire of goods for more than three months and a conditional sale agreement (see Rule 2.33).

In liquidation only the creditor should state whether he is surrendering or undertakes to surrender his security; the liquidator may at any time after 12 weeks from the date of commencement of the winding up (note (e)) require a creditor to discharge a security or to convey or assign it to him on payment of the value specified by the creditor.

5. In calculating the total amount of his claim in a liquidation, a creditor shall deduct the value of any security as estimated by him unless he surrenders it (see note 4).

6. In the case of a member State liquidator creditor, specify and give details of underlying claims in respect of which he is claiming as creditor.

1. Particulars of debt

2. Amount of debt

3. Preference claimed for debt

4. Security for debt

5. Total amount of the debt

6. Underlying claims