

The Insolvency Act 1986

Administrator's progress report

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

| | |
|---|--------------------------------|
| Name of Company KENMORE BROOMIELAW LIMITED | Company number SC316289 |
|---|--------------------------------|

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

I / We (a) KENNETH PATULLO & SCOTT MCGREGOR
BEGGIES TRAYNOX, 3RD FLOOR, FINLAY HOUSE, 10-14 WEST NILE STREET, GLASGOW, G1 2PP

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

(b) Insert dates

from (b) 04/03/10 to (b) 03/09/10

Signature [Redacted]
 Joint / Administrator(s)

Dated 7/9/10

Contact Details:

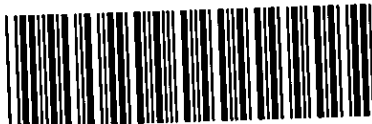
You do not have to give any contact information in the box opposite but if you do, it will help Companies House to contact you if there is a query on the form. The contact information that you give will be visible to searchers of the public record

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| 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

SATURDAY



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COMPANIES HOUSE

Kenneth W. Pattullo and I. Scott McGregor appointed Joint Administrators on 4 March 2010.

The affairs, business and property of the Company are being managed by the Administrator, who acts as the Company's agents.

Kenmore Broomielaw Limited (In Administration)

Interim Report of the Joint Administrators pursuant to Rule 2.38 of The Insolvency (Scotland) Rules 1986 (as amended)

Period: 4 March 2010 to 3 September 2010

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1. COMPANY AND ADMINISTRATOR'S DETAILS

| | |
|---|--|
| Name of court: | Court of Session |
| Company registered number: | SC316289 |
| Registered office address: | c/o Begbies Traynor, 3rd Floor, Finlay House, 10-14 West Nile Street, Glasgow, G1 2PP |
| Names of Administrator: | Kenneth Wilson Pattullo & I. Scott McGregor |
| Date of Administrator's appointment: | 4 March 2010 |
| Person(s) making appointment / application: | National Australia Bank Limited |
| Changes in office-holder (if any): | None |
| Acts of the Joint Administrators: | The Joint Administrators act as officers of the court and as agents of the Company without personal liability. Any act required or authorised under any enactment to be done by an administrator may be done by any one or more persons holding the office of administrator from time to time. |

2. PROGRESS DURING THE PERIOD RELATION TO SALE OF DEVELOPMENT SITE

Attached at Appendix 1 is my abstract of receipts and payments for the period from 4 March 2010 to 3 September 2010.

The Joint Administrators set out to achieve the following objectives:

- a) Rescue the company as a going concern or if not achievable:
- b) Achieve a better result for the company's creditors as a whole than would be likely if the company were wound up without being first being in administration or:
- c) Realise the company's assets in order to make a distribution to one or more secured or preferential creditors.

After an initial assessment the Administrators considered objective (c) above to be achievable.

Since the proposals, the Administrators have proceeded with the marketing the Assets of the Business and sourcing a buyer for the Development Land. We have now negotiated the sale of the Development Land following extensive discussions with all interested parties and running an auction process.

At the closing date, two formal offers were submitted for the development land and an extended auction process was implemented in order to maximise the offers. The Auction process resulted in the initial offers being increased and ultimately we were successful in obtaining a sale considerably in excess of the valuation.

The sale is expected to complete by 9th October 2010.

Following formal acceptance of the offer, we have experienced a number of issues regarding the terms of the sale documentation and have therefore been in significant email correspondence with the purchasers, their solicitors and our own legal team as well as attending several meetings

and conference calls in an attempt to resolve the issues. After significant effort to ensure the sale would progress, missives were concluded on 9 July 2010.

We also entered into discussions with a neighbouring firm who had an informal agreement with the company to use the land as a car park, in exchange for paying the rates due by the company and providing the perimeter security fencing. As the seller required vacant possession and access to the site to conduct their investigations, the Administrators negotiated an agreement whereby the seller would be satisfied and the occupier would continue their use of the site while ensuring that the site is secure and that no fly tipping will occur. This arrangement represents a significant cost saving to the administration; the cost of the perimeter fencing alone was quoted at £11k.

We conducted investigations into the possibility that the company could be sold rather than the land to capture tax losses. The buyer was interested in the tax losses but however was not interested in paying for the benefit of the tax losses. These discussions were terminated as there was no extra benefit to the creditors.

3. ESTIMATED OUTCOME STATEMENT

Attached at Appendix 1, is the estimated outcome statement incorporating the Administrators receipts and payments to 3 September 2010.

Secured Lender

The secured lender, National Australia Bank Limited, who have a Bond and Floating charge over the company's assets, in addition to a Standard Security over the Development Land, are owed approximately £5,800,000. It is anticipated that there will be a shortfall to the bank, with a projected recovery estimated at 21p in the £.

Preferential Creditors & Unsecured Creditors

Based on the attached Estimated Outcome Statement, there will be insufficient funds available to pay a dividend to preferential or unsecured creditors.

VAT Bad Debt Relief

Section 36 of the Value Added Tax Act 1994 incorporates provisions which enable the trader to claim VAT Bad Debt Relief after writing the debt off in his accounts six months after the supply. This procedure does not involve the Administrators and claims should be made directly to HM Revenue & Customs.

4. ADMINISTRATORS REMUNERATION

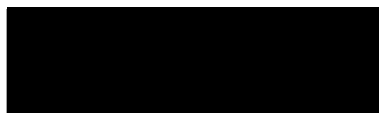
The Joint Administrators propose to be remunerated on a time cost basis and will seek approval for their fees in connection with the development site from the secured creditor in accordance with the Act and the Rules.

To date, the Administrators fees in relation to the development site are £22,206.00.

A copy of the SIP 9 document, "A Creditors Guide to Administrators Fees in Scotland" has previously been provided.

5. CONCLUSION

A further update on the progress of the Administration will be provided in six months time or at the conclusion of the administration.



3 September 2010

JOINT ADMINISTRATORS' ACCOUNT OF RECEIPTS
AND PAYMENTS.

KENMORE BROOMIELAW LIMITED
APPENDIX 1
**JOINT ADMINISTRATORS' ACCOUNT OF RECEIPTS AND PAYMENTS, INCORPORATING FINAL
OUTCOME FOR CREDITORS**
Period 4 March 2010 to 3 September 2010

| | Receipts & Payments to 26.08.10 £ | Anticipated Receipts & Payments £ | Projected Outcome £ |
|---|---|---|------------------------|
| ASSETS NOT SPECIFICALLY PLEDGED | | | |
| Plot of Land at Anderson Quay/Washington Street | - | 1,300,000 | 1,300,000 |
| | - | 1,300,000 | 1,300,000 |
| Receipts | | | |
| Bank Interest | - | - | - |
| | - | - | - |
| Payments | | | |
| Borderau Cover | - | (400) | (400) |
| Legal fees | - | (7,500) | (7,500) |
| Jones Lang LaSalle - Estate Agents | - | (16,000) | (16,000) |
| Statutory advertising | (76) | - | (76) |
| Lockton - 6 months open cover | (263) | (262) | (525) |
| Registers of Scotland Search | (15) | - | (15) |
| Administrators fees | - | (30,000) | (30,000) |
| Total Payments | (353) | (54,162) | (54,516) |
| Available for Secured creditors | (353) | 1,245,838 | 1,245,484 |
| National Australia Bank Limited | - | (5,800,000) | (5,800,000) |
| Available for unsecured creditors | (353) | (4,554,162) | (4,554,516) |
| Summary of balances held as: | | | |
| Bank deposit account | (340) | | |
| VAT receivable | (13) | | |
| | (353) | | |

Notes:

1. Sale as per agreed sale price exclusive of VAT
2. Jones Lang LaSalle - marketing costs and sale commission of 1%