

The Insolvency Act 1986

Statement of administrator's proposals**2.17B**

| | |
|--|--|
| Name of Company J R Crompton Limited | Company number 58810 |
| In the High Court of Justice Chancery Division, Manchester District Registry | Court case number 1146 of 2006 |

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

We William Kenneth Dawson of Deloitte & Touche LLP, PO Box 500, 201 Deansgate, Manchester, M60 2AT and Nicholas James Dargan of Deloitte & Touche LLP, 1 Stonecutter Street, London, EC4A 4TR.

attach a copy of our proposals in respect of the administration of the above company.

A copy of these proposals was sent to all known creditors on

(b) Insert date

(b) 13 March 2006

Signed: 

Joint Administrator(s)

Dated : 13 March 2006

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

| | |
|---------------------------------------|-------------|
| Lorna Knight, Deloitte, 66 Shoe Lane, | |
| London, EC4A 3WA | |
| Tel 0207 0072542 | |
| DX Number | DX Exchange |



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

Companies House, Crown Way, Cardiff, CF14 3UZ

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TO ALL KNOWN CREDITORS

13 March 2006

Our Ref: JRCR/NJD/PSB/LKK

Dear Sir / Madam

**J R CROMPTON LIMITED
J R CROMPTON (USA) LIMITED
WESTVAN (2001) LIMITED
CROMPTON SPECIALIST PAPERMAKERS LIMITED
(ALL IN ADMINISTRATION) ("the Companies")**

We enclose Notice to Creditors of the Companies that a meeting to consider the Administrators' proposals under paragraph 51 of Schedule B1 of the Insolvency Act 1986 will be held on 30 March 2006 at 11.00a.m. at the Radisson Edwardian Hotel, Free Trade Hall, Peter Street, Manchester, M2 5GP. The purpose of the meeting is to present the Administrators' proposals together with certain other information to enable creditors to consider whether to vote for their approval.

The Administrators' Statement of Proposals is attached which includes the Administrators' proposals together with details of the circumstances giving rise to the administration, the manner in which the business has been and is intended to be managed, the Directors' Statement of Affairs, details of the Administrators' costs and other information to assist the creditors. The proposals also seek approval of the Administrators fees and expenses.

In order to vote at the meeting of creditors you must complete and return a Proof of Debt form and a Proxy form (only if you do not attend in person) as follows:

Proof of Debt Form: Proof of debt form is attached and you must complete the form inserting details of the debt due to you. The form must be returned, not later than 12.00 noon on 29 March 2006 to the address below.

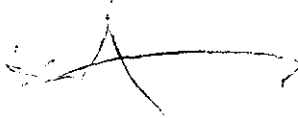
Proxy Form: Form of proxy is attached for you to complete only if you do not wish to attend the meeting in person. You should complete the proxy form and return it to the address below.

The proxy and proof of debt forms should be returned to Deloitte & Touche LLP, PO Box 500, 201 Deansgate, Manchester, M60 2AT (fax 0161 829 3806) for the attention of Clare Boardman.

You are not legally required to attend or be represented at the meeting or to submit a proof of debt form. Your claim will not be prejudiced if you do not attend the meeting or do not submit a proof of debt.

If you require further information please contact Clare Boardman on 0161 455 8749

Yours faithfully
For and on behalf of
The Companies



W K Dawson
Joint Administrator

Enc

Audit. Tax. Consulting. Corporate Finance.

Member of
Deloitte Touche Tohmatsu

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| | |
|---|------------------------|
| J R CROMPTON LIMITED | Court No. 1146 of 2006 |
| J R CROMPTON (USA) LIMITED | Court No. 1154 of 2006 |
| WESTVAN (2001) LIMITED | Court No. 1155 of 2006 |
| CROMPTON SPECIALIST PAPERMAKERS LIMITED | Court No. 1156 of 2006 |
| (ALL IN ADMINISTRATION) ("the Companies") | |

**STATEMENT OF PROPOSALS PURSUANT TO
PARAGRAPH 49 OF SCHEDULE B1 OF THE INSOLVENCY ACT 1986**

13 March 2006

This report has been prepared for the sole purpose of advising the Companies' creditors pursuant to the Insolvency Act 1986. The report is private and confidential and may not be relied upon, referred to, reproduced or quoted from, in whole or in part, by creditors for any purpose other than advising them, or by any other person for any purpose whatsoever.

**N J Dargan & W K Dawson
66 Shoe Lane
London
EC4A 3WA**

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ABBREVIATIONS

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

| | |
|----------------------|--|
| "Act" | Insolvency Act 1986 (as amended) |
| "Addleshaws" | Addleshaw Goddard LLP |
| "the Administrators" | N J Dargan and W K Dawson |
| "Companies" | JRC, JRC USA, CSP and Westvan |
| "CSP" | Crompton Specialist Papermakers Limited |
| "Deloitte" | Deloitte & Touche LLP |
| "the Directors" | The Boards of Directors of the Companies |
| "DTI" | Department of Trade and Industry |
| "the Group" | Westvan and its subsidiary companies |
| "JRC" | J R Crompton Limited |
| "JRC USA" | J R Crompton (USA) Limited |
| "the Lenders" | The Companies' Secured lenders |
| "Marla" | Marla Innovations Limited |
| "MBO" | Management Buy Out |
| "Montagu" | Montagu Private Equity |
| "NDA" | Non Disclosure Agreement |
| "PWC" | PricewaterhouseCoopers LLP |
| "RCF" | Revolving Credit Facility |
| "Schroders" | Schroder Venture Capital |
| "Schedule B1" | Schedule B1 to the Act |
| "SIP" | Statement of Insolvency Practice |
| "TUPE" | Transfer of Undertakings (Protection of Employment) Regulations 1981 |
| "Westvan" | Westvan (2001) Limited |

1. BACKGROUND

1.1 Introduction

This report has been prepared pursuant to Paragraph 49 of Schedule B1 of the Act. The purpose of this report is to provide creditors with details of the Administrators' proposals to achieve the purpose of the administrations. Much of the background information has been provided from various sources within the Companies and has not been verified by the Administrators.

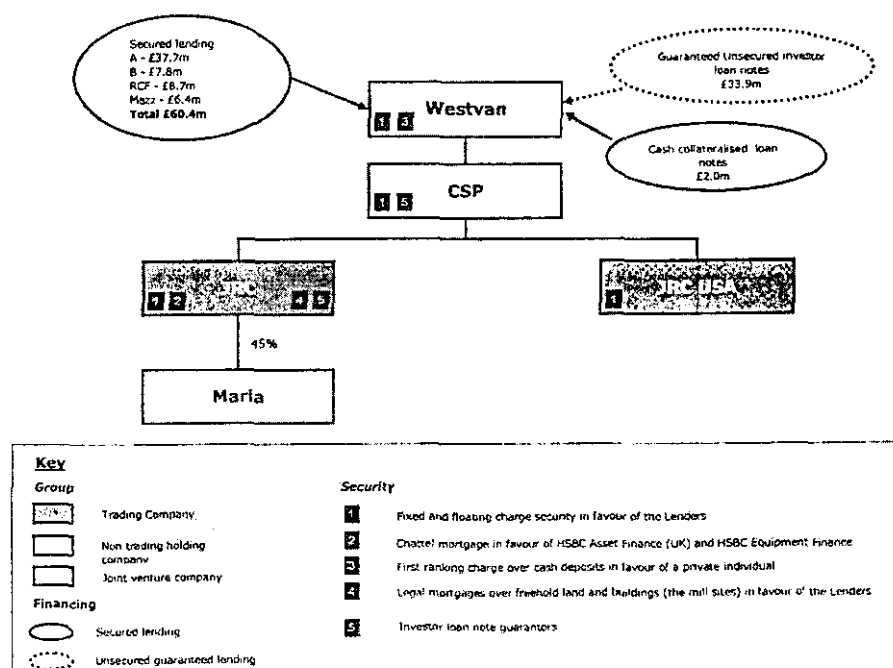
To assist creditors and to enable them to decide on whether or not to vote in favour of the Administrators' proposals, the following information is also included in this report:

- Background and history of the business.
- The circumstances giving rise to the administrations.
- The manner in which the Companies' business and affairs have been managed and financed and will continue to be managed and financed during the administrations.
- The Directors' Statements of Affairs.
- Details of the Administrators' fees and expenses.
- Other information to assist creditors.

1.2 Group Structure and History

1.2.1 Group structure

A summarised Group structure chart is set out below.



Notes

1. *The above amounts include interest as calculated by the Directors in respect of the Unsecured Guaranteed Loan Notes and as provided by the agent bank in relation to the secured lending.*
2. *The priority of the Companies secured Lenders is subject to an intercreditor deed. In summary, excluding the secured loan notes in Westvan, which are cash collateralised, and subject to preferential creditors, the Lenders have first ranking priority over all other material group assets and the Mezzanine lenders have second ranking priority.*

Westvan

Westvan acts as the ultimate holding company for the Group and the principal borrower of all Lender debt. It is owned by Montagu, 3i, certain employees of the Group and third party individuals.

CSP

CSP, Westvan's direct subsidiary acts as the direct holding company for the other subsidiaries within the Group.

JRC

JRC is the core trading entity within the Group. It holds all of the trading assets and liabilities and is the principal employer within the Group.

JRC USA

JRC USA is the entity through which the Group's US sales operations are run. It holds the lease of the US office, employs certain US based employees and earns a commission on USA sales as its income.

Marla

Marla is not subject to an insolvency process. It is a joint venture company in which JRC holds a minority stake, which licenses intellectual property rights for the beverage industry and has no material assets.

1.2.2 History

The Group has been involved in the manufacture of tea bag paper since the industry's conversion from loose tea in the 1960's.

From the 1960's to the mid 1990's the Group focused almost exclusively on tea bag paper manufacture. It was generally at the forefront of new technology and developed several patents during that period.

In 1986 the business was acquired by Bunzl plc and subsequently sold to the Portals Group plc in 1990.

In 1995 the Group's previous management team backed by 3i and Schroders acquired the business, however problems with one of the Group's paper manufacturing machines resulted in a decline in profitability.

In 2000 the Group was restructured with 3i and Montagu becoming the major shareholders. The Group subsequently grew its market share in respect of tea bag paper and sought to diversify its product range.

In 2004, through a further financial restructuring, the Group acquired the Devon Valley mill.

1.3 Business

The majority of JRC's sales come from tea bag paper (64% in 2005) with the remainder from coffee filters, sausage casing and overlay paper.

JRC operates three specialist paper mills as follows:

| Mill | Date of commission/ acquisition | Employees at 7 February 2006 |
|----------------------------------|------------------------------------|---------------------------------|
| Simpson Clough (near Manchester) | 1946 | 112 |
| Lydney (near Bristol) | 1965 | 275 |
| Devon Valley (near Exeter) | 2004 | 56 |

In addition, the group has a head office function in Manchester employing some 30 people and overseas sales operations employing 4. The group therefore employed a total of 477 people on the date of our appointment.

Goods are sold throughout the world using a global network of sales agents.

2. THE CIRCUMSTANCES GIVING RISE TO THE APPLICATION FOR THE ADMINISTRATION ORDERS

2.1 Events prior to Administration

Since the acquisition of Devon Valley in 2004, the Group has experienced problems in commissioning its equipment, which, combined with a series of one off events, such as a disruption to the supply chain for its major raw material, adversely impacted on trading in 2004. As a result, the Group breached its banking covenants in late 2004, although the Lenders agreed to reschedule their debt obligations at this time enabling the Group to continue to operate.

During 2005, certain key events impacted further on the Group's performance, including:

- A competitor moving capacity into the beverage paper market resulting in a reduction in selling price.
- Underperformance of the Devon Valley operation against forecast.
- Significant rise in energy prices.

As a result, the Group commenced discussions with its key stakeholders to seek to achieve a consensual restructuring. This would have required consent from all parties, a balance sheet restructuring and new monies to finance both working capital and restructuring costs. The stakeholders were unable to agree to a consensual restructuring and the Lenders were unable to reach agreement for additional funding.

As a result, the Companies were insolvent and the Directors took steps to place them into administration.

2.2 Details of the Appointment of Administrators

Nicholas James Dargan and William Kenneth Dawson, Partners in Deloitte were appointed Joint Administrators of the Companies as set out below:

| Company | Administrators | Date of appointment | Court number |
|----------------|--|----------------------------|---------------------|
| JRC | Nicholas James Dargan William Kenneth Dawson | 7 February 2006 | 1146 of 2006 |
| JRC USA | Nicholas James Dargan William Kenneth Dawson | 7 February 2006 | 1154 of 2006 |
| CSP | Nicholas James Dargan William Kenneth Dawson | 7 February 2006 | 1155 of 2006 |
| Westvan | Nicholas James Dargan William Kenneth Dawson | 7 February 2006 | 1156 of 2006 |

The appointment in respect of JRC was made by the court following an application by JRC's Directors for an administrator to be appointed. The other appointments

were made by the relevant company's directors through the out of court method provided for under Paragraph 22 of Schedule B1.

The proceedings for the Companies administrations are in the High Court of Justice, Chancery Division, Manchester.

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

2.3 Purpose of the Administration

The Enterprise Act 2002 has one overarching objective of administration, split into a three part single purpose:

- Firstly, to rescue a company as a going concern (in other words a restructuring which keeps the entity intact).
- Secondly, if the first purpose is not reasonably practicable (or the second purpose would clearly be better for the creditors as a whole), then the administrator must perform his functions with the objective of achieving a better result for creditors than would be obtained through an immediate liquidation of the company. This would normally be through a sale of a company's business and assets as a going concern.
- Thirdly, if neither of the first two parts are reasonably practicable, the administrator must perform his functions with the objective of realising property in order to make a distribution to secured and/or preferential creditors.

As detailed in section 2.1, the Companies were seeking a consensual restructuring prior to insolvency.

In view of both the lack of success of a consensual restructuring pre-insolvency and the ongoing trading and supplier issues faced during the administration trading, it was apparent that there was insufficient time to affect a restructuring. Therefore the first objective was unlikely to be achieved. This conclusion was formally confirmed on 17th February 2006 when it became apparent from indicative offers from potential purchasers that value was likely to be maximised by a business and assets sale as all key interested parties had indicated this as their preference as opposed to a share sale and/or restructuring.

Therefore, the purpose of the Administration Orders is to achieve a better result for creditors than would be obtained through an immediate liquidation of the Companies. This continues to be the Administrators' ongoing objective and is to be achieved by the sale of the business and assets of the Companies.

3. THE MANNER IN WHICH THE AFFAIRS OF THE BUSINESS HAVE BEEN MANAGED AND FINANCED AND WILL CONTINUE TO BE MANAGED AND FINANCED IF THE PROPOSALS ARE APPROVED

3.1 Introduction

Following our initial assessment of the business and discussions with the Companies' senior and operational management immediately on appointment, the Administrators decided to allow JRC and JRC USA to continue to trade in the short term for the following reasons:

- It allowed the Administrators to keep the business together to try to either financially restructure the Companies or sell the business as a going concern.
- There was significant interest expressed on appointment from third parties in respect of acquiring the business as a going concern.
- Continued trading would enhance the Administrators' ability to collect a significantly higher proportion of the Companies' debtors than would be collected if trading were to cease.
- Initial meetings and negotiations with customers and suppliers supported the decision to trade while a purchaser was found.

Our initial assessment indicated that realisations from a sale of the Companies' business as a going concern were likely to be greater than that from those in a forced sale. In addition, it was considered that there was a greater likelihood of preserving value in and accelerating collection of JRC's pre appointment debtors in a trading scenario. The following sections cover the major actions taken by the Administrators since our appointment in relation to trading and the sale of business process.

3.2 Trading

Following our appointment, as detailed in Section 3.1, trading was allowed to continue in order to preserve value and attempt to implement a financial restructuring or achieve a going concern sale of the business.

3.2.1 JRC

JRC is the major trading entity within the Group.

Immediately on appointment, the Administrators' staff were present at JRC's head office in Manchester and at the mills in Lydney, Simpson Clough and Devon Valley to secure the Companies' assets, stabilise the business, address the Companies' workforce and establish appropriate controls over the Companies' accounting systems and operating processes.

Steps were taken immediately by the Administrators to implement procedures to manage and monitor the trading of the business during administration, including:

- Implementing processes to control purchasing.

- Preparation of administration trading forecasts.
- Securing early payment in respect of some of the more material debtor balances.
- Contacting key third parties in possession of the Companies' finished goods and raw material stocks to facilitate their release and enable ongoing trading.
- Contacting key customers and suppliers to make arrangements for administration trading.

Throughout the administration, continuity of supply to customers has been key to retaining the customer base. Accordingly, the Administrators sought to accelerate book debt collections from customers in exchange for continued supply to generate sufficient funds to temporarily fund an initial period of trading. Third party funding for the administration has therefore not been required.

In the initial stages of the administrations, the Administrators worked with management to establish a strategy that would maximise returns to creditors, which included rationalising JRC's cost base where possible. As a part of this process, a redundancy programme was implemented between 11 and 14 February 2006 resulting in 59 redundancies across the sites.

3.2.2 JRC USA

JRC USA whilst not a manufacturing operation is the company that US sales are run through and it earns commission on such sales, which are accounted for through JRC.

Payments have continued to be made when due during the administration in respect of JRC USA's obligations in order to maintain its going concern status such that value in respect of the Group's US operations is preserved.

No redundancies have been made in respect of JRC USA.

3.2.3 CSP and Westvan

Both CSP and Westvan are non trading holding companies with no employees. No trading actions were therefore required in respect of these companies.

3.3 Sale of business

As detailed in Section 2.3, the Administrators are pursuing the second part of the objective of administration i.e. seeking to achieve a better result for creditors than would be achieved in a liquidation, through a sale of the Companies' business as a going concern.

3.3.1 JRC and JRC USA

Immediately following our appointment the Administrators took the following steps to identify potential purchasers for the Group's business to cater for the event that a financial restructuring of the the Companies may not be possible:

- Met with senior management to understand any recent and historic expressions of interest and the potential for any MBO bid.

- Advertised the business for sale in the Financial Times on Friday 10 February 2006.
- Contacted sector experts within the Deloitte network.

The Administrators prepared a brief information memorandum in respect of the business, which was issued to potentially interested parties along with an NDA for their completion should they wish to pursue any further due diligence in respect of the Companies.

38 expressions of interest were received and 17 of those parties signed and returned NDAs. Data room access was arranged for those parties signing NDAs and meetings with the management of the Companies for those who requested them.

Serious parties were asked to submit indicative offers by 17 February 2006. Indicative offers were received from 5 parties for the Group's business and assets and 1 party made an offer for the Group's property interests. After careful consideration, 3 parties were taken through to a next stage to conduct further more detailed due diligence in advance of the deadline for best offers of 3 March 2006.

Best offers were received on 3 March 2006. The Administrators continue to negotiate with one or more of these parties and are confident that a sale will be achieved with one of them.

At this stage the details of the offers are commercially sensitive and for this reason the Administrators are not disclosing either the names of the parties involved or the amounts that have been bid.

3.3.2 CSP and Westvan

The only assets held by CSP and Westvan, aside from the cash balances held as collateral by Westvan for the secured loan notes, are their investments in JRC and JRC USA and certain inter group receivable balances, which given the Group's solvency position have no value.

No asset realisations have been or are expected to be made by the Administrators in relation to these companies.

4. DIRECTORS' STATEMENTS OF AFFAIRS

4.1 Introduction

Statements of Affairs have been prepared for the Companies, summaries of which are attached at Appendix 2.

There are a number of different classes of creditors within the various Group companies. These include:

- Secured creditors: These creditors have fixed and floating charge debenture security across the Companies and as such are paid in priority to other creditors. This priority is subject to payments to preferential creditors (see below) and in respect of Westvan amounts due in respect of cash collateralised loan notes. Further detail in respect of the secured creditors is set out in sections 1.2 and 4.2.
- Preferential creditors: These relate to specific employee wage arrears, holiday pay and certain pension contributions and are paid in priority to secured creditors out of net floating charge realisations and in priority to unsecured creditors generally.
- Unsecured creditors: These rank behind secured and preferential creditors and receive any surplus available from net realisations after payment of the secured and preferential creditors.

We comment on the secured lender arrangements in section 4.2 below.

Sections 4.3 to 4.6 provide summary comments on the outcomes as illustrated in the Directors' Statements of Affairs of the Companies.

The Administrators have not included, in this report, the names, addresses and debts of all creditors in view of the fact that the information runs to many pages and it would not be cost effective to send to individual creditors. However, copies of this information will be provided to creditors on request, either by post or e-mail, and will also be available at the meeting of creditors on 30 March 2006.

4.2 Security

The Lenders' secured debt at the date of our appointment was approximately £60.6m comprised as detailed below:

| Category | Principal Amount (£m) | Interest Amount (£m) | Total amount (£m) |
|----------------|-----------------------|----------------------|-------------------|
| Facility A | 36.3 | 1.4 | 37.7 |
| Facility B | 7.5 | 0.3 | 7.8 |
| RCF | 8.5 | 0.2 | 8.7 |
| Mezzanine loan | 5.0 | 1.4 | 6.4 |
| Total | 57.3 | 3.3 | 60.6 |

This debt has been secured by fixed and floating charges over the assets of the Companies granted on 18 April 2000 and registered with Companies House on 3 May 2000.

4.3 JRC Statement of Affairs

A summary of the Directors' Statement of Affairs for JRC is attached at Appendix 2. This indicates that there will be £7,750,000 available for the Lenders under their fixed charge security, various amounts available in respect of certain plant and machinery leases and £41,761,909 available for preferential creditors and the Lenders under their floating charge security.

The above amounts make no provision for the costs of administration which will impact on the amount available for fixed and floating chargeholders.

The preferential claims against JRC, relate to holiday pay and certain pension contributions. These claims will be paid in full.

At this stage we are unable to comment on whether the level of recoveries will be similar to the Directors' estimates as we continue to finalise negotiations in respect of any sale of the business and assets. Even if the Administrators were able to provide estimates of recoveries, the amounts would be commercially sensitive to the sale process.

An up to date receipts and payments account will be provided to all creditors at the meeting of creditors together with an update on the sale process.

4.4 JRC USA Statement of Affairs

A summary of the Directors' Statement of Affairs for JRC USA is attached at Appendix 2. This indicates that assets caught under the floating charge will realise £220,799 and that this will be available to the floating charge holder. The Directors have assumed that there are no preferential creditors and the Administrators agree that this is likely and that these monies will be available for the benefit of the floating chargeholder.

4.5 CSP Statement of Affairs

A summary of the Directors' Statement of Affairs for CSP is attached at Appendix 2. This indicates that there will be nil recoveries as the only assets are inter company debtors and the investment in JRC. The Administrators believe that this is likely to be the case and that there will be no recoveries for creditors in respect of CSP.

4.6 Westvan Statement of Affairs

A summary of the Directors' Statement of Affairs for Westvan is attached at Appendix 2. This indicates that the only recovery will be in respect of the cash collateralised loan note of £2,033,000.

The only other assets are the investment in CSP and inter company debtors, which are estimated to have no potential to realise any value. The Administrators agree that this is a realistic outcome.

5. ADMINISTRATOR'S FEES AND EXPENSES

5.1 General

The Administrators' time costs, for the period from 7 February 2006 (making of the Administration Orders) to 28 February are summarised below. A more detailed analysis is attached at Appendix 3.

The Administrators will seek approval of the basis of their remuneration and disbursements at the meeting of creditors to be held on 30 March 2006. A "Creditors Guide to Administrators' Fees" is attached at Appendix 4 for your information and guidance.

| Classification of work function | Partner | Manager | Assistants / Support Staff | Total Hours | Timecosts (£) | Average Hourly Rate (£) |
|---------------------------------|--------------|----------------|----------------------------|----------------|----------------|-------------------------|
| Administration and Planning | 48.0 | 137.9 | 69.4 | 255.3 | 74,320 | 291 |
| Investigation | 0.0 | 0.0 | 0.0 | 0.0 | 0 | 0 |
| Trading | 51.0 | 1,153.5 | 151.5 | 1,356.0 | 395,759 | 292 |
| Realisation of assets | 100.8 | 538.4 | 1.0 | 640.2 | 300,713 | 470 |
| Creditors | 9.0 | 240.6 | 145.1 | 394.7 | 91,413 | 232 |
| Pension | 0.0 | 2.0 | 0.0 | 2.0 | 660 | 330 |
| Total | 208.8 | 2,072.4 | 367.0 | 2,648.2 | 862,864 | 326 |
| Timecost (£) | 111,506 | 707,553 | 43,805 | | | |
| Average Hourly Rate (£) | 534 | 341 | 119 | | | |

All of the Administrators time costs relate to JRC, except for a minimal amount relating to the statutory work for Westvan, CSP and JRC USA. These entities were placed into administration to ensure that a sale of the business and assets of JRC could be completed. In this regard, these costs were incurred for the benefit of JRC and in total amount to less than £5,000.

The range of charge out rates for the separate categories of staff (i.e. Partner, Manager and Assistants/Support Staff) are based on our normal charge out rates. The Manager rates include all grades of manager up to Director. The ranges are summarised below:

| Grade | Range (£) |
|--------------------------------|-----------|
| Partners | 465 - 718 |
| Managers (including directors) | 225 - 700 |
| Assistant's and support staff | 50 - 165 |

The high range for Managers to Directors reflects certain specialist directors (e.g. pension and tax). The range for other Managers to Directors is 225 to 465.

Administration and Planning includes strategy and organisation, arranging banking facilities and daily bankings, cashiering and voucher preparation, authorisation and processing, insurance and bordereau, preparation and planning for appointment, standard letters, notices and Directors' questionnaires, compliance, supervision and management of the administration.

Trading includes arranging continued supply and undertakings, payroll and staff liaison, mill trading, meetings with company and staff and cash flow forecasts and monitoring.

Realisation of Assets includes debtors (review, collection, protocol), dealing with agents, sale of business, securing and reviewing other assets (including cash at bank), VAT/Taxation.

Creditors includes creditors and third parties queries, reservation of title and proprietary creditors, employee issues (redundancy, P45, DTI etc).

Pension includes initially dealing with the pension scheme, instructing and liaising with Independent Trustee.

Disbursements incurred in the administration total £15,449 and are summarised below.

| Disbursement | Amount (£) |
|-------------------------------|------------|
| Accommodation and subsistence | 6,728 |
| Travel | 6,138 |
| Mileage | 1,897 |
| Courier | 385 |
| Third party room hire | 228 |
| Phone calls | 72 |
| Total | 15,449 |

The Administrators have instructed Addleshaws as their legal advisors. Their time costs and out of pocket expenses for the period to 9 March 2006 amounted to £308,000.

The Administrators have instructed Wyles Hardy and Co as valuers in respect of the Companies' plant and equipment. Their time costs and out of pocket expenses for the period to 9 March 2006 amounted to approximately £70,000.

The Administrators have instructed GVA Grimley as valuers in respect of the Companies' properties. Their time costs and out of pocket expenses for the period to 9 March 2006 amounted to approximately £27,000.

Breakdowns of these costs have been reviewed by the Administrators, are considered reasonable and will be paid in the near future.

6. OTHER INFORMATION TO ASSIST CREDITORS

6.1 Directors' reporting

As part of their statutory duties the Administrators will consider the conduct of the Directors and anyone that we consider to be shadow or de facto directors in relation to their management of the affairs of the Companies and the causes of the Companies' failure and submit their confidential report to the DTI.

If any creditors wish to bring any matters to the attention of the Administrators in this regard, we request that these are submitted in writing as soon as possible.

6.2 Exit Routes from Administration

Under the Enterprise Act 2002, all administrations automatically come to an end after one year, unless an extension is granted by the Court or with consent of the creditors.

Otherwise and unless it is proposed that a company in administration should be placed in Creditors' Voluntary Liquidation the appointment of Administrators ceases on the following:

- an application to Court (in the event of a Court appointment)
- filing a notice in Court and with the Registrar of Companies confirming that the purpose of Administration has been sufficiently achieved
- in the event that the company has no property the Administrator may notify the Registrar of Companies to that effect at which time the appointment of the Administrator ceases and three months following that date the company is deemed to be dissolved

In respect of JRC the Administrators continue to realise assets which are better realised in administration than in liquidation and therefore do not consider that the purpose has yet been achieved and continue to foresee a reasonable prospect of such fulfilment.

There are a number of possible exit routes from the Administrations. Which exit route is appropriate will depend upon the recoveries made in each of the respective Administrations. It is impossible to state at this stage which exit route will be most appropriate for JRC. However, it is likely that the third exit route above will be appropriate for JRC USA, Westvan and CSPL. The Administrators will continue to review the matter and will report on this further in the six monthly progress report to creditors.

The exit provisions contained in Schedule B1 of the Insolvency Act 1986 provide an informal and cost effective way for the appointments of Administrators to cease and reference is made to this in the Administrators proposals.

6.3 EC Regulations

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

6.4 The Prescribed Part

Section 176A of the Insolvency Act 1986 (Prescribed Part) Order 2003 applies where a floating charge in respect of a company's assets was registered after 15 September 2003. As detailed in section 4.2, the security held by the Lenders was registered prior to 15 September 2003 and therefore the prescribed part provisions of the Act do not apply.

7. STATEMENT OF PROPOSALS PURSUANT TO PARAGRAPH 49 OF SCHEDULE B1 OF THE INSOLVENCY ACT 1986

As stated in section 2.3 of this report the Administrators have concluded that the first prescribed objective under Rule 3(1) (a) namely "rescuing the company (the legal entity) as a going concern" is not achievable in respect of any of the Companies.

Consequently the Administrators intend to perform their functions with the objective set out in Rule 3(1) (b) which is "to achieve a better result for the company's creditors as a whole than would be likely if the company were wound up".

The Administrators' proposals will be presented company by company, but for the purposes of this report have been consolidated, where applicable, and are as follows:

JRC and JRC USA only

1. The Administrators continue to manage the affairs and assets of JRC and JRC USA including the continued trading, the collection of debts, completion of the sales of the business and assets and the settlement of all administration expenses.

Westvan and CSP only

2. In view of the fact that Westvan and CSP have no property, the Administrators may notify the Registrar of Companies to that effect at which time the appointment of the Administrators will cease and three months following that date Westvan and CSP will be deemed to be dissolved.

All of the Companies

3. *The Administrators be authorised to agree the claims of the secured, preferential and unsecured creditors against each company 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 when the Court gives permission.
5. That in the event the creditors of each company so determine, at the meetings of creditors, appoint a Creditors' Committee in each Administration comprising of not more than five and not less than three creditors of each company.
6. *That in respect of each company, the Creditors' Committee or if one is not appointed the creditors agree that the Administrators' fees and expenses be fixed by reference to the time given in attending to matters arising in the administrations.*
7. The Administrators' fees and expenses in respect of the period both to 28 February 2006 (as set out in Section 5) and from 1 March 2006 be approved either by:
 - *The Secured Lenders only, in the event that there are no funds available for unsecured creditors or there is no Creditors Committee.*

- Or by the Secured Lenders and a Creditors Committee, in the event that there are funds available for unsecured creditors and a Creditors Committee is appointed.
 - Or in the event that there are funds available for unsecured creditors, but that there is no Creditors Committee, the Administrators be authorised by the unsecured creditors to draw remuneration and expenses on a time cost basis subject to the approval of the Secured Lenders.
8. On completion of the realisation of assets and distribution of funds to creditors, and as quickly and as efficiently as is reasonably practicable, the Administrators implement the most cost effective steps to formally conclude the Administrations.

N J Dargan and W K Dawson
Deloitte & Touche LLP
66 Shoe Lane
London
EC4A 3WA

STATUTORY INFORMATION IN RESPECT OF THE COMPANIES

| Grade | JRC | JRC USA | CSP | Westvan |
|-----------------------|---|---|---|--|
| Company name | J R Crompton Limited | J R Crompton USA Limited | Crompton Specialist Papermakers Limited | Westvan (2001) Limited |
| Company number | 00058810 | 03097697 | 03048978 | 03945586 |
| Previous names | J R Crompton PLC James R Crompton and Brothers PLC | Broomco (986) Limited | Broomco (929) Limited | Crompton Group Limited Broomco (2104) Limited |
| Date of incorporation | 13 September 1898 | 4 September 1995 | 24 April 1995 | 13 March 2000 |
| Registered office | 12 th Floor, Sunlight House Quay Street Manchester M3 3JZ | 12 th Floor, Sunlight House Quay Street Manchester M3 3JZ | 12 th Floor, Sunlight House Quay Street Manchester M3 3JZ | 12 th Floor, Sunlight House Quay Street Manchester M3 3JZ |
| Share capital | 200,869,590 authorised ordinary shares of 10p | 2 authorised ordinary shares of £1 | 31,441,000 authorised ordinary shares of 1p | 214,580 authorised ordinary Z shares of £1 793,220 authorised ordinary Y shares of £1 |
| Shareholders | CSP | CSP | Westvan | Montagu (37.7%) 3i (41%) Peter Ashby (10.5%) Employees (10.8%) |
| Directors | Christopher John Jowsey George Edward Letman | Christopher John Jowsey George Edward Letman | Christopher John Jowsey George Edward Letman | Christopher John Jowsey George Edward Letman Peter Andrew Longinotti Anthony Michael Greensmith |
| Company secretary | Keith Andrew Bevan | Keith Andrew Bevan | Keith Andrew Bevan | Keith Andrew Bevan |
| Bankers | HSBC Bank PLC | HSBC Bank PLC | HSBC Bank PLC | HSBC Bank PLC |
| Auditors | PWC | PWC | PWC | PWC |

J R Crompton Limited (in Administration)
Summary of Directors' Statement of Affairs as at 7 February 2006

| Assets | Book Value £ | Estimated to Realise £ |
|--|-------------------------|-----------------------------------|
| Assets subject to fixed charge: | | |
| Goodwill | - | - |
| Investments | 450 | - |
| Land & Buildings | 11,333,541 | 7,750,000 |
| | 11,333,991 | 7,750,000 |
| Due to HSBC Investment Bank Plc (as trustee for the beneficiaries) | (60,544,190) | (60,544,190) |
| Shortfall to the fixed charge holder | (49,210,199) | (52,794,190) |
| Plant & Machinery Due to Bank of Scotland | 52,078 (41,644) | 36,500 (41,644) |
| Surplus / (Shortfall) to Bank of Scotland | 10,434 | 5,144 |
| Plant & Machinery Due to Barclays Mercantile Credit | 465,000 (472,817) | 325,500 (472,817) |
| Surplus / (Shortfall) to Barclays Mercantile Credit | (7,817) | (147,317) |
| Plant & Machinery Due to HSBC Equipment Finance Ltd | 1,551,210 (800,317) | 1,085,847 (800,317) |
| Surplus available to the floating charge holder | 750,893 | 285,530 |
| Motor Vehicles Less Due to Finance Company | 7,841 (6,476) | 6,476 (6,476) |
| Amount available for the floating charge holder | 1,365 | - |
| Assets subject to floating charge | | |
| Plant & Machinery | 36,900,828 | 25,337,683 |
| Computer Equipment | 453,935 | 80,000 |
| Motor Vehicles | 1,393 | 5,000 |
| Stock | 11,974,975 | 6,738,199 |
| Trade Debtors | 11,932,534 | 9,546,027 |
| Other Debtors | 114,628 | 20,000 |
| Prepayments | 762,802 | 35,000 |
| Estimated total assets available for preferential creditors | 62,141,095 | 41,761,909 |

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**Estimated to
Realise
£**

**Estimated total assets available for
preferential creditors (carried from
previous page)**

41,761,909

Liabilities

Preferential Creditors

(177,901)

**Estimated (deficiency) / surplus as
regards preferential creditors**

41,584,008

Estimated prescribed part of net property
where applicable (to carry forward)

-

**Estimated total assets available for
floating chargeholders**

41,584,008

Debts secured by floating charges

(52,794,190)

**Estimated (deficiency) / surplus of
assets after floating charges**

(11,210, 182)

Estimated prescribed part of net property
(where applicable)

-

**Total assets available to unsecured
creditors**

-

Unsecured non-preferential claims (excluding
any shortfall to floating charge holders)

(116,835,628)

**Estimated (deficiency) / surplus as
regards non-preferential creditors
(excluding any shortfall to floating
charge holders)**

(116,835,628)

Shortfall to floating charge holders (brought
down)

(11,210,182)

**Estimated (deficiency) / surplus as
regards creditors**

(128,045,810)

Issued & called up capital

(20,100,000)

**Estimated total (deficiency) / surplus as
regards members**

(148,145,810)

J R Crompton (USA) Limited (in Administration)
Summary of Directors' Statement of Affairs as at 7 February 2006

| Assets | Book Value £ | Estimated to Realise £ |
|--|-----------------------------|---------------------------------------|
| Assets subject to fixed charge: | | |
| None | - | - |
| Assets subject to floating charge: | | |
| Office Equipment | 1 | - |
| Inter-Company Debtors | 436,861 | - |
| Cash at Bank | 220,799 | 220,799 |
| Estimated total assets available for preferential creditors | 657,661 | 220,799 |

APPENDIX 2
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| | Estimated to Realise £s |
|--|--|
| Estimated total assets available for preferential creditors (carried from previous page) | 220,799 |
| Liabilities | |
| Preferential Creditors | - |
| Estimated (deficiency) / surplus as regards preferential creditors | 220,799 |
| Estimated prescribed part of net property where applicable (to carry forward) | - |
| Estimated total assets available for floating chargeholders | 220,779 |
| Debts secured by floating charges | (60,544,190) |
| Estimated (deficiency) / surplus of assets after floating charges | (60,323,391) |
| Estimated prescribed part of net property (where applicable) | - |
| Total assets available to unsecured creditors | - |
| Unsecured non-preferential claims (excluding any shortfall to floating charge holders) | - |
| Estimated (deficiency) / surplus as regards non-preferential creditors (excluding any shortfall to floating charge holders) | - |
| Shortfall to floating charge holders (brought down) | (60,323,391) |
| Estimated (deficiency) / surplus as regards creditors | (60,323,391) |
| Issued & called up capital | (2) |
| Estimated total (deficiency) / surplus as regards members | (60,323,393) |

Crompton Specialist Papermakers Limited (in Administration)
Summary of Directors' Statement of Affairs as at 7 February 2006

| Assets | Book Value £ | Estimated to Realise £ |
|--|-----------------------------|---------------------------------------|
| Assets subject to fixed charge: | | |
| Investments | 41,227,000 | - |
| Due to HSBC Investment Bank Plc (as trustee for the beneficiaries) | (60,544,190) | (60,544,190) |
| | | |
| Shortfall to the fixed charge holder | (19,317,190) | (60,544,190) |
| | | |
| Assets subject to floating charge: | | |
| Inter-Company debtor | 30,954,838 | - |
| | | |
| Estimated total assets available for preferential creditors | 30,954,838 | - |

| | Estimated to Realise £ |
|--|------------------------------|
| Estimated total assets available for preferential creditors (carried from previous page) | - |
| Liabilities | |
| Preferential Creditors | - |
| Estimated deficiency / surplus as regards preferential creditors | - |
| Estimated prescribed part of net property where applicable (to carry forward) | - |
| Estimated total assets available for floating chargeholders | - |
| Debts secured by floating charges | (60,544,190) |
| Estimated deficiency / surplus of assets after floating charges | (60,544,190) |
| Estimated prescribed part of net property (where applicable) | |
| Total assets available to unsecured creditors | - |
| Unsecured non-preferential claims (excluding any shortfall to floating charge holders) | (66,731,438) |
| Estimated deficiency / surplus as regards non-preferential creditors (excluding any shortfall to floating charge holders) | (66,731,438) |
| Shortfall to floating charge holders (brought down) | (60,544,190) |
| Estimated deficiency / surplus as regards creditors | (127,275,628) |
| Issued & called up capital | (314,410) |
| Estimated total deficiency / surplus as regards members | (127,590,038) |

Westvan (2001) Limited (in Administration)
Summary of Directors' Statement of Affairs as at 7 February 2006

| Assets | Book Value £ | Estimated to Realise £ |
|--|-----------------------------|---------------------------------------|
| Assets subject to fixed charge: | | |
| Investments | 31,003,000 | - |
| Due to HSBC Investment Bank Plc (as trustee for the beneficiaries) | (60,544,190) | (60,544,190) |
| Shortfall to the fixed charge holder | (29,541,190) | (60,544,190) |
| Cash at Bank | 2,033,000 | 2,033,000 |
| Less: Due to Peter Ashby | (2,033,000) | (2,033,000) |
| Surplus Available to the floating charge holder | - | - |
| Assets Subject to Floating Charge | | |
| Inter-company Debtor | 32,752,000 | - |
| Estimated total assets available for preferential creditors | 32,752,000 | - |

APPENDIX 2
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| | Estimated to Realise £ |
|--|---------------------------------------|
| Estimated total assets available for preferential creditors (carried from previous page) | - |
| Liabilities | |
| <i>Preferential Creditors</i> | |
| Estimated deficiency / surplus as regards preferential creditors | - |
| <i>Estimated prescribed part of net property where applicable (to carry forward)</i> | |
| Estimated total assets available for floating chargeholders | - |
| <i>Debts secured by floating charges</i> | (60,544,190) |
| Estimated deficiency / surplus of assets after floating charges | (60,544,190) |
| <i>Estimated prescribed part of net property (where applicable)</i> | - |
| Total assets available to unsecured creditors | - |
| <i>Unsecured non-preferential claims (excluding any shortfall to floating charge holders)</i> | (33,984,707) |
| Estimated deficiency / surplus as regards non-preferential creditors (excluding any shortfall to floating charge holders) | (33,984,707) |
| <i>Shortfall to floating charge holders (brought down)</i> | (60,544,190) |
| Estimated deficiency / surplus as regards creditors | (94,528,897) |
| <i>Issued & called up capital</i> | (9,724) |
| Estimated total deficiency / surplus as regards members | (94,538,621) |

**J R Crompton Limited
(In Administration)
Administrators' Fees**

| | Partners | | Managers | | Assistants & Support Staff | | TOTAL | |
|---|--------------|----------------|----------------|----------------|----------------------------|---------------|----------------|----------------|
| | Hours | Cost | Hours | Cost | Hours | Cost | Hours | Cost |
| Administration & Planning | | | | | | | | |
| Administration Strategy | 10.0 | 5,490 | 21.5 | 9,495 | - | - | 31.5 | 14,985 |
| Administration and filing | - | - | - | - | 42.5 | 2,166 | 42.5 | 2,166 |
| Arranging banking facilities/daily bankings | 1.0 | 585 | - | - | - | - | 1.0 | 585 |
| Cashiering/voucher preparation and authorisation | - | - | 57.8 | 14,864 | 26.9 | 4,439 | 84.7 | 19,323 |
| Insurance/bordereau | - | - | - | - | - | - | - | - |
| Preparation/planning for appointment | 13.0 | 6,765 | 21.5 | 6,745 | - | - | 34.5 | 13,510 |
| Standard letters/notices/directors questionnaires | - | - | 18.0 | 5,580 | - | - | 18.0 | 5,580 |
| Compliance | - | - | 8.1 | 2,751 | - | - | 8.1 | 2,751 |
| Supervision/management of Administration | 24.0 | 12,240 | 11.0 | 3,180 | - | - | 35.0 | 15,420 |
| | 48.0 | 25,080 | 137.9 | 42,635 | 69.4 | 6,605 | 255.3 | 74,320 |
| Investigations | | | | | | | | |
| CDDA Reports | - | - | - | - | - | - | - | - |
| Other investigations | - | - | - | - | - | - | - | - |
| Trading | | | | | | | | |
| Arranging continued supply/undertakings | 6.0 | 2,790 | 188.2 | 59,792 | 64.0 | 5,000 | 258.2 | 70,582 |
| Dealing with sales/customers | 12.0 | 5,580 | 294.0 | 75,853 | - | - | 306.0 | 81,433 |
| Employee issues/payroll | 3.0 | 1,395 | 118.0 | 36,525 | - | - | 121.0 | 37,920 |
| Mill trading | 5.0 | 2,325 | 354.8 | 115,112 | 60.0 | 7,500 | 419.8 | 124,937 |
| Meetings with company/staff (including day 1 vis | 15.0 | 7,695 | 37.5 | 14,385 | 27.5 | 3,438 | 80.0 | 25,518 |
| Cashflow forecasts and monitoring | 10.0 | 5,010 | 160.0 | 50,050 | - | - | 170.0 | 55,060 |
| Landlord issues | - | - | 1.0 | 310 | - | - | 1.0 | 310 |
| | 51.0 | 24,795 | 1,153.5 | 352,026 | 151.5 | 18,938 | 1,356.0 | 395,759 |
| Realisation of Assets | | | | | | | | |
| Debtors | 5.0 | 2,325 | 20.0 | 5,700 | - | - | 25.0 | 8,025 |
| Dealing with agents | 2.0 | 930 | - | - | - | - | 2.0 | 930 |
| Sale of business | 88.0 | 49,680 | 485.0 | 215,843 | 1.0 | 125 | 574.0 | 265,648 |
| Securing/reviewing other assets (inc. cash at bank) | 1.0 | 465 | - | - | - | - | 1.0 | 465 |
| VAT/Taxation | 4.8 | 3,446 | 33.4 | 22,200 | - | - | 38.2 | 25,646 |
| | 100.8 | 56,846 | 538.4 | 243,742 | 1.0 | 125 | 640.2 | 300,713 |
| Creditors | | | | | | | | |
| Creditors and third parties queries | 5.0 | 3,390 | 20.5 | 6,290 | - | - | 26.5 | 9,680 |
| Reservation of title and proprietary creditors | 1.0 | 465 | 72.0 | 23,455 | 87.0 | 10,875 | 160.0 | 34,795 |
| Creditors meeting - report drafting/attendance | - | - | 2.0 | 620 | - | - | 2.0 | 620 |
| Employee issues (redundancy, P45, DTT etc) | 2.0 | 930 | 146.1 | 38,125 | 58.1 | 7,263 | 206.2 | 46,318 |
| | 9.0 | 4,785 | 240.6 | 68,490 | 145.1 | 18,138 | 394.7 | 91,413 |
| Pension | - | - | 2.0 | 660 | - | - | 2.0 | 660 |
| TOTAL COST | 208.8 | 111,506 | 2,072.4 | 707,553 | 367.0 | 43,805 | 2,648.2 | 862,864 |

All of the Administrators time costs relate to JRC, except for a minimal amount relating to the statutory work for Westvan, CSP and JRC USA. These entities were placed into administration to ensure that a sale of the business and assets of JRC could be completed. In this regard, these costs were incurred for the benefit of JRC and in total amount to less than £5,000.

A Creditor's guide to Administrators' Fees

A Creditors' Guide To Administrator's Fees

APPENDIX 4
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Deloitte

England and Wales

Creditors or their representatives are required to approve the remuneration of administrators. This guide is designed to assist creditors of businesses where members or directors of Deloitte & Touche LLP have been appointed administrators. Apart from the final three paragraphs the main text has been prepared by the Association of Business Recovery Professionals. If you need any assistance on the matters set out below, please feel free to contact us.

1. Introduction

1.1 When a company goes into administration the costs of the proceedings are paid out of its assets. The creditors, who hope eventually to recover some of their debts out of the assets, therefore have a direct interest in the level of costs, and in particular the remuneration of the insolvency practitioner appointed to act as administrator. The insolvency legislation recognises this interest by providing mechanisms for creditors to fix the basis of the administrator's fees. This guide is intended to help creditors be aware of their rights under the legislation to approve and monitor fees and explains the basis on which fees are fixed.

2. The Nature of Administration

Administration is a procedure which places a

company under the control of an insolvency practitioner and the protection of the court with the following objective:

- rescuing the company as a going concern, or
- achieving a better result for the creditors as a whole than would be likely if the company were wound up without first being in administration,

or, if the administrator thinks neither of these objectives is reasonably practicable

- realising property in order to make a distribution to secured or preferential creditors.

3. The Creditors' Committee

3.1 The creditors have the right to appoint a committee with a minimum of 3 and a maximum of 5 members. One of the functions of the committee is to determine the basis of the administrator's remuneration. The committee is established at the meeting of creditors which the administrator is required to hold within a maximum of 10 weeks from the beginning of the administration to consider his proposals. The administrator must call the first meeting of the committee within 6 weeks of its establishment, and subsequent meetings must be held either at specified dates agreed by the

3.2 committee, or when a member of the committee asks for one, or when the administrator decides he needs to hold one. The committee has power to summon the administrator to attend before it and provide such information about the exercise of his functions.

4. Fixing the Administrator's Fees

4.1 The basis for fixing the administrator's remuneration is set out in Rule 2.106 of the Insolvency Rules 1986, which states that the remuneration shall be fixed either:

- as a percentage of the value of the property which the administrator has to deal with, or
- by reference to the time properly given by the administrator and his staff in attending to matters arising in the administration.

It is for the creditors' committee (if there is one) to determine on which of these bases the remuneration is to be fixed, and if it is fixed as a percentage, to fix the percentage to be applied. Rule 2.106 says that in arriving at its decision the committee shall have regard to the following matters:-

- the complexity (or otherwise) of the case;

- any responsibility of an exceptional kind or degree which falls on the administrator;
- the effectiveness with which the administrator appears to be carrying out, or to have carried out, his duties;
- the value and nature of the property which the administrator has to deal with.

4.2 If there is no creditors' committee, or the committee does not make the requisite determination, the administrator's remuneration may be fixed by a resolution of a meeting of creditors having regard to the same matters as the committee would. If the remuneration is not fixed in any of these ways, it will be fixed by the court on application by the administrator.

4.3 There are special rules about creditors' resolutions in cases where the administrator has stated in his proposals that the company has insufficient property to enable a distribution to be made to unsecured creditors except out of the reserved fund which may have to be set aside out of floating charge assets. In this case a resolution of the creditors shall be taken as passed if, and only if, passed with the approval of -

- each secured creditor of the company; or
- if the administrator has made or intends to make a distribution to preferential creditors -

- each secured creditor of the company; and
- preferential creditors whose debts amount to more than 50% of the preferential debts of the company, disregarding debts of any creditor who does not respond to an invitation to give or withhold approval.

Note that there is no requirement to hold a creditors' meeting in such cases unless a meeting is requisitioned by creditors whose debts amount to at least 10 per cent of the total debts of the company.

4.4 A resolution of creditors may be obtained by correspondence.

5. What Information should be Provided by the Administrator?

5.1 When seeking fee approval

5.1.1. When seeking agreement to his fees the administrator should provide sufficient supporting information to enable the committee or the creditors to form a judgment as to whether the proposed fee is reasonable having regard to all the circumstances of the case. The nature and extent of the supporting information which should be provided will depend on:

- the nature of the approval being sought;
- the stage during the administration of the case at which it is being sought; and
- the size and complexity of the case.

5.1.2. Where, at any creditors' or committee meeting, the administrator seeks agreement to the terms on which he is to be remunerated, he should provide the meeting with details of the charge-out rates of all grades of staff, including principals, which are likely to be involved on the case.

5.1.3. Where the administrator seeks agreement to his fees during the course of the administration, he should always provide an up to date receipts and payments account. Where the proposed fee is based on time costs, the administrator should disclose to the committee or the creditors the time spent and the charge-out value in the particular case, together with, where appropriate, such additional information as may reasonably be required having regard to the size and complexity of the case. The additional information should comprise a sufficient explanation for what the administrator has achieved and how it was achieved to enable the value of the exercise to be assessed (whilst recognising that the administrator must fulfil certain statutory obligations that might be seen to bring no added value for creditors) and to establish that the time has been properly spent on the

case. That assessment will need to be made having regard to the time spent and the rates at which that time was charged, bearing in mind the factors set out in paragraph 4.1 above. To enable this assessment to be carried out, it may be necessary for the administrator to prove an analysis of the time spent on the case by type of activity and grade of staff. The degree of detail will depend on the circumstances of the case, but it will be helpful to be aware of the professional guidance which has been given to the insolvency practitioners on this subject. The guidance suggests the following areas of activity as a basis for the analysis of time spent.

- Administration and planning
- Investigations
- Realisation of assets
- Trading
- Creditors
- Any other case specific matters.

The following categories are suggested as a basis for analysis by grade of staff:

- Partner
- Manager
- Other senior professionals
- Assistants and support staff.

The explanation of what has been done can be expected to include an outline of the nature of the assignment and the administrator's own initial assessment, including the anticipated return to creditors. To the extent applicable it should also explain:

- Any significant aspects of the case, particularly those that affect the amount of time spent .
- The reasons for subsequent changes in strategy.
- Any comments on any figures in the summary of time spent accompanying the request the administrator wishes to make.
- The steps taken to establish the views of creditors, particularly in relation to agreeing the strategy for the assignment, budgeting, time recording, fee drawing or fee agreement.
- Any existing agreement about fees.
- Details of how other professionals, including subcontractors, were chosen, how they were contracted to be paid, and what steps have been taken to review their fees.

It should be borne in mind that the degree of analysis and form of presentation should be proportionate to the size and complexity of the case. In smaller cases not all categories of

activity will always be relevant, whilst further analysis may be necessary in larger cases.

5.1.4. Where the fee is charged on a percentage basis the administrator should provide details of any work which has been or is intended to be sub-contracted out which would normally be undertaken directly by an administrator or his staff.

5.2 After fee approval

Where a resolution fixing the basis of fees is passed at any creditors' meeting held before he has substantially completed his functions, the administrator should notify the creditors of the details of the resolution in his next report or circular to them. In all subsequent reports to creditors the administrator should specify the amount of remuneration he has drawn in accordance with the resolution. Where the fee is based on time costs, he should also provide details of the time spent and the charge-out value to date and any material changes in the rates charged for the various grades since the resolution was first passed. He should also provide such additional information as may be required in accordance with the principles set out in paragraph 5.1.3. Where the fee is charged on a percentage basis the administrator should provide the details set out in paragraph 5.1.4 above regarding work which has been sub-contracted out.

5.3. Expenses and disbursements

There is no statutory requirement for the committee or the creditors to approve the drawing of expenses or disbursements. However, professional guidance issued to insolvency practitioners requires that, where the administrator proposes to recover costs which, whilst being in the nature of expenses or disbursements, may include an element of shared or allocated costs (such as room hire, document storage or communication facilities provided by the administrator's own firm), they must be disclosed and be authorised by those responsible for approving his remuneration. Such expenses must be directly incurred on the case and subject to a reasonable method of calculation and allocation.

6. What if a Creditor is Dissatisfied?

6.1 If a creditor believes that the administrator's remuneration is too high he may, if at least 25 per cent in value of the creditors (including himself) agree, apply to the Court for an order that it be reduced. If the Court does not dismiss the application (which it may if it considers that insufficient cause is shown) the applicant must give the administrator a copy of the application and supporting evidence at least 14 days before the hearing. Unless the Court orders otherwise, the costs must be paid by the applicant and not as an expense of the administration.

7. What if the Administrator is Dissatisfied?

If the administrator considers that the remuneration fixed by the creditors' committee is insufficient he may request that it be increased by resolution of the creditors. If he considers that the remuneration fixed by the committee or the creditors is insufficient, he may apply to the Court for it to be increased. If he decides to apply to the Court he must give at least 14 days' notice to the members of the creditors' committee and the committee may nominate one or more of its members to appear or be represented at the court hearing. If there is no committee, the administrator's notice of his application must be sent to such of the creditors as the Court may direct, and they may nominate one or more of their number to appear or be represented. The Court may order the costs to be paid out as an expense of the administration.

8. Other Matters Relating to Fees

8.1 Where there are joint administrators it is for them to agree between themselves how the remuneration payable should be apportioned. Any dispute between them may be referred to the Court, the creditors' committee or a meeting of creditors.

8.2 If the administrator is a solicitor and employs his own firm to act in the insolvency, profit costs may not be paid unless

authorised by the committee, the creditors or the Court.

9. Commissions and Discounts

As a major purchaser of services, Deloitte & Touche LLP as a whole are occasionally able to negotiate enhanced services with preferred suppliers in relation to travel, advertising and other costs. The use of these suppliers may sometimes result in annual commissions being paid to Deloitte & Touche LLP. The reallocation of such commissions to each case is impracticable and this is not done.

10. What if you are Dissatisfied with the Conduct of the Administration Generally?

We hope that you will not have cause to complain about the way our members and staff conduct their work on what are generally sensitive and emotive issues for creditors affected by the insolvency. Occasionally misunderstandings arise and mistakes are made. Should you have cause to complain or if you would like to discuss how our service could be improved, please let us know by telephoning the person appointed as administrator. We undertake to look into any complaint carefully and promptly and to do all we reasonably can to explain the position to you. If you are still not satisfied with the explanations given, you can refer the matter to the RS National Compliance Officer, who is

responsible for
investigating any
complaints made against
our partners and staff.
The Compliance Officer can
be contacted in our office
at Hill House, 1 Little New
Street, London, EC4A 3TR.
If The Compliance Officer
is unable to resolve
matters to your
satisfaction then you can
refer the matters to:

The Professional Standards
Office, Institute of
Chartered Accountants in
England & Wales, Silbury
Court, 412-416 Silbury
Boulevard, Milton Keynes
MK9 2AF in the case of
appointment takers
licensed by the Institute of
Chartered Accountants in
England & Wales. A list of
the members and directors
and their licensing bodies
is available from The RS
National Compliance
Officer.

June 2004 Edition

Notice of a meeting of creditors

Name of Company
J R Crompton Limited

Company number
58810

In the
High Court of Justice,
Manchester District Registry, Chancery Division

Court case number
1146 of 2006

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

Notice is hereby given by William Kenneth Dawson of Deloitte & Touche LLP, PO Box 500, 201 Deansgate, Manchester, M60 2AT and Nicholas James Dargan of Deloitte & Touche LLP, 1 Stonecutter Street, London, EC4A 4TR.

(b) Insert full name and
address of registered office
of the company

that a meeting of the creditors of J R Crompton Limited, 12th Floor Sunlight House, Quay Street, Manchester, M3 3JZ

(c) Insert details of place
of meeting

is to be held at Radisson Edwardian Manchester Hotel, Free Trade Hall, Peter Street, Manchester, M2 5GP

(d) Insert date and time of
meeting

on 30 March 2006 at 11:00 hours

*Delete as applicable

The meeting is:

(1) an initial creditors' meeting under paragraph 51 of Schedule B1 to the Insolvency Act 1986 ("the Schedule");

I invite you to attend the above meeting.

A proxy form is enclosed which should be completed and returned to me by the date of the meeting if you cannot attend and wish to be represented.

In order to be entitled to vote under Rule 2.38 at the meeting you must give to me, not later than 12:00 hours on the business day before the day fixed for the meeting, details in writing of your claim.

Signed


Joint / Administrator(s)

Dated

13.3.06

* Delete as applicable

A copy of the proposals is attached

Notice of a meeting of creditors

Name of Company
J R Crompton (USA) Limited

Company number
3097697

In the
High Court of Justice,
Manchester District Registry, Chancery Division

Court case number
1154 of 2006

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

Notice is hereby given by William Kenneth Dawson of Deloitte & Touche LLP, PO Box 500, 201 Deansgate, Manchester, M60 2AT and Nicholas James Dargan of Deloitte & Touche LLP, 1 Stonecutter Street, London, EC4A 4TR.

(b) Insert full name and
address of registered office
of the company

that a meeting of the creditors of J R Crompton (USA) Limited, 12th Floor Sunlight House, Quay Street, Manchester, M3 3JZ

(c) Insert details of place
of meeting

is to be held at Radisson Edwardian Manchester Hotel, Free Trade Hall, Peter Street, Manchester, M2 5GP

(d) Insert date and time of
meeting

on 30 March 2006 at 11:00 hours

*Delete as applicable

The meeting is:

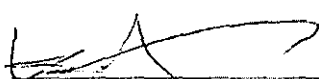
(1) an initial creditors' meeting under paragraph 51 of Schedule B1 to the Insolvency Act 1986 ("the Schedule");

I invite you to attend the above meeting.

A proxy form is enclosed which should be completed and returned to me by the date of the meeting if you cannot attend and wish to be represented.

In order to be entitled to vote under Rule 2.38 at the meeting you must give to me, not later than 12:00 hours on the business day before the day fixed for the meeting, details in writing of your claim.

Signed


Joint / Administrator(s)

Dated

13.3.06

* Delete as applicable

A copy of the proposals is attached

Notice of a meeting of creditors

Name of Company
Westvan (2001) Limited

Company number
3945586

In the
High Court of Justice,
Manchester District Registry, Chancery Division

Court case number
1155 of 2006

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

Notice is hereby given by William Kenneth Dawson of Deloitte & Touche LLP, PO Box 500, 201 Deansgate, Manchester, M60 2AT and Nicholas James Dargan of Deloitte & Touche LLP, 1 Stonecutter Street, London, EC4A 4TR.

(b) Insert full name and
address of registered office
of the company

that a meeting of the creditors of Westvan (2001) Limited, 12th Floor Sunlight House, Quay Street, Manchester, M3 3JZ

(c) Insert details of place
of meeting

is to be held at Radisson Edwardian Manchester Hotel, Free Trade Hall, Peter Street, Manchester, M2 5GP

(d) Insert date and time of
meeting

on 30 March 2006 at 11:00 hours

*Delete as applicable

The meeting is:

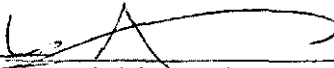
(1) an initial creditors' meeting under paragraph 51 of Schedule B1 to the Insolvency Act 1986 ("the Schedule");

I invite you to attend the above meeting.

A proxy form is enclosed which should be completed and returned to me by the date of the meeting if you cannot attend and wish to be represented.

In order to be entitled to vote under Rule 2.38 at the meeting you must give to me, not later than 12:00 hours on the business day before the day fixed for the meeting, details in writing of your claim.

Signed


Joint / Administrator(s)

Dated

13.3.06

* Delete as applicable

A copy of the proposals is attached

Notice of a meeting of creditors

Name of Company
Crompton Specialist Papermakers Limited

Company number
3048978

In the
High Court of Justice,
Manchester District Registry, Chancery Division

Court case number
1156 of 2006

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

Notice is hereby given by William Kenneth Dawson of Deloitte & Touche LLP, PO Box 500, 201 Deansgate, Manchester, M60 2AT and Nicholas James Dargan of Deloitte & Touche LLP, 1 Stonecutter Street, London, EC4A 4TR.

(b) Insert full name and
address of registered office
of the company

that a meeting of the creditors of Crompton Specialist Papermakers Limited, 12th Floor Sunlight House, Quay Street, Manchester, M3 3JZ

(c) Insert details of place
of meeting

is to be held at Radisson Edwardian Manchester Hotel, Free Trade Hall, Peter Street, Manchester, M2 5GP

(d) Insert date and time of
meeting

on 30 March 2006 at 11:00 hours

*Delete as applicable

The meeting is:

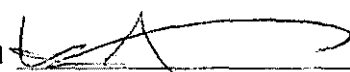
(1) an initial creditors' meeting under paragraph 51 of Schedule B1 to the Insolvency Act 1986 ("the Schedule");

I invite you to attend the above meeting.

A proxy form is enclosed which should be completed and returned to me by the date of the meeting if you cannot attend and wish to be represented.

In order to be entitled to vote under Rule 2.38 at the meeting you must give to me, not later than 12:00 hours on the business day before the day fixed for the meeting, details in writing of your claim.

Signed


Joint / Administrator(s)

Dated

13.3.06

* Delete as applicable

A copy of the proposals is attached

Heading required by Article 42(1) of Council Regulation (EC) No 1346/2000 of 29.5.2000, OJ L 160, p12

(EC Regulation on Insolvency Proceedings 2000)

« Convocatoria para la presentación de créditos. Plazos aplicables ».

» Opfordring til anmeldelse af fordringer. Vær opmærksom på fristerne «

„ Aufforderung zur Anmeldung einer Forderung. Etwaige Fristen beachten! "

« Προ' σκλήση για αναγγελί' α απαιτη' σεως. Προσοχη' στις προθεσμίες »

' Invitation to lodge a claim. Time limits to be observed '

« Invitation à produire une créance. Délais à respecter »

« Invito all'insinuazione di un credito. Termine da osservare »

„ Oproep tot indiening van schuldvorderingen. In acht te nemen termijnen "

« Aviso de reclamação de créditos. Prazos legais a observar »

" Kehotus saatavan ilmoittamiseen. Noudatettavat määräajat "

" Anmodan att anmäla fordran. Tidsfrister att iaktta "

States who joined EU on Expansion on 01.05.04:

Czech - Pozvání až k bydliť jeden činit si nárok na něco. Čas hranice až k být konat

Polish - Zaproszenie do wniesienia wniosku o odszkodowanie. Termin wniesienia wniosku jest obarczony obostrzeniami.

Hungarian - Invitáció követelés benyújtására. Idő határok betartandók.

Slovenian - vabilo v spraviti v zapor a trditi. čas višek v obstati držati se postav

Russian – Приглашение к подаче иска. Соблюдайте установленные сроки.

Lithuanian - Pasiūlymas paduoti skunda. Reikia atsižvelgti į terminus.

Maltese – Stedina biex taghmel talba. It-termini taz-zmien ghandhom jigu mharsa.

Latvian - Uzaicinājums prasības pieteikšanai. Prasības pieteikšanas laiks stingri ierobežots.

Estonian - Palve esitada nõue. Palun jälgige aja piiranguid.

Proxy (Administration)

J R CROMPTON LIMITED
(IN ADMINISTRATION)

Name of Creditor _____

Address _____

Name of Proxy Holder

Please insert name of person (who must be 18 or over) or the Chairman of the Meeting. If you wish to provide for alternative proxy holders in the circumstances that your first choice is unable to attend please state the name(s) of the alternatives as well

1 _____

2 _____

3 _____

Please delete words in brackets if the proxy holder is only to vote as directed i.e. he has no discretion

I appoint the above person to be my/the creditor's proxy holder at the meeting of creditors to be held on Thursday, 30 March 2006 at 11.00 am or at any adjournment of that meeting. The proxy holder is to propose or vote as instructed below (and in respect of any resolution for which no specific instruction is given, may vote or abstain at his/her discretion).

Voting Instructions for resolutions

*Please delete as appropriate

1. For the acceptance/rejection* of the administrators' proposals/revised proposals* as circulated

2. For the appointment of

of _____

representing _____

as a member of the creditors' committee

This form must be signed

Signature _____ Date _____

Name in CAPITAL LETTERS _____

Only to be completed if the creditor has not signed in person

Position with creditor or relationship to creditor or other authority for signature

Proxy (Administration)

**J R CROMPTON (USA) LIMITED
(IN ADMINISTRATION)**

Name of Creditor _____

Address _____

Name of Proxy Holder

Please insert name of person (who must be 18 or over) or the Chairman of the Meeting. If you wish to provide for alternative proxy holders in the circumstances that your first choice is unable to attend please state the name(s) of the alternatives as well

1 _____

2 _____

3 _____

Please delete words in brackets if the proxy holder is only to vote as directed i.e. he has no discretion

I appoint the above person to be my/the creditor's proxy holder at the meeting of creditors to be held on Thursday, 30 March 2006 at 11.00 am or at any adjournment of that meeting. *The proxy holder is to propose or vote as instructed below (and in respect of any resolution for which no specific instruction is given, may vote or abstain at his/her discretion).*

Voting Instructions for resolutions

*Please delete as appropriate

1. For the acceptance/rejection* of the administrators' proposals/revised proposals* as circulated

2. For the appointment of

of _____

representing _____

as a member of the creditors' committee

This form must be signed

Signature _____ Date _____

Name in CAPITAL LETTERS _____

Only to be completed if the creditor has not signed in person

Position with creditor or relationship to creditor or other authority for signature

Proxy (Administration)

WESTVAN (2001) LIMITED
(IN ADMINISTRATION)

Name of Creditor _____

Address _____

Name of Proxy Holder

Please insert name of person (who must be 18 or over) or the Chairman of the Meeting. If you wish to provide for alternative proxy holders in the circumstances that your first choice is unable to attend please state the name(s) of the alternatives as well

1 _____

2 _____

3 _____

Please delete words in brackets if the proxy holder is only to vote as directed i.e. he has no discretion

I appoint the above person to be my/the creditor's proxy holder at the meeting of creditors to be held on Thursday, 30 March 2006 at 11.00 am or at any adjournment of that meeting. The proxy holder is to propose or vote as instructed below (and in respect of any resolution for which no specific instruction is given, may vote or abstain at his/her discretion).

Voting Instructions for resolutions

*Please delete as appropriate

1. For the acceptance/rejection* of the administrators' proposals/revised proposals* as circulated

2. For the appointment of

of

representing _____

as a member of the creditors' committee

This form must be signed

Signature _____ Date _____

Name in CAPITAL LETTERS _____

Only to be completed if the creditor has not signed in person

Position with creditor or relationship to creditor or other authority for signature

Proxy (Administration)

CROMPTON SPECIALIST PAPERMAKERS LIMITED
(IN ADMINISTRATION)

Name of Creditor _____

Address _____

Name of Proxy Holder

Please insert name of person (who must be 18 or over) or the Chairman of the Meeting. If you wish to provide for alternative proxy holders in the circumstances that your first choice is unable to attend please state the name(s) of the alternatives as well

1 _____

2 _____

3 _____

Please delete words in brackets if the proxy holder is only to vote as directed i.e. he has no discretion

I appoint the above person to be my/the creditor's proxy holder at the meeting of creditors to be held on Thursday, 30 March 2006 at 11.00 am or at any adjournment of that meeting. The proxy holder is to propose or vote as instructed below (and in respect of any resolution for which no specific instruction is given, may vote or abstain at his/her discretion).

Voting Instructions for resolutions

*Please delete as appropriate

1. For the acceptance/rejection* of the administrators' proposals/revised proposals* as circulated

2. For the appointment of

of

representing _____

as a member of the creditors' committee

This form must be signed

Signature _____ Date _____

Name in CAPITAL LETTERS _____

Only to be completed if the creditor has not signed in person

Position with creditor or relationship to creditor or other authority for signature

CLAIM FOR VOTING PURPOSES

J R CROMPTON LIMITED (IN ADMINISTRATION)

Date of Administration Order: 7 February 2006

1. Name of Creditor

2. Address of Creditor

3. Total amount of claim, including any Value
Added Tax and outstanding uncapitalised interest as at the date of the Order. £

4. Details of any document by reference to which the debt can be substantiated (Note: the Administrator may call for any document or evidence to substantiate the claim at his discretion).

5. If total amount above includes outstanding uncapitalised interest, please state amount. £

6. Particulars of how and when debt incurred.

7. Particulars of any security held, the value of the security and the date it was given. £

8. Signature of creditor or person authorised to act on his behalf

Name in BLOCK LETTERS

Position with or relation to creditor

(For Office Use Only)

Admitted to vote for

Date:

Administrator:

CLAIM FOR VOTING PURPOSES

J R CROMPTON (USA) LIMITED (IN ADMINISTRATION)

Date of Administration Order: 7 February 2006

1. Name of Creditor

2. Address of Creditor

3. Total amount of claim, including any Value
Added Tax and outstanding uncapitalised £
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the security and the date it was given. £

8. Signature of creditor or person authorised to
act on his behalf

Name in BLOCK LETTERS

Position with or relation to creditor

(For Office Use Only)

Admitted to vote for

Date:

Administrator:

CLAIM FOR VOTING PURPOSES

WESTVAN (2001) LIMITED (IN ADMINISTRATION)

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2. Name of Creditor

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Name in BLOCK LETTERS

Position with or relation to creditor

(For Office Use Only)

Admitted to vote for

Date:

Administrator:

CLAIM FOR VOTING PURPOSES

CROMPTON SPECIALIST PAPERMAKERS LIMITED (IN ADMINISTRATION)

Date of Administration Order: 7 February 2006

3. Name of Creditor

2. Address of Creditor

3. Total amount of claim, including any Value Added Tax and outstanding uncapitalised interest as at the date of the Order. £

4. Details of any document by reference to which the debt can be substantiated (Note: the Administrator may call for any document or evidence to substantiate the claim at his discretion).

5. If total amount above includes outstanding uncapitalised interest, please state amount. £

10. Particulars of how and when debt incurred.

11. Particulars of any security held, the value of the security and the date it was given. £

8. Signature of creditor or person authorised to act on his behalf

Name in BLOCK LETTERS

Position with or relation to creditor

(For Office Use Only)

Admitted to vote for

Date:

Administrator:
