

The Insolvency Act 1986

Administrators' progress report

Name of Company The Snack Factory Limited	Company number 01995490
In the High Court of Justice, Chancery Division, Birmingham District Registry	Court case number 4014 of 2005

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

We (a) Adrian Wolstenholme of Kroll, 134 Edmund Street, Birmingham, B3 2ES

Peter Holder of Kroll, Wellington Plaza, 31 Wellington St, Leeds, LS1 4DL

Gary Squires of Kroll, 10 Fleet Place, London, EC4m 7RB

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

from

to

(b) Insert dates

(b) 6 January 2006

(b) 5 July 2006

Signed

Joint Administrators

Dated

3/8/06

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

Sebastian Saywood	
Tel 0121 200 3414	
DX Number	DX Exchange

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

Companies House, Crown Way, Cardiff, CF14 3UZ

DX 33050 Cardiff



**Joint Administrators'
Progress Report**

**For the Period
6 January 2006 to 5 July 2006**

**The Snack Factory Limited
In Administration**

3 August 2006

KROLL

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1. Statutory Information

- 1.1 I was appointed Joint Administrator of The Snack Factory Limited (the **Company**) together with C P Holder and G Squires on 6 January 2006 by the High Court of Justice, Chancery Division, Birmingham District Registry. The application for the appointment of an Administrator was made by the directors of the Company.
- 1.2 This Administration is being handled by Kroll's Birmingham office, situated at 134 Edmund Street, Birmingham, B3 2ES.
- 1.3 The Administration is being handled by the High Court of Justice, Chancery Division, Birmingham District Registry, reference number 4014 of 2005.
- 1.4 The Company is a non-trading entity and acts as holding company to Golden Wonder Limited (**GWL**).
- 1.5 The registered office of the Company is c/o Kroll, 134 Edmund Street, Birmingham, B3 2ES and its registered number is 01995490.
- 1.6 In accordance with paragraph 100(2) of Schedule B1 to the Insolvency Act 1986, the functions of the Administrators may be exercised by either or both, acting jointly or alone.

2 Administrators' Proposals

- 2.1 As previously advised, the Joint Administrators must perform their functions with the purpose of achieving one of the following objectives:
- rescuing the Company as a going concern;
 - achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in Administration); or
 - realising property in order to make a distribution to one or more secured or preferential creditors.
- 2.2 In the Joint Administrators' Report and Statement of Proposals it was stated that the purpose of Administration could not be achieved for the Company and, accordingly, it was proposed that the Administrators would end the Administration in such manner and at such time as they considered best complied with their duties as Administrators of the Company, having regard to the interests of the Company's creditors.

- 2.3 Since the date of the Joint Administrators' Report and Statement of Proposals it has become apparent that the Company may in fact have a claim against GWL which may result in a dividend falling payable to the Company from the Liquidation of GWL. This is discussed in greater detail in Section 3.

3 Progress of the Administration

- 3.1 There have been no receipts and payments to date and accordingly, no receipts and payments account is included.
- 3.2 As previously reported there was no interest with regards to selling GWL as a corporate entity and a share sale could not be achieved.
- 3.3 The Joint Administrators of GWL successfully sold the business and assets of GWL. The expected dividend to unsecured creditors is currently estimated between 12 and 16 pence in the pound based on the level of creditors per the GWL Statement of Affairs.
- 3.4 Since our Proposals to Creditors were submitted, the Directors of the Company and the Company's auditors have indicated that they believe the Company has an unsecured claim against GWL, arising from an agreement between GWL's former parent company, Golden Wonder Holdings Limited and the Company, for the acquisition of the shares in GWL in May 2002.
- 3.5 The Joint Liquidators of GWL are currently adjudicating this claim, to determine if the outstanding balance is debt or equity. The claim amounts to £3.9m and was shown as "Investments" in the Statement of Affairs. We are currently taking legal advice as to the nature of the balance and the basis on which funds were originally provided. The position has been made more unclear by references in the Company's statutory accounts to the balance being an Investment rather than an inter-company debt.

4 Administrators' Remuneration

- 4.1 The time costs in relation to this case are minimal and have been included within the costs for the Administration of GWL.
- 4.2 Accordingly no separate time costs have been recorded and we do not propose to draw any fees at this stage. We intend to review the position on an ongoing basis depending on realisations and the level of ongoing costs involved. Any fees will require the authorisation of the creditors.

5 Estimated Outcome for Creditors

- 5.1 There will only be a return to creditors (and possibly shareholders) if the Company's claim against GWL is allowed to rank in whole or in part for distribution purposes in the GWL liquidation. If the claim ranked fully, the potential dividend from GWL could be in the region of £468,000-£624,000 based on a 12p-16p dividend rate.
- 5.2 In the event that a distribution is received from GWL, the level of the dividend payable by the Company will depend on the potential contingent liability under the terms of the guarantee granted to GE Capital Fleet Services Limited, which has still to be determined. We are not at this stage aware of any other material creditors in the Company.

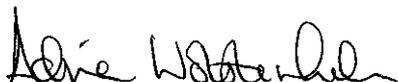
6 Ending the Administration

- 6.1 In the Proposals to creditors, it was proposed that, in accordance with Paragraph 79 of Schedule B1 of the Insolvency Act 1986 (IA86), the Joint Administrators will end the Administration of the Company in such manner and at such time as they consider best complies with their duties as Administrators of the Company having regard to the interests of the Company's creditors.
- 6.2 If, as seems possible, a dividend is received by the Company from GWL, which in turn allows the Company to pay a dividend to its creditors, the Administrators now consider that the most appropriate exit route will be for the Company in Administration to be placed into Creditors Voluntary Liquidation with the Joint Administrators becoming Joint Liquidators of the Company.
- 6.3 The Administrators intend shortly to present revised proposals to creditors under paragraph 54 of Schedule B1 of the IA 86 enabling the Administrators (given that monies could become available to the Company to pay a dividend to its creditors) to place the Company into Creditors Voluntary Liquidation by filing a notice with the Registrar of Companies under paragraph 83 of Schedule B1 of IA 86. The revised proposals will also propose that the Joint Administrators should become Joint Liquidators of the Company.
- 6.4 The Joint Administrators will be discharged from liability under Paragraph 98 of Schedule B1 to Insolvency Act 1986 immediately upon their appointment as Administrators ceasing to have effect.

7 Next Report

- 7.1 The Administrators are required to prepare six monthly reports to creditors and a final report within one month of the end of the Administration. It is anticipated the next report will be the Administrators' final report.

For and on behalf of
The Snack Factory Limited



A J Wolstenholme
Joint Administrator