



**MEQ Realisations Limited (formerly Mint Equities Limited) – in Administration
High Court of Justice, Chancery Division, Companies Court
Case No. 6789 of 2010**

**Joint Administrators' progress report for the period from 19 August 2010 to 18
February 2011**

16 March 2011

Contents

Section		Pages
1	Joint Administrators' progress report for the period from 19 August 2010 to 18 February 2011	2 - 5
2	Statutory and other information	6
3	Receipts and payments account	7
4	Expenses incurred in the period	8
6	Approval of unpaid pre-Administration costs	9
7	Statement of creditors' rights	10 – 11

1. Joint Administrators' progress report for the period from 19 August 2010 to 18 February 2011

Introduction

In accordance with Rule 2.47 of the Insolvency Rules 1986 ("IR86"), the Joint Administrators ("the Administrators") write to provide creditors with details of the progress of the Administration of MEQ Realisations Limited ("the Company") ("MEQ") in the six months since the Administrators' appointment on 19 August 2010.

The Administrators are required to provide certain statutory information pursuant to Rule 2.47(1)(a) to (d) IR86, which is included in Section 2.

At this time the Administrators are unable to update their earlier estimate of the likely dividend to creditors as there are uncertainties regarding future net realisations and the final level of creditor claims. These matters are discussed herein.

Background information and initial actions taken by the Administrators

At the time of the Administrators' appointment on 19 August 2010 the position as regards the Company was as follows: -

- The Company is a wholly owned subsidiary of Mint Partners Limited ("MPL"). MPL was a non-trading holding company with no employees.
- MEQ was incorporated in 2004 and the principal activity was an agency brokerage that traded a range of financial and non-financial products from offices in London and branch operations in Paris, Dubai and Switzerland.
- An error in the settlement of stamp duty was identified in August 2009 at which point the arrears were estimated at £3m. The arrears related to transactions since June 2007.
- MEQ entered into discussions with HM Revenue & Customs ("HMRC") regarding a Time To Pay arrangement for the PAYE

owed. This was adhered to until August 2009 after which it was paid intermittently.

- Following discussion between MEQ's advisers and HMRC, the latter wrote to MEQ on 31 July 2010 to advise that unless the whole debt was repaid within 7 business days, it would commence winding up proceedings.
- Since 2007, MEQ has actively sought new investment and this ultimately led to the board entering into discussions with BGC Partners LP ("BGC").
- An offer to purchase the shares had been made by BGC in July 2010 with due diligence expected to take four weeks before the transaction could be completed. However, as a result of the threatened petition from HMRC, the BGC offer was withdrawn on 12 August 2010.
- Subsequent negotiations with BGC resulted in an agreement on 13 August 2010 regarding a sale of the business and assets of MEQ and certain assets of MPL. In order to preserve the business and obtain a return for creditors as a whole, the board elected to appoint an administrator to enable completion of the sale of the business and assets to BGC.
- Accordingly, DC Chubb and PN Spratt were appointed as Joint Administrators on 19 August 2010 by the Directors.

Sale of the business and assets

Immediately following the Administrators' appointment, MEQ'S UK, Dubai and Switzerland operations were sold to BGC for £2,500,000 and all associated employees transferred to BGC under the Transfer of Undertakings (Protection of Employment) Regulations 2006 ("TUPE").

Full disclosure of the transaction, prepared in accordance with Statement of Insolvency Practice No. 16, was made by way of the initial circular to creditors on 24 August 2010.

1. Joint Administrators' progress report for the period from 19 August 2010 to 18 February 2011

Assets to be realised

The Company's assets specifically excluded from the sale were: -

- (i) Certain trade debtors
 - The majority of the book debts were sold to BGC as part of the sale and purchase agreement ("SPA"). Under the terms of the agreement, the Administrators retained the right to recover 70% of the debtors aged over 120 days at the date of appointment. These debts are in four different currencies.
 - In accordance with the SPA, BGC has been collecting these book debts on behalf of MEQ as its agent. Net debtor receipts totalling £83,827 have been received.
 - The terms of the SPA allow for the agency arrangements to BGC to be terminated six months from the date of completion and this right has been exercised allowing the Administrators to take control of the collection process in order to recover any outstanding debts. The Administrators are awaiting information from BGC in this regard.
 - In the meantime, the Administrators are continuing to liaise with BGC to reconcile debtor receipts and the third party funds held in MEQ's pre-appointment currency bank accounts.
 - A reconciliation exercise is also in progress to identify amounts due (if any) to MEQ for counter party debtors (trades unsettled at the time of appointment) under the terms of the SPA.
- (ii) Intercompany debtors
 - The Administrators have identified a debt of approximately £920k due to MEQ from two Mint companies in the US. The debt comprises salaries and invoices paid by MEQ on behalf of the US entities. The US entities are insolvent and currently in a wind-down process.
 - The Administrators have been in discussions with the directors of the US entities to recover the debt and have received a low offer

of settlement. The Administrators will seek the views of your Creditors' Committee as to whether the offer should be accepted at the next meeting with the Committee which is being convened for the end of March 2011.

- As stated in the directors' statement of affairs, the sum of approximately £848,447 is owed to MEQ by MPL. As MPL is also in Administration, the estimated realisable value remains uncertain at this stage.

Other assets

The Administrators have recovered a pre-appointment insurance refund of £37,955.69.

Employment Tribunal claims

The sale to BGC preserved the continued employment of all associated employees of MEQ (with the exception of the French branch employees) who transferred under the Transfer of Undertakings (Protection of Employment) Regulations 2006. Five employees have subsequently lodged Employment Tribunal claims against MEQ and BGC. This matter is currently in the hands of legal advisors.

Retention of title claims

The Administrators are aware of at least 5 creditors with potential retention of title claims although not all of those creditors have submitted supporting documentation in respect of their claim. Where appropriate, the claims have been, or are being, dealt with in conjunction with our solicitors and BGC.

Approval of the Administrators' proposals

On 11 October 2010 the Administrators circulated to creditors their proposals for achieving the purpose of administration.

1. Joint Administrators' progress report for the period from 19 August 2010 to 18 February 2011

The Administrators stated in their proposals that it was not reasonably practicable to rescue the Company as a going concern. As such, the objective of the Administration is to achieve 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).

The proposals were approved by creditors without modification at a meeting held on 27 October 2010.

Creditors' Committee

Creditors voted to form a Creditors' Committee with the following members:

1. Base Interiors Limited
2. Claritas Solutions Limited
3. Correlate UK Search Limited
4. Esolve Partners LLP
5. HM Revenue & Customs.

The Administrators are continuing to liaise with the Creditors' Committee to discuss issues and outline key decisions. The Administrators last convened a meeting of the Creditors' Committee by way of conference call on 27 October 2010 and have provided further updates to the Committee by way of written reports. The next meeting will take place on 25 March 2011.

Investigations

The Creditors' Committee has resolved that the Administrators investigate certain transactions entered into by the Company and this work is ongoing.

Receipts and payments account

A receipts and payments account for the six months to 18 February 2011 is set out in Section 3.

Estimated outcome for creditors

(i) Secured Creditor

At the date of the Administrators' appointment the amount owed to HSBC totalled £438,569.66 (inclusive of charges). Following completion of the sale to BGC, the balance was paid in full by the Administrators from the sale proceeds. As the Bank's fixed and floating charge related to both the Company and MPL, the distribution was apportioned in accordance with the sales proceeds for both entities. The balance paid by the Company was £390,823.

(ii) Preferential Creditors

The only preferential creditors are expected to be the employees based in the French branch. The sale to BGC specifically excluded the French branch operations and as a result, the Administrators closed the Paris office and made the employees redundant. The liability for holiday pay and wage arrears (pursuant to the Employment Rights Act 1996 and Insolvency Act 1986) for the employees based in France is expected to be paid in full.

The Administrators have received some claims from employees which are being adjudicated.

(iii) Unsecured Creditors

The prescribed part amount is to be set aside for distribution to unsecured creditors and applies where there are floating charge realisations, net of costs. The prescribed part equates to:

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

1. Joint Administrators' progress report for the period from 19 August 2010 to 18 February 2011

The Administrators anticipate that there will be funds available for distribution to MEQ's unsecured creditors by virtue of the prescribed part or otherwise in due course.

As MEQ's assets are still being realised and certain investigations are ongoing, it is not possible to provide a meaningful estimate as to the quantum and timing of any dividend to unsecured creditors.

If you have not already submitted your claim, please do so using the form enclosed with this report.

Expenses statement

A statement of the expenses incurred by the Administrators in the period 19 August 2010 to 18 February 2011 is included at Section 4. The statement excludes any potential tax liabilities that may be payable as an expense of the Administration in due course because amounts due will depend on the position at the end of the tax accounting period.

Administrators' remuneration

The Administrators' remuneration has been approved on a time costs basis by the Creditors' Committee. To 18 February 2011, the Administrators have drawn remuneration of £121,685.60 plus VAT.

The Creditors' Committee has also approved the Administrators' costs of €34,280 (£29,876.40 stated as at 24 September 2010) attributable to PwC Paris for dealing with the branch and employee issues.

A full analysis of these costs was provided in the Administrators' proposals.

Pre-Administration costs

Information regarding the approval of the unpaid pre-Administration costs previously detailed in the Administrators' proposals is provided in Section 6 of this report.

Creditors' rights

A statement of creditors' rights in relation to the Administrators' remuneration and expenses is set out at Section 7.

Ending the Administration

The Administrators are considering the most appropriate strategy for bringing the Administration to an end, taking into account dividend prospects, costs and tax implications. Creditors will be advised of the Administrators' decision in due course.

Next report

The Administrators anticipate that they will circulate their next report to creditors at the earlier of the conclusion of the Administration or in approximately six months. Should you have any queries in the meantime, please contact Diane Adebawale on + 44 (0) 20 7212 3515 or by email diane.a.adebowale@uk.pwc.com.



David Chubb
Joint administrator
MEQ Realisations Limited (formerly Mint Equities Limited)

DC Chubb and PN Spratt have been appointed as Joint Administrators of MEQ Realisations Limited (formerly Mint Equities Limited) to manage its affairs, business and property as its agents and act without personal liability. Both are licensed in the United Kingdom to act as insolvency practitioners by the Institute of Chartered Accountants in England and Wales.

2. Statutory and other information

Court details for the Administration:	High Court of Justice, Chancery Division, Companies Court, 6789 of 2010
Full name:	MEQ Realisations Limited
Trading name:	Mint Equities Limited
Registered number:	05071454
Registered address:	12 Plumtree Court, London EC4A 4HT
Company directors:	Richard Barnett, Mark Perkins, Timothy Clark, Timothy Bullman. Anthony Bullman and Jamie Royston
Company secretary:	Not listed
Shareholdings held by the directors and secretary:	None
Date of the Administration appointment:	19 August 2010
Administrators' names and addresses:	DC Chubb and PN Spratt of 12 Plumtree Court, London EC4A 4HT
Details of any extension(s) to the initial period of appointment	None
Changes in office holder:	None
Appointor's / applicant's name and address:	The High Court of Justice on the application of the directors at the Company's former registered office
Objective being pursued by the Administrators:	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)
Division of the Administrators' responsibilities:	Any act required or authorised to be done by the Administrators may be done all or any one of the Administrators for the time being holding office
Proposed end of the Administration:	Creditors Voluntary Liquidation or Dissolution
Estimated dividend for unsecured creditors:	Uncertain
Estimated values of the prescribed part and the company's net property:	Uncertain
Whether and why the Administrators intend to apply to court under Section 176A(5) IA86:	No
The European Regulation on Insolvency Proceedings (Council Regulation(EC) No. 1346/2000 of 29 May 2000):	The European Regulation on Insolvency Proceedings applies to this Administration and the proceedings are main proceedings

3. Receipts and payments account for the period 19 August 2010 to 18 February 2011

	<i>Estimated to realise per Directors' Statement of Affairs</i> £	Previously reported to 24-Sep-10 £	Movements from 25-Sep-10 £	Cumulative to 18-Feb-11 £	Notes
Receipts					
Trade and other debtors	6,019,631	2,500,000		2,500,000	
Leasehold improvements, computer equipment & other assets	3,541,064				
Third party funds (pre-appointment)		1,227,752	(463,242)	764,510	1
Third party funds (post-appointment)			131,896	131,896	
Net debtor receipts (120 days)			83,827	83,827	
Contribution towards costs from BGC			122,441	122,441	2
Interest received		632	423	1,055	
Pre-appointment insurance refund			37,956	37,956	
VAT payable			22,937	22,937	
	<u>9,560,695</u>	<u>3,728,384</u>	<u>(63,762)</u>	<u>3,664,622</u>	
Payments					
Petitioning creditor costs		4,062		4,062	
Agents' fees			673	673	
Statutory advertising			221	221	
Insurance			741	741	
Legal costs met by BGC			93,600	93,600	2
Room hire and meeting costs			771	771	
Pre-appointment costs			254,090	254,090	3
Administrators' remuneration			121,686	121,686	
Legal and other professional costs			130,723	130,723	
Bank charges			394	394	
Irrecoverable VAT			91,727	91,727	4
VAT receivable			13,092	13,092	4
		<u>4,062</u>	<u>707,718</u>	<u>711,780</u>	
Distributions					
Distribution to secured creditor		<u>390,823</u>		<u>390,823</u>	
		<u>390,823</u>		<u>390,823</u>	
Net movements / cash in hand (note 5)		<u>3,333,499</u>	<u>(771,480)</u>	<u>2,562,019</u>	

Notes

1. Third party funds (pre-appointment) are held in four different currency accounts. The balances have been stated in GBP as at 24 September 2010
2. Certain costs incurred by the Joint Administrators and their legal advisers are recoverable by MEQ from BGC under the sale and purchase agreement
3. A breakdown of the pre-appointment costs is attached at Schedule 5. The difference in the figures is attributable to (i) currency rate fluctuations and (ii) Ashursts legal costs of £5k paid outside the reporting period
4. Input VAT is recoverable at a rate of 12.49%
5. Held on an interest bearing account with HSBC

4. Statement of expenses incurred from 19 August 2010 to 18 February 2011

Expenses incurred but not yet paid	GBP	Notes
Joint Administrators' remuneration	352,403	For the period 25 September 2010 to 18 February 2011
Joint Administrators' disbursements	2,861	For the period 19 August 2010 to 18 February 2011
Legal fees - Nabarro LLP	39,839	
Joint Administrators' remuneration (PwC Paris) (€5,893)	4,235	GBP exchange rate as at 18 February 2011
Legal fees - Wenger Plattner (CHF 4,844)	3,178	GBP exchange rate as at 26 January 2011
Legal fees - CBR & Associates (€28,900)	23,630	GBP exchange rate as at 26 August 2010
Legal fees - Hedef & Partners (AED 45,725)	7,788	GBP exchange rate as at 26 January 2011
Legal fees - Stroock & Stroock & Lavan (US\$ 6,500)	4,105	GBP exchange rate as at 26 October 2010
Irrecoverable VAT	69,151	
	<hr/>	
Total expenses	507,190	

1. Certain costs incurred by the Joint Administrators and their legal advisers are recoverable by the Company from BGC under the sale and purchase agreement

5. Approval of unpaid pre-Administration costs

The balance of the costs (excluding VAT) which were incurred but unpaid prior to the appointment of the Administrators, but with a view to the Company entering Administration were approved for payment on 29 October 2010.

The Administrators have been made aware of further unpaid costs incurred by Ashursts and Counsel prior to the Administration totalling £23,276 and £3,000 excluding VAT respectively which was not included in the Administrators' proposals. The Administrators intend to seek approval from the Creditors' Committee at the next committee meeting to settle these costs.

	Unpaid at time of Administration (£)	Paid prior to Administration (£)	Payment made by (if applicable)
Fees charged by the Administrators firm, PricewaterhouseCoopers LLP - based upon time costs incurred at the Administrators' normal scale rates	119,488.76	44,500.00	The Company prior to the Administrators appointment
Expense incurred by the Administrators - legal fees, Nabarro LLP (London)	127,953.28	Nil	
Expense incurred by the Administrators - legal fees, Wenger Plattner (Switzerland)	CHF 2,282 (£1,475.54)	Nil	
Expense incurred by the Administrators - legal fees, CBR & Associés (France)	€2,700 (£2,297.99)	Nil	
Expense incurred by the Administrators - legal fees, August & Debouzy (France)	€2,800 (£2,383.10)	Nil	
Expense incurred by the Administrators - legal fees, Hadeff and Partners (Dubai)	AED 15,700 (£2,724.83)	Nil	
Expense incurred by the Administrators - legal fees, Ashurst LLP (London)	5,000.00	15,000.00	The Company prior to the Administrators appointment
Fees charged by other persons qualified to act as an insolvency practitioner	n/a	n/a	
Expenses charged by other persons qualified to act as an insolvency practitioner	n/a	n/a	
Total	£261,323.50	£59,500.00	

7. Statement of creditors' rights

The IR86 provide for creditors to request further information and challenge the Administrators' remuneration and expenses. The relevant provisions are as follows: -

Rule 2.48A Creditors' request for further information

(1) If—

- (a) within 21 days of receipt of a progress report under Rule 2.47—
 - (i) a secured creditor, or
 - (ii) an unsecured creditor with the concurrence of at least 5% in value of the unsecured creditors (including the creditor in question), or
- (b) with the permission of the court upon an application made within that period of 21 days, any unsecured creditor,

makes a request in writing to the administrator for further information about remuneration or expenses (other than pre-administration costs) set out in a statement required by Rule 2.47(1)(db) or (dc), the administrator must, within 14 days of receipt of the request, comply with paragraph (2).

(2) The administrator complies with this paragraph by either—

- (a) providing all of the information asked for, or
- (b) so far as the administrator considers that—
 - (i) the time or cost of preparation of the information would be excessive, or
 - (ii) disclosure of the information would be prejudicial to the conduct of the administration or might reasonably be expected to lead to violence against any person, or
 - (iii) the administrator is subject to an obligation of confidentiality in respect of the information, giving reasons for not providing all of the information.

(3) Any creditor, who need not be the same as the creditor who requested further information under paragraph (1), may apply to the court within 21 days of—

- (a) the giving by the administrator of reasons for not providing all of the information asked for, or
- (b) the expiry of the 14 days provided for in paragraph (1),

and the court may make such order as it thinks just.

(4) Without prejudice to the generality of paragraph (3), the order of the court under that paragraph may extend the period of 8 weeks provided for in Rule 2.109(1B) by such further period as the court thinks just.”

7. Statement of creditors' rights

Rule 2.109 Creditors' claim that remuneration is or other expenses are excessive

(1) Any secured creditor, or any unsecured creditor with either the concurrence of at least 10% in value of the unsecured creditors (including that creditor) or the permission of the court, may apply to the court for one or more of the orders in paragraph (4).

(1A) Application may be made on the grounds that—

- (a) the remuneration charged by the administrator,
- (b) the basis fixed for the administrator's remuneration under Rule 2.106, or
- (c) expenses incurred by the administrator,

is or are, in all the circumstances, excessive or, in the case of an application under sub-paragraph (b), inappropriate.

(1B) The application must, subject to any order of the court under Rule 2.48A(4), be made no later than 8 weeks after receipt by the applicant of the progress report which first reports the charging of the remuneration or the incurring of the expenses in question ("the relevant report").

(2) The court may, if it thinks that no sufficient cause is shown for a reduction, dismiss it without a hearing but it shall not do so without giving the applicant at least 5 business]days' notice, upon receipt of which the applicant may require the court to list the application for a without notice hearing. If the application is not dismissed, the court shall fix a venue for it to be heard, and give notice to the applicant accordingly.

(3) The applicant shall, at least 14 days before the hearing, send to the administrator a notice stating the venue and accompanied by a copy of the application, and of any evidence which the applicant intends to adduce in support of it.

(4) If the court considers the application to be well-founded, it must make one or more of the following orders—

- (a) an order reducing the amount of remuneration which the administrator was entitled to charge;
- (b) an order fixing the basis of remuneration at a reduced rate or amount;
- (c) an order changing the basis of remuneration;
- (d) an order that some or all of the remuneration or expenses in question be treated as not being expenses of the administration;
- (e) an order that the administrator or the administrator's personal representative pay to the company the amount of the excess of remuneration or expenses or such part of the excess as the court may specify;

and may make any other order that it thinks just; but an order under sub-paragraph (b) or (c) may be made only in respect of periods after the period covered by the relevant report.

(5) Unless the court orders otherwise, the costs of the application shall be paid by the applicant, and are not payable as an expense of the administration.

**MEQ Realisations Limited - in Administration
Statement of Claim**

Creditor's name and address.	
Registered number (if creditor is a company)	
<p>Claim amount</p> <ul style="list-style-type: none"> • Total amount of your claim (including VAT) at the date the administration commenced • Any payment received by the creditor in relation to the claim after the appointment of the administrators • Total value (including VAT) of any monies owed by the creditor to the company. • Total value (including VAT) of any retention of title in respect of any goods to which the debt relates 	<p>£</p> <p>£</p> <p>£</p> <p>£</p>
Please provide details of any documents that substantiate your claim including where applicable, details of any reservation of title. If available, please attach a statement of account.	
What goods or services did you provide?	
<p>If you have security for your debt, please provide details of the type and value of the security, the date it was given, and provide details of how you have valued your security.</p> <p>If no security held, leave this section blank.</p>	
<p>We have a duty as administrators to consider the conduct of the directors prior to our appointment. Are there any particular matters relating to the purchase of goods and services from yourselves, or any other matters that you feel should be reviewed?</p> <p>If so, please provide brief details on this form, or on a separate sheet if there is insufficient room.</p>	
Signature of creditor or person authorised to act on behalf of the creditor.	Date
Name in block capitals.	
Position with or relation to the creditor (e.g. director, company secretary, solicitor).	

* You must deduct any trade or other discounts which would have been available to the company but for its administration, except any discount for immediate, early or cash settlement.