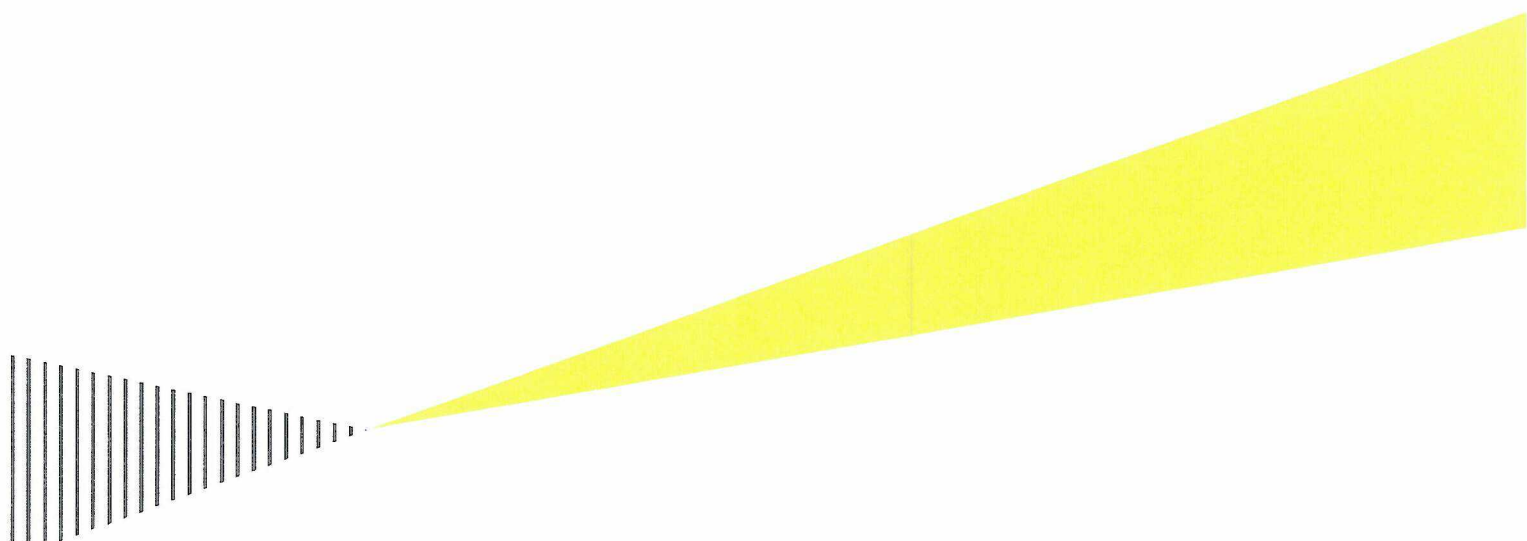


# Micro-Metalsmiths Limited - in Creditors' Voluntary Liquidation (formerly in Administration)

Progress Report to Creditors pursuant to Section 104A of the  
Insolvency Act 1986 and Rule 18.7 of the Insolvency Rules 2016

5 December 2019

Ernst & Young LLP



## Abbreviations

The following abbreviations are used in this report:

Barclays	Barclays Bank plc
the Company or Metalsmiths	Micro-Metalsmiths Limited
ES Group	Edward Symmons LLP
Gasfrac	Gasfrac Energy Services Limited
GVA	GVA Grimley Ltd
Lloyds	Lloyds Banking Group
LSH	Lambert Smith Hampton Group Limited
Microwave	MM Microwave Limited
Phynova	Phynova Group Limited
Pinsents	Pinsent Masons LLP
PPF	Pension Protection Fund
the Purchaser or Sylatech	Sylatech Limited
RPS	Redundancy Payments Service
SIP	Statement of Insolvency Practice
The Act	The Insolvency Act 1986
The Joint Liquidators	R H Kelly & C G J King
The Rules	The Insolvency Rules 2016
TUPE	Transfer of Undertakings (Protection of Employment) Regulations 2006

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## 1. Introduction

R H Kelly and C G J King were appointed Joint Liquidators of the Company on 21 October 2015 following the end of the Administration. Our appointment was made by the creditors pursuant to Paragraph 83 of Schedule B1 to the Insolvency Act 1986 and Rule 2.117 of the Insolvency Rules 1986, in accordance with the Joint Administrators' Proposals dated 25 June 2014.

This report on the progress of the Liquidation is in accordance with Section 104A of the Insolvency Act 1986 and Rule 18.7 of the Insolvency Rules 2016.

This report covers the period from 21 October 2017 to 20 October 2018 and should be read in conjunction with: the Joint Administrators' Proposals dated 25 June 2014; the Joint Administrators' previous progress reports dated 28 November 2014, 8 April 2015, 27 October 2015; and the Joint Liquidators' previous annual report dated 13 December 2016, 19 December 2017 and 10 December 2018.

In accordance with the provisions of the Insolvency Rules 2016 we are required to provide certain information about the Company and the Liquidators. This information is attached at Appendix D.

## **2. Progress of the Liquidation**

### **2.1 Realisations during the period of this report**

#### **2.1.1 Bank Interest**

There has been bank interest received in the last year totalling £530.

### **2.2 Assets to be realised**

The majority of the Company's assets were realised during the administration. The following asset remains to be realised.

#### **2.2.1 Minority Interest in Phynova**

Phynova is a private limited life sciences business based in the UK and the Company owns c.4% of Phynova's ordinary share capital.

As previously reported, the management of Phynova intended to float on the AIM market by way of an Initial Public Offering ('IPO'). We considered that floatation would make the Company's shareholding tradable and allow us to obtain fair value for it.

However, the planned flotation did not proceed as the Company has been unable to secure pre-IPO funding - we have been advised that the planned IPO has been deferred for the foreseeable future. The present focus for Phynova management is on securing funding by alternative means, primarily equity placements from VCTs, etc.

Phynova has recently reported some encouraging commercial updates, including additional stocking at Holland & Barrett stores and B2B supply agreements, albeit the business remains cash negative and therefore reliant upon equity fundraising to support trading.

The above developments have limited our realisation options and we have been contacting known existing shareholders and other potential interested parties with a knowledge of Phynova's position to see if they are interested in acquiring the shares. These discussions are continuing.

Once we realise the Phynova shares we will be in a position to conclude the liquidation.

#### **2.2.2 Overage from Kirkbymoorside property**

There was a potential upside from a subsequent sale of the Kirkbymoorside property. The time period for the overage expired on 27 November 2017 and as such there is no longer a potential realisation from this source.

### 3. Receipts and payments

A receipts and payments account for the 12 months to 20 October 2019 and the period from 21 October 2015 to 20 October 2019 is attached at Appendix A. This does not reflect estimated future realisations or costs.