Kaupthing Singer & Friedlander Limited (In Administration)

Administrators' Progress Report to creditors for the six month period from 8 October 2011 to 7 April 2012

26 April 2012

Ernst & Young

Abbreviations

The following abbreviations are used in this report:

Administrators	Margaret Elizabeth Mills, Alan Robert Bloom, Patrick Joseph Brazzill and Thomas Merchant Burton all of Ernst & Young LLP
BoE	The Bank of England
CfD	Contract for difference
Edge	The Edge internet deposit facility
FSA	Financial Services Authority
FSCS	Financial Services Compensation Scheme
Funding	Singer & Friedlander Funding Plc
GP	KCP II (GP) Limited
HMRC	Her Majesty's Revenue & Customs
HMT	Her Majesty's Treasury
ING	ING Direct N.V.
Initial Meeting	The initial meeting of creditors held on 1 December 2008
IT	Information technology
Khf	Kaupthing Bank hf
King Sturge	King Sturge International LLP
KSF	Kaupthing Singer & Friedlander Limited
KSF Group	KSF and its subsidiary companies
KSIOM	Kaupthing Singer & Friedlander (Isle of Man) Limited
LPA	Law of Property Act 1925
LTV	Loan to Value
Master	Kaupthing Capital Partners II Master L.P. Inc
Overriding Objectives	Certain objectives set out in the Transfer Order which overrode those in paragraph 3(1) of Schedule B1 to the Act for a period of six months from 8 October 2008
Proposals	Administrators' Statement of Proposals dated 14 November 2008 as provided to creditors pursuant to paragraph 49 of Schedule B1 to the Act
RBS	Royal Bank of Scotland
Repo	Repurchase Agreement
SAF	Singers Asset Finance
SAFH	Singers Asset Finance Holdings Limited
Scheme	Singer & Friedlander Limited Pension & Assurance Scheme
SCML	Singer Capital Markets Limited, formerly Kaupthing Singer & Friedlander Capital Markets Limited
SFAM	Singer & Friedlander Asset Management Limited
SFCM	Singer & Friedlander Capital Management Limited
SFIM Group	Singer & Friedlander Investment Management Limited and its subsidiaries
SFIP	Singer & Friedlander Investment Properties Limited
SIP	Statement of Insolvency Practice
SoA	Statement of Affairs
The Act	The Insolvency Act 1986 (as amended)
The Company	Kaupthing Singer & Friedlander Limited
The Group	Kaupthing Singer & Friedlander Group Plc and its subsidiaries
The Notes	A £250m floating rate guaranteed note issued by Funding on 26 January 2005 (due on 9 February 2010)
The Rules	The Insolvency Rules 1986 (as amended)
Transfer Order	Kaupthing Singer & Friedlander Limited Transfer of Certain Rights and Liabilities Order 2008 (as amended)
TSA	Transitional Services Agreement
Wdb	Williams de Broe Limited

Notice: about this report

This report has been prepared by the Administrators solely to provide creditors with additional information concerning the progress of the Administration in accordance with Rule 2.47(3) of the Rules. Nothing in this report should be relied upon for any purpose including, without limitation, in connection with any investment decision in relation to the debt, securities or any other financial interest of any member of the KSF Group including for the avoidance of doubt any decision to buy or sell or not to buy and sell any debt, securities or other financial interest. Anyone making such investment decisions should rely on their own enquiries prior to making such decisions and none of the Administrators, Ernst & Young LLP, its partners, members, employees, professional advisers or agents accept any liability and/or assume any duty of care to any third party, (whether it is an assignee or successor of another third party or otherwise) in respect of this report.

No representation or warranty, express or implied, is given by KSF, the Administrators or Ernst & Young LLP or any of their respective directors, partners, officers, affiliates, employees, advisors or agents (and any warranty expressed or implied by statute is hereby excluded) as to the accuracy or completeness of the contents of this report or any other document or information supplied, or which may be supplied at any time or any opinions or projections expressed herein or therein, nor is any such party under any obligation to update the report or correct any inaccuracies or omissions in it which may exist or become apparent. In particular, for reasons of commercial sensitivity, information on certain matters has not been included in the report.

No responsibility or liability is accepted for any loss or damage, howsoever arising, that you may suffer as a result of this report and any and all responsibility and liability is expressly disclaimed by KSF and Ernst & Young LLP or any of them or any of their respective directors, partners, officers, affiliates, employees, advisors or agents.

The information contained in this report has been prepared by the Administrators. In preparing this report, the Administrators have relied upon information from the KSF Group records. Although the Administrators have no reason to doubt the accuracy of that information, they are unable to warrant or represent that it or any information provided by a third party is accurate or complete. The Administrators act at all times solely as agents of KSF and without personal liability.

Please note that amounts included in this report are stated in Sterling. However, there are some amounts that are denominated in other currencies and, therefore, may be subject to foreign exchange movements. These foreign exchange movements have been highlighted as foreign exchange gains/losses in the Receipts and Payments account.

The estimated outcome described in this report is provided as an illustration only and may not represent the actual value of future dividends which may be paid to creditors. A number of assumptions have been made to arrive at these figures, some of which may prove to be incorrect. Any actual future dividends received by creditors will depend on a number of factors including the actual realisations of KSF and its actual liabilities. Clearly, an increase or decrease in the asset realisations and/or an increase or decrease in the liabilities of KSF will impact the final outcome for creditors.

Contents

1. Introduction

Background

On 8 October 2008, KSF entered into Administration and ME Mills, AR Bloom, PJ Brazzill and TM Burton were appointed to act as Administrators by order of the High Court in London. Under the terms of the appointment, any act required or authorised to be done by the Administrators may be carried out by any one of them. Further statutory and other information is shown in Appendix B of this report.

This report, including its appendices, constitutes the Administrators' seventh six monthly report on the progress of the Administration pursuant to Rule 2.47(3) of the Rules. This report provides details of the work undertaken in the period 8 October 2011 to 7 April 2012 and should be read in conjunction with the Administrators' previous reports and updates and certain other formal announcements.

Copies of the above documents and other announcements are available on the KSF website, www.kaupthingsingers.co.uk.

Summary of the Administration objectives

The objective of the Administration is to realise KSF's business and assets in a manner which will result in a more advantageous realisation for KSF creditors as a whole than would be achieved on a winding up (a formal liquidation, as defined in the Act), without first being in Administration. Additionally, for the first six months of the Administration, the Administrators were directed by the Transfer Order to achieve the Overriding Objectives of:

- Ensuring that KSF provides, and managing the affairs, business and property of KSF to enable it to provide, the services and facilities reasonably required by ING to discharge its obligations in respect of the rights and liabilities under the second transfer (as defined in the Transfer Order).
- Ensuring that KSF performs the other obligations imposed on it by or under the Transfer Order.

As previously reported, the above Overriding Objectives have been completed.

Following the recent successful sale of the Asset Finance business the key focus of the administration is now recovering the outstanding loans from the banking loan book.

Creditors' Committee

The Administrators and their staff continue to meet regularly with the Creditors' Committee to provide them with our reports on the progress of the administration and to consult with them on any major matters, by way of actual meetings or via conference calls. These and other Committee matters are dealt with separately in the body of this report.

Permission to make distributions and extension to the Administration

The Administrators applied to Court in April 2009 to (i) request the Court's permission to make distributions to unsecured creditors pursuant to Paragraph 65(3) of Schedule B1 to the Act, and (ii) extend the Administration for a period of up to three years, until 7 October 2012. As previously reported, the application was successful and an Order of the Court was issued on 24 April 2009.

The Administrators intend to make an application to the High Court in the near future to request consent to grant an extension of the Administration for a further period of three years to 7 October 2015.

Future reporting

The Administrators' next formal report to creditors will be in approximately six months time covering progress in the period to 7 October 2012.

2. Summarised key developments

Progress in the period

The body of the report below details the major areas of progress since 8 October 2011, certain areas of particular significance being:

- The successful sale at a premium of the shares in Singers Asset Finance Holdings Limited to Shawbrook Bank Limited on 22 March 2012, together with full repayment of the loans from KSF to the Asset Finance division, for an initial overall net consideration of £213.5m, with a further £24.3m of possible consideration held in escrow accounts;
- Banking loan book recoveries of c.£128m, increasing total loan recoveries to £1,867m as at 7 April 2012;
- UK Supreme Court appeal hearing as to the basis of the calculation of the Scheme's pension debt on Employer. Judgment handed down on 18 January 2012 in favour of KSF;
- Agreement in principle with the Khf Winding-up Committee in respect of a significant part of KSF's claim; and
- Issuing the eighth notice of intended dividend to unsecured creditors on 28 February 2012. The eighth dividend will be paid on 2 May 2012 at a rate of 10p in £.

Full details of recoveries made for the period of this report together with the total realisations to 7 April 2012 are set out in Appendix A, being the Administrators' Receipts and Payments account.

Dividends to creditors

A notice of intention to declare an eighth dividend to unsecured creditors was issued on 28 February 2012 and a copy published at www.kaupthingsingers.co.uk.

An update in respect of the indicative dividend range and timing was released on the KSF website on 29 March 2012 advising creditors that the dividend will be paid on 2 May 2012, being not less than 9p in £. Subsequently, on 25 April 2012 the Administrators confirmed that the level of the eighth dividend will be 10p in £.

The historical and estimated future distribution timetable is set out below:

Dividends	Date of Distribution	Quantum (p in £)
First dividend	22 July 2009	20p in £
Second dividend	9 December 2009	10p in £
Third dividend	30 March 2010	5p in £
Fourth dividend	28 July 2010	10p in £
Fifth dividend	8 December 2010	8p in £
Sixth dividend	25 May 2011	5p in £
Seventh dividend	5 October 2011	5p in £
Total paid to date		63p in £
Eighth dividend	2 May 2012	10p in £

3. Update on conduct of the Administration

Banking loan book

KSF loan books

The KSF loan books comprise three distinct portfolios: private banking, property and corporate. The SoA value (book values and not estimated to realise values) of each loan book and collections to date are set out below:

(£'m)	SoA as at 8 October 2008	Actual capital cash collections to 7 April 2012	Actual total cash collections to 7 April 2012
Corporate	631	566	620
Property	864	448	476
Private Banking	1,115	715	771
Sub participations – KSIOM	167	-	
Sub participations – Khf	190	-	
Total	**2,967**	**1,729**	**1,867**

Notes:

1. *Cash collections are converted into sterling as at transaction date exchange rates.*
2. *Corporate banking receipts exclude cash received from warrant cancellation and Swap settlements of c.£26m.*
3. *Property banking receipts exclude swap settlements of c.£1m.*
4. *For the purpose of the loan book update, recoveries have been rounded to the nearest £'m.*

Total cash receipts to 7 April 2012 from the Banking loan book are £1,867m comprising £1,729m capital repayments, £124m interest repayments and £14m fees. As previously noted, the loan book analysis in this section quotes different numbers to the receipts and payments section of the report. This is because the analysis above translates all foreign currency receipts into sterling ("GBP") at transaction date exchange rates, whereas the receipts and payments table translates USD and EUR balances into GBP as at the reporting date's exchange rates. In addition, the receipts and payments analysis includes swap settlements and warrant cancellations not included above.

The focus of the Administrators continues to be to manage the loan books to maximise realisations for creditors.

Since the progress report to 7 October 2011, KSF has entered into a Services and Secondment Agreement with Singer & Friedlander Asset Management LLP, an entity owned and operated by the former KSF banking staff. Under this agreement, the staff of Singer & Friedlander Asset Management LLP are seconded to KSF. Under the supervision of the Administrators and their staff, the seconded staff manage the day-to-day recovery operations of the loan book. All credit related decisions are presented to the Administrators at Credit Committee meetings for approval. Credit committee meetings are held three times a week.

As previously reported to creditors, a detailed facility by facility review was undertaken in the early months of the Administration and strategies for all exposures and their recovery have been formulated and are managed on an enhanced banking database. These strategies continue to progress and are amended as circumstances change, with the aim of maximising realisations and, where possible, seeking early repayment.

There continues to be a limited number of cases where it has been necessary for KSF to make further loan advances to customers to preserve/enhance value in KSF's security or to comply with facility documentation. To date, drawdowns of this nature total £43m, of which £39m have been recovered to date through capital repayments on the associated loans.

As such, the current net drawdown position is £4m, down from a net position of £6m as at the date of our last report. To the extent that KSF has had to provide further funds beyond those initially envisaged as debt finance, an appropriate commercial rate of interest is being charged.

Loan book provisions are reviewed quarterly on a loan by loan basis. Write-offs are only crystallised when all possible collection routes for a particular debt have been fully explored. Any write-offs are verified and approved by the Administrators. As in the previous six months, a large number of loan accounts were closed during the period to 7 April 2012 where no further recoveries are expected. The amount written off in the period was £193m, bringing write-offs to date to £530m.

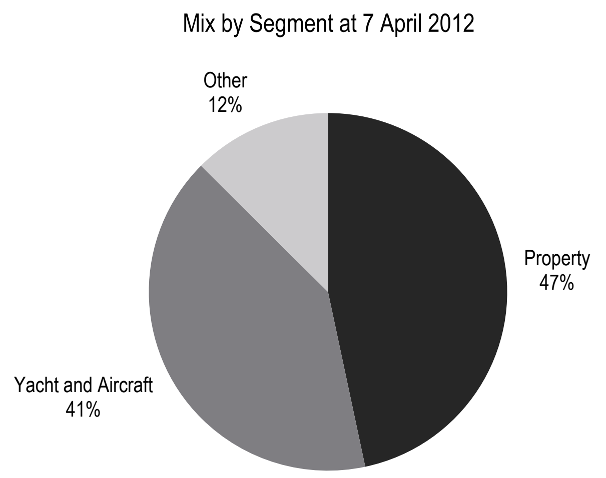
Information on estimated future recoveries is monitored by the Bank, the Administrators and their staff on a loan-by-loan basis. However, the Administrators are not able to provide further information with respect to estimated future recoveries due to the commercial sensitivity of the data. In addition, it is also subject to various other factors that may affect quantum and timing. Therefore, this information has been withheld from this report.

Private Banking

Actual cash collected (£'m)	**8 October 2008 to 7 October 2011**	**8 October 2011 to 7 April 2012**	**8 October 2008 to 7 April 2012**
Capital	642	73	715
Interest	52	2	54
Fees	2	-	2
Total	**696**	**75**	**771**

(£'m)	**SoA value as at 8 October 2008**	**SoA value less actual capital collections to 7 April 2012**	**SoA value less actual total collections to 7 April 2011**
Book value	1,115	400	344
Sub participations – KSIOM	167	-	-
No. of borrowers	372	52	52

The chart below sets out the mix by segment of the Private Banking loan book by the value of amounts outstanding as at 7 April 2012:



Note: 'Other' includes, securities backed loans, unsecured loans and cash backed loans.

The Private Banking loan book continues to be managed in three segments; property, yacht & aircraft and 'other'. The yacht and aircraft portfolios are managed separately due to their specialist nature.

The typical UK residential mortgage written by Private Banking was a five year, interest only mortgage to a high net worth individual customer. Such loans remain difficult to refinance given high LTV ratios, the limited number of lenders who are active in the current market and increased default risk given the current economic conditions. In addition, a significant proportion of the remaining loans are regulated mortgages, increasing the forbearance required to be granted to borrowers pursuant to the provisions that govern such mortgages. As a result, KSF's strategy for these loans continues to be focused on early communication with customers of the need to refinance on or before maturity subject to regulated mortgage provisions.

As at 7 April 2012, 42% of the total Private Banking loan book by book value was secured against yachts and aircraft, which is comprised mostly of large, luxury yachts.

Activity continues to focus on encouraging borrowers to refinance or to sell the security on a voluntary basis. KSF had managed to exit 23 of its 26 positions in respect of the Yacht & Aircraft book as at 7 April 2012 and efforts continue to encourage refinance of the remaining longer maturing loans.

As previously reported, KSF had sub-participated in a number of loans advanced by KSFIOM. The loans represented a claim against KSFIOM which was the subject of a mandatory set-off against the claim submitted in the administration of KSF by KSFIOM. The terms of a settlement agreement were finalised with KSFIOM in February 2011, in accordance with which KSF received set-off of the sub-participated loans valued in accordance with the Rules.

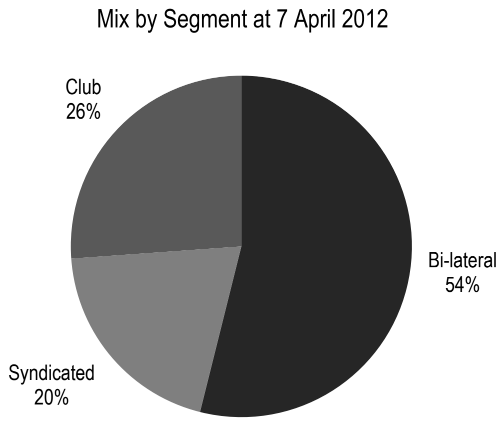
Corporate loan book

Actual cash collected (£'m)	8 October 2008 to 7 October 2011	8 October 2011 to 7 April 2012	8 October 2008 to 7 April 2012
Capital	553	13	566
Interest	44	2	46
Fees	7	1	8
Total	**604**	**16**	**620**

(£'m)	SoA value as at 8 October 2008	SoA value less actual capital collections to 7 April 2012	SoA value less actual total collections to 7 April 2011
Book value	631	65	11
Sub participations – Khf	190		190
No. of borrowers	77	18	18

The Corporate loan book is managed by loan type and comprises: syndicated loans, club loans and bilateral/senior lender loans. Within these categories, six loans in the Corporate loan book relate to sub-participations in Khf facilities.

The chart below sets out the mix by segment of the Corporate loan book by the value of amounts outstanding as at 7 April 2012.



Bilateral/senior lender loans represented 54% of the Corporate loan book as at 7 April 2012. Typically KSF is either the sole lender or a senior lender alongside a UK clearing bank holding a significant portion of a small syndicate on what are generally private equity backed companies. The current strategy continues to focus on encouraging the borrower and/or other individual members to refinance KSF's position.

During the period covered in this report, KSF has exited from the remainder of its UK Property backed corporate loans, leaving just bi-lateral, syndicated and club deals. Activity continues to revolve around encouraging consensual debt restructuring and refinancing where possible, although in a number of cases KSF has appointed administrators over companies where the borrower has been unable to repay the debt due, and administration presented a better opportunity for recovery.

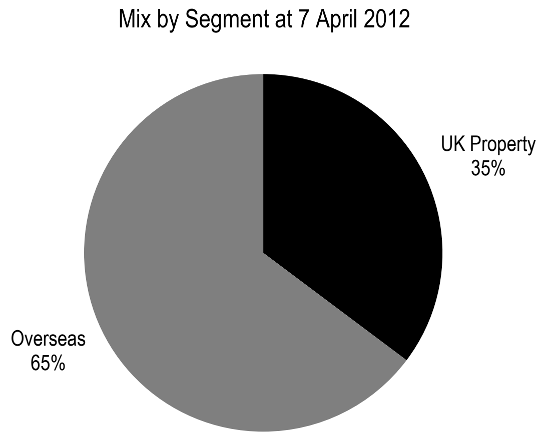
As previously reported, KSF has sub-participation positions in loans advanced by Khf. These sub-participations are 'silent' in that Khf is the lender of record and, therefore, these KSF sub-participations form part of the KSF claim submitted to the Winding-up Committee of Khf. Further information in respect of the Khf claim can be found in the body of this report.

Property loan book

Actual cash collected (£'m)	**8 October 2008 to 7 October 2011**	**8 October 2011 to 7 April 2012**	**8 October 2008 to 7 April 2012**
Capital	411	37	448
Interest	23	1	24
Fees	5	(1)	4
Total	**439**	**37**	**476**

(£'m)	**SoA value as at 8 October 2008**	**SoA value less actual capital collections to 7 April 2012**	**SoA value less actual total collections to 7 April 2012**
Book value	864	415	388
No. of borrowers	220		59

The chart below sets out the mix by segment of the Property loan book by the value of amounts outstanding as at 7 April 2012:



As previously reported, since the date of Administration, over three quarters of the property loan book accounts have been closed. For simplicity, since the October 2011 progress report, the Property Partnerships and Property Finance categories have been amalgamated into UK and Overseas Property, as appropriate.

The largest exposures in the property loan book continue to be to the UK residential market, development land in the Caribbean and structured development projects in the UK. The focus continues to be to work with borrowers and encourage them to refinance and/or sell completed developments. However, where borrowers are uncooperative and/or are in breach of their loan facilities, steps are taken to realise the value of our security by the appointment of LPA/Fixed Charge receivers or administrators, and to pursue borrowers and guarantors under personal guarantees in order to recover shortfalls.

We are continuing to meet requests for committed funds where expenditure helps to preserve/enhance the value of the security. However, where appropriate, in the meantime we are realising part built assets. It should be noted that access to development finance remains challenging and continues to stifle transactions that would allow quick refinancing or sales of the security.

The majority of the outstanding overseas loans relate to development sites in the Caribbean, where a lack of available credit continues to limit sales and refinance opportunities. There has been some success in the marketing of completed developments and this continues to be a key focus of the Administration. However, the market remains more challenging than the UK and therefore Caribbean loans are forming an increasing proportionate amount of the property loan book.

There are a relatively small number of UK commercial facilities outstanding within the property loan book, many of which have outstanding balances in excess of the market value of the Bank's security. We continue to seek consensual restructurings where feasible, with a view to enhancing KSF's security through, for example, seeking revised planning permission on schemes which have proven not to be commercially viable.

Subsidiary companies

Singer Asset Finance subsidiaries (Asset Finance)

As previously reported, the Asset Finance division of KSF comprised eleven companies with eight separate businesses ultimately owned by KSF. The companies were all solvent, with total net assets estimated as at 30 September 2008 of approximately £48m. In addition, there were loans from KSF to these companies totalling approximately £536m. The division remained profitable and cash generative and met its interest repayments on the loans advanced by KSF.

You will be aware that, shortly after our appointment the decision was taken to keep all of the SAF businesses as part of the KSF Group for the foreseeable future, to seek to obtain some debt funding against the security of the underlying assets during 2009/2010 and to seek a new owner for the Asset Finance businesses at a later date. The timing of this strategy was, to some extent, to be dictated by market conditions and the performance of the businesses. It was agreed that this strategy would be most likely to deliver the best return for KSF, as creditor and shareholder and, in turn, for the creditors of KSF.

The Administrators are pleased to confirm that, following the initiation of a formal sale process in Q4 2011 and the selection of a preferred bidder in late December 2011 after receipt of initial offers, a share sale of SAFH at a premium to Shawbrook Bank Limited was completed on 22 March 2012. The sale has resulted in the Asset Finance division being sold in its entirety and represents a significant realisation for KSF and its creditors.

The sale has meant KSF received the immediate repayment of the remainder of its debt, in full (c.£183.4m), plus receipt of initial consideration of £30.1m (net of various transaction costs), with a further £24.3m of possible consideration which may be recovered from sums held in escrow accounts.

The £24.3m held in escrow includes £7.5m to be held against any final pricing adjustment(s) which will be determined once the audited accounts for the period to 31 December 2011 have been finalised, and they have been compared to the draft accounts available at the date of sale. In addition, adjustments may be made in respect of any unforeseen leakage and any breaches of conduct of business obligations which occurred between exchange and completion. Certainty around how much of this retention will be paid to KSF is expected to be known before June 2012.

In respect of the remaining £16.8m, these sums relate to two specific tax issues which will not be resolved until Q2 2013 and Q1 2015, respectively.

In summary, the strategy to retain the Asset Finance business as part of the KSF Group and pursue a strategy of refinancing and seeking an eventual sale has resulted in the realisation to date of £654m. This comprises debt repayments, interest, swaps, tax payments and the initial consideration for the equity, with potential further realisations from the escrow accounts, against a total book value of £584m as at 30 September 2008. Accordingly, this represents an excellent realisation for the KSF estate and its creditors.

Singer & Friedlander Investment Management Group

As previously reported, the Investment Management division of KSF comprised six companies, formed of three companies, each with its own nominee company. The businesses were all solvent and the Administrators sought to safeguard the value of the business of the Investment Management companies by ensuring that they continued to trade as going concerns. In order to meet this objective, it was decided that these interests would be best satisfied by disposing of either the company, or if this was not possible the business of the company, to a third party investment management business.

We have resolved a variety of issues, which were preventing SFCM and SFIM being put into members' voluntary liquidation. Work with the SFIM management team is now focused on the resolution of the remaining issues which will allow the solvent liquidation of SFCM (subject to FSA approval), followed by the solvent liquidation of SFIM, again subject to the approval of the FSA to relinquish the Investment Management Advisory licence.

A further sum of £2.5m is expected to flow through to KSF from SFIM in due course.

As we assist with the wind down of these companies, we maintain regular dialogue with the FSA to ensure that all issues are dealt with in accordance with their protocols and to their satisfaction. We envisage that the solvent liquidations of SFCM and SFIM (subject to FSA approval) will commence within the next six months.

KCP II (GP) Limited (In Compulsory Liquidation)

As previously reported, Kaupthing Capital Partners II Master, L.P. Inc was a private equity investment vehicle established by the Kaupthing Group in 2007 for the purpose of investing in certain strategic investments using funds from private investors, Khf and Kaupthing Bank Luxembourg SA.

At the date of our appointment, GP was a wholly owned subsidiary of KSF and the general partner of Master. As a result of SFAM's claim into GP, (now assigned to KSF following SFAM's liquidation), KSF has an interest in the outcome of the GP and Master insolvency processes.

As outlined in our earlier reports, Master was placed into administration together with GP, with representatives of Smith & Williamson being appointed Administrators. Subsequently, on 24 February 2010, Smith & Williamson were appointed Liquidators of GP.

Following significant negotiations between a number of disputing parties, the two administrations of GP and Master have produced a surplus of funds which are now (via the GP liquidation) available to meet the original management fees of SFAM as sole GP creditor.

On 22 August 2011, the GP Liquidators paid their first interim dividend to KSF of c.£0.8m. The GP Liquidators estimate, subject to costs and tax clearance, that the future dividends to KSF will be in the region of nil recovery to £1.5m depending on tax clearance and final professional fees.

The uncertainty arises owing to certain unresolved tax issues. In view of the ultimate timings of any future recovery, consideration is being given by the Administrators to the sale of KSF's claim.

Singer & Friedlander Funding Plc (In Creditors' Voluntary Liquidation)

As previously reported, the Administrators applied to Court to determine how to value the claim that Funding submitted in the Administration of KSF for c.£243m in respect of an intercompany debt that KSF owes to Funding. The initial judgment of the High Court was subject to appeal before the Supreme Court. In accordance with the judgment of the Supreme Court, details of which have been provided previously and are available on the KSF website, the claim of Funding was admitted to rank for dividend as a non-preferential claim.

The effect of the admittance of Funding's claim, and the guarantee claim from the Trustee of the Notes, is that the Trustee has received dividends equivalent to 100p in the £ in respect of its claims against KSF and Funding for principal and interest to the respective administration dates. Accordingly, the Trustee will not be entitled to receive any further dividends from KSF.

The Trustee and the Liquidators of Funding are currently in discussions in respect of the quantum of interest payable to the Trustee by Funding in relation to the period after the commencement of Funding's administration on 15 October 2008. This is relevant to KSF because any surplus funds in the Estate of Funding will pass to KSF either as a creditor, in respect of payments made under the guarantee, or sole shareholder.

Funding has sufficient residual cash in hand to discharge any claim in respect of post administration interest. Accordingly, it is intended that Funding withdraw its claim against KSF in advance of the eighth dividend. However, the Administrators are unable to provide an indication of the timing or quatum of any return from the liquidation of Funding whilst the discussions are ongoing with the Trustee.

Other subsidiary companies

With the exception of the SFIM Group companies, all subsidiary companies in the KSF group are either in members' voluntary liquidation, in a form of insolvency process or have been sold.

To date, the following direct/indirect subsidiaries have been placed into solvent liquidation or dissolved via strike-off procedure.

Members' voluntary liquidation	Date of appointment	Date struck off the register
Singer & Friedlander Investment Management Holdings Limited	31 March 2009	7 June 2011
KB Retail Advisory Limited	16 June 2009	27 December 2010
Sinjul Investments Limited	16 June 2009	
Wintrust Securities Limited	16 June 2009	27 December 2010
Kaupthing Limited	02 July 2009	
Peaston Emerson's Green Limited	11 November 2009	27 December 2010
Singer & Friedlander Trade Finance Limited	21 April 2010	25 October 2011
Clarke London Limited	29 March 2011	6 December 2011
Singer & Friedlander Asset Management Limited	24 June 2011	
Central Scotland Finance Limited	5 September 2011	
Hermes Lease Finance plc	5 September 2011	
Hermes Leasing (London) Limited	5 September 2011	
Hermes Leasing (Western) Limited	5 September 2011	
Hermes Leasing Limited	5 September 2011	
Singer & Friedlander Finance Limited	5 September 2011	
Strike off	**Date struck off the register**	
Singer & Friedlander Secretaries Limited	21 July 2009	
Kaupthing Steadfast Limited	21 July 2009	

The liquidation of Sinjul Investments Limited is expected to continue for a period of time due to the existence of tax losses which may be required by other group companies in the future.

The liquidation of Kaupthing Limited is also expected to continue for a period of time due to claims it has in other insolvencies.

On 18 August 2011, SFIP was acquired by the purchaser of the New Street premises as explained in further detail in our last progress report.

Attached at Appendix C is a summary of the current KSF Group corporate structure.

Kaupthing Bank hf

As previously reported, the Administrators submitted KSF's claim against Khf with a gross value of approximately £695m, as reduced in respect of the proposed set off of two Khf funded sub-participation agreements, subject to agreement of set off in respect of claims asserted by Khf and agreement of collateral valuations applied by KSF.
In order to simplify the agreement of the claim, the Khf Winding-up Committee proposed separating KSF's claim into two claims; one in respect of amounts due under sub-participation agreements and one in respect of all other heads of claim ("the main claim"). The Khf Winding-up Committee intend to consider the sub-participation claim once agreement has been reached on the main claim. Whilst the Administrators did not perceive any necessity to separate the claims, the proposal was accepted to enable the matter to be moved forward.

During the period, the Administrators have advanced informal negotiations with the Winding-up Committee, which commenced in late 2010, in respect of the areas of dispute in KSF's claim. As you will be aware from previous reports, Khf advised the Administrators that resolution of the KSF claim was a priority to them, as one of their largest unresolved claims, and the informal negotiations proceeded with a view to trying to finalise matters by 31 December 2011.

The Administrators issued a settlement proposal for KSF's claim in November 2011 and subsequently spent a significant amount of time negotiating with representatives of the Khf Winding-up Committee in respect of the principal valuation differences between the parties. As the majority of KSF's claims relate to financial instruments, the valuation of the underlying collateral is subjective and it was, therefore, necessary to reach agreement on the assumptions applied by KSF and the valuation methodologies used.

Given the size and, therefore, significance of the claim against Khf to the KSF estate, the Administrators sought approval of the Creditors' Committee in respect of their settlement approach. On 19 December 2011, a settlement figure for the main claim was agreed in principle by the Khf Winding-up Committee. The Administrators have subsequently been engaged in the process of agreeing a draft form settlement agreement which is necessary to protect KSF's interests in the event that the Khf Winding-up Committee's decision in respect of KSF's claim is objected to by another Khf creditor, as permitted by the Icelandic bankruptcy legislation.

Drafting of the settlement agreement has been complicated and, therefore, time consuming as a result of the nature of the claims, potential rights against third parties and the interaction of UK and Icelandic insolvency legislation. However, it is expected that the agreement will be signed in early May, formalising the in principle agreement.

As the settlement agreement has not been finalised, the Administrators cannot at this stage provide any further information in respect of the value of the main claim. Accordingly, a full update will be provided in our next progress report.

The Administrators continue to attend creditors' meetings convened by the Winding-up Committee and understand that the value of Khf's assets are expected to exceed the level of priority claims agreed by the Winding-up Committee or subject to dispute. Accordingly, the Winding-up Committee, in consultation with their information creditors' committee, are considering options to enable a return to creditors but have stated that they were unable to provide an estimate of the likely recovery for creditors or provide a timeline for a return to creditors. It is expected that further details in this regard may be issued in the next couple of months.

The Administrators will continue to attend all creditors' meetings convened by the Winding-up Committee to ensure that they are able to take any appropriate action in relation to the claim submitted by KSF.

Copies of the Khf Winding-up Committee's progress reports to creditors are available on the Khf website (www.kaupthing.com), and provide greater detail in respect of all matters relating to the Khf estate.

Treasury assets and positions

As previously reported, KSF had a large number of Treasury assets and positions, which the Administrators had dealt with under four workstreams: Repos, Contracts for difference and Equity Swaps, OTC derivatives and Sale of Investments. These workstreams have been supported by the overarching functions of Operations and Finance.

All workstreams are now complete after the process achieved in the last six months.

Taxation

The Administrators corporation tax and VAT teams are implementing tax strategies which maximise value for the estate of KSF by ensuring that KSF's corporation tax and VAT positions are optimised.

Together with ensuring that KSF's corporation tax compliance obligations are fully satisfied, the corporation tax team has focused on obtaining payment for the corporation tax losses surrendered by KSF in each period. To date, KSF has surrendered losses of approximately £26m in exchange for payments exceeding £7.2m for the surrender of these losses.

The corporation tax team has also provided support to the Administrators in relation to the negotiation of tax issues identified on the disposal of the Asset Finance subsidiaries. Together with the deal support (including negotiating a reduction in amounts held in escrow for tax exposures and the length of the escrow holding period in relation to these amounts), the corporation tax team obtained confirmation from HMRC that the disposal should qualify for the Substantial Shareholdings Exemption such that KSF should not be subject to corporation tax on the gain recognised on the disposal.

4. Creditor update

Non-preferential creditors

The Administrators are required to issue a notice of their intention to declare a dividend to unsecured creditors prior to the payment thereof. Accordingly, prior to each dividend, all known creditors are advised of the requirement to formally register their claims, to the extent they have not already done so, by completing an Insolvency Claim Form in accordance with Rule 2.72 of the Rules.

The Administrators have received a total of 984 claims to date with a gross value of c.£5.4bn, of which 443 claims (c.£0.6bn) were received from non-Edge depositors. The remaining 541 claims (c.£4.8bn) arise from all other aspects of KSF's business including repurchase and derivative counterparties, CfD clients, landlords, trade creditors, employees, employee taxes, pension scheme, associated companies and the FSCS in relation to Edge accounts. The claims of these creditors rank equally as non-preferential claims.

As at 7 April 2012, claims to the value of c.£4.5bn have been admitted to rank for dividend and c.£0.9bn have been rejected, with the current estimated maximum claims not expected to exceed £4.6bn.

In addition to new claims, the Administrators have been contacted by a number of creditors advising that they have assigned their debts to a third party. Whilst this does not have an impact on the overall value of claims admitted for dividend, it does require adjustment to the Administrators records in relation to the assigned claim. There have also been a small number of claims withdrawn by the claimants either as a result of their debt being settled by a third party (where KSF was guarantor) or in accordance with the terms of settlement agreements with KSF in relation to other mutual dealings with KSF.

The Administrators continue to be proactive in processing outstanding claims and new claims received in response to dividend notices. There are currently 16 disputed or non-agreed claims with a gross value of c.£0.1bn.

At the time of paying each dividend, the Administrators are required to make provision for the dividend entitlements payable in respect of those claims which were disputed or not agreed in whole or part at the date of the dividend. Accordingly, as these claims are resolved, funds reserved at prior dividends are used to settle any dividend entitlements attributable to the finalised claims and any surplus funds reserved against such claims released back to the estate.

Dividends to non-preferential creditors

As you will be aware, on 27 February 2012, the Administrators issued a notice of their intention to declare an eighth dividend to non-preferential creditors and published a copy on the KSF website: www.kaupthingsingers.co.uk. The last date for proving to qualify for the eighth dividend was 30 March 2012. On 29 March 2012, an update in respect of the eighth dividend quantum and timing was announced on the KSF website, advising creditors that the dividend will be paid on 2 May 2012 at a rate not less than 9p in the £. A further update was announced on 25 April 2012 confirming that the level of the eighth dividend will be 10p in £.

Further dividends will be made at regular intervals, subject to the agreement of the Creditors' Committee and the level of distributable funds making it cost effective to do so. The Administrators will continue to use the KSF website to provide updates in relation to dividend timing in between progress reports.

Creditors should note that as the majority of the assets, other than the outstanding loan book, have been collected that the precise timing and level of future dividends payments after the May 2012 dividend, will be dependent on the ongoing loan book recoveries.

Estimated outcome for creditors

The Administrators are not in a position to provide confirmation of the exact timing or quantum of a ninth or any other future dividends at this time. The historical distribution timetable is set out below:

Dividends	Date of Distribution	Quantum (p in £)
First dividend	22 July 2009	20p in £
Second dividend	9 December 2009	10p in £
Third dividend	30 March 2010	5p in £
Fourth dividend	28 July 2010	10p in £
Fifth dividend	8 December 2010	8p in £
Sixth dividend	25 May 2011	5p in £
Seventh dividend	5 October 2011	5p in £
Total paid to date		63pin £
Eighth dividend	2 May 2012	10p in £

It is the intention of the Administrators to pay further dividends at regular intervals, subject to consultation with the Creditors' Committee and it being cost effective to do so. The quantum of each dividend will be dependent upon the level of distributable funds at the time of dividend and, consequently, we are not able to provide an indication of the quantum or the timing of subsequent dividends at this time. However, we would anticipate being in a position to pay a further dividend by late Q4 2012.

On the basis of current forecast recoveries from the banking book, prudent estimates of realisations from other assets, maximum estimates of unsecured claims and current market conditions not deteriorating, the Administrators currently estimate that total dividends to non-preferential creditors should be in the range of 81p to 86p in the £. The Administrators would stress that this estimate could be lower or higher as there are significant issues which impact either future realisations or the level of claims from creditors and thus the estimate is indicative and cannot be relied upon.

Non-Edge deposit book

As previously reported, the Administrators and the FSCS continue to work closely in accordance with the agreed framework and timetable for the provision of information in respect of payments made by the FSCS to non-Edge depositors prior to payment of each dividend. This process is essential to ensure that depositors do not receive compensation from the FSCS as well as a dividend from the Administration.

Creditors' Committee

The Administrators continue to report on a regular basis to the Creditors' Committee on matters of importance in relation to KSF.

The Committee continue to expend significant time in attending the formal meetings and providing their opinions by way of consultation on major issues and again we wish again to express our thanks for this assistance and the considerable time they have committed to date.

The membership of the Committee as at the end of this reporting period, was constituted as follows:

1. Cats Protection;
2. Financial Services Compensation Scheme Limited;
3. Peterborough City Council;
4. Kaupthing Singer & Friedlander (Isle of Man) Limited (In Liquidation); and
5. The Trustees of The Singer & Friedlander Limited Pension & Assurance Scheme.

5. Other matters

Receipts and Payments account

The Administrators' Receipts and Payments account for the period 8 October 2008 to 7 April 2012 is attached at Appendix A, which also includes a summary of the receipts and payments for the six month period of this report. This shows all funds received and paid from the bank accounts under the Administrators' control. It should be noted that, where applicable, all payments are shown inclusive of VAT. The funds in the Administrators' control are held across a number of clearing banks in order to mitigate risk. Some monies are usually invested in low risk, short term money markets in order to achieve a greater rate of return than if left in a standard business current account. As at 7 April 2012, approximately half of funds held were held on short term money market deposit accounts, due to mature shortly before the payment of the eighth dividend on 2 May 2012.

We continue to return erroneously received monies in the post Administration period in line with legal advice provided. This repayment process is being undertaken manually with assistance from KSF staff.

Please refer to Appendix A for further details of the receipts and payments to 8 April 2012.

Statement of Affairs

As previously reported, in view of the redaction of the Directors' SoA we have not reflected the Directors' Estimated to Realise valuations as required under SIP 7 in the Receipts and Payments account attached at Appendix A.

Operational matters

Staffing

Since our last report, owing to further reductions in headcount and the Services and Secondment Agreement with Singer & Friedlander Asset Management LLP as referred to earlier in this report, the KSF employee headcount has reduced from 48 to 19 staff. This headcount reduction has arisen from the continued focus on core operations and by the ongoing reduction in back office staff as the loan book operations and ancillary tasks continue to wind down.

Building and Occupancy costs

As reported in our last progress report, on 18 August 2011, the Administrators surrendered KSF's lease relating to the New Street, EC2 property (the site of the run-off operations) and entered into a flexible short term lease on the first floor of the premises.

In view of the ongoing headcount reduction and to further reduce occupancy costs, on 20 April 2012 KSF entered into a new short term lease with the current landlord and on 7 May 2012 a further office move is being undertaken to the ground floor of the current building; this area being approximately one third of the existing area occupied.

In respect of other KSF property interests, on 7 November 2011, KSF surrendered its leasehold interest in its property in Marsden Street, Manchester; and on 23 March 2012, arising from the Asset Finance disposal, assigned its leasehold interest in Singers House, Dorking to Shawbrook Bank Limited.

As a consequence of earlier surrenders, eg the Hanover Street premises, KSF no longer has any leasehold commitments other than the new short term lease on the ground floor of New Street.

Following these disposals, the maintenance costs of running the various properties and associated management time has reduced considerably.

Information Technology matters

The Administrators, with the assistance of KSF's IT and operations team, review as an ongoing process both KSF's IT costs and other large intermittent payment costs. Subject to ongoing business needs, costs are reduced wherever possible.

In December 2011, the IT team completed the move to the new IT data hosting environment.

KSF is required to retain data as part of legal and regulatory requirements. Following the data retention assessment, the data retention workstream has progressed the data retention design and has commenced the implementation of data retention solutions. This includes terminating vendor or services contracts where possible.

Regulatory and Compliance

KSF and a number of its subsidiaries remain FSA authorised, and continue to require an appropriate set of regulatory permissions through which to hold, transact or manage assets under the Administration. The Compliance, Anti-Money Laundering (AML) and Risk function is performed by a regulatory specialist to ensure ongoing compliance with FSA and other regulatory requirements.

During the period, there has again continued to be regular engagement with FSA and other regulatory authorities on a wide range of regulatory issues. This included the compilation and provision to the authorities of information under both formal and ad hoc requests and also undertaking detailed reports on and analyses of historic data, as requested.

In addition, we have continued to work with FSA and third party investment managers to wind down the remaining businesses within the asset management division in an orderly manner, having regard to both the interests of underlying customers and the Administration.

Dialogue has continued with FSA to deregister or reduce as appropriate the number and scope of regulatory permissions held, to enhance efficiencies and to ensure the bank and its subsidiary businesses are not burdened with unnecessary regulatory fees. This also entails seeking and obtaining regulatory waivers from the requirement to produce certain regulatory and reporting items no longer required for the Administration and providing a simplified suite of management information to meet all current regulatory reporting requirements

In terms of the Banking 'Front office' and recoveries, we continued to review activities to identify regulatory risks and ensure related controls, policies and procedures and compliance input are put in place as required. In anticipation of the changed SSA arrangements post 1 January 2012 relating to recoveries by the Banking team (described elsewhere in this report) we introduced additional controls, a new suite of management information and key risk indicators, and established a controls committee thereby allowing the Administrators and the remaining KSF management to closely monitor the performance and the effectiveness of the revised arrangements.

Legal issues

The Singer & Friedlander Limited Pension & Assurance Scheme

One of the largest outstanding unagreed claims is from KSF's main pension scheme (the "Scheme"). A sum has been provisionally admitted to enable the Scheme to benefit from dividends as paid, whilst the Debt on Employer matter referred to below, is being finalised.

The Scheme's debt on KSF is known as the calculation of a section 75 debt. The key point of principle of disagreement between KSF and the Scheme Trustee on the calculation of the section 75 debt was the date the Scheme's actuary should use for undertaking the calculation. This calculation relates to the cost of purchasing annuities. The Administrators' view was that the appropriate date is the date the section 75 debt was triggered (8 October 2008), whilst the Trustee considered that the appropriate date could alternatively be the date the Scheme actuary undertakes the calculation.

As the basis for calculating the section 75 debt is open to interpretation and because there is potentially a significant difference in the value of the claim under each interpretation, the Trustee had been advised that it should seek Court clarification on the point.

Following various meetings with the Scheme Trustee, it was agreed with the Trustee that an application would be made to Court for directions on the correct interpretation of Regulation 5 of the Occupational Pension Schemes (Employer Debt) Regulations 2005. The application form was issued by the Scheme Trustee on 15 June 2011, and the matter was heard on 18 January 2012. Judgment was handed down on 16 March 2012, in which the judge agreed with KSF and held that the debt arising under section 75 is to be calculated using estimated annuity rates as at 8 October 2008, ie. upon KSF's entry into administration.

The actuary has now issued a certificate under section 75 based upon the judgment and this was provided to the Administrators on 4 April 2012. The claim of the Scheme is now being reviewed by the Administrators.

Administrators' remuneration and disbursements

Creditors are reminded that following the Initial Meeting of creditors, at which a Creditors' Committee was established, the Creditors' Committee resolved that the Administrators' remuneration be fixed on a time-cost basis. The Creditors' Committee additionally agreed that the Administrators be allowed to draw 80% of their time costs (plus VAT and expenses) on a rolling monthly basis with the remaining 20% only, being subject to approval at future Creditors' Committee meetings or by separate fee Resolution.

As part of the ongoing fee approval process, the Committee members receive a comprehensive analysis of the Administrators' costs including time costs by activity and grade together with a detailed fee narrative by each individual work stream.

The Administrators' total hours and time costs relating to the six six-month periods since the date of appointment are analysed in the table below:

Period to	Total time costs (£)	Total hours
7 April 2009	17,941,057	48,746
7 October 2009	8,403,547	25,920
7 April 2010	6,608,869	18,409
7 October 2010	5,676,906	15,137
7 April 2011	4,692,167	12,232
7 October 2011	4,032,063	9,545
7 April 2012	3,941,098	9,223
Total	51,295,707	139,212

As is evident from the above table, in the six months to 7 April 2012, time costs of £3,941,098 have accrued, representing 9,223 hours at an average rate of £427.

This hourly rate compares with the average hourly rate of £371 from date of appointment to 7 April 2012. The increase in the average hourly rate for the last six months, being indicative of the staff grade mix and more senior staff time being required on, for example, the recent Asset Finance disposal. The Administrators' cumulative time costs accrued from date of appointment to 7 April 2012 was c.£51m plus VAT.

An analysis of the time spent for both the period of this report and from 8 October 2008 to 7 April 2012 as required by the Association of Business Recovery Professionals' ("R3") Statement of Insolvency Practive No.9 ("SIP 9"), are attached as Appendix D. As previously reported, the above time costs are inclusive of the Administrators' time costs recovered from ING in the amount of £3.54m pursuant to the transfer of the Edge depositors' accounts.

To date, the sum of c.£441k (inclusive of Category 2 disbursements. Category 2 disbursements are charges made by the office holder's firm that include elements of shared or overhead costs. In the period of this report, the Administrators' disbursements totalled £5,662 plus VAT.

Appendix A Receipts and payments account for the period 8 October 2008 to 7 April 2012

Receipts and payments (all currencies are presented in Sterling and amounts are inclusive of VAT where applicable)

	8 October 2008 to 7 October 2011 £'000 [1]	Six months to 7 April 2012 £'000 [1]	Total £'000 [1]	Notes
Receipts				
Cash taken over	418,072	5	418,077	2
Property loans	437,974	32,646	470,620	3
Private banking	694,067	67,826	761,893	4
Corporate loans	628,663	8,986	637,649	5
Asset Finance	360,984	220,078	581,062	6
Realisations from Transitional Service Agreements	14,404		14,404	7
Tax	12,510	5,073	17,583	8
Rental income	5,475	300	5,775	
Share realisations and dividends	340,844	50,640	391,484	9
Financial instrument receipts	299,923	474	300,397	10
Inter-account cross currency receipts and presentational foreign exchange movements (please see note 11)	672,522	50,849	723,371	11
Other realisations and interest	18,777	1,182	19,959	12
Unallocated receipts	63	(5)	58	13
Total receipts	3,904,278	438,054	4,342,332	
Payments				
Supplier payments	22,133	461	22,594	14
Staff wages and related expenses	58,478	22,597	81,075	15
Drawdown payments	41,976	1,278	43,254	16
Legal and other professional fees	30,835	2,688	33,523	17
Transaction costs relating to SAF sale		10,588	10,588	6
Insurance	624	84	708	
Administrators' fees	53,323	4,951	58,274	18
Administrators' disbursements	434	7	441	
Rent, rates and utilities	23,615	628	24,243	
Tax	358	122	480	
Financial instrument settlements	5,622		5,622	19
Inter-account cross currency payments	673,458	32,872	706,330	11
Cheques and direct debits released post admin	1,204		1,204	20
Bank charges and interest	367	11	378	
Distributions				
Distribution to preferential creditors	305		305	
Distribution to unsecured creditors	2,676,696	154,546	2,831,242	21
Total payments	3,589,428	230,833	3,820,261	
Foreign exchange gain/(loss)	219		219	1
Closing balance	315,069	207,221	522,290	22

Notes:

1. *Foreign currency transactions occurring in AUD, CAD, HOK, JPY, NOK, NZD are converted into Sterling using an exchange rate as at the relevant date of each transaction. A 'Foreign exchange gain/loss' line has been added to show the effect of changes in exchange rate when physically transferring funds from these foreign currency accounts into Sterling accounts. With regard to Euro and US Dollar receipts and payments, these transactions are converted into Sterling using the exchange rate as at 7 April 2012.*
2. *Cash taken over represents monies belonging to KSF and previously held by certain third party banks. These funds are now under KSF's control. These monies may include some post administration receipts which need to be returned to third parties. This balance has decreased by c.£2.9m due to adverse foreign exchange movements in the period.*
3. *A combination of capital repayments and interest payments from the Property loan book.*
4. *A combination of capital repayments and interest payments from the Private Banking loan book.*
5. *A combination of capital repayments and interest payments from the Corporate loan book as well as cash received from warrant cancellation and Swap settlements of c.£28m.*
6. *A combination of capital repayments and interest payments from the Asset Finance subsidiaries. SAF was sold in the current period for a gross consideration of c.£224m, including share realisations ofc.£40.7m. The transaction costs in relation to this sale amounted to c.£10.6m.*
7. *This represents payment for services provided in respect of businesses that have been sold or transferred (SFIM, SAF and Edge).*
8. *This amount relates to money received post administration in respect of tax bills paid in July and August 2008 on behalf of various Asset Finance subsidiaries.*
9. *This represents receipt from the sale of shares and receipt of dividends. This balance has increased significantly in the current period due to the sale of SAF. Please refer to note 6 for further details.*
10. *This is the product of closed Financial Instrument positions including ISDA valuation settlements, Bond maturities and Coupons, Repurchase Agreements and Equity Swaps.*
11. *The movement in inter-account cross currency receipts & payments mainly attributed to the transfer of funds held in the foreign currencies bank accounts to the Sterling account to facilitate the distributions to creditors. This receipt line also includes presentational foreign exchange movements since the date of the last progress report, 7 October 2011, relating to Euro and US Dollar receipts relating to cash taken over and financial instruments.*
12. *This includes sundry debtors, interest received and miscellaneous receipts such as proceeds from the sale of chattel sales and fee refunds.*
13. *These receipts have been received in the post administration period by KSF and are in the process of being allocated. These amounts are being investigated to establish whether they belong to KSF, or need to be returned to the remitter.*
14. *Supplier payments in relation to ongoing costs including expenditure on IT amounted to £461k in the current period which was £360k lower than the previous period, due to the wind down of operations.*
15. *Payments for staff wages and related expenses increased in the current period due to payments in relation to the long term retention and incentive plan for the period March 2009 to December 2011.*
16. *These are drawdowns provided to existing customers across the loan books in respect of loans which are still being funded by KSF.*
17. *Legal and other professional fees relate to legal advice obtained, court proceedings and litigation conducted in connection with various issues across the Administration.*
18. *Administrators' fees relate to amounts actually billed during the current period and are therefore different to the amounts incurred in the period as per the SIP9 in Appendix D.*
19. *These figures represent treasury derivatives close out agreements between KSF and two counter-parties involving FX, Interest rate and Equity Swaps.*
20. *These payments were released immediately after appointment and before any stop could be placed on them.*
21. *The amount distributed to unsecured creditors increased by c.£154.5m in the current period. This was largely due to a catch up distribution of 63p in the £ being paid to Singer & Friedlander Funding Plc following the acceptance of its unsecured claim in light of the Supreme Court judgment handed down on 19 October 2011.*
22. *The closing balance represents total receipts less total payments plus the foreign exchange gain for the period. The closing balance does not include a sum of c.£113k which the Administrators are holding in respect of third party monies received in error. The Administrators continue to progress the repayment of these monies as and when bank account details become available.*

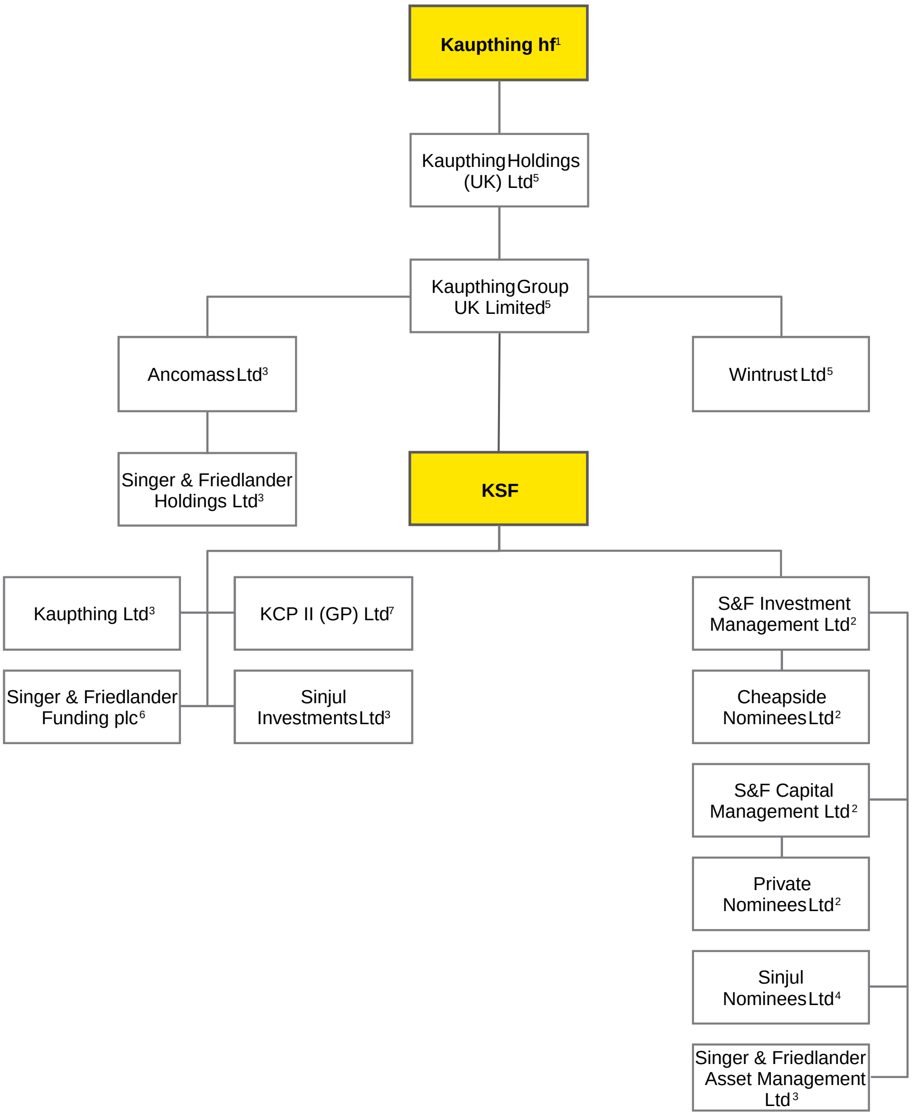
Appendix B Statutory and other information

Company Information	
Registered number:	00875947
Company name:	Kaupthing Singer & Friedlander Limited
Current trading address/ registered office address:	21 New Street London EC2M 4HR
Former trading address:	One Hanover Street London W1S 1AX
Previous names:	Singer & Friedlander Limited until 22 August 2006

Details of the Administrators and of their appointment	
Administrators:	ME Mills, AR Bloom, PJ Brazzill and TM Burton of Ernst & Young LLP, 1 More London Place, London, SE1 2AF
Date of appointment:	8 October 2008
By whom appointed:	The appointment was made by the High Court of Justice, Chancery Division, Companies Court on the application of the Financial Services Authority
Court reference:	High Court of Justice, Chancery Division, Companies Court – case 8805 of 2008
Division of the Administrators’ responsibility:	Any of the functions to be performed or powers exercisable by the Administrators may be carried out/exercised by any one of them acting alone or by any or all of them acting severally
Period of Administration:	Extended by Court consent to 7 October 2012
Prescribed Part:	The Administrators have established that there are no valid fixed or floating charges registered against KSF. In the absence of floating charge, there are no monies required to be set aside to creditors under s176A of the Act being under ‘Prescribed Part’ formula

Statement Concerning the EC Regulation	
EC Regulation Statement	In accordance with the Credit Institutions (Reorganisation and Winding Up) Regulations 2004, the EC Council Regulation on Insolvency Proceedings does not apply to this Administration. Under these Regulations the Administration is conducted according to UK insolvency legislation and is not governed by the insolvency law of any other European Economic Area member State

Appendix C Kaupthing Singer & Friedlander – group structure



Notes:

1. Entity is in winding up proceedings under Icelandic law
2. Looking to place the entity into members' voluntary liquidation
3. Entity is in members' voluntary liquidation
4. Entity is currently under review to decide its strategy going forward
5. Entity is outside the jurisdiction of the Administrators of KSF
6. Entity is in creditors' voluntary liquidation
7. Entity is in compulsory liquidation

Appendix D Summary of Administrators' time costs for the period 8 October 2008 to 7 April 2012

	Breakdown of hours charged by grade						
Classification of work by function	Partner/ Director	Manager	Other senior professionals	Assistants & support	Total hours	Total time costs (£)	Avg. hourly rate (£)
Accounting and admin.	1,303.2	4,655.5	9,198.8	13,686.7	28,844.2	7,485,742	260
Asset Finance	1,091.8	1,466.3	181.2	12.5	2,751.8	1,477,841	537
Bank and statutory reporting	579.9	1,817.3	1,261.1	408.4	4,066.7	1,619,727	398
Banking book	3,442.2	8,546.2	8,622.4	5,743.8	26,354.6	9,646,620	366
Creditors	741.7	3,137.1	3,573.2	2,994.4	10,446.4	3,307,677	317
Debtors	65.0	74.4	10.8	138.9	289.1	104,249	361
Edge decommissioning	19.0	522.8	299.5	11.0	852.3	301,342	354
Edge retail accounts	1,636.5	4,243.0	4,222.7	1,710.6	11,812.8	4,311,844	365
Edge retail migration	249.0	1,264.8	32.5	-	1,546.3	765,478	495
Employee matters	1,094.9	803.9	581.9	274.7	2,755.4	1,265,533	459
Help desk	-	24.1	60.5	861.0	945.6	165,622	175
Immediate tasks	315.3	207.0	437.5	718.1	1,677.9	512,565	305
Investigations and CDDA	216.5	139.9	135.1	40.5	532.0	264,353	497
Investment banking	57.0	47.0	-	-	104.0	55,960	538
IT Wind Down Project	6.5	1,276.7	472.0	-	1,755.2	812,473	463
KSF Capital Markets	773.3	73.6	324.2	0.7	1,171.8	682,157	582
Legal issues	724.3	760.8	41.9	17.0	1,544.0	830,136	538
Members	-	1.4	-	-	1.4	504	360
Non-Edge IT support	-	192.1	3.0	-	195.1	79,896	410
Other assets	698.7	1,209.6	558.9	769.0	3,236.2	1,293,612	400
Property	1,192.3	6,577.9	8,850.2	1,893.3	18,513.7	7,070,635	382
Public relations issues	10.0	43.5	-	2.0	55.5	18,279	329
Retail book	117.0	500.7	383.1	44.0	1,044.8	454,179	435
Retention of title issues	-	7.9	6.8	-	14.7	5,243	357
Sale process	622.0	1,480.4	1,362.0	303.2	3,767.6	1,642,469	436
Statutory duties	157.5	204.8	210.5	34.0	606.8	257,210	424
Trading	548.4	1,535.6	1,581.3	1,653.8	5,319.1	1,634,071	307
VAT and taxation	1,935.0	3,965.4	2,325.5	781.3	9,007.2	5,230,284	581
Total hours	**17,597.0**	**44,779.7**	**44,736.6**	**32,098.9**	**139,212.2**	**51,295,707**	**368**
Total time costs (£)	**12,465,666.3**	**21,187,304.2**	**12,447,407.4**	**5,195,329.5**	**51,295,707**		
Avg. hourly rate (£)	**708**	**473**	**278**	**162**	**368**		

Summary of Administrators' time costs for the six month period 8 October 2011 to 7 April 2012

Classification of work by function	Breakdown of hours charged by grade: Partner/ Director	Manager	Other senior professionals	Assistants & support	Total hours	Total time costs (£)	Avg. hourly rate (£)
Accounting and admin.	23.9	208.7	563.3	804.0	1,599.9	442,114	276
Asset Finance	261.5	495.3	1.1		757.9	453,709	599
Bank and statutory reporting	93.0	219.9	202.8	164.2	679.9	264,720	389
Banking book	336.1	804.2	1,830.8	286.0	3,257.1	1,307,340	401
Creditors	77.9	178.6	488.5	44.5	789.5	300,681	381
Employee matters	69.3	57.5	62.8		189.6	98,680	520
IT Wind Down Project	1.0	217.4	157.5		375.9	173,891	463
Legal issues	94.8	72.8	16.3		183.9	112,176	610
Other assets	59.4	184.8			244.2	139,054	569
Property	17.2	19.5	1.5		38.2	23,624	618
Public Relations Issues		1.4			1.4	726	518
Statutory duties	2.2	20.3	61.5	26.5	110.5	33,637	304
Trading	16.0	23.6			39.6	24,061	608
VAT and taxation	294.5	93.5	477.8	89.8	955.6	566,685	593
Total hours	**1,346.8**	**2,597.5**	**3,863.9**	**1,415.0**	**9,223.2**	**3,941,098**	**427**
Total time costs (£)	**1,034,081**	**1,396,519**	**1,260,685**	**249,813**	**3,941,098**		
Average hourly rate (£)	**768**	**538**	**326**	**177**	**427**		

Charging and disbursement policy

Administrators' charging policy for fees

The size and complexity of the assignment has necessitated that the Administrators put in place a team of Ernst & Young personnel including specialists in financial services, real estate, taxation, systems and IT, HR, communications and other Advisory Services, as well as core restructuring personnel. The work required is delegated to the most appropriate level of staff taking account of the nature of the work and the individual's experience. Work carried out by all staff is subject to the overall supervision of the Administrators.

All time spent by staff working directly on case-related matters is charged to a time code established for the case. Each member of staff has a specific hourly rate, which is subject to change over time. Where the Administrators utilise the services of specialist departments within the Administrators' firm such as tax, these departments may charge a number of hours if and when the Administrators require their advice. These rates will vary and may exceed those of the Administrators' restructuring staff.

The rates used by the Administrators may periodically rise over the period of the Administration but are, however, subject to the agreement of the Creditors' Committee.

Administrators' charging policy for disbursements

Statement of Insolvency Practice No.9 divides disbursements into two categories:

Category 1 disbursements are defined as specific expenditure relating to the administration of the insolvent's affairs and referable to payment to an independent third party. Such disbursements can be paid from the insolvent's assets without approval from the Creditors' Committee or the general body of creditors. In line with SIP 9, it is our policy to disclose Category 1 disbursements drawn but not to seek approval for their payment.

Category 2 disbursements are charges made by the office holder's firm that include elements of shared or overhead costs. SIP 9 provides that such disbursements are subject to approval as if they were remuneration. It is our policy, in line with SIP 9, to seek approval for Category 2 disbursements before they are drawn.