



**Kaupthing Singer & Friedlander Limited
(in Administration)**

Administrators' Progress Report to creditors for the
six month period from 8 October 2010 to 7 April 2011

5 May 2011

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
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
LTV	Loan to Value
Master	Kaupthing Capital Partners II Master L.P. Inc
OTC	Over the counter
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
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
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.

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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 gain/loss in the Receipts and Payments account.

The estimated outcome described in this report is provided as an illustration only and may not represent any actual distributions which may be paid to creditors. A number of assumptions have been made to arrive at these figures, some or all of which may prove to be incorrect. Any actual distributions 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.

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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' fifth 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 2010 to 7 April 2011 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.

Creditors' committee

A Creditors' Committee was elected at the Initial Meeting. The Administrators and their staff meet regularly with the Creditors' Committee and have, to date, held thirteen formal committee meetings. 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.

Future reporting

The Administrators' next formal report to creditors will be in approximately six months time covering progress in the period to 7 October 2011.

2. Summarised key developments

Progress in the period

The body of the report below details the major areas of progress since 8 October 2010, certain areas of particular significance being:

- ▶ Banking loan book recoveries of c.£267m, increasing total loan recoveries to £1,557m as at 31 March 2011;
- ▶ Loan repayments of c.£166m from the Asset Finance division, and completion of the £150m partial refinancing of the Asset Finance debt;
- ▶ Legal settlement with Sports Direct;
- ▶ Overall value of disputed claims reduced by £230m net of new unresolved claims;
- ▶ Payment of the fifth dividend to unsecured creditors of 8p in the £.

Full details of recoveries made for the period of this report together with the total realisations to 7 April 2011 are set out in Appendix A, being the Administrators' Receipts and Payments account.

Dividends to creditors

The Administrators paid a fifth dividend of 8p in the £ to unsecured creditors with admitted claims on 8 December 2010.

A notice of intention to declare a sixth dividend to unsecured creditors was issued on 4 March 2011 and a copy published at www.kaupthingsingers.co.uk.

In consultation with the Committee, it is the Administrators' intention to declare a sixth dividend of not less than 5p in the £ on or around 24 May 2011.

The historic 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 £
Total paid to date		53p in £
Next dividend	Provisionally 24 May 2011	Not less than 5p 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 Statement of Affairs 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 31 March 2011	Actual total cash collections to 31 March 2011
Corporate	631	518	567
Property	864	394	420
Private Banking	1,115	529	570
Sub participations – KSIOM	167	-	-
Sub participations – Khf	190	-	-
Total	2,967	1,441	1,557

Total cash receipts to 31 March 2011 from the Banking loan book are c.£1,557m comprising c.£1,440m capital repayments, c.£104m interest repayments and c.£13m fees.

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

The day-to-day operations continue to be managed by KSF staff under the supervision of the Administrators or their staff. All credit related decisions are presented to the Administrators at Credit Committee meetings for final approval, which are now held on a weekly basis.

As previously advised 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 continue 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 c.£38m. To the extent that KSF has had to provide further funds, beyond those initially envisaged as debt finance, an appropriate commercial rate of interest has been charged.

The current net drawdown position is c.£6m since a number of the post-appointment drawdowns have subsequently been recovered through capital collections from the associated loans.

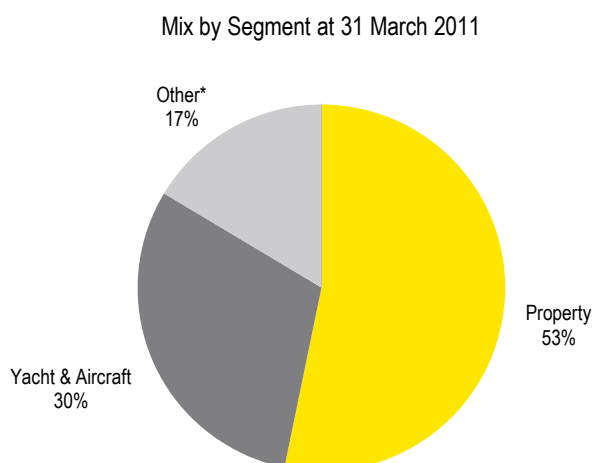
Loan book provisions are reviewed quarterly on a loan by loan basis. As loan accounts are closed, write-offs are verified and approved by the Administrators. A write-off arises when the ultimate value of the security/collateral held is not sufficient to cover loan exposures. To date write-offs total c.£80m.

Private Banking

(£'m)	SoA value as at 8 October 2008	SoA value less actual capital collections to 31 March 2011	SoA value less actual total collections to 31 March 2011
Book value	1,115	586	545
Sub participations – KSIOM	167		-
No. of borrowers	372		139

Actual cash collected 8 October 2008 to 31 March 2011	(£'m)
Capital	529
Interest	40
Fees	1
Total	570

The chart below sets out the mix by segment of the Private Banking loan book by the value of amounts outstanding as at 31 March 2011:



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 & Aircraft portfolios are managed separately due to their specialist nature requiring expert knowledge.

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 rising LTV ratios, the limited number of lenders who are active in the current market and increased default risk given the current economic conditions. 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.

As at 31 March 2011, 30% of the total Private Banking loan book by value was secured against yachts and aircraft, which comprises mostly of large, luxury yachts. No further large yacht constructions are being financed.

The aircraft portfolio includes loans secured against private jets. Activity continues to focus on encouraging borrowers to refinance or to sell the security on a voluntary basis. KSF had

managed to exit from 12 of its 26 positions in respect of the Yacht & Aircraft book as at 31 March 2011.

KSF has recently exited from one additional aircraft position, which will be included in our next report covering progress for the period to 7 October 2011.

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 mandatory set-off against the claim submitted in the administration 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

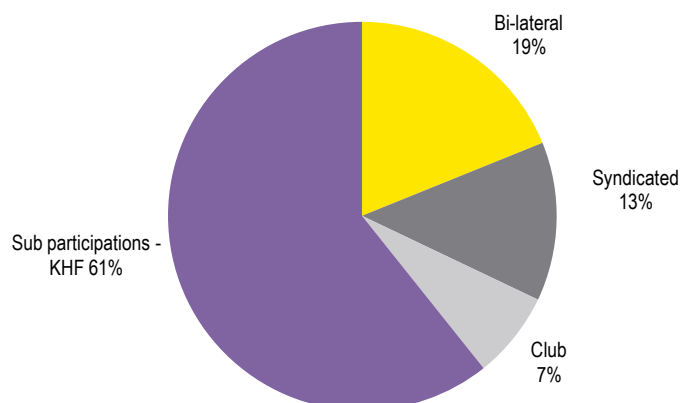
(£'m)	SoA value as at 8 October 2008	SoA value less actual capital collections to 31 March 2011	SoA value less actual total collections to 31 March 2011
Book value	631	113	64
Sub participations – Khf	190		190
No. of borrowers	77		31

	(£'m)
Actual cash collected 8 October 2008 to 31 March 2011	
Capital	518
Interest	42
Fees	7
Total	567

The Corporate loan book is managed by loan type and comprises: syndicated loans, club loans and bilateral/senior lender loans. Within these categories, seven 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 31 March 2011:

Mix by Segment at 31 March 2011



Bilateral/senior lender loans represented 19% of the Corporate loan book at 31 March 2011. Typically KSF is either the sole lender or a senior lender alongside a UK clearing bank and holding a significant portion in 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.

KSF has sub-participation positions in loans advanced by Khf, which make up 61% of the Corporate loan book. These sub-participations are 'silent' in that Khf is the lender of record. KSF has not advanced any further funds in respect of sub-participated positions.

The sub-participations form part of the KSF claim submitted to the Winding-up Committee of Khf.

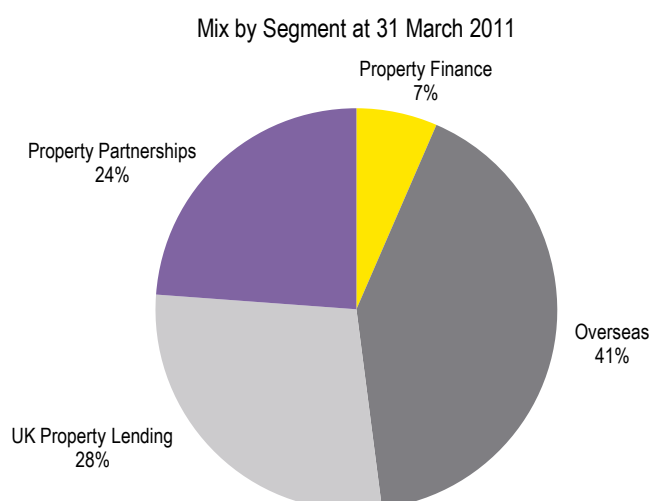
Property loan book

(£'m)	SoA value as at 8 October 2008	SoA value less actual capital collections to 31 March 2011	SoA value less actual total collections to 31 March 2011
Book value	864	470	444
No. of borrowers	220		85

Actual cash collected 8 October 2008 to 31 March 2011	(£'m)
Capital	394
Interest	22
Fees	4
Total	420

Property loan book cash receipts since appointment total £420m as at 31 March 2011. This comprises capital receipts of £394m and interest and fees of £26m.

The chart below sets out the mix by segment of the Property loan book by the value of amounts outstanding as at 31 March 2011:



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, we are realising part built assets.

Whilst buyer interest in development sites has improved, access to development finance remains challenging and continues to stifle transactions.

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.

There are a relatively small number of UK commercial facilities outstanding within the property finance 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.

Treasury assets

As previously reported, KSF had a large number of Treasury assets and positions, which the Administrators have dealt with under four workstreams, as described below. These workstreams have been supported by the overarching functions of Operations and Finance.

Repurchase agreements and reverse repurchase agreements

This workstream is effectively complete and the only residual claim outstanding is against Khf. We do not expect confirmation of agreement of the claim in the immediate future although we have quantified the claim. As previously reported, in addition to this matter there is also a potential legal dispute in relation to shareholdings which originally arose from repo transactions. We continue to work on this with our legal advisors to both build the documentary support for our case and defend our position with the counterparty. Whilst we believe we are in a strong position we do not expect this dispute to be resolved in the near future.

Contracts for differences and Equity Swaps

This workstream has focused on the numerous counterparties with CfD and spread betting accounts and the Prime Brokers against which these positions were hedged with equity swaps. Settlement has now been effectively agreed with all bar one of the Prime Brokers. However, we do not expect the negotiations with this final Prime Broker to be resolved in the near future due to the subjective valuation of the underlying equities, the difference in our estimate of the settlement amount and the limited responses we have received from the Prime Broker.

In the last six months we have continued to negotiate settlement with CfD and spread betting counterparties after previously having terminated all open positions and quantified the settlement amount. Negotiated settlements have been reached with a number of counterparties. There are a small number of outstanding counterparties for which settlements have not been reached and legal action has been commenced.

Over the counter derivatives

As reported previously there remain a limited number of open derivative positions, mainly vanilla FX and interest rate swaps and options, which we do not expect to be terminated by the counterparty as they are associated with banking book exposures that we expect to be open for the medium to long term. KSF settle these on a case by case basis as they arise.

Sale of Investments

All investments with value have now been sold. Further investment sales may arise if and when investments held as security become available for sale.

Subsidiary companies

Singer & Friedlander Investment Management Group

As previously reported, the successful sale and transfer of the business and assets of SFCM was effected to WdB on 26 March 2010. This will enable the solvent liquidation of SFAM and SFCM (subject to FSA approval) in due course, followed by the solvent liquidation of SFIM, again subject to FSA approval to relinquish the Investment Management Advisory licence. Documentation requested by the FSA in respect of SFAM has now been provided and signed by the director of SFAM. We believe this to be the final FSA requirement prior to SFAM relinquishing its licence.

We continue to work on a variety of complex issues, often protracted in nature, which are preventing the companies within SFIM Group being put into members' voluntary liquidation.

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 SFAM and SFCM (subject to FSA approval) should commence within the next three and six months respectively, followed by the solvent liquidation of SFIM in due course.

Asset Finance subsidiaries

The Asset Finance division of KSF comprised eleven companies with eight separate businesses ultimately owned by KSF. The companies are 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 remains profitable and cash generative and is currently meeting its interest repayments on the loans advanced by KSF.

As previously reported, shortly after our appointment the decision was taken to keep all of the Asset Finance 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.

As part of the strategy to refinance the Asset Finance companies, a restructuring exercise was undertaken in August 2009 and on 9 December 2009, a new fixed rate loan facility with KSF was implemented.

Further to our last report, following receipt of the 'AAA' rating from an external rating agency, the first tranche of the external financing for the Asset Finance division was completed on 10 November 2010. The facility is for £150m and is for a term of 18 months. To date, £140.5m has been drawn against eligible assets and this has been immediately repaid to KSF. The remainder of the facility will be drawn down when certain assets become eligible. Total remaining debt owed by the division to KSF was approximately £250m at 31 March 2011.

A transaction for £35m was recently concluded and represents an encouraging result for SAF which should help with future negotiations in respect of its external financing and, ultimately, with the value of the equity, which KSF owns.

In addition to the above, regular meetings continued to be held during the period with management of the Asset Finance companies to monitor the performance of their businesses, cashflows and profitability, and to review management information.

KCP II (GP) Limited (In Compulsory Liquidation)

As previously reported, Kaupthing Capital Partners Master, L.P. Inc (“Master”) was a private equity investment vehicle established by the Group in 2007 for the purpose of investing in certain strategic investments using funds from private investors, Khf and Kaupthing Bank Luxembourg SA. The main investments were an investment in Booker Group plc, ADP Healthcare plc, Consort Medical and Phase Eight Holdco. SFAM provided certain management and operating fees to the KCP fund and is owed £6.2m.

In October 2008, Master was placed into administration together with GP, with representatives of Smith & Williamson being appointed Joint Administrators. In view of a technical defect in the Administrators’ appointment, the Court determined on 1 April 2010 that the Administrators were not validly appointed. A subsequent short term administration order was made to allow the purported administrators to finalise certain matters. This administration has to date not been completed.

On 24 February 2010, Smith & Williamson were appointed liquidators of GP. As a result of Master paying its creditors in full, it is anticipated that SFAM will receive a dividend (as creditor) in the sum of c.£2.1m to c.£3.3m depending on final costs and taxation.

On 9 March 2011, the GP Liquidators declared their first interim dividend which will be paid sometime within four months from the date of notice.

Singer & Friedlander Funding Plc (In Administration)

As previously reported, the Administrators applied to Court to determine how to value the claim that Funding has submitted in the administration of KSF for c.£243m in respect of an intercompany debt that KSF owes to Funding.

By way of background, the Administrators considered that, based on case law (the rule in *Cherry v Boulton* and as applied by the case of SSSL Realisations), Funding could not participate in a distribution from KSF in relation to the intercompany debt owed by KSF to it until Funding indemnified KSF in full for payments made by KSF in its capacity as a guarantor of the Notes. The trustee of the Notes was formally authorised by noteholders to participate in the application to argue that the Funding claim should be valued for its full amount and argued that the terms of the trust deed exclude the operation of the rule in *Cherry v Boulton*.

A substantive hearing took place on 8 and 9 December 2009 before the Chancellor of the Chancery Division. The arguments turned mainly on the construction of the terms of the trust deed and whether the exclusion contained therein is sufficiently wide to capture an exclusion of the rule in *Cherry v Boulton*. The hearing concluded on 9 December 2009 and judgment was handed down on 18 December 2009 in favour of KSF. The Chancellor held that the terms of the trust deed did not exclude the rule in *Cherry v Boulton*. This means that Funding’s claim in respect of the intercompany debt would be valued at zero and no dividend is payable by KSF to Funding.

The Trustee sought and was granted leave to appeal directly to the Supreme Court in what is known a ‘leapfrog’ appeal (as the Court of Appeal, the court of next instance, would be bound by the Court of Appeal decision in SSSL Realisations which interpreted the rule in *Cherry v Boulton*). The Trustee filed its application to seek permission from the Supreme Court Appeals Panel to bring the appeal on 29 January 2010. The Supreme Court Appeals Panel has given the Trustee permission to appeal directly to the Supreme Court. A court date had been agreed for January 2011 but that was recently moved by the court to July 2011.

Other subsidiary companies

As previously reported, a high level review of the subsidiary entities has been completed by the Administrators in conjunction with relevant KSF management and staff. The purpose of the reviews of each of the entities was to ascertain their function and/or purpose and review their current financial position.

The review has enabled the Administrators to determine which entities can be dissolved quickly via a strike off process and which will need to be placed into solvent (or potentially insolvent) liquidation in order to realise any value for KSF. 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 of ceasing to act (if applicable)
Singer & Friedlander Investment Management Holdings Limited	31 March 2009	28 February 2011
KB Retail Advisory Limited	16 June 2009	14 September 2010
Sinjul Investments Limited	16 June 2009	
Wintrust Securities Limited	16 June 2009	14 September 2010
Kaupthing Limited	02 July 2009	
Peaston Emerson's Green Limited	11 November 2009	14 September 2010
Singer & Friedlander Trade Finance Limited	21 April 2010	
Clarke London Limited	29 March 2011	

Strike off	Date struck off the register
Singer & Friedlander Secretaries Limited	21 July 2009
Kaupthing Steadfast Limited	21 July 2009

Work is continuing, in conjunction with KSF staff, to resolve issues which will enable further entities to be struck off or liquidated. The aim of this exercise is to minimise the costs of liquidation by resolving issues prior to liquidation.

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

Kaupthing Singer & Friedlander (Isle of Man) Limited (In Liquidation)

As previously reported, the Administrators and the Joint Liquidators of KSIOM were working together to resolve the transactional positions which existed between KSIOM and KSF at the time of KSF's Administration. This process of reconciling the constituent parts of the KSF claim took longer than expected but is now complete and in early February 2011, the terms of a settlement agreement were finalised, in accordance with which the KSF claim in the administration was agreed at £246.1m.

In addition to the KSIOM claim, KSF and the Administrators continue to assist the Joint Liquidators of KSIOM with ad-hoc matters relating to the use of certain shared systems prior to Administration.

Kaupthing Bank hf

As previously reported, the Administrators submitted KSF's claim against Khf and supporting documentation in early December 2009. The gross value of the claim submitted by the Administrators was approximately £753m, subject to set off in respect of claims from Khf under loan sub-participation agreements and agreement of collateral valuations applied by KSF. On 12 May 2010 the Administrators reduced their claim by the aggregate sum of c£58m in respect of the proposed set off of two Khf funded sub-participation agreements.

A summary of the key developments in the period since our last report are set out below.

Following a meeting with representatives of the Khf Winding-up Committee in September 2010, the Administrators received initial queries from the Winding-up Committee in respect of certain elements of the KSF claim, which they responded to in conjunction with their solicitors and the KSF staff in order that the claim adjudication could be progressed. Subsequently, in early November 2010, the Administrators attended a meeting with representatives of the Winding-up Committee, at their request, to discuss Khf's assessment of the KSF Claim. The Winding-Up Committee advised that it was necessary for them to make a determination of

the KSF Claim in advance of the Khf Creditors' meeting convened for 3 December 2010 and they proceeded to outline their position in respect of each of the heads of claim.

After further discussions and informal meetings between representatives of the Winding-up Committee and the Administrators, the Winding-up Committee issued a formal notice of determination of the KSF claim. Whilst the Winding-up Committee have acknowledged KSF is likely to have a valid claim, they have formally rejected the majority of the claim as submitted. The Administrators have lodged formal notification of dispute to the determination of the Winding-up Committee.

The Administrators have subsequently sought to advance informal negotiations with the Winding-up Committee in respect of the areas of dispute. It was initially intended that these negotiations would be completed in advance of the Khf Creditors' meeting convened for 13 April 2011. However, the Administrators are advised that, owing to unforeseen circumstances, the Khf representatives responsible for the negotiations have been unavailable to progress this matter in the timescale originally agreed. Accordingly, we are in the process of agreeing a revised timetable for the with the Winding-up committee.

The Administrators attended the Khf creditors' meeting on 3 December 2010 at which creditors were advised that the Winding-up Committee have made significant progress in respect of the adjudication of priority claims and had issued initial formal determination letters in respect of all claims received. The vast majority of the priority claims have been rejected on the grounds that they have no priority, but some of these rejections have been disputed by the claimants and are progressing through the Icelandic Courts for final determination. We understand that the value of Khf's assets now exceed the level of priority claims agreed by the Winding-up Committee or subject to dispute, and that the Winding-up Committee and the Resolution Committee are now considering options to enable a return to creditors. However, at this stage, the Winding-up Committee have stated that they are unable to provide an estimate of the likely recovery for creditors or provide a timeline for when distributions may start to be paid.

As you will appreciate, at this time, the Administrators are unable to provide an indication of the expected adjudicated net claim against Khf as it is unclear how the Winding-up Committee intend to value all elements of the claim.

The Administrators will 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 Resolution Committee's monthly progress reports to creditors are available on the Khf website (www.kaupthing.com), and provide greater detail in respect of the above and all other matters relating to the Khf estate.

Taxation

The Administrators' Corporation Tax Team is implementing a tax strategy which maximises value for the estate of KSF by ensuring that KSF's corporation tax position is optimised whilst maintaining a constructive relationship with the tax authorities.

The Administrators' VAT Team is also working to ensure that the VAT recovery position is optimised.

Strategy

Together with ensuring that KSF's corporation tax compliance obligations are fully satisfied, the Corporation Tax Team has focused on obtaining payment for the pre-administration corporation tax losses incurred by KSF. To date, KSF has surrendered losses of approximately £26 million in exchange for payments exceeding £7 million for the surrender of these losses.

The Corporation Tax Team has been working with HMRC to ensure that procedures are now in place to efficiently manage KSF's corporation tax compliance requirements going forward and to obtain an early indication from HMRC as to any anticipated enquiries.

Additionally, the team continue to work with the Administrators to ensure any transactions involving KSF's subsidiaries, including refinancing of debt and liquidation processes are managed in a tax efficient manner to minimise any loss to KSF.

The VAT team ensure that KSF's VAT returns are prepared and submitted on time, with maximum VAT recovery and cashflow benefit where possible. The partial exemption method is also being refined to further increase VAT recovery.

KSF's corporation tax compliance is up to date. All corporation tax returns for period up to and including 7 October 2009 have now been filed. Agreement has been reached with HMRC regarding the format of KSF's group relief claim going forward.

4. Creditor update

Non-preferential creditors

As you will be aware, on 3 November 2010 the Administrators issued a notice of their intention to declare a fifth dividend to unsecured creditors. Subsequently, on 8 December 2010, the Administrators declared and paid a fifth dividend of 8p in the £ to creditors whose claims had been admitted to rank for dividend. The initial cost of the dividend to the estate was £347,640,330, being 8p in the pound on claims of £4,345,504,122.

At the time of paying the fifth dividend, the Administrators were 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. At the fifth dividend, the Administrators made a provision of £333,069,592 for unsettled claims in the amount of £628,433,192.

As the disputed and non-agreed claims are resolved, funds reserved at prior dividends are used to settle any dividend entitlements attributable to the finalised claim and any surplus funds reserved against such claim released back to the estate. The Administrators continue to be proactive in processing outstanding claims and new claims received in response to the sixth dividend notice. There are currently 32 disputed claims with a gross value of £392,144,207.

A notice of intention to declare a sixth dividend to unsecured creditors was issued on 4 March 2011 and a copy published at www.kaupthingsingers.co.uk. The last date for proving to qualify for the sixth dividend was 31 March 2011. The Administrators are required to declare and pay the sixth dividend within two months of this date and intend to publish an update in respect of the quantum and timing of the dividend on the KSF website in the week commencing 16 May 2011. It is currently expected this dividend will be paid on or around 24 May 2011.

Further distributions 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.

Estimated outcome for creditors

The Administrators are not in a position to provide confirmation of the exact timing or quantum of future dividends at this time. However, we are conscious that an indication of timing of the sixth dividend is required by creditors in view of financial planning and/or statutory accounting purposes.

The historic 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 £
Total paid to date		53p in £
Next dividend	Provisionally 24 May 2011	Not less than 5p in £

The Administrators will ensure that the sixth dividend is maximised and will notify the quantum to the Creditors' Committee prior to declaring the dividend.

It is also the intention of the Administrators to pay further dividends at regular intervals thereafter, subject to the agreement of 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.

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 unsecured creditors should be in the range of 78p to 86p in the £. The Administrators would stress that this estimate could be lower or higher if 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.

Other 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 967 claims to date with a gross value of c.£5.4bn of which 437 claims (c.£0.6bn) were received from non-Edge depositors. The remaining 530 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. The claims of these creditors rank equally as non-preferential claims.

Claims to a value of c.£0.7bn have been rejected to date, with the current estimated maximum claims not expected to exceed £4.8bn.

Creditors' Committee

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

The Committee has expended significant time in attending the formal meetings, providing assistance with the above and other matters and yet again we wish 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
5. The Trustees of The Singer & Friedlander Limited Pension & Assurance Scheme

By way of Committee member changes, with effect from 8 March 2011, KSFIOM (represented by Michael Simpson of PricewaterhouseCoopers LLC) was appointed to the Committee following the resignation of Transport for London.

5. Other matters

Receipts and Payments account

The Administrators' Receipts and Payments account for the period 8 October 2008 to 7 April 2011 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 cash is held across a number of clearing banks in order to mitigate risk. Some monies are 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 2011, £240m was held on short term money market deposit accounts with funds available to KSF within a month. These funds are included within the cash balances in the Receipts and Payments account.

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 Receipts and Payments.

Statement of Affairs

In view of the redaction of the Directors' SoA, as detailed in earlier reports, 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

Since our last report, the KSF employee headcount has reduced from 68 to 56 staff. This headcount reduction has arisen from the continued focus on core operations and by the ongoing reduction in front office Banking staff as the Loan book operations continue to wind down.

The Administrators have implemented a monthly review with the IT and Operations Team leaders etc to 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 the period of this report, the Administrators, in conjunction with the KSF IT staff, have implemented a data retention project to ensure that relevant electronic data is securely 'captured' ahead of the final KSF closure formalities to be commenced once the Loan Book monies have ultimately been recovered.

The operating cost profile of KSF continues to be managed through a regular cost forecasting process. As part of the costs profile process, KSF management produce detailed forecasted cost analysis for the period to 30 September 2012 (the current end date of the administration), which are regularly updated and reviewed.

In order to obtain maximum flexibility as regards the New Street, EC2 property (the site of the run-off operations), consideration is being given to the surrender of KSF's current lease. The intention is to enter into a flexible short term lease on solely the first floor of the premises and thereby minimise the current leasehold rental costs to December 2018.

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 and manage assets under the Administration. The Compliance, anti-money laundering (AML) and Risk team comprises two regulatory specialist staff to ensure ongoing compliance with FSA and other regulatory requirements.

During the period, there has continued to be regular engagement with FSA and other regulatory authorities on a wide range of regulatory issues, including:

- ▶ Compiling and providing to the authorities information pursuant to their ad hoc requests and undertaking detailed reports on and analyses of historic data, as required;
- ▶ Working with FSA and third party investment managers to dispose of (and in certain cases, wind down) the businesses within the asset management division in an orderly manner, having regard to both the interests of underlying customers and the Administration;
- ▶ Working 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; and
- ▶ Obtaining regulatory waivers from the requirement to produce regulatory and reporting items no longer required for the Administration and agreeing a simplified suite of management information to meet all current regulatory reporting requirements.

In addition, in the context of business as usual, the regulatory team have:

- ▶ Continued to provide updates and guidance on a variety of relevant regulatory developments and provided the training to all staff at KSF and the Asset Finance leasing subsidiaries, to meet their anti-money laundering obligations;
- ▶ Continued to review activities to identify regulatory risks and ensure related controls and compliance input are put in place as required;
- ▶ Continued to handle complaints in line with Company policy, FSA guidelines with regard to Complaints and Treating Customers Fairly and had regular dialogue with the Financial Ombudsman Service, as required;
- ▶ Provided input and regulatory guidance as to the ongoing retention of Company records;
- ▶ Reduced the number of FSA approved persons to reflect the revised nature of activities in Administration;
- ▶ Conducted business as usual monitoring:
 - ▶ Compliance (including personal account dealing, setting up Chinese walls and undertaking conflicts of interest and specific transaction and trade reviews as required);
 - ▶ AML (including counterparty screenings and sanctions checks); and
 - ▶ Operational Risk (including testing the Bank's disaster recovery processes).

These monitoring activities have not identified any significant issues in the period.

- ▶ Continued to provide regulatory guidance and support to the Administration; and
- ▶ Maintained regular dialogue with, and reported on a regular basis to, the FSA and other regulatory authorities in line with continuing obligations under the FSA, Transparency Directive, Takeover Panel and London Stock Exchange rules.

Legal issues

Bank of England Account

As previously reported, the Administrators applied to the High Court for directions in relation to how certain monies deposited in an account (the "Account") with the BoE should be distributed in accordance with a First Supervisory Notice issued by the FSA on 3 October 2008. The judgment was handed down on 10 July 2009 and the Judge granted permission for all parties to appeal the judgment. All parties (except for the Administrators) filed an Appellant's Notice with the Court of Appeal.

The appeal hearing was held on 23 and 24 March 2010 and Judgment from the Court of Appeal was handed down on 27 May 2010. Further details in respect of the judgment can be found on the KSF website.

The Administrators, in conjunction with KSF staff, have undertaken a detailed reconciliation of the deposits made during the period 2 to 7 October 2008 to determine how the funds held in the Account should be distributed in accordance with the Court of Appeal judgment.

The reconciliation process has been complex and time consuming with in excess of 17,000 accounts affected by transactions in the relevant period which had to be reviewed. The reconciliation exercise has now been completed, and the Administrators have undertaken an exercise to determine the impact of any entitlement in the Account arising from payments made through the administration dividend or FSCS compensation processes.

The Administrators had intended to distribute the funds in the Account by the end of April 2011. However, it has been necessary to take further legal advice in relation to interpretation of the entitlements of one particular class of depositor to the funds in the Account. This has necessitated a further limited reconciliation which is now complete. On the assumption that no further significant issues arise, the Administrators will contact those beneficiaries who are entitled to reimbursement from the Account by the end of May 2011. The Administrators will provide an update on the KSF website if there are any changes to this timetable.

In addition to their basic entitlement, each beneficiary will receive their pro-rata entitlement to net interest earned (after deduction of legal costs) on funds held in the Account. The beneficiaries will be responsible to account for any tax liability on the interest they receive.

Creditors should note that the Trust monies of c.£147m are not recognised in the Receipts and Payments account reflected in Appendix A.

Challenges to the Administrators' decisions on creditors' insolvency claim forms

The Administrators continue to progress matters arising from a creditor of KSF who applied to the Court under Rule 2.78 of the Rules to appeal the Administrators' decision on the insolvency claim which it had lodged in the Administration in respect of the valuation of positions under CfDs that KSF entered into prior to the Administration. As previously reported, the Administrators consider that KSF has significant money claims against the creditor.

In late 2010 the Court rejected an appeal by a separate creditor under Rule 2.78 of the Rules against the Administrators' decision to reject a proof of debt submitted by a party asserting that it was owed amounts in respect of CfDs entered into with KSF prior to the Administration, and subsequently gave summary judgement in favour of the Administrators entitling it to recover amounts owed to KSF.

In respect of the other creditor, a negotiated settlement has been achieved and an order of the Companies Court dismissing the challenge to the Administrators' determination is expected shortly.

Singer & Friedlander Funding Plc (In Administration)

This is reported upon in the other subsidiary companies section on page 9 of this report.

Application for directions in relation to certain shares

As previously reported, the Administrators were in dispute with Sportsdirect.com Retail Limited (“Sports Direct”) regarding the ownership of shares in Blacks Leisure Group plc and JD Sports Fashion plc. Sports Direct alleged that a transaction was entered into immediately prior to KSF’s entry into administration that had the effect of selling the shares to Sports Direct which the Administrators did not accept.

A judgement was issued by the High Court in May 2010 in favour of Sports Direct. The Administrators decided to appeal the judgement to the Court of Appeal. However, the Administrators and Sports Direct reached a commercial settlement which the Administrators consider to have been in the best interests of creditors.

The Singer & Friedlander Limited Pension & Assurance Scheme

One of the largest outstanding unagreed claims is from KSF’s main pension scheme (the “Scheme”). The Scheme is currently in an assessment period under the Pensions Act 2004, so the claim is currently from the Pension Protection Fund (“PPF”) on behalf of the Trustee of the Scheme. A sum has been provisionally admitted to allow the Scheme to benefit from the initial distributions whilst the Debt on Employer matter referred to below, is being finalised.

The Scheme’s debt on KSF is known as the calculation of section 75 debt. The key outstanding point of principle between KSF and the Scheme Trustee on the calculation of the s75 debt is the date the Scheme’s actuary should use for undertaking the calculation. This calculation relates to the cost of purchasing annuities. KSF’s view is that the appropriate date is the date the s75 debt was triggered (8 October 2008) whilst the Trustee considers that the appropriate date should alternatively be the date the Scheme actuary undertakes the calculation.

As the basis for calculating the s75 debt is open to interpretation (and because there is potentially a significant sum of money at stake), the Trustee has been advised that it should seek Court clarification (Chancery Division), on the point.

Following various meetings with the Scheme Trustee, it has been agreed with the Trustee that an application will be made to Court for directions on the correct interpretation of Regulation 5 of the Employer Debt Regulations 2005.

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 previously reported, the Creditors’ Committee approved an hourly fee rate increase of 3% with effect from 1 July 2010, at a meeting held on 23 September 2010.

As part of the 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 five six-month periods since the date of appointment are analysed in the table below.

Period to	Total time costs (£)	Total hours	Average hourly rate (£)
7 April 2009	17,941,057	48,745	368
7 October 2009	8,453,547	25,919	326
7 April 2010	6,594,599	18,381	359
8 October 2010	5,671,138	15,247	372
8 April 2011	4,658,142	12,144	384
Total	43,318,483	120,436	360

The Administrators' time costs incurred in the period from the date of appointment to 8 April 2011 total £43,318,483 plus VAT. An analysis of the time spent for this period in accordance with SIP 9, is attached as Appendix D. 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.

It should be noted that the SIP 9 fee matrix overstates the total time costs since 1 July 2010 by 2% as it reflects EY's standard London office chargeout rates and not necessarily the actual fees approved for payment. In the period since our last report, the Creditors' Committee has approved a further £4,925,788 of time costs, exclusive of VAT. These fees will have been billed and the costs (gross of VAT), reflected in the Administrators' Receipts & Payments account.

The volume of hours worked by the Administrators' staff has reduced by approximately 20% over the last six months. In view of the ongoing run-off of the Banking loan book, the level of hours is likely to further reduce in the next six months.

To date, the sum of c.£420,000 (inclusive of VAT) has been drawn in respect of disbursements. All disbursements have been approved by the Creditors' Committee as part of the general fee approval process. However, separate formal approval was obtained from the Creditors' Committee to sanction the drawing 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' expenses total £20,563 plus VAT.

Appendix A Receipts and payments account for the period 8 October 2008 to 7 April 2011

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

	8 October 2008 to 7 October 2010 £'000 ¹	Six months to 7 April 2011 £'000 ¹	Total £'000 ¹	Notes
Receipts				
Cash taken over	404,498	(3,501)	400,997	2
Property loans	346,046	73,608	419,654	3
Private banking	435,374	138,948	574,322	4
Corporate loans	537,745	57,768	595,513	5
Asset Finance	156,391	165,597	321,988	6
Realisations from Transitional Service Agreements	13,228	1,114	14,342	7
Tax	7,283	3,275	10,558	8
Rental income	4,142	1,068	5,210	
Share realisations and dividends	337,376	344	337,720	9
Financial instrument receipts	289,219	6,072	295,291	10
Inter-account cross currency receipts	513,822	99,099	612,921	11
Other realisations and interest	14,447	2,895	17,342	12
Unallocated receipts	4,841	(4,129)	712	13
Total receipts	3,064,412	542,158	3,606,570	
Payments				
Supplier payments	19,251	2,061	21,312	
Staff wages and related expenses	47,819	5,629	53,448	
Drawdown payments	33,967	3,984	37,951	14
Legal and other professional fees	26,664	1,595	28,259	
Cash ratio deposit to Bank of England	457	(457)	-	15
Insurance	578	46	624	
Administrators' fees	43,490	5,883	49,373	
Administrators' disbursements	396	24	420	
Rent, rates and utilities	8,717	1,555	10,272	
Tax	84	-	84	
Financial instrument settlements	5,613	9	5,622	16
Inter-account cross currency payments	523,280	81,707	604,987	11
Cheques and direct debits released post admin	1,207	(3)	1,204	17
Bank charges and interest	314	31	345	
Unallocated payments	173	(173)	-	
Distributions				
Distribution to preferential creditors	305	-	305	
Distribution to unsecured creditors	1,955,648	369,327	2,324,975	
Total payments	2,667,963	471,218	3,139,181	
Foreign exchange gain/(loss)		137	137	1
Closing balance	396,449	71,077	467,526	

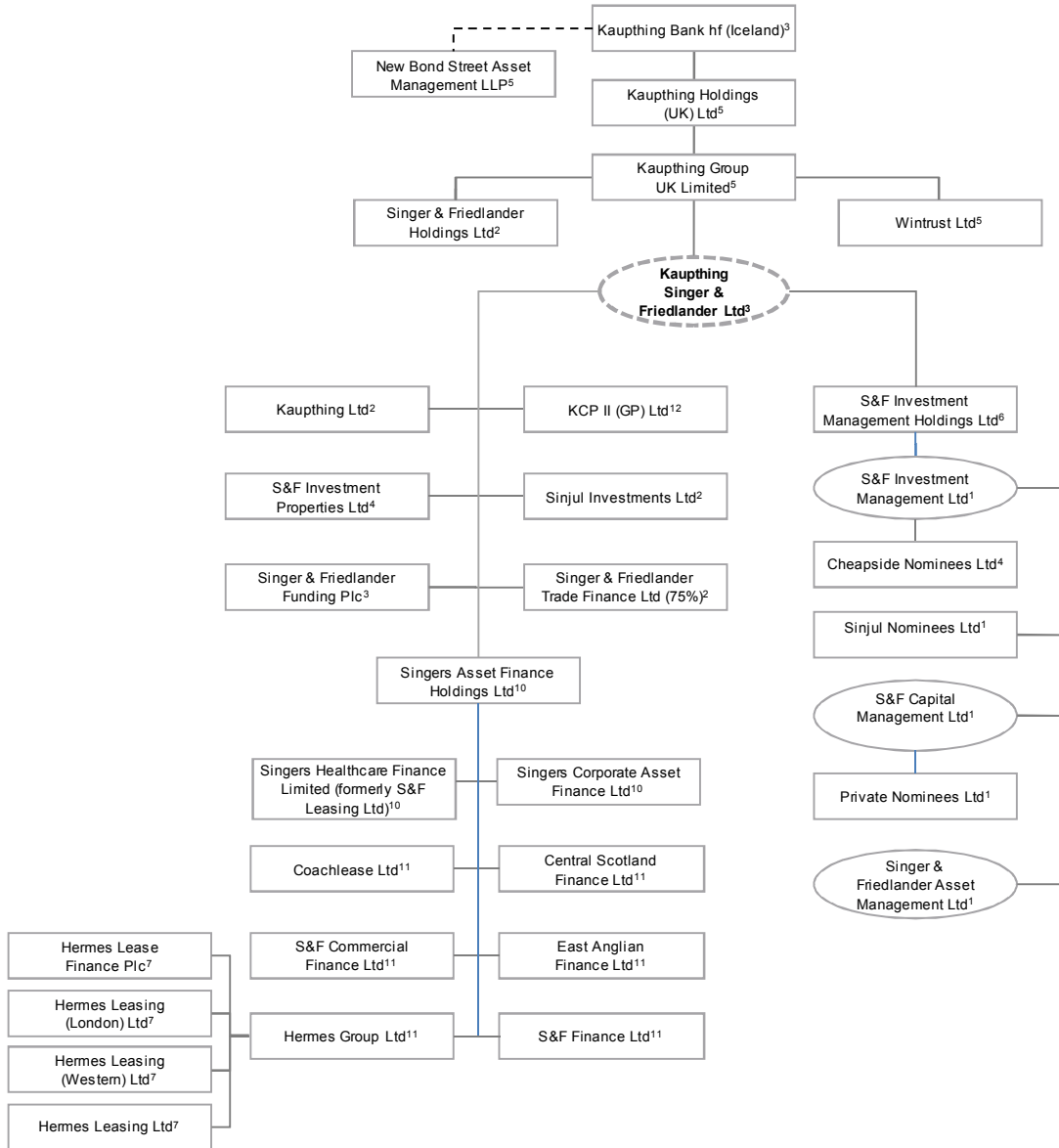
Notes

1. *Foreign currency transactions (excluding Euro and US Dollar) were previously converted into Sterling using an exchange rate as at the period end date of the report. These foreign currency transactions are now converted into Sterling using the exchange rate at the relevant date of each transaction to avoid unnecessary exchange movements. The net effect of these changes is shown as a foreign exchange gain/(loss).
With regard to Euro and US Dollar receipts and payments, these transactions are converted into Sterling using the exchange rate as at 7 April 2011.*
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. The reduction in Sterling receipts is a result of the change detailed in Note 1.*
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.*
7. *This represents payment for services provided in respect of businesses that have been sold or transferred (SFIM, SCAF 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.*
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.*
12. *This includes sundry debtors, interest received and miscellaneous receipts such as proceeds from the sale of property, 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. *These are drawdowns provided to existing customers across the loan books in respect of loans which are still being funded by KSF.*
15. *KSF continues to be regulated by the FSA and after administration continued to be a deposit holding bank, and was required to maintain a cash ratio deposit (CRD) with the BoE. In May 2010, eligible liabilities fell below the required level and consequently, the CRD of £457k was returned.*
16. *These figures represent treasury derivatives close out agreements between KSF and two counter-parties involving FX, Interest rate and Equity Swaps.*
17. *These payments were released immediately after appointment and before any stop could be placed on them. The reduction is a result of the change detailed in Note 1.*

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. Looking to place the entity into members' voluntary liquidation
2. Entity is in members' voluntary liquidation
3. Entity is in administration
4. Entity is currently under review to decide its strategy going forward
5. Entity is outside the jurisdiction of the Administrators of KSF Limited
6. FGM of members' voluntary liquidation held on 28 February 2011 – to be dissolved shortly
7. Asset Finance entity
8. Refer to the body of the report, or previous reports, for further details
9. Intended to be placed into members' voluntary liquidation, with KPMG as Liquidator
10. New company, with restructuring completed in August 2009
11. Business and assets have been transferred to Singers Corporate Asset Finance Limited
12. Entity is in compulsory liquidation

Appendix D Summary of Administrators' time costs for the period 8 October 2008 to 8 April 2011

Classification of work by function	Breakdown of hours charged by grade				Total hours	Total time costs (£)	Avg. hourly rate (£)
	Partner/Director	Manager	Other senior professionals	Assistants & support			
Accounting and admin.	1,258.4	4,236.8	7,545.5	12,130.0	25,170.7	6,483,850.2	258
Asset Finance	747.8	823.6	180.1	12.5	1,764.0	884,793.5	502
Bank and statutory reporting	422.4	1,436.4	952.8	183.2	2,994.8	1,186,607.5	396
Banking book	2,740.7	6,119.6	5,939.7	4,979.0	19,779.0	6,935,128.5	351
Creditors	613.7	2,714.6	2,409.7	2,942.9	8,680.9	2,650,327.0	305
Debtors	65.0	71.5	10.8	138.9	286.2	102,753.5	359
Edge decommissioning	19.0	522.8	299.5	11.0	852.3	301,342.5	354
Edge retail accounts	1,636.5	4,243.0	4,222.7	1,710.6	11,812.8	4,311,844.0	365
Edge retail migration	249.0	1,264.8	32.5	-	1,546.3	765,478.0	495
Employee matters	880.3	665.1	407.4	274.7	2,227.5	983,560.0	442
Help desk	-	24.1	60.5	861.0	945.6	165,622.5	175
Immediate tasks	312.5	207.0	437.5	718.1	1,675.1	510,507.5	305
Investigations and CDDA	205.5	139.9	135.1	40.5	521.0	255,883.5	491
Investment banking	57.0	47.0	-	-	104.0	55,960	538
IT Wind Down Project	1.5	526.9	314.5	-	842.9	382,903.5	454
KSF Capital Markets	717.3	73.6	324.2	0.7	1,115.8	640,997.0	574
Legal issues	558.2	643.5	21.6	-	1,223.3	637,928.5	521
Members	-	1.4	-	-	1.4	504	360
Non-Edge IT support	-	192.1	3.0	-	195.1	79,896.5	410
Other assets	586.3	911.1	558.9	769.0	2,825.3	1,055,435.5	374
Property	1,158	6,405.3	8,834.2	1,893.3	18,290.8	6,944,440.0	380
Public relations issues	10.0	42.1	-	2.0	54.1	17,553	324
Retail book	117.0	500.7	378.3	44.0	1,040.0	452,763.5	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	140.3	184.1	129.5	3.3	457.2	207,401.5	454
Trading	524.4	1,491.4	1,581.3	1,653.8	5,250.9	1,593,161.0	303
VAT and taxation	1,489.0	3,337.0	1,612.1	558.2	6,996.3	4,064,128.4	581
Total hours	15,131.8	38,313.7	37,760.2	29,229.9	120,435.6	43,318,482.6	360
Total time costs (£)	10,564,623	17,771,967	10,298,532	4,683,361			
Average hourly rate (£)	698.2	463.9	272.7	160.2			

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.