


Administrator's progress report

2.24B

Name of Company Keydata Investment Services Limited	Company Number 03714989
In the High Court of Justice, Chancery Division, Companies Court (full name of court)	Court case number 14997 of 2009

We, Dan Yoram Schwarzmann and Mark Charles Batten of PricewaterhouseCoopers LLP, 7 More London Riverside, London SE1 2RT, Administrators of the above company, attach a progress report for the period

from 8 December 2011 to 7 June 2012

Signed 
 Joint Administrator

Dated 6 July 2012

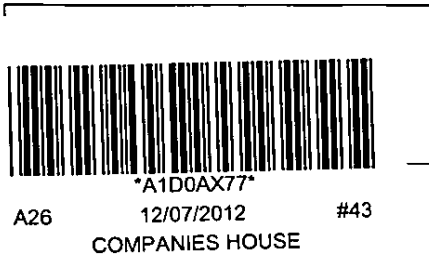
Contact Details:

You do not have to give any contact information in the box opposite but if you do, it will help Companies House to contact you if there is a query on the form. The contact information that you give will be visible to searchers of the public record.

Kathryn Fox of PricewaterhouseCoopers LLP, 7 More London Riverside London SE1 2RT	
Tel 020 7213 5267	Fax 020 7212 6800
DX Number	DX Exchange

When you have completed and signed this form please send it to the Registrar of Companies at
 Companies House, Crown Way, Cardiff, CF14 3UZ DX 33050 Cardiff

THURSDAY





**Keydata Investment Services Limited
(in Administration)
High Court of Justice, Chancery Division, Companies Court
Case No. 14997 of 2009**

**Joint Administrators' progress report for the period from 8 December 2011
to 7 June 2012**

6 July 2012

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1. Joint Administrators' progress report

Introduction

Keydata Investment Services Limited ("the Company") was placed into Administration, a formal insolvency procedure, on 8 June 2009

We, Dan Schwarzmann and Mark Batten of PricewaterhouseCoopers LLP, were appointed as Joint Administrators of the Company. In our role as Joint Administrators we act as officers of the Court and are granted powers to control the finances and operations of the Company

As Joint Administrators, we have to complete certain statutory duties, as prescribed by the Insolvency Act 1986, and follow guidance provided in Statements of Insolvency Practice issued by professional bodies responsible for the authorisation and regulation of Insolvency Practitioners

Our statutory duties include providing all known creditors with an update on the progress of the Administration every six months following the date of our appointment. This is in accordance with Rule 2.47(3)(a) of the Insolvency Rules 1986. This is our sixth progress report to creditors

A copy of this report is available for interested stakeholders on our dedicated website www.pwc.co.uk/KIS. We encourage creditors to review this website on a regular basis to obtain future updates

Creditors of the Company

We consider any individual or company who has received a copy of this report to be a potential creditor of the Company. This includes Independent Financial Advisors ("IFAs"), former employees who are owed monies by the Company and trade creditors

Investors in products administered by the Company are only creditors if they have suffered a loss caused by the Company. We consider the following categories of investors may be creditors

- investors with SLS Capital SA (in Liquidation) ("SLS") backed products described as Secure Income Bond 1, 2 or 3,
- investors with Hometrak SA (Hometrak) backed products described as Income Property Bonds,
- investors with Lifemark SA (in Liquidation) ("Lifemark") backed products described as Secure Income Plan, Income Plan, Defined Income Plan or Secure Income Bond 4

Any investor who has received compensation from the Financial Services Compensation Scheme ("FSCS") or ex gratia payments from Norwich & Peterborough Building Society (now Yorkshire Building Society) ("N&P") is likely to have assigned their entitlement to rank as a creditor of the Company to that entity

Accordingly, we have not circulated a copy of this report to any creditor identified, at this time, as having received compensation from the FSCS or ex gratia payments from N&P. However, a copy of this report is available to view on our website

Objective of the Administration

The statutory objective of the Administration is

- to achieve a better result for the Company's creditors as a whole than would be likely if the Company were wound up, without first being in Administration

Our specific objectives in this case include

- to protect all client accounts, and
- to deal with investors, IFAs and trade and other creditors regarding their claims against the Company

1. Joint Administrators' progress report

Next report

Our next report will be distributed to creditors in six months' time. In the interim, we will continue to update our website with matters of significance



Dan Schwarzmann
Joint Administrator
Keydata Investment Services Limited

Dan Schwarzmann and Mark Batten of PricewaterhouseCoopers LLP were appointed Joint Administrators of Keydata Investment Services Limited on Monday 8 June 2009, to manage its affairs, business and property as agents without personal liability. Dan Schwarzmann and Mark Batten are licensed in the United Kingdom to act as insolvency practitioners by the Institute of Chartered Accountants in England and Wales

The Joint Administrators are Data Controllers of personal data as defined by the Data Protection Act 1998. PricewaterhouseCoopers LLP will act as Data Processor on their instructions. Personal data will be kept secure and processed only for matters relating to the Administration

1. Joint Administrators' progress report

Overview of the Administration

The Company administered its own structured (blue chip backed) investment products, life settlement products, income property bonds and products on behalf of third party clients

At the date of our appointment, the Company serviced approximately 260,000 investors with investments totalling some £2.85 billion

Reading administration platform

In order to mitigate future costs in the Administration, on 29 February 2012 the administration office located in Reading, was closed and all nine employees were made redundant. At this time, the handling of investor queries was taken over by the Joint Administrators' staff

The Joint Administrators' staff continue to respond to a significant number of queries from investors and currently receive and service approximately 200 calls a month from investors, many of them in relation to determining the status of their investment, investors' eligibility to claim compensation from the FSCS and reinvestment of any compensation received into another ISA product

We continue to receive a large quantity of correspondence from investors, IFA's and other parties. We continue to provide investors with information so that they may properly assess their position and the options available to them. The Joint Administrators also continue to be in close contact with the FSCS in this respect

Funding position

We detailed in our last report that, as no commission payments had been remitted from Lifemark during the period of our Administration, we had approached Credit Suisse (then the largest client of the Company) for its financial assistance

Credit Suisse has provided the Company with a non-recourse loan of £3.2 million on commercially favourable terms to the Company

As previously disclosed, we have also approached other banks (who were clients of the Company or who backed its structured products) to provide funding. We obtained their agreement in principle to additional funding of approximately £2.2 million on similar terms to those of Credit Suisse. The funding arrangements with these banks are still to be finalised but one bank has now paid £1.16 million into the Administration to meet certain costs

An agreement was entered into with the Provisional Administrator of Lifemark for the costs of the Reading operation and the Joint Administrators' fees associated with processing the voting instructions for the Lifemark bondholder meetings (referred to below) to be met by Lifemark

The Joint Administrators have drawn fees in the sum of £334,477 (plus VAT) in the period 8 December 2011 to 7 June 2012 from funds provided by Lifemark. We continually monitor the Company's cashflow and potential future funding requirements

Website updates

We continue to update our website www.pwc.co.uk/KIS on a regular basis with news and information for creditors and other interested stakeholders

The website is divided into various sections so that interested parties can immediately identify and navigate to the relevant information. The sections include information for investors and IFAs, and specific sections for parties interested in any developments in relation to Lifemark and SLS. The website also offers useful links to various other sites and we encourage creditors, particularly those with Lifemark, SLS or Hometrak products, to view this site on a regular basis

1. Joint Administrators' progress report

Future prospects

The future strategy of the Administration will depend on the progress of pursuing recoveries from third parties and the Lifemark liquidation process

1. Joint Administrators' progress report

SLS backed products

As previously reported, Baden & Baden, based in Luxembourg, has been appointed as the liquidator of SLS. We have requested an update from Baden & Baden, however we are yet to receive a response.

In November 2009 the FSCS confirmed the Company to be in "default" and wrote to all investors in Secure Income Bonds 1, 2 and 3 inviting them to submit a claim for compensation. Before confirming the Company to be in default, the FSCS had to consider complex legal issues associated with this case in order to establish the categories of claim that it was able to consider and the correct approach to assessing those claims.

The FSCS has indicated that, whilst it must consider claims on a case by case basis, the vast majority of investors in Secure Income Bonds 1, 2 and 3, who held investments through an ISA, will be entitled to compensation. Investors who hold a direct investment in Secure Income Bonds 1, 2 and 3 will also be able to bring claims for compensation to the FSCS and these will be considered on a case by case basis in light of an investor's particular dealings with the Company.

We strongly encourage investors to submit their claim for compensation to the FSCS if they have not already done so. Please note that the final decision as to whether an investor is entitled to receive compensation rests with the FSCS alone.

The maximum compensation available to each individual investor will be £48,000, calculated as 100% of the first £30,000 loss suffered and 90% of the next £20,000 loss suffered.

Please contact the FSCS directly on 020 7741 4100 or alternatively 0800 678 1100 if you have not received a claim form or wish to discuss your claim.

Any investor who has received compensation from the FSCS is likely to have assigned their entitlement to rank as a creditor of the Company to that entity.

Norwich & Peterborough Building Society's (now Yorkshire Building Society) ex gratia payments to its clients

All investors who have received an ex gratia payment from N&P will have assigned their entitlement to rank as a creditor of the Company to N&P.

N&P's programme of making ex gratia payments to its Keydata customers in exchange for the assignment of rights is nearing completion. This process includes a settlement with the FSCS where it had previously issued payments to Keydata customers.

Reinvestment in an ISA product

Keydata distributed ISA reinvestment certificates to investors who held ISA products backed by SLS.

This certificate enables ISA investors to deposit the amount of capital originally invested in these products back into an ISA and thus regain their ISA tax exemptions. In addition, ISA investors holding products backed by SLS via an ISA manager other than Keydata will benefit in the same way.

If you have not received an ISA reinvestment certificate and are eligible to do so please contact either Vinesh Vagadia on 020 7212 1456 or Kathryn Fox on 020 7213 5267 to request a replacement.

It is understood that new legislation is being considered which will provide investors with a set timeframe within which to reinvest in an ISA product. We will keep investors informed of any progress via the website.

1. Joint Administrators' progress report

Hometrak backed products

We have previously communicated to Hometrak investors that a bank had appointed receivers over the US property complexes underlying the Income Property Bonds. We are advised that the two apartment complexes, Regency Pointe and Royal Summit, were subject to foreclosure on 3 August 2010 and 27 May 2010 respectively.

In January 2011 we reported on our website that, at the date of foreclosure over Royal Summit, the Bank's indebtedness was some \$8.5 million and following the sale of the complex the Bank incurred a loss in excess of \$6 million. Accordingly, investors will receive no return from this particular apartment complex.

Despite numerous attempts to contact the Receivers dealing with the Regency Pointe complex we are yet to receive a response. We consider it unlikely that there will be any return from this apartment complex.

FSCS compensation

The FSCS has issued forms to all Hometrak investors to enable them to submit claims for compensation in respect of any loss relating to these products.

We strongly encourage investors to submit their claim for compensation to the FSCS if they have not already done so. Please note that the final decision as to whether an investor is entitled to receive compensation rests with the FSCS alone.

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Please contact the FSCS directly on 020 7741 4100 or alternatively 0800 678 1100 if you have not received a claim form or wish to discuss your claim.

Any investor who has received compensation from the FSCS is likely to have assigned their entitlement to rank as a creditor of the Company to the FSCS.

Reinvestment in an ISA product

Keydata distributed ISA reinvestment certificates to investors who held ISA products backed by Hometrak.

This certificate enables ISA investors to deposit the amount of capital originally invested in these products back into an ISA and thus regain their ISA tax exemptions. In addition, ISA investors holding products backed by Hometrak via an ISA manager other than Keydata will benefit in the same way.

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It is understood that new legislation is being considered which will provide investors with a set timeframe within which to reinvest in an ISA product. We will keep investors informed of any progress via the website.

1. Joint Administrators' progress report

Lifemark backed products

The investment products backed by Lifemark are described as a Secure Income Plan, Income Plan, Defined Income Plan or Secure Income Bond

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Income payment position

Since 25 January 2010 no income or capital has been received from Lifemark for onward transmission to investors. The Company is unable to make payments to individual investors until it has received the corresponding funds from Lifemark.

Current status

We have been working alongside the former Provisional Administrator of Lifemark to implement a restructuring of Lifemark through a controlled liquidation (see below). The aim of this is to facilitate the recovery of funds for those investors that have not received compensation as well as the FSCS which has taken assignment of investors' claims when paying compensation to investors.

Meetings of the Bondholders of each of the 25 Bond issues were held on 13 February 2012 to consider and vote upon five resolutions as set out in the Explanatory Memorandum issued by the Provisional Administrator dated 21 December 2011.

The key aspect of the resolutions was a "controlled liquidation" proposal by Lifemark. This proposal was intended to allow flexibility for a liquidator to manage and if appropriate "realise the assets of [Lifemark] through controlled, non-distressed sales of appropriate and selected assets" and to facilitate the use of loan funding to enable the continued payment of premiums on the policies. Under the controlled liquidation proposal holders of Lifemark Bonds would be paid pro-rata in relation to their

rights as and when sufficient proceeds from maturity or sale of the life policies permit.

Four of the 25 Lifemark meetings scheduled for 13 February 2012 were inoperative with those meetings being adjourned and then reconvened for 28 February 2012. On this date, once again, not all of the adjourned meetings were quorate and, as such, not all five resolutions were passed by all of the meetings. SMP Trustees Limited, the Trustee, recently obtained a judgement from the English Court which has broadly ratified the required resolutions.

On 10 February 2012, the Commission de Surveillance du Secteur Financier ("CSSF"), the Luxembourg financial regulator notified Lifemark of its decision to withdraw Lifemark's licence as a regulated securitisation undertaking under the Luxembourg law of 22 March 2004 on securitisation. As a result of this decision any payments by Lifemark have been suspended. Lifemark was also prohibited to take any measures other than protective measures, unless otherwise authorised by the CSSF. The CSSF's decision became final on 11 March 2012.

In a hearing held on 3 May 2012, the District Court in Luxembourg was requested to pronounce the dissolution and order the liquidation of Lifemark and on 11 May 2012 the Court did so. The Court has nominated Mr Jean-Paul Hoffmann as bankruptcy judge and Maitre Alain Rukavina as liquidator. The judgement terminates the functions of the CSSF as supervisory commissioner of Lifemark. Following judgement, it was anticipated that the Lifemark Bonds would be restructured in a controlled liquidation. However, at this stage we have not received any confirmation from the liquidator of Lifemark as to the strategy that will be adopted to realise Lifemark's assets.

The Company has a key role in dealing with the Lifemark Bondholders as some 94% by value are Keydata investors. The Company assisted in the administration of the Lifemark meetings for which it has been reimbursed by Lifemark. The Company may also have a future role in the processing of payments to investors and in investor communications. However, until

1. Joint Administrators' progress report

details of the strategy of the Lifemark liquidation are known there is uncertainty about the future role of the Company in this regard

We do not know at this stage the extent to which investors who have not assigned their claims to the FSCS (or any other third party) may receive income or capital through the liquidation

We suggest that Lifemark investors refer to our website on a regular basis for updates on any progress

FSCS

As previously reported, at the end of September 2010 the FSCS announced that "it was satisfied that the marketing materials produced by Keydata to promote the [Lifemark backed] products did not comply with the Financial Services Authority's ("FSA") rules" meaning that the Company "may owe a legal liability to investors in these products"

As a result, the FSCS invited Lifemark investors to submit claims for compensation so that it was able to assess each investor's eligibility. At that time the FSCS was still investigating the basis on which it was to pay compensation to investors as there was uncertainty over the value attributable to the Lifemark bonds

At the end of November 2010, the FSCS made a further announcement that "these bonds have no value for FSCS in quantifying the claims of individual Lifemark investors Compensation payable to eligible investors will not, therefore, be reduced to take account of an amount representing a value for the bonds"

We strongly encourage investors to submit their claim for compensation to the FSCS if they have not already done so. Please note that the final decision as to whether an investor is entitled to receive compensation rests with the FSCS alone

The maximum compensation available to each individual investor will be £48,000, calculated as 100% of the first £30,000 loss suffered and 90% of the next £20,000 loss suffered

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1. Joint Administrators' progress report

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It is understood that new legislation is being considered which will provide investors with a set timeframe within which to reinvest in an ISA product. We will keep investors informed of any progress via the website

Surrender restrictions

Prior to our appointment, investors were able to surrender Lifemark backed products

This was possible because when an investor wished to surrender their investment it would be offered to the market and another party would purchase it. However, there is no longer an active market for these investments and surrenders are not presently possible

Any investor who is not eligible to claim compensation from the FSCS or entitled to receive ex gratia payments from N&P, or who does not wish to submit such a claim for compensation, will have to hold their investment, subject to the terms of the liquidation

Commissions payable to the Company

The Company has not received any commission payments from Lifemark since our appointment on 8 June 2009. The total amount outstanding to the Company at the end of April 2012 was £22.75 million

The Company has not waived any of its rights to receive payment from Lifemark and has submitted all due invoices to Lifemark's former Provisional Administrator. However, in view of the liquidation of Lifemark it would not appear to be feasible for any recovery to be made in relation to these commissions

1. Joint Administrators' progress report

Asset realisations

Fundworks UK Limited loan

The Company provided a loan for £1 million to Fundworks UK Limited, on 27 September 2007

On 12 January 2010 Generic One Limited, previously known as Fundworks UK Limited, moved from Administration to Liquidation. We understand from the Liquidators that any dividend available to the Company is dependant on the outcome of litigation against the directors of Generic One Limited.

We continue to communicate with the Liquidators and expect a nominal dividend may be paid to the Company in the future.

Dividend prospects

The level of dividend available for preferential and unsecured creditors is dependent upon potential recoveries from third parties.

On a worst case basis, if we do not make such recoveries there will likely be no dividend for preferential or unsecured creditors.

If sufficient funds are available, we will consider various potential causes of action for recoveries against third parties. We are in discussion with parties who may be prepared to fund the investigation of such recoveries. It is still not possible to comment on recovery prospects for any such potential litigation.

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Creditors' Committee

A Creditors' Committee was elected at the meeting of creditors held on 14 August 2009. The elected members were

- Credit Suisse Securities (Europe) Limited
- Her Majesty's Revenue and Customs ("HMRC")
- John Joseph Financial Services Limited
- Peter Magowan
- Vintage Financial Limited

We, and the Creditors' Committee, have agreed for the following parties to be observers

- Bruce Hattersley
- FSA
- FSCS
- HFM Columbus Wealth Management Limited

The observers are able to contribute to the meetings. However, they are not able to vote on proposed resolutions.

Members and observers of the Creditors' Committee are not remunerated for their time and other than receiving travel expenses, they receive no payment from the Company.

Function and role of the Committee

The statutory function of the Creditors' Committee is to assist us in discharging our responsibilities as set out in the Insolvency Act 1986.

The responsibility of the Creditors' Committee is to represent the interests of the unsecured creditors as a whole, rather than the interests of certain parties or individuals.

Committee meetings

Following the election of the Creditors' Committee there has been

- A first formal meeting spanning two full days held on 7 October 2009 and 23 October 2009
- A second formal meeting on 23 November 2009
- A third formal meeting on 30 April 2010
- A fourth formal meeting on 1 December 2010
- A number of informal telephone calls with members and observers of the Committee to address specific matters.

The Creditors' Committee, mindful of time and cost implications, have agreed that no further meetings are to be held unless there are significant developments in relation to a restructuring of Lifemark or any other matter pertaining to the Company.

1. Joint Administrators' progress report

Extension of the Administration and exit strategy

Extension of Administration

Under the provisions of the Insolvency Act 1986 the duration of any Administration Order is restricted to 12 months from the date of appointment, unless it is extended either by creditors or by the Court. The Administration Order was previously extended to 7 June 2011 and subsequently to 7 June 2012.

We made a further application to Court to extend the term of the Administration. An extension to 6 June 2014 was granted by the Court on 25 May 2012.

Please note that the Administration can be brought to an end at a date earlier than 6 June 2014 if we believe that it would be in the Company's best interests to do so.

At the time of making the application to Court, we considered that an extension of the Administration was necessary to enable us

- to explore whether the liquidator of Lifemark would need our assistance in dealing with Lifemark Bondholders,
- to address ongoing investor queries and correspondence,
- to protect the contractual arrangements entered into by the Company in relation to SLS and Lifemark,
- if possible, to realise further assets for the benefit of creditors as a whole, and

- to continue our investigations into the Company's relationship with SLS and other counterparties should funds become available for this purpose

Exit strategy

We may use any exit route strategy, or a combination of them, in order to bring the Administration to an end. We will determine the exit strategy for the Company once we have more certainty on the position of Lifemark and whether we have any funds to pursue litigation against certain parties.

If it is possible to distribute a dividend to unsecured non-preferential creditors, we may seek to move the Company into Creditors' Voluntary Liquidation. In these circumstances, we propose to act as Joint Liquidators of the Company.

However, if a dividend distribution is not possible we will file notice under Paragraph 84(1) of Schedule B1 of the Insolvency Act 1986, three months after which the Company will be dissolved.

We will approach the Creditors' Committee to be discharged from liability pursuant to Paragraph 98(1) of Schedule B1 of The Insolvency Act 1986.

2. Statutory and other information

Court details for the Administration:

High Court of Justice, Chancery Division, Companies Court,
Number 14997 of 2009
Keydata Investment Services Limited
Keydata Investment Services Limited
3714989
7 More London Riverside, London, SE1 2RT
Mr Stewart Ford, Mr Craig McNeill and Mr Mark Owen
Mr Craig McNeill
Less than 1%
8 June 2009
Dan Schwarzmann and Mark Batten of PricewaterhouseCoopers LLP, 7 More
London Riverside, London SE1 2RT

Changes in office holder:

Appointor's / applicant's name and address:
None
The Financial Services Authority of 25 The North Colonnade, Canary Wharf,
London, E14 5HS

Objective being pursued by the Joint Administrators:

To achieve a better result for the Company's creditors as a whole than would
be likely if the Company were wound up, without first being in
Administration

Division of the Joint Administrators' responsibilities:

During the period for which the Administration is in force, any act required
or authorised under any enactment to be done by either or both of the Joint
Administrators, may be done by any one or more of the persons for the time
they hold office

Administration Extension(s)

12 Month Extension to 7 June 2011
12 Month Extension to 7 June 2012
24 Month Extension to 6 June 2014

Proposed end of the Administration:

The Joint Administrators may use any, or a combination of, exit route
strategies in order to bring the Administration to an end
Not currently estimated

Estimated dividend for unsecured creditors:

A prescribed part is not applicable in this case

Estimated values of the prescribed part and the company's net property:

The European Regulation on Insolvency Proceedings (Council Regulation
Regulation(EC) No. 1346/2000 of 29 May 2000):
The European Regulation on Insolvency Proceedings (Council Regulation
(EC) No 1346/2000 of 29 May 2000) does not apply to this Administration as
the Company is an investment undertaking for the purposes of Article(2) of
those regulations

3. Receipts and payments account for the period 8 December 2011 to 7 June 2012

	As at 7 December 11	Movement from 8 December 2011 to 7 June 2012	Total to 7 June 2012
Receipts			
Cash at bank	3,336,188	0	3,336,188
Third party funding	3,278,700	0	3,278,700
Reimbursement of costs from Lifemark	0	743,578	743,578
Reimbursement of costs of distributing ISA certificates	8,159	360	8,519
Reimbursement of costs of migrating plans	44,054	0	44,054
FSCS related work	44,308	0	44,308
Sale of other assets	11,956	0	11,956
Sundry income	39,673	174	39,847
Bank interest	4,094	493	4,587
VAT	20,746	72	20,818
	6,787,879	744,677	7,532,556
Payments			
Trading deficit	3,327,709	202,634	3,530,343
Administrators' fees	1,740,000	334,477	2,074,477
Administrators' disbursements - Category 1	69,981	0	69,981
Administrators' disbursements - Category 2	3,448	0	3,448
Agents' fees and disbursements	3,605	0	3,605
Statutory meeting expenses	34,417	0	34,417
Statutory advertising	1,234	0	1,234
Statutory expenses	0	47	47
Distribution of statutory reports	112,505	11,697	124,201
Creditors' Committee expenses	1,052	0	1,052
Legal fees and disbursements	843,785	52,702	896,487
Interest on third party funding	94,932	25,568	120,500
VAT (recoverable at 1%)	340,861	51,014	391,876
	6,573,529	678,139	7,251,668
Funds in hand	214,350	66,538	280,888

3. Receipts and payments account for the period 8 December 2011 to 7 June 2012

Notes:

- 1) In addition to the above, the sum of £1,159,560 was received into an administration account during this period. These funds relate to a funding arrangement entered into between the Company and one of the banks referred to on page 4. The sum of £800,000 was paid to Freshfields from these funds to settle their legal fees, in part. The balance is still being held on trust for the payment of certain costs and fees.
- 2) The funds received from Lifemark are in relation to the Lifemark Bondholder meetings and relate, in part, to costs incurred by the Company in the period prior to 7 December 2011.

Trading account for the period 8 December 2011 to 7 June 2012

	As at 7 December 11	Movement from 8 December 2011 to 7 June 2012	Total to 7 June 2012
Receipts			
Book debts	1,451,535	0	1,451,535
Refund of rental deposit	0	10,624	10,624
Other refunds	0	476	476
Trading income	287,385	0	287,385
	<u>1,738,920</u>	<u>11,100</u>	<u>1,750,020</u>
Payments			
Net wages	2,064,174	59,196	2,123,370
PAYE and NIC	989,385	34,595	1,023,980
Healthcare and pension payments	73,061	4,176	77,237
Employee expenses	17,376	0	17,376
Consultancy costs	123,329	15,225	138,554
Rent, service charges and utilities	401,727	14,205	415,932
Rates	33,273	0	33,273
Custodian fees	388,196	55,030	443,226
Trading expenses	237,189	5,535	242,724
IT licences	8,683	0	8,683
IT costs	112,058	0	112,058
Telephone charges	111,012	0	111,012
Office cleaning	7,982	0	7,982
Postage, stationary and printing	138,989	357	139,345
Storage costs	21,072	3,013	24,085
Security	1,703	0	1,703
Insurance	28,999	3,547	32,545
General expenses	5,487	460	5,947
Petty cash	3,600	100	3,700
Bank charges	89,241	780	90,021
VAT	210,094	17,516	227,610
	<u>5,066,629</u>	<u>213,734</u>	<u>5,280,363</u>
Trading deficit	(3,327,709)	(202,634)	(3,530,343)

4. Statement of expenses incurred to 7 June 2012

In addition to those costs shown on the receipts and payments account, the following further costs have been incurred and remain unpaid

	Incurring 8 December 2011 to 7 June 2012 £
IT consultant fees	40,750
Legal costs	551,715
Total expenses incurred	592,465

5. Analysis of the Administrators' remuneration, Category 1 and Category 2 disbursements for the period 8 December 2011 to 7 June 2012

Hours							Average Hourly Rate (£)
Classification of Work	Partner / Director (Hrs)	Senior Manager / Manager (Hrs)	Senior Associate (Hrs)	Associate / Support (Hrs)	Total Hours (Hrs)	Time Cost (£)	
Creditor and investor enquiries / website communications	41 29	47 05	107 00	139 05	293 10	87,764.50	
Strategy, planning and administration	1,44 10	34 20	92 30	38 90	206 69	82,958.29	
Lifemark			55 90	4 20	204 20	113,672.60	
Trading and employees	9 30	71 30	77 30	46 15	194 75	62,764.40	
Statutory and other compliance	1 00	7 95	116 90	22 95	157 10	54,849.50	
Accounting and treasury		8 35	35 45	44 95	89 75	24,984.05	
Asset realisations and insurance		5 60	1 60	3 60	7 15	2,208.65	
Forensic investigations		0 20		0 70	2 10	1,401.20	
Tax / VAT	196 89	176 60	486 45	300 50	1,160 44	432,833.19	
Total to Date							
Total Time Cost (£)	127,722.29	73,921.20	167,002.45	64,187.25			
Average Hourly Rate (£)	648.70	418.58	343.31	213.60			

Rate per hour £	From 1 July 2008		From 1 July 2009		From 1 July 2010		From 1 July 2011	
	Partner	Director	Senior Manager	Manager	Senior Associate	Associate	Support Staff	Partner
	670	570	425	365	390	330	210	695
								610
								470
								395
								330
								245
								210
								105
								833
								740-757
								463-706
								400-514
								221-306
								166-183
								89
								85
								77
								730
								641
								494
								415
								347
								257
								221
								110
								871
								799
								612-741
								442
								225-332
								140-170
								102

(Qualified)
(Unqualified)

5. Analysis of the Administrators' remuneration, Category 1 and Category 2 disbursements for the period 8 December 2011 to 7 June 2012

Narrative of work carried out for the period 8 December 2011 to 7 June 2012

The key areas of work have been

Creditor and investor enquiries / website communications

- Maintaining investor details
- Communicating with investors, creditors, IFAs and other parties
- Maintaining and updating the website
- Dealing with claims received, queries and correspondence from creditors
- Responding to letters and calls from investors with products still managed by the Company

Strategy, planning and administration

- Meetings to monitor the appropriateness of the strategy for the Administration Considering case related matters affecting realisations, exit route strategy, returns to creditors / investors, etc
- Reviewing and authorising junior staff work by senior staff, dealing with queries arising
- Team meetings to ensure that matters are being progressed and a consistent approach applied
- Addressing and responding to queries and correspondence from stakeholders and affected parties
- Reviewing internal files and records maintenance

Lifemark

- Dealing with the Luxembourg regulator, the Trustee and Provisional Administrator of Lifemark, the FSA and other parties in relation to the liquidity issues experienced by Lifemark and its potential restructuring
- Liaising with the FSCS in relation to Lifemark
- Preparing and sending invoices to the Provisional Administrator for work carried out in relation to Lifemark
- Communicating with the Provisional Administrator in relation to Bondholder meetings
- Corresponding with investors in relation to Bondholder meetings
- Dealing with investor queries in relation to Lifemark

5. Analysis of the Administrators' remuneration, Category 1 and Category 2 disbursements for the period 8 December 2011 to 7 June 2012

Trading and Employees

- Finalising supplier payments relating to the trading period prior to closure of operations at Reading
- Controlling and maintaining the payroll and other payroll related matters required by virtue of the Administration appointment
- Communicating with employees regarding redundancies
- Arranging for the closure of the Reading office
- Maintaining cashflow monitoring and reporting

Statutory and other compliance

- Arranging an application to Court for an extension of the Administration
- Preparing and sending the interim progress report
- Maintaining and reviewing statutory and regulatory requirements and ensuring compliance

Accounting and treasury

- Managing funds held, undertaking bank reconciliations
- Processing and recording of transactions for receipts and payments purposes
- Managing post-Administration bank accounts
- Authorising payment requests, supporting information, journals, accounting maintenance and issuing remittance advices

Asset realisations and insurance

- Liaising with various parties regarding potential recoveries in relation to the loan to Fundworks
- Corresponding with insurer regarding insurance requirements

Forensic investigations

- Carrying out a detailed review of company records

Tax and VAT

- Dealing with various tax compliance matters relating to trading of the business and regular liaison with HMRC

5. Analysis of the Administrators' remuneration, Category 1 and Category 2 disbursements for the period 8 December 2011 to 7 June 2012

Our remuneration

As detailed in our previous reports to creditors, the FSA Client Money Rules specify that investors' funds should be held in segregated client accounts. They are, therefore, deemed to be protected client monies which cannot be used to settle the costs of trading the Company or our remuneration. Such funds have now been paid to investors where possible.

In the six month period ending 7 June 2012 we have drawn remuneration totalling £334,477 in accordance with the resolution approved by the Creditors' Committee, referred to below. As noted above, an agreement was entered into with the Provisional Administrator of Lifemark, in conjunction with the FSCS, for the operating costs of the Reading operations and the Joint Administrators fees associated with processing the voting instructions for the Lifemark bondholder meeting to be met by Lifemark. We anticipate that our remuneration to date will be paid in part from third party funding provided by certain banks as outlined on page 4 of this report. Additionally, in the event the Company receives any commission payments due from Lifemark, some of these monies may be used to settle a portion of our remuneration, subject to approval by the Creditors' Committee. The balance of any potential funds received from Lifemark may be set aside to pursue recoveries from litigation against third parties. The split of these funds is to be agreed by the Creditors' Committee in advance of us drawing any further remuneration.

Approval of our remuneration by the Creditors' Committee

The Creditors' Committee is provided with a comprehensive disclosure of our time costs at each convened meeting, in accordance with the Statement of Insolvency Practice 9.

At the first meeting of the Creditors' Committee the following resolution was approved in respect of our remuneration:

"THAT, the Joint Administrators' remuneration be fixed by reference to the time properly given by the Joint Administrators and their staff in attending to matters arising in the Administration and that the Joint Administrators be authorised to draw their fees on account to the end of December [2009]."

We did not draw our fees in full to the end of December 2009 to ensure sufficient funds were available to trade the Reading office. In total over the course of the Administration we have drawn £2,074,477 plus VAT.

5. Analysis of the Administrators' remuneration, Category 1 and Category 2 disbursements for the period 8 December 2011 to 7 June 2012

Category 1 disbursements

Category 1 disbursements include telephone calls, postage, case advertising, travel costs and properly reimbursed expenses incurred by personnel in connection with the case. Also included are services specific to the case where these cannot practically be provided internally such as printing, room hire and document storage. It is not necessary for an Administrator to obtain approval to draw Category 1 disbursements.

As at 7 June 2012 we have drawn Category 1 disbursements of £69,981 plus VAT covering the period 8 June 2009 to 31 December 2010. The extract below provides an analysis of these costs:

Expense	£
Accommodation	8,347
Bank charges	15
Administrators' insurance	1,600
Committee expenses	1,105
Company searches	1,419
Technology services	10,745
Courier charges	2,425
Lunch allowance	173
Meeting room charges	404
Miscellaneous	4,467
Travel costs	39,281
Total	69,981

5. Analysis of the Administrators' remuneration, Category 1 and Category 2 disbursements for the period 8 December 2011 to 7 June 2012

Category 2 disbursements

Category 2 disbursements include costs which, whilst being in the nature of expenses or disbursements, include elements of shared or allocated costs. These costs are subject to approval by those responsible for approving remuneration.

Accordingly, a resolution was sought from the Creditors' Committee in respect of Category 2 disbursements and the following resolution was approved:

"THAT, in accordance with the Statement of Insolvency Practice No 9, the Joint Administrators be authorised to draw Category 2 disbursements (i) for mileage at a rate of up to 50p per mile for 2,000cc engines or up to 70p per mile for engines over 2,000 and (ii) for photocopying at a rate of 3p per sheet."

As at 7 June 2012 we have drawn Category 2 disbursements of £3,448 plus VAT covering the period 8 June 2009 to 31 December 2010. The extract below provides an analysis of these costs:

Expense	£
Mobile telephone charges	1,338
Photocopying and printing costs	2,110
Total	3,448

www.pwc.co.uk/KIS

Dan Schwarzmann and Mark Batten of PricewaterhouseCoopers LLP were appointed Joint Administrators of Keydata Investment Services Limited on Monday 8 June 2009 to manage its affairs business and property as agents without personal liability Dan Schwarzmann and Mark Batten are licensed in the United Kingdom to act as insolvency practitioners by the Institute of Chartered Accountants in England and Wales

The Joint Administrators are Data Controllers of personal data as defined by the Data Protection Act 1998. PricewaterhouseCoopers LLP will act as Data Processor on their instructions. Personal data will be kept secure and processed only for matters relating to the Administration