

Rule 2.47

Form 2.24B

The Insolvency Act 1986

**Administrator's progress report****2.24B**

Name of Company:  
Pro-Fit International Limited

Company number:  
02915940

In the: High Court of Justice, Leeds District  
Registry

[full name of court]

Court case number:  
471 of 2008

(a) Insert full name(s) and  
address(es) of the  
administrator(s)

We (a) J.N.R. Pitts of Begbies Traynor, Glendevon House, Hawthorn Park, Coal Road, Leeds, LS14 1PQ and  
M.E.G. Saville of Begbies Traynor, 9th Floor, Bond Court, Leeds LS1 2JZ

administrators of the above company attach a progress report for the period

from / to

(b) Insert dates

4 October 2008 to 6 March 2009

Signed:

Joint Administrators

Dated:

18 / 03 / 09

**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

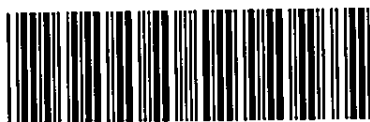
Begbies Traynor

Glendevon House, Hawthorn Park, Coal Road, Leeds LS14 1PQ

Tel Number: 0113 2375560

Fax Number: 0113 2375561

DX Number:



\*AF3348FM\*

A14

24/03/2009

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COMPANIES HOUSE

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

TUESDAY

J.N.R. Pitts and M.E.G. Saville appointed Joint Administrators on 4 April 2008

The affairs, business and property of the Company are being managed by the Joint Administrators, who act as the Company's agents.

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**Pro-Fit International Limited**  
**Genesis Bradford Limited**  
**Pro-Fit Holdings Limited**  
**(In Administration)**

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**Interim Report of the Joint Administrators  
pursuant to Rule 2.47 of The Insolvency Rules  
1986**

**Period: 4 October 2008 to 6 March 2009**

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## 1. COMPANY AND ADMINISTRATORS' DETAILS

Name of court:	Leeds High Court
Court reference number:	471 of 2008 (Pro-Fit International Ltd) 472 of 2008 (Genesis Bradford Ltd) 473 of 2008 (Pro-Fit Holdings Ltd)
Company registered number:	02915940 (Pro-Fit International Ltd) 02772601 (Genesis Bradford Ltd) 03889914 (Pro-Fit Holdings Ltd)
Registered office: address:	c/o Begbies Traynor Glendevon House Hawthorn Park Coal Road Leeds LS14 1PQ
Names of Joint Administrators:	J.N.R. Pitts and M.E.G. Saville
Office addresses of Joint Administrators:	Begbies Traynor 9 <sup>th</sup> Floor Bond Court Leeds LS1 2JZ
Date of Administrators' appointment:	4 April 2008
Person(s) making appointment / application:	The Directors
Changes in office-holder (if any):	N/A
Acts of the Joint Administrators:	The Joint Administrators act as officers of the court and as agents of the Company without personal liability. Any act required or authorised under any enactment to be done by an administrator may be done by any one or more persons holding the office of administrator from time to time.

## 2. PROGRESS DURING THE PERIOD

Attached at Appendix 1 is our income and expenditure account for the period from 4 April 2008 to 28 February 2009. It should be borne in mind that only one of the three companies actually trades, being Pro-Fit International Limited, Pro-Fit Holdings Limited and Genesis Bradford Limited have been placed into Administration to ensure that all relevant intellectual property can be transferred in the event that certain rights may vest with one of those companies. You will see that since the Joint Administrators' interim progress report, reporting on figures to 30 September 2008, gross realisations have increased purely as a result of trading sales which now total £549,153 in the period to 28 February 2009.

### Payments

The majority of payments made during the period have been those required to meet the costs and expenses of operating the business and are headed accordingly.

In this regard we also enclose at Appendix 3, a profit and loss account for the period to 28 February 2009 which should be self explanatory.

One note worthy point incurred within these figures that was not within previous reports is that the total of £15,000 has now been paid in management charges to a company operated by the directors of Pro-Fit International to reflect the services they provided to the Administration. In this regard I can confirm that both Philip Morris and Paul Morris work full time in Pro-Fit International Limited and prior to this payment had not received any remuneration, or indeed reimbursement for any business expenses since the Administrators' appointment in April 2008.

### Legal Fees

Under the terms of an agreement reached with an early bidder for the business a non-refundable deposit of £120,000 plus \$50,000 was lodged with the Administrators' solicitors Addleshaw Goddard. These funds were lodged for the specific purpose of being available to discharge the additional costs incurred by the Administrators in filing in the US Bankruptcy Court for recognition of the Administrations under Chapter 15 of the US Bankruptcy Code and subsequently following the required procedures that entails.

At the time of reporting a total of £78,169.66 has been absorbed in payment of fees for this purpose which is recorded in the Income and Expenditure Account as Income under non-refundable deposit as these funds have now been utilised by the Administrators and is reflected within the Payments under UK and US legal fees.

It should however be noted that although both payments have been made on account, the legal costs are substantial and are continuing to accrue. It is anticipated that the remainder of the non-refundable deposit will be absorbed and subject to available funds further costs will need to be discharged from other realisations.

### US Bankruptcy Court

As reported in previous communications the Administrators have successfully obtained recognition of the Administrations in the United States pursuant to Chapter 15 of the US Bankruptcy Code.

Our last report for the period ended 3 October 2008 indicated that the Administrators were close to agreeing contractual terms with the preferred bidder prior to lodging the contract in the US Court to commence the 'overbid procedure.'

Regrettably that sale did not proceed indeed a further subsequent bidder made an offer that was accepted and entered into initial contractual negotiations but this was again to fail.

There have been a number of independent bids for the purchase of the Company's business and assets all of which have fallen through during contractual negotiations.

There is however a recent bidder that has come forward, who for the avoidance of doubt we can confirm has not previously entered the bidding process and to the best of our knowledge have no prior connection with either the companies or the companies' management.

A deal has been agreed in principal and the bidder has indicated an intension to complete contractual negotiations very quickly which clearly suits the Administrators.

It is however clear that regardless of how quickly negotiations can be completed there will be insufficient time to lodge the details in the US Bankruptcy Court, to run the overbid procedure as guided by the US Bankruptcy Judge before the automatic end of the Administration upon the expiry of 12 months, 3 April 2009.

### 3. PROPOSED EXTENSION

As the overbid procedure, (if the current bidder successfully concludes contractual negotiations), cannot be completed before the Administration is due to formally terminate on 3 April 2009, the Administrators' must seek an extension of the duration of the Administration.

Under the provisions of Paragraph 76 (2) the Joint Administrators may extend the term of the Administration by up to 6 months with the consent of the majority of the Company's voting creditors.

In the circumstances I enclose for your attention a proxy form to enable creditors to cast their votes as to their acceptance or rejection of the proposed extension of the Administration. To ensure your vote is taken into consideration please ensure it is returned within 14 days.

### 4. ADMINISTRATORS' REMUNERATION

In our report upon the period ended 3 October 2008 we gave an analysis of the costs incurred to that point which came to 781.20 hours at the average composite rate of £232.65 creating gross time costs of £181,745.

This substantial accrual of time costs was partly driven by 243 hours of partner time which has been incurred in the negotiations with interested parties and working with both UK and US solicitors in dealing with the US Bankruptcy Court Application.

Since our October 2008 report, the level of time input has continued to increase however given the mounting legal costs, it is highly unlikely that the Administrators' full time costs as at October of £181,745 can be met in full. In the circumstances I do not propose to incur the additional expense of providing a detailed analysis of the time accrued since our last update but should any creditor require such information I would be happy to oblige upon a written request.

Clearly if circumstances change and there are sufficient funds available to meet additional costs beyond those previously quoted a full analysis will be provided to creditors.

### 5. CONCLUSION

As previously advised this has become a somewhat drawn out and complex assignment, but the Administrators are hopeful that it can now be successfully concluded.

In the circumstances I would therefore ask creditors to complete the proxy form enclosed with this report to ensure that the extension is granted and the Administrators are able to complete the sale of the Company's assets.

Should any creditor have any questions or require further information, please do not hesitate to contact my colleague David Childe.

A handwritten signature in black ink, appearing to be 'J.N.R. Pitts', written over a horizontal line.

**J.N.R. Pitts**  
**Joint Administrator**

Dated: 11 March 2009

**Pro-Fit International Limited**  
(In Administration)

**Income and Expenditure Account**  
**04 April 2008 to 16 March 2009**

<b>INCOME</b>	<b>Total (£)</b>
Sales	322,442.63
Export Sales	226,711.11
Non Factored Book Debts	50,335.30
VAT Refund	34,196.64
Non Refundable Deposit	78,169.66
Bank Interest (Gross)	1,694.10
Third Party Loan	10,000.00

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**723,549.44**

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**EXPENDITURE**

Purchases	196,140.89
Sub Contractors	51,213.34
Direct Labour	136,207.24
Indirect Labour	15,000.00
Rents	71,003.72
Rates	12,885.80
Heat & Light	15,554.27
Telephone	14,950.92
Carriage	5,791.23
Insurance	2,863.52
Professional Fees	8,311.14
Bank Charges	321.41
Lease/HP Payments	13,342.94
Hire of Equipment	3,142.07
Repairs & Maintenance	496.57
Sales Commission	1,062.49
Specific Bond	282.00
Office Holders Fees	11,000.00
Office Holders Expenses	1,720.58
Patent Renewals	11,719.30
Agents/Valuers Fees	4,905.40
UK Legal Fees	40,191.88
US Legal fees	32,378.64
Storage Costs	120.00
Statutory Advertising	2,995.93
Insurance of Assets	6,008.14
Bank Charges	12.00

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**659,621.42**

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**Balance**

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**63,928.02**

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**MADE UP AS FOLLOWS**

Trade Debtors	135,599.86
VAT Receivable	7,919.75
Floating Current A/c	6,991.31
Floating Deposit A/c	36,747.97
Trade Creditors	(145,325.85)
VAT Payable	(12,265.06)

**Pro-Fit International Limited  
(In Administration)**

**Income and Expenditure Account  
04 April 2008 to 16 March 2009**

Vat Control Account

28,852.47

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**58,520.45**

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**Pro-Fit International Limited**  
**(In Administration)**  
**Joint Administrators' Trading Account**

Statement of Affairs	From 04/04/2008 To 16/03/2009	From 04/04/2008 To 16/03/2009
POST APPOINTMENT SALES		
Sales	322,442.63	322,442.63
Export Sales	226,711.11	226,711.11
	<u>549,153.74</u>	<u>549,153.74</u>
PURCHASES		
Purchases	196,140.89	196,140.89
	<u>(196,140.89)</u>	<u>(196,140.89)</u>
OTHER DIRECT COSTS		
Sub Contractors	51,213.34	51,213.34
Direct Labour	136,207.24	136,207.24
	<u>(187,420.58)</u>	<u>(187,420.58)</u>
TRADING EXPENDITURE		
Indirect Labour	15,000.00	15,000.00
Rents	71,003.72	71,003.72
Rates	12,885.80	12,885.80
Heat & Light	15,554.27	15,554.27
Telephone	14,950.92	14,950.92
Carriage	5,791.23	5,791.23
Insurance	2,863.52	2,863.52
Professional Fees	8,311.14	8,311.14
Bank Charges	321.41	321.41
Lease/HP Payments	13,342.94	13,342.94
Hire of Equipment	3,142.07	3,142.07
Repairs & Maintenance	496.57	496.57
Sales Commission	1,062.49	1,062.49
	<u>(164,726.08)</u>	<u>(164,726.08)</u>
<b>TRADING SURPLUS/(DEFICIT)</b>	<u><b>866.19</b></u>	<u><b>866.19</b></u>

**PRO-FIT INTERNATIONAL LIMITED  
PRO-FIT HOLDINGS LIMITED  
GENESIS BRADFORD LIMITED**

Insolvency Act 1986

**Proxy (Administration)**

Please give full name and  
address for communication

Name of Creditor

Address

**Voting instructions for resolutions**

\* Please delete as appropriate

1. For the acceptance / rejection\* of the administrator's proposed extension of the  
administration by the period of 6 months as circulated

This form must be signed

Signature \_\_\_\_\_ Date \_\_\_\_\_

Name in CAPITAL LETTERS \_\_\_\_\_

Only to be completed if the  
creditor has not signed in person

Position with creditor or relationship to creditor/member or other authority for signature

<b>Particulars of claim for voting purposes</b>	<b>£</b>
Total claim (incl. VAT) at 4 April 2008 (PLEASE ATTACH A STATEMENT OF CLAIM)	
Estimated value of security held (if any)	
Particulars of security _____	