

The Insolvency Act 1986

Administrator's progress report

Form 2.24B(CH)

| | |
|--|-----------------------------------|
| Name of Company Power Plate International Limited | Company number 05688772 |
| In the High Court of Justice, Chancery Division, Companies Court, London (full name of court) | Court case number 7442 of 2012 |

(a) Insert full name(s) and
address(es) of administrators

I/We (a) Paul John Clark of Duff & Phelps Ltd , 43-45 Portman Square, London, W1H 6LY and
Philip Francis Duffy of Duff & Phelps Ltd , The Chancery, 58 Spring Gardens, Manchester,
M2 1EW

Joint Administrators of the above company attach a progress report for the period

from

to

(b) Insert dates

(b) 24 September 2012

(b) 23 March 2013

Signed

Joint Administrator

Dated

23/04/2013

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

Duff & Phelps Ltd
43-45 Portman Square
London
W1H 6LY

Tel 020 7487 7240

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24/04/2013

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Companies House, Crown Way, Cardiff CF14 3UZ DX 33050 Cardiff

DUFF & PHELPS

Progress Report to Creditors

23 April 2013

Power Plate International Limited (In Administration)

Joint Administrators' Progress Report to Creditors
For the period from 24 September 2012 to 23 March 2013
Pursuant to Rule 2.47(1) of the Insolvency Rules 1986 (as amended)

Duff & Phelps Ltd.
43-45 Portman Square
London
W1H 6LY

DUFF & PHELPS

Definitions

| Word or Phrase | Definition |
|--------------------------|---|
| the Act | The Insolvency Act 1986 (as amended) |
| the Appointment Date | 24 September 2012 being the date of appointment of the Joint Administrators |
| Barclays | Barclays Bank Plc, a bank that the Company held bank accounts with |
| Blick Rothenberg | Blick Rothenberg LLP |
| Category 2 Disbursements | The Joint Administrators' internal costs and expenses in dealing with the Administration |
| Comerica | Comerica Bank, the former holder of fixed and floating charges over the Company's assets Assigned its security to PHS |
| the Company | Power Plate International Limited (In Administration) (Company Number 05688772) |
| CVL | Creditors' Voluntary Liquidation |
| DBIS | The Department for Business Innovation and Skills |
| the Directors | Brian Cherry, Allan Fisher, Gregg Hammann, David Morrell, Greg Sherman, Robert Williams, directors of the Company |
| Duff & Phelps | Duff & Phelps Ltd , 43-45 Portman Square, London, W1H 6LY |
| Ernst & Young | Ernst & Young LLP |
| FBME | FBME Bank Limited, holder of fixed and floating charges over certain of the Company's assets |
| Hilco | Hilco Appraisal Limited, independent agents who were instructed to value the assets of the Company |
| HMRC | HM Revenue & Customs |
| HSBC | HSBC Bank Plc, a bank that the Company held bank accounts with |
| HSBC MS | HSBC Merchant Services, the provider of a merchant facility to the Company |
| the Joint Administrators | Paul John Clark and Philip Francis Duffy of Duff & Phelps |
| Michelmores | Michelmores LLP |

| | |
|-----------------------|---|
| PHS | Performance Health Systems LLC (formerly PPI Acquisitions LLC), the holder of fixed and floating charges over the assets of the Company and the purchaser of the business and assets of the Company |
| PPNA | Power Plate North America, Inc |
| the Premises | 13 George Street, London, W1U 3QJ |
| Prescribed Part | A part of the Company's net property available to non-preferential unsecured creditors, pursuant to Section 176A of the Act which states that where a floating charge is created after 15 September 2003 a prescribed part of the Company's net property (floating charge assets less costs of realisation) shall be made available to non-preferential unsecured creditors |
| the Proposals | The Joint Administrators' Report to Creditors and Statement of Proposals dated 16 November 2012 |
| the Purchaser | PHS |
| the Reporting Period | 24 September 2012 to 23 March 2013 |
| RPS | Redundancy Payments Service |
| the Rules | the Insolvency Rules 1986 (as amended) |
| the Secured Creditors | PHS, FBME and Whitney |
| SIP 9 | Statement of Insolvency Practice 9, industry best practice for Insolvency Practitioners in relation to disclosure of remuneration and disbursements |
| SOA | Statement of Affairs, documentation to be supplied by the Directors outlining the Company's financial position as at the Appointment Date |
| Speechlys | Speechly Bircham LLP |
| Spin Doctor | Spin Doctor Limited |
| TUPE | The Transfer of Undertakings (Protection of Employment) Regulations 2006 |
| U Freight | U Freight UK Limited |
| Whitney | Whitney Private Debt Fund L P , holder of fixed and floating charges over the Company's assets |

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- 1 Statutory Information
- 2 Joint Administrators' Receipts and Payments Accounts
- 3 Analysis of Time Charged and Expenses Incurred
- 4 Proof of Debt Form

| | |
|---------------------------------------|--|
| Names of Joint Administrators: | Paul John Clark Philip Francis Duffy |
| Date of appointment | 24 September 2012 |
| Date of report: | 23 April 2013 |
| Appointed by: | Performance Health Systems LLC (formerly PPI Acquisitions LLC), the holder of a Qualified Floating Charge Chargeholder over the Company's assets |
| Court reference: | High Court of Justice Chancery Division Companies Court London Number 7442 of 2012 |

1. Introduction

- 1 1 The Joint Administrators were appointed on the Appointment Date by PHS, the holder of a qualifying floating charge, pursuant to Paragraph 14 of Schedule B1 to the Act
- 1 2 In accordance with Paragraph 100(2) of Schedule B1 to the Act, the functions of the Joint Administrators are being exercised joint and severally by any of the Administrators
- 1 3 The purpose of this report is to provide creditors with details of the progress of the Administration for the Reporting Period, in accordance with Rule 2 47(1) of the Rules
- 1 4 This report should be read in conjunction with the Proposals, a copy of which can be provided upon request

2. Joint Administrators' Report and Statement of Proposals

- 2 1 The Joint Administrators have issued the Proposals
- 2 2 In accordance with Paragraph 52(1) of Schedule B1 to the Act, a creditors' meeting was not required to be held as there will be insufficient realisations to enable a distribution to non-preferential creditors, other than from the Prescribed Part, if any. No meeting was convened and in accordance with Rule 2 33(5) of the Rules, the Proposals were deemed to have been approved by creditors
- 2 3 As advised in the Proposals report, the Joint Administrators must perform their functions with the purpose of achieving one of the following hierarchical objectives
 - Rescuing the company as a going concern,
 - Achieving 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), or
 - Realising property in order to make a distribution to one or more secured or preferential creditors
- 2 4 The first objective has been achieved as the Joint Administrators completed a going concern sale of the business and assets of the Company to the Purchaser on 10 November 2012
- 2 5 The Joint Administrators believe that the second objective will be achieved as the sale of business and assets of the Company will achieve a better return for the Company's creditors than if the business had ceased trading and the assets sold piecemeal. In addition, if the Company had been wound up all employees would have been made redundant, resulting in an increase in both preferential and non-preferential unsecured claims
- 2 6 The Joint Administrators believe that the third objective has been achieved as the Joint Administrators have paid a distribution to the first and second ranking debenture holders

3. Progress of the Administration

- 3 1 The manner in which the affairs and business of the Company have been managed since the Appointment Date and will continue to be managed are set out below

Administration Trading Period

- 3 2 Total sales for the Administration Trading Period are £584,064 (excluding VAT) and, as at 23 March 2013, £496,372 (excluding VAT) has been collected. Please note that this number is comprised of Sterling and US Dollar collections, with the US Dollar amounts being converted to Sterling at the prevailing rate.
- 3 3 It is anticipated that there will be a trading surplus after the payment of the final trading costs subject to ongoing reconciliation of customer receipts and allocation of pre-appointment and post-appointment debtors.

Sale of Business and Assets

- 3 4 The Joint Administrators successfully completed a sale of the Company's business and assets on 10 November 2012 for a total consideration of \$7,500,000.
- 3 5 Background and full details of the sale, including the breakdown of the consideration, can be found in the Proposals. Accordingly, certain of the information below is summarised.
- 3 6 It was noted in the Proposals that an element of the sale consideration consisted of a credit bid for PHS' secured indebtedness.
- 3 7 The extent of PHS' available secured claim to use as a credit bid remains subject to ongoing review.
- 3 8 The Joint Administrators will update creditors on the credit bid in their next report.
- 3 9 As noted in the Proposals \$6,500,000 was payable on completion with \$3,086,061 received in cash after deduction of the credit bid.
- 3 10 The balance of \$1,000,000 is deferred consideration, due to be paid to the Company after the Reporting Period. When the deferred consideration is received it will be converted to Sterling at the prevailing rate and allocated pro-rata across the assets sold according to the sale agreement. Please refer to the Proposals for further details.

Intercompany Book Debts

- 3 11 According to the Directors' SOA, the Company is due £8,217,731 from intercompany book debts, which the Joint Administrators understand is mainly due from PPNA.
- 3 12 As reported in the Proposals, PPNA entered into formal insolvency proceedings in America and based on current information, the Joint Administrators understand that PPNA is unlikely to make a distribution to its unsecured creditors.
- 3 13 The intercompany book debt due to the Company from PPNA was sold to the Purchaser for a consideration of \$500,000. To date, the Joint Administrators have realised £284,601 (equivalent to \$433,333) from the sale consideration received upon completion. The balance is anticipated to be realised from the receipt of the deferred sale consideration.
- 3 14 As part of the sale agreement, the Company is due 90% of any distribution to the Purchaser from PPNA in respect of debts that were due from PPNA to the Company and that have been sold to the Purchaser. The Joint Administrators will update creditors in their next report.

Book Debts

- 3 15 According to the Company's records, as at the Appointment Date, the Company's book debt ledger totalled £1,274,232. However, due to several significant erosions as discussed in the Proposals, the collectable balance of the Company's ledger was estimated to be £445,545.
- 3 16 Book debt collections during the Reporting Period total £423,517 subject to ongoing reconciliation of customer receipts and allocation of pre-appointment and post-appointment debtors. Please note that this number is comprised of Sterling and US Dollar amounts, with the US Dollar amounts being converted to Sterling at the prevailing rate. Potential further realisations are uncertain and are subject to currently unknown erosions and foreign currency exchange rate fluctuations.
- 3 17 In accordance with the sale agreement, the Purchaser has agreed to collect the Company's book debt ledger and will receive a 15% commission for any amounts collected. The Purchaser has agreed to honour future warranty claims of customers which should enhance the collection of the Company's book debts.
- 3 18 The Joint Administrators are actively monitoring book debt collections and are liaising with the Purchaser. The Joint Administrators will update creditors in their next report.

Monies Received due to the Purchaser

- 3 19 The Company is holding £233,626 which is not an asset of the Administration and will, subject to reconciliation and review, be accounted for to the Purchaser in accordance with the sale agreement. This comprises receipts from customers which are due to the Purchaser that were received by the Company in error.
- 3 20 The Purchaser is holding funds which are due to the Company, the quantum of which is currently uncertain but again comprises customer receipts. The Joint Administrators have requested a reconciliation of said funds and will report to creditors further in their next report.

Cash at Bank

- 3 21 Please refer to the Proposals for full details of cash at bank as at the Appointment Date.
- 3 22 HSBC retains the sum of c\$29,000 which will be transferred to the Company once HSBC MS has confirmed to HSBC that there is no charge back liability. The Joint Administrators are monitoring this position.

Leasehold Property

- 3 23 As part of the sale agreement, the Company granted the Purchaser a Licence to Occupy the Premises until 24 December 2012. The Purchaser vacated the Premises on 24 December 2012.
- 3 24 Prior to the Appointment Date, the Company paid a rent deposit of approximately £88,000 to the landlord of the Premises. However, the landlord has submitted an unsecured non-preferential claim in the Administration which significantly exceeds the value of the rent deposit, therefore the Joint Administrators do not anticipate any realisations from the rent deposit as it appears the landlord will set-off the rent deposit against its claim.
- 3 25 The lease for the Premises is likely to be disclaimed in the future.

Other Assets

- 3 26 The Joint Administrators have realised £1,371 from a business rates refund, £218 from a pre-appointment employee health scheme refund and £61 in respect of bank interest

4. Investigations

- 4 1 The Joint Administrators' investigations into the Company's affairs are currently ongoing. The Joint Administrators cannot, at this stage, detail the nature of these investigations as it may hamper any further action that may be required. However, should any of the Company's creditors have information concerning the Company's affairs that they would like to bring to the Joint Administrators' attention, please contact this office.
- 4 2 The Joint Administrators have a statutory obligation to file a report with DBIS concerning the conduct of all directors of the Company that served in the three years prior to the Joint Administrators' appointment. The content of this report is confidential and has been submitted to the Insolvency Practitioners Compliance Unit.

5. Dividend Prospects / Prescribed Part

Secured Creditors

PHS

- 5 1 As reported in the Proposals, PHS took an assignment of the debt due to Comerica and the debenture granted by the Company to Comerica dated 13 March 2007, prior to the Joint Administrators' appointment. This debenture was granted by the Company in consideration for monies advanced to the Company by way of a revolving credit facility and confers fixed and floating charges over the Company's assets.
- 5 2 PHS is, in accordance with the inter-creditor agreement between the Secured Creditors, the primary ranking secured creditor of the Company.
- 5 3 As at the Appointment Date, the Company's indebtedness to PHS was \$1,339,751, according to the Directors' SOA, subject to accruing interest and charges. PHS has claimed a total of \$3,216,467 based on the Company's own indebtedness to PHS together with the indebtedness of PPNA to PHS (based on a cross-guarantee).
- 5 4 PHS has been repaid in full, via the credit bid aspect of the sale consideration.
- 5 5 As mentioned above, the position with PHS' credit bid remains subject to ongoing review as noted in paragraph 3.7, above.

FBME

- 5 6 As reported in the Proposals, FBME is the second ranking secured creditor of the Company, in accordance with the inter-creditor agreement between the Secured Creditors. Please refer to the Proposals for further details.
- 5 7 As at the Appointment Date, the Company's indebtedness to FBME was \$2,000,000, subject to accruing interest and charges. A fixed charge distribution of £964,943 (equivalent to \$1,500,000) was made to FBME on 3 December 2012. A floating charge distribution of £274,044 (equivalent to \$400,000) was made to FBME on 15 March 2013.
- 5 8 There will be sufficient realisations to repay FBME in full and a final distribution is expected to be paid to FBME in due course.

Whitney

- 5 9 As reported in the Proposals, Whitney is the third ranking secured creditor of the Company, in accordance with the inter-creditor agreement between the Secured Creditors. Please refer to the Proposals for further details.
- 5 10 As at the Appointment Date, the Company's indebtedness to Whitney was estimated at \$3,000,000, subject to accruing interest and charges. Whitney may also have a right to claim amounts due to it from PPNA and another related entity, PPI Acquisition BV, under its security. The Joint Administrators are currently taking legal advice on this position.
- 5 11 Based on current information, it is anticipated that there will be sufficient realisations to pay a distribution to Whitney. The quantum of this is currently uncertain but will not be sufficient to repay Whitney in full.

Preferential Creditors

- 5 12 The preferential creditors' claims consist of employee claims for arrears of pay and holiday pay, the majority of which are likely to be subrogated to the DBIS following payment to the employees by the RPS.
- 5 13 According to the Directors' SOA, the estimated preferential claims are £19,500. Following the sale of the business and assets of the Company to the Purchaser, the Company's remaining employees were transferred to the Purchaser, pursuant to TUPE, which minimised the possible preferential claims.
- 5 14 Although the Joint Administrators are yet to receive final notification of the preferential creditors' claims, based on the current information, it is anticipated that there will be sufficient realisations to enable a distribution to preferential creditors.

Prescribed Part

- 5 15 Pursuant to Section 176A of the Act where a floating charge is created after 15 September 2003 a prescribed part of the Company's net property shall be made available to non-preferential unsecured creditors.
- 5 16 The Prescribed Part is calculated as a percentage of net property, is as follows -

| | |
|-----------------------------------|---|
| Net property less than £10,000 | 50% unless the Joint Administrator considers that the costs of making a distribution to the non-preferential unsecured creditors would be disproportionate to the benefits. |
| Net property greater than £10,000 | 50% up to £10,000 plus 20% thereafter to a maximum of £600,000. |

- 5 17 The Joint Administrators are of the opinion that, based on the current information, it is likely that there will be sufficient realisations to enable a distribution to the non-preferential unsecured creditors of the Company from the Prescribed Part. The quantum and timing of any distribution is uncertain and is dependent on the level of future asset realisations and expenses of the Administration.
- 5 18 Please refer to the Proposals for further information on the Prescribed Part.

Non-Preferential Unsecured Creditors

- 5 19 According to the Directors' SOA, non-preferential unsecured creditors total £6,280,296. Based on the current information, it is anticipated that there will be insufficient funds to enable a distribution to the Company's non-preferential unsecured creditors, other than from the Prescribed Part (if any).
- 5 20 **Creditors should complete the proof of debt form attached at Appendix 4 and return it to this office, together with full supporting documentation, in order for their non-preferential unsecured claim to be noted, if not already done.**

6. Joint Administrators' Receipts and Payments Accounts

- 6 1 Receipts and Payments Accounts are shown at Appendix 2.
- 6 2 As at 23 March 2013 there was a cash balance of £947,379.

7. Pre-Administration Costs

- 7 1 As previously reported, the Joint Administrators incurred pre-Administration time costs of £16,219.
- 7 2 Ernst & Young incurred pre-appointment costs of £22,125 + VAT and Michelmores incurred pre-appointment costs of £9,987 + VAT. Please refer to the Proposals for further details regarding pre-Administration costs.
- 7 3 All pre-Administration time costs were approved under Rule 2.67A of the Rules by PHS, FBME and Whitney on 15 January 2013, 27 November 2012 and 6 January 2013 respectively. All pre-Administration costs were approved by the requisite majority of preferential creditors on 10 December 2012.
- 7 4 Following the approval received from the Secured Creditors and the preferential creditors of the Company, the Joint Administrators drew remuneration for their pre-Administration time costs of £16,219 + VAT on 21 February 2013.
- 7 5 Ernst & Young's and Michelmores' have been paid £17,700 and £7,990 respectively in respect of their pre-appointment time costs. There will be no further payments.

8. Joint Administrators' Costs and Expenses

- 8 1 In accordance with Rule 2.106 of the Rules, the basis of the Joint Administrators' remuneration was approved by PPIA, FBME and Whitney on 15 January 2013, 27 November 2012 and 6 January 2013 respectively. All pre-Administration costs were approved by the requisite majority of preferential creditors on 10 December 2012.
- 8 2 The Joint Administrators' remuneration is fixed by reference to the time properly given by them and their staff in attending to matters arising in the Administration.
- 8 3 The time costs charged by Duff & Phelps in the Reporting Period are analysed at Appendix 2.
- 8 4 Remuneration £300,000 has been paid during the Reporting Period. Details of payments are shown on the Receipts and Payments Accounts at Appendix 3.

- 8 5 Information regarding the fees of Administrators called a Creditors' guide to Administrators' Fees can be found on our website at www.duffandphelps.com/uk-restructuring/creditor-guides in accordance with SIP 9 Should you require a paper copy, please contact this office
- 8 6 A schedule of the Joint Administrators' expenses incurred in dealing with the Administration of the Company during the Reporting Period is at Appendix 3
- 8 7 In accordance with Rule 2.48A of the Rules, secured creditors and unsecured creditors (with the concurrence of at least 5% in value of total unsecured claims) may make a request in writing to the Joint Administrators for further information about the remuneration or expenses set out in this progress report This should be done within 21 days receipt of this report, after which the Joint Administrators have 14 days to respond
- 8 8 In addition to the above, any secured creditor, or any unsecured creditor (with the support of at least 10% in value of the unsecured creditors) or the permission of the court, may apply to the court on the grounds that the remuneration or basis fixed for the Joint Administrators' remuneration or the expenses incurred by the Joint Administrators are considered to be excessive In accordance with Rule 2.109 of the Rules, this application must be made no later than eight weeks after receipt of the progress report, where the charging of the remuneration or the incurring of expenses in question occurs

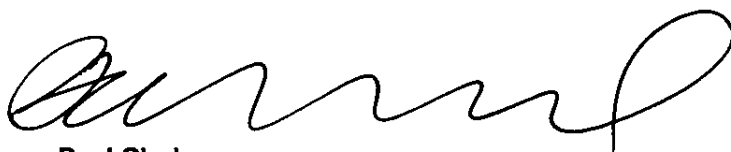
9 Conclusion and Ending of the Administration

- 9 1 The Proposals advised that the Administration automatically comes to an end after one year, unless an extension is granted by the court or with the creditors' consent
- 9 2 It may be necessary to extend the Administration given the deferred consideration due to the Company, however, as there is expected to be a distribution to the unsecured creditors from the Prescribed Part, it is likely that the Company will be moved into CVL in due course

10. Next Report

- 10 1 Generally the Joint Administrators will provide a Progress Report within one month of the end of the each six months of the Administration or earlier if an extension to the period of the Administration is required On present information the next report will be provided no later than 23 September 2013 however a further report would be provided at the time of a move to CVL which is likely to be earlier
- 10 2 If you require further information or assistance, please do not hesitate to contact my colleague, Mark Hickford of this office

Yours faithfully
For and on behalf of
Power Plate International Limited



Paul Clark
Joint Administrator

The affairs, business and property of the Company are being managed by the Joint Administrators, Paul Clark and Philip Duffy, who act as agents for the Company and without personal liability Both are licensed by the Insolvency Practitioners Association

Appendix 1

Statutory Information

Statutory Information

| | |
|--------------------------------|--|
| Date of Incorporation | 26 January 2006 |
| Registered Number | 05688772 |
| Company Directors | Brian Cherry Allan Fisher Gregg Hammann David Morrell Greg Sherman Robert Williams |
| Company Secretary | David Hanson |
| Shareholders | Power Plate International (A Delaware General Partnership) 20 shares of £1 each, being 100% of the Company's share capital |
| Trading Address | 13 George Street London W1U 3QJ |
| Registered Office | Current. c/o Duff & Phelps Ltd 43-45 Portman Square London W1H 6LY Former: 13 George Street London W1U 3QJ |
| Any Other Trading Names | Power Plate |

Financial Information

Company's Audited Accounts for Year Ended 31 December 2010 and 31 December 2009

| | | For the Year Ended 31-Dec-10 (Audited Accounts) | For the Year Ended 31-Dec-09 (Audited Accounts) |
|---|---|---|---|
| Fixed Assets | | | |
| Intangible fixed assets | £ | 303,565 | 691,977 |
| Tangible fixed assets | £ | 159,147 | 325,716 |
| Investments | £ | 105,100 | 105,100 |
| | £ | 567,812 | 1,122,793 |
| Current Assets | | | |
| Stocks | £ | 1,183,237 | 1,716,292 |
| Debtors – due within one year | £ | 2,683,425 | 6,741,105 |
| Debtors – due greater than one year | £ | 5,435,559 | 3,096,525 |
| Cash at bank and in hand | £ | 1,414,360 | 693,110 |
| | £ | 10,716,581 | 12,247,032 |
| Current Liabilities | | | |
| Creditors – amounts falling due within one year | £ | (5,483,180) | (7,132,269) |
| | | | |
| Net Current Assets | £ | 5,233,401 | 5,114,763 |
| | | | |
| Total Assets less Current Liabilities | £ | 5,801,213 | 6,237,556 |
| Long Term Liabilities | | | |
| Creditors – amounts falling due after one year | £ | (4,675,820) | (3,442,672) |
| Provisions for liabilities | £ | (438,144) | (329,874) |
| | | | |
| Total Assets less Total Liabilities | £ | 687,249 | 2,465,010 |
| Capital and Reserves | | | |
| Called up share capital | £ | 20 | 20 |
| Share premium | £ | 282,486 | 282,486 |
| Profit and loss account | £ | 404,743 | 2,182,504 |
| | | | |
| Shareholders' funds | £ | 687,249 | 2,465,010 |

Company's Audited Accounts for Year Ended 31 December 2010 and 31 December 2009

Profit and Loss

| | | For the Year Ended 31-Dec-10 (Audited Accounts) | For the Year Ended 31-Dec-09 (Audited Accounts) |
|--|---|--|--|
| Turnover | £ | 16,992,957 | 19,045,972 |
| Cost of Sales | £ | (8,372,109) | (7,962,917) |
| Gross Profit / (Loss) | £ | 8,620,848 | 11,083,055 |
| Overheads | | | |
| Administrative expenses | £ | (9,672,903) | (11,285,792) |
| Inter-company write off | £ | (98,807) | (28,892) |
| Legal settlement and related legal fees | £ | (473,975) | (3,493,330) |
| Total Administrative Expenses | £ | (10,245,685) | (14,808,014) |
| Operating Loss | £ | (1,624,837) | (3,724,959) |
| Other interest receivable and similar income | £ | 262 | 1,372 |
| Interest payable and similar charges | £ | (678,741) | (456,739) |
| Loss on Ordinary Activities before Taxation | £ | (2,303,316) | (4,180,326) |
| Taxation on loss on ordinary activities | £ | - | 59,830 |
| Loss on Ordinary Activities after Taxation | £ | (2,303,316) | (4,120,496) |
| Corporation Tax | | | |
| Retained Profit / (Loss) for the Year | £ | (2,303,316) | (4,120,496) |

Appendix 2

Joint Administrators' Receipts and Payments Accounts

Power Plate International Limited
(In Administration)
Joint Administrators' Trading Account for the period from 24 September 2012 to 23 March 2013

Statement of Affairs
Estimated to Realise

| £ | POST APPOINTMENT SALES | Notes | £ | £ |
|---|----------------------------------|-------|--------------|--------------------------|
| | Sales (£) | 1 | 191 240 11 | |
| | Sales (\$) | 1 | 305 131 45 | |
| | | | | <u>496 371 56</u> |
| | TRADING EXPENDITURE | | | |
| | Rent Service Charge & Insurance | | (38 390 95) | |
| | Heat & Light | | (996 96) | |
| | Telephone | | (3 929 02) | |
| | Carriage | | (170 757 56) | |
| | IT Systems Management (Colt) | | (14 556 10) | |
| | Bank Charges | | (640 94) | |
| | Hire of Equipment | | (2 434 92) | |
| | Employee Healthcare | | (610 65) | |
| | IT Network Hosting (Claranet) | | (3 564 69) | |
| | Postages | | (100 00) | |
| | Wages | | (99 911 00) | |
| | Employee Expenses | | (13 135 37) | |
| | Marketing | | (9 624 11) | |
| | Management Software | | (165 86) | |
| | Office Cleaning | | (1 199 34) | |
| | Merchant Services Charges | | (2 203 79) | |
| | PAYE/NI | | (31 953 91) | |
| | | | | <u>(394 175 17)</u> |
| | TRADING SURPLUS/(DEFICIT) | | | <u>102,196 39</u> |

Notes

Certain receipts and payments were originally made in US Dollars however these have since been converted to Sterling for presentation purposes. All funds in the estate are now held in Sterling. Therefore the above Receipts and Payments Accounts reflect all transactions in Sterling equivalent of the original US Dollar amounts.

The trading account has been prepared on a cash accounting basis.

Reporting is net of VAT.

No allowance for stock movement.

- 1 All debtor and post-Administration trading sales are being collected by the Purchaser. These receipts are subject to ongoing reconciliation and review and allocation of amounts collected between pre-appointment and post-appointment debtors as reported by the Purchaser.

Power Plate International Limited
(In Administration)
Joint Administrators' Receipts & Payments for the period 24 September 2012 to 23 March 2013

Statement of Affairs
Estimated to Realise

| £ | Notes | £ | £ |
|--|-------|----------------|-----------------------|
| FIXED CHARGE ASSET REALISATIONS | | | |
| | | 1 00 | |
| | | 1 00 | |
| 1 500 000 00 | | 2 592 478 27 | |
| | | 557 522 84 | |
| | | 0 04 | |
| | | | <u>3 150 003 15</u> |
| FIXED CHARGE COSTS OF REALISATION & DISTRIBUTIONS | | | |
| | | (84 522 63) | |
| | | (1 721 458 32) | |
| | | (347 679 90) | |
| | | (984 943 00) | |
| | | (33 50) | |
| | | (4 967 16) | |
| | | | <u>(3 123 604 51)</u> |
| FLOATING CHARGE ASSET REALISATIONS | | | |
| | | 4 011 40 | |
| 125 231 00 | | 28 459 87 | |
| 125 232 00 | | 28 459 87 | |
| | | 1 | |
| | | 1 | |
| 1 318 935 00 | | 711 502 12 | |
| 489 006 00 | 1 | 423 516 54 | |
| | 1 | 14 557 51 | |
| | | 284 600 71 | |
| | | 88 053 02 | |
| | | 61 30 | |
| | | 102 196 39 | |
| | 1 | 233 625 68 | |
| | | 217 73 | |
| | | 1 370 91 | |
| | | | <u>1 920 635 05</u> |
| FLOATING CHARGE COST OF REALISATIONS | | | |
| | | (116 559 19) | |
| | | (7 989 60) | |
| | | (17 700 00) | |
| | | (18 650 68) | |
| | | (13 135 43) | |
| | | (32 269 12) | |
| | | (16 219 00) | |
| | | (300 000 00) | |
| | | (1 123 14) | |
| | | (274 043 93) | |
| | | (11 052 64) | |
| | | (427 65) | |
| | | (72 025 18) | |
| | | (307 27) | |
| | | (467 89) | |
| | | (3 521 73) | |
| | | (2 758 50) | |
| | | (3 962 79) | |
| | | (1 327 08) | |
| | | | <u>(893 540 82)</u> |
| 3,558,404 00 | | | <u>1,053,492 87</u> |
| REPRESENTED BY | | | |
| VAT Receivable | | 89 496 11 | |
| Fixed Bank Account | | 9 537 96 | |
| Floating/main Current Account | | 937 841 31 | |
| Fixed Charge VAT Receivable | | 16 894 16 | |
| VAT Payable | | (276 67) | |
| | | | <u>1,053,492 87</u> |

Notes

Certain receipts and payments were originally made in US Dollars however these have since been converted to Sterling for presentation purposes. All funds in the estate are now held in Sterling. Therefore the above Receipts and Payments Accounts reflect all transactions in Sterling equivalent of the original US Dollar amounts.

The trading account has been prepared on a cash accounting basis.

Reporting is net of VAT.

No allowance for stock movement.

1 All debtor and post Administration trading sales are being collected by the Purchaser. These receipts are subject to ongoing reconciliation and review and allocation of amounts collected between pre-appointment and post appointment debtors as reported by the Purchaser.

Appendix 3

Analysis of Time Charged and Expenses Incurred

Power Plate International Limited (In Administration)

Analysis of the Joint Administrators' time costs for the period 24 September 2012 to 23 March 2013

| Classification of Work Function | Hours | | | | | Total Hours | Time Cost | Avg Hourly Rate |
|--|-------------------|-------------------|------------------|-------------------|-------------|-----------------|-------------------|-----------------|
| | Partner | Manager | Senior | Assistant | Support | | | |
| Administration and Planning | | | | | | | | |
| Strategy planning & control | 91.10 | 62.20 | 0.00 | 119.65 | 0.00 | 272.95 | 97,190.50 | 356.07 |
| Cashiering & accounting | 1.60 | 10.40 | 19.70 | 75.90 | 0.00 | 107.60 | 25,335.25 | 235.46 |
| Statutory matters (Meetings & Reports & Notices) | 7.80 | 9.20 | 0.10 | 80.90 | 0.00 | 98.00 | 23,780.00 | 242.65 |
| Case review and Case Diary management | 0.00 | 4.30 | 0.00 | 56.05 | 0.00 | 60.35 | 11,420.00 | 189.23 |
| Dealings with Directors and Management | 3.00 | 3.30 | 0.00 | 12.05 | 0.00 | 18.35 | 5,002.00 | 272.59 |
| IPS set up & maintenance | 0.00 | 1.30 | 1.10 | 17.60 | 0.00 | 20.00 | 3,002.00 | 150.10 |
| Tax Compliance/Planning | 0.00 | 1.00 | 0.00 | 11.30 | 0.00 | 12.30 | 2,760.50 | 224.43 |
| Statement of Affairs | 0.00 | 3.80 | 0.00 | 7.80 | 0.00 | 11.60 | 2,731.18 | 235.45 |
| Insurance | 0.00 | 0.10 | 0.00 | 4.00 | 0.00 | 4.10 | 792.50 | 193.29 |
| Creditors | | | | | | | | |
| Secured Creditors | 18.90 | 23.60 | 0.00 | 11.50 | 0.00 | 54.00 | 23,045.00 | 426.76 |
| Communications with Creditors/Employees | 0.70 | 5.20 | 0.00 | 100.85 | 0.00 | 106.75 | 17,120.75 | 160.38 |
| Non Pref Creditors/Employees claims handling | 0.00 | 0.50 | 0.00 | 16.80 | 0.00 | 17.30 | 3,618.00 | 209.13 |
| Investigations | | | | | | | | |
| Financial review and investigations (S238/239 etc) | 0.00 | 2.00 | 0.00 | 46.95 | 0.00 | 48.95 | 9,457.71 | 193.21 |
| CDDA & reports & Communication | 0.00 | 2.10 | 0.00 | 29.45 | 0.00 | 31.55 | 8,021.75 | 254.26 |
| Realisation of Assets | | | | | | | | |
| Sale of business | 82.30 | 119.70 | 0.00 | 49.45 | 0.00 | 251.45 | 106,619.50 | 424.02 |
| Book Debts | 0.00 | 37.15 | 28.50 | 13.30 | 0.00 | 78.95 | 22,782.75 | 288.57 |
| Freehold and Leasehold Property | 0.30 | 2.40 | 0.00 | 10.45 | 0.00 | 13.15 | 3,467.25 | 263.67 |
| Hire Purchase and Lease Assets | 0.00 | 0.00 | 0.00 | 8.10 | 0.00 | 8.10 | 1,472.00 | 181.73 |
| Pre Appointment Tax Reclaims | 0.00 | 0.00 | 0.00 | 5.40 | 0.00 | 5.40 | 1,308.50 | 242.31 |
| Other Tangible Assets | 0.00 | 0.00 | 0.00 | 5.10 | 0.00 | 5.10 | 1,257.00 | 246.47 |
| Other Intangible Assets | 0.00 | 0.50 | 0.00 | 1.10 | 0.00 | 1.60 | 502.50 | 314.06 |
| Goodwill and Intellectual Property Rights | 0.00 | 0.00 | 0.00 | 1.60 | 0.00 | 1.60 | 308.00 | 191.25 |
| Trading | | | | | | | | |
| Trading - Operations | 5.00 | 96.45 | 0.00 | 286.05 | 0.00 | 387.50 | 96,006.25 | 247.76 |
| Trading - Accounting | 0.40 | 15.85 | 0.00 | 79.55 | 0.00 | 95.80 | 22,610.50 | 236.02 |
| Trading - Employees | 1.10 | 7.10 | 0.00 | 62.65 | 0.00 | 70.85 | 12,947.75 | 182.75 |
| Trading - Retention of Title & Claims handling | 0.00 | 0.50 | 0.00 | 7.65 | 0.00 | 8.15 | 1,460.50 | 179.20 |
| Trading - Insurance | 0.00 | 0.00 | 0.00 | 2.90 | 0.00 | 2.90 | 691.00 | 238.28 |
| Trading - Hire Purchase Matters | 0.00 | 0.00 | 0.00 | 0.45 | 0.00 | 0.45 | 98.75 | 215.00 |
| Total Hours | 212.20 | 408.65 | 49.40 | 1,124.55 | 0.00 | 1,794.80 | | 281.26 |
| Total Fees Claimed | 113,048.50 | 174,463.39 | 13,168.00 | 204,125.50 | 0.00 | | 504,805.39 | |

Category 2 Disbursements

There are no category 2 disbursements

Power Plate International Limited (In Administration)
Analysis of Expenses Incurred by the Joint Administrators during the period 24 September 2012 to 23 March 2013

| Company | Role | Basis of remuneration | Amount incurred for the period 24 September 2012 to 23 March 2013 | Amount paid for the period 24 September 2012 to 23 March 2013 |
|--------------------------------------|--|---------------------------------------|---|---|
| | | | £ | £ |
| Accurate Mailing Services Limited | Stationery and postage costs | Per unit basis | 357.89 | 357.89 |
| Alternative Networks Pic | Provision of telephone services to the Company during the Administration trading period | Fixed Fee | 3,929.02 | 3,929.02 |
| AUA Insolvency Risk Services Limited | Insurance providers for the Company's assets | Fixed Fee | 3,962.79 | 3,962.79 |
| City Air Express Limited | Delivery of goods despatched during the Administration trading period | Fixed Fee | 1,888.66 | 1,888.66 |
| Claranet Limited | IT network hosting and management services for the Administration trading period | Monthly Fee | 3,564.69 | 3,564.69 |
| Colt Technology Services | Technology and systems management services for the Administration trading period | Monthly Fee | 14,556.10 | 14,556.10 |
| Courts Advertising Limited | Statutory and sale of business advertising | Fixed Fee | 2,758.50 | 2,758.50 |
| EDF Energy plc | Electricity services to the Premises for the Administration trading period | Monthly Fee | 996.96 | 996.96 |
| Ez Runner Systems | Software Management services provided during the Administration trading period | Contract basis | 165.86 | 165.86 |
| Federal Express | Delivery of goods despatched during the Administration trading period | Fixed Fee | 306.11 | 306.11 |
| Hico Appraisal Limited | Valuation of the business and assets of the Company | Fixed Fee | 10,427.65 | 10,427.65 |
| HSBC Merchant Services | Merchant Services charges for the Company's PDQ facility for the Administration trading period | Fixed Fee based on transaction amount | 2,203.79 | 2,203.79 |
| Investec Asset Finance Limited | Hire of office furniture and equipment for the Administration trading period | Monthly Fee | 1,969.26 | 1,969.26 |
| Levenfeld Pearlstein | Legal advice relating to maintaining the Company's global intellectual property licences during the Administration trading period | Fixed Fee | 656.77 | 656.77 |
| LimoNI Avocats | Legal advice relating to a debt owed to the Company by a French customer who is subject to formal insolvency proceedings | Fixed Fee | 660.76 | 660.76 |
| NBK Overseas (London) Limited | Landlord of trading premises rent paid for Administration trading period quarter when in occupation | Quarterly | 70,660.07 | 70,660.07 |
| Prudential Health Insurance Limited | Payment of contractual healthcare benefit scheme for employees during the Administration trading period | Monthly Fee | 610.65 | 610.65 |
| Royal Mail Group Limited | Mail re-direction for the Company's post during the Administration trading period | Fixed Fee | 210.00 | 210.00 |
| Sandra Reynolds Agency | Use of model artwork and photographs on Company's website and marketing materials during the Administration trading period | Contract basis | 150.00 | 150.00 |
| Siemens Financial Services Limited | Hire of photocopier/printer during the Administration trading period | Monthly Fee | 465.66 | 465.66 |
| Speechly Bircham LLP | Legal fees for advice relating to the sale of the Company's business and assets and other ad hoc legal matters | Contract basis | 175,792.55 | 155,537.55 |
| Spin Doctor Limited | Storage and despatch costs for goods held during the Administration trading period | Fixed Fee | 47,422.00 | 47,422.00 |
| Technogym Australia | Payment to continue with marketing event arranged prior to Administration | Fixed Fee | 5,132.26 | 5,132.26 |
| The Creative Place Limited | Digital Artwork for marketing purposes provided during the Administration trading period | Fixed Fee | 195.00 | 195.00 |
| Total Data Management Limited | Fee for storage and destruction of the Company's books and records | Per unit basis | 3,521.73 | 3,521.73 |
| Tower Services (London) Limited | Cleaning of the office and studio for the Administration trading period | Fixed Fee | 1,199.34 | 1,199.34 |
| Twice2much Limited | Services relating to the analysis of the Company's bank statements for inclusion in the Joint Administrators' statutory investigations | Fixed Fee | 1,052.64 | 1,052.64 |
| U Freight Limited | Storage and despatch costs for goods held during the Administration trading period | Fixed Fee | 121,140.79 | 121,140.79 |
| Zeal Media Limited | Website management and Google search services during the Administration trading period | Weekly Fee | 4,146.85 | 4,146.85 |
| | | | 480,104.35 | 459,849.35 |

The Joint Administrators' choice of agents and solicitors instructed was based on their perception of the ability and experience to perform this type of work, the complexity and nature of the assignment and the basis of the Joint Administrators' fee arrangement with them.

Appendix 4

Proof of Debt Form

Proof of Debt – General Form

| Power Plate International Limited (In Administration) | | |
|--|--|---------------------------|
| Date of Administration 24 September 2012 | | |
| 1 | Name of creditor (If a company please also give company registration number) | |
| 2 | For correspondence Address of creditor | |
| | Contact telephone number of creditor | |
| | Email address of creditor | |
| 3 | Total amount of claim, including any Value Added Tax and outstanding uncapitalised interest as at the date the company went into Administration | |
| 4 | Details of any documents by reference to which the debt can be substantiated (Note There is no need to attach them now but the Administrator may call for any document or evidence to substantiate the claim at his discretion as may the chairman or convenor of any meeting) | |
| 5 | If amount in 3 above includes outstanding uncapitalised interest please state amount | £ |
| 6 | Particulars of how and when debt incurred (If you need more space append a continuation sheet to this form) | |
| 7 | Particulars of any security held, the value of the security, and the date it was given | |
| 8 | Particulars of any reservation of title claimed in respect of goods supplied to which the claim relates | |
| 9 | Signature of creditor or person authorised to act on his behalf _____ | |
| | Name in BLOCK LETTERS _____ | |
| | Position with or in relation to creditor _____ | |
| | Address of person signing (if different from 2 above) _____ | |
| For Administrators' Use only | | |
| Admitted to vote for | | Admitted for dividend for |
| £ | | £ |
| Date | | Date |
| Administrator | | Administrator |