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ADD Wellness Holdings Limited

Report and Financial Statements

Period ended

31 July 2007

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BDO Stoy Hayward
Chartered Accountant

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ADD Wellness Holdings Limited

**Annual report and financial statements
for the period ended 31 July 2007**

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Directors

M P Mills
S D Flanagan
D Turner
A B H Fisher
M Warshaw

Secretary and registered office

Filex Services Limited, 179 Great Portland Street, London, W1W 5LS

Company number

06172268

Auditors

BDO Stoy Hayward LLP, 8 Baker Street, London, W1U 3LL

ADD Wellness Holdings Limited

Report of the directors for the period ended 31 July 2007

The directors present their report together with the audited financial statements for the period ended 31 July 2007. The company was incorporated on 20 March 2007.

The company changed its name from Finlaw 562 Limited to ADD Wellness Holdings Limited on 18 June 2007.

Results and dividends

The company did not trade during the period and accordingly no profit and loss account is prepared.

The directors do not recommend the payment of a dividend.

Principal activities, trading review and future developments

The principal activity of the company is that of a parent company, investing in companies seeking to capitalise on opportunities in the leisure, health and fitness sectors.

The directors have reviewed the activities of the company for the period and the position as at 31 July 2007 and consider them to be satisfactory.

Directors

The directors of the company during the period were

A B H Fisher	(appointed 21 June 2007)
D Turner	(appointed 21 June 2007)
B Margolis	(appointed 21 June 2007, resigned 6 July 2007)
S D Flanagan	(appointed 20 July 2007)
Filex Nominees Limited	(appointed 20 March 2007, resigned 21 June 2007)

M P Mills and M Warshaw were appointed as directors after the year end on 23 August 2007 and 29 October 2007 respectively.

No director had any interest in the ordinary shares of the company.

Directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

ADD Wellness Holdings Limited

Report of the directors for the period ended 31 July 2007 (Continued)

Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO Stoy Hayward LLP, who were appointed as the company's first auditors in the period, have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

On behalf of the Board

M P Mills



Director

Date

29 January 2008

ADD Wellness Holdings Limited

Report of the independent auditors

To the shareholders of ADD Wellness Holdings Limited

We have audited the financial statements of ADD Wellness Holdings Limited for the period ended 31 July 2007 which comprise the balance sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with the Companies Act 1985 and whether the information given in the directors' report is consistent with those financial statements. We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.


ADD Wellness Holdings Limited

Report of the independent auditors (*Continued*)

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 July 2007,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements



BDO STOY HAYWARD LLP

*Chartered Accountants
and Registered Auditors
London*

Date *29/1/08*

ADD Wellness Holdings Limited

Balance sheet
at 31 July 2007

	Note	£	£
Fixed assets			
Investments	4		3,670,000
Current assets			
Debtors	5	250,000	
Cash at bank and in hand		3,420,000	
			<u>3,670,000</u>
Net current assets			<u>7,340,000</u>
Capital and reserves			
Called up share capital	6		7,340,000
Profit and loss account			-
			<u>7,340,000</u>
Shareholders' funds	7		<u>7,340,000</u>

The financial statements were approved by the Board and authorised for issue on 29 January 2008

M P Mills
Director



The notes on pages 6 to 8 form part of these financial statements

ADD Wellness Holdings Limited

Notes forming part of the financial statements for the period ended 31 July 2007

1 Accounting policies

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards. The following principal accounting policies have been applied:

Group financial statements

The financial statements contain information about ADD Wellness Holdings Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under section 248 of the Companies Act 1985 from the requirement to prepare consolidated financial statements as the group it heads qualifies as a small group.

Cash flow statement

The company has taken advantage of the exemption conferred by Financial Reporting Standard 1 'Cash Flow Statements (Revised 1996)' not to prepare a cash flow statement, on the grounds that it is a 'small' company under the Companies Act 1985.

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that the recognition of deferred tax assets is limited to the extent that the company anticipates to make sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

Valuation of investments

Investments held as fixed assets are stated at cost less any provision for impairment.

2 Directors

No director received remuneration in the period.

3 Taxation

No UK corporation tax charge arises for the period.

ADD Wellness Holdings Limited

Notes forming part of the financial statements
for the period ended 31 July 2007 (Continued)

4 Fixed asset investments

	Subsidiary undertakings £'000
Cost	
Addition	3,670,000
At 31 July 2007	<u>3,670,000</u>

Subsidiary and associated undertakings

The following were subsidiary and associated undertakings at the end of the year

Name	Country of incorporation or registration	Proportion of voting rights and ordinary share capital held	Nature of business
Fitbug Limited*	England & Wales	100%	Provision of online health and well-being services
Movers and Shapers Limited*	England & Wales	100%	Provision of retail wellbeing services
Movers and Shapers HK **	Hong Kong	50%	Provision of retail wellbeing services

* denotes subsidiary acquired in the period

** joint venture interest of Movers and Shapers Limited

Unaudited financial statements of Movers and Shapers Hong Kong for the year ended 31 July 2007, shared capital and reserves as at 31 July 2007 of £52,200. The company retained a loss for the period to 31 July 2007 of £32,700.

The financial statements of Fitbug Limited for the year ended 31 July 2007 shared a deficit on capital and reserves as at 31 July 2007 of £1,672,337. The company made a loss for the year of £671,534.

The financial statements of Movers and Shapers Limited for the year ended 31 July 2007 shared capital and reserves as at 31 July 2007 of £234,518. The company made a loss for the year of £244,139.

5 Debtors

	£
Amounts receivable within one year	
Amounts owed by subsidiary undertakings	<u>250,000</u>

ADD Wellness Holdings Limited

Notes forming part of the financial statements
for the period ended 31 July 2007 (*Continued*)

6 Share capital

	Number	Authorised £
Ordinary shares of 10p each	100,000,000	10,000,000
	Number	Allotted, called up and fully paid £
Ordinary shares of 10p each	73,400,000	7,340,000

All shares were issued during the period

7 Reconciliation of movements in shareholders' funds

	£
New share capital subscribed	7,340,000
Closing shareholders' funds	7,340,000

8 Related party transactions

At 31 July 2007, Fitbug Limited, a subsidiary undertaking owed the company £150,000 (2006 - £Nil)

At 31 July 2007, Movers and Shapers Limited, a subsidiary undertaking owed the company £100,000 (2006 - £Nil)