

The Insolvency Act 1986

Notice of result of meeting of creditors

2.23B

Name of Company ADD Wellness Holdings Limited	Company number 06172268
In the High Court of Justice [full name of court]	Court case number 12714 of 2009

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

We (a) Malcolm Peter Fillmore and Mark Riley, Atherton Bailey, Arundel House, 1
Amberley Court, Whitworth Road, Crawley RH11 7XL

Delete as applicable

hereby report that *a meeting / ~~an adjourned meeting~~ of the creditors of the above
company was held at

(b) Insert place of
meeting

(b) Arundel House, 1 Amberley Court, Whitworth Road, Crawley RH11 7XL

(c) Insert date of meeting

on (c) 2 June 2009 at which

*1. Proposals / ~~revised proposals~~ were approved.

*2. ~~Proposals / revised proposals were modified and approved.~~

* Delete as
applicable

~~The modifications made to the proposals are as follows:-~~

(d)

(d) Give details of the
modifications (if any)

*3. ~~The proposals were rejected.~~

*4. ~~The meeting was adjourned to (e)~~ _____

(e) Insert time and date of
adjourned meeting

*5. Other resolutions: (f) _____

(f) Details of other
resolutions passed

FRIDAY



PEW18AGF

PC2

05/06/2009

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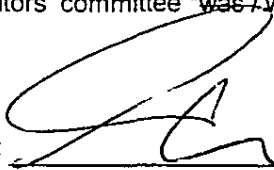
COMPANIES HOUSE

The revised date for automatic end to administration is _____

* Delete as applicable

A creditors' committee ~~*was~~ / was not formed.

Signed


Joint Administrator – Malcolm P Fillmore

Dated 4 June 2009

* Delete as applicable

A copy of the ~~*original proposals~~ / ~~modified proposals~~ / ~~revised proposals~~ is attached for those who did not receive such documents prior to the meeting.

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 searches of the public record

Atherton Bailey LLP	
Arundel House, 1 Amberley Court, Whitworth Road, Crawley RH11 7XL	
Tel 01293 410333	
DX Number	DX Exchange

When you have completed and signed this form please send it to the Registrar of Companies

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

DX 33050

PC2

05/06/2009
COMPANIES HOUSE

695

IN THE HIGH COURT OF JUSTICE

No: 12714 of 2009

ADD WELLNESS HOLDINGS LIMITED (In Administration) ("The Company")
Unit 10, Utopia Village, 7 Chalcot Road, Primrose Hill, London, NW1 8HL

Company No. 06172268

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ADD WELLNESS HOLDINGS LIMITED (In Administration) ("The Company")
Unit 10, Utopia Village, 7 Chalcot Road, Primrose Hill, London, NW1 8HL
Company No. 06172268

STATEMENT OF THE ADMINISTRATORS' PROPOSALS

Pursuant to Paragraph 49 of Schedule B1 to the Insolvency Act 1986; and
Rule 2.33 of The Insolvency Rules 1986

Please note that these Proposals are of a statutory nature and give enabling powers to the Administrators in order for them to continue to pursue the purposes of the Administration Order. Creditors should also note, for the avoidance of doubt, that these are NOT Voluntary Arrangement proposals.

1. Introduction

- 1.1 On 1 April 2009, pursuant to an application made by the company, an Administration Order was made in The High Court of Justice in respect of the Company and Mark Riley and I were appointed Joint Administrators. The Administrators are to act jointly and severally. At the date of Administration, the Company was the parent company of Movers and Shapers Limited, which also went into administration on the same day. It also owned and financed Fitbug Limited, a company which had the rights to a fitness device.
- 1.2 An Administration Order has the effect of freezing amounts owing to all creditors and, except with the leave of the Court or the consent of the Administrators, Administration stops legal proceedings against the Company. The intention of the legislation is to give the Company protection against claims, or attempts to wind the Company up, the enforcing of security, or the repossession of assets while efforts are made to achieve the purpose for which the Administration order was made.
- 1.3. The Administrators of a company must perform their functions with the objective of (in order of priority):
 - 1.3.1 rescuing the company as a going concern, or
 - 1.3.2 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
 - 1.3.3 realising property in order to make a distribution to one or more secured or preferential creditors.
- 1.4 In this case the Administration Order was made for the purposes mentioned in paragraphs 1.3.2. We have concluded that it is not reasonably practical to achieve a rescue of the Company as a going concern. The purpose of the Creditors' meeting is to review the conduct of the Administration to date and to give appropriate powers and authority to the Administrators to achieve the purposes of the Administration as required by Paragraph 49 of Schedule B1 to the Insolvency Act 1986. These specific proposals do not exclude the exercise by the Administrators of their powers and duties under the Insolvency Act 1986 and the Insolvency Rules 1986 [as amended].

2. Statutory Information

- 2.1 Annexed to these Proposals are the following details:
 - 2.1.1 An account of the circumstances giving rise to the application for administration (Appendix A)
 - 2.1.2 A summary of the company's statutory details at the date of administration (Appendix B)
 - 2.1.3 An Estimated Statement of Affairs (Appendix C).
 - 2.1.4 Rule 2.38 of The Insolvency Rules 1986, Entitlement to vote (Appendix D)
- 2.2 This Administration is considered to be main proceedings as defined in the EC Regulation No. 1346/2000.

3. Post-Administration Management

- 3.1 I attach as Appendix E, a summary of our receipts and payments account to date.
- 3.2 The Company was a holding company and did not trade as such. At the date of the Administration Order, apart from owning Movers and Shapers Limited (which also proceeded into Administration), it also owned and financed Fitbug Limited. As set out in the attached history of the Company, the Fitbug product was still at an early stage of its development and needed substantial further investment funds, which the Company did not have.
- 3.3 The Company itself was owned and financed by ADD Leisure plc and BUPA Finance plc and the vast

majority of its creditors related to finance provided by its shareholders. Advice in the period prior to Administration had been sought from Edward Symmons and Partners as to the likely value of the Fitbug business and the underlying shares and as disclosed in the letter sent to creditors dated 8 April 2009, a decision was taken to sell the Fitbug shares to ADD Leisure plc.

- 3.4 Since Administration, apart from the standard processes arising in respect of any insolvency, we have been monitoring the outcome of the Movers and Shapers Limited Administration to ascertain what claims are likely to fall on to the Company under guarantee. This may not be finally determined for some time.

- 3.5 The only other known asset is that the Company was the registered group company for VAT purposes and a pre-Administration VAT repayment has been paid into the Company's bank account and is being released to the Administrators..

4. The Exit Route from Administration

- 4.1 There are anticipated to be sufficient funds for a dividend to non-preferential creditors of the company and it may be beneficial to make an application to court to enable the Administrators to make a distribution to creditors through the Administration rather than placing the company into liquidation. In this case once a distribution has been made, the necessary papers will be filed with the Registrar of Companies following the filing the company will be dissolved after a period of 3 months. In the event the Administrators deem that a distribution should be undertaken through liquidation, the Administrators will place the company into creditors' voluntary liquidation.

5. Other Matters

- 5.1 The Administrators have certain statutory responsibilities, including a review of the matters leading up to the financial problems and the directors' conduct. We are required by law under the Company Directors Disqualification Act 1986 to make a return or conduct report on every person who was on the date of our appointment or at any time in the three years immediately preceding that date a director or shadow director of the company. If you have any information which you consider may be relevant to our report please provide such information and any related documentary evidence as soon as possible. Please note that this request forms part of my firm's usual investigation procedures and does not in any way imply that there may be any cause for concern regarding any person concerned with the company's affairs.

6. Forecast Outcome

- 6.1 We are presently in the process of assessing the total realisations available in this matter and it is at present uncertain what will be available for distribution to non-preferential creditors. We anticipate that the matter will be clearer at the time of our first progress report which is due at the 6 month anniversary of the Administration which will be sent to creditors in October 2009.

7. Administrators' Proposals

- 7.1 The following are our Statement of Proposals for achieving the purposes of the Administration Order made in respect of the Company and which we make to the creditors for their consideration and, if thought fit, approval at the Meeting of Creditors to be held on 29 May 2009.
- 7.2 That we be given authority to continue to manage the remaining affairs of the Company in such manner as we consider expedient and in accordance with our professional judgement, taking independent or informed advice where we consider that to be appropriate and that we take such decisions on the future management of the Company as we consider appropriate.
- 7.3 That we be empowered to review all existing contractual commitments and obligations of the Company and, where necessary, cause the Company to determine (if not already terminated) any such contractual commitments which, in our view, are not beneficial to the future of the business.
- 7.4 That we be empowered to enter into and conclude negotiations with creditors and/or others as we consider may assist in the achievement of the purposes of the Administration.
- 7.5 That should the creditors so wish, a Committee of Creditors be elected in order to exercise the functions conferred on it by the Insolvency Act 1986.
- 7.6 That our remuneration for acting as Administrators be fixed by reference to the time properly given by us and our staff in attending to matters arising in the Administration and that the Administrators be at liberty to draw fees up to actual time costs incurred from time to time from funds held by us. That details of the remuneration drawn and time costs will be set out in the Administrators' progress reports as required by the Association of Business Recovery Professionals. The current hourly charge out rates for principals

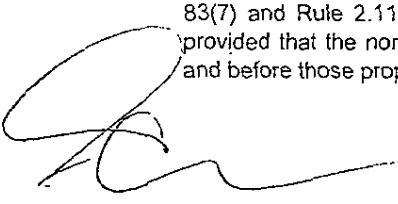
and staff likely to be involved in this case are set out as follows together with details and charges for indirect disbursements:

7.6.1 Partners £270-290, Senior Professional Staff £110 - £220 and administrative and support staff £85 - £100.

7.6.2 Indirect disbursements to be charged at the rate of 25 pence per letter, 15 pence per photocopy and 40 pence per mile plus 5 pence for additional persons travelling in the same car.

Time costs as at 10 May 2009 are £3,913 for the Crawley office, in addition time costs of approximately £1,000 have been incurred by our Guildford office however we do not presently have a breakdown of these costs. These costs will be sent to creditors with the notice of the outcome of the creditors' meeting. I attach a summary of the Crawley office time costs on the attached schedule in the format prescribed by the Association of Business Recovery Professionals.

- 7.7 That Atherton Bailey LLP be paid their time costs and any indirect disbursements, on the basis mentioned above, in relation to the proper professional costs incurred by them in connection with the making of the appointment pursuant to Rule 2.67 (1)(c) of the Insolvency Rules 1986 to reflect time spent by a proposed administrator, prior to any appointment, in determining that it is reasonably likely that the purpose of the administration would be achieved and to enable them to complete Form 2.2B.
- 7.8 That, if we so conclude is in the creditors interests, we convene further meetings of the creditors and members at such time as we may propose in order to put to them proposals for a CVA or to seek their approval to any other proposals or resolutions.
- 7.9 That in the exercise of our powers and in doing anything where we believe it is appropriate or necessary to seek the consent or approval of creditors and, where the law so allows, any Committee of Creditors elected will have the authority to act on behalf of all creditors.
- 7.10 That we may do all such other things as we, in our discretion, consider will preserve protect or enhance the business and/or assets of the Company and/or are incidental to these proposals and their implementation.
- 7.11 That we take and implement such other consequential decisions as, in our judgement, will benefit the creditors of the Company.
- 7.12 That as soon as we deem it appropriate, we seek a discharge of the Administration Order and our release as Administrators. Following the filing of the Administrators' final progress report to the Registrar of Companies both Administrators will deem to be released from any further liability arising from or connected howsoever to the Administration pursuant to Paragraph 98 of Schedule B1 of the Insolvency Act 1986.
- 7.13 That we be authorised to realise the Company's remaining assets on the best basis reasonably attainable and, if realisations are sufficient to pay any dividend to unsecured creditors, shall either make an application to Court to enable the Administrators to make the distribution to non-preferential creditors or should the Administrators deem it appropriate, place the Company into Creditors' Voluntary Liquidation. In this event the proposed liquidators will be the current Administrators but in accordance with Paragraph 83(7) and Rule 2.117(3), creditors are advised that they may nominate a different person or persons, provided that the nomination is made after receipt of such proposals to put the Company into liquidation and before those proposals are approved.



Malcolm P Fillmore
Joint Administrator
Date 18 May 2009

ADD WELLNESS HOLDINGS LIMITED (In Administration) ("The Company")
An Account of the Circumstances giving rise to the Administration

The Company was formed in March 2007 as a holding company to invest in companies in the leisure, health and fitness sports markets. It had invested substantial sums in Movers and Shapers Limited, which operated a series of walk-in fitness centres in London and elsewhere and in Fitbug Limited, which had the rights to a fitness device. The Movers and Shapers business did not produce the results anticipated and the investors in the Company decided in March 2009 to withdraw further funding.

As regards Fitbug Limited, the business forecasts envisaged the need to expend very substantial sums before it was likely to generate profits. The vast majority of the indebtedness of Fitbug Limited had been funded by the Company and by other group companies. The directors and shareholders of the Company reviewed various options and took independent advice as to the underlying value of the assets of Fitbug Limited.

Their advice in the context of no further funding being available, may be summarised as that the business of Fitbug Limited (or the company itself) was not likely to be immediately saleable as a going concern to a third party given the uncertainty of the future development costs.

The 50% shareholder in the Company, ADDLeisure plc offered to participate in a financial restructuring of Fitbug Limited and terms were agreed whereby they would buy the shares in Fitbug Limited and pay all its third party liabilities and provide a sum to the Company which would equate to a going concern sale of the business putting a value of £250,000 on the intellectual property of the Fitbug product. Edward Symmons confirmed that this value and thereby the offer itself would significantly exceed the realisation likely to be achieved if Fitbug Limited was closed and the assets realised.

The transactions referred to above were completed on 1st April 2009 with the shares in Fitbug Limited being sold to ADDLeisure plc for £1.00 plus an initial payment of £5,000 on account of the notional dividend to third parties and costs. The balance of the funds to meet the costs and the dividend to third-party creditors is to be paid on the demand of the Administrators within a period not exceeding 12 months.

ADD WELLNESS HOLDINGS LIMITED (IN ADMINISTRATION)

STATUTORY INFORMATION

Company Registration Number:	06172268
Date of Incorporation:	20 march 2007
Share Capital:	ADDLeisure plc (50% shares) BUPA Finance plc (50% shares)
Current Directors:	Mr Allàn Brian Henry Fisher Mr Stephen David Flanagan Mr Benjamin Margolis Mr Michael Peter Mills Mr David Turner Mr Michael Warshaw
Company Secretary:	Filex Services Limited
Shareholders:	7,340,000 ordinary shares with Nominal Value of £7,340,000
Registered Office:	Unit 10, Utopia Village, 7 Chalcot Road, Primrose Hill, London, NW1 8HL [now moved to C/O Atherton Bailey, 1 Liverpool Terrace, Worthing, West Sussex BN11 1TA]

ADD WELLNESS HOLDINGS LIMITED (In Administration) ("The Company")
 Estimate Statement of Affairs
 As at 1 April 2009

£000	Book value	Estimated to realise
Assets Not Subject to Charge		
Investments in Subsidiaries		
Fitbug Limited	334	0
Movers and Shapers Ltd	3,336	0
Inter-Group Debtors		
Fitbug Limited	3,514	151
Movers and Shapers Ltd	1,309	0
Cash at Bank	7	7
VAT Recoverable	24	24
	<u>8,524</u>	<u>182</u>
Less: Unsecured Creditors		
ADD Leisure plc	960	
ADD Leisure 2004 Limited	110	
Guarantee creditors – estimated	126	
	<u>1,196</u>	<u>1,196</u>
Estimated Deficiency		<u>1,014</u>
Share Capital		<u>7,340</u>
Deficiency as regards Shareholders		<u>£8,354</u>

ADD WELLNESS HOLDINGS LIMITED (IN ADMINISTRATION)

Notes regarding Entitlement to Vote at the initial Creditors' Meeting
under paragraph 51 of Schedule B1 to the Insolvency Act 1986

Rule 2.38 of The Insolvency (Amendment) Rules 2003 - Entitlement to Vote

2.38 (1) - Subject as follows, at a meeting of creditors in administration proceedings a person is entitled to vote only if:-

- (a) he has given to the administrator, not later than 12.00 hours on the business day before the day fixed for the meeting, details in writing of the debt which
 - (i) he claims to be due to him from the company; or
 - (ii) in relation to a member State liquidator, is claimed to be due to creditors in proceedings in relation to which he holds office;
- (b) the claim has been duly admitted under the following provisions of this Rule; and
- (c) there has been lodged with the administrator any proxy which he intends to be used on his behalf,

and details of the debt must include any calculation for the purposes of Rules 2.40 to 2.42.

2.38 (2) - The chairman of the meeting may allow a creditor to vote, notwithstanding that he has failed to comply with paragraph (1)(a) if satisfied that the failure was due to circumstances beyond the creditor's control.

2.38 (3) - The chairman of the meeting may call for any document or other evidence to be produced to him, where he thinks it necessary for the purpose of substantiating the whole or any part of the claim.

2.38 (4) - Votes are calculated according to the amount of a creditor's claim as at the date on which the company entered administration, less any payments that have been made to him after that date in respect of his claim and any adjustment by way of set-off in accordance with Rule 2.85 as if that Rule were applied on the date that the votes are counted.

2.38 (5) - A creditor shall not vote in respect of a debt for an unliquidated amount, or any debt whose value is not ascertained, except where the chairman agrees to put upon the debt an estimated minimum value for the purpose of entitlement to vote and admits the claim for that purpose.

2.38 (6) - No vote shall be cast by virtue of a claim more than once on any resolution put to the meeting.

2.38 (7) Where

- (a) a creditor is entitled to vote under this Rule;
- (b) has lodged his claim in one or more sets of other proceedings; and
- (c) votes (either in person or by proxy) on a resolution put to the meeting; and
- (d) the member State liquidator casts a vote in respect of the same claim,

only the creditor's vote shall be counted.

2.38 (8) - Where

- (a) a creditor has lodged his claim in more than one set of other proceedings; and
- (b) more than one member State liquidator seeks to vote by virtue of that claim,

the entitlement to vote by virtue of that claim is exercisable by the member State liquidator in main proceedings, whether or not the creditor has lodged his claim in the main proceedings.

2.38 (9) - For the purposes of paragraph (6), the claim of a creditor and of any member State liquidator in relation to the same debt are a single claim.

2.38 (10) - For the purposes of paragraphs (7) and (8), "other proceedings" means main proceedings, secondary proceedings or territorial proceedings in another member State.

ADD WELLNESS HOLDINGS LIMITED (IN ADMINISTRATION)

ABSTRACT OF RECEIPTS AND PAYMENTS ACCOUNT
FOR THE PERIOD FROM 1 APRIL 2009 TO 18 MAY 2009

RECEIPTS

	£	£
Sale of Business - on Account		
Cash at Bank	5,000	
	24,000	
		29,000

PAYMENTS

Pre Administration Fees and expenses (Drawn pre Administration)		4,325
Input Tax		675

CASH AT BANK

£24,000