

Freepower Limited - in Administration (“the Company”) Administrator’s final report in accordance with Rule 2.110 of the Insolvency Rules 1986 for the period 12 October 2011 to 16 March 2012

Summary Information

Court	High Court Chancery Division Court No. 2437 of 2011
The Company	Freepower Limited
Trading Name(s)	Freepower
Registered Number	03959126
Registered Address	C/o Peter Hall, 2 Venture Road, Science Park Chilworth, Southampton, SO16 7NP
Trading Address(s)	56 Reith Way, West Portway Industrial Estate, Andover, SP10 3TY
Activity	Research & Development (Sciences & Engineering)
Date of the Administration	12 April 2011
Administration applied for	12 April 2011
Appointor	Directors
Purpose of Administration	A more advantageous realisation of the company’s assets than would be likely in a winding up
Administrator	Peter Hall 2 Venture Road, Science Park, Chilworth, Southampton, SO16 7NP
Date of Approval of Proposals	7 June 2011
Extensions to Administration period	Not Applicable
End of Administration period	Not applicable

Freepower Limited in Administration (“the Company”)

Administrator’s final report in accordance with Rule 2.110 of the Insolvency Rules 1986 for the period 12 October 2011 to 16 March 2012

1. Introduction

1.1 I was appointed as Administrator of Freepower Limited (“the Company”) on 12 December 2011 by the Directors.

1.2 This is my final report on the progress of the Administration and should be read in conjunction with the Administrator’s proposals and the progress report for the period ending 11 October 2011 and other correspondence previously circulated. The Company will now move from administration to creditors’ voluntary liquidation in accordance with the resolutions passed at the meeting of creditors held on 7 June 2011.

1.3 The following attachments accompany this report:

1.3.1 Appendix A – Administrator’s proposals approved at the meeting on 7 June 2011.

1.3.2 Appendix B – Receipts and payments account for the period 12 October 2011 to 16 March 2012 and in total.

1.3.3 Appendix C – Analysis of Administrator’s time costs during the period of the report and in total.

- C1 Analysis of time for the period of this report
- C2 Analysis of time for the period since my appointment
- C3 Examples of type of work
- C4 Charge out rates

1.3.4 Appendix D – Analysis of Pre-Appointment time costs

2. Overall Strategy

2.1 The Administrator of a company must perform his functions with the objective of:

- a) rescuing the company as a going concern, or
- b) 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
- c) realising property in order to make a distribution to one or more secured or preferential creditors.

2.2 It was agreed at the creditors meeting that I would assess the value of the assets and commence their realisation. My proposals were modified to allow me to pursue an exit via a Corporate Voluntary Arrangement.

2.3 My investigations have suggested that a piecemeal realisation of the Company’s assets would achieve nothing for creditors. Alternatively, the directors have suggested that they would be prepared to support a CVA which could pay all external creditors in full.

2.4 A summary CVA proposal was circulated to the larger creditors and received a positive response from creditors. Unfortunately this has not progressed as rapidly as has been hoped.

- 2.5 As the anniversary of the Administration is approaching there is insufficient time to put a CVA into place before the Administration will come to an automatic end. The Company will therefore be placed into Creditors' Voluntary Liquidation.
- 2.6 As soon as a detailed CVA proposal has been formulated it will be circulated to creditors in the liquidation.
- 2.7 The summary CVA proposal was attached to my previous progress report at Appendix E. A copy of that report can be found on my firm's website www.peterhall.org.uk. Should you require a hard copy of that document please do not hesitate to contact me or my colleague Katie Young at this office.

3. Asset Realisations

- 3.1 No assets of the Company have been realised at this time.

4. Employees

- 4.1 All of the company's employees were made redundant on the date of my appointment and claims have been paid to the employees by the Redundancy Payments Office ("RPO"), subject to certain limits.

5. Administrator's Remuneration

- 5.1 My fees as Administrator were approved on 7 June 2011 by creditors by reference to the time properly given by me and my staff in attending to matters arising in the Administration on a time cost basis.
- 5.2 Time Costs during the period of this report total £3,483.50, being 21.30 hours at an average hourly rate of £163.54. Attached at Appendix C1 is an analysis of my time costs during the period. These costs have been incurred in asset realisations, correspondence with the shareholders, directors and creditors, liaison with agents and solicitors, cashiering duties and general administration including compliance with statutory matters. However does not include the time spent preparing this report.
- 5.3 No Administrator's fees have been drawn in this period as there are insufficient realisations to meet those costs at this time.
- 5.4 Time costs following my appointment total £48,197.50, being 312.40 hours at an average hourly rate of £154.28. Attached at Appendix C2 is an analysis of my time costs in total since the date of my appointment. These costs have been incurred in asset realisations, correspondence with the shareholders, directors and creditors, liaison with agents and solicitors, cashiering duties and general administration including compliance with statutory matters. However does not include the time spent preparing this report.
- 5.5 Administrator's fees drawn to date on account of these time costs total £2,500 plus VAT and were drawn in the period prior to this report. These fees did not come from a realisation of

the company assets but came from the company's directors to pay for the drafting of the outline CVA proposal.

5.6 Pre-appointment costs total £11,271 being 78.10 hours at an average hourly rate of £144.31. Attached at Appendix D is an analysis of these time costs. Fees drawn to date prior to my appointment on account of these time costs total £5,000 plus VAT.

5.7 A Creditors' Guide to Administrators' fees was attached as an Appendix to my proposals. A copy of this guide can be found at www.peterhall.org.uk/notices/freepower. Should you require a hard copy of this guide, please do not hesitate to contact me, or my colleague Katie Young at this office.

5.8 No expenses have been incurred or paid during the period.

5.9 Should any secured creditor or unsecured creditor with the agreement of at least 5% in value of unsecured creditors require any further information about the Administrators remuneration or expenses please write to me within 21 days of receipt of this report stating the information required.

Alternatively any unsecured creditor may make an application to court within that period under Rule 2.48A of the Insolvency Rules 1986 to request further information.

Creditors also have the right to challenge the Administrator's remuneration and expenses under R2.109 of the Insolvency Rules 1986

6 Creditors

6.1 Prescribed Part

6.1.1 Under the provisions of Section 176A of the Insolvency Act 1986 the Administrator must state the amount of funds available to unsecured creditors in respect of the prescribed part.

6.1.2 It is likely that funds may have to be set aside under the provisions of Section 176A (prescribed part) of the Insolvency Act 1986, as a charges has been registered after the relevant date. I am unable to provide an estimate in respect of the prescribed part at this time as it will be dependent upon the approval and success of the CVA.

6.2 Preferential Creditors

6.2.1 The RPO have a preferential claim in so far as they have met the preferential claims of the employees. The employees will also have preferential claims in respect of their preferential entitlement over and above that paid by the RPO.

6.2.2 If a CVA is successful these claims will be paid in priority to floating charge creditors and unsecured creditors.

6.3 Secured Creditors

6.3.1 The amount due to National Westminster Bank plc of some £86k is, secured by its debenture dated 25 September 2009.

6.4 Unsecured Creditors

6.4.1 As indicated previously, a piecemeal realisation of the assets will yield no dividend to creditors, but a CVA could see all creditors paid in full.

7 Conclusion

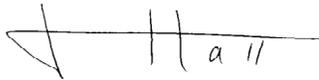
7.1 No assets have yet been realised. This is because a piecemeal realisation of the assets would not yield a return for creditors. A CVA could pay creditors in full.

7.2 I am now ceasing to act as Administrator. Notice is being sent to the Registrar of Companies to move the Company from Administration to liquidation.

7.3 Unrealised assets will now be realised by me as liquidator and outstanding expenses of the Administration will be paid by me as liquidator.

7.4 It is my intention to put a proposal for a CVA forward to creditors in the liquidation.

Should any creditor have any queries regarding this report, please do not hesitate to contact me or my colleague Katie Young at this office.

A handwritten signature in black ink, appearing to read 'Peter Hall', written over a horizontal line.

Peter Hall
Administrator

Dated this 16th day of March 2012