

3 April 2009

Our ref: MNC/AMR/KH01ADL/ADM502/2203
Your ref:

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31 Wellington Street
Leeds LS1 4DL
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TO ALL KNOWN CREDITORS

When telephoning please ask for:
Erica Walters

Direct Line:
0113 386 0819

Dear Sirs

Kosmar Villa Holidays plc- In Administration (the Company) Administrators' Progress Report

As you may be aware Alastair Beveridge, Nick Cropper, Simon Appell and I were appointed Joint Administrators of the Company on 12 September 2008 by the High Court, Chancery Division, Companies Court. From 1 January 2009 Alastair Beveridge, Simon Appell, Nick Cropper and I are now licensed by the Insolvency Practitioners Association (IPA).

Please find attached a formal notice and detailed report covering progress in the Administration during the six month period ended 11 March 2009.

Please note that it is a statutory requirement for the Joint Administrators to prepare and make available for all actual and potential creditors of the Company a Progress Report. However, for those passengers who have submitted claims for refunds to the Civil Aviation Authority under the ATOL scheme, to their credit card company or through an insurance company THIS IS FOR INFORMATION ONLY and DOES NOT affect your claim in any way.

Further update as at 3 April 2009

In order to minimise costs (printing and postage) to the creditors, the Joint Administrators applied to Court on 3 April 2009, to release them from their statutory obligations of sending to all known creditors (of which there is approximately 144,000) the following documents:

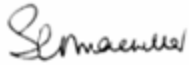
- Notices of the result of any meetings of creditors
- Progress reports to creditors
- Any notice of intention to declare and distribute a dividend
- Any notice of automatic end of Administration
- Any notice of moving from Administration to Creditors' Voluntary Liquidation
- Any notice of moving from Administration to Dissolution

Registrar Derrett of The High Court of Justice, Chancery Division, Companies Court granted the Joint Administrators' application and ordered that the Joint Administrators publish the relevant creditor information, instead of mailing hard copies to creditors.

Accordingly, for the purposes of this and future creditor communication, the Joint Administrators will publish all documents on the www.xladministration.com website and will provide a helpline for creditors to request information free of charge. The helpline number is 0800 068 8991.

Please also note that following the recent completion of a Management Buy-Out (MBO) by the partner group of Kroll's UK Corporate Advisory and Business Recovery practice from Kroll Inc, we will be operating under the Zolfo Cooper brand name going forward. Zolfo Cooper Europe will continue to be headquartered at 10 Fleet Place, London EC4M 7RB with our existing network of UK offices remaining in their current locations.

Yours faithfully
For and on behalf of
Kosmar Villa Holidays plc



S C E Mackellar
Joint Administrator

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The affairs, business and property of the Company are being managed by the Joint Administrators. The Joint Administrators act as agents of the Company and without personal liability.

The Insolvency Act 1986

Administrator's progress report

Name of Company Kosmar Villa Holidays plc	Company number 01673531
In the High Court, Chancery Division, Companies Court	Court case number 7842 of 2008

We, Alastair Paul Beveridge, Simon Jonathan Appell, Mark Nicholas Cropper of Zolfo Cooper, 10 Fleet Place, London, EC4M 7RB and Stuart Charles Edward Mackellar of Zolfo Cooper, Wellington Plaza, 31 Wellington Street, Leeds, LS1 4DL

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

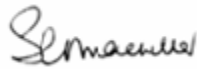
from

to

(b) 12 September 2008

(b) 11 March 2009

Signed:



Joint Administrator

Dated: 3 April 2009

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

Erica Walters	
Zolfo Cooper, Wellington Plaza, 31 Wellington Street, Leeds, LS1 4DL	
	Tel: 0113 386 0819
DX Number	DX Exchange

Companies
House receipt
date barcode

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

3 April 2009

Joint Administrators' Progress Report

For the Period
12 September 2008 to 11 March 2009

Kosmar Villa Holidays plc -
In Administration



CONTENTS

- 1 Statutory Information
- 2 Progress of the Administration
- 3 Assets still to be Realised
- 4 Joint Administrators' Remuneration
- 5 Estimated Outcome for Creditors
- 6 Ending the Administration
- 7 Next Report

APPENDICES

Group Structure	Appendix A
Receipts and Payments Account for the Period from 12 September 2008 to 11 March 2009	Appendix B
Time Analysis for the Period from 12 September 2008 to 11 March 2009	Appendix C
Additional Information in Relation to Administrators' Fees Pursuant to Statement of Insolvency Practice 9	Appendix D

1 Statutory Information

- 1.1 I was appointed Joint Administrator of Kosmar Villa Holidays plc (the **Company**) together with Alastair Paul Beveridge, Simon Jonathan Appell and Mark Nicholas Cropper on 12 September 2008 by the High Court of Justice. The application for the appointment of an Administrator was made by the Directors of the Company.
- 1.2 Please note that as of 1 January 2009, Alastair Paul Beveridge, Simon Jonathan Appell, Mark Nicholas Cropper and I are now licensed by the Insolvency Practitioners Association (IPA).
- 1.3 The Company formed part of the XL Leisure Group of companies (the **Group**).
- 1.4 The Company is one of 11 Companies (the **Companies**) within the Group which were placed into Administration by the Court at 1am on 12 September 2008. The additional 10 companies are as follows:
- XL Leisure Group plc (04513359) (the **Parent Company**)
 - Travel City Flights Limited (03676161)
 - Excel Aviation Limited (03720932)
 - Explorer House Limited (05183147)
 - The Really Great Holiday Company plc (02813710)
 - Medlife Hotels Limited (05311104)
 - Aspire Holidays Limited (03813759)
 - Freedom Flights Limited (03761690)
 - Freedom Flights (Aviation) Limited (03778561)
 - XL Airways UK Limited (02980023)
- 1.5 A copy of the Group structure is attached at Appendix A.
- 1.6 The other entities within the Group are either dormant or non-trading.
- 1.7 The Administration is being handled by Zolfo Cooper's Leeds office, situated at Wellington Plaza, 31 Wellington Street, Leeds, LS1 4DL.
- 1.8 The Administration is registered in the High Court of Justice, Chancery Division, Companies Court under reference number 7842 of 2008.

- 1.9 The main headquarters of the Company was Explorer House, Fleming Way, Crawley, West Sussex, RH10 9EA (**Explorer House**).
- 1.10 The registered office of the Company has been changed from Mitre Court, Fleming Way, Crawley, West Sussex, RH10 9NJ to c/o Zolfo Cooper, Wellington Plaza, 31 Wellington Street, LS1 4DL and its registered number is 01673531.
- 1.11 The functions of the Joint Administrators may be exercised by either or all, acting jointly or alone.
- 1.12 Please note that following the recent completion of a Management Buy-Out (**MBO**) by the partner group of Kroll's UK Corporate Advisory and Business Recovery practice from Kroll Inc, we will be operating under the Zolfo Cooper brand name going forward. Zolfo Cooper Europe will continue to be headquartered at 10 Fleet Place, London EC4M 7RB with our existing network of UK offices remaining in their current locations.

2 Progress of the Administration

Overall Administration Progress for the Companies

- 2.1 Since the date of my last report, I have continued to facilitate a controlled and orderly wind down of the operations of all of the Companies which entered Administration.
- 2.2 I have proceeded to realise the various assets held across the Companies which include agency and trade debtors totalling in excess of £15 million excluding intercompany debts, the brands, trademarks and intellectual property of the major trading entities, prepayments relating to airport charges, fuel and insurance, six freehold properties and aircraft stock.
- 2.3 A considerable amount of time has also been spent liaising and corresponding with the Companies' stakeholders and in particular in relation to the substantial telephone and written queries received from customers with regard to their pre-booked holidays which were unfortunately cancelled as a result of the Administrations. I have liaised extensively with the Civil Aviation Authority (**CAA**) and credit card providers to ensure that any information they have required relating to customer bookings has been provided swiftly, efficiently and accurately.
- 2.4 Please note that it is a statutory requirement for the Joint Administrators to prepare and make available for all actual and contingent creditors, a Six Month Progress Report. However, for those passengers who have submitted claims for refunds to the CAA under the ATOL scheme, this report is for information only and does not affect

the ATOL claim in any way. Similarly this report does not affect credit card or Visa debit card claims which may have already been submitted directly with your card issuer with regard to unfulfilled bookings.

- 2.5 There has also been a large volume of correspondence received from former employees with regard to their redundancy and preferential claims, requests for access to training records and files and also with a view to obtaining references for their new employers.
- 2.6 As you are aware, the Companies' IT systems were complex and data was held across seven separate IT systems and packages, some of which were hosted by external providers. The operations of the Companies were heavily reliant on these systems, such as customer booking systems, finance systems and aircraft maintenance systems. As such, a managed shut down and decommissioning strategy of over 100 servers has had to be undertaken together with IT consultants and former third party service providers to the Companies. I can confirm that the shut down strategy is in its final stage.
- 2.7 An operation to box up the Companies' books and records which were held across various national locations has also been undertaken and a small number of former employees were initially retained on a consultancy basis to assist with this process. There are now in excess of 5,000 boxes of books and records held at a storage facility in Leeds.
- 2.8 In order to minimise costs (printing and postage) to the creditors, the Joint Administrators applied to Court on 3 April 2009, to be released from the statutory obligations of sending to all known creditors (of which there is approximately 144,000) the following documents;
- Notices of the result of any meetings of creditors
 - Progress reports to creditors
 - Any notice of intention to declare and distribute a dividend
 - Any notice of automatic end of Administration
 - Any notice of moving from Administration to Creditors' Voluntary Liquidation
 - Any notice of moving from Administration to Dissolution

Registrar Derrett of The High Court of Justice, Chancery Division, Companies Court granted the Joint Administrators' application and ordered that the Joint Administrators publish the relevant creditor information, instead of mailing hard copies to creditors. Accordingly, for the purposes of this and future creditor communication, the Joint Administrators will publish all documents on the www.xladministration.com website and will provide a helpline for creditors to request information free of charge. The helpline number is 0800 068 8991.

Administration Progress for the Company

- 2.9 The Company operated tour packages and flights to destinations across Greece and North Africa which were sold through travel agents and direct to customers through call centres and via the internet. The Company owned the brand of Kosmar (**Kosmar**) and had a turnover of approximately £43 million.
- 2.10 The Company is bonded under ATOL number 1760 in respect of package holidays only.

Employees

- 2.11 As you are aware from my previous report, prior to my appointment the Company employed 97 employees and subsequently upon appointment 83 employees were made redundant due to the considerable reduction in the Company's operations. Although 14 employees were initially retained to assist with the controlled wind down of operations, the number retained was gradually reduced and I can confirm that as of 31 December 2008 all employees had been made redundant.
- 2.12 A small number of former employees were employed on a consultancy basis to assist with book debt collection, the archiving of the books and records and the decommissioning of the IT systems, details of these employees can be found in Appendix D of this report.

Leasehold premises

- 2.13 The Company held the lease to The Grange, 100 High Street, Southgate, London, N14 6FS (**Southgate**) and it was agreed that the CAA would continue to occupy Southgate in order to initially operate its ATOL claims assessment centre from here. The lease on Southgate expired on 31 December 2008, and I can confirm that the property was vacated and all costs to the Administration have been reimbursed by the CAA.
- 2.14 Attached at Appendix B is my Receipts and Payments Account for the period from 12 September 2008 to 11 March 2009.

Straumur funding

- 2.15 As you are aware upon appointment the Company entered into a funding agreement with Straumur-Burdarás Investment Bank hf. (**Straumur**) which allowed the Company access to loan funding to ensure a controlled wind down of the operations could be affected whilst the assets of the Company were realised. To date £90,000 has been received from Straumur and these sums are to be repaid from asset realisations from the Company's estate prior to any distribution to the creditors of the Company, subject to there being sufficient realisations available.

Kosmar brand

- 2.16 As discussed in the previous report, the value of the Kosmar brand was significantly diminished when the Association of British Travel Agents (**ABTA**) confirmed that Kosmar's ABTA license had been suspended following the insolvency of the Company, and that a potential purchaser of Kosmar would have to apply for a new licence from the ABTA licence committee, and the likelihood was that this would be rejected.
- 2.17 As a result, the initial offer received was withdrawn. Subsequently a second offer was received with regard to a purchase of the brand together with Kosmar's other intellectual property and domain names. Unfortunately a sale has not been achieved as it was deemed the costs to complete a sale outweighed the benefits to creditors as a whole, and therefore there are no further realisations from this source.

Fixtures and fittings

- 2.18 £750 has been received from a sale of eight personal computers and eight desks which were sold as part of a combined sale of the Intellectual Property and certain tangible assets of Aspire Holidays Limited which is also in Administration.

Sundry refunds

- 2.19 Sundry refunds totalling £15.11 have been received.

Cash at bank

- 2.20 As expected, the majority of the Company's pre-appointment credit bank account balances were subject to set off by the relevant Banks with whom these accounts were held however to date £498,221 has been received in relation to pre-appointment accounts which were not subject to set off. I do not envisage further realisations from this source.
- 2.21 £6,400 has been received in relation to bank interest on monies held in the Administration bank accounts.

Motor vehicle

- 2.22 The Company owned one motor vehicle which had been written down to a £nil value in the books and records. My agents, Edward Symmons (**ES**), completed a sale of the vehicle for £6,500 and these funds have been received in the Administration bank account.

2.23 In accordance with Statement of Insolvency Practice No 13 (SIP13), I would advise you that the following assets were sold to a Director of the Company:

Date of Transaction	Asset Involved and Nature of Transaction	Consideration Paid and Date	Sold To	Relationship
31 December 2008	Purchase of motor vehicle	£6,500 paid on 31 December 2008	A Dighe	Director

3 Assets still to be Realised

Debtors

- 3.1 At the date of appointment the Company's debtor ledger indicated outstanding debts of £2,535,000. These balances were represented by deposits taken by travel agencies in advance of pre booked flights/holidays and the full costs of holiday bookings, which the Company's systems indicated were due and payable. As you are aware, my solicitors, Freshfields Bruckhaus Deringer LLP (**Freshfields**), advised that debts due to the Company from travel agencies were held in trust for the Company and accordingly any balances collected by agencies remained payable to the Company.
- 3.2 I began to pursue the amounts stated as payable on the ledger and it has been necessary to spend a significant amount of time implementing this debt collection process. The ledger consisted of over 300 individual accounts, however it was subsequently established that a number of these individual agents were part of much larger paying groups. As a consequence many of these individual accounts have been consolidated into a number of key 'Group Accounts' to enable the recovery process to progress and settlement of the group debts to be achieved.
- 3.3 Although a significantly high level of disputes has arisen and a large number of counter claims, rebate and incentive claims have been lodged or deducted as part of the recovery process, to date realisations total £995,678.
- 3.4 This exceeds my initial estimate of total realisations of £800,000 as per my last report. In achieving the level of recovery to date it has been necessary to write off £14,000 relating to inter-company balances, £444,000 of purchase ledger and rebate claims and general bad debts and write-offs totalling £57,000. However as a result of the collection process adopted and investigations undertaken I have established the existence of additional debts totalling £252,000.

- 3.5 A defined recovery process to resolve and collect the remaining ledger of £1,276,332 is currently being implemented. Of the total amount remaining outstanding, £710,000 and £200,000 are due from two individual travel agencies. I am in negotiations with both of these debtors, who are currently reconciling their books and records to the financial information which had been provided.
- 3.6 During the debt collection process a number of debtors have failed to respond to my initial letters of demand and as a result it has been necessary to instruct solicitors to take recovery action in order to recover debts totalling £56,000. Based upon current information it is however prudent to provide for these debts in full at this time.
- 3.7 In addition, a number of disputes and set off claims associated with four debts totalling £243,000 are being investigated and a further 24 debtors have submitted counter claims which exceed the book value of their debts totalling £70,000. Until the quantum of these claims is resolved the level of recovery which may ultimately be achieved from these debts remains unclear.
- 3.8 The settlement of the key debts is likely to be subject to rebates and volume turnover claims and claims arising from the demise of the Company and its failure to honour travel bookings already made. In addition it may not be possible to overturn or reduce the quantum of claims already lodged by a number of debtors. Given the current economic climate, there may well also be a number of bad debts as a result of the insolvency of the debtors.
- 3.9 It is unclear what the final quantum of any counter claims may be and therefore it is difficult to accurately estimate any future recoveries however, I anticipate further realisations of approximately £415,000.

Medlife Hotels Limited 'trust monies'

- 3.10 I was advised that in the few days preceding appointment, it had been the Directors' intention that a trust account with Barclays Bank plc (**Barclays**) be established, for which deposits from customers of the Companies would be ring fenced in the event of insolvency. It appeared that a Barclays bank account was not established and that at the date of my appointment deposits totalling £2,131,996 had not been transferred to an account at Barclays, but remained in a Medlife Hotels Limited (**Medlife**) pre-appointment bank account with HSBC Bank plc (**HSBC**). Medlife Hotels Limited is also in Administration.
- 3.11 From investigations it was established that HSBC was not put on notice by Medlife or its Directors that the bank account should operate as a trust account, nor was it advised that the monies transferred in the days preceding my appointment should be held in trust. I

therefore instructed Freshfields to review the relevant documentation in order to advise on the validity of these potential trust monies. This matter was referred to Counsel for further legal clarification.

3.12 Counsel is of the view that based on the available information it is very likely that there is not an effective trust arrangement. The requisite intention to give rise to a trust did not appear to be present. Whilst the intention point may be arguable, Counsel was of the view that the effect of security granted to HSBC over the account (and that no release was sought or obtained) and the possibility that any trust mechanism could, in any case, be void as a preference under the Insolvency Act 1986 (the Act), made it very likely that there is no effective trust.

3.13 As a result of Counsel's advice, I propose to return the pre-appointment deposits to the individual companies which transferred the monies to the HSBC account during the period preceding my appointment. Therefore, the deposits will be paid back to the relevant company and the monies will then be available for that company and its creditors. The Companies to which these funds will be returned, and the amounts which will be transferred are as follows:

- § Freedom Flights Limited - £1,554,373.73
- § The Really Great Holiday Company plc - £468,671.03
- § Excel Aviation Limited - £50,713.18
- § Kosmar Villa Holidays plc - £39,657.18
- § Aspire Holidays Limited - £12,663.79
- § Medlife Hotels Limited - £5,917.36

3.14 Since the date of my appointment interest has also accumulated on these funds and this will be transferred to the companies on a pro-rata basis.

Intercompany debts

3.15 As per my last report, it is believed that the Company is due funds from intercompany debts. However, the amount realised will be dependent upon whether the level of realisations in the debtor company are sufficient to enable a distribution to its unsecured creditors. If an unsecured distribution is made, the level of realisation is likely to be negligible and is likely only to represent a minimal amount of the intercompany debt which is owed.

4 Joint Administrators' Remuneration

- 4.1 Creditors approved that the basis of the Joint Administrators' remuneration be fixed by reference to the time properly spent by them and their staff in managing the Administration, subject to the subsequent approval of the creditors' committee which was constituted following the creditors' meeting which was held.
- 4.2 The Joint Administrators' time costs at 11 March 2009 are £198,934. This represents 837 hours at an average rate of £238 per hour. Attached as Appendix C is a Time Analysis which provides details of the activity costs incurred by staff grade during this period. To date £146,180 plus disbursements of £1,722 have been drawn on account as approved by the Creditors' Committee.
- 4.3 Attached as Appendix D is additional information in relation to our policy on staffing, the use of sub-contractors, disbursements and details of our current charge-out rates by staff grade.

Administration and Planning

The time recorded here reflects the statutory duties of the Joint Administrators including initial notification to creditors and the preparation of creditor reports. In addition, it covers the time spent formulating the strategy of the Administration, internal meetings and case related travel time.

Investigations

This section relates to time spent investigating the conduct and actions of the Company's Directors prior to appointment.

Realisation of Assets - Fixed Charge

This refers to time spent dealing with the sale of the Company's fixed charge assets which includes instructing agents, obtaining initial valuations and conducting negotiations with interested parties.

Realisation of Assets - Debtors

The work involved within this area covers the extensive time taken to reconcile the Company's debtor ledger to the date of appointment and the subsequent actions required to recover the book debts.

Realisation of Assets - Floating Charge

This refers to time spent dealing with the sale of the Company's floating charge assets which includes instructing agents, obtaining initial valuations and negotiations with interested parties. In particular, this section includes the extensive amount of due diligence and time connected with the marketing and potential sale of the Company's brands.

Trading

The time recorded here includes the ongoing day to day management and wind down of the Company, along with preparation of cash flow forecasts and maintaining funding requirements. This reflects the time spent reconciling and finalising the accounts and ledgers to the date of the appointment and ensuring that a potential sale of the Company's assets and brands would not be jeopardised.

Creditors

This area reflects the time incurred dealing with the large volume of both customer and trade creditors of the Company, including telephone calls and emails, which were substantial. The time spent dealing with employees is also recorded here.

5 Estimated Outcome for Creditors

- 5.1 The Company granted a fixed and floating charge by way of a mortgage and legal debenture dated 19 May 1994 in favour of National Westminster Bank plc (**Natwest**). This charge has been satisfied and Natwest had no indebtedness under the charge as at the date of appointment.
- 5.2 Based on current information the preferential claims against the Company relating to employees' arrears of wages and holiday pay are estimated at £31,550. The Redundancy Payments Office (**RPO**) has yet to submit its preferential claim but I anticipate that this will be received shortly.
- 5.3 Based upon the current estimated financial position, it is likely that the net realisations within the Administration will be sufficient to enable repayment of the preferential creditors. However, this will be confirmed when all assets have been realised and the Administration finalised.
- 5.4 As per the Directors' Statement of Affairs the amount owed to the unsecured creditors is estimated at £175,042,115.

- 5.5 Based upon the current estimated financial position, I believe that the net realisations within the Administration will be sufficient to enable an ordinary distribution to the unsecured creditors. However, the amount of any distribution will only be confirmed when all assets have been realised and the Administration finalised. In relation to the level of creditors, any distribution will be insignificant.

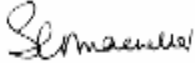
6 Ending the Administration

- 6.1 The Joint Administrators currently believe that a dividend may be payable to the unsecured creditors of the Company. If this is the case a notice will be filed with the Registrar of Companies in order that the Administration will cease and the Company will move automatically into Creditors Voluntary Liquidation (CVL) in order to make a distribution. The Joint Administrators will also become the Joint Liquidators of the CVL.
- 6.2 Alternatively, if having realised the assets of the Company the Joint Administrators subsequently determine that the Company has no property which might permit a distribution to its creditors, a notice will be filed together with a final progress report at Court and with the Registrar of Companies for the dissolution of the Company. Copies of these documents will be published on the www.xladministration.com website. The appointment will end following the registration of the notice by the Registrar of Companies
- 6.3 The Joint Administrators will be discharged from liability under Paragraph 98 of Schedule B1 of the Insolvency Act 1986 immediately upon their appointment as Administrators ceasing to have effect.

7 Next Report

- 7.1 The Joint Administrators are required to provide a progress report within one month of the end of the next six months of the Administration or earlier if the Administration has been finalised. All future reports will be available on the www.xladministration.com website.

For and on behalf of
Kosmar Villa Holidays plc

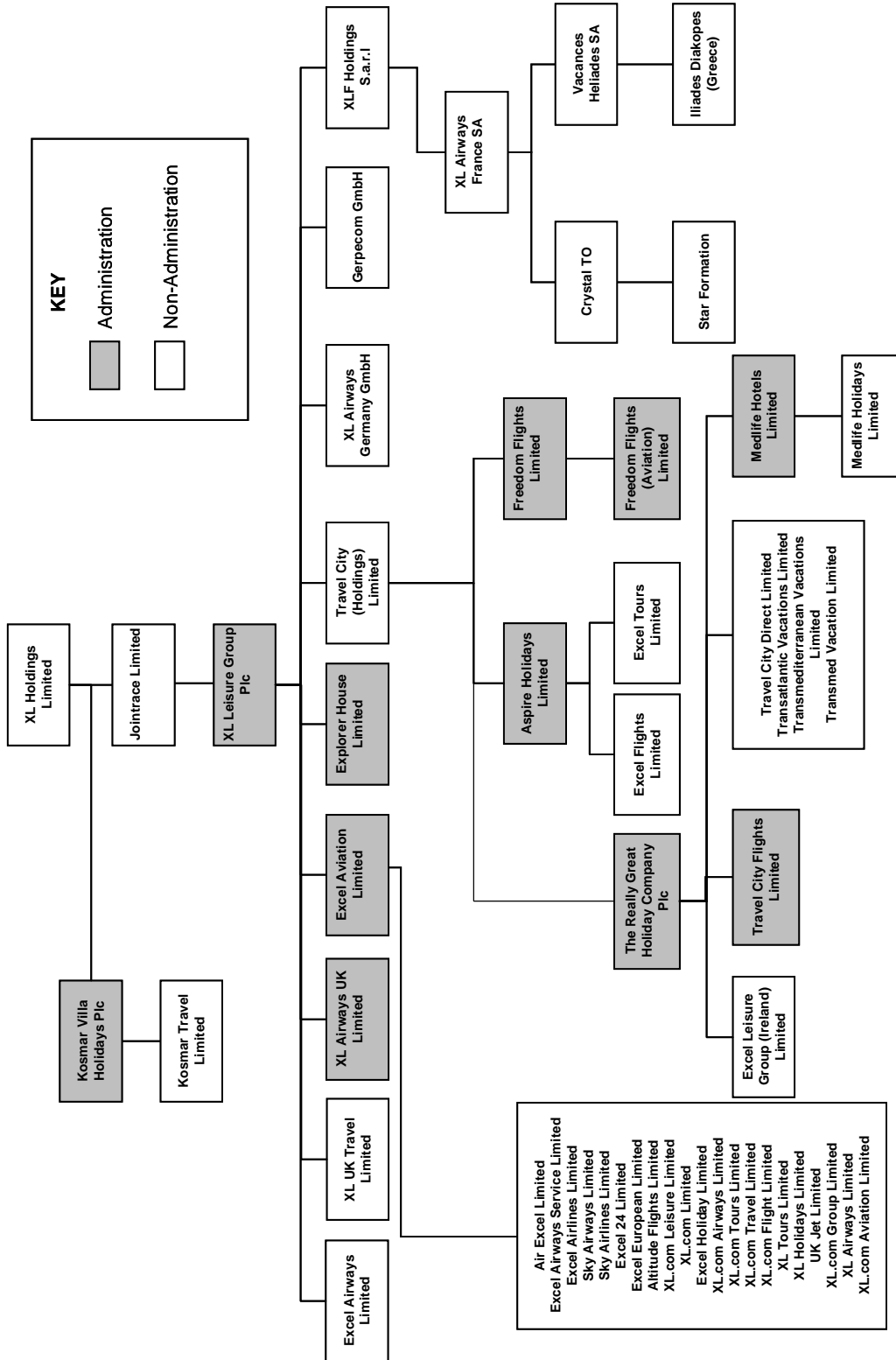


S C E Mackellar
Joint Administrator

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Group Structure

Appendix A



Receipts and Payments Account for the Period from 12 September
2008 to 11 March 2009

Appendix B

Statement of Affairs £	Fixed Charge £	Floating Charge £	Total £
RECEIPTS			
		90,000.00	90,000.00
		135,117.00	135,117.00
		750.00	750.00
690,361.00		995,678.33	995,678.33
407,700.00		498,221.16	498,221.16
		6,500.00	6,500.00
		6,400.42	6,400.42
		15.11	15.11
		131.25	131.25
11,550.00		NIL	NIL
24,060.00		NIL	NIL
126,202.00		NIL	NIL
TOTAL RECEIPTS	0.00	1,732,813.27	1,732,813.27
PAYMENTS			
		11,735.27	11,735.27
		105,871.52	105,871.52
		494.38	494.38
		1,021.90	1,021.90
		5,000.00	5,000.00
		146,180.50	146,180.50
		1,722.46	1,722.46
		3,028.14	3,028.14
		10,000.00	10,000.00
		3,916.62	3,916.62
		14,205.50	14,205.50
		536.40	536.40
		21,342.58	21,342.58
		16,804.73	16,804.73
		99.60	99.60
		3,748.78	3,748.78
		56,526.35	56,526.35
		411.80	411.80
		32,663.57	32,663.57
(90,270.00)		NIL	NIL
(99,213,696.00)		NIL	NIL
TOTAL PAYMENTS	0.00	435,310.10	435,310.10
Balances in Hand	0.00	1,297,503.17	1,297,503.17
REPRESENTED BY			
			1,191,605.73
			73,365.12
			32,532.32
			1,297,503.17

Time Analysis for the Period from 12 September 2008 to 11 March 2009

Appendix C

	Employee Grade (Hours)				Hours To Date	(£s)	
	Partner / Director	Senior Associate	Associate / Analyst	Junior Analyst / Support		Total Cost	Average Rate p/h
ADMINISTRATION AND PLANNING							
Strategy and Control	2.00	10.90	33.30	0.30	46.50	13,117.00	282
Bank and Creditor Reporting	0.20	6.00	51.70	3.40	61.30	15,726.00	257
Creditors Committee	0.00	0.20	8.40	0.00	8.60	2,331.00	271
Statutory Duties	0.40	0.20	5.10	1.20	6.90	1,733.00	251
Job Administration	0.00	16.60	13.80	63.40	93.80	17,233.00	184
Cash Accounting and Time Records	0.50	2.70	15.10	36.80	55.10	10,304.00	187
Case Related Travel Time	0.00	17.90	12.30	0.80	31.00	9,191.00	296
Internal Documentation and IT	0.00	1.50	1.40	0.00	2.90	879.50	303
ADMINISTRATION & PLANNING Total	3.10	56.00	141.10	105.90	306.10	70,514.50	230
INVESTIGATIONS							
D Reports	0.10	0.00	0.80	1.30	2.20	444.50	202
Other Investigations	3.00	0.00	0.20	0.10	3.30	1,403.00	425
INVESTIGATIONS Total	3.10	0.00	1.00	1.40	5.50	1,847.50	336
REALISATION OF ASSETS - FIXED CHARGE							
Initial Actions and Valuations	0.00	0.00	0.50	0.00	0.50	135.00	270
Sale of Assets	3.30	4.80	0.00	0.00	8.10	2,880.00	356
Internal Documentation	0.00	0.00	0.30	0.00	0.30	81.00	270
REALISATION OF ASSETS - FIXED CHARGE Total	3.30	4.80	0.80	0.00	8.90	3,096.00	348
REALISATION OF ASSETS - DEBTORS							
Debt Collection	0.00	74.60	33.30	93.40	201.30	46,737.50	232
Debtors Litigation	0.00	1.50	0.80	0.00	2.30	737.00	320
Internal Documentation	0.00	0.00	5.50	1.00	6.50	1,623.00	250
REALISATION OF ASSETS - DEBTORS Total	0.00	76.10	39.60	94.40	210.10	49,097.50	234
REALISATION OF ASSETS - FLOATING CHARGE							
Initial Actions and Valuations	0.00	1.50	6.10	0.00	7.60	2,141.50	282
Sale of Assets	4.50	24.20	14.60	0.00	43.30	13,669.00	316
Insurance	0.00	0.00	0.70	0.00	0.70	189.00	270
Hire Purchase/Leased Assets	0.00	0.80	0.60	0.50	1.90	511.50	269
Internal Documentation	0.00	2.50	3.60	0.00	6.10	1,778.50	292
REALISATION OF ASSETS - FLOATING CHARGE Total	4.50	29.00	25.60	0.50	59.60	18,289.50	307
TRADING							
Initial Actions	2.30	3.20	1.50	0.00	7.00	2,660.50	380
Cash Accounting	0.30	0.00	9.40	0.10	9.80	2,462.50	251
Ongoing Trading Activities	0.10	7.00	8.70	6.30	22.10	5,339.00	242
Internal and External Documentation	0.00	2.20	6.70	0.10	9.00	2,495.50	277
TRADING Total	2.70	12.40	26.30	6.50	47.90	12,957.50	271
CREDITORS							
Creditor Dealings	4.60	13.00	74.90	82.80	175.30	36,688.00	209
Litigation	0.00	0.10	0.50	0.00	0.60	165.00	275
Internal Documentation	0.00	0.00	1.30	0.10	1.40	344.00	246
Employees	0.20	7.70	12.00	1.40	21.30	5,934.50	279
CREDITORS Total	4.80	20.80	88.70	84.30	198.60	43,131.50	217
Total	21.50	199.10	323.10	293.00	836.70	198,934.00	238

Additional Information in Relation to Administrators' Fees Pursuant to Statement of Insolvency Practice 9

Appendix D

1 Policy

Detailed below is Zolfo Cooper's policy in relation to:

- staff allocation and the use of sub-contractors;
- professional advisors; and
- disbursements.

1.1 Staff Allocation and the use of Sub-contractors

Our general approach to resourcing our assignments is to allocate staff with the skills and experience to meet the specific requirements of the case.

The constitution of the case team will usually consist of a Partner, Senior Associate, Associate and Analyst. The exact constitution of the case team will depend on the anticipated size and complexity of the assignment and the experience requirements of the assignment. On larger, more complex cases, several staff at all grades may be allocated to meet the demands of the case. Our charge out rate schedule below provides details of all grades of staff and their experience level.

With regard to support staff, we would advise that time spent by cashiers in relation to specific tasks on an assignment is charged. Only if there is a large block of time incurred by a member of the secretarial team, eg, report compilation and distribution, do we seek to charge and recover our time in this regard.

The services of the following sub-contractors have been used in this case:

Name of Sub-Contractor	Basis of Fee Arrangement
B. Nurse	Hourly rate and expenses
R. Hilton	Hourly rate and expenses
L. Findlay	Hourly rate and expenses
M. Barrow	Hourly rate and expenses
C. Williams	Hourly rate and expenses
M. Barrow	Hourly rate and expenses
L. Whiffen	Hourly rate and expenses
S. Irwin	Hourly rate and expenses
B. Booth	Hourly rate and expenses

1.2 Professional Advisors

On this assignment we have used the professional advisors listed below. We have also indicated alongside, the basis of our fee arrangement with them, which is subject to review on a regular basis.

Name of Professional Advisor	Basis of Fee Arrangement
Freshfields Bruckhaus Deringer LLP (legal advice)	Hourly rate and disbursements
Willis Limited (insurance)	Risk based premium
Edward Symmons (valuation and disposal advice)	Hourly rate and disbursements
BDO Stoy Hayward LLP (tax advice)	Hourly rate and disbursements
Twice2much Ltd (duplicate payments review)	Percentage of realisations
Jones Day (security review & legal advice)	Hourly rate and disbursements
PAYCO (ERA claims)	Hourly rate and disbursements
Hill and Knowlton (PR advice)	Hourly rate and disbursements

Our choice was based on our perception of their experience and ability to perform this type of work, the complexity and nature of the assignment and the basis of our fee arrangement with them.

1.3 Disbursements

Category 1 disbursements do not require approval by creditors. The type of disbursements that may be charged as a Category 1 disbursement to a case generally comprise of external supplies of incidental services specifically identifiable to the case, such as postage, case advertising, invoiced travel and external printing, room hire and document storage. Also chargeable will be any properly reimbursed expenses incurred by personnel in connection with the case.

Category 2 disbursements do require prior approval by creditors before they are paid and whilst it is unlikely that any Category 2 disbursements will be incurred on the case, appropriate approval will be sought before any such expenses are paid.

2 Charge-out Rates

A schedule of Zolfo Cooper charge-out rates for this assignment effective from 1 January 2009 is detailed below.

	(Per hour) £
Partner/Director:	
Partner 1*	550
Partner 2*	495
Director	430
Senior Associate:	
Senior Associate 1*	390
Senior Associate 2*	350
Associate/Analyst:	
Associate	290
Analyst*	265
Junior Analyst and Support Staff:	
Junior Analyst*	140
Senior Treasury Associate	210
Treasury Associate	140
Treasury Analyst	90
Support	90
*Key	
Partner 1 - Partners with 3 or more years experience at partner level	
Partner 2 - Partners with less than 3 years experience at partner level	
Senior Associate 1 - Staff who have been Senior Associates for over 2 years	
Senior Associate 2 - Staff who have been Senior Associates for less than 2 years	
Analyst - Staff who have been Analysts for more than 1 year	
Junior Analyst - First year Analysts	