

3 April 2009

Our ref: MNC/AMR/RG01ADL/ADM502/2203
Your ref:

Wellington Plaza
31 Wellington Street
Leeds LS1 4DL
t: +44 (0) 113 386 0800
f: +44 (0) 113 244 9305
www.zolfocooper.com

TO ALL KNOWN CREDITORS

When telephoning please ask for:
Erica Walters

Direct Line:
0113 386 0819

Dear Sirs

The Really Great Holiday Company 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:

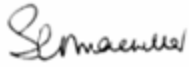
- Notices of the result of any meetings of creditors
- Progress reports to creditors
- Any notice of intention to declare and distribute a dividend
- Any notice of automatic end of Administration
- Any notice of moving from Administration to Creditors' Voluntary Liquidation
- Any notice of moving from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



S C E Mackellar
Joint Administrator

Enc

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 The Really Great Holiday Company plc	Company number 02813710
In the High Court, Chancery Division, Companies Court	Court case number 7849 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

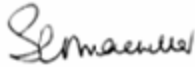
from

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

The Really Great Holiday Company 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 The Really Great Holiday Company 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 Administration is being handled by Zolfo Cooper's Leeds office, situated at Wellington Plaza, 31 Wellington Street, Leeds, LS1 4DL.
- 1.4 The Company formed part of the XL Leisure Group of companies (the **Group**).
- 1.5 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)
 - XL Airways UK Limited (02980023)
 - Medlife Hotels Limited (05311104)
 - Aspire Holidays Limited (03813759)
 - Freedom Flights Limited (03761690)
 - Freedom Flights (Aviation) Limited (03778561)
 - Kosmar Villa Holidays plc (01673531)
- 1.6 A copy of the Group structure is attached at Appendix A.
- 1.7 The other entities within the Group are either dormant or non-trading.
- 1.8 The Administration is registered in the High Court of Justice, Chancery Division, Companies Court under reference number 7849 of 2008.

Zolfo Cooper

Joint Administrators' Progress Report

- 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 02813710.
- 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.

Zolfo Cooper

Joint Administrators' Progress Report

Administration Progress for the Company

- 2.9 The Company was a significant trading entity within the Group, operating flights and package holidays to destinations across North America and specifically specialising in holidays to Florida. The Company had a turnover of approximately £100 million and owned the brands of Travel City Direct (TCD) and XL Holidays.
- 2.10 The Company is bonded under ATOL number 3827 in respect of package holidays only.

Employees

- 2.11 As you are aware from my previous report, prior to my appointment the Company employed 308 employees and subsequently upon appointment 273 employees were made redundant due to the considerable reduction in the Company's operations. Although 35 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 24 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, IT decommissioning and the archiving of the books and records, details of these employees can be found in Appendix D of this report.

Leasehold properties

- 2.13 The Company held leases for properties at 3rd Floor, Prudential House, Topping Street, Blackpool, FY1 3AX (Blackpool) and Alpha Matrix, Enterprise Park, Swansea, SA6 8RE. (Swansea). The Joint Administrators agreed a surrender of the lease at Blackpool lease as of 5 December 2008 and have attempted to informally surrender the lease at Swansea.
- 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 £200,000 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.

Zolfo Cooper

Joint Administrators' Progress Report

TCD brand

- 2.16 As are you aware the Company owned the brand of TCD which was a tour operator specialising in holidays to Central Florida, the wider USA and until shortly prior to appointment, the Caribbean. The customer databases, the domain names of www.travelcitydirect.co.uk and www.travelcitydirect.com and the Intellectual Property relating to TCD were sold for £1.4 million on 10 October 2008.

Kosmar customer database

- 2.17 The Company owned the customer database of Kosmar Villa Holidays plc (**Kosmar**) which is also in Administration. The database has been sold to Allbury Travel Group Limited (**Allbury**) for £20,000 as part of the deal to settle debts owed to Excel Aviation Limited, also in Administration. These realisations have been received into the Administration bank account. There are no further realisations expected from this source.

Cash at bank

- 2.18 As expected, some 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 a further £248,743 has been realised from Colonial Bank (**Colonial**) and total realisations amount to £546,783. The Joint Administrators do not envisage future realisations from this source, however it should be noted that a proportion of the funds realised to date are subject to a potential trust as detailed below at section 2.19.
- 2.19 £15,932 has been received in relation to bank interest on monies held in the Administration bank accounts.

Potential trust monies

- 2.20 I was advised by the International Air Transport Association (**IATA**) that, under the terms of the IATA Passenger Sales Agency Agreement, any monies held in the Company's bank accounts at appointment, which related to the value of flight tickets provided to the Company by the IATA members should have been held in trust to their order. As such the balance of funds held at the date of appointment in the Company's current account with HSBC Bank plc (**HSBC**) and amounting to £297,939 has been ring fenced until this trust claim has been resolved.
- 2.21 My solicitors, Freshfields Bruckhaus Deringer LLP (**Freshfields**) were instructed to review all relevant documentation in order to advise on the validity of this potential trust claim. I am currently in the process of gathering further information with regard to the claim and

continue to liaise with IATA's solicitors. It is hoped that this matter will be resolved shortly.

Charge held

- 2.22 The Company holds fixed and floating charges dated 20 November 2006 over Medlife Hotels Limited (**Medlife**), one of the other Companies in Administration, however, as previously reported Medlife is in fact not indebted to the Company.

Refunds

- 2.23 Sundry and prepayment refunds have been recovered totalling £29,142, relating primarily to hotel bookings which were subsequently not utilised due to the insolvency of the Company. In addition a further £9,548 has been received from Swansea Council for a non-domestic business rates refund.
- 2.24 In accordance with Statement of Insolvency Practice No 13 (**SIP13**), I can advise you that no assets were sold to a Director of the Company.

3 Assets still to be Realised

Freehold Property

- 3.1 As detailed in my previous report, the Company owns a freehold property at Llanfair Building, 10 St Mary's Square, Swansea, SA1 1LH (**Llanfair**). Prior to my appointment, the book value of Llanfair was approximately £375,000.
- 3.2 My agents, Edward Symmons (**ES**) were instructed to market Llanfair. After tentative enquires were received and inspections of the property undertaken by various interested parties, an offer was received during December 2008 for which ES issued a formal recommendation of acceptance. Unfortunately the potential purchaser was unable to provide proof of funding and thus ES have continued to market the property. Although further enquiries have been received and inspections arranged, no further offers have been forthcoming.
- 3.3 As per the last report the Company's previous management accounts showed two further freehold properties located at 584 & 590 Eagle Pointe South, Kissimmee, Florida, 34746 USA (the **Properties**) which management believed were owned by the Company. It was subsequently discovered that the title deeds to the Properties were in the name of a

former Director and not the Company, and as such Freshfields were instructed to investigate the matter further.

- 3.4 Based on current information it is believed that the Properties should be an asset of the Administration estate, and Freshfields have therefore engaged solicitors in the USA to advise on the potential steps that could be taken to order to return these properties to the Company.

Debtors

- 3.5 The Company operated two separate debtor ledgers relating to its TCD and XL Holidays operations.
- 3.6 The majority of the TCD holidays were booked by individual customers directly over the phone with the Company, and at the date of my appointment, the Company's records indicated outstanding debts of £931,402 due by individuals as opposed to travel agents. As stated previously Freshfields advised that debts relating to direct customer bookings were not due and payable and therefore these have not been pursued.
- 3.7 XL holidays offered package holidays through a comprehensive network of high street travel agents. The Company held contractual agreements with each of the travel agents, under which the travel agents would collect deposits and final balances for pre-booked holidays as and when these fell due, usually six weeks before departure. 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. The Company's records indicated outstanding debts of £1,058,000 in this regard.
- 3.8 Recoveries from the TCD ledger have been to date restricted to £24,000. As the bulk of the ledger relates to customer holidays that were subsequently cancelled following the insolvency of the Company, as such the Joint Administrators anticipate that further realisations from this source will be negligible.
- 3.9 A further £175,239 has been realised from the XL Holidays ledger and during the debt collection process I have also established the existence of further debts totalling £65,000, however it has been necessary to write off £25,000 of debts.
- 3.10 Of the remaining outstanding XL Holidays balance of £922,761 the sums of £705,000 and £26,000 are due from the Co-operative Travel Group and the Midlands Co-operative Society respectively. I am in negotiations with both of these with a view to realising the amounts owed. Settlement of these is likely to be subject to rebate and volume turnover

Zolfo Cooper

Joint Administrators' Progress Report

claims, and claims arising from the demise of the Company and its failure to honour travel bookings already paid for. It is at present unclear what the final quantum of these claims will be and therefore at this time it is not possible to accurately estimate the levels of further realisations.

- 3.11 In addition it has been necessary to instruct solicitors to pursue debts totalling £49,000 as the debtors have failed to respond to the initial letters of demand. The remaining balances of £143,000 are all disputed, however, I continue to try and resolve these disputes in an attempt to increase recoveries.

Medlife Hotels Limited 'trust monies'

- 3.12 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. Medlife Hotels Limited is also in Administration.
- 3.13 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.
- 3.14 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.
- 3.15 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

- 3.16 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.

Fixtures, fittings and IT equipment

- 3.17 £3,000 had been realised as per my last report in relation to fixtures and fittings and subsequently a further £21,791 has been received from a sale of IT equipment located at Llanfair and Blackpool. A small amount of fixtures and fittings remain to be realised however it is anticipated that the proceeds will be negligible.

Intercompany debts

- 3.18 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 £406,110. This represents 1,554 hours at an average rate of £261 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 £342,750 plus disbursements of £7,885 have been drawn on account, with approval from 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 fixed and floating charges to Straumur-Burðarás Investment Bank hf. (Straumur) on 18 August 2008, together with a mortgage against Llanfair.
- 5.2 Straumur's fixed charge is supported by a cross guarantee provided by all of the Companies with the exception of Kosmar Villa Holidays plc.
- 5.3 To date, £1 million has been distributed to Straumur under its fixed charge, and there may be sufficient funds remaining after professional costs from fixed realisations to enable a further distribution to Straumur under its fixed charge.
- 5.4 Based on current information the preferential claims against the Company relating to employees' arrears of wages and holiday pay are estimated at £257,744. The Redundancy Payments Office (RPO) has yet to submit its preferential claim but I anticipate that this will be received shortly.
- 5.5 It is believed that based upon the current estimated financial position the net realisations within the Administration may be sufficient to repay the preferential creditors. However, this will only be confirmed when all assets have been realised and the Administration finalised.
- 5.6 As you are aware, the Company granted the floating charge to Straumur within 12 months of the commencement of the Administration and since no new monies were advanced to the Company following the registration of Straumur's charge, it is believed that the floating element of the charge is invalid in accordance with Section 245 of the Act.

Zolfo Cooper

Joint Administrators' Progress Report

- 5.7 As per the Directors' Statement of Affairs the amount owed to the unsecured creditors is estimated at £174,344,878.
- 5.8 As Straumur's floating charge post-dates the introduction of the Enterprise Act 2002 on 15 September 2003, ordinarily there would be a requirement to set aside an "Unsecured Creditors' Fund". In these circumstances, the Joint Administrators would have an obligation to ring fence a proportion of the floating charge realisations for unsecured creditors under S176A (2) of the Act. These funds are called the Prescribed Part. However, as detailed above in Section 5.6 Straumur's floating charge is deemed invalid and therefore the Prescribed Part does not apply.
- 5.9 Based upon the current estimated financial position it is believed that the net realisations within the Administration may be sufficient to enable a small distribution to the unsecured creditors. However, this will only be confirmed when all assets have been realised and the Administration finalised. In relation to the level of creditors, any distribution is likely to be insignificant.

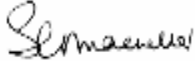
6 Ending the Administration

- 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 Act 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
The Really Great Holiday Company plc

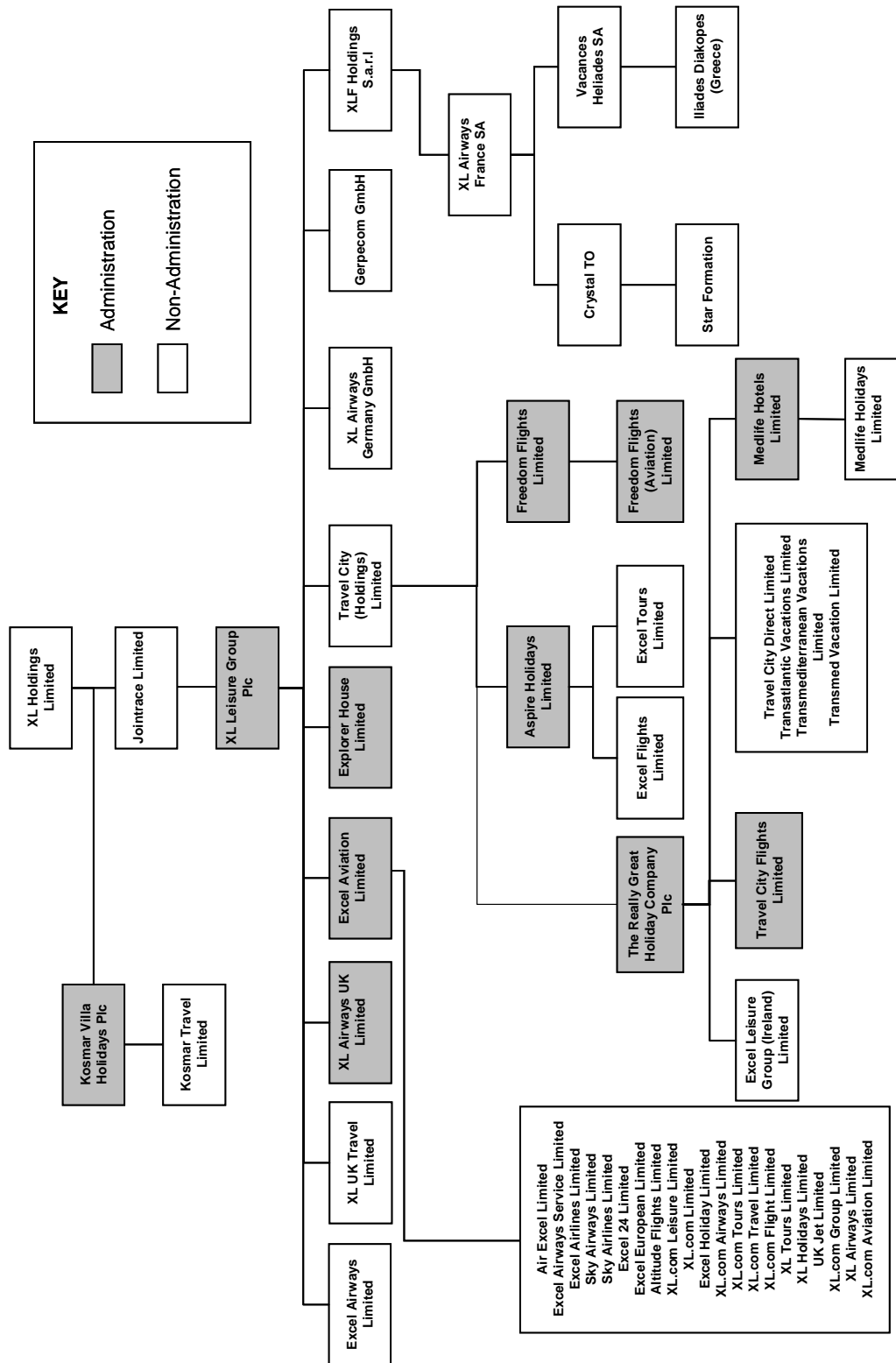


S C E Mackellar
Joint Administrator

Enc

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	Potential Trust	Total
£		£	£	£	£
RECEIPTS					
610,195.00	Llanfair Property	NIL			NIL
1,400,000.00	TCD Sale	1,400,000.00			1,400,000.00
	Kosmar Database	20,000.00			20,000.00
	Bank Interest	5,139.05			5,139.05
	Funding provided by Straumur		200,000.00		200,000.00
	CAA Funding		97,980.34		97,980.34
24,900.00	Fixtures & Fittings		3,000.00		3,000.00
	Computer Equipment		21,790.78		21,790.78
322,508.00	Book Debts		199,239.38		199,239.38
414,225.00	Cash at Bank		248,844.29	297,939.17	546,783.46
	Bank Interest Gross		6,811.41		6,811.41
	Bank Interest net of tax		3,982.03		3,982.03
	Sundry Refunds		12,260.48		12,260.48
7,160.00	Prepayment Refunds		16,881.27		16,881.27
	Non domestic rates refund		9,548.21		9,548.21
161,850.00	Intercompany Receivables		NIL		NIL
443,175.00	HMRC Receivable		NIL		NIL
	TOTAL RECEIPTS	1,425,139.05	820,338.19	297,939.17	2,543,416.41
PAYMENTS					
	Administrators Fees	128,000.00			128,000.00
	Legal Fees	79,460.00			79,460.00
	Ransom Creditor	47,493.94			47,493.94
	Due to Chargeholder	1,000,000.00			1,000,000.00
	Petty Cash		370.00		370.00
	Wages & Salaries		160,306.32		160,306.32
	Admin. Petitioners Costs		2,824.24		2,824.24
	Lease/HP Payments		800.00		800.00
	Preparation of S. of A.		5,000.00		5,000.00
	Administrators' Fees		214,750.00		214,750.00
	Administrators' Expenses		7,884.71		7,884.71
	Employee Expenses		6,392.90		6,392.90
	Room Hire		18,000.00		18,000.00
	Professional fees		520.63		520.63

The Really Great Holiday Company plc - In Administration

	Consultancy Costs	64,891.45		64,891.45
	Legal Fees	12,952.00		12,952.00
	Legal Disbursements	935.72		935.72
	Debt Collection Fees	13,650.00		13,650.00
	Telephone Telex & Fax	5,898.81		5,898.81
	Stationery & Postage	29,195.42		29,195.42
	IT Costs	5,650.00		5,650.00
	Storage Costs	932.28		932.28
	Re-Direction of Mail	498.00		498.00
	Statutory Advertising	3,748.78		3,748.78
	Rents Payable	2,974.88		2,974.88
	Professional Fees	8,362.63		8,362.63
	PAYE and NI Contributions	74,810.06		74,810.06
	Bank Charges	180.00		180.00
	Sundry Expenses	411.79		411.79
(110,950.00)	Preferential Creditors	NIL		NIL
(174,344,878.00)	Unsecured Creditors	NIL		NIL
	TOTAL PAYMENTS	1,254,953.94	641,940.62	NIL
				1,896,894.56
<u>(173,082,010.00)</u>	Balances in Hand	170,185.11	178,397.57	297,939.17
				646,521.85
	REPRESENTED BY			
	Fixed Interest Bearing			332,584.29
	Floating Interest Bearing			90,552.96
	External Funding Account			100,646.28
	Trust Account			297,939.17
	Fixed VAT Control Account			(228,028.98)
	Floating VAT Control Account			52,828.13
				<u>646,521.85</u>

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

Appendix C

	Employee Grade				Hours To Date	Total Cost	Average Rate p/h
	(Hours)						
	Partner / Director	Senior Associate	Associate / Analyst	Junior Analyst / Support			
ADMINISTRATION AND PLANNING							
Strategy and Control	7.60	36.30	52.50	1.80	98.20	29,401.50	299
Bank and Creditor Reporting	0.20	6.90	72.00	3.70	82.80	21,375.00	258
Creditors Committee	0.00	0.20	6.20	0.00	6.40	1,698.00	265
Statutory Duties	0.40	0.20	5.70	1.80	8.10	1,967.00	243
Job Administration	0.00	48.80	15.80	36.50	101.10	25,250.00	250
Cash Accounting and Time Records	0.90	5.50	29.70	54.90	91.00	17,693.50	194
Case Related Travel Time	3.70	32.70	11.90	0.80	49.10	15,595.00	318
Internal Documentation and IT	0.20	0.00	17.00	0.00	17.20	4,544.00	264
ADMINISTRATION & PLANNING Total	13.00	130.60	210.80	99.50	453.90	117,524.00	259
INVESTIGATIONS							
D Reports	0.10	0.00	1.50	1.20	2.80	616.00	220
Other Investigations	19.00	9.60	0.70	0.00	29.30	11,951.50	408
INVESTIGATIONS Total	19.10	9.60	2.20	1.20	32.10	12,567.50	392
REALISATION OF ASSETS - FIXED CHARGE							
Initial Actions and Valuations	2.50	8.00	7.00	5.40	22.90	6,185.00	270
Sale of Assets	4.00	75.70	3.00	0.00	82.70	27,152.50	328
Insurance	0.00	0.00	0.50	0.00	0.50	135.00	270
Litigation	0.00	0.70	7.70	0.00	8.40	2,438.00	290
Internal Documentation	0.00	0.00	1.50	0.00	1.50	435.00	290
REALISATION OF ASSETS - FIXED CHARGE Total	6.50	84.40	19.70	5.40	116.00	36,345.50	313
REALISATION OF ASSETS - DEBTORS							
Debt Collection	2.00	56.40	71.20	115.60	245.20	53,815.50	219
Debtors Litigation	0.00	4.00	0.50	0.00	4.50	1,535.00	341
Internal Documentation	0.00	1.80	6.40	0.50	8.70	2,391.00	275
REALISATION OF ASSETS - DEBTORS Total	2.00	62.20	78.10	116.10	258.40	57,741.50	223
REALISATION OF ASSETS - FLOATING CHARGE							
Initial Actions and Valuations	0.00	11.00	25.10	0.00	36.10	10,274.50	285
Sale of Assets	86.50	33.50	22.10	0.00	142.10	51,358.00	361
Insurance	0.00	0.20	0.50	0.00	0.70	200.00	286
Retention of Title	0.00	1.00	0.80	0.00	1.80	582.00	323
Hire Purchase/Leased Assets	0.00	3.60	3.00	0.90	7.50	2,113.50	282
Litigation	0.00	0.50	0.00	0.00	0.50	162.50	325
Internal Documentation	0.00	3.70	2.90	0.00	6.60	1,952.00	296
REALISATION OF ASSETS - FLOATING CHARGE Total	86.50	53.50	54.40	0.90	195.30	66,642.50	341
TRADING							
Initial Actions	5.40	0.00	8.20	36.00	49.60	9,449.50	191
Cash Accounting	0.60	0.00	7.10	0.10	7.80	2,065.00	265
Ongoing Trading Activities	0.20	36.10	9.20	5.10	50.60	14,756.50	292
Internal and External Documentation	0.00	0.00	0.00	0.10	0.10	12.50	125
TRADING Total	6.20	36.10	24.50	41.30	108.10	26,283.50	243
CREDITORS							
Creditor Dealings	5.60	26.60	98.70	144.20	275.10	56,749.00	206
Creditor Claims	0.00	0.00	0.60	0.00	0.60	162.00	270
Litigation	0.00	1.70	1.10	0.00	2.80	863.50	308
Internal Documentation	0.00	0.00	0.80	0.70	1.50	296.00	197
Employees	8.10	23.40	77.30	1.60	110.40	30,934.50	280
CREDITORS Total	13.70	51.70	178.50	146.50	390.40	89,005.00	228
Total	147.00	428.10	568.20	410.90	1,554.20	406,109.50	261

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. Booth	Hourly rate and expenses
M. Nurse	Hourly rate and expenses
P. Collins	Hourly rate and expenses
T. Irwin	Hourly rate and expenses
L. McBride	Hourly rate and expenses
A. Thirlway	Hourly rate and expenses
L. Findlay	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 as per my last report Kroll Security Consulting Group EMEA was instructed to provide onsite security of the properties immediately after appointment in order to safeguard assets. I can confirm that it has been paid £5,000.

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	