

The Insolvency Act 1986

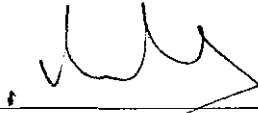
Administrator's progress report**2.24B**Name of Company
Planestation Group plcCompany number
00397916In the High Court of Justice
Chancery Division
Companies CourtCourt case number
4986 of 2005(a) Insert full name(s) and
address(es) of
administrator(s)We (a) Andrew David Conquest, Joseph Peter McLean and Steven John Akers, all of Grant Thornton UK
LLP, Grant Thornton House, Melton Street, Euston Square, London, NW1 2EP*joint administrators of the above company attach a progress report for the period*

(b) Insert dates

from

(b) 26 July 2005

to

(b) 25 January 2006Signed 
Joint AdministratorDated 20-2-2006**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

Mr A Conquest

Grant Thornton UK LLP, Grant Thornton House, Melton Street, London

NW1 2EP

Tel 0870 991 2335

DX Number

DX Exchange



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

Recovery and Reorganisation

Grant Thornton UK LLP
Chartered Accountants
UK member of
Grant Thornton International

Our Ref GJP/DJD/ADC/P11322/R-Progress Report 20Feb06

TO THE CREDITORS

20 February 2006

Dear Sirs

PLANESTATION GROUP PLC ("PTG") - IN ADMINISTRATION

**In the High Court of Justice, Chancery Division, Companies Court
Court reference: 4986 of 2005**

1 INTRODUCTION

- 1.1 Following the appointment of Joseph McLean, Stephen Akers and myself as joint administrators of the company by its directors on 26 July 2005, I now report on the progress of the administration to date. I enclose as Appendices A and B, respectively, Form 2.24B together with an account of my receipts and payments for the period ended 25 January 2006, in accordance with Rule 2.47 of the Insolvency Rules 1986.
- 1.2 In accordance with paragraph 100 (2) of Schedule B1 to the Insolvency Act 1986 the functions of the joint administrators are to be exercised by any or all of them.

2 STATUTORY INFORMATION

- 2.1 The Company's statutory details are as follows:

Registered number 00397916

Registered office Grant Thornton House
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Euston Square
London
NW1 2EP

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Grant Thornton UK LLP is authorised and regulated by the Financial Services Authority for investment business.

A list of personnel permitted by Grant Thornton to accept appointments as insolvency practitioners and of their respective authorising bodies may be inspected at the above address.

3 SUMMARY OF ADMINISTRATORS' PROPOSALS

3.1 As you are aware, the joint administrators' proposals were circulated to creditors on 16 September 2005 and, subsequently agreed at the initial creditors' meeting on 3 October 2005, are summarised below:

- That the administration may end by the company proceeding into Creditors' Voluntary Liquidation, and that Andrew Conquest and Joseph McLean be appointed as Joint Liquidators.
- That the administration may end by the company proceeding into a Company Voluntary Arrangement, in which case a detailed Company Voluntary Arrangement proposal will be sent to all creditors and shareholders, as provided for in Section 3 of The Insolvency Act 1986.
- That the administrators' remuneration be determined by the creditors committee.

4 PROGRESS REPORT

4.1 The objective of an administration is either to rescue the company as a going concern, or failing that to achieve a better result for the company's creditors as a whole than would be likely if the company were wound up or to realise property in order to make a distribution to one or more secured or preferential creditors.

4.2 I am currently pursuing the objective of achieving a better result for the company's creditors as a whole than would be likely if the company were wound up.

ASSETS STILL TO BE REALISED

Planestation Limited ("PSL")

4.3 PSL owned 99.3% of Flugplatz Lahr Beteiligungen GmbH ("FLB"), which in turn owned 100% of Black Forest Airport Lahr GmbH ("BFAL"). PSL sold its share in FLB for £300k on 23 September 2005.

4.4 PSL also owned an 80% interest in Planestation sro ("PSS"); the remaining 20% is held by a connected company, Wiggins Management Services Limited of which I am also appointed joint administrator. PSS owns 100% of Planestation Pilsen sro ("PSP") which leased an airport site in Pilsen, approximately 40 miles west of Prague.

4.5 The sale of the trading entity, PSP, has recently completed for a total consideration which could ultimately be as high as £900k, split as follows:

- £50k - paid to PSS to acquire its shareholding in PSP.
- £850k - of which £450k is deferred. This is payable to PSL in respect of amounts due to it from PSP (which at the date of my appointment was £2.6m). The deferred consideration is subject to certain conditions and will also be subject to the deduction of certain costs of the purchaser.

4.6 Therefore, gross realisations in PSP will amount to £1.15m, dependant on the recovery of the deferred consideration.

4.7 Steps have been taken to place PSP into liquidation in order to effect a dividend to its unsecured creditors, of which PTG is a significant creditor along with H M Customs and Revenue in relation to the Group VAT liability.

4.8 The costs of both the administration and liquidation of PSL will be deducted from gross realisations before the dividend rate is calculated.

Kent International Business Park Limited ("KIBP")

4.9 KIBP owns a business park adjacent to London Manston Airport (the "Business Park"). The Business Park is currently being marketed for sale by my agents, Edward Symmons & Partners ("ESP"). The directors of KIBP have previously estimated a value of £8m. As the site is currently being marketed, I cannot make any further comment as to the value of the site, as this could prejudice the sales efforts.

4.10 Until such a time as the Business Park has been sold it is not yet known whether there will be a dividend to the unsecured creditors of KIBP, after settlement of the company's secured creditor, The Bank of Scotland (the "Bank").

Investments in Norham Multi Leisure Limited ("Norham") and Tomorrows Leisure Limited ("TLL")

4.11 Norham, which is owned by TLL, has two key assets:

- a continuing interest at the Festival Garden Site ("Liverpool") and
- a leasehold interest at Fairlop Waters, Essex ("Fairlops").

Liverpool

4.12 In August 2004 Norham sold the Liverpool site to a property developer. Whilst an initial amount of consideration has been paid, there is a significant residual amount of consideration still to be received. I am currently in negotiations with the developer of this site and therefore it would be inappropriate to give an estimate of the likely value of future realisations, which are linked to both the extent of planning consent obtained and the eventual price achieved by the developer for property unit sales.

Fairlops Golf course

4.13 Norham has a long leasehold interest / management agreement in a leisure complex at Fairlops. Prior to my appointment, the company had submitted a planning application to develop a racecourse on the site (known as the City racecourse). Whilst the initial application was approved by the relevant local planning officer, it was subsequently rejected by the office of the Deputy Prime Minister. I continue to investigate the realisation potential for this site in light of the following issues:

- the (costly) appeal to the planning process which Norham / Planestation had undertaken to obtain consent to build a racecourse on the site. The appeal date was set for 26 April 2006. I have agreed to defer this date at the request of the local council. The cost of pursuing the appeal is likely to be c£400k.
- the mechanics of the lease / operating agreement for the site itself which are not straightforward. The landlord (the local borough council) is claiming back dated rent of c£1m which relates to the previous 15 years. The claim will have to be dealt with before the leasehold interest can be assigned;

- 4.14 I continue to pursue a number of realisation options for this site. However, in light of the uncertainty above, I am unable to give an estimate as to the likely realisable value of the site.

Return to PTG from Norham

- 4.15 Given the uncertainty as to the likely value of Fairlops and Liverpool, and also in light of the ongoing uncertainty as to the value of creditors of Norham, I am unable to give an estimate of the likely return to PTG from Norham.

Land parcels

- 4.16 PTG owns over 50 plots which I have identified from a detailed review of the appropriate land registry searches. I have so far identified 6 with potential value. My agents, ESP, are continuing to consider a realization strategy for these parcels. At this stage the extent of the realisations is unclear. Any proceeds will enhance the asset pool for the general body of creditors.

GROUP SECURED LENDER POSITION

- 4.17 As at the date of appointment the Bank, which holds fixed and floating charge security over the assets of London Manston Airport plc, had demanded repayment of its principal indebtedness of £21.7m plus accrued interest of £265k and a fuel supplier guaranteed obligation of US \$350k. This obligation has been guaranteed by PTG, and its fellow subsidiary companies, KIBP, Manston Car Parks Limited and Norham.
- 4.18 It is not yet known whether the Bank's estimated secured debt will be repaid in full, without having to rely on the guarantee provided by PTG.

PREFERENTIAL CREDITORS

- 4.19 There are not any preferential creditors.

UNSECURED CREDITORS

- 4.20 The directors' statement of affairs estimated unsecured creditors at £8.5m. This estimate excluded a number of claims relating to guarantee obligations. These include, but are not limited to, the following:
- obligations to the Bank (in the event it is not repaid in full from the proceeds of KIBP);
 - leasehold obligations of a subsidiary undertaking;
 - obligations of the foreign airports;
 - obligations of EUjet to Debis Air Finance; and
 - employee wrongful dismissal claims.
- 4.21 Due to the number and quantum of the guarantee claims received to date (none of which have yet been agreed), any dividend for unsecured creditors may be significantly diluted.

5 OUTSTANDING MATTERS

5.1 There remain certain matters to be resolved, relating to the items mentioned below:

- A dividend from the company's investment in PSL, KIBP, Norham and TLL; and
- Realisation of the land parcels.

5.2 The quantification and agreement of the guarantee liabilities, detailed in 4.17 above, will be dealt with when the company is either placed into a creditors voluntary liquidation or a company voluntary arrangement.

6 ESTIMATED OUTCOME

6.1 Due to the uncertainty relating to the outstanding matters, I am unable to provide a meaningful estimate of the extent or timing of a dividend to unsecured creditors.

6.2 It is expected that the position will become clearer within the next six months. Therefore, the next progress report should provide creditors with more clarity as regards to dividend prospects.

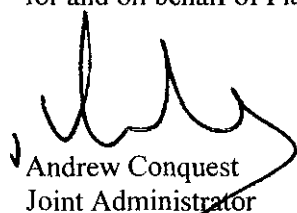
7 ADMINISTRATORS' REMUNERATION AND DISBURSEMENTS

7.1 In accordance with Statement of Insolvency Practice 9 (SIP 9), I attach as Appendix C a summary of my time costs to 20 February 2006 by grade of staff and type of work.

7.2 This shows administration time costs incurred to date of £203,242.75 plus VAT, representing 868.55 hours at an average of £234 per hour. I have not drawn a fee to date.

Should you have any queries please do not hesitate to contact my colleague, Greg Pollock, on 0870 991 2335.

Yours faithfully
for and on behalf of Planestation Group plc


Andrew Conquest
Joint Administrator

APPENDIX B**PLANESTATION GROUP PLC
IN ADMINISTRATION
SUMMARY OF RECEIPTS AND PAYMENTS
FOR THE PERIOD 26 JULY 2005 TO 25 JANUARY 2006**

RECEIPTS	£	£
Utility refund	30.00	
Interim dividend from Planestation Limited	50,000.00	
Sale of investments	13,778.74	
Car park receipts	1,949.17	
VAT refund	2,999.19	
Insurance refund	6,094.77	
Solicitors client account	19,317.31	
Misc refunds	2,370.32	
Bank interest	255.66	
	<hr/>	
Total Receipts		96,795.16
 PAYMENTS		
Professional fees	24,401.73	
Sundry trading expenses	549.87	
Employee expenses	1,121.44	
Legal fees	39,506.15	
Agents fees	675.00	
Stationery and postage	86.00	
Room hire	519.15	
Re-direction of mail	220.00	
Statutory advertising	1,611.99	
VAT receivable	9,670.99	
VAT control account	1,713.77	
Bank interest	3,290.12	
Bank charges	80.55	
	<hr/>	
Total Payments		(83,446.76)
 BALANCE IN HAND AS AT 25 JANUARY 2006		<hr/> 13,348.40 <hr/>

PLANESTATION GROUP PLC. - IN ADMINISTRATION SIP 9 TIME COST ANALYSIS FOR THE PERIOD 26 JULY 2005 TO 28 FEBRUARY 2006														APPENDIX C	
Classification of work function	Partners and Directors £345,500 per hour		Senior Managers £280,325 per hour		Managers £275,350 per hour		Assistant Managers £215,230 per hour		Other senior professionals £140,190 per hour		Assistants and support staff £50,125 per hour		Totals		Average hourly rate per function £
	Hours	£	Hours	£	Hours	£	Hours	£	Hours	£	Hours	£	Hours	£	
Pre-appointment planning and appointment costs															
Group strategy and property matters	18.00	7,580.00	20.25	5,702.50	-	-	4.50	975.00	4.00	660.00	-	-	46.75	14,917.50	319.09
Statutory duties and general case management including treasury and filing	25.25	10,605.00	55.75	16,395.00	0.40	110.00	74.00	16,000.00	56.35	8,129.00	64.80	6,964.00	276.55	58,203.00	210.46
Investigations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Realisation of assets															
UK group subsidiary realisations	2.00	840.00	34.50	9,855.00	-	-	4.50	975.00	32.60	4,564.00	-	-	77.45	16,638.25	214.83
Foreign subsidiary sales and realisations	-	-	122.50	35,525.00	-	-	2.00	460.00	-	-	-	-	124.75	36,011.25	288.67
Pre and post appointment VAT (inc Group registrations)	2.75	1,243.75	-	-	0.75	262.50	41.25	8,387.50	38.30	7,479.50	-	-	83.05	17,373.25	209.19
Legal matters	3.00	1,290.00	22.25	6,452.50	-	-	3.00	645.00	3.00	510.00	-	-	31.25	8,897.50	284.72
Tax advice	2.25	1,113.75	2.00	615.00	3.25	696.25	1.00	230.00	16.00	987.50	2.20	159.00	26.70	3,801.50	142.38
Employees and pensions	-	-	-	-	56.30	15,405.50	11.00	2,365.00	0.65	120.25	2.30	171.25	70.25	18,062.00	257.11
Dealing with creditors															
Secured	19.50	6,767.50	6.75	2,193.75	-	-	5.00	1,075.00	-	-	-	-	31.25	10,036.25	321.16
Preferential	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unsecured	6.00	2,520.00	17.00	4,965.00	-	-	5.50	1,197.50	6.75	983.75	19.75	2,110.00	55.00	11,786.25	214.30
Shareholders correspondence	-	-	-	-	0.30	73.50	15.50	3,407.50	24.75	3,535.00	5.00	500.00	45.55	7,516.00	165.01
Totals	78.75	31,960.00	281.00	81,703.75	61.00	16,547.75	167.25	35,717.50	182.40	26,979.00	98.15	10,334.75	868.55	203,242.75	234.00
Average hourly rate per grade		405.84		296.76		271.27		213.56		147.91		105.30		234.00	